

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

**Seventy-Seventh Session  
May 16, 2013**

The Senate Committee on Finance was called to order by Chair Debbie Smith at 5:55 p.m. on Thursday, May 16, 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 Barbara K. Cegavske, Senatorial District No. 8  
Senator Mark A. Hutchison, Senatorial District No. 6  
Senator Justin C. Jones, Senatorial District No. 9  
Senator Tick Segerblom, Senatorial District No. 3

**STAFF MEMBERS PRESENT:**

Mark Krmpotic, Senate Fiscal Analyst  
Alex Haartz, Principal Deputy Fiscal Analyst  
Nicholas Anthony, Counsel  
Sheri Fletcher, Committee Secretary

**OTHERS PRESENT:**

Randi Thompson, Director, National Federation of Independent Businesses

Valerie Hayes, Senior Director, Global Regulatory Affairs, Direct Selling Association

Susan Eerdmans, Manager Global Government Affairs, Avon Products

Gary A. Modafferi, Esq.

Marla McDade Williams, B.A., M.P.A., Deputy Administrator, Health Division, Nevada Department of Health and Human Services

M. Max Del Real, President, Chief Executive Officer, California Capitol Solutions

Karen O'Keefe, Director of State Policies, Marijuana Policy Project

Michael Stannard, Southern Nevada Health and Wellness Center

Chris Ferrari, Medbox, Inc.

Daniel Johnsten

Vicki Higgins, Wellness Education Cannabis Advocates of Nevada

Scott F. Gilles, Esq., Deputy for Elections, Office of the Secretary of State

Renee Olson, Administrator, Employment Security Division, Department of Employment, Training and Rehabilitation

Mike McMahon, Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services

Terri L. Carter, C.P.M., Administrator, Management Services and Programs Division, Department of Motor Vehicles

Jorge Adame, State Director, America Votes

Alan Glover, Carson City Clerk-Recorder

Nicole Lamboley, Chief Deputy, Office of the Secretary of State

Peter Barton, Administrator, Division of Museums and History, Department of Tourism and Cultural Affairs

Mark Mathers, Chief Deputy Treasurer, Office of the State Treasurer

Terry J. Care, Esq.

Brett Kandt, Special Deputy to The Attorney General, Office of the Attorney General

Lorne Malkiewich, Nevada Resorts Association

Sean Higgins, Esq., Nevada Restricted Gaming Association, Golden Gaming, Inc.

Keith L. Lee, William Hill, American Wagering, Inc.

Brian Connett, Deputy Director, Industrial Programs, Department of Corrections

Jon D. Ponder, Chief Executive Officer, Hope for Prisoners

Janet Murphy, Deputy Administrator, Aging and Disability Services Division, Department of Health and Human Services

Pat Conmay, Chief, Records and Technology Division, Department of Public Safety

Pete Anderson, State Forester, Division of Forestry, State Department of Conservation and Natural Resources

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Johnean J. Morrison, Administrative Services Officer, Nevada Highway Patrol,  
Department of Public Safety  
Nicole Rourke, Clark County School District

**Chair Smith:**

I will open the hearing on Senate Bill (S.B.) 261 and invite Senator Jones to the table.

**SENATE BILL 261 (1st Reprint)**: Revises provisions relating to door-to-door solicitation. (BDR 52-829)

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

This bill, as originally imagined, would have set up a statutory scheme for licensing those who engage in door-to-door solicitation. After the bill passed out of the Senate Committee on Commerce, Labor and Energy, we learned that a \$4.5 million fiscal note had been placed on the bill. We then reimagined the bill with the Legal Division to ensure that there are protections for those who are plagued by door-to-door solicitors, particularly the elderly and young mothers. By taking the Bureau of Consumer Protection out of the mix, there is no specific licensing requirement. In lieu of setting up a statutory scheme whereby door-to-door solicitors would be required to maintain records, they would still be subject to criminal penalties if they violated the provisions of the law, but without the need for the reconstitution of an agency that was defunded. Proposed Amendment No. 8761 to S.B. 261, prepared May 6, is attached ([Exhibit C](#)).

**Chair Smith:**

This is a serious issue. While visiting my mother in Arizona, I discovered Arizona enacted legislation and local ordinances to protect individuals and senior citizens. Does this amendment eliminate the fiscal note?

**Senator Jones:**

Yes. Department of Business and Industry Director Bruce Breslow had one or two issues with this bill unrelated to the fiscal note, regarding nonprofit organizations that were originally in the bill, but have since been removed. A new proposed amendment is currently being prepared to address those issues.

**Chair Smith:**

We received information indicating the fiscal note is being eliminated. However, I would prefer to have Mr. Breslow here to discuss it.

**Senator Kieckhefer:**

The amendment is substantive so I want to make sure I understand it. Is this bill still specific to commercial solicitation?

**Senator Jones:**

Correct.

**Randi Thompson (Director, National Federation of Independent Businesses):**

We are opposed to the bill, but unfortunately I do not have a copy of the amendment. Our concerns relate to the enforcement aspect. With the complications of the registration process, it appears the bill is making home owners the actual enforcers.

**Chair Smith:**

Since the amendment is now on the Nevada Electronic Legislative Information System (NELIS), take a look at it and let us know what you are thinking.

**Valerie Hayes (Senior Director, Global Regulatory Affairs, Direct Selling Association):**

I represent the Direct Selling Association. We are here to voice our opposition to this bill in regards to the registration and fees associated with it. However, without seeing the amendment, it is difficult to speak to it.

**Chair Smith:**

It is now online. Please look at it and correspond with both the Committee and the sponsor of the bill regarding your opinion.

**Susan Eerdmans (Manager, Global Government Affairs, Avon Products):**

I also have not seen the amendment, therefore I cannot speak to the updated language. However, I will register opposition to the last version of the bill due to the extensive and onerous requirements and costly fees it imposes on door-to-door sales. I will look at the updated language as well. I have provided my written comments ([Exhibit D](#)).

**Senator Jones:**

For those who have not seen the amendment, there are no fees associated with it. Hopefully, that will resolve everyone's concerns. I am happy to speak with those who have testified previously in opposition to the bill.

**Chair Smith:**

Is there a new proposal?

**Senator Jones:**

Proposed Amendment No. 8979 to S.B. 261, prepared on May 16, adds section 4.5 which defines door-to-door noncommercial solicitation ([Exhibit E](#)).

**Chair Smith:**

Does this address the concerns Director Breslow expressed to you?

**Senator Jones:**

Yes.

**Chair Smith:**

We will get that amendment on NELIS so those of you who are here will be able to view it. Ms. Thompson can pick up a copy here and can correspond with Senator Jones and let me know how things are looking so we can figure out where to go with this.

I will close the hearing on S.B. 261. We will now open the hearing on S.B. 374. We will be dealing with the fiscal note only today and the amendments will be heard in the Assembly so you will have more time for the policy conversation.

**SENATE BILL 374 (1st Reprint)**: Provides for the registration of medical marijuana establishments authorized to cultivate or dispense marijuana or manufacture products containing marijuana for sale to persons authorized to engage in the medical use of marijuana. (BDR 15-89)

**Senator Tick Segerblom (Senatorial District No. 3):**

I was prepared to make a presentation on the policy based on our previous conversation.

**Chair Smith:**

It will be helpful for the members to have a presentation regarding what the legislation does. Then we will talk about the fiscal note, but we will not take any amendments.

**Senator Segerblom:**

I will be presenting a brief video ([Exhibit F](#)). I am providing copies of the entitled Conceptual Amendment to S.B. 374 ([Exhibit G](#)); the Comparison of Medical Marijuana Programs 2012 prepared by the National Conference of State Legislators, and the Medical Marijuana Programs and Related State Laws Overview ([Exhibit H](#)) and "Senate Bill 374 Medical Marijuana Program" ([Exhibit I](#)). I also have Nicholas Anthony from the Legal Division of the Legislative Counsel Bureau here to give a brief overview.

**Nicholas Anthony (Counsel):**

I am here in a nonpartisan capacity to provide background from a policy and legal perspective. I have provided a handout entitled "History of Nevada Laws Pertaining to Medical Marijuana" ([Exhibit J](#)). The legalization of medical marijuana is not new. Eighteen states and the District of Columbia (D.C.) currently authorize medical marijuana. Eleven states and the D.C. utilize a dispensary method which is contemplated under S.B. 374. Nearly all of the dispensary jurisdictions tax medical marijuana, as does S.B. 374.

Nevada ballot Question 9 passed by voter initiative petition in the 1998 General Election with nearly 60 percent of the vote and in the 2000 General Election with 65 percent of the vote. That constitutional amendment revised Article 4, Section 38 of *The Constitution of the State of Nevada*. It states the Legislature shall by law provide for the use of medical marijuana. It gives the responsibility to the Legislature to decide how to enact the will of the people. Chapter 453 of the *Nevada Revised Statutes (NRS)*, relates to the criminalization of marijuana and controlled substances generally, while NRS 453A relates specifically to medical marijuana. The statutes came into law after the constitutional amendment in 2000 by way of legislation in 2001 with the passage of Assembly Bill (A.B.) No. 453 of the 71st Session.

The bill initially charged the State Department of Agriculture with setting up a system for registration and distribution of marijuana. It allows an individual to apply for a registration card and designate a primary caregiver. That individual can use and possess up to one ounce of marijuana, and up to three mature

plants and four immature plants, at any time. It exempts that individual from prosecution under our criminal laws. Currently there is a \$50 application fee along with a \$150 processing fee.

In *State vs. Hamilton and Schwingdorf*, defendants Hamilton and Schwingdorf were charged with various crimes relating to the possession, sale and use of a controlled substance. Pursuant to the pleadings in the case, the defendants were engaged in giving marijuana away and relying on donations to recoup the cost of the product. In March 2012, Clark County District Judge Donald Mosely agreed with the defendants and ruled that chapter 453A is unconstitutional in that it does not follow the directive as indicated by the will of the people in ballot Question 9. That case is currently pending before the Nevada Supreme Court. There have been briefs filed on both sides, but no decision to date.

Senate Bill 374 provides for the registration and establishment of dispensaries and licensed registrants to manufacture marijuana products and authorizes persons to engage in the use of medical marijuana. It provides criminal penalties, initial licensing requirement standards, sets the maximum number of dispensaries and requires the Health Division of the Department of Health and Human Services (DHHS) to adopt necessary regulations to enact this purpose. It also establishes application, licensing and product fees, provides for inventory control, procedural and law enforcement safeguards. It is largely based on the Arizona model.

**Chair Smith:**

It would be helpful for this Committee if we had someone here from the DHHS to answer questions about the fiscal note.

**Gary A. Modafferi, Esq.:**

I represent Schwingdorf and Hamilton in the case currently pending before the Nevada Supreme Court. I also represent many people who have been accused of drug trafficking to patients and dispensaries that are now facing life sentences under the old law. The problem with the old law is that it does not define many of the important parts of consideration. The application is arbitrary and is causing many problems in our criminal justice system. I first became aware of this issue 5 years ago when I walked into a room expecting to meet 1 client and instead met 15 individuals. They were all people suffering from various ailments including cancer, chronic pain and recovering opioid addictions who just had their dispensary shut down by law enforcement. The owner of the

dispensary is now facing life in prison for drug trafficking. I had not been aware up to that point that there was a constitutional amendment allowing patients to receive medical marijuana. Since that point, we have been working hard to assist these patients in acquiring their medicine.

**Senator Mark A. Hutchison (Senatorial District No. 6):**

Senator Segerblom has worked hard to make sure that all our concerns with this bill were addressed. He has opened up the discussion with law enforcement and to those who have suffered from medical conditions that require the use of medical marijuana. He has allowed us to fully understand what we can do in order to solve the problem.

I am here because of the legal aspects of this bill. Some say it is odd for someone like me with a conservative background and nature, who does not smoke marijuana, to be attached to this bill. I believe in the rule of law. You do not get to pick and choose which provisions of the Constitution you follow or adhere to. If the people passed an initiative that amends the Constitution to allow medical marijuana to be used and dispensed in Nevada, that is the end of the story, unless you receive a different opinion from a court, or there is another initiative to change things. While I may, or may not, favor this particular way of dealing with various physical ailments, the people have spoken and there is a constitutional amendment that needs to be followed.

Just prior to his retirement, Judge Mosely reviewed the current scheme and determined that it is just not workable. We do not have a meaningful way for people who have medical marijuana cards to acquire their medical marijuana in Nevada. Senate Bill 374 proposes to provide a safe and secure way for medical marijuana to be dispensed. Senator Segerblom asked us to go to Arizona to study their model. We met with business owners who dispense marijuana in Arizona, as well as legislators. We used the Arizona legislation as a model to craft the legislation currently before you. This provides a safe and effective way for us to dispense medical marijuana. We have been in consultation with law enforcement, because we do not want this to be a front for organized crime or criminal activity. Senator Segerblom has been insistent that we properly fund any law enforcement activities and the Health Division's activities to ensure this is not a way for those who should not have access to medical marijuana to have access to it. We have used those basic concepts to craft this legislation. It has to be safe and secure, and law enforcement must feel comfortable with it. It



needs to be a serious operation. We want the dispensaries to look like pharmacies or medical facilities and to operate that way.

There are fees associated with the bill. There are three different certificates that can be issued as specified on page 8 of the bill. Individuals will be required to apply for various certificates, such as a dispensary, cultivation facility or a facility for the production of edible medical marijuana products. Those who wish to work in this arena will undergo a full background check, including fingerprints, in order to be issued a medical marijuana agent registration card.

The initial fee for a dispensary is \$20,000, and renewals will be \$5,000. Dispensary applicants are also required to have \$150,000 available in liquid assets, because traditional funding will not be available for this type of business. If you wish to receive a certificate to operate as a cultivation facility, the initial fee is \$3,000 and renewal fees are \$1,000. A certification for edible marijuana products is \$2,000 initially and \$750 to renew. Anyone who is an employee or volunteer who works in these facilities will be required to have a medical marijuana establishment agent registration card which will cost \$500 each with renewal fees of \$500.

All of these businesses are aware that marijuana continues to be a Schedule I controlled substance and that this is a federal offense. At any time the federal government can shut down your business and there is nothing the State can do. Those business owners in Arizona know they are taking a risk. So far, the federal government has basically said that they would stand down as long as these businesses are compliant with State law. However, that can change at any time.

**Senator Kieckhefer:**

Do you envision that entities will try to obtain all three of these certificates and be a comprehensive business?

**Senator Hutchison:**

The bill does not prohibit individuals from owning a dispensary as well as cultivation and edible facilities. In Arizona, there is a separation of those functions. We were not adverse to one entity, or one group of individuals, owning all of the different facilities as long as they apply and meet the standards and requirements.

**Senator Kieckhefer:**

Regarding edibles, are there any other licenses required for food production that go along with that?

**Senator Hutchison:**

The legislation provides the Health Division with the authority to regulate all aspects of the edibles to ensure they are safe for consumption.

**Senator Kieckhefer:**

Will these businesses be for-profit businesses as opposed to in Arizona where they are nonprofit?

**Senator Hutchison:**

Yes.

**Senator Kieckhefer:**

Why was the decision made to go with for-profit versus nonprofit businesses?

**Senator Hutchison:**

Based on their experience, law enforcement thought it would be easier and better to have a for-profit aspect to this and that the nonprofit model would make it more difficult to require these businesses to comply, and to follow the money, than it would be in a more traditional type of business environment.

**Marla McDade Williams, B.A., M.P.A. (Deputy Administrator, Health Division, Nevada Department of Health and Human Services):**

The initial fiscal note is primarily for the registration activities. There would be different costs for the regulatory side that would not be established until we have had time to go through and develop regulations, and determine the type of regulatory oversight that will be needed. This fiscal note is primarily for the ongoing registration operations. The additional costs would be determined at a later date. If I understand correctly, there should be an amendment on NELIS that would allow a monetary advance in order for us to proceed with the development if the measure is passed.

**Chair Smith:**

This amendment states DHHS will receive an advance, but the expectation is that it would be paid back in this biennium. Therefore, does it not have an actual impact on the General Fund?

**Ms. McDade Williams:**

Correct, based on the revenue generated from the dispensary fees.

**Senator Kieckhefer:**

At one point there was a sizable reserve in the medical marijuana account. This amendment discusses allowing the Department to use the revenues from that fund. What is the current reserve amount?

**Ms. McDade Williams:**

It is approximately \$400,000.

**Senator Kieckhefer:**

That should be more than sizable.

**Chair Smith:**

Is the current fiscal note approximately \$250,000?

**Ms. McDade Williams:**

Yes, that is the amount we anticipate for the ongoing operations of the programs.

**Senator Kieckhefer:**

I would suggest using the funds generated by fees paid by applicants for renewals of medical marijuana cards, rather than from the General Fund.

**Chair Smith:**

Does the Department have a position regarding using the monies currently in the medical marijuana reserve account?

**Ms. McDade Williams:**

We do not.

**Senator Segerblom:**

Potentially, this could be a moneymaker for Nevada. The State currently brings in approximately \$600,000 just on the annual renewals of registration cards. There are just over 3,000 people who have these cards. In Arizona, they tripled the number of cards issued and that is consistent around the Country. There are estimates this program could generate between \$10 million to \$30 million in annual revenue.

**Senator Kieckhefer:**

Section 19.6 of the bill states there will be a \$10 flat fee per transaction which will go to the General Fund. Is that correct?

**Senator Segerblom:**

That is correct.

**Senator Kieckhefer:**

How many transactions do you expect?

**Senator Segerblom:**

While we were visiting the dispensary in Arizona, there were approximately 30 to 40 patients per hour using the dispensary. The dispensary is open 10 hours per day, and that is just one dispensary.

**Senator Kieckhefer:**

One of the reasons I appreciate this bill is that we have created a policy that marijuana is a medical product and it is legal to use. However, under our current laws, we make patients become criminals in order to access it. By that same sentiment, we do not tax medical prescriptions in Nevada. What is the theory behind the \$10 fee?

**Senator Segerblom:**

The money generated will go to law enforcement because this type of enterprise could be associated with criminal activities and we want to make sure this process is impermeable. Therefore, there could be law enforcement expenses which these fees would cover. Over time, the Legislature could determine if it is inappropriate to tax this or if it should be taxed in a different way.

**Chair Smith:**

Is some of the revenue allocated to the Distributive School Account?

**Senator Segerblom:**

Yes.

**Chair Smith:**

Is the transaction fee a flat fee regardless of how much someone purchases?

**Senator Segerblom:**

Yes, however, there are limits on how much you can purchase. For now it is a flat fee, but we are also looking at the possibility of switching to a tax.

**Chair Smith:**

Would that be a percentage, or more of a tax?

**Senator Segerblom:**

It would be a sales tax.

**Senator Hutchison:**

There have been some individuals who have suggested this \$10 fee might be low. This is something that is currently fluid and we are happy to look at suggestions.

**Senator Goicoechea:**

I noticed an increase in the amount an individual can purchase from 1 ounce to 2.5 ounces and I thought that was counterproductive. If it will cost an individual \$10 per transaction, they will probably want to purchase the maximum. Is that a good thing?

**Senator Hutchison:**

You would think that patients would come in and buy that much, but 2.5 ounces of marijuana is a substantial amount.

The dispensary owners in Arizona stated most individuals do not use anywhere near that amount. They buy it as they need it, they do not buy in bulk.

**Senator Goicoechea:**

Does Arizona have a flat fee also, or is it more of a tax?

**Senator Hutchison:**

I cannot remember what they did in Arizona.

**M. Max Del Real (President, Chief Executive Officer, California Capitol Solutions):**

This is a great policy due to the great work of Senators Tick Segerblom and Mark A. Hutchison. I have presented to your office a report I was asked to

assemble by the Senate Committee on Judiciary entitled "State of Nevada Medical Cannabis Economic Impact Report April 9, 2013" ([Exhibit K](#)).

The chart on page 6 of [Exhibit K](#) indicates Nevada has the opportunity to gross approximately \$33 million. These numbers are real numbers. There are currently 19 states that embrace this policy. Nevada should have the same number of applicants that Arizona has, if not more. Arizona currently has 561 applicants for their dispensaries. I project Nevada will have 500 applicants for dispensaries. I am also projecting 250 applicants for cultivation licenses.

I would encourage the Finance Committee to recognize what other states are doing. Many states in America today are taxing medical marijuana both at the state level and the local level. At the state level, if Nevada were to implement the current sales tax, potentially the numbers would total over \$17 million. Many local municipalities in America today are taxing medical marijuana sales on gross receipts. Gross receipts would be tallied at the end of the month and those monies would then be paid to local coffers. I would encourage your Committee to support this important bill.

**Senator Goicoechea:**

How much on average does a legal ounce of marijuana cost?

**Mr. Del Real:**

I am not a patient. I work with these businesses, and the pricing I work with is on a larger scale. It is not uncommon for a business to see over 250 patients in a day. Gross receipts for a 1-month period could be anywhere from \$100,000 to \$500,000. These are multi-million dollar legal businesses. I believe an ounce of medical cannabis costs approximately \$250.

**Senator Goicoechea:**

If we have 19 states with dispensaries, I would think there would be a ballpark figure out there.

**Karen O'Keefe (Director of State Policies, Marijuana Policy Project):**

We have been involved in the drafting and the passage of a number of the medical marijuana laws, including the Arizona laws that this bill is modeled after. It is a wonderful proposal. It is the polar opposite of California where there are no regulations or state licensing requirements. That is why you hear so many negative things about it, because there are no controls unlike this system.

From what I understand, in Colorado the marijuana rates are about \$180 per ounce. That is approximately half the cost of what it was before the dispensaries became legal. In other medical marijuana states, depending on the quality, the numbers vary from \$180 to \$400 per ounce.

In New Mexico, the entire state's medical marijuana program, including dispensaries, costs only \$600,000 per year to implement and regulate 23 producers and more than 8,000 patients. This is not something that should cost Nevada a great deal of money. It is something that can be done in a responsible, well-regulated way. With the kinds of fees that are being considered here, there should be a surplus. As I understand it, nonprescription drugs are subject to sales tax in Nevada. Another financial benefit of this will be that all marijuana that is sold from dispensaries, unless an exception is made, should be subject to the State sales tax. Marijuana, of course, can be recommended by a physician. But because of federal law it cannot actually be prescribed. I encourage you to pass this compassionate, fiscally sound bill that will provide relief to many patients and will give individuals a legal way to access their medicine instead of going to drug dealers. My written comments are attached ([Exhibit L](#)). I have also included handouts entitled "Medical Marijuana Dispensaries and their Effect on Crime" ([Exhibit M](#)), and a public records request from the New Mexico Department of Health ([Exhibit N](#)). In addition, I have submitted a record of Colorado medical marijuana dispensary retail sales and state sales tax by county ([Exhibit O](#)), the Medical Marijuana Fee and Tax Report, dated February 3, 2012 ([Exhibit P](#)), and a Report to Arizona Department of Health Services, entitled "First Annual Medical Marijuana Report A.R.S. 36-2809, November 8, 2012" ([Exhibit Q](#)).

**Michael Stannard (Southern Nevada Health and Wellness Center):**

I represent Southern Nevada Health and Wellness Center, a small Nevada business that is looking to operate a medical marijuana dispensary. We are in support of S.B. 374. This is an important bill that will fix a constitutional inequity by allowing our registered medical patients to gain legal and safe access to their doctor recommended medication. This bill is going to create new jobs, enhance public safety and generate a significant amount of new revenue for Nevada. I have also submitted basic revenue projections that we believe reflect an accurate estimate of the economic impact this program will have on Nevada over the next biennium ([Exhibit R](#)). The numbers we presented are estimations based on data in Nevada as well as the jurisdictions that currently authorize and have medical marijuana dispensaries. I have submitted a more

detailed explanation ([Exhibit S](#)) on how we can add to our numbers, what our projections were, etc. I encourage you to review those documents.

**Chris Ferrari (Medbox, Inc.):**

I want to extend a thank you to Senator Segerblom and Senator Hutchison for being willing to work with us as we try to determine the safest way to incorporate this policy in Nevada.

**Daniel Johnsten:**

I am here to testify against this bill. I am 100 percent disabled and I have been a medical marijuana patient here in Nevada for the last 12 years. I have heard several numbers here on how well the State is going to make out. They are comparing us to Arizona. Here in Nevada we have roughly 3,600 medical marijuana patients. Arizona has in excess of 33,600. The dollars and amounts you are hearing are not going to materialize like you are being told.

Senator Goicoechea asked how much an ounce of medical marijuana costs. In the newspaper Mr. Segerblom said that medical marijuana in Arizona costs \$55 per 1/8 ounce; that is 3.5 grams, which is 1.5 grams less than the weight of a United States nickel. Using those prices, an ounce of marijuana would cost in excess of \$440.

Everybody is coming out ahead except for the patient. With the amendment to this bill, patients will no longer be allowed to grow their own marijuana. I will be forced to go to a dispensary and will be required to pay a \$55 base price plus a \$10 flat fee. There is a financial impact on both ends of this. It does not sound like any of this is good for the patient. I cannot afford it. I am going to have to quit the program. I currently use 4 ounces of marijuana per month in edibles. With this bill, it will now cost \$1,500 to \$2,000. I cannot afford that. I am 100 percent disabled on Social Security benefits. I am sitting here listening to everything, and I am thinking the numbers are not adding up. We do not have the amount of patients to equal the numbers you are all "being dazzled by this afternoon."

**Vicki Higgins (Wellness Education Cannabis Advocates of Nevada):**

I am a medical marijuana patient. By keeping these taxes, fees, and licensing so expensive, the black market and the individuals we do not want on the street, will be the ones making the money because the taxes are going to be out of reach of patients such as Mr. Johnsten.



**Senator Goicoechea:**

What is the street value of an ounce of marijuana?

**Mr. Modafferi:**

I have had clients charged with selling marijuana at a price range from \$250 per ounce to \$600 per ounce.

**Senator Goicoechea:**

The point that I am trying to make is whether it is available at \$400 per ounce or \$500 per ounce, there is no "wiggle room," legal or otherwise.

**Senator Kieckhefer:**

With regard to section 22 of the bill, and Mr. Johnsten's testimony, individuals can still cultivate their own marijuana if they are a patient. Is that accurate?

**Senator Segerblom:**

No, you would not be able to continue growing your own medical marijuana. I am not sure if the amendment has been incorporated or not. One of the advantages of the dispensary system, from a law enforcement standpoint, is that there will be one point of contact from seed to sale.

**Senator Kieckhefer:**

Is that amendment in the bill we are looking at today, or will there be a future amendment?

**Senator Hutchison:**

If it is not in there then there will be an amendment. Our intention with the bill is once these dispensaries are operational, individuals will no longer be able to grow their own marijuana.

**Senator Goicoechea:**

Once patients receive their cards and they discover it is less expensive to purchase their marijuana from someone growing it in their backyard, and it is legal for the patient to possess the marijuana at this point, there could be issues between the black market and free market.

**Senator Hutchison:**

You are right. If dispensaries price patients out of the market, they could end up purchasing their marijuana from the black market. There will be several

dispensaries competing against each other in each county. Therefore, normal market conditions will apply and patients will begin to shop around.

**Senator Goicoechea:**

Will it be legal with this bill to import large amounts of marijuana from growers in other states that may be able to produce it less expensively than in Nevada?

**Senator Hutchison:**

If the marijuana is grown in a state other than Nevada, and shipped to Nevada, it could result in federal drug trafficking charges.

**Chair Smith:**

I would like to stick to the fiscal aspects of the bill and not the policy aspects. Therefore, I will end the discussion at this point.

**Senator Segerblom:**

The Constitution states the people are entitled to this. We have heard testimony from individuals who are being forced to become criminals in order to use their medical marijuana cards. We have come up with a good system, and I want to thank Senator Hutchison particularly for working with me on this. It is a true bipartisan effort.

**Senator Hutchison:**

I want to thank Senator Segerblom as well. He has been completely open to all recommendations and suggestions to make this program as safe, secure and effective as possible.

**Chair Smith:**

Hearing no further comments, I will close the hearing on S.B. 374. We will now open the hearing on S.B. 375.

**SENATE BILL 375 (1st Reprint)**: Revises provisions relating to elections.  
(BDR 24-496)

**Senator Segerblom:**

This bill modernizes the voter registration system and links the entire State through a computer system. When an individual receives a driver's license, they will be offered an opportunity to register to vote. It is an innovative process which will increase the number of registered voters. If an individual moves

around the State, when he or she changes the address on their driver's license, the system will automatically update the voter registration information. Additionally, it provides 16-year-old drivers the opportunity to preregister to vote at the time they receive their driver's license. When they turn 18 years old, they will automatically be registered to vote. The system also updates the current system with the Office of the Secretary of State's (SOS) computerized system. Currently, an individual can register to vote through the SOS's Website.

Unfortunately, there is a substantial fiscal note associated with this bill. We have tried to work with the SOS to reduce this.

**Scott F. Gilles, Esq. (Deputy for Elections, Office of the Secretary of State):**

The original fiscal note relates to a portion of the bill that has been removed, but an amendment to the bill has a comparable fiscal note. What Senator Segerblom was referring to was the idea that the SOS will act as a middleman for the transfer of electronic registration data from the Department of Motor Vehicles (DMV) and eventually from the voter registration agencies to each county. Our office determined this was going to cost significantly more than what we had originally thought. We have not been asked for a revised fiscal note, but our information technology staff estimates it will cost from \$600,000 to \$700,000 in order to enhance our system to accommodate this data in a safe and secure way with the necessary confidential information.

**Chair Smith:**

Does federal law require us to conduct outreach to the counties?

**Mr. Gilles:**

Federal laws dictate the requirements the voter registration agencies and the DMV must comply with in order to register individuals, as well as how they interact with customers. However, there are no outreach requirements, either by federal law or case law, regarding this issue.

**Chair Smith:**

Does this support the requirements currently in federal law?

**Mr. Gilles:**

It will make it easier for the DMV and the voter registration agencies to comply with the federal law. Data disseminated to the counties will be more accurate. Currently, voter registrations are on paper which is mailed to, or picked up by,

the county clerks. That data is then entered into the database by the clerks. This will be cleaner data going to the clerks' and registrars' offices.

**Senator Kieckhefer:**

Does the amendment in any way affect how you interact with those different agencies?

**Mr. Gilles:**

I think it would affect their fiscal note, but it would be up to them to answer that question.

**Renee Olson (Administrator, Employment Security Division, Department of Employment, Training and Rehabilitation):**

Our perspective on the fiscal note had more to do with the impact to our staffing that the bill would create. The original bill included the Department of Employment Training and Rehabilitation (DETR) as a voter registration agency. We were able to work out an amendment that restricted DETR's designation as a voter registration agency. Based on that, we have committed to eliminating our fiscal note at this time, if that amendment passes.

**Senator Kieckhefer:**

Your fiscal note was based on the time necessary to process the various applications. How many vocational rehabilitation services clients do you have?

**Ms. Olson:**

I do not deal directly with the administration of the vocational rehabilitation services. The fiscal note was based on our own estimates for the Employment Security Division (ESD) and the number of staff necessary based on traffic through our offices that would require voter registration services. It also considered the complexity for the entire department to be included as a voter registration agency because we have operations throughout the ESD that are not conducted in our local offices. There were numerous complicated points of service that were not part of the original concept of including all of DETR.

**Ms. McDade Williams:**

Our fiscal note no longer applies based on the amendments.

**Mike McMahon (Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services):**

The fiscal note was specific to the technological enhancement necessary to update our system. With the changes in the language, those enhancements are no longer a factor.

**Terri L. Carter, C.P.M. (Administrator, Management Services and Programs Division, Department of Motor Vehicles):**

The DMV has a zero fiscal note on this bill.

**Jorge Adame (State Director, America Votes):**

A modernized voter registration system saves money at several different points in the voter registration process. Election officials estimate it takes half the time, or less, to process electronic forms versus paper forms. Digital registration saves on printing and mailing costs and allows election officials to automate voter verification. Real-time updates also allow election officials to create and review records on a regular timetable as opposed to the onslaught of paper registrations received just prior to registration deadlines.

Maricopa County, Arizona instituted online voter registration in 2002. Between the years 2008 and 2012 that county realized an 83 percent cost savings of nearly \$1.4 million in processing registration forms, printing and resources. Online registration saves tax dollars because the voter inputs their personal information eliminating hours of overtime in election cycles. Voter registration clerks have dramatically fewer paper forms to input reducing both overtime paid for salaried workers and temporary staff hired before the election. Voter registration modernization is good public policy that benefits both Nevada and voters alike. Modernizing our voter registration will add voters to the roll, ensure no one loses the right to vote when they relocate and will lead to considerable cost savings for the State and county agencies.

**Alan Glover (Carson City Clerk-Recorder):**

We are neutral on the bill. When this concept was first brought to us by the SOS, all the clerks in the State were very excited about it because 90 percent of our voter registrations come from the DMV. Online voter registration has been a good thing for us and we like it very much. Receiving this data electronically would be very helpful. As the bill evolved and several other agencies were included, we started to get nervous. Our vision of this was that the SOS would enter into an agreement with the DMV to develop this program

and disseminate the information to us. The current requirements in this bill will cost us additional time and money. We thought it would be a better process for the SOS to enter into a contract with the DMV at no cost, develop that program over the next 2 years and expand that module to other agencies to see how it worked. Our office created a fiscal note after talking with our vendor. However, the counties have added some fiscal notes that I am not familiar with. We like the concept. The issue for the Legislature will be, is it worth the cost or is there another way this can be accomplished?

**Chair Smith:**

Hearing no further comments, I will close the hearing on S.B. 375 and open the hearing on S.B. 376, regarding the arts and museums in Nevada.

**SENATE BILL 376**: Proposes to revise provisions relating to the preservation and promotion of the arts and museums in this State. (BDR 18-625)

**Senator Segerblom:**

I brought this bill forward in honor of my mother, Gene Segerblom. In the 1990s, when my mother served in the Assembly, she sponsored a bill which generated approximately \$10 million in grants to restore our cultural assets, such as the opera house in Winnemucca, the Boulder City Hotel, and similar historical properties throughout the State. If she could do that in the 1990s, then I would like to offer something similar.

This bill proposes to have voters in the 2014 election approve \$100 million in bonds for the arts. Those bonds would be issued at \$10 million per year for a 10-year period. There is a bonding level limit, and if the bonding level is not available the bonds will not be issued. If money is available and the entity is selected by the Commission for Cultural Affairs of the Department of Tourism and Cultural Affairs, the money will be issued. The funds can also be rolled over. If there is only \$1 million available, those funds can roll into the next year for a total of \$19 million. The funds will be shared among governmental entities and nonprofit corporations formed for educational or charitable purposes, including, without limitation, the preservation or promotion of the arts and museums in this State.

State museums are particularly precious to Nevada. They maintain our history and, over the last few years, have had their budgets decimated. Any money we can give them would be fantastic. It may seem like a sizable amount of money,

but the State museums really need this. The fiscal note deals with the fact that this would need to be on the ballot.

**Nicole Lamboley (Chief Deputy, Office of the Secretary of State):**

Pursuant to NRS 293.253.5, the reimbursement of publication costs for questions that must appear on a ballot is paid for by the reserve for the Statutory Contingency Account. The costs usually average from approximately \$57,000 to \$70,000 per question. That figure is based on the length of the ballot question, the arguments for and against, as well as the cost of publishing it in the local paper.

**Chair Smith:**

Is the \$67,000 in the fiscal note valid?

**Ms. Lamboley:**

Yes, based on historical estimations or actual costs we have previously submitted to the Statutory Contingency Account for reimbursement to the counties. The counties submit invoices to us which we then submit to the Legislature through the Interim Finance Committee for a reimbursement from the Statutory Contingency Account.

**Peter Barton (Administrator, Division of Museums and History, Department of Tourism and Cultural Affairs):**

Nevada has an incredible depth of cultural assets in its museums. Museums all share one thing in common: they are chronically underfunded and in need of more resources. The Commission for Cultural Affairs has invested over 20 years and over \$100 million in our preserved cultural assets. With the upcoming Sesquicentennial there will be more pressure from Nevadans and more recognition of the importance of our heritage assets and the stress they are currently under. The bill provides an opportunity to continue the good work of the Commission for Cultural Affairs assuming the bond capacity exists and the voters of Nevada share our passion for these heritage assets.

**Mark Mathers (Chief Deputy Treasurer, Office of the State Treasurer):**

This bill would call for voters to authorize the issuance of general obligation bonds, subject to the State's debt capacity and debt affordability requirements. The bonds would be subject to all of the normal statutory restrictions on the issuance of general obligation bonds. The bonds would be paid with the \$0.17 property tax, as are other general obligation bonds. If the voters approve

authorization of these bonds, these projects would be competing for funding with all of the other bond authorizations currently on the books in State law.

**Chair Smith:**

That is a good point. Right now we have, for example, the ballot Question 1 conservation bonds. We have the revenue, but we do not have the capacity right now to actually do anything with them. It is good to demonstrate we are in a stymied situation because of property values.

**Mr. Mathers:**

That is correct. We have more than \$200 million of existing bond authorizations on the books. If, for instance, in the current biennium we identified \$60 million as the amount we could issue in the next biennium based on property tax values, all of those authorizations would be competing for that \$60 million. Governor Brian Sandoval has the first choice in identifying projects to be funded out of that \$60 million in this example, and the Legislature evaluates on a policy level as to which projects should be funded with that \$60 million. This bill would create another set of potential projects competing for those funds.

**Chair Smith:**

Senator Segerblom is looking forward to the day when property values go up and we are in a better situation.

**Senator Segerblom:**

I realize we are speculating. Given the financial situation of these museums, this is well worth the risk.

**Chair Smith:**

Hearing no further comments, I will close the hearing on S.B. 376 and open the hearing on S.B. 395.

**SENATE BILL 395 (1st Reprint)**: Requires the Attorney General to prepare and publish certain information. (BDR 14-22)

**Terry J. Care, Esq.:**

The Uniform Law Commission is a *pro bono* nonpartisan organization that I have been involved with since 1999. Senator Segerblom is a Commissioner, as are Senator Roberson, Senator Brower, Assemblyman Ohrenschall and Assemblyman Horne. This bill was originally a 10-page Act with 25 sections



entitled the Uniform Collateral Consequences of Conviction Act. There are two significant fiscal notes associated with this because of certain duties imposed upon the courts and prosecutors.

The idea behind the bill is that criminal defendants, and in some cases even the courts and prosecutors, often are not aware of the collateral consequences stemming from a criminal defendant entering a plea of guilty. When a defendant enters a plea, there is a plea hearing and the court will ask the defendant if they had the opportunity to read the plea agreement and understand it, had the opportunity to discuss it with counsel and understand that by entering into this agreement they are forfeiting their right to a trial by juror, etc. The difficulty is that a criminal defendant and his or her counsel often are not aware of all the collateral consequences that could arise from entering a plea of guilty.

There are generally two kinds of collateral consequences. The first are collateral sanctions imposed as a matter of law, in addition to the penalty for conviction of a crime. For example, if it is a felony conviction, the individual forsakes the right to serve on a jury and to vote. The other collateral consequence is disqualifications. For example, if convicted of a felony, an individual may be required to forfeit a professional license.

This is the discussion we had before the Senate Committee on Judiciary and, because of some objections from prosecutors and the courts, the bill was amended. The only thing remaining is that the Office of the Attorney General (AG) would be required to identify the collateral consequences and make those available for public review. If the bill were to be approved the way it is, there would still be the problem of the fiscal impact on the AG's Office. I provided the Committee members a copy of Proposed Amendment No. 8757 ([Exhibit T](#)) that would shift that burden from the AG's Office to the Advisory Commission on the Administration of Justice, which is an organization created by statute. Section 4 of the proposal would amend NRS 176.0125. Page 5 of [Exhibit T](#) describes the duties of the Advisory Commission to identify and study the impacts and effects of collateral consequences of convictions and post a hyperlink on the Commission's Website so defense counsel, or the defendant, would have the opportunity to ascertain what the collateral consequences could be for a particular crime if the defendant agreed to enter a plea of guilty. There should be no fiscal impact to the State with this amendment.

**Brett Kandt (Special Deputy to the Attorney General, Office of the Attorney General):**

With this proposed amendment, my office will withdraw in its entirety the fiscal note that we submitted to the original bill.

**Senator Kieckhefer:**

Is the AG's Office still opposed to the policy of the bill?

**Mr. Kandt:**

We would be neutral on the bill.

**Senator Kieckhefer:**

I would like to disclose that Mr. Care is a law partner at McDonald, Carano, Wilson, LLP, the law firm where I am employed.

**Chair Smith:**

Hearing no further comments, I will close the hearing on S.B. 395 and open the hearing on S.B. 416 regarding gaming.

**SENATE BILL 416 (1st Reprint):** Revises provisions governing gaming.  
(BDR 41-1104)

**Senator Segerblom:**

This is a bill brought about on behalf of the Nevada Resort Association to address the issue of restricted and nonrestricted gaming licenses. This issue has not been dealt with by the Legislature for quite some time. The bill attempts to define restricted and nonrestricted gaming. This bill came with the recommendation that a study be conducted by the Gaming Control Board on that issue as well as limitations on what a restricted gaming location can do with respect to kiosks, which are basically sports wagering machines. The time has come for the Legislature to have an interim study of the issue of restricted and nonrestricted licenses and decide whether restricted locations, which are allowed up to 15 gaming devices, should pay a flat fee or be required to pay a percentage of gaming revenue, as do nonrestricted locations.

**Chair Smith:**

According to the amendment online, the portion regarding whether a study should be conducted has been deleted, is that correct?

**Senator Segerblom:**

I have not seen that.

**Chair Smith:**

If I am reading this correctly, that would delete the fiscal note because there is an appropriation on this bill.

**Senator Segerblom:**

I do not believe there is a fiscal note at this point. It is just a question of who would conduct the interim study and I would recommend the Legislature.

**Lorne Malkiewich (Nevada Resorts Association):**

This amendment includes three changes. The first change is to remove the interim study and the associated appropriation, thereby removing the fiscal note.

This bill prohibits the placement of kiosks in restricted locations. It also prohibits sharing gaming revenue with a restricted location. The provision was intended to prohibit sharing gaming revenue from kiosks in restricted locations. The second amendment makes it clear it does not restrict sharing of gaming revenue with nonrestricted licensees, but it prohibits sharing gaming revenue from kiosks.

Additionally, one of the criticisms of the bill was that there is a requirement that, in order to have a restricted gaming license for an entity that sells alcohol by the drink, it would be necessary to have a bar with embedded slot machines. The third amendment removes that requirement leaving only the requirement that there be a bar. I have provided a document entitled "Proposed Amendment to Senate Bill No. 416 Submitted on behalf of the Nevada Resort Association" ([Exhibit U](#)).

**Chair Smith:**

Are there three basic ideas in the amendment which eliminates the fiscal note with the idea that a study should be conducted?

**Mr. Malkiewich:**

Correct.

**Chair Smith:**

This bill was amended and passed from the Senate Committee on Judiciary to this Committee.

**Sean Higgins, Esq. (Nevada Restricted Gaming Association, Golden Gaming):**

We are opposed to this bill. We feel what is occurring at these restricted locations is legal and should continue. The only other issue I have is with the effective language for new taverns in section 2 of the bill. When an entity or individual buys a location, a new license is issued. I do not think that was the intent of the language, and I apologize for not catching that. We can fix the language before it goes over to the Assembly.

**Keith L. Lee (William Hill, American Wagering, Inc.):**

I represent William Hill and American Wagering, Inc. a kiosk vendor. We object on the same general principal as stated by Mr. Higgins.

**Chair Smith:**

Hearing no further comments, I will close the hearing on S.B. 416 and open the hearing on S.B. 423.

**SENATE BILL 423**: Revises provisions relating to offenders. (BDR 16-1112)

**Senator Segerblom:**

This bill requires prisons to provide inmates with an identification card upon their release so they can obtain a driver's license from the DMV. The problems we have had in the past is that prisoners are released and they do not have any identification. When they try to obtain a driver's license, the DMV will not issue one because they do not have proof of identification. Senator Barbara Cegavske has worked with the Nevada Department of Corrections (NDOC) on this bill.

**Senator Barbara K. Cegavske (Senatorial District No. 8):**

We are very excited about this bill. The bill originally included a \$9,000 fiscal note. We have provided Fiscal Analysis Division Staff with language removing the fiscal note. We have Brian Connett and Jon D. Ponder in Las Vegas available to answer questions. This bill is going to get those former prisoners working much sooner.

