

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-Seventh Session
April 29, 2013**

The Senate Committee on Finance was called to order by Chair Debbie Smith at 8:08 a.m. on Monday, April 29, 2013, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

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

GUEST LEGISLATORS PRESENT:

Senator Mark A. Manendo, Senatorial District No. 21

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Jeffrey A. Ferguson, Senior Program Analyst
Sheri Fletcher, Committee Secretary

OTHERS PRESENT:

Steve Hill, Executive Director, Division of Economic Development, Office of the Governor
Christopher Roller, American Heart Association
Marla McDade Williams, B.A., M.P.A., Deputy Administrator, Health Division, Nevada Department of Health and Human Services

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Joan Hall, Nevada Rural Hospital Partners
Tina Quigley, General Manager, Regional Transportation Commission of Southern Nevada
Robert E. Lang, Ph.D., Director, Brookings Mountain West, University of Nevada, Las Vegas
Brian McAnallen, Las Vegas Metro Chamber of Commerce
Stephanie Allen, Focus Property Group
Rudy Malfabon, P.E., Director, Department of Transportation
Rorie Fitzpatrick, Deputy Superintendent for Instructional, Research and Evaluative Services, Department of Education
Dotty Merrill, Ed.D., Nevada Association of School Boards
Craig Stevens, Nevada State Education Association
Nicole Rourke, Clark County School District
Lindsay Anderson, Washoe County School District
Mary Pierczynski, Nevada Association of School Superintendents
Lonnie Shields, Clark County Association of School Administrators; Nevada Association of School Administrators and Professional Employees
Misty Grimmer, Cox Communications
Debra M. Terwilliger, Assistant Staff Counsel, Office of the Staff Counsel, Public Utilities Commission of Nevada

Chair Smith:

Let us begin with the budget closing for the Governor's Office of Economic Development, budget account (B/A) 101-1526.

COMMERCE AND INDUSTRY

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

GOED - Governor's Office of Economic Dev — Budget Page ECONOMIC
DEVELOPMENT-7 (Volume II)
Budget Account 101-1526

Jeffrey A. Ferguson (Senior Program Analyst):

I have provided a copy of the Senate Committee on Finance Closing List #6, April 29, 2013 ([Exhibit C](#)). Assembly Bill (A.B.) 449 of the 76th Session, overhauled the economic development efforts for the State and created a new agency, the Governor's Office of Economic Development (GOED). The GOED was tasked with diversifying and strengthening the State's economy by

attracting companies, subsidiaries and divisions to relocate into the State; assisting in the retention and expansion of existing Nevada companies; and helping new companies to startup in Nevada. The Office works with regional development authorities to identify, pursue, and achieve the goals of the GOED State Economic Development Plan released in February 2012.

The 2011 Legislature approved a General Fund appropriation of \$4.29 million over the 2011-2013 biennium for the GOED account, and it placed an additional \$9.16 million in General Fund monies into the Interim Finance Committee (IFC) Contingency Account. The Agency was directed to return to the IFC when a more comprehensive plan was devised in order to receive the balance of those funds, which they did. The Executive Budget is about 3 percent more than what was approved in 2011-2013 biennium. Total General Fund appropriations over the biennium are \$13.9 million.

In decision unit E-125, the Executive Budget recommends a General Fund appropriation of \$152,718 over the 2013-2015 biennium. Of this, \$148,710 is for additional in-state and out-of-state travel costs and \$4,008 for operating costs. The additional recommended travel costs roughly double both the in-state and out-of-state travel expenditures in the GOED account over the actual fiscal year (FY) 2011-2012 expenditure levels, for a total of \$100,000 and \$50,000, respectively, in each year of the biennium.

E-125 Sustainable and Growing Economy — Page ECONOMIC DEVELOPMENT-9

However, during the budget hearing, the Office testified that FY 2012-2013 is a better representation of the Agency's travel needs, as it was not fully staffed in the base year. For example, the amounts budgeted for out-of-state and in-state travel for FY 2011-2013 are \$68,800 and \$136,200, respectively. Staff would note that to date in FY 2012-2013, the Office has expended \$51,337 for out-of-state travel and \$99,612 for in-state travel. Accordingly, with the additional funding in decision unit E-125, the Executive Budget provides out-of-state and in-state travel at a level roughly the same as has been spent year-to-date in FY 2012-2013.

The second major closing issue includes an amendment that would bring the out-of-state and in-state travel amounts to approximately the same amounts as approved for FY 2012-2013.

SENATOR KIECKHEFER MOVED TO APPROVE DECISION UNIT E-125 IN B/A 101-1526 TO PROVIDE GENERAL FUNDS OF \$152,718 OVER THE BIENNIUM TO PROVIDE OUT-OF-STATE AND IN-STATE TRAVEL AT A LEVEL COMPARABLE TO THE AMOUNT SPENT IN THE FIRST 9 MONTHS OF FY 2012-2013 AS RECOMMENDED BY THE GOVERNOR.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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In decision unit E-150, Governor Brian Sandoval recommends General Funds totaling \$100,000 in each year of the 2013-15 biennium for a marketing consultant contract of \$95,000 in each year of the biennium and operating supplies of \$5,000 in each year biennium.

E-150 Sustainable and Growing Economy — Page ECONOMIC
DEVELOPMENT-9

The Office indicates the \$100,000 per year would allow the GOED to expand Nevada's marketing presence in accordance with the State plan for economic development in several ways, including expanding visual presence at key high-traffic venues, such as airports and convention centers; initial funding for international marketing to promote foreign direct investment and export growth; and expanding direct marketing, collateral and public relations campaigns. In response to Committee questions, the Office indicated the marketing services listed were illustrative of the types of activities anticipated, not necessarily the specific activity. The Office further indicated the specific activity, and the service providers beyond those already under contract, would be dictated by market conditions and needs to support the mission of attracting, expanding, and growing businesses within the targeted sectors. Additionally, the Office has indicated the primary contractors that would be involved are The Ferraro Group, KPS3 Marketing and Bernstein Global Wealth Management. This recommendation would maintain the same level of advertising expenditures as approved for FY 2012-2013. It should also be noted that the Department of Administration's Budget Division has

provided Budget Amendment No. A13A0010 which includes a technical adjustment moving the contract costs from the Operating Expenses category to the Advertising category in the Base Budget.

SENATOR KIECKHEFER MOVED TO APPROVE DECISION UNIT E-150 OF B/A 101-1526 TO PROVIDE A GENERAL FUND ALLOCATION OF \$100,000 IN EACH YEAR OF THE 2013-2015 BIENNIUM FOR MARKETING ACTIVITIES, AS RECOMMENDED BY THE GOVERNOR, WITH THE TECHNICAL ADJUSTMENT RECOMMENDED IN BUDGET AMENDMENT NO. A13A0010.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Budget Amendment No. A13A0010, in addition to making technical adjustments, eliminates two nonclassified positions and directs the associated funds into Base Budget expenditure categories Grants to Development Authorities and categories in-state and out-of-state travel. The net result would provide \$109,808 in FY 2013-2014 and \$113,642 in FY 2014-2015 to the Grants to Development Authorities category, plus \$19,000 in each year for the out-of-state travel category, and \$30,000 in each year for in-state travel. The elimination of these two positions, and increasing grant funds and travel funds, was not discussed during the Agency's budget hearing. The provision was included in the budget amendment.

In response to Fiscal Division Staff's questions regarding the elimination of the two positions and the redirection of funding, the GOED indicates the two eliminated positions would be the chief of protocol and an executive assistant. The chief of protocol position is currently vacant, and the Agency indicates the executive assistant position will be vacant by the end of FY 2012-2013. The Agency indicates the duties for these positions would be absorbed by existing staff. According to the GOED, the need for these changes was identified after the initial budget preparation process and, therefore, they were not included in the Executive Budget. The GOED indicates it had been coordinating these changes with the Budget Division to

be included as an amendment at the appropriate time. The Agency states that the need to redirect this funding is due to the fact that the 2013-2015 biennial budget was built on base year, FY 2011-2012, which is very different from the Agency that exists today. Accordingly, the GOED states the FY 2012-2013 budget, which was approved by the IFC in early FY 2012-2013, represents a more realistic baseline, and the amounts requested in the amendment reflect the experience gained from the first three quarters of a new State Agency's existence.

Staff would note the additional \$19,000 per year for out-of-state travel would bring the total expenditure authority for the GOED account to essentially the same amount approved for FY 2012-2013. The additional \$30,000 in each year for in-state travel would provide expenditure authority of \$130,000 per year, including decision unit E-125, which is slightly less than the amount approved for FY 2012-2013.

Finally, the additional expenditure authority for Grants to Development Authorities would bring expenditure authority for this category to \$2.9 million in each year of the biennium, which is slightly lower than the \$3 million approved for FY 2012-2013 by the IFC.

Senator Parks:

Is the chief of protocol position currently vacant?

Mr. Ferguson:

Yes, that position is currently vacant. It has been vacant for a while. My understanding is the duties of that position were to oversee some of the international global activities, to make sure the office was following certain protocols that might be unique to each country. Through the process of starting the Agency, they found that other positions could absorb those duties.

SENATOR DENIS MOVED TO APPROVE THE PORTION OF BUDGET AMENDMENT NO. A13A0010 TO B/A 101-1526 THAT WOULD ELIMINATE TWO VACANT POSITIONS IN THE GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT ACCOUNT, AND REDIRECT THE ASSOCIATED FUNDING TO GRANTS TO DEVELOPMENT AUTHORITIES, IN-STATE TRAVEL AND OUT-OF-STATE TRAVEL, THEREBY FUNDING

THESE EXPENDITURES AT A LEVEL SIMILAR TO THE AMOUNTS
APPROVED FOR FY 2012-2013.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Budget Amendment No. A13A0010 includes two additional items. First, is the addition of \$54,696 in the federal State Trade and Export Promotion (STEP) grant funds in FY 2013-2014 in accordance with the current contract. The STEP grant funds are used to assist eligible small businesses in entering and succeeding in the international marketplace. Second, the amendment includes authority to accept a gift of \$60,000 in each year of the biennium from the Nevada Mining Association (NMA) to pay approximately one-half of the annual cost for the recently hired mining industry specialist position located in Elko County. The use of NMA funds to defray the cost for the mining industry specialist position in FY 2012-2013 was approved at the IFC meeting on April 18, 2013.

SENATOR DENIS MOVED TO APPROVE THE PORTION OF BUDGET
AMENDMENT NO. A13A0010 TO B/A 101-1526 THAT ADDS \$54,696
IN FEDERAL STEP GRANTS IN FY 2013-2014, AND A GIFT OF \$60,000
IN EACH YEAR OF THE BIENNIUM FROM THE NMA TO DEFRAY THE
COST OF THE MINING INDUSTRY SPECIALIST POSITION LOCATED IN
ELKO COUNTY.

SENATOR GOICOCHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Mr. Ferguson:

In decision unit E-900, the Governor recommends the transfer of three nonclassified positions and attendant revenue and expenditures of \$353,424 over the biennium from the Rural Community Development budget, B/A 101-1528 to B/A 101-1526. The transferred positions include

one fiscal manager, one program specialist and one administrative assistant. The Office indicated during the budget hearing these three positions are currently funded with General Fund monies. While the funding does not change, the transfer of these three positions would provide greater clarity regarding how positions are federally funded and which are funded by the State, and would allow the Office to balance workload with other needs. Further, the Office indicated that the general responsibilities for these positions would not change, and all of the positions would remain at their current location in Carson City.

E-900 TXFR From Rural Community Development to GOED — Page ECONOMIC
DEVELOPMENT-11

GOED - Rural Community Development — Budget Page ECONOMIC
DEVELOPMENT-20 (Volume II)
Budget Account 101-1528

Senator Goicoechea:

As I understand it, this is just a name change. Will their duties remain the same?

Mr. Ferguson:

That is correct.

SENATOR DENIS MOVED TO APPROVE DECISION UNIT E-900 IN
B/A 101-1526 TO TRANSFER THREE POSITIONS AND ASSOCIATED
REVENUES AND EXPENDITURES FROM THE RURAL COMMUNITY
DEVELOPMENT ACCOUNT, B/A 101-1528, TO THE GOED ACCOUNT,
B/A 101-1526, AS RECOMMENDED BY THE GOVERNOR.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Smith:

If the Committee wishes we can approve decision units E-710, E-801 and E-912 in block form. If you want to take one out, we can do that as well. Note on the replacement equipment, we have the same antivirus software issue that we have had in multiple budgets.

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E-710 Equipment Replacement — Page ECONOMIC DEVELOPMENT-11
E-801 Cost Allocation — Page ECONOMIC DEVELOPMENT-11
E-912 Trans WUSATA Fees from Econ Dev AG Ref/Enforce — Page ECONOMIC DEVELOPMENT-12

SENATOR PARKS MOVED TO APPROVE DECISION UNITS E-710, E-801 AND E-912 IN B/A 101-1526 AS RECOMMENDED BY THE GOVERNOR WITH TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Mr. Ferguson:

The next item is B/A 101-1527, the Nevada Film Office.

GOED - Nevada Film Office — Budget Page ECONOMIC DEVELOPMENT-15
(Volume II)
Budget Account 101-1527

This is a Fiscal Staff closing. There was no testimony or budget hearing on this account.

The mission of the Nevada Film Office (NFO) is to proactively promote, pursue and facilitate the production of motion pictures, and all other forms of media projects, utilizing Nevada locations, vendors, services, crew, personnel and performance talent. It is funded primarily from a transfer of room tax revenue from the Commission on Tourism and fees charged for sales and associated advertising related to the Production Directory which is produced by the Office. There are no major closing issues.

Under other closing items, there is some replacement equipment in decision unit E-710. Staff requests authority to make adjustments for the antivirus

software and the cost allocation adjustment in decision unit E-801 which was approved by the Committee in the previous budget account.

E-710 Equipment Replacement — Page ECONOMIC DEVELOPMENT-18
E-801 Cost Allocation — Page ECONOMIC DEVELOPMENT-18

Staff recommends the account be closed as recommended by the Governor. Staff would also point out an informational item on page 8 of [Exhibit C, Senate Bill \(S.B.\) 165](#), which is currently active and has been referred to the Senate Committee on Finance. This bill would authorize the GOED to approve certain tax credits for producers of films, or productions in the State, under certain circumstances. Those tax credits would be handled through the Department of Taxation and the Agency indicates there would be no fiscal impact on the GOED account related to this bill.

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

Senator Kieckhefer:

I would hope that if [S.B. 165](#) passes, and we create a massive economic tax incentive for the film industry, it would be a tool utilized by the Office to attract more film into our State. I find it hard to believe that it is not going to have a fiscal impact.

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

The Office already does outreach, but without the benefit of an incentive that can be provided to production companies. We have three people in our organization that can process these incentives. There may be marginal extra work; however, we do not anticipate it will take additional personnel to perform these duties. The primary workload would be with the Department of Taxation. We do not feel the granting of the abatements will be much of an added burden.

Senator Kieckhefer:

Do you anticipate it will be part of your Office's responsibility or duty to help companies walk through that application process?

Mr. Hill:

Yes, we do. We currently have five people in that Office who implement outreach and work with producers for a broad variety of productions, helping them find locations and helping them connect to businesses in the community that could become their suppliers. That interaction is already there. Adding an incentive would just be a part of that relationship.

SENATOR KIECKHEFER MOVED TO APPROVE DECISION UNITS E-710 AND E-801 IN B/A 101-1527 AS RECOMMENDED BY THE GOVERNOR.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Mr. Ferguson:

The next item is B/A 101-1528, Rural Community Development.

GOED - Rural Community Development — Budget Page ECONOMIC
DEVELOPMENT-20 (Volume II)
Budget Account 101-1528

This is a relatively small budget account that was not heard in the initial budget hearing. The Rural Community Development program administers the State's Community Development Block Grant (CDBG) program on behalf of small cities and rural counties in Nevada. The goal of the CDBG program is to develop viable rural communities by assisting to provide suitable living environments, expanded economic opportunities and adequate housing—primarily for low- or moderate-income persons. This budget is mainly funded by the federal block grant received from the U.S. Department of Housing and Urban Development and supplemented by State General Fund money or required match.

The total funding for the Rural Community Development program is recommended at \$2.3 million in each fiscal year of the 2013-2015 biennium, the majority of which consists of the federal CDBG grants of \$2.1 million annually. The amount of General Fund support recommended is \$327,344 over

the 2013-2015 biennium which is 31.4 percent less than the amount legislatively approved for the 2011-2013 biennium.

The recommended General Fund support required for the State match is equal to 2 percent of the federal grant, and the remaining administrative costs for salaries, travel, operating and information services not covered by the federal grant. There are no major closing issues. There is some replacement equipment in decision unit E-710 and the transfer of three positions to the Governor's Office of Economic Development Account in decision unit E-900. The funding recommended by the Governor supports two existing positions after the recommendation to transfer three existing positions to the GOED account in decision unit E-900.

E-710 Equipment Replacement — Page ECONOMIC DEVELOPMENT-22
E-900 TXFR From Rural Community Development to GOED — Page ECONOMIC DEVELOPMENT-23

SENATOR GOICOECHEA MOVED TO APPROVE DECISION UNITS E-710 AND E-900 IN B/A 101-1528 AS RECOMMENDED BY THE GOVERNOR AND CONSISTENT WITH THE COMMITTEE'S ACTIONS IN THE GOED ACCOUNT; WITH AUTHORITY FOR STAFF TO REMOVE COSTS FOR ANTIVIRUS SOFTWARE CONSISTENT WITH THE STATEWIDE ANTIVIRUS SOLUTION APPROVED AT THE IFC MEETING ON APRIL 18.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Mr. Ferguson:

The next item is B/A 101-4867.

GOED - Procurement Outreach Program — Budget Page ECONOMIC
DEVELOPMENT-25 (Volume II)
Budget Account 101-4867

This account has not been previously heard by the Committee. The Procurement Outreach Program (POP) assists Nevada businesses in obtaining federal government contracts by alerting them to procurement opportunities and providing training and technical assistance to be competitive in federal procurement processes.

The POP is funded primarily with federal funds from the U.S. Department of Defense (DOD) and matching General Funds. The Governor recommends total funding for POP in the amount of \$1.09 million over the 2013-2015 biennium which is slightly more than legislatively approved funding of \$1.04 million for the 2011-2013 biennium. The Governor recommends General Fund support of \$232,591 over the biennium, an increase of \$43,597, or 23 percent, when compared to the amount of General Fund support legislatively approved for the 2011-2013 biennium. General Fund money in this budget is used to meet minimum match requirements, which fluctuate depending on the indirect rate negotiated with the DOD on an annual basis.

There are no major closing issues.

Decision unit E-710 contains replacement equipment and antivirus software that Staff would remove. The Governor recommends a General Fund appropriation of \$4,808 over the biennium for replacement equipment in accordance with the Division of Enterprise Information Technology Services' replacement schedule. Also, a clerical position in Las Vegas that was approved by the 2011 Legislature and to be reduced from full time to half time, which was done to provide some General Fund savings. However, in FY 2012-2013 this nonclassified position was restored to full time. Accordingly, the Base Budget includes funding this position as a full-time position in the 2013-2015 biennium. A small General Fund increase of \$43,597 was recommended over the biennium to fund this position. This recommendation appears reasonable.

E-710 Equipment Replacement — Page ECONOMIC DEVELOPMENT-27

Staff recommends this account be closed as recommended by the Governor with authority to make technical adjustments.

SENATOR PARKS MOVED TO APPROVE DECISION UNIT E-710 IN
B/A 101-4867 AS RECOMMENDED BY THE GOVERNOR WITH
AUTHORITY FOR STAFF TO MAKE TECHNICAL ADJUSTMENTS.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Mr. Ferguson:

The next item is B/A 101-1529.

GOED - Nevada Catalyst Fund — Budget Page ECONOMIC DEVELOPMENT-29
(Volume II)
Budget Account 101-1529

The one major closing issue in this account is the Governor's recommendation to add \$3.5 million in FY 2014-2015. This appropriation is in addition to the \$10 million that was appropriated for the Catalyst Fund by the 2011 Legislature. At the time of the budget hearing, the Agency testified there was no expenditures from the Catalyst Fund. However, just prior to the budget hearing, the Agency announced a \$600,000 Performance Grant was awarded to a company called Take-Two Interactive. There was testimony that the agreement provides up to \$120,000 each year, for 5 years, to Take-Two creating 100 jobs per year.

There was also testimony that the Agency was working on other applications. One of those is to a company called SolarCity, providing up to \$400,000 per year, for 3 years, for expansion of this clean energy services company located in Las Vegas. Another company, Cristek, provides up to \$200,000 over 3.5 years for this nanominiature and microminiature connector technology firm that will be opening an office in Minden. The amount of money or incentive that would be paid to these companies is based on the jobs that would be created, as listed on the center of page 14 of [Exhibit C](#).

There are certain criteria associated with those incentives. If the number of jobs created, or the average wages, do not meet mutually agreed upon criteria, essentially no award or no incentive would be provided.

The Agency indicated during the budget hearing that they were working with a number of other companies. A question arose during the budget hearing regarding how the \$3.5 million was determined, and the Agency indicated that it represents the amount of Catalyst Funds anticipated to have been committed in FY 2012-2013. They calculated that by analyzing the known Catalyst Fund applications that may be approved in 2013 and placing a probability percentage on the acceptance of each one. Concern was expressed during the budget hearing about how to measure the performance and effectiveness of the Catalyst Fund. The Agency indicated that the goal is to create jobs at a cost of up to \$4,000 per job. The initial \$10 million would assist in the creation of at least 2,500 jobs and an additional \$3.5 million would increase that total to 3,375 jobs. The Office testified that the performance criteria for each company are negotiated individually with all job creation goals and salary expectations clearly identified. Many of the grants are performance based so no funds would be received by businesses unless the mutually agreed upon job creation goals are met. The Agency also indicated that job goals include only direct jobs associated with the companies receiving the Catalyst Fund grants and not indirect jobs. The Agency further testified that the entire \$13.5 million would be committed by the end of FY 2014-2015.

Throughout the budget hearing, there was some concern because the Executive Budget did not display any balance-forward amounts or how much money would be spent or committed. The Agency has provided the table on page 15 of [Exhibit C](#) which shows the anticipated funds that would be available, and funding commitments and expenditures over the next 5 years. This is without the additional \$3.5 million recommended in decision unit E-150.

E-150 Sustainable and Growing Economy — Page ECONOMIC
DEVELOPMENT-29

As shown in the table on page 15, the Catalyst Fund anticipates commitments of \$3.5 million in FY 2012-2013, but it does not anticipate spending any of that amount in FY 2012-2013. However, in the next biennium there will be more commitments and by the end of FY 2017-2018 the entire \$10 million original allocation would be spent. If the recommended \$3.5 million was approved, it would provide more funding for the Agency.

SENATOR KIECKHEFER MOVED TO APPROVE DECISION UNIT E-150 IN
B/A 101-1529 TO PROVIDE A GENERAL FUND APPROPRIATION OF

\$3.5 MILLION IN FY 2014-2015 FOR THE CATALYST FUND AS RECOMMENDED BY THE GOVERNOR.

SENATOR GOICOECHEA SECONDED THE MOTION.

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

BUDGET CLOSED.

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Mr. Ferguson:

The next item is B/A 101-1521.

GOED - Nevada SSBCI Program — Budget Page ECONOMIC DEVELOPMENT-31
(Volume II)

Budget Account 101-1521

This budget account was not heard in the original budget hearing. On September 27, 2010, President Barack Obama signed into law the Small Business Jobs Act of 2010 to help increase credit availability for small businesses. The act created the State Small Business Credit Initiative. It appropriated \$1.5 billion to be used by the U.S. Department of the Treasury to provide direct support to states for use in programs designed to increase access to credit for small businesses and small manufacturers. The primary program in this account is the Nevada Collateral Support Program. The intent of the Program is to increase the value of collateral supplied by borrowers, thereby enhancing the banks' ability to underwrite loan transactions. This program was established via a work program at the IFC meeting on October 25, 2011.

There are no major closing issues in this account. The Governor recommends revenues and expenditures of \$2.13 million in FY 2013-2014 and \$3.13 million in FY 2014-2015 to provide collateral assistance to small businesses in Nevada.

Staff recommends this account be closed as recommended by the Governor.

Chair Smith:

Can you provide an update on the funds expended and how the program is going on that account?

Mr. Ferguson:

I would be happy to do that.

SENATOR KIECKHEFER MOVED TO CLOSE B/A 101-1521 AS RECOMMENDED BY THE GOVERNOR.

SENATOR PARKS SECONDED THE MOTION.

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

BUDGET CLOSED.

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Mr. Ferguson:

The next item is B/A 101-1533.

GOED - Nevada Knowledge Fund — Budget Page ECONOMIC
DEVELOPMENT-33 (Volume II)
Budget Account 101-1533

One major closing issue in this account is the \$10 million General Fund appropriation in decision unit E-150. The Governor recommends \$5 million in each year of the 2013-2015 biennium to establish a new budget account to house the Knowledge Fund.

E-150 Sustainable and Growing Economy — Page ECONOMIC
DEVELOPMENT-33

The Knowledge Fund was created by Section 19 of A.B. No. 449 of the 76th Session. However, no funding was recommended for the Knowledge Fund during the 76th Legislative Session, so a budget account did not exist. The proposed funding levels of \$5 million in each year of the 2013-2015 biennium

would provide seed financing from the Knowledge Fund for four categories that are allowed in *Nevada Revised Statute* 231.1597:

- The recruitment, hiring and retention of research teams and faculty to conduct research in science and technology which has the potential to contribute to economic development in this State.
- Research laboratories and related equipment located, or to be located, in this State.
- The construction of research clinics, institutes and facilities and related buildings located, or to be located, in this State.
- Matching funds for federal and private sector grants and contract opportunities that support economic development consistent with the State Plan for Economic Development developed by the Agency's executive director.

The executive director of the GOED, in consultation with the Chancellor of the Nevada System of Higher of Education and the GOED Board, would have responsibility to determine the grants awarded for the Knowledge Fund and the GOED technology commercialization manager would have responsibility for monitoring progress.

Three recipients have been identified for these funds: the University of Nevada, Reno, the University of Nevada, Las Vegas and the Desert Research Institute (DRI). The GOED, in consultation with the research institutions and companies in knowledge-based industries throughout the State, will designate an advisory committee of no less than seven members to provide insight with respect to high potential targeted clusters and review applications.

There was discussion during the budget hearing about how the success of the Knowledge Fund would be measured. The Office testified that there would be near-term benefits of the Knowledge Fund and those would be generated through licensing revenue, technology transfer and companies attracted to Nevada, as well as through enhanced student learning and experience. Medium-term benefits would be company start-ups, more investment in new Nevada companies and increasing numbers of jobs.

During the budget hearing, the Committee expressed concern about how the performance of the Knowledge Fund, and each individual grantee, would be measured. In response, the GOED has indicated that the research universities

and the DRI would be required to submit biannual reports to the Knowledge Fund director, the advisory council and the GOED's executive director, reporting on the status of the projects and initiatives sponsored by the Knowledge Fund. The Knowledge Fund director, advisory council and the GOED's executive director will meet regularly to review progress on Knowledge Fund-sponsored projects. Further, the GOED indicates the universities and the DRI will be given a set of metrics against which each funded project would be measured. The executive director would set those metrics in consultation with the advisory council and the Knowledge Fund director and the grantees would have to include whether metrics have been met in their biannual reports.

In response to Committee questions, the Agency indicated it anticipates allocating 50 percent of the available funding in each year of the 2013-2015 biennium, and continuous additional General Fund allocations, to the Knowledge Fund in future biennia to ensure the success and sustainability of the program.

Senate Bill 173 would provide General Funds of \$10 million in FY 2013-2014 to the Knowledge Fund as well as provide additional General Fund appropriations of \$5 million in each year of the 2013-2015 biennium. This bill has been referred to the Senate Committee on Finance.

SENATE BILL 173: Makes appropriations to the Knowledge Fund. (BDR S-534)

SENATOR KIECKHEFER MOVED TO APPROVE DECISION UNIT E-150 IN B/A 101-1533 TO PROVIDE GