

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

**Seventy-Seventh Session  
May 24, 2013**

The Senate Committee on Finance was called to order by Chair Debbie Smith at 8:44 a.m. on Friday, May 24, 2013, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 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

**STAFF MEMBERS PRESENT:**

Mark Krmpotic, Senate Fiscal Analyst  
Alex Haartz, Principal Deputy Fiscal Analyst  
Brody Leiser, Program Analyst  
Julie Waller, Senior Program Analyst  
Annette Teixeira, Committee Secretary

**OTHERS PRESENT:**

Alex Ortiz, Financial Administrator, Clark County  
Yolanda T. King, Director, Budget and Financial Planning, Clark County  
Stephanie Day, Deputy Director, Budget Division, Department of Administration  
Eric Johnson, Deputy Administrator, Division of State Parks, Department of Conservation and Natural Resources  
Captain Dennis Osborn, Nevada Highway Patrol, Department of Public Safety  
Traci Pearl, Administrator, Office of Traffic Safety, Department of Public Safety

Sean McDonald, Administrator, Division of Central Services and Records,  
Department of Motor Vehicles  
Rick Combs, Director, Legislative Counsel Bureau  
Kim R. Wallin, State Controller, Office of the State Controller  
Alex Echo, Information Technology Manager, Office of the State Controller  
Daphne DeLeon, Administrator, Division of State Library and Archives,  
Department of Administration  
Renee Olson, Administrator, Employment Security Division, Department of  
Employment, Training and Rehabilitation  
Carole Vilardo, Nevada Taxpayers Association  
Jeff Mohlenkamp, Director, Department of Administration  
Deborah Cunningham, Deputy Superintendent for Administrative and Fiscal  
Services, Department of Education

**Chair Smith:**

I will start the Work Session today with Senate Bill (S.B.) 3.

**SENATE BILL 3**: Revises provisions governing the amount of money allocated  
for medical assistance to indigent persons in certain counties.  
(BDR 38-263)

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

Senate Bill 3 was previously heard in the Senate Committee on Finance on April 24. This bill caps the property tax payment at 8 cents for each \$100 of the assessed valuation of all taxable property for medical assistance to indigent persons in certain counties. The revenue goes towards the county match for the Medical Assistance for the Aged, Blind and Disabled program in the Medicaid account. An amendment has been submitted by the Nevada Association of Counties ([Exhibit C](#)). This amendment clarifies the language to cap the property tax. It places the language in *Nevada Revised Statutes* 428.285 which was determined by the Legislative Counsel Bureau's (LCB) Legal Division to be the most appropriate place to put this language. The amendment provides language that states each county shall remit to the State Controller an amount of money to be determined by the Director of the Department of Health and Human Services (DHHS). This amount would be enough to include in the State Medicaid Plan. It also sets the cap at 8 cents.

The Medicaid budget was closed last week. General Funds were added to cover the portion of the payments from the counties that exceeded the 8 cents. Those

counties included Carson City, Mineral and White Pine, for a total of \$1.3 million that was added to the Medicaid account. This bill is required to implement the budget and would go along with the Committee's decision to add General Funds to the Medicaid account last week in Proposed Amendment No. 9223 ([Exhibit D](#)).

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED S.B. 3.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS DENIS AND ROBERSON WERE ABSENT FOR THE VOTE.)

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Senate Bill 452 has a Proposed Amendment No. 9176 ([Exhibit E](#)) requested by the DHHS. The Director of DHHS testified on this amendment yesterday before this Committee. The Director made a correction to the language in section 3 of the amendment to ensure payments are made to public hospitals. Clark County has also submitted a Proposed Amendment ([Exhibit F](#)). The Clark County amendment still stands before the Committee. It allows for 2 cents to be applied for capital assets and allows the counties to apply an additional 2 cents to the county match program. Fiscal Analysis Division Staff would recommend that the amendment to S.B. 452, proposed by the DHHS, be adopted and Fiscal Staff would note that it implements the budget as approved by the Committee last week.

**SENATE BILL 452**: Revises provisions governing assistance provided to indigent persons. (BDR 38-1085)

**Chair Smith:**

I have expressed my concern to the representatives from Clark County about making a major policy decision with little notice and using the indigent care funds for capital. Clark County has asked to take that piece out of their amendment. My preference is that we pass their amendment with this section removed.

**Senator Denis:**

I was also surprised to see the late submission from Clark County. I agree that we should pass their amendment without the use of the additional funds.

**Alex Ortiz (Financial Administrator, Clark County):**

We agree with striking the capital language out of our proposed amendment and will consider using the second piece of the amendment to fund the intergovernmental transfers.

**Yolanda T. King (Director, Budget and Financial Planning, Clark County):**

We placed the funding dedicated to capital assets in the amendment as a resource to the University Medical Center. We agree with striking the language from the proposed amendment.

**Chair Smith:**

We need more time to discuss and consider this part of the proposed amendment.

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED S.B. 452, UTILIZING PROPOSED AMENDMENT NO. 9176 AND THE CLARK COUNTY AMENDMENT STRIKING SUBSECTION 3 AS IT RELATES TO CAPITAL PROJECTS.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**Brody Leiser (Program Analyst):**

I have provided a spreadsheet of the 2013-2015 Capital Improvement Program (CIP) projects ([Exhibit G](#)). The Joint Subcommittee on K-12/Higher Education/CIPs has completed its review of the State Treasurer's Bond Interest and Redemption budget account (B/A) 395-1082 and the 2013 CIP.

## ELECTED OFFICIALS

Treasurer - Bond Interest & Redemption — Budget Page ELECTED-185  
(Volume I)

Budget Account 395-1082

In B/A 395-1082, the Subcommittee accepted a budget amendment for funding contract arbitrage compliance services with a reduction to the reserve in this account of \$142,200 over the 2013-2015 biennium. The Subcommittee also accepted a budget amendment to reflect the estimated net proceeds of the minerals tax revenue of \$6.9 million in fiscal year (FY) 2014-2015 that was erroneously omitted from the Executive Budget. The Subcommittee approved the remainder of this account as recommended by Governor Brian Sandoval.

The Subcommittee did not approve CIP Project No. 13-C02, the remodel of the administration building at the Ely State Prison to accommodate the execution chamber. The Subcommittee reallocated the general obligation bond funding of \$692,289 to proposed CIP Project No. 13-C08 to renovate the first floor of building No. 3 in the Southern Nevada Adult Mental Health Services.

Project No. 13-C02 – Remodel Administration Building to Accommodate Executions (Ely State Prison)

Project No. 13-C08 – Renovate First Floor of Building No. 3 – Southern Nevada Adult Mental Health Services

The Governor submitted a new CIP Project No. 13-C08 on May 14. The project is to design and construct a 14,000 square foot renovation at building No. 3, also known as the Muri Stein Hospital, to bring 15 rooms, and up to 19 beds, online. The amended project request included a funding split of 50 percent State funds and 50 percent Tobacco Master Settlement Agreement (MSA) funds. In accepting the amendment to approve CIP Project No. 13-C08, the Subcommittee increased the State funding by \$692,289 to approximately \$1.7 million, and reduced the MSA by an equal amount, or from approximately \$1 million to \$343,110.

By approving CIP Project No. 13-C03, the Subcommittee authorized a reduction of \$222,969 for the new License Plate Factory at the Stewart Conservation

Camp and Northern Nevada Correctional Center to remove moving costs, which have been funded in the Agency's operating budget account. In addition, the Subcommittee approved the repayment of \$3.8 million to the Highway Fund for the costs of this project from license plate fee revenues over a 5-year period, which is consistent with the closing actions for the License Plate Factory, in B/A 201-4712.

Project No. 13-C03 – New Tag Plant – Stewart Conservation Camp, Northern Nevada Correctional Center

## PUBLIC SAFETY

## MOTOR VEHICLES

DMV - License Plate Factory — Budget Page DMV-78 (Volume III)  
Budget Account 201-4712

The Subcommittee deferred action to the full money committees on proposed CIP Project No. 13-C07, the University of Nevada, Reno (UNR) Academic and Student Services building, and the Noble H. Getchell Library demolition project. This project was submitted as a budget amendment on April 3, and is recommended to reimburse UNR for a portion of the costs for the demolition of the Getchell Library. Questions were raised by the Subcommittee regarding the need for State funding to support the costs of the Getchell Library demolition, considering UNR's existing bonding authority and existing legislation this Session to increase that authority. Senate Bill 185 increases UNR's bonding authority by \$79.3 million, or from \$348.3 million to \$427.7 million. The increase in bonding authority in S.B. 185 would augment existing bond capacity to fund the demolition of the Getchell Library and to build a student achievement center, the seismic retrofit of Manzanita Residence Hall, build an indoor multi-purpose practice facility, expand the Lombardi Recreation Center facility and build a new residence hall. The Nevada System of Higher Education (NSHE) has provided subsequent information regarding the project costs for the demolition of the Getchell Library and to build the student achievement center. Initial project costs were estimated to be \$36 million, which is the figure that was used in the justification of S.B. 185 for the increase in bonding authority. The NSHE has indicated that the updated cost estimate for this project is \$40 million, or \$4 million more than initially estimated. As such, NSHE has indicated that the recommended State funding amount of \$800,000 in

CIP Project No. 13-C07 is in addition to the \$36 million used in the justification to increase the university's bonding authority in S.B. 185.

Project No. 13-C07 – UNR Academic and Student Services Building, Getchell Library Demolition

**SENATE BILL 185 (1st Reprint)**: Revises the limitation on the principal amount of bonds and other securities that may be issued by the Board of Regents of the University of Nevada to finance certain projects. (BDR S-914)

The Subcommittee approved CIP Project No. 13-P01 to design, through construction documents, a new Department of Motor Vehicles (DMV) office in central Las Vegas. With a reduction to the Highway Fund support of \$267,916, and with the addition of an equal amount of emissions-fee revenue to fund the project, the total cost of the project is \$2.1 million.

Project No. 13-P01 – Design Through Construction Documents – New DMV Office in Central Las Vegas

The Subcommittee approved CIP Project No. 13-S08, the statewide energy efficiency program as amended, to include \$1.2 million in authority to receive rebate funds. This program is a new statewide project in the CIP. The Subcommittee approved the issuance of a letter of intent instructing the Department of Administration's State Public Works Division (SPWD) to report to the Interim Finance Committee on a semiannual basis on projects that have been completed, are in progress or will be completed under this new program.

Project No. 13-S08 – Statewide Energy Efficiency Program

The Subcommittee approved the remainder of the projects in the 2013 CIP. Finally, the Subcommittee approved the issuance of a letter of intent, instructing the SPWD not to execute a contract for construction of projects approved in the 2013 CIP that include federally authorized receipts until the SPWD has determined that the federal funding authorized is available for expenditure.

**Senator Parks:**

It is my understanding the Getchell Library was the main central library on campus.

**Mr. Leiser:**

Yes. The building will be demolished and a new student achievement center will be erected on that site.

SENATOR KIECKHEFER MOVED TO ACCEPT THE CLOSING REPORT FOR B/A 395-1082 AS APPROVED BY THE JOINT SUBCOMMITTEE WITH THE EXCEPTION OF THE UNR BOND ISSUE IN CIP PROJECT NO.13-C07.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**Mr. Leiser:**

The Committee needs to make a specific decision on CIP Project No. 13-C07. In the Subcommittee there was discussion on the use of the MSA funds for CIP Project No. 13-C08, the Muri Stein Hospital. Fiscal Staff presented the Closing Report to the Assembly Committee on Ways and Means. The Assembly Ways and Means Committee reduced the State funding in CIP Project No. 13-C07 by \$343,110 and reallocated those funds to CIP Project No. 13-C08. This eliminated the use of MSA funds for CIP Project No. 13-C08. Testimony was given by UNR that this would not jeopardize their ability to move forward and complete the student achievement center. The Assembly Ways and Means Committee reduced the project funding for 13-C07 from \$800,000 to \$456,890.

**Chair Smith:**

There was considerable discussion in the Subcommittee about the concern over using MSA funds and not wanting to set that precedent.

SENATOR KIECKHEFER MOVED TO CLOSE THE 2013 CIP PROJECT NOS. 13-C307 AND 13-C308 AS OUTLINED BY THE FISCAL STAFF.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.



BUDGET CLOSED.

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**Julie Waller (Senior Program Analyst):**

We will reopen B/A 101-2610 for discussion based on the action of the Committee on May 17 that left an unresolved budget closing issue ([Exhibit H](#)). The Committee voted on May 17 to approve a technical adjustment to eliminate approximately \$37.9 million of onetime General Fund operating expenditures in each year of the upcoming biennium. However, the Committee did not provide Fiscal Staff with direction on how to utilize the General Fund appropriation savings of \$37.9 million in each fiscal year of the 2013-2015 biennium.

NDE - Distributive School Account — Budget Page K-12 EDUCATION-17  
(Volume I)

Budget Account 101-2610

Does the Committee wish to add General Fund appropriations of approximately \$37.9 million in each year of the 2013-2015 biennium to B/A 101-2610 as an enhancement, which would increase the statewide average basic support per pupil by \$87 in each year to \$5,590 in FY 2013-2014 and to \$5,676 in FY 2014-2015?

SENATOR DENIS MOVED TO ADD \$37.9 MILLION IN EACH YEAR OF THE 2013-2015 BIENNIUM TO B/A 101-2610 AS AN ENHANCEMENT.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**Mr. Krmpotic:**

When the Committee closed the Nevada Department of Corrections (NDOC) budgets the NDOC introduced Bill Draft Request (BDR) 16-1230 for reducing the prison medical budgets for anticipated expenses that would be reimbursed with Medicaid funds through the Affordable Care Act. This BDR allows the Director of the NDOC, or his designee, after informing an offender, to apply for a determination of eligibility on behalf of the offender.

**BILL DRAFT REQUEST 16-1230**: Revises provisions governing state financial administration. (Later introduced as [Senate Bill 519](#).)

SENATOR KIECKHEFER MOVED TO INTRODUCE BDR 16-1230.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**Chair Smith:**

I will open the hearing on Assembly Bill (A.B.) 463.

**ASSEMBLY BILL 463 (1st Reprint)**: Revises provisions relating to stale claims and statutory contingency claims. (BDR 31-1123)

**Stephanie Day (Deputy Director, Budget Division, Department of Administration):**

Assembly Bill 463 will clarify the definition of a stale claim to include all prior years' claims, including claims that are from funds that were appropriated. The bill also requests that payroll claims may be paid from other than the stale claims account in the General Fund, out of the agencies' current operating budget. We have an example of a payroll stale claim that we cannot pay because there are insufficient reversions from the specific fiscal year in the budget account where it occurred. This would allow an agency to be able to pay payroll stale claims from their current budget as opposed to coming from the stale claims account. This bill also allows for a person designated by the Clerk of the State Board of Examiners to approve payments for claims out of the stale claims account and the statutory Contingency Account. The current language states that the Clerk, Jeff Mohlenkamp, Director of the Department of Administration, can authorize the payment. The new language allows someone other than Mr. Mohlenkamp to be able to pay the claims.

**Mr. Krmpotic:**

Fiscal Staff will review A.B. 463 before bringing it back to the Committee for further consideration.

**Chair Smith:**

I will close the hearing on A.B. 463 and I will open the hearing on A.B. 467.

**ASSEMBLY BILL 467 (1st Reprint)**: Makes an appropriation to the Division of State Parks of the State Department of Conservation and Natural Resources to purchase new equipment and replace public safety equipment and worn and obsolete equipment. (BDR S-1185)

**Eric Johnson (Deputy Administrator, Division of State Parks, Department of Conservation and Natural Resources):**

Assembly Bill 467 is a request for a total of \$371,023 in new and replacement equipment for use in the field for the Department of Conservation and Natural Resources' Division of State Parks ([Exhibit I](#)).

Functional equipment is necessary to complete our mission. We pride ourselves on our ability to maintain equipment beyond the normal useful life. However, there is a point at which repair costs and time become excessive and/or replacement components are no longer available. We have reached that point with certain vehicles and equipment. I have outlined all of the new and replacement equipment in [Exhibit I](#).

**Chair Smith:**

Does the total remain the same in the first reprint of the bill?

**Mr. Johnson:**

Yes.

**Senator Goicoechea:**

Will the low-bed tractor component be large enough to haul your loader?

**Mr. Johnson:**

Yes. It will also be large enough to haul our road grader.

**Chair Smith:**

I will close the hearing on A.B. 467 and open the hearing on A.B. 470.

**Captain Dennis Osborn (Nevada Highway Patrol, Department of Public Safety):**  
Assembly Bill 470 makes an appropriation to the Nevada Highway Patrol Division of the Department of Public Safety (DPS) to replace fleet vehicles and motorcycles that have exceeded the mileage threshold.

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

**Chair Smith:**

During the downturn in the economy, were you able to stay up to date on vehicle replacement?

**Captain Osborn:**

We are not behind on replacements. This will keep us with vehicles we need for the next biennium.

**Chair Smith:**

I will close the hearing on A.B. 470 and open the hearing on A.B. 472.

**ASSEMBLY BILL 472:** Increases the maximum amount of the fee that the Director of the Department of Public Safety is required to establish for the Program for the Education of Motorcycle Riders. (BDR 43-1152)

**Traci Pearl (Administrator, Office of Traffic Safety, Department of Public Safety):**

By statute, the Director of the DPS sets the cap on the fee for students taking the motorcycle-training course, called the Nevada Rider program. The initial cap was set at \$100 in 1991. This bill will increase the amount of the fee to not more than \$150.

**Senator Kieckhefer:**

How many students go through this program in a year? Do the fees that are collected cover the cost of the program?

**Ms. Pearl:**

Between 5,000 and 6,000 students take the basic rider course each year. Currently, that curriculum is set by the Motorcycle Safety Foundation. It is widely used by many states. If the student passes this course, he or she is not

required to take the DMV skills test. The \$100 cap has not supported the program for many years. The program is also fee-based through \$6 from every motorcycle registration through the DMV. This bill would allow the program to become self-sufficient.

**Senator Denis:**

How does the usage of the program break down in the State?

**Ms. Pearl:**

The bulk of students are taught in Clark County due to population and the climate. We offer many of the courses through the community colleges because they have the range space and the empty parking lots on the weekends to do the riding part of the training.

**Senator Denis:**

Do we provide the motorcycles for the training?

**Ms. Pearl:**

Yes.

**Chair Smith:**

I will close the hearing on A.B. 472 and open the hearing on A.B. 473.

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

**Sean McDonald (Administrator, Division of Central Services and Records, Department of Motor Vehicles):**

Assembly Bill 473 makes the License Plate Factory a self-funded program. It serves to defray the costs of producing plates by setting in regulation the price per plate and passing on that cost to the customers.

**Chair Smith:**

We have closed the budget with this consideration as well. We will be funding license plates in a completely new way going forward.

**Senator Kieckhefer:**

A 50 cent charge will be directly passed on to the consumers when they purchase their plates.

**Mr. McDonald:**

Currently a 50 cent per plate fee is imposed by Prison Industries. Our \$3 portion of the total plate fee is to defray the costs right now per the budget closing and with the CIP project in mind. The \$3 would go to the DMV to defray the costs of producing those plates and the remaining 50 cents would continue to be collected for Prison Industries.

**Senator Goicoechea:**

I thought the plate cost was at \$2.25 and we could have been at \$5 instead of the \$6 per set of plates, but we were also looking at offsetting some bonding for the new building. We could have gotten by with a \$5 fee, but the recommended \$6 fee retires the debt of the new building within 5 years instead of 10 years.

**Mr. McDonald:**

That is correct. Initially we were looking at \$2.25 a plate, but in recovering the costs for the CIP project and the onetime appropriation of \$500,000, we arrived at the price of \$3 per plate, or \$6 per set.

**Mr. Krmpotic:**

Fiscal Staff will be checking with the Legal Division about the language in the bill. It indicates that under subsection 2, section 1, the money in the account must be used only to defray the cost of producing license plates. The money committees closed the budget with the intent to have this account repay the Highway Fund for the appropriation in the first year and for the CIP project.

**Chair Smith:**

I will close the hearing on A.B. 473 and open the hearing on A.B. 475.

**ASSEMBLY BILL 475 (1st Reprint)**: Makes appropriations to the Legislative Fund for dues and registration costs for national organizations, building maintenance projects and information technology purchases.  
(BDR S-1177)

**Rick Combs (Director, Legislative Counsel Bureau):**

I will review the first reprint of A.B. 475 ([Exhibit J](#)) which represents the onetime funds for the two sections of the bill. The first section is for dues and registration costs for national organizations that the Legislature has belonged to, or plans to join, in the upcoming biennium. The funding for the

Interstate Commission on Educational Opportunity for Military Children is required by statute. It was originally to be funded through sources other than the Legislature. The other sources never materialized. Revenue from expired gift certificates goes into the educational trust account that was available to fund that particular registration. The appropriation was removed and we are looking at this funding source instead. Through some of the adjustments that were made, the LCB will join the National Conference of Insurance Legislators as an organization for an additional \$10,000 in each year of the 2013-2015 biennium.

Section 2 of the bill is for our building maintenance and IT purchases for the 2013-2015 biennium. The first item I will discuss is the replacement of our uninterruptable power supply system. The current system is 12 years old. It has become difficult to find the replacement parts. During the Legislative Session, the system is inadequate for the amount of power used. We are considering a system that can handle the increased output during the Session. This request is for the battery component, not the generator, which is in good working condition.

The replacement components for the freight elevator in the main building are \$180,000. There are two elevators in the front of the Legislative Building that are over 40 years old. We have been cited by the Occupational Safety and Health Administration and we are working on getting an extension. We can use this money rather than having to pay for a slight upgrade to comply and then having to come back and do a full upgrade at a later date at a higher cost. The freight elevator is one that is not used generally by the public.

We are requesting \$98,800 for replacement broadcast and production services equipment. In the past we have replaced items as they have broken, but we are trying to replace items on a scheduled basis.

We are requesting \$250,000 for storage area network and replacement servers. Our current servers are over 5 years old and they are no longer under warranty.

Our final item is for the replacement of personal computers and laptops in the Fiscal, Legal and Administrative Divisions. In some budget accounts, we were able to take care of this through the operating budget. In others, there was not sufficient money to do that.

**Senator Denis:**

What is the schedule on the personal computer replacements?

**Mr. Combs:**

The personal computers are replaced on a 4-year cycle. This coincides with the maintenance agreements.

**Chair Smith:**

I will close the hearing on A.B. 475 and open the hearing on A.B. 477.

**ASSEMBLY BILL 477:** Makes an appropriation to the Office of the State Controller to replace computer servers for the statewide financial system.  
(BDR S-1176)

**Kim R. Wallin (State Controller, Office of the State Controller):**

Assembly Bill 477 is a onetime request for a total amount of \$470,397, of which \$448,840 will be for FY 2013-2014 and \$21,557 for FY 2014-2015. This money will be used to replace our existing servers which host our statewide accounting system. The servers are over 10 years old. When I gave my original testimony in the budget hearing, I mentioned that I was going to be working with Enterprise Information Technology Services (EITS) to see if we could use some of their surplus servers. After discussion, however, the servers they were sending to surplus were going to be a lot larger than what we would need. This would not be cost-effective due to the higher maintenance costs for EITS ([Exhibit K](#)).

**Senator Denis:**

Are they regular or are they virtual servers?

**Alex Echo (Information Technology Manager, Office of the State Controller):**

We are buying one physical server and we are doing logical partitions on it. That one piece of hardware will replace four other pieces and provide us room for further expansion.

**Senator Denis:**

In many cases, businesses are going to virtual servers instead of physical servers. You have access to the server in a server farm.



**Controller Wallin:**

We have been talking about replacing the statewide accounting system due to age. We are doing a benchmark study to prepare for that replacement. We are considering going to the cloud when we replace the statewide accounting system.

**Chair Smith:**

I will close the hearing on A.B. 477 and open the hearing on A.B. 481.

**ASSEMBLY BILL 481**: Authorizes the Division of State Library and Archives of the Department of Administration to retain money received for providing certain services to local governments. (BDR 19-1134)

**Daphne DeLeon (Administrator, Division of State Library and Archives, Department of Administration):**

Assembly Bill 481 proposes to clarify existing language to allow the imaging and preservation services program to provide microfilm and digital imaging services to local government. It also allows the program to retain a portion of the funding generated from these local government projects to purchase and repair equipment in the current biennium and balance forward a portion of the revenue for a larger equipment purchase in future biennia.

**Chair Smith:**

I will close the hearing on A.B. 481 and open the hearing on A.B. 482.

**ASSEMBLY BILL 482 (1st Reprint)**: Imposes a temporary assessment on certain employers for interest payments due on advances made by the Federal Government relating to unemployment benefits. (BDR 53-1166)

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

Assembly Bill 482 establishes an assessment to employers for the payment of interest due September 30 of each year for the loan balance outstanding on federal loans for the trust fund. The assessment would be payable by all employers except for reimbursable employers, which are nonprofits, governments and Indian tribes. This bill establishes the formula upon which the assessment would be calculated and establishes when the Division would bill that assessment to employers. The assessment ends when the debt is paid and all interest payments are satisfied.

**Senator Kieckhefer:**

Does this bill create the fund and give you the ability to set the rate?

**Ms. Olson:**

The bill creates the assessment and the formula within the statute. It gives the Division the authority to bill the assessment to the employers and then to collect it.

**Senator Kieckhefer:**

It will give you the authority to set the rate, but is it based on the formula that was laid out in statute?

**Ms. Olson:**

The rate setting that the Division prepares each October is a regulatory process. This would follow the formula set forth in the statute.

**Carole Vilardo (Nevada Taxpayers Association):**

This will control the increases that have been occurring in the Federal Unemployment Tax Act. We would rather have the State controlling our increases than the federal government. The bonding will be used to pay down the full amount. If it is not advantageous to do the bonding, we will at least get a handle on the interest. The employers I represent are in favor of this bill.

**Chair Smith:**

I will now close the hearing on A.B. 482.

**Mr. Krmpotic:**

Bill Draft Request S-1235 is a budget implementation bill that establishes the subsidy rates for public employee's benefits for both active and retired employees. This is legislation that is enacted every session for the biennium that establishes the rates based on the Committees' approval of those rates and budget closing actions.

**BILL DRAFT REQUEST S-1235:** Establishes for the 2013-2015 biennium the subsidies to be paid to the Public Employees' Benefits Program for insurance for certain active and retired public officers and employees.  
(Later introduced as [Senate Bill 518](#).)

SENATOR DENIS MOVED TO INTRODUCE BDR S-1235.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR ROBERSON WAS ABSENT FOR THE VOTE.)

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**Chair Smith:**

We will now hear S.B. 21.

**SENATE BILL 21 (1st Reprint)**: Revises provisions governing state financial administration. (BDR 31-379)

**Mr. Krmpotic:**

Senate Bill 21 requires the State Controller to pay all State officers and employees through an electronic payment system. The Controller submitted a budget amendment at the time we heard this bill ([Exhibit L](#)). The changes have been put into Proposed Amendment No. 9122 ([Exhibit M](#)). Some of the significant changes include the removal of the LCB in terms of paying State Legislators and the LCB salaries. There is also language that provides for NSHE to implement a system of direct deposit. Since the hearing on this bill and the amendments were presented by the Controller, Fiscal Staff received an email containing another proposed amendment from the Controller which the Committee may wish to hear ([Exhibit M](#)). The State Treasurer noted some potential fiscal impacts relating to the Nevada Prepaid Tuition program. If checks were paid out to universities, it would cost \$5 to issue each check. Fiscal Staff has noted that a request for a waiver was made in the language which would eliminate any fiscal impact for the State Treasurer. There are a number of fiscal notes on this bill and Fiscal Staff has received correspondence indicating that the fiscal notes have been removed as a result of the amendments. [Exhibit M](#) includes the amendment that Controller Wallin provided at the hearing.

**Controller Wallin:**

In section 4 of the amendment, [Exhibit N](#), we added language which requires the licensing agency to be responsible for obtaining individual social security numbers or the federal identification number for businesses. The only other amendment is back in section 69 that changes the effective date on this bill to July 1 for all sections except for sections 4, 7.1 to 7.9 and 13 through 67.

These sections would be effective July 1 for adopting regulations and preparing to comply with section 4 of the licensing law, and would become fully effective on January 1, 2014. This will give the licensing agencies time to add the question about having a business license associated with their application and to ensure that they have time to capture the social security number or federal identification numbers.

**Chair Smith:**

Does this amendment address concerns raised by the licensing groups?

**Controller Wallin:**

Yes.

**Senator Goicoechea:**

To clarify, will the LCB and Legislator payroll checks be handled through LCB?

**Chair Smith:**

Yes.

SENATOR GOICOECHEA MOVED TO AMEND AND DO PASS AS  
AMENDED S.B. 21.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

**Mr. Krmpotic:**

Senate Bill 56 amends the provisions relating to certain financial data that the Controller is required to make public on the Agency's Website. The bill requires that information relating to expenditures and revenues of the State be made available for the current year and immediately following the fiscal year. The bill also changes the designation of various funds in accounts to comply with governmental accounting standards. Fiscal Staff has looked at this bill and would propose an amendment ([Exhibit O](#)). This involves the Catalyst Fund and the Knowledge Fund which would be changed to accounts. Currently there is an issue with earning interest on those accounts relating to the General Fund appropriations. Interest is not currently being earned on the Catalyst Fund

account. Fiscal Staff suggests the amendment under section 3 of the bill relating to the Catalyst Fund, and that the interest and income earned on the money, as a result of the new language, be unexpended appropriations made to the account from the General Fund. If the bill passes, after deducting any applicable charges, the money would then be credited to the Catalyst account and the same language would be included for the Knowledge account as well. Fiscal Staff has communicated these two amendments to the State Controller.

**SENATE BILL 56**: Revises provisions governing state financial administration.  
(BDR 18-378)

**Controller Wallin:**

We have met with Fiscal Staff and we are in agreement.

SENATOR WOODHOUSE MOVED TO AMEND AND DO PASS AS  
AMENDED S.B. 56.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

**Chair Smith:**

I will now close the hearing on S.B. 56 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)

**Mr. Krmpotic:**

Senate Bill 454 makes various changes to the Silver State Health Insurance Exchange (SSHIX). It is a budget implementation bill. As amended, the bill would create the SSHIX account and money received in the account would now revert to the General Fund at the end of each year. It authorizes the SSHIX to offer policies of dental and vision benefits as well as supplemental coverage to individuals purchasing qualified health plans through the SSHIX. As amended, it would allow the SSHIX to offer the dental and vision benefits under the supplemental coverage upon approval. There are no amendments to this bill.

**Senator Kieckhefer:**

I have issues with the policy decisions that were made by the SSHIX and how those fees are going to be allocated. The statement that this Exchange is going to be self-sufficient and self-funded is no longer true. This bill does not deal with the issue.

SENATOR KIECKHEFER MOVED TO DO PASS S.B. 454.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

**Mr. Krmpotic:**

Senate Bill 479 attempts to resolve an outstanding legal issue with the Department of Taxation regarding how long credits against insurance premium tax are earned as a result of payment by the Department of Business and Industry, Division of Industrial Relations (DIR). Assessments can be carried forward as annual credits to offset the owed premium tax on industrial insurance policies.

**SENATE BILL 479:** Revises provisions governing credits against the insurance premium tax. (BDR 57-1200)

It was noted by the Department of Taxation that DIR assessments are generally larger than the premium tax liability that would otherwise be owed. A fiscal note was submitted by the Department of Taxation. The Department of Taxation testified that it would be reduced to \$28,000 after changes to their Unified Tax System.

SENATOR WOODHOUSE MOVED TO DO PASS S.B. 479.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

**Chair Smith:**

Yesterday we passed S.B. 165 regarding the film tax credit. I suggested that we amend the section requiring the purchase of a business license. I would like to rescind that motion from yesterday and remove this requirement, addressing this issue at another time.

**SENATE BILL 165**: Provides for transferable tax credits to attract film and other productions to Nevada. (BDR 32-781)

SENATOR DENIS MOVED TO RESCIND THE PREVIOUS ACTION TAKEN ON S.B. 165.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS KIECKHEFER, PARKS AND ROBERSON WERE ABSENT FOR THE VOTE.)

\* \* \* \* \*

SENATOR WOODHOUSE MOVED TO AMEND AND DO PASS AS AMENDED S.B. 165.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS KIECKHEFER, PARKS AND ROBERSON WERE ABSENT FOR THE VOTE.)

\* \* \* \* \*

**Chair Smith:**

We will now open the hearing on S.B. 340.

**SENATE BILL 340 (1st Reprint)**: Revises provisions relating to the delivery of health care. (BDR 40-595)

**Mr. Krmpotic:**

Senate Bill 340 was heard on May 15. A fiscal note was submitted on this bill by the DHHS. The fiscal note was removed based on the language placed in Proposed Amendment No. 8810 (Exhibit P). Section 15 of the amendment adds

new language providing that the act becomes effective on the date on which the administrator of the Health Division of the DHHS determines that sufficient money has been received to carry out the provisions of sections 2 through 12 of this act. Therefore, this will not have any immediate impact on the Health Division.

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED S.B. 340.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR PARKS WAS ABSENT FOR THE VOTE.)

\* \* \* \* \*

**Mr. Krmpotic:**

Senate Bill 486 makes a onetime appropriation to the Department of Education (NDE) of \$4 million for the data system projects identified by the P-16 Advisory Council. Fiscal Staff has received information pertaining to this bill that does not fully justify the appropriated amount. Fiscal Staff met with the Budget Division of the Department of Administration, and backup information was supplied that supported \$1.5 million in expenditures on this bill. The report from the P-16 Advisory Council, published August 2012, may have supported the appropriated amount originally, but that has since changed. Fiscal Staff has received correspondence from the Director of Administration indicating that the Agency would propose an amendment to this bill. Currently, the appropriation would be made to the NDE. The amendment requested would make the appropriation to the Department of Administration for the purpose of being the entity that would transfer the funds based on any grants approved by the P-16 Advisory Council. The Committee may wish to consider that the appropriation be made to the Contingency Account subject to further information being supplied by the Administration regarding proposed expenditures. Otherwise, the Committee may wish to reduce the amount of the appropriation based on information that has been supplied thus far.

**SENATE BILL 486**: Makes an appropriation to the Department of Education for data system projects identified by the P-16 Advisory Council. (BDR S-1178)



**Jeff Mohlenkamp (Director, Department of Administration):**

We agree with the amendment to S.B. 486. We also concur with modifying the amount. Allocating the entire \$4 million does not make sense at this time. We have a proposal from the kindergarten and prekindergarten aspects that totals about \$1.5 million. We would like to have some money left in reserve to address the needs assessment, which will be completed later this year, and to deal with the elements that we have not considered.

**Deborah Cunningham (Deputy Superintendent for Administrative and Fiscal Services, Department of Education):**

We also support the reduced funding level and the amendment to put it into the Department of Administration. These are important funds, but the larger funding amount is not warranted.

**Chair Smith:**

What is the recommended amount?

**Mr. Krmpotic:**

Information that has been provided to Fiscal Staff supports \$1.5 million in expenditures. I am not familiar with the cost of the needs assessment that Mr. Mohlenkamp mentioned. If the appropriation were reduced, Fiscal Staff does not have a specific recommendation. If there is no support for the entire appropriation, it is difficult to recommend a reduced amount without knowing what the future costs might be.

**Mr. Mohlenkamp:**

It would be appropriate to have some money set aside for dealing with the needs assessment. The needs assessment is covered through a federal grant in the NDE. We would be receptive to a reduction to \$2.5 million, essentially a \$1.5 million reduction. That would leave about \$1 million to be used to deal with the results of the needs assessment. Whether that is the right amount or not, none of us know.

**Chair Smith:**

We can put the funds in the Contingency Fund. If you need it, it will be available.

**Ms. Cunningham:**

The federal government is focused on kindergarten through Grade 12 (K-12), NSHE and the Department of Employment, Training and Rehabilitation (DETR). It does not allow us to connect to early childhood education, which has tremendous educational value.

**Senator Kieckhefer:**

If the needs assessment identifies things outside of early childhood education, I do not know if we want to restrict the funding.

**Chair Smith:**

That is what the NDE stated it needed the funding for. I want to put criteria into the language because it is not a clear identification of the need.

**Ms. Cunningham:**

It should not be restricted to just early childhood education. There are other bills that identify the military child in this same system and create connections with foster and homeless children. The main focus will be the connection with early childhood education.

**Mr. Mohlenkamp:**

I agree with that statement. When we testified on the bill initially, the thought was that the \$4 million would be used to advance linkages of the P-16 Advisory Council. That could be NSHE, DETR or other elements, in addition to early childhood education.

**Chair Smith:**

If we need that money outside of the early childhood assessment piece, why is it not identified in what we are appropriating?

**Senator Kieckhefer:**

We are still waiting for some of the overall needs assessment to come back. The linkage between early childhood education and the K-12 system is important, but it may not be the only need that could arise out of the assessment.

**Chair Smith:**

If we have language that ties it to the needs of the assessment, that will help enhance our linkages in our system.

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**Ms. Cunningham:**

There is a teacher evaluation piece that is also critical.

**Chair Smith:**

Does this evaluation come out of the assessment?

**Ms. Cunningham:**

Yes.

SENATOR KIECKHEFER MOVED TO DO PASS S.B. 486 WITH AN AMENDMENT TO REDUCE THE FUNDING TO A TOTAL OF \$2.5 MILLION, \$1.5 MILLION TO THE ADMINISTRATION AND \$1 MILLION IN THE CONTINGENCY FUND, TO BE USED FOR EARLY CHILDHOOD EDUCATION AND LINKAGE TO THE OTHER NEEDS ASSESSMENT.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

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**Chair Smith:**

With no further business before the Committee, this meeting is adjourned at 10:48 a.m.

RESPECTFULLY SUBMITTED:

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Annette Teixeira,  
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	5		Attendance Roster
S.B. 3	C	3	Jeff Fontaine	Proposed Amendment
S.B. 3	D	2	Fiscal Analysis Division	Proposed Amendment No. 9223
S.B. 452	E	5	Department of Health and Human Services	Proposed Amendment No. 9176
S.B. 452	F	3	Clark County	Proposed Amendment
	G	9	Fiscal Analysis Division	2013-2015 CIP Spreadsheet
	H	1	Fiscal Analysis Division	Senate Committee on Finance Unresolved Budget Closing Issue May 24, 2013
A.B. 467	I	10	Eric Johnson	Nevada State Parks
A.B. 475	J	1	Rick Combs	One-Shot Funds for the LCB
A.B. 477	K	1	Kim R. Wallin	Controller TIR vs. EITS Server Price Comparison
S.B. 21	L	4	Kim R. Wallin	Amendment
S.B. 21	M	41	Kim R. Wallin	Proposed Amendment No. 9122
S.B. 21	N	5	Kim R. Wallin	Amendment
S.B. 56	O	1	Fiscal Analysis Division	Proposed Amendment
S.B. 340	P	11	Fiscal Analysis Division	Proposed Amendment No. 8810