

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-Seventh Session
April 3, 2013**

The Senate Committee on Finance was called to order by Chair Debbie Smith at 08:05 a.m. on Wednesday, April 3, 2013, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

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

GUEST LEGISLATORS PRESENT:

Assemblyman James Oscarson, Assembly District No. 36
Assemblyman John C. Ellison, Assembly District No. 33

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Kristen Kolbe, Program Analyst
Teri Sulli, Program Analyst
Sheri Fletcher, Committee Secretary

OTHERS PRESENT:

Robert J. Halstead, Executive Director, Office of the Governor, Agency for Nuclear Projects
Joni Eastley, Assistant County Manager, Nye County
Bobbi Thompson, Airport Manager, Minden-Tahoe Airport; President, Nevada Airports Association

Peter D. Krueger, Northern Nevada Development Authority
Mike Dikun, Airport Manager, Reno-Stead Airport
John L. Pfeifer, P.E., Regional Manager, Western Pacific Region, Aircraft
Owners and Pilots Association
Reza Karamooz, President, Nevada Business Aviation Association
Kay Bennett, Owner/Manager, Silver Springs Airport, LLC
Tom Greco, Assistant Director, Planning, Department of Transportation
David F. Sarnowski, General Counsel and Executive Director, Commission on
Judicial Discipline
Mike Baughman, Executive Director, Humboldt River Basin Water Authority
Kyle Davis, Nevada Conservation League
Jason King, P.E., State Engineer, Division of Water Resources, State
Department of Conservation and Natural Resources
Ben Graham, Administrative Office of the Courts

Chair Smith:

We will begin with the budget closing for the nuclear projects office, budget
account (B/A) 101-1005.

ELECTED OFFICIALS

Governor's Office High Level Nuclear Waste — Budget Page ELECTED-44
(Volume I)
Budget Account 101-1005

Teri Sulli (Program Analyst):

There are no major issues in this account. However, there are some closing
items for consideration. In decision units M-801, E-801 and E-802, the
Executive Budget is recommending General Fund appropriations of \$396 in each
year of the 2013-2015 biennium to fund the Department of Administration's
Cost Allocation in B/A 716-1371. The Executive Budget is also recommending
General Fund appropriations of \$352 in fiscal year (FY) 2013-2014 and \$363 in
FY 2014-2015 to fund the centralized personnel services cost allocation from
B/A 717-1363. These recommendations appear reasonable to Fiscal Division
Staff.

M-801 Cost Allocation — Page ELECTED-45

E-801 Cost Allocation — Page ELECTED-47

E-802 Cost Allocation — Page ELECTED-47

FINANCE AND ADMINISTRATION

ADMINISTRATION

Administration - Administrative Services — Budget Page ADMIN-140 (Volume I)
Budget Account 716-1371

Administration - HRM - Human Resource Management — Budget Page
ADMIN-30 (Volume I)
Budget Account 717-1363

Decision unit E-710 is for replacement equipment. The Executive Budget recommends General Fund appropriations of \$16,263 in FY 2013-2014 and \$15,599 in FY 2014-2015 for replacement of four desktop computers, two laptops, two servers, and two uninterruptible power sources (UPS) and associated software.

E-710 Equipment Replacement — Page ELECTED-47

The final item is for informational purposes only. The Office of the Attorney General has not yet received an order from the U.S. Court of Appeals regarding the licensing proceedings for the Yucca Mountain Nuclear Waste Repository at this time.

Staff recommends B/A 101-1005 be closed as recommended by the Governor, including authority to make any technical adjustments.

Senator Parks:

In looking at decision unit E-710, why is a staff of four asking for a total of six computers, two servers and two UPS? Do they need all new equipment? Why do they need two servers?

Ms. Sulli:

I do not have the answer regarding the servers. I do know the four desktops are replacements of existing equipment and the two laptops are for fieldwork in order to assist the technical administrator, the planner and the researcher.

Robert J. Halstead (Executive Director, Office of the Governor, Agency for Nuclear Projects):

The servers are required for two reasons. A major role of our office is to provide information. I would contend that we maintain the premier Website for nuclear waste and nuclear power information in the Country. It is remarkable we have been able to accomplish this with the capacity issues on the server we are currently using. Additionally, prior to the suspension of the licensing proceedings before the U.S. Nuclear Regulatory Commission, the Commission maintained a centralized electronic library for the docket called the "Licensing Support Network." When the proceeding was suspended each of the parties were required to provide their own computing ability to manage this enormous docket file. The file contains over 15 million documents that consist of hundreds of millions of pages. This is the reason a small agency requires this type of computer support server.

SENATOR PARKS MOVED TO APPROVE B/A 101-1005 AND OTHER CLOSING ITEMS IN DECISION UNITS M-801, E-801, E-802, AND E-710 AS RECOMMENDED BY THE GOVERNOR AND TO GRANT STAFF THE AUTHORITY TO MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Chair Smith:

We will now discuss B/A 101-1497, judicial discipline.

LEGISLATIVE – JUDICIAL

JUDICIAL BRANCH

Judicial Discipline — Budget Page JUDICIAL-57 (Volume I)
Budget Account 101-1497

Kristen Kolbe (Program Analyst):

The Judicial Discipline account does not have any major closing items. However, there are three other closing items. The first item is decision unit E-849 that is a salary adjustment to correct budgetary miscoding.

E-849 Non-Classified Salary Adjustments — Page JUDICIAL-59

The Executive Budget recommends the increase of a General Fund appropriation of \$74,269 over the 2013-2015 biennium to correct that miscoding. This decision unit appears reasonable to Staff.

Assembly Bill 237 adjusts compensation for board members of the Commission on Judicial Discipline.

ASSEMBLY BILL 237: Adjusts the compensation of certain members of certain boards, commissions and similar bodies. (BDR 23-624)

The final item is a supplemental appropriation of \$58,293 in General Funds for a one-time leave payout for the expected retirement of the general counsel and executive director position. Staff recommends this account be closed as recommended by the Governor, including the authority to make technical adjustments as necessary.

SENATOR GOICOECHEA MOVED TO APPROVE B/A 101-1497 AND OTHER CLOSING ITEM NO. 1 AS RECOMMENDED BY THE GOVERNOR AND TO GRANT STAFF THE AUTHORITY TO MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Chair Smith:

That completes our budget closings. I will open the hearing with Senate Bill (S.B.) 270.

SENATE BILL 270: Makes an appropriation to the Fund for Aviation. (BDR S-666)

Senator Pete Goicoechea (Senatorial District No. 19):

This is a fund to assist rural airports. It allows a 40-to-1 match in federal funding. The request is for \$500,000. We receive a 94 percent to 96 percent match on these dollars. We heard the presentation yesterday from Congressman Steven Horsford, who stated Nevada is only capturing 70 percent of the federal dollars that are available. This bill will help Nevada increase the percentage of federal funds we receive. As a former county commissioner of a rural county, I can tell you there were times when this fund was the only thing that the county had going for it. The fund also assists with the unemployment rates during these poor economic times, by providing jobs. We can obtain a \$100,000 federal grant with approximately \$6,000 of local funding. With the last \$500,000 appropriation, we were able to capture approximately \$22 million in federal dollars. It is a good program. There is no other program in Nevada that allows us that same federal match.

Senator Kieckhefer:

Is this a continuation of a program that started a couple of years ago? How often has this been funded?

Joni Eastley (Assistant County Manager, Nye County):

We have only been funded once, approximately three Sessions ago.

I am currently the assistant county manager for Nye County and a former County Commissioner. I termed out at the end of calendar year 2012. I am also a past president of the Nevada Airports Association. I am in support of S.B. 270. I provided a copy of my testimony ([Exhibit C](#)).

Senator Parks:

Senator Kieckhefer and I sponsored S.B. 233 of the 76th Session which established the Office of Grant Procurement, Coordination and Management (OGPCM). Has there been any coordination with that office in search of grants? The reason for establishing that office was to centralize and move Nevada up the list from the recipient of the least number of grants received to a higher position.

Senator Goicoechea:

We are seeking the ability to have the match money made available to local governments so they can pursue federal grants. Whether local governments work with the OGPCM or not, they still need money to match federal funds.

This \$500,000 appropriation will be available to the rural counties so they can come up with the 6.25 percent required federal match. We need the \$500,000 for the local governments to have the ability to apply for the grant. Some of these smaller government entities do not have that in their budgets. Usually airport projects are million dollar projects, so they need \$60,000 or \$70,000 in order to qualify for those matching funds.

Senator Parks:

Programs like this need to be ongoing through the OGPCM in order to help find those funds and to make sure we are there to leverage our limited State assets and to acquire grants from elsewhere.

Senator Goicoechea:

I agree. If there is some way you feel we could facilitate that through the OGPCM, I would like to hear it. I am just trying to get some financial relief to the rural areas that I represent.

Ms. Eastley:

Unless something has changed, I am not sure that it is possible to match federal funds with federal funds, which is why we came to the Legislature. It would be great if we were able to work through the OGPCM to obtain the matching funds for federal funds, but I am not aware of any federal grants that allow you to use federal funding as a federal match for another grant.

Chair Smith:

To clarify, you are not disadvantaged as far as knowing about the grants and having grant writers.

Ms. Eastley:

No, we are not disadvantaged.

Bobbi Thompson (Airport Manager, Minden-Tahoe Airport; President, Nevada Airports Association):

The Nevada Airports Association is comprised of the 44 rural airports. I am here to represent airports and their members. Regarding the application for grants, there are airports that qualify for federal Airport Improvement Program (AIP) monies. Those monies are funded through fees charged when individuals buy airline tickets. A portion of those fees go toward that fund. We are all contributing to that fund when we purchase airline tickets. Unfortunately, we cannot take advantage of that fund unless the local entity has the 6.25 percent federal matching funds. Essentially, we are providing funding to other states and we would like to keep that money here in our State.

In order to qualify to receive Federal Aviation Administration (FAA) funding, you must have an Airport Layout Plan approved by the FAA. That requires engineering work. We have those plans in place and we are already qualified. We each submit a 5-year Airports Capital Improvement Plan to the FAA on projects that we would like to accomplish, the order in which we would like to do them and the costs. We are ready; the problem with most of our rural airports is they do not have the funds to qualify for the local match that is required to procure those funds.

Nevada is the only state that does not fund an aviation department. There is only 64 cents left of the money previously appropriated by the Legislature. Over \$20 million has been spent on capital improvement projects.

I provided a handout, ([Exhibit D](#)), entitled "Economic Impact of Civil Aviation by State (2009)."

I also provided a handout titled "Nevada Airport Projects" ([Exhibit E](#)). On page 11, you will see a pie chart indicating the amount of monies provided through federal grants and the amount provided through this fund. These grants are not only important because they help to maintain our airport, but they create local construction jobs, asphalt work and electrical jobs.

Some of you may not be familiar with the term "general aviation" which simply means anything nonmilitary and nonairline. Nevada is the only state that does not support this, yet general aviation represents 15.7 percent of the State's gross domestic product, which is second in the Country. While we have a lot of money created by this industry, the State does not seem to be supporting it

currently. These rural airports are critical to our State. These airports provide emergency services. As we approach fire season again, the ability for these airports to support helicopters and aircraft that fight those fires throughout our State is critically important. The airports also support tourism. When you are talking economic development, one of the first questions asked is "is there the ability to get there?" I like to say that "runways are the main street of every community," because very often people who are looking to that community, either for tourism, or to move there with manufacturing or other jobs, are looking for easy transportation to that community. A tremendous amount of cargo and parts are moved around this country on nonairline type aircraft so airports are very important.

It is important to remember to make sure the funds are distributed equally. No one airport can receive more than \$50,000 of this money, so each airport in each community has an opportunity to receive those funds.

James Oscarson (Assembly District No. 36):

As a cosponsor of this bill, I want to voice my support. In these small, rural communities, the airports are the lifeblood and generate significant revenue. We appreciate your consideration.

John Ellison (Assembly District No. 33):

I support this bill. As a pilot, I understand the need for this bill and what it will do for rural communities.

Chair Smith:

I am sure you both recognize this is a significant amount of money that the Legislature does not have.

Peter D. Krueger (Northern Nevada Development Authority):

I am here representing the Northern Nevada Development Authority. There are a significant number of rural airports in the trade area of the Northern Nevada Development Authority and we are in support of this bill.

Mike Dikun (Airport Manager, Reno-Stead Airport):

I am here representing the Nevada Airports Association as the president-elect. I have submitted written testimony ([Exhibit F](#)) in favor of this bill. I have been in airport management for 23 years and been in the uncomfortable position of having to return FAA grants because the local community could not find that

match. It is painful from an airport's point of view. We have high capital requirements in order to maintain the airport. The FAA is a great source of funding for us to be able to do that. By passing this bill, you will allow local communities to leverage a small amount of local dollars or State dollars into a very large amount of capital investment in our communities. The Governor's plan for economic development includes aviation and aerospace and it is hard to do that if your airport system is not up to current standards.

The FAA Capital Improvement Program provides funding to allow us to enhance our aviation systems to support the future economic growth of our many rural communities. Aviation provides time critical delivery. I previously worked at an airport, during which time a local automobile manufacturing plant production line shutdown due to mechanical problems. We saw upwards of 20 freight aircraft arrive at the airport in a matter of hours in order to bring necessary parts to keep that plant operational. That reality is why airports are so important to the development of rural Nevada. Airports provide that critical link. This is a sound investment on the State's part, not only in our infrastructure, but also to create high paying jobs and because our aviation system is critical to our State's economic growth.

John L. Pfeifer, P.E. (Regional Manager, Western Pacific Region, Aircraft Owners and Pilots Association):

I am here representing the National Aircraft Owners and Pilots Association. I have submitted written testimony in support this bill ([Exhibit G](#)). In a previous career, I was the manager of the FAA's San Francisco airport district office that manages the AIP fund.

I want to talk about the importance of the stability of the local match. As we heard earlier, federal grants cannot be matched with federal money they have to be matched with State or local money. There are three sources of funds for these rural airports: nonprimary entitlements which are approximately \$150,000 per year, if they have the local match; state apportionment which is money set aside for use by the FAA for general aviation airports in a specific state; and discretionary money which is a substantial amount of money used for the larger projects. If the FAA is unsure whether the local government has the matching funds, they are reluctant to contribute large sums of money that might be returned. I was the manager of the FAA's district office when Mr. Dikun returned a large grant. It was several years before they were even considered

for another federal grant. It is essential that they have a stable source of funding. We urge you to pass S.B. 270.

Reza Karamooz (President, Nevada Business Aviation Association):

I have provided written testimony ([Exhibit H](#)). The Nevada Business Aviation Association fully supports S.B. 270. It is good for the State and it is good for aviation. It will create jobs and will improve several of the rural airports that badly need it.

Kay Bennett (Owner/Manager, Silver Springs Airport, LLC):

I have provided a schedule ([Exhibit I](#)) of the distribution of the Fund for Aviation.

I am here to speak in favor of this bill. Our airport is an example of a facility that would not have happened had we not had the Fund for Aviation. We have received \$30,933 of the Fund for Aviation monies which, with matching federal funds, was leveraged into \$1,376,000 in capital improvement funds. Those capital improvement projects provided approximately 50 to 75 jobs in construction, electrical, and engineering. The entire community of about 6,000 people was excited to see the application of those funds. We are an economically depressed community and our airport is the hope of our community. We are strategically located on U.S. Highway 50. You probably drive by the airport when you drive back and forth to Las Vegas. You are always welcome to stop in and see what we have done. We have an excellent facility and we are getting inquiries from various large investors in the region who will need our airport for their corporate and business aircraft. If not for the Fund for Aviation, we would not have the facility we have today. I urge you to pass S.B. 270.

Chair Smith:

It was nice yesterday, and again today, to see the number of women who are so active in the aviation field. Our challenge is to find the money. I am sure you are all well aware of our tight budget circumstances. We will certainly give this bill consideration.

Mr. Karamooz:

It is not often that the State has the opportunity to allocate money and have it multiply in such a way. We already have a track record. The last and only time this was done, \$500,000 was leveraged into approximately \$20 million. Not only did these funds generate jobs and create other revenue sources, but it also

built infrastructure. Their Silver Springs Airport is a perfect example. I was at the airport a couple of weeks ago and was surprised to see such a beautiful facility that would not have existed if not for this funding. These are permanent improvements and this helps Nevada's infrastructure for aviation. When a company is considering moving to a rural area, one of the considerations is whether they can land a plane there or not. If they cannot, then they may not consider Silver Springs, for example. Now they can, with the new 6,000-foot runway that can land a heavy jet. This is an example of the type of projects we can do with this money. These permanent improvements are here to stay.

Chair Smith:

I think the members of this Committee are well aware of what this leverage means and how many jobs it would create as well as the economic benefits when we are trying to attract businesses. We have had this discussion in multiple committees during this Legislative Session about how much money we are leaving on the table because we cannot come up with the money to match. It is a constant theme around here. We are very mindful of that.

Tom Greco (Assistant Director, Planning, Department of Transportation):

The position of the Department of Transportation is neutral; however, we recognize the vital need. It may be more palatable with your budget demands to change the language in section 3, which states the funds must be committed for expenditure by June 30, 2015. We would offer an amendment to extend that date to 2016 or even 2017. It would be a challenge on our part to spend that amount with the June 30, 2015, deadline. The last time this was funded we used a 4-year schedule to spend and build everything.

Senator Goicoechea:

I realize we need more than a 2-year timeframe. I would be in favor of that amendment. I only hope that as we get toward the end of Session we can find the revenue. This money is needed, not only for my district, but for every district in the State.

Chair Smith:

Hearing there are no further questions, I will close the hearing on S.B. 270. I will now open the hearing on S.B. 460. We had considerable discussion about this in our budget hearing.

SENATE BILL 460: Makes a supplemental appropriation to the Commission on Judicial Discipline for the costs of one-time leave payouts resulting from the unanticipated retirement of certain staff. (BDR S-1189)

David F. Sarnowski (General Counsel and Executive Director, State of Nevada Commission on Judicial Discipline):

I am retiring. However, the exact date has not yet been determined because we have a busy hearing schedule in June. Rather than risk the prospect of this Commission's budget having to absorb my leave payouts, as we have had with prior retirees, we thought it prudent to approach you with this proposal. After nearly 32 years, I have accrued a fair amount of accumulated leave. I have been blessed with good health, so a large amount of money will be due to me.

Chair Smith:

Will your payout total \$58,293?

Mr. Sarnowski:

That is correct based on the calculation that we performed with the formula we were provided. That number could change, depending on how much leave I accrue and utilize prior to my departure.

Senator Kieckhefer:

The bill says that the payout is resulting from the unanticipated retirement of the General Counsel and Executive Director. If you have been working for 32 years, how unanticipated was your retirement?

Mr. Sarnowski:

We did not submit that language. I have been anticipating this for a while now. It would be acceptable if you wish to remove that language. We are attempting to ensure that the Commission is properly budgeted in order to take care of this one-time item. The employees in this Agency tend to be older. I have hired experienced people because of the type of work that we do and the sensitivity of the material. Two of my employees have already retired and now it is my turn to retire.

Senator Kieckhefer:

Do you anticipate potential retirements and what the fiscal impact will be when preparing your budgets?

Mr. Sarnowski:

We try to do that. I think I alluded to that when I made my budget presentation. There is a system in place whereby an agency can be reimbursed for up to \$12,000 if they initially absorb the cost of those payouts. In 2009, we absorbed those payouts and when it came time to submit the request for reimbursement, I was told in no uncertain terms not to even bother sending that request over, because I would not get the money. I learned a lesson. This year another individual retired and we have not filled that position in order to accrue some salary savings.

Senator Kieckhefer:

I appreciate that, and I would never argue against you getting funds you are rightfully entitled to receive. For a small office, this could have a dramatic effect, whereas in a larger department it is not quite as devastating. I think we just need some foresight in terms of how we budget for some of the smaller offices.

Mr. Sarnowski:

I have often thought there might be a better system to handle retirements. It is difficult on a small agency. Perhaps in the future someone could take a look at coming up with a better way, especially if the \$12,000 reimbursement is not a sure thing, although we may have a more favorable budget environment now than we did in 2009.

Chair Smith:

If there are no further comments, I will close the hearing on this bill. We will now open the hearing on S.B. 271.

SENATE BILL 271: Makes an appropriation to the Humboldt River Basin Water Authority. (BDR S-442)

Senator Goicoechea:

This bill is for an appropriation to the Humboldt River Basin Water Authority (HRBWA) to fund cloud seeding on the Ruby Mountains. We have a program in place, through the Desert Research Institute (DRI) and currently funded by the Southern Nevada Water Authority (SNWA). There are approximately seven generators in place in the Ruby Mountains. The funding from the SNWA and the DRI will be exhausted at the end of this year. We are looking for funding to continue the program through FY 2013-2014 and FY 2014-2015;

therefore, we are requesting another \$500,000 in funding. I know money is scarce. The HRBWA is comprised of five counties along the Humboldt River Basin. It is critical that we get additional moisture coming out the Ruby Mountains especially for the lower reaches of the Humboldt River, and the Rye Patch Reservoir in order to meet both the recreation and agriculture needs. That is why we are requesting funding to continue the cloud seeding program.

Chair Smith:

Is the DRI currently performing the cloud seeding, or did they in the past?

Senator Goicoechea:

Yes, the program is currently funded through the SNWA, but the DRI has been performing the cloud seeding.

Chair Smith:

Why is that funding going away?

Senator Goicoechea:

I do not know why the SNWA chose not to fund this.

Chair Smith:

I was curious about the September 18 date, which is an odd date. Is that some kind of fiscal year?

Mark Krmpotic (Senate Fiscal Analyst):

This is standard language that is included in appropriation bills. It simply reflects the last day that the State Controller keeps the books open and money has to be reverted no later than that day.

Mike Baughman (Executive Director, Humboldt River Basin Water Authority):

The HRBWA was created in the early 1990s by the County Commissioners of Elko, Eureka, Lander, Pershing and Humboldt Counties to work with the State Engineer's office, and others, on the beneficial uses of both surface and ground water resources in the five county area. We became aware this summer that the funding for the cloud seeding program, that had been underway in the Ruby Mountains for more than 20 years, was going away at the end of this winter.

The SNWA has provided funding for the past 3 years after State resources were exhausted. The SNWA will now be creating a cloud seeding program in the Shell Creek Range in White Pine County. This would indicate that cloud seeding works.

I am going to go through a quick presentation for you because you may not be familiar with cloud seeding and what it can do for our State, a copy of which is attached as ([Exhibit J](#)) "SB 271 Appropriation Request: Ruby Mountain Cloud Seeding."

I am not an expert in cloud seeding, but the individuals at the DRI are. They perfected this technology many years ago, and have implemented cloud seeding programs throughout our State and other states in the West. They are the premier experts in cloud seeding. Since this bill was requested, the five counties have been working to come up with matching dollars. Our goal is about \$67,500. The Board of Elko County Commissioners has indicated that they may be able to provide \$35,000 to \$40,000 toward that goal. The Humboldt County Commissioners have already approved \$5,000 toward that goal. The other three counties, along with the Pershing County Water Conservation District, are currently in the midst of their budget deliberations. I should know within 10 to 14 days whether we have been successful in pulling together that \$67,500 match which would reduce the appropriation request to \$202,500 for each year of the biennium.

The information in [Exhibit J](#) was provided by the DRI. The DRI made a presentation to the HRBWA in Winnemucca on July 27 to help us understand how the program worked, whether it was successful or not, what kind of water resources were produced, and the costs associated with the program. Based upon that presentation and subsequent discussions with the DRI staff, the HRBWA came to believe that cloud seeding does in fact work. It is an effective way to produce water resources in our State and there is a need to come up with the funding to keep this alive while we work toward finding long-term funding solutions.

Cloud seeding programs are intended to accomplish three overarching goals: to increase stream and river flow, to increase soil moisture content and to replenish ground water. The Ruby Mountain program does all three. In the Ruby Mountains, and in the surrounding area where the cloud seeding program provides additional moisture, there are benefits to vegetation and wildlife.

Additionally, this is an area subject to wildfires, which are increasing. This is also in an area that is a Sage Grouse habitat, a significant issue for Nevada. It also includes watershed for the endangered Lahontan Cutthroat Trout along with several other species including the Rocky Mountain Goat and the Himalayan Snow Cock. There are species in that area that residents from all over Nevada enjoy because of the beauty of the Ruby Mountains.

Page 5 of [Exhibit J](#) shows the various benefits of the Ruby Mountains.

Page 6 demonstrates how cloud seeding works. We have ground-based generators established along the alluvial fan, or the foothills of the Ruby Mountains, on the west side of the range. This is a north-south trending range. These generators are fueled by propane, much like filling a hot air balloon. This creates a heat plume. Silver iodide particles are then released into that heat plume which rises into the lower atmosphere. A natural updraft is created as a storm approaches the Ruby Mountains and those particles are carried up into the storm. The ideal temperature range they are aiming for is -5 degrees to -10 degrees Fahrenheit. The moisture molecules then attach to the silver iodide particles and they become enlarged. When the particles reach a certain mass, they fall as snow. The aim is to get the snow to fall across the top of the range.

Page 7 of [Exhibit J](#) shows the results from cloud seeding research. There are also several other mountain ranges in the Humboldt River Basin and other areas in Nevada where cloud seeding could be effective, such as the Santa Rosa Mountains, Independence Range, Toiyabe Range and Monitor Range.

Cloud seeding is very pervasive in the Sierra Nevada Mountains. The DRI has been conducting cloud seeding in conjunction with the Truckee Meadows Water Authority for many years, as well as in the Walker River area. The science behind cloud seeding has been proven effective in providing additional precipitation. We are seeing an 8 percent to 15 percent increase in precipitation as a result of cloud seeding.

Page 8 of the [Exhibit J](#) shows the current cloud seeding projects around the country. In not all cases are they producing snow. For example, in Texas they are actually creating additional rain and additional moisture. There are also areas where they use cloud seeding as a way to abate hail. They can prevent the formation of hail, causing it to fall as rain instead of hail, in order to reduce crop

damage. Weather modification and cloud seeding is very active across the Western United States.

Page 9 of [Exhibit J](#) shows the history of the Ruby Mountain cloud seeding program. Cloud seeding in the Ruby Mountains began as a DRI research project. They perfected cloud seeding in the early 1960s. As a result, the U.S. Bureau of Reclamation funded the program as a research project. Operational cloud seeding in the Ruby Mountains began in the 1980s. The program was converted to a remotely operated system in the 1990s. During the period of the 1980s through 2009, the State funded the program. During the recession, the State stopped funding the program due to budget constraints and the SNWA stepped in to fund this project.

On page 10 of [Exhibit J](#) is a map of the Ruby Mountain cloud seeding project area. There are seven generators located along the west slope of the Ruby Mountains. The larger brown area is where the added precipitation is known to fall. This is significant watershed for the Humboldt River Basin and provides water into the South Fork Reservoir. It provides water to the Humboldt River, which is the watershed for Lahontan Cutthroat Trout, and we have Sage Grouse habitat extensively in this area. On the southeast slope is the Ruby Lake National Wildlife Refuge. There is a significant increase in precipitation and runoff into that area as well. A lot of outdoor recreation occurs in this area by Nevadans from all over the State.

Page 11 of [Exhibit J](#) shows a photo of a cloud seeding generator. The generators are portable and can be moved to various locations. All of the units are currently in place on permitted sites, either private property, or land administered by the U.S. Bureau of Land Management or by the U.S. Forest Service and they are easy to maintain.

Page 12 is a chart showing the results of cloud seeding. When the SNWA began funding this project in the Ruby Mountains, it was to help the SNWA better understand how this might work for them in the Shell Creek Range. The SNWA collected the data on this page which shows that they produced on average about 18,000 acre-feet of water during the 3 years they funded this at a cost of approximately \$12 to \$15 per acre-foot.

On Page 13 is a 31-year summary of the cloud seeding for the northeast Nevada cloud seeding operations, which is the Ruby Mountains. The State

funded this program roughly between calendar years 1986 and 2009. The right hand side of the page indicates about 18,000 acre-feet per year was produced on average. This produces a significant amount of water. This is equivalent to supplying enough water for 18,000 residents. This is out of one cloud seeding operation, but it is in one of our more significant areas of Nevada.

Page 14 of [Exhibit J](#) shows the budget for the Ruby Mountain cloud seeding for FY 2014-2015.

The HRBWA intends to contract with the DRI to perform this work. We request the Committee's support. We understand resources are tight. If you look at the statistics, the counties in the Humboldt River Basin area did reasonably well during the recession compared to other places in the State and certainly other places in the Nation. Unemployment rates in these counties, Elko, Eureka, Humboldt, Lander, the mining counties if you will, and Pershing County, which is a heavy agricultural base, were significantly less than in the rest of the State. During the recession, the natural resources components of our economy did reasonably well. The industries in those five counties were contributing significant resources into our State that helped us during times of the recession to support the other areas of our State. At this point, while the economy is getting back on track, we would ask the Committee, and the Legislature as a whole, to consider some modest reinvestments back into those five counties. Cloud seeding is going to be an important activity for Nevada in the future, particularly because of the drought cycles.

Chair Smith:

Thank you for the science lesson this morning. I remember discussions about this when we had to cut the cloud seeding funding for the DRI. Did the HRBWA provide the investment for the generators originally?

Mr. Baughman:

The DRI owns the generators.

Senator Kieckhefer:

When this program was previously funded were the funds managed by the DRI, or did the HRBWA disperse those funds?

Mr. Baughman:

The money did not come to the HRBWA.

Senator Kieckhefer:

Is there a reason the appropriation is going to the HRBWA and not the DRI in order to continue the work they used to do?

Mr. Baughman:

We have come forward with this bill because the DRI is under a lot of pressure in terms of their funding in the State budget. This is not part of the DRI budget and they do not have authority to come to the Legislature to request funding. That is my understanding. We contract with the DRI, as do many governmental entities. We would combine our local government funds with State funds to contract with the DRI to do this work.

Senator Kieckhefer:

Should I be worried that you would contract with someone other than the DRI to do this work?

Mr. Baughman:

No, you should not be worried. I will tell you that we have had conversations with the DRI about expanding this into a broader area in our State to provide additional water for natural resources, agriculture, and wildlife. We would like to work with the DRI in the future to try to expand this and make it a much broader program to see if we can achieve some economies of scale. The DRI has the expertise and the capabilities to carry out this program. They are the only ones that have ever done this in our State. We would see no reason to go to another agency.

Senator Goicoechea:

It makes no sense to go to another agency. The DRI has the generators in place, and they own the sites or have the sites permitted. These generators do not start themselves. They are not all automatic. The DRI has the ranching community to assist them. Ranchers and residents close to those sites actually go up and start the generators.

Assemblyman Ellison:

This bill has a large fiscal note. During the last several years, we have had a drought up in the north that has caused several fires. With this not being funded through the SNWA and, if the Legislature does not fund this, the number of fires will escalate with the drought. This is a good thing to try to get this water back into the areas on the east side of the Ruby Mountains, including the

Ruby Valley, Clover Valley and the fish hatchery. This is a large ranching community. We have recreation, and we have the communities themselves. I am glad that the counties are trying to do whatever they can to help put money back into this program. With the possibility that this program may be going away, the next few years could have a large impact. We will either pay for the cloud seeding and do what we can for the wildlife or we will pay for it in fire service costs.

Chair Smith:

As I have said in a previous meeting, we pay for things on the back end instead of the front end. I would like to see that change as well.

Kyle Davis (Nevada Conservation League):

It feels a little strange for me to be here in support of S.B. 271 given the outcome of the last Session. This is a good bill. You have heard testimony in terms of the value this could have for the range, wildlife and plants. We are in support of S.B. 271, even knowing that these are tight budget times. This is valuable program.

Jason King, P.E. (State Engineer, Division of Water Resources, State Department of Conservation and Natural Resources):

Our office is in support of S.B. 271. As the driest state in the Nation, I would like to applaud the bill's proponents for promoting the enhancement of the water resources in our State. As you heard Mr. Baughman say, cloud seeding is a proven method of increasing our snow pack. Our snow pack is the main source of water for our rivers and streams. Cloud seeding, as proposed in S.B. 271, will provide additional snow in the Ruby Mountains and will result in increased flows into the Humboldt River. It will also provide additional water to the Ruby Lake National Wildlife Refuge. In summary, we support the bill.

Chair Smith:

We do not often see someone from a State agency testify in support of a bill that is not included in that agency's Executive Budget. I would ask for your thoughts on that.

Mr. King:

As you have heard in previous testimony, the State provided the funding for cloud seeding. In fact, it was through the Division of Water Resources. It is

a prudent and proven process. We are obviously in support of any additional increases to precipitation, which is why I am here today.

Senator Goicoechea:

The Rye Patch Reservoir and South Fork State Recreation Area are major water empowerments on the Humboldt River. The Humboldt River itself depends on return flows. The river only flows at an average rate of about 200 cubic feet per second (CFS) and there are over 700 CFS allocated on that river. We need to put everything we can into the river if we are going to maintain both the Rye Patch Reservoir and the South Fork State Park. I know money is scarce, but this is actually cheap water when you consider \$270,000 per year gives us about 18,000 acre-feet of water.

Senator Kieckhefer:

Have you talked to the DRI about this? They have not testified. It seems like they would be getting approximately \$540,000 in revenue to do this. Are they in support of this bill or opposed to it? We have not heard from them.

Senator Goicoechea:

I did not talk directly to the DRI. I think this is all about their budget. They are trying to make every dollar stretch, just like all the rest of us.

Mr. Baughman:

The DRI cannot support the bill because it is not part of their budget. It puts this Agency in a difficult position. I can assure you that they are prepared to serve as a contractor to the HRBWA, or any other entity that could come up with the funding to do this program. They are prepared to undertake the contract to operate those seven generators for the next 2 years, or the next 20 years, because they believe in this technology and they believe that they are the experts in this area. We would concur with that. They are supportive of cloud seeding. They are in the same situation that most other State agencies are in terms of budgets. We came into this late, and we are working hard to get this program funded, but it is a much-supported program.

Chair Smith:

Seeing no further testimony, I will close the hearing on S.B. 271. I will open the hearing on S.B. 105.

SENATE BILL 105: Enacts the Uniform Electronic Legal Material Act. (BDR 59-168)

Ben Graham (Administrative Office of the Courts):

This is one of the uniform laws that former State Senator Terry Care has been monitoring and tending to over the years. It is my understanding that, early on, a fiscal impact of about \$7,500 was submitted by the Administrative Offices of the Courts. After careful analysis, we are requesting the fiscal impact be removed.

Chair Smith:

Are you testifying that the fiscal note is now negligible, which is the reason this bill was pulled into the Committee, in order to get that on the record?

Mr. Graham:

Yes. The others that reviewed this bill felt the same way. We respectfully ask that this be withdrawn and we are sorry for the inconvenience.

Senate Committee on Finance
April 3, 2013
Page 24

Chair Smith:

Hearing no further comments, I will close the hearing on S.B. 105. This meeting is adjourned at 9:28 a.m.

RESPECTFULLY SUBMITTED:

Sheri Fletcher,
Committee Secretary

APPROVED BY:

Senator Debbie Smith, Chair

DATE: _____

<u>EXHIBITS</u>				
Bill	Exhibit		Witness / Agency	Description
	A	1		Agenda
	B	2		Attendance Roster
S.B. 270	C	1	Joni Eastley, Assistant County Manager, Nye County	Written Testimony
S.B. 270	D	1	Bobbi Thompson, Airport Manager, Minden-Tahoe Airport	Economic Impact of Civil Aviation by State (2009)
S.B. 270	E	12	Bobbi Thompson, Airport Manager, Minden-Tahoe Airport	Nevada Airport Projects
S.B. 270	F	1	Mike Dikun, Airport Manager, Reno-Stead Airport	Written Statement
S.B. 270	G	1	John L. Pfeifer, P.E., Regional Manager, Western Pacific Region, Aircraft Owners and Pilots Association	Written Statement
S.B. 270	H	1	Reza Karamooz, President, Nevada Business Aviation Association	Written Statement
S.B. 270	I	3	Kay Bennett, Owner/Manager, Silver Springs Airport, LLC	2005-2007/Original \$500,000, Schedule of Distribution of the Fund for Aviation
S.B. 271	J	15	Mike Baughman, Executive Director, Humboldt River Basin Water Authority	SB 271 Appropriation Request: Ruby Mountain Cloud Seeding