**Chair Smith:**

We have been trying to deal with this issue for a couple of Sessions now. Hopefully we can finally get this through.

**Brian Connett (Deputy Director, Industrial Programs, Department of Corrections):**

The NDOC fully supports this bill. The Department's fiscal note has been removed.

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

I received a copy of the email from the Department which verified the fiscal note has been withdrawn.

**Senator Parks:**

This is an issue I have worked on for a long time. I do not think anyone should be released without official identification.

**Senator Cegavske:**

We agree. Jon Ponder will tell you the hardest thing for these individuals is finding employment. Without identification, it is even more difficult. We made an agreement with the NDOC that when inmates are released they will receive an identification card which they will be able to take to the DMV in order to obtain a driver's license, depending on the circumstances of their release.

**Jon D. Ponder (Chief Executive Officer, Hope for Prisoners):**

Senate Bill 423 has helped us to turn a corner in the reentry community. As a provider of reentry services, I see firsthand the challenges faced when an individual is released from a correctional setting without the proper identification. The lack of proper identification hinders them from obtaining birth certifications, social security cards, access to basic public assistance and employment. The longer it takes an individual to find employment, the more likely they are to reoffend.

**Chair Smith:**

Seeing no further comments, I will close the hearing on S.B. 423. I will now open the hearing on A.B. 449 regarding vital statistics.

**ASSEMBLY BILL 449 (1st Reprint)**: Revises the use of certain proceeds received for purposes relating to vital statistics. (BDR 40-1139)

**Ms. McDade Williams:**

This bill allows the Health Division to retain the fees it collects for activities related to vital statistics records regarding birth and death records.

**Chair Smith:**

Is this one of the bills we need for the budget implementation?

**Ms. McDade Williams:**

Correct.

**Chair Smith:**

Hearing no further comments, I will close the hearing on A.B. 449 and open the hearing on A.B. 462.

**ASSEMBLY BILL 462:** Appropriates to and authorizes the expenditure of money by the Desert Regional Center within the Division of Mental Health and Developmental Services of the Department of Health and Human Services for a new computer system for medical records, provider invoices and claims processing. (BDR S-1179)

**Janet Murphy (Deputy Administrator, Aging and Disability Services Division, Department of Health and Human Services):**

This bill requests \$938,119 in General Fund appropriation to replace a current medical records billing system used by the Department's Division of Mental Health and Developmental Services with a statewide integrated case management system at an estimated total cost of \$1,517,710. The federal Medicaid administrative match will make up the remaining \$579,591.

**Chair Smith:**

Is the money in the budget?

**Ms. Murphy:**

No. It is a one-shot appropriation.

**Senator Kieckhefer:**

Was this an item for special consideration that did not get included in the budget?

**Ms. Murphy:**

No, it was an item that the Budget Office determined should be a one-shot appropriation versus part of the budget.

**Senator Kieckhefer:**

Would this be for the current fiscal year or the next biennium?

**Mr. Krmpotic:**

The bill is effective upon passage and approval. Therefore, the appropriation would become effective once it is signed by the Governor. However, the spending period for the appropriation, as specified in section 3 of the bill, would be available for the entire biennium.

**Senator Goicoechea:**

The heading on the bill states this appropriation is included in the Executive Budget.

**Mr. Krmpotic:**

The one-shot appropriations are included in the Executive Budget, but it is not in the operating appropriation for the Division of Mental Health and Developmental Services. Rather, it is listed as a one-shot appropriation recommended by the Governor.

**Chair Smith:**

Hearing no further comments, I will close the hearing on A.B. 462 and open the hearing on A.B. 465 regarding the Department of Public Safety (DPS).

**ASSEMBLY BILL 465:** Creates the General Services Division in the Department of Public Safety. (BDR 43-1150)

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

This bill creates the General Services Division within the DPS. This is associated with the initiative to consolidate technology functions within the Enterprise Information Technology Division. As a result of that consolidation, the DPS has restructured the Records and Technology Division into a General Services Division.

**Mr. Krmpotic:**

This bill is consistent with the implementation of the budget as recommended by the Governor and also as approved by the Subcommittee on Public Safety.

**Chair Smith:**

This has been through the Assembly Committee on Ways and Means with no changes. Hearing no further comments, I will close the hearing on A.B. 465 and open the hearing on A.B. 469.

**ASSEMBLY BILL 469:** Makes appropriations to the State Department of Conservation and Natural Resources for the replacement and maintenance of emergency response, firefighting and other critical equipment and vehicles. (BDR S-1186)

**Pete Anderson (State Forester, Division of Forestry, Department of Conservation and Natural Resources):**

I am testifying in support of A.B. 469. My handout is entitled "One-Shot Appropriations – AB469" ([Exhibit V](#)). The majority of our vehicles are over 10 years old with mileages ranging from 124,000 miles to 369,000 miles. Replacement parts are no longer available and several of our vehicles are unsafe and no longer repairable. These vehicles generate revenue for the State and provide safe emergency response to incidents. The Division's 1999 Model 14, Type 3, fire trucks have been the workhorses for wildfire suppression responses and are in need of major repairs. We are requesting \$319,160 in order to overhaul and repair these fire trucks. Page 3 of [Exhibit V](#) describes the replacement of three Type 6 engines used for emergency response and patrol throughout the State at a cost of \$307,089. These vehicles range from 11 years old to 32 years old.

As specified on page 4 of [Exhibit V](#), the Division is requesting \$345,000 for one replacement engine for our Huey UH-1H helicopters. A replacement engine would minimize downtime should an engine failure occur during the wildfire season.

Page 5 describes the needs to repair a 1992 D-6 Caterpillar which is a critical component of wildfire suppression operations and associated transport trailers. The Division is requesting to replace two tilt deck transport trailers for \$184,640 and the repair of one Caterpillar for \$34,178.



Page 6 describes the replacement of one Sport Utility Vehicle (SUV) and replacement parts for the repair of our SUV and light support truck fleet.

Additionally, we are requesting funds for a hose coupling machine in order to repair fire hose couplings. All these requests are in budget account (B/A) 101-4195 and total \$1,311,065.

#### PUBLIC SAFETY

#### CONSERVATION AND NATURAL RESOURCES

DCNR - Forestry — Budget Page DCNR-84 (Volume III)  
Budget Account 101-4195

I will begin my presentation on B/A 101-4198.

DCNR - Forestry Conservation Camps — Budget Page DCNR-100 (Volume III)  
Budget Account 101-4198

Page 7 of [Exhibit V](#) describes the necessity of replacing 10 crew carriers at a cost of \$1,785,240. These vehicles range from 16 years old to 28 years old with mileages from 142,297 to 369,150. We are also requesting \$222,970 for replacement parts for the balance of the fleet, all of which have exceeded warranty coverage.

As referenced on page 8, the Division is also requesting funds for the replacement of five pickup trucks in the conservation camp program that range from 14 years old to 20 years old for a total expenditure of \$179,520. We request replacement of five of the passenger vans for \$227,260, all of which are 9 years old. We are also requesting replacement parts for our van fleet in the amount of \$139,664.

Page 9 of [Exhibit V](#) indicates the Division is requesting \$5,122 for the replacement of the existing 1994 phone system at the Stewart Conservation Camp. Our total request for B/A 4198 is \$2,559,766.

**Chair Smith:**

Did you purchase several vehicles last Session?

**Mr. Andersen:**

We requested funds last Session in order to repair 10 crew carriers, but we have not replaced crew carriers in several biennia.

**Chair Smith:**

Are the new telephones you are requesting compatible with the State's new telephone system?

**Mr. Andersen:**

I cannot answer that question, but I can find out for you.

**Chair Smith:**

Find out and get back to us. Hearing no further comments, I will close the hearing on A.B. 469 and open the hearing on A.B. 471.

**ASSEMBLY BILL 471 (1st Reprint):** Makes an appropriation to the Health Division of the Department of Health and Human Services for the operation of the vital records and statistics program in Fiscal Year 2012-2013. (BDR S-1191)

**Ms. McDade Williams:**

This bill makes an appropriation to the DHHS for an unanticipated shortfall relating to the operation of the vital records and statistics program in fiscal year (FY) 2012-2013. It allows the Division to repay a General Fund loan.

**Chair Smith:**

Is \$519,243 still the correct amount?

**Ms. McDade Williams:**

Yes.

**Senator Kieckhefer:**

They received a General Fund loan and now they are requesting a General Fund appropriation in order to pay back the General Fund loan. Is that accurate?

**Mr. Krmpotic:**

Correct.

**Chair Smith:**

It does seem convoluted, but it is a matter of bookkeeping. Hearing no further comments, I will close the hearing on A.B. 471 and open the hearing on A.B. 478.

**ASSEMBLY BILL 478 (1st Reprint)**: Makes a supplemental appropriation to the Nevada Highway Patrol Division of the Department of Public Safety as reimbursement for unanticipated visiting dignitary protection assignments. (BDR S-1192)

**Johnean J. Morrison (Administrative Services Officer, Nevada Highway Patrol, Department of Public Safety):**

This bill requests a supplemental appropriation from the General Fund to cover unanticipated visiting dignitary protection assignments.

**Chair Smith:**

Are you still requesting \$14,803?

**Ms. Morrison:**

Correct.

**Mr. Krmpotic:**

If the Committee wishes to pass this bill, it is a supplemental appropriation. The Committee is not required to wait for the Department of Education bill to be passed. This is strictly for FY 2012-2013.

SENATOR KIECKHEFER MOVED TO DO PASS A.B. 478.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

**Chair Smith:**

That concludes our bill hearings. I will now open the Work Session. We will begin with S.B. 142.

**SENATE BILL 142 (1st Reprint)**: Makes various changes to provisions governing local government contracting. (BDR 27-676)

Does this amendment replace the first amendment, or is this in addition to the first amendment?

**Senator Jones:**

After the Saturday hearing a week ago, Theresa Crowley with the Teachers and Leaders Council of Nevada, and school district representatives, met and agreed to the additional language Ms. Crowley proposed. Additionally, they requested amended language in section 1 of the bill unrelated to the fiscal note. I have provided a handout entitled "The Proposed Conceptual Amendment to S.B. 142" ([Exhibit W](#)).

**Chair Smith:**

Are we considering the first amendment from the hearing, which eliminates the fiscal note, and the proposed conceptual amendment submitted today?

**Nicole Rourke (Clark County School District):**

This amendment changes the requirements for conducting performance contracts over a threshold of \$100,000 and requires the board of trustees of a school district to create a policy under which those performance contracts would be conducted.

**Chair Smith:**

Is there still a requirement that gives them the ability to set some parameters?

**Ms. Rourke:**

That is correct.

**Mr. Krmpotic:**

At the hearing on May 4, Ms. Crowley testified that based on the amendment which would allow them to collect fees, the fiscal note should be removed.

**Senator Kieckhefer:**

Does allowing them to collect fees require a two-thirds vote to pass this bill?

**Chair Smith:**

We can check on that, but I do not think it will impact what we do today.

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SENATOR GOICOECHEA MOVED TO AMEND AND DO PASS AS AMENDED S.B. 142 WITH THE CONCEPTUAL AMENDMENT PROVIDED BY SENATOR JONES.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

**Chair Smith:**

We will now discuss S.B. 395, Senator Segerblom's bill presented by Senator Terry Care.

**Senator Kieckhefer:**

I would like to discuss this with some of the members on the Senate Committee on Judiciary who have concerns regarding this bill.

**Chair Smith:**

We will now discuss S.B. 416.

**Mr. Krmpotic:**

This bill was referred to the Senate Committee on Finance based on the \$15,000 appropriation that is included in the bill for the study. If the Committee processes the amendment testified on by Mr. Malkiewicz, that would remove the fiscal note on the bill.

**Chair Smith:**

I will remind the Committee this bill was passed in the Senate Committee on Judiciary with an affirmative vote on the policy.

SENATOR DENIS MOVED TO AMEND AND DO PASS AS AMENDED S.B. 416.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

**Chair Smith:**

We will now discuss S.B. 423. Senators Segerblom and Cegavske testified that the fiscal note was removed.

**Mr. Krmpotic:**

A fiscal note was submitted by the NDOC in the amount of \$18,000 in FY 2013-2014 and \$36,000 in FY 2014-2015. We have received an email from the Agency that the fiscal note has since been removed. I also received an email from our Research Staff of the Legislative Counsel Bureau indicating the NDOC testified at the Senate Committee on Judiciary that the fiscal note had been removed as well.

SENATOR WOODHOUSE MOVED TO DO PASS S.B. 423.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

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**Chair Smith:**

Hearing no public comment, this meeting is adjourned at 8:10 p.m.

RESPECTFULLY SUBMITTED:

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Sheri Fletcher,  
Committee Secretary

APPROVED BY:

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Senator Debbie Smith, Chair

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

<b>EXHIBITS</b>				
<b>Bill</b>	<b>Exhibit</b>		<b>Witness / Agency</b>	<b>Description</b>
	A	2		Agenda
	B	5		Attendance Roster
S.B. 261	C	9	Senator Jones	Proposed Amendment 8761
S.B. 261	D	2	Susan Eerdmans	Written Comments
S.B. 261	E	9	Senator Jones	Proposed Amendment #8979
S.B. 374	F	N/A	Senator Segerblom	Video Presentation
S.B. 374	G	1	Senator Segerblom	Conceptual Amendment
S.B. 374	H	15	Senator Segerblom	Comparison of Medical Marijuana Programs 2012
S.B. 374	I	167	Senator Segerblom	Senate Bill 374 Medical Marijuana Program
S.B. 374	J	12	Nicholas Anthony	History of Nevada Laws Pertaining to Medical Marijuana
S.B. 374	K	7	M. Max Del Real	State of Nevada Medical Cannabis Economic Impact Report April 9, 2013
S.B. 374	L	8	Karen O'Keefe	Written Comments
S.B. 374	M	3	Karen O'Keefe	Medical Marijuana Dispensaries and their Effect on Crime
S.B. 374	N	2	Karen O'Keefe	New Mexico Department of Health Public Records Request
S.B. 374	O	1	Karen O'Keefe	Colorado Medical Marijuana Dispensary Retail Sales and State Sales Tax by County
S.B. 374	P	28	Karen O'Keefe	Medical Marijuana Fee and Tax Report
S.B. 374	Q	48	Karen O'Keefe	Contract No: ADHS12-017291 Report to Arizona Department of Health Services: First Annual Medical Marijuana Report A.R.S. 36-2809 November 8, 2012
S.B. 374	R	6	Michael Stannard	Spreadsheet 1 and 2 License and Application Revenue



S.B. 374	S	5	Michael Stannard	Written Comments
S.B. 395	T	5	Terry Care	Proposed Amendment 8757
S.B. 416	U	5	Lorne Malkiewich	Proposed Amendment on behalf of the Nevada Resort Association
A.B. 469	V	9	Pete Anderson	One-Shot Appropriations
S.B. 142	W	1	Senator Justin C. Jones	Proposed Conceptual Amendment