MINUTES OF THE
SENATE COMMITTEE ON FINANCE

Seventy-Seventh Session
June 3, 2013

The Senate Committee on Finance was called to order by Chair Debbie Smith at 7:05 a.m. on Monday, June 3, 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 Moises (Mo) Denis
Senator David R. Parks
Senator Pete Goicoechea
Senator Ben Kieckhefer
Senator Michael Roberson

COMMITTEE MEMBERS ABSENT:

Senator Joyce Woodhouse (Excused)

GUEST LEGISLATORS PRESENT:

Senator Aaron D. Ford, Senatorial District No. 11
Assemblywoman Marilyn Kirkpatrick, Assembly District No. 1

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Sarah Coffman, Senior Program Analyst
Laura Freed, Senior Program Analyst
Brody Leiser, Program Analyst
Leslie Sexton, Committee Secretary

OTHERS PRESENT:

Keith Uriarte, AFSCME, American Federation of State, County and Municipal Employees, Local 4041
A.G. Burnett, Chair, State Gaming Control Board
Greg Ferraro, Nevada Resort Association
Ross Miller, Secretary of State
Nicole Lamboley, Chief Deputy, Office of the Secretary of State
Teresa McKee, Nevada Association of Realtors
Steve Hill, Executive Director, Office of Economic Development, Office of the Governor
Steve Polikalas, Unique Infrastructure Group, LLC
Mendy Elliott, Northern Nevada Development Authority
Russell Rowe, University of Nevada, Las Vegas
Chris Nielsen, Executive Director, Department of Taxation
Luis Valera, J.D., Vice President, Government Affairs and Diversity Initiatives, University of Nevada, Las Vegas
Jim Wells, Executive Officer, Public Employees' Benefits Program
Leo Drozdoff, Chairman, Public Employees' Benefits Program Board
Jeff Mohlenkamp, Director, Department of Administration
Carole Vilardo, Nevada Taxpayers Association
Daniel Klaich, J.D., Chancellor, Nevada System of Higher Education

Chair Smith:
We will begin with Assembly Bill (A.B.) 505.

ASSEMBLY BILL 505: Authorizes and provides funding for certain projects of capital improvement. (BDR S-1240)

Brody Leiser (Program Analyst):
This bill implements the 2013 Capital Improvement Program (CIP). The bill draft request was presented to the Senate Committee on Finance and the Assembly Committee on Ways And Means on May 30. It includes funding of approximately $102.7 million for CIP projects. Major funding sources include $55.5 million in general obligation bonds, $22.9 million in excess funding that has been reallocated from projects approved in prior CIPs, $7.4 million from the State Highway Fund, $5 million in special higher education capital construction, $3.8 million in federal funding and $3.5 million in General Fund monies.

Chair Smith:
Seeing no one wishing to testify on A.B. 505, the hearing is closed.

SENATOR KIECKHEFER MOVED TO DO PASS A.B. 505.

SENATOR DENIS SECONDED THE MOTION.

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

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Chair Smith:
The hearing on A.B. 507 is open.

ASSEMBLY BILL 507: Makes various changes regarding state financial administration and makes appropriations for the support of the civil government of the State. (BDR S-1241)

Alex Haartz (Principal Deputy Fiscal Analyst):
This bill is the General Appropriations Act. General Fund appropriations in this act total approximately $1.9 billion in fiscal year (FY) 2013-2014 and approximately $2 billion in FY 2014-2015. The total for the 2013-2015 biennium is approximately $4 billion. This is an increase of approximately $163.8 million compared to the General Fund appropriations approved for the 2011-2013 biennium. This bill also includes Highway Fund appropriations totaling $114.2 million in FY 2013-2014 and $140.4 million in FY 2014-2015. This is a reduction of approximately $27.5 million over the past biennium.

SENATOR KIECKHEFER MOVED TO DO PASS A.B. 507.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR GOICOECHEA VOTED NO. SENATOR ROBERSON WAS ABSENT FOR THE VOTE.)

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Chair Smith:
The hearing on A.B. 511 is now open.

ASSEMBLY BILL 511: Provides for compensation of state employees. (BDR S-1251)

Mr. Haartz:
This bill is commonly called the Pay Bill. It sets the maximum compensation for unclassified positions and certain classified positions within State government. The bill provides for furlough days, the suspension of merit pay in FY 2013-2014, the restoration of merit pay in FY 2014-2015 and the continued suspension of longevity pay for the biennium. Sections 7 and 8 of the bill provide for General Fund and Highway Fund appropriations. The appropriations and authorizations that actually pay the salaries and other costs authorized in this bill are included in the Appropriations Act and the Authorized Expenditures Act.

Senator Kieckhefer:
Is the General Fund appropriation of $16 million available through the State Board of Examiners?

Mr. Haartz:
Yes. The sums are appropriated to the Board of Examiners. They release funds to the agencies upon presentation of documentation of need by the agencies. It is commonly called "salary need," the sum of money that has been appropriated in the event that agencies do not have the projected number of vacancies or experience other unexpected increased costs not included in the Executive Budget.

Senator Kieckhefer:
Is it for additional positions?

Mr. Haartz:
No. The agencies must request additional positions through the Interim Finance Committee (IFC). This is based on the existing authorized number of positions and salary costs that ultimately result from having those positions either filled or vacant.

SENATOR GOICOECHEA MOVED TO DO PASS A.B. 511.

SENATOR PARKS SECONDED THE MOTION.

Keith Uriarte (AFSCME, American Federation of State, County and Municipal Employees, Local 4041):
We support A.B. 511. It is a major step in the restoration of salaries and benefits for State employees.

Chair Smith:
I agree. This action will be one of the successes of the 77th Session. I look forward to doing more in 2015.

Senator Denis:
I am grateful we did not have to talk about salary and benefit cuts this year. I am not sure that this bill will adequately compensate State employees for what they have lost in the past. They have continued to do more with less. I hope we can continue to do more toward the goal of restoration in the 78th Session.

Senator Kieckhefer:
This bill is a good step and a strong statement that we are trying to share the recovery with our employees. We do value their contribution to the State.

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

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Chair Smith:
This meeting is in recess at 7:19 a.m. until the call of the Chair.

The meeting is reconvened at 1:58 p.m. We will begin with a hearing on A.B. 7.

ASSEMBLY BILL 7 (2nd Reprint): Revises provisions relating to the Gaming Policy Committee. (BDR 41-333)

A.G. Burnett (Chair, State Gaming Control Board):
This bill is a result of Governor Brian Sandoval's intent regarding the Gaming Policy Committee. Last year, for the first time in many years, the Governor convened that committee to study interactive gaming. Because the four meetings held in 2012 were successful, the Governor would like to continue convening them. Pursuant to statute, any number of gaming-related issues may be studied. In section 1, subsection 2, paragraph (f), subparagraph (4), the bill proposes to add a member from academia to the committee. In section 1, subsections 7 and 8, the bill proposes to create an advisory committee to review and evaluate all gaming-related educational entities in the State. The bill makes an appropriation from the General Fund to provide for the convening of the meetings and the costs and related expenses associated thereto.

Chair Smith:
We have discussed the appropriations and the fact that you hold a part-time position related to the bill.

Mr. Burnett:
The Gaming Control Board (GCB) has its own staff and its own budget. The functions in this bill would not be accommodated by the GCB. The Gaming Policy Committee would have to draw from the Gaming Commission's budget. Within the Commission's staff, they have only one half-time position. To accommodate the Gaming Policy Committee's work, which will involve an increased workload for the Commission, the half-time position will be increased to a full-time position. Section 3 of A.B. 7 reflects that increase. The appropriation in section 2 of the bill reflects the anticipated hard costs to be incurred by the Gaming Policy Committee. For example, the last meeting of the Gaming Policy Committee in 2012 incurred costs for court reporters, location fees and travel fees, which were paid from the GCB's budget.

Chair Smith:
I will turn the gavel over to Senator Parks so that I may present an amendment.

Senator Debbie Smith (Senatorial District No. 13):
The amendment I offer (Exhibit C) is to clarify the definition of a "resort hotel" as used in the *Nevada Revised Statutes* (NRS) as it applies to Washoe County based on population. It is the same definition adopted by ordinance in Clark County.

Greg Ferraro (Nevada Resort Association):
The gaming sector of the economy in Washoe County is struggling. We propose this amendment to protect and strengthen the investments already made in Washoe County by the gaming industry.

In 1989, A.B. No. 845 of the 65th Session provided for the establishment of gaming enterprise districts for the purpose of assisting the gaming industry in fostering the stability and success of gaming in Nevada. In 1991, S.B. No. 535 of the 66th Session provided for the creation of the concept of a "resort hotel" in Clark and Washoe Counties. It required that an establishment seeking a nonrestricted license, meeting the criteria determined to be necessary for a hotel, had to be considered a "resort hotel." The Legislature sought to ensure that establishments holding nonrestricted licenses met certain standards of quality, involved the necessary commitment of capital and resources and contained sufficient amenities to safeguard the continued growth and success of gaming in Clark and Washoe Counties. In 1997, S.B. No. 208 of the 69th Session reaffirmed the Legislature's commitment to protect the continued growth and success of gaming while preserving the safety, integrity and tranquility of residential neighborhoods of Clark County. We present this amendment to A.B. 7 in recognition of what the Legislature has already affirmed. It is necessary to protect the continued growth and success of gaming in Washoe County by further strengthening the criteria required to be considered a "resort hotel" and to hold a nonrestricted license.

Senator Smith:
The member properties of the Nevada Resort Association in Washoe County are supportive of this bill. They have operated in a very difficult economic climate in the past few years. We should do what we can to help those who have invested so significantly in Washoe County and northern Nevada. I urge your support of this bill with this amendment.

Mr. Ferraro:
Our statewide membership supports this amendment.

With our proposed amendment, the bill would read as follows:

> Section 1. NRS 463.01865 is hereby amended to read as follows: "Resort hotel" means any building or group of buildings that is maintained as and held out to the public to be a hotel where

sleeping accommodations are furnished to the transient public and that has: 1. In a county whose population: (a) Is 700,000 or more, more than 200 rooms available for sleeping accommodations; or (b) Is 100,000 or more and less than 700,000, more than 300 rooms available for sleeping accommodations;

The amendment proposes to change the State standard from 200 to 300 rooms in Washoe County only.

Senator Goicoechea:
Is the threshold in Washoe County higher than in Clark County?

Mr. Ferraro:
Clark County has adopted the 300-room standard by local ordinance.

Senator Goicoechea:
With less than 300 rooms in Washoe County, would an operator have a restricted license?

Senator Parks:
That is our understanding.

I will return the gavel to Chair Smith.

Chair Smith:
Seeing no one wishing to make further comment, the hearing on A.B. 7 is closed. The hearing on A.B. 474 is open.

ASSEMBLY BILL 474 (1st Reprint): Makes appropriations to restore the balances in the Stale Claims Account, Emergency Account, Reserve for Statutory Contingency Account and Contingency Account. (BDR S-1174)

Mr. Krmpotic:
This bill was submitted on behalf of the Department of Administration. It appropriates monies from the General Fund to replenish various accounts available for allocation during the interim.

The bill appropriates $3 million to restore the balance in the Stale Claims Account, $100,000 to restore the balance in the Emergency Account,

$3 million to restore the balance in the Reserve for Statutory Contingency Account and $8.3 million to restore the balance in the Contingency Account. The Executive Budget recommended a $5 million appropriation for the Contingency Account. Generally, the Department of Administration and the Legislative Counsel Bureau (LCB) set a goal of keeping that balance at $12 million. The current balance is approximately $7 million. Increasing the appropriation will provide for other potential purposes over the 2013-2015 biennium that have been discussed by the Committee at various times. That includes $1.4 million for the replacement of the Microsoft XP operating system computers within the Executive Branch; $800,000 for the Appellate Court pursuant to Senate Joint Resolution 14 of the 76th Session, if approved by vote of the people; and $1.1 million for the potential implementation of the Marketplace Fairness Act of 2013 by the Department of Taxation. Those three items total $3.3 million.

SENATE JOINT RESOLUTION 14 OF THE 76TH SESSION: Proposes to amend the Nevada Constitution to create an intermediate appellate court. (BDR C-1013)

Assembly Bill 474 becomes effective upon passage and approval effectively making the mandated appropriation for the 2013-2015 biennium. Fiscal Analysis Division Staff recommends approval.

Chair Smith:
Seeing no one wishing to ask questions or make comment, the hearing on A.B. 474 is closed. The hearing on A.B. 461 is open. I ask Senator Aaron D. Ford to present the report of the Subcommittee regarding this bill.

ASSEMBLY BILL 461 (1st Reprint): Enacts provisions governing the management of sagebrush ecosystems. (BDR 26-1194)

Senator Aaron D. Ford (Senatorial District No. 11):
A subcommittee composed of Senator Ben Kieckhefer, Senator Justin C. Jones and myself as Chair heard this bill on June 1. The bill authorizes the Division of State Lands of the Department of Conservation and Natural Resources (DCNR) to establish and carry out programs to preserve, restore and enhance sagebrush ecosystems on public and private land with the consent of the landowner. Three issues arose in that hearing.

First, we discussed whether the additional member on the Sagebrush Ecosystem Council should be from the environmentalist persuasion or the sportsman persuasion. We would like the Committee to discuss this issue.

Second, we discussed the intent of A.B. 461 that the Sagebrush Ecosystem Council not interfere or supersede the authority of any other State departments or agencies to accomplish their missions and goals. We would like the Committee to discuss this issue.

Third, there is a lack of a statutory definition of clarity regarding the crediting system referred to in the bill.

The Subcommittee had no recommendation for full Committee action on the bill.

Senator Kieckhefer:
Although there was no definition of the crediting system in the bill, I had a better understanding of that system after Mr. Drozdoff testified before the Subcommittee. I did not see any reason to change the composition of the Council because there were no indications that it was functioning improperly.

Senator Ford:
Mr. Drozdoff presented the bill to the Subcommittee. Kyle Davis, Political Director of the Nevada Conservation League, spoke in favor of the bill. Nobody spoke in opposition.

Chair Smith:
Seeing no one who wishes to ask questions or speak on this bill, the hearing on A.B. 461 is closed. The hearing on A.B. 74 is open.

ASSEMBLY BILL 74 (2nd Reprint): Establishes provisions governing document preparation services. (BDR 19-84)

Assemblywoman Lucy Flores (Assembly District No. 28):
This bill regulates legal document preparer services. We have been made aware of a large number of cases of consumer fraud in this area. Document preparers have posed as attorneys. Registered notaries have provided legal document preparer services or legal services without being licensed to do so. Consumers are either not getting the services they need or are getting inadequate services

from individuals not qualified to render the services. In many cases, this activity has caused problems, with serious long-term consequences, for consumers.

This bill received unanimous support from the Assembly Committee on Ways and Means and the Assembly body. This bill is presented at this late hour because we have been unsure whether we could fund the fiscal note attached to the bill by the Secretary of State. I have worked with Secretary of State Ross Miller to find a way to remove the fiscal note. He has agreed that by delaying full implementation of this bill until January 1, 2014, the fiscal note of $150,000 can be removed.

You have been provided with Proposed Amendment No. 9298 (Exhibit D). The intent of this amendment in section 4, subsection 2, paragraph (m) of the bill is to clarify that this bill is not meant to regulate those individuals who are licensed by the State of Nevada and already regulated under NRS 645 or NRS 692A. This would include real estate salespersons and those performing real property title transactions. The intent of the bill is to relate to those purporting to offer legal services who are not qualified to do so.

Ross Miller (Secretary of State):
We support A.B. 74 with the proposed amendment by Assemblywoman Flores. An existing statute places specific prohibitions on the use of the term "notarial." Abuses of the law disproportionately affect minority communities. We have undertaken enforcement actions on those violations. This bill requires individuals who might be engaging in services misleading to the public to register with our office. It outlines a specific course of action that we can follow in order to institute appropriate enforcement. We are able to remove the fiscal note we had originally placed on this bill because we worked with Assemblywoman Flores to delay the effective date to give us flexibility with the legislative mandates on other projects. Our IT staff has made significant progress on pending projects that would have caused us to contract out work to set up a system necessary to implement the bill.

Chair Smith:
This bill has been passed out of the policy committee. We were holding it until we could find funding for it, which is not necessary now.

Nicole Lamboley (Chief Deputy, Office of the Secretary of State):
The proposed amendment will address my concerns regarding the Notary Public Training Account in NRS 240.018 to ensure that we have the funds necessary to cover the expenses of the program. Once the expenses are reconciled, any excess will revert to the General Fund, similar to what is being done with the domestic partner filings in our office.

Teresa McKee (Nevada Association of Realtors):
We support this bill with the amendment.

Ms. Lamboley:
Proposed Amendment No. 9298 does not include a provision to remove the $150,000 appropriation in section 28 of the bill. It should, because the appropriation is no longer necessary.

Chair Smith:
Seeing no one wishing to comment further on this bill, the hearing on A.B. 74 is closed. The hearing on A.B. 38 is open.

ASSEMBLY BILL 38 (2nd Reprint): Makes various changes concerning the abatement or deferment of certain taxes imposed on a new or expanded business. (BDR 32-296)

Steve Hill (Executive Director, Office of Economic Development, Office of the Governor):
This bill will amend NRS 360, the chapter in which we typically provide tax abatements, and NRS 274.

Section 1 of the bill contains language found throughout the bill that clarifies intent. For example, we discuss "eligible property" rather than "capital goods." We changed the language for the contracts that we enter into with companies for whom we provide abatements, so the abatement becomes effective on the contract date rather than the date on which the certificate of eligibility is issued. The latter tends to change from time to time. The new language will add precision.

In section 2 of the bill, we seek to eliminate the intellectual property abatement. As far as I know, this abatement has only been used one time. It is similar in qualifications to the criteria we use for other abatements.

In section 3, and in other places in the bill, we intend to narrow the gap between the criteria that is required for companies moving into Nevada versus companies who are expanding in Nevada. The gap makes it more difficult for companies moving from another state into Nevada than for a company already located in Nevada to expand. In order to level the playing field and to make the State more attractive to companies considering relocation, this section would reduce the criteria for such a company to create jobs from 75 to 50 jobs in the larger counties, and from 15 to 10 in the smaller counties. For companies that are already in Nevada, and who plan to expand in the State, it raises the requirement from 6 jobs to 25 jobs.

Section 3.5 proposes to change the word "hearing" to "meeting." The 76th Legislative Session changed the requirement for a public meeting to a public hearing. An Attorney General (AG) opinion gives the Executive Director of the Governor's Office of Economic Development (GOED) the responsibility to approve tax abatements. The combination of the statutory requirement for a public hearing by the Board, and the AG's opinion, has created a situation where a hearing was held and recessed, followed by a Board meeting, at which time the Executive Director sought advice and a recommendation by the Board. Subsequently, the Executive Director must then reconvene the hearing and make a decision publicly. In A.B. 61, the Legislature has already approved the transference of the responsibility for abatement approval to the Board. Section 3.5 of A.B. 38 would allow that information to be received by the Board and a decision made at one public meeting of the Board.

ASSEMBLY BILL 61 (As Enrolled): Makes various changes relating to economic development. (BDR 18-291)

Section 5 is an additional provision to narrow the gap of differences between companies seeking to relocate from another state and companies already located in Nevada who seek to expand within the State. We have a series of criteria to qualify for personal property tax abatements for companies moving into Nevada. The threshold for larger companies moving into larger counties is $50 million, which is exceptionally high. Companies expanding within the State need only spend at least 20 percent of the current capital already expended, which is low. We propose a downward sliding scale starting at $5 million for larger companies in larger counties and cities. This section includes a provision to make available an abatement specifically for companies operating in a foreign trade zone. The foreign trade zones in Nevada are underutilized. Companies that export out of the State tend to be more stable and pay higher wages. This provision will make Nevada more competitive with surrounding states. It changes the current 5-year, 50 percent abatement to a 10-year, 50 percent abatement. It would be an alternative to the 5-year 75 percent abatement. This is the same language in use in Arizona.

In section 6, we propose to eliminate the deferral of sales tax for expenditures by companies on eligible property for a sales price of less than $1 million. The resulting savings of $80,000 has not been a significant incentive for companies and it has been an administrative burden for the Department of Taxation.

In section 6.5, we propose to address a problem in NRS 274, which we discovered when we negotiated Apple Inc.'s move to Nevada. That statute has no limits on the types of taxes, the amount of taxes or the length of time for which abatement can be granted. When NRS 274 is utilized, an individual county or city must make the request for the abatement to the Board and the Board must approve that request if the request meets low criteria.

Chair Smith:
Are the time frames specified in section 6.5, subsection 2, paragraph (a), subparagraphs (1) and (2) the new limits to which you referred?

Mr. Hill:
There is no cap for any business. Four areas of the bill address this. Section 7.3 addresses NRS 274. That language is repeated in each of the statutes that deal with the taxes that may be abated.

This bill would limit, for all businesses, other than data centers, the abatements of 75 percent for personal property taxes and the normal abatement for sales tax in a maximum 5-year period. This bill also carves out a separate section for data centers, limiting the abatement period to 10 years. After considering input from that industry and the statutes in surrounding states, we ask your consideration of a potential 15-year limit for data centers.

Nevada Revised Statutes 274 does not currently have any thresholds or parameters.

Chair Smith:
As I recall, there are a variety of abatement time frames in NRS. Is the term for abatements in tourism improvement districts (TID) 20 years?

Mr. Hill:
I am not familiar with the exact provisions regarding TIDs.

Chair Smith:
Why do we consider data centers separately? I understand that we are trying to attract more of them to Nevada.

Mr. Hill:
Data centers are capital-intensive. The taxes that provide much of the revenue for the State hit those industries hard. They buy massive numbers of servers that must be replaced every 3 years. Those purchases build a large base for personal property taxes. For example, in the Apple Inc. agreement, they have agreed to purchase $1 billion worth of equipment for their data center. If we taxed at our normal rate, we would be completely uncompetitive with other states. Those data centers bring good jobs, a significant tax base from which to generate revenue and other technology businesses.

Senator Kieckhefer:
Is there a sweet spot in the length of time abatements run?

Mr. Hill:
The 15-year number is important. We have looked at competing states. Oregon, for example, does not have a sales tax and their personal property exemption term is 15 years in some areas of the state. Arizona is in the process of enacting a law that will provide a permanent exemption from all personal property tax and a 20-year exemption from state sales tax. In order to remain competitive in the data center industry, and because businesses look for 15- to 20-year terms, 15 years seems reasonable.

Steve Polikalas (Unique Infrastructure Group, LLC):
We are the developers of the 2,200-acre Reno Technology Park. The new location for Apple Inc.'s data center will take up 345 of those acres. The park has been zoned in Washoe County's *Master Plan*.

I have submitted a statement in opposition to Amendment No. 945 to A.B. 38 (Exhibit E), which was adopted by the Assembly Committee on Ways and Means on May 29. This amendment was not adequately vetted or discussed by that committee. It was presented as a conceptual amendment in a Work Session. It was posted in written form last night, June 2.

The abatement statute, NRS 274, was used in negotiations with Apple Inc. We hope to use it in the future to attract similar companies to the Reno Technology Park. It is the only abatement mechanism in the abatement rubric of Nevada law that must be initiated by a local governing body. It is part of that governing body's endorsement of the application to the State for the abatement. The local governing body is required to seek input and approval of the local school district and any other local governmental entity that might be affected by the abatement. It is a bottom-up process. It is not the State imposing a tax abatement upon local government.

I have included historical data regarding NRS 274 in Exhibit E, including testimony from 2005 showing legislative intent.

Amendment No. 945 to A.B. 38 provides for a 10-year abatement on sales taxes and a $200 million spend threshold. Such a spend threshold is too high. We propose a spend threshold of $25 million, with an abatement term not to exceed 20 years for the abatement of sales taxes.

Mr. Hill:
I proposed the $200 million spend threshold. I did not have adequate time to research the appropriateness of that threshold. We want to ensure that the State and local governments can continue to be able to attract data centers and that we do not inadvertently allow a business that does not meet the definition of a data center, but that already owns a significant amount of computer equipment, to be classified as a data center.

Mr. Polikalas:
We could agree upon a $50 million spend threshold. Mr. Hill and I have not had sufficient time to discuss this matter.

Mendy Elliott (Northern Nevada Development Authority):
We thank the bill sponsor for lowering the spend threshold to accommodate rural areas and for inserting a population cap so that we can continue to work hard to attract good businesses in the rural areas.

Chair Smith:
Seeing no one wishing to make further comment, the hearing on A.B. 38 is closed. The hearing on A.B. 335 is open.

ASSEMBLY BILL 335 (1st Reprint): Creates the University of Nevada, Las Vegas, Campus Improvement Authority. (BDR S-866)

Russell Rowe (University of Nevada, Las Vegas):
Assembly Speaker Marilyn Kirkpatrick has authorized Luis Valera and me to present this bill to the Committee on her behalf. Planning and designing a new stadium or mega-event center on the campus of the University of Nevada, Las Vegas (UNLV) has been a topic of conversation for quite some time.

This bill originally proposed a tax increment district for the partial funding of such a facility and a governance authority for the district. The bill, as amended, removes the tax increment district and simply creates a board of directors for the UNLV Campus Improvement Authority, which would be tasked with the mission of examining the feasibility, scope, design, cost and financing of such a facility. The Board would bring a report of recommendations to the LCB by September 30, 2014. The Board would be comprised of 11 members appointed by the Board of Regents, the Governor, the Majority Leader of the Senate, the Speaker of the Assembly, the Clark County Board of Commissioners and the Las Vegas Convention and Visitors Authority (LVCVA). The board would appoint two members from a list of recommendations by the LVCVA. Those members must come from the gaming and tourism industry. The bill imposes deadlines for appointments, with all appointments being made by September 30.

Two provisions of this bill relate to the Thomas and Mack Center. Section 24.5, subsection 5 states that the Board of Directors of the Authority "may, if so provided in an agreement with the [Nevada] System [of Higher Education], assist the System in planning and designing any improvements to the Thomas and Mack Center that are financed." Section 24.7 allows the Board of Directors of the Authority to use a small percentage of the revenues for the Thomas and Mack renovations for the administrative costs of the Board.

Chair Smith:
Is the prescribed time frame in which to prepare and submit the report to the Legislature adequate?

Mr. Rowe:
Yes. A considerable amount of time has already been given to the task. Future meetings will involve the public and be subject to the open meeting law. The Assembly has passed A.B. 335 unanimously.

Chair Smith:
The bill has a fiscal note. Can Mr. Nielson address that?

Chris Nielsen (Executive Director, Department of Taxation):
The Department placed a fiscal note on the bill but removed it when the amendment was adopted.

Chair Smith:
Please verify that with Mr. Krmpotic before the Committee takes a vote on the bill.

Luis Valera, J.D. (Vice President, Government Affairs and Diversity Initiatives, University of Nevada, Las Vegas):
We support A.B. 335. It will allow us to engage many stakeholders who may benefit from a capital improvement event center to produce a more thoughtful and comprehensive plan.

Chair Smith:
Section 18 of the bill refers to an October 13 commencement date. Yet section 40, subsection 2 states that the act "expires by limitation on August 31, unless, on or before that date, the Board of Regents of the University of Nevada makes the appointments authorized by subsection 1 of section 18… ."

Mr. Rowe:
That is correct. The intent is that the process to establish the Board be done without haste. The Regents must appoint their four members by August 31. The remaining members must be appointed by September 30. If those appointments are not made by October 31, the Act expires. If the appointments are made by

the deadlines, the Act remains in place and expires by limitation October 31, 2015.

Chair Smith:
I understand that. I am questioning the gap between the deadline of August 31 to appoint and the beginning of the term on October 1.

Mr. Rowe:
The effective date is upon passage and approval.

Chair Smith:
Seeing no one wishing to make further comment, the hearing on A.B. 335 is closed. We will continue to work on the fiscal note. The Work Session is now open. We will begin with A.B. 74.

Mr. Krmpotic:
This bill requires that document preparation services be registered with the Secretary of State's office; establishes qualifications for registration; requires the filing of a bond; regulates the business practices of document preparation services; and authorizes disciplinary action and other remedies. It was noted during the hearing by the Secretary of State that the fiscal note and the appropriation of $150,000 noted in the bill could be eliminated. Proposed Amendment No. 9298 was presented by Assemblywoman Flores to eliminate the appropriation.

> SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED A.B. 74 WITH PROPOSED AMENDMENT NO. 9298.
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> SENATOR PARKS SECONDED THE MOTION.
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> THE MOTION CARRIED UNANIMOUSLY.

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Chair Smith:
We will now consider A.B. 7.

Mr. Krmpotic:
This bill relates to the Gaming Policy Committee and makes appropriations for travel and operating costs for the Gaming Control Board. It increases the 0.50 FTE to 1 FTE within the Nevada Gaming Commission to support the activities under the bill. Proposed Amendment No. 980 was submitted by Senator Smith to clarify the definition of a "resort hotel" as it applies to Washoe County based on population. The appropriations are accounted for in the General Fund balance sheets for the 2013-2015 biennium.

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED A.B. 7 WITH PROPOSED AMENDMENT NO. 980.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

*****

Chair Smith:
The next bill for consideration is A.B. 461. We heard the Subcommittee report on this bill from Senator Ford earlier in this meeting.

Mr. Krmpotic:
This bill relates to management of land; authorizes the Division of State Lands of the DCNR to establish and carry out programs to conserve certain sagebrush ecosystems; requires the Division to coordinate the establishment of a program to improve certain sagebrush ecosystems; establishes the Account to Restore the Sagebrush Ecosystem in the State General Fund; and establishes the Sagebrush Ecosystem Council within the DCNR. The sagebrush ecosystem team was established by the IFC during the last interim. It was funded by the money committees for the 2013-2015 biennium in the various accounts that are responsible for implementing this bill. There is no fiscal note attached to this bill.

SENATOR KIECKHEFER MOVED TO DO PASS A.B. 461 IN THE FORM WHICH HAS BEEN PRESENTED TODAY.

SENATOR ROBERSON SECONDED THE MOTION.

Senator Goicoechea:
I will abstain from voting because I have a family member sitting on the Council.

Chair Smith:
I have some concerns, which have also been voiced by community members, about the composition and the balance of the Council. Important work is being done by the Council, and we need to move forward with that work, so I will be supporting the bill.

THE MOTION CARRIED. (SENATOR GOICOECHEA ABSTAINED FROM THE VOTE.)

*****

Chair Smith:
We will now consider S.B. 34.

SENATE BILL 34 (1st Reprint): Makes various changes relating to group health insurance provided by the Public Employees' Benefits Program. (BDR 23-377)

Laura Freed (Senior Program Analyst):
I have been asked to recap the bill as originally introduced and as amended by the Senate Committee on Government Affairs.

As originally introduced, this bill created one pool for participating active employees and retirees instead of a pool for State employees and retirees separate from a pool for non-State employees and retirees. This does not apply to Medicare retirees, all of whom remain on the Medicare Exchange.

The idea behind the Public Employees' Benefit Program (PEBP) Board's bill, as introduced, was to incentivize local entities to join PEBP because a larger active pool would lead to lower rates for both State actives and retirees and non-State actives and retirees in PEBP. The pool of non-State non-Medicare retirees is shrinking with no active employees. This causes a more volatile claims experience and thus higher rates.

When the bill came out of the policy committee, it had been amended to bring non-State retirees into the pool. This added a fiscal impact, according to PEBP, of approximately $8 million per year to the State and participants combined, $6 million to the State and $2 million to participants.

Chair Smith:
The original version of the bill pools the State actives with the State retirees, and does not include non-State actives or retirees. Is that correct?

Ms. Freed:
The non-State retirees whose actives do not also participate would be rated separately, as they are under current law. The idea was to bring in active pools from the smaller non-State entities that perhaps do not have the expertise to issue requests for proposals to purchase benefits. Let PEBP handle that and enlarge the pool of both actives and retirees not eligible for Medicare. If actives do not participate, the retirees not eligible for Medicare would be rated separately under the bill as introduced. The amended version of the bill brings them into the pool even if the actives do not also come into the pool.

Chair Smith:
We have a policy decision to accept the bill as introduced or the amended version of the bill. There has also been discussion during the Session about the non-State employees who have nowhere to go. When we had our budget closings, we were able to save some money through the Wellness Program. We discussed whether we could help that group of participants. Can this be done with those funds?

Ms. Freed:
One option is to use part of the $9.2 million in excess reserves in PEBP in the second year of the biennium. This excess is partly from the elimination of the Wellness Program in the second year. Some of this excess could be used to help the non-State retirees in coping with the rate increases they have experienced by remaining in their own shrinking pool. Onetime assistance to those non-State retirees who are in the high-deductible health plan, the health reimbursement arrangement, as some State participants are, can be in the form of rebates to those health reimbursement arrangements. In the past, PEBP has used this method to reduce excess reserves. They have also chosen to do this in FY 2013-2014 with a $400 payment for each primary State and non-State participant. For each $100 added back to a health reimbursement arrangement, the fiscal impact would be approximately $200,000 on the excess reserves.

This would apply only to those approximately 2,030 participants on the high-deductible plan.

Chair Smith:
Would this be a onetime contribution?

Ms. Freed:
Yes. The PEBP Board has handled excess reserves in that manner.

Chair Smith:
In what form should such a directive come?

Ms. Freed:
It could be a separate bill. It could be an amendment to S.B. 34 to either instruct the PEBP Board to provide a certain dollar amount or a certain percentage of the excess reserves to the non-State retirees. You could also take no action. The PEBP staff will provide the PEBP Board with an accounting of how much excess reserve is in the program and a list of options for actions the Board can take to reduce those reserves. There is also generic policy guidance. The Legislature can express its intent to provide some onetime benefit to the non-State pool.

Chair Smith:
Can we also express our wishes that the PEBP Board take some specific action?

Ms. Freed:
Yes. On this, the 120th day of the Session, it is not possible to cost out several options for action.

Chair Smith:
It seems reasonable to amend this bill to specify a particular amount of money to be used to offset costs for this specific group of participants. The method used would be up to the PEBP Board.

Jim Wells (Executive Officer, Public Employees' Benefits Program):
Ms. Freed accurately outlined the provisions of S.B. 34, both original and amended. The non-State pool has always been an expensive one to maintain. The question always arises as to who will pay for the increases. The non-State retirees are paying higher monthly premiums because their claims are higher. At

this late date in the Session, there is no easy solution. A solution is not possible for FY 2013-2014 because the rates have been set and the open enrollment period for that plan year has ended. It is appropriate to institute a onetime solution for FY 2014-2015 to see us through the biennium. This will give us time to identify another strategy for dealing with this pool.

Senator Goicoechea:
In the past, PEBP has instituted premium holidays. Can that strategy be implemented now, if such is the legislative intent?

Mr. Wells:
The other strategy that we have used in the past is to give supplemental subsidies to offset premium increases. We could do this for FY 2014-2015.

Chair Smith:
If we only want to give the onetime payment, why would we have to wait until FY 2014-2015?

Mr. Wells:
We have non-State retirees on the self-funded PPO plans. We have non-State retirees on HMOs. We have set the rates for both plans for FY 2013-2014. Participants have made their open enrollment choices partially based on those rates and plan designs. If we were to change the rates now, it may be enough that, had we done it before they made their choices, they would have chosen differently. That is the concern with making changes effective for FY 2013-2014.

Chair Smith:
It seems prudent to revert to the bill as originally introduced.

Senator Kieckhefer:
Does the PEBP Board still support the original version of the bill?

Mr. Wells:
Yes. The Board's position is to support the bill as originally submitted.

Senator Kieckhefer:
From our discussions, I understand the consensus of this Committee is to favor a onetime payment, or subsidy for the non-State retirees funded by the excess reserves coming from the Wellness Program.

Chair Smith:
This is about $9 million.

Mr. Krmpotic:
The reserve in FY 2014-2015 is approximately $9.2 million.

Ms. Freed:
A onetime infusion of $100 into the Health Reimbursement Account (HRA) of each participant would cost about $200,000, based on approximately 2,030 non-State non-Medicare retirees in the high-deductible health plan. The rest are in the HMO.

Mr. Krmpotic:
What is the increase to the HRA for FY 2013-2014 for these same individuals?

Ms. Freed:
In FY 2013-2014, there is a onetime Health Savings Account (HSA)/HRA contribution of $400 per primary member and $100 per each dependent up to a maximum of three.

Mr. Krmpotic:
What would the cost be in FY 2014-2015 based on the same amounts?

Ms. Freed:
The total cost would be approximately $860,000.

Mr. Krmpotic:
Ms. Freed has calculated the impact on the reserve if the same plan approach used in FY 2013-2014 was to be used in FY 2014-2015. That would be $400 for primary members and $100 for dependents.

Chair Smith:
I would favor setting aside a total dollar amount from the reserves that the PEBP Board would use to offset the costs for the group participants.

Senator Kieckhefer:
This would be a onetime infusion because the funds would be available as a result of the termination of the Wellness Program. The Board could take more input on the use of the funds from those who would benefit from the funds.

Chair Smith:
May we provide some directive to the Board that it is our desire that this money be used primarily for this group of participants?

Leo Drozdoff (Chairman, Public Employees' Benefits Program Board):
For approximately $800,000, we would be able to maintain the same subsidies for the HRAs in FY 2014-2015 as we have in FY 2013-2014. The total savings from the termination of the Wellness Program is $9.2 million. If your intent is to hold the group of non-State non-Medicare retirees who are enrolled in the high-deductible plan consistent over the biennium, I understand that concept. I can ensure that the Board will understand that intent.

Ms. Freed:
Fiscal Staff understands that concept. It is possible to do in S.B. 34.

> SENATOR KIECKHEFER MOVED TO REVERT TO S.B. 34 AS INTRODUCED, WITH THE AMENDMENT THAT THE HSA AND HRA CONTRIBUTIONS FOR FY 2014-2015 BE THE SAME FOR THE NON-STATE NON-MEDICARE RETIREES IN THE HIGH-DEDUCTIBLE HEALTH PLAN AS WAS APPROVED BY THE PEBP BOARD IN RATE SETTING FOR FY 2013-2014, THAT IS $400 FOR EACH PRIMARY PARTICIPANT AND $100 FOR EACH DEPENDENT, TO A MAXIMUM OF THREE DEPENDENTS.
>
> SENATOR DENIS SECONDED THE MOTION.

Senator Goicoechea:
The intent is to extend the benefits from FY 2013-2014 into FY 2014-2015.

Senator Roberson:
We think that will be a total of $860,000 out of the $9.2 million surplus created by terminating the Wellness Program.

Senator Goicoechea:
Those affected participants are probably going to receive more than they have contributed, but we have to level this out so that we can fix the problem.

Chair Smith:
We have created the problem.

Mr. Drozdoff:
We will work with our staff to formulate alternatives to present to the 2015 Session. If the Legislative Commission activates the Employee Benefits Subcommittee, we will work with them to formulate ideas to fix the problem.

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

*****

Chair Smith:
I will call upon Mr. Nielsen to clarify the fiscal note on A.B. 335.

Mr. Nielsen:
As a result of the Assembly adoption of Amendment No. 917 to A.B. 335, the fiscal note has been removed.

Chair Smith:
We will now consider S.B. 385.

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

Mr. Krmpotic:
This bill was heard by the Committee on May 6. It relates to taxation and authorizes certain qualified businesses in this State that own, operate, manufacture, service or utilize aircraft, or a component of an aircraft, to apply to the GOED for a partial abatement from certain property and sales and use taxes. The original fiscal note on the bill included the potential loss of property tax revenue, and a fiscal note for expenses related to implementation of approximately $100,000 the first year of the biennium and $153,000 the

second year of the biennium. Fiscal Staff has received an updated fiscal note from the Department of Taxation for implementation costs. The first year estimate has been revised to approximately $74,000. The second year estimate has been revised to approximately $94,000. The implementation costs cover a management analyst position to manage the abatement process and track information.

If the Committee wishes to pass the bill and address the fiscal impact, it may do so in one of two ways. First, the Committee could include a General Fund appropriation in this bill. Second, the Department of Taxation could request the appropriation from the IFC. The fiscal note may be dependent upon a potential change in the implementation date of the bill. As currently written, the act would become effective July 1. If the act were to become effective October 1, the fiscal note may have to be adjusted by the Department. The second option would probably be the most logical course of action. The recommended amount included in the Contingency Account increases significantly due to other potential things that may occur during the interim, such as the Marketplace Fairness Act of 2013 and the implementation of the Appellate Court.

Chair Smith:
Proposed Amendment No. 8731 to S.B. 385 (Exhibit F) has been proposed since we originally heard the bill. There is also a technical correction that needs to be made.

Mr. Krmpotic:
Proposed Amendment No. 8731 adds language to more accurately identify taxes. In section 1, it revises language to reduce the fiscal impact involving tours, but not large commercial carriers.

Mr. Hill:
Mr. Krmpotic's explanation of the amendment is accurate. We would appreciate your favorable consideration of it. The technical correction is on page 4 of the amendment. In section 1, new subsection 11, paragraph (c) the rate of 2.25 percent is quoted. That rate should be 2.6 percent. This section intends to hold schools districts harmless from the Local School Support Tax (LSST).

Mr. Krmpotic:
That would be correct, based on passage of S.B. 475.

Chair Smith:
I have no desire to authorize a General Fund appropriation. We have already appropriated all of the General Fund.

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED S.B. 385 WITH PROPOSED AMENDMENT NO. 8731; WITH THE TECHNICAL CORRECTION OF THE LSST RATE TO 2.6 PERCENT; AND WITH THE ABILITY OF THE DEPARTMENT OF TAXATION TO REQUEST FROM THE IFC AN APPROPRIATION FROM THE CONTINGENCY ACCOUNT TO COVER THE NEEDS OF THE FISCAL NOTE AS THE NEED MAY ARISE.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

*****

Chair Smith:
We will now consider A.B. 466.

ASSEMBLY BILL 466 (1st Reprint): Revises provisions relating to governmental financial administration. (BDR 32-236)

Assemblywoman Marilyn Kirkpatrick (Assembly District No. 1):
Assembly Bill 466 mandates a tax expenditure report. Nevada is one of five states that does not have such a report. Such a report will help us identify all tax-related expenses, abatements and exemptions that are in effect in Nevada. When I sponsored this bill in the 76th Session, it had a $150,000 fiscal note. Because of the economic climate at the time, the bill did not progress. During the current Session, I worked with the Departments of Administration and Taxation. The Legislature has provided these Departments with additional services that will enable them to work with our Fiscal Staff so that we can have the data we need. Initially, the report will be a less than optimum model and will serve as a good start to transparent reporting.

In 2009, we asked Fiscal Staff to assemble the kind of information related to renewable energy that would be provided by this bill. It took them a long time to do so. This bill will enable us to track and monitor the effectiveness of abatements and exemptions. We want this information for long-term planning purposes because we recognize that abatements and exemptions are important for long-term economic development. Such abatements and exemptions must be effective. With term limits in effect for Legislators, it is important to preserve the historical data related to abatement and exemptions.

Mr. Nielsen:
Originally, this bill related to the Department of Administration. It was amended to require that the Department of Taxation fulfill the requirements of the bill. The Department of Taxation has not placed a fiscal note on the bill. We have received additional resources from the Legislature to fulfill the requirement to provide a report as required by the bill. We have considered reaching out to the University of Nevada, Reno and UNLV, in search of graduate business students to assist the Department with the process. The Departments of Administration and Taxation have pledged to work in concert to prepare the report for the 78th Session.

Jeff Mohlenkamp (Director, Department of Administration):
We submitted the original fiscal note on this bill. In my consultation with the Department of Taxation, after a review of the work done by Fiscal Staff, we decided we want to implement this bill. Nevada ranks well in some areas among other states regarding transparency in government. The area of disclosure of tax expenditures, abatement and exemptions is an area in which we can do better. We intend to fully cooperate, to the best extent possible, with the Department of Taxation and Fiscal Staff without relying on additional resources. However, as Assemblywoman Kirkpatrick stated, there will be limitations on what we can achieve in the first report.

Carole Vilardo (Nevada Taxpayers Association):
We support this bill. There must be a point in time when one understands the impact of abatements and exemptions. In some cases they are costing more money than they are worth. This bill is a major first step in determining return on investment.

Chair Smith:
Seeing no one else wishing to testify on A.B. 466, the hearing is closed.

SENATOR DENIS MOVED TO DO PASS A.B. 466.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Smith:
We will now consider S. B. 200.

SENATE BILL 200: Revises provisions relating to the pilot diversion program for certain probation violators. (BDR S-744)

Sarah Coffman (Senior Program Analyst):
This bill relates to criminal offenders. It increases the maximum number of probation violators who may be remanded to the pilot diversion program, known as the Opportunity For Probation With Enforcement, from 50 to 100 for certain probation violators and extends by 2 years the sunset date for the pilot diversion program to July 1, 2017. This program was originally approved through A.B. No. 93 of the 76th Session. The Nevada Department of Corrections (NDOC) has provided a fiscal note which identifies additional inmate-driven expenses of $192,192 in FY 2013-2014 and $191,664 in FY 2014-2015. This is based on the NDOC estimate that approximately 80 offenders would be housed at Casa Grande Transitional Housing Center at a cost of $6.60 per inmate, per day.

Mr. Krmpotic:
At the hearing, the Agency said that the fiscal note reflected the maximum number of participants, in the worst-case scenario, that could be included in the program.

Ms. Coffman:
The maximum number, under the bill, would have been 100 offenders. The Department has decreased that to 80 as an average. During the 2011-2013 biennium, the Department housed approximately two to three inmates at any given time. The program term is 90 days. Many offenders who are participating in the program do not have to be incarcerated at Casa Grande. Some are on probation and are not incarcerated.

Mr. Krmpotic:
While offenders are incarcerated at Casa Grande, do inmates pay substantially higher room and board payments than other inmates at other facilities?

Ms. Coffman.
That is correct. These inmates are allowed to go to work outside of the facility in order to keep a job so they are charged housing.

Mr. Krmpotic:
Did you point out that the program is a diversion program?

Ms. Coffman:
That is correct. Typically when an offender violates probation, he is required to be remanded back to the NDOC for a minimum of 1 year. This 90-day diversion program is provided by the Eighth Judicial District Court as an alternative to the 1-year incarceration imposed for a drug violation or a failure to keep an appointment with a probation officer.

Mr. Krmpotic:
The only recommendation from Fiscal Staff is to reduce the maximum number of participants as stated in the bill. The NDOC has the ability to transfer appropriations between each of its accounts. Most of the time the Department is able to manage its costs and the changes in inmate populations. The inmate population is expected to remain stable in the 2013-2015 biennium. It may be possible for the Department to absorb the costs of the fiscal note. If the Committee wants more assurance that the costs of the program do not seriously increase, the Committee might reduce the number of participants.

Senator Parks:
The alternative costs are not reflected in the fiscal note. The alternative to the diversion program would be that probationary offenders would have their probations revoked and be returned to prison population for longer periods of time. The diversionary program saves the individual's job and the State money. The fiscal note is far less than the alternative costs.

Chair Smith:
It is like the tax incentives we have been discussing.

Senator Parks:
This bill extends the program that has been functioning and will continue to function through the next biennium.

Chair Smith:
When we originally discussed this bill, it was pointed out that the bill relates to the highest possible usage of funds. I am inclined to leave the amounts referred to in the fiscal note as they are. Based on testimony offered in the bill hearing, and on the increased costs if the program is discontinued, I would like to pass this bill with the assumption that the NDOC can absorb these costs.

SENATOR DENIS MOVED TO DO PASS S.B. 200.

SENATOR PARKS SECONDED THE MOTION.

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

*****

Chair Smith:
We will now consider A. B. 38.

Mr. Krmpotic:
This bill was heard earlier today. It relates to economic development and revises the provisions governing the partial abatement of certain taxes imposed on new or expanded businesses. It revises the provisions governing a deferment of the payment of sales and use taxes due on certain property purchased by a new or expanded business. Mr. Polikalas, of Unique Infrastructure LLC, submitted a conceptual amendment in a letter written to the Committee (Exhibit E).

Chair Smith:
It is frustrating to have to deal with a bill of this magnitude with only a few hours left in which to consider and take action on it before *sine die*. We have not had an optimum amount of time to fully discuss the bill. I will proceed in good faith that this bill is adequately constructed. I am not supportive of the $200 million amount and the maximum 10-year term contained in it. I am concerned that it will impact the economic development that has been initiated

to date. I would like to consider a $75 million minimum and a maximum term of 15 years.

Senator Kieckhefer:
Ten years is too restrictive. And, if we want to attract companies of different sizes to locate in Nevada, a more reasonable threshold of investment makes sense.

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED A.B. 38 TO REFLECT A MINIMUM THRESHOLD OF $75 MILLION AND A DURATION OF NOT MORE THAN 15 YEARS IN SECTION 6.5, SUBSECTION 2, PARAGRAPH (A), SUBPARAGRAPH (2).

SENATOR DENIS SECONDED THE MOTION.

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

*****

Chair Smith:
We will now consider A.B. 335, which we heard earlier today.

Mr. Krmpotic:
This bill relates to public improvements; creates and provides for the dissolution of the UNLV Campus Improvement Authority; provides for the appointment of a Board of Directors thereof; prescribes the powers and duties of the Authority and the Board; provides for the financing, construction and operation of a large events center and certain other public improvements; and exempts the property and transactions of the Authority from State and local taxation. In hearing this bill, Mr. Nielsen testified that there is no fiscal impact upon the Department of Taxation.

SENATOR KIECKHEFER MOVED TO DO PASS A.B. 335.

SENATOR DENIS SECONDED THE MOTION.

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

*****

Chair Smith:
We will now consider A.B. 501, which we heard on June 1.

ASSEMBLY BILL 501: Authorizes the issuance of state general obligations for certain capital projects of the Nevada System of Higher Education. (BDR 41-1225)

Mr. Krmpotic:
Assembly Bill 501 authorizes the Board of Regents to issue not more than $85 million in general obligation bonds to finance the planning, improvement, refurnishing and renovation of the Thomas and Mack Center at UNLV.

SENATOR DENIS MOVED TO DO PASS A.B. 501.

SENATOR PARKS SECONDED THE MOTION.

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

*****

Chair Smith:
We have budget bills on which we must vote. We have held hearings on these bills but have held them for a vote until after the Education Bill was passed.

Mr. Krmpotic:
Assembly Bill 462 appropriates $938,119 for a new computer system. Fiscal Staff recommends passage.

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)

SENATOR DENIS MOVED TO DO PASS A.B. 462.

SENATOR PARKS SECONDED THE MOTION.

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

*****

Mr. Krmpotic:
Assembly Bill 463 was recommended by the Department of Administration to address certain situations for payment of payroll expenses within the Stale Claims Account. Fiscal Staff recommends passage.

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

SENATOR DENIS MOVED TO DO PASS A.B. 463.

SENATOR KIECKHEFER SECONDED THE MOTION.

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

*****

Mr. Krmpotic:
Assembly Bill 467 appropriates $371,023 for the purchase of equipment. Fiscal Staff recommends passage.

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)

SENATOR GOICOECHEA MOVED TO DO PASS A.B. 467.

SENATOR PARKS SECONDED THE MOTION.

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

*****

Mr. Krmpotic:
Assembly Bill 468 appropriates approximately $1.9 million to upgrade training for the Nevada Offender Tracking Information System. Fiscal Staff recommends passage.

ASSEMBLY BILL 468: Makes an appropriation to the Department of Corrections for an upgrade to an end-user training for the Nevada Offender Tracking Information System. (BDR S-1182)

SENATOR DENIS MOVED TO DO PASS A.B. 468.

SENATOR PARKS SECONDED THE MOTION.

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

*****

Mr. Krmpotic:
Assembly Bill 469 appropriates approximately $3.8 million for equipment critical to emergency response by the DCNR. Fiscal Staff recommends passage.

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)

SENATOR KIECKHEFER MOVED TO DO PASS A.B. 469.

SENATOR DENIS SECONDED THE MOTION.

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

*****

Mr. Krmpotic:
Assembly Bill 470 appropriates approximately $11.6 million for vehicles. Fiscal Staff recommends passage.

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)

SENATOR DENIS MOVED TO DO PASS A.B. 470.

SENATOR KIECKHEFER SECONDED THE MOTION.

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

*****

Mr. Krmpotic:
Assembly Bill 475 appropriates approximately $1.8 million to the Legislative Fund. Fiscal Staff recommends passage.

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)

SENATOR DENIS MOVED TO DO PASS A.B. 475.

SENATOR KIECKHEFER SECONDED THE MOTION.

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

*****

Mr. Krmpotic:
Assembly Bill 477 appropriates $470,397 to the State Controller. Fiscal Staff recommends passage.

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)

SENATOR DENIS MOVED TO DO PASS A.B. 477.

SENATOR KIECKHEFER SECONDED THE MOTION.

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

*****

Chair Smith:
We have some outstanding issues with the budget for the Nevada System of Higher Education (NSHE). We have been talking about this budget over the course of the Session and we closed it without having some funds to mitigate the loss to Great Basin College (GBC). We are also looking at shortages for Western Nevada College (WNC). We have been looking for funds to ameliorate the situation because we had nothing left in the General Fund. I would like Chancellor Klaich to relate, for the record, the content of our discussions regarding additional funding.

Daniel Klaich, J.D. (Chancellor, Nevada System of Higher Education):
The passage of the Pay Bill was the highest priority of the Board of Regents. We are very grateful. We understood that it had a significant price tag. The NSHE is concerned about the two small rural colleges and their ability to absorb any significant budget cuts on the heels of the last 5 years. I have been trying to look at any non-State accounts that we have. We have a number of insurance accounts that carry reserves and some individual reserves. If we pool all of the reserves together into a single reserve account, we would be able to free up some funds which I could recommend to the Board of Regents for use by GBC and WNC to reduce budget cuts to 5 percent in the first year and 10 percent in the second year of the biennium. In the aggregate, this would amount to approximately $2.6 million. "I want to state my commitment to you to bring this

idea to the Board of Regents so that we can assist the Legislature as the Legislature has assisted us in the 77th Session."

Chair Smith:
Your commitment is appreciated. We also talked about the mechanics of that idea.

Mr. Haartz:
Rather than the State-supported operating budgets, it would be NSHE's self-supporting budgets.

Chancellor Klaich:
We would make those available for Fiscal Staff to review to assure the Committee that the funds would be used for the purposes discussed today.

Chair Smith:
That record would be helpful to the Legislature.

Senator Goicoechea:
I appreciate Chancellor Klaich reaching out to me about my concerns for WNC. The College has endured some tough times and we will be asking a lot from them with the new business plan. I appreciate the effort and commitment from NSHE to support them.

Chair Smith:
I appreciate Chancellor Klaich working with us to find the extra funds. We have closed with a very tight fund ending balance.

Senator Denis:
I agree. We appreciate everyone's efforts to mitigate the negative effects of the new funding formula and the creative ways to do so.

Mr. Krmpotic:
There is one more bill to consider, A.B. 474, which was heard earlier today. It replenishes the Stale Claims Account, the statutory Contingency Account, the Emergency Account and the IFC Contingency Account. Fiscal Staff recommends passage.

SENATOR KIECKHEFER MOVED TO DO PASS A.B. 474.

SENATOR DENIS SECONDED THE MOTION.

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

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Chair Smith:
In order to be on the Senate Floor, we will stand in recess at 4:45 p.m. until the call of the Chair.

The meeting is reconvened at 8:20 p.m. in a sidebar meeting to consider S.B. 473.

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

Proposed Amendment No. 977 (Exhibit G) has been offered. It would change the purpose of the bill from revising provisions relating to certain internal service funds to revising provisions relating to the State Administrative Manual and the adoption of internal policies and procedures by the State Board of Examiners.

SENATOR ROBERSON MOVED TO AMEND AND DO PASS AS AMENDED S.B. 473 WITH PROPOSED AMENDMENT NO. 977.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Smith:
The meeting stands in recess at 8:24 p.m. until the call of the Chair.

The meeting is reconvened at 9:48 p.m. in a sidebar meeting to consider S.B. 171. Proposed Amendment No. 9494 has been offered to allow local government to add a trigger.

SENATE BILL 171: Provides for a program of matching grants to local governments for the maintenance and repair of public works. (BDR 43-621)

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED S.B. 171 WITH PROPOSED AMENDMENT NO. 9494.

SENATOR DENIS SECONDED THE MOTION.

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

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Chair Smith:
The meeting stands in recess at 9:52 p.m. until the call of the Chair.

The meeting is reconvened at 11:55 p.m. in a sidebar meeting to consider A.B. 162.

ASSEMBLY BILL 162 (2nd Reprint): Revises provisions governing class-size reduction. (BDR 34-724)

SENATOR ROBERSON MOVED TO DO PASS A.B. 162.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Smith:
The meeting is adjourned at 11:56 p.m.

RESPECTFULLY SUBMITTED:

____
Leslie Sexton,
Committee Secretary

APPROVED BY:

____
Senator Debbie Smith, Chair

DATE:____________________________________

EXHIBITS				
Bill	**Exhibit**		**Witness / Agency**	**Description**
	A	1		Agenda
	B	3		Attendance Roster
A.B. 7	C	4	Senator Debbie Smith	Proposed Amendment 980
A.B. 74	D	15	Assemblywoman Lucy Flores	Proposed Amendment 9298
A.B. 38	E	13	Steve Polikalas	Statement
S.B. 385	F	10	Steve Hill	Proposed Amendment 8731
S.B. 473	G	8	Chair Smith	Proposed Amendment 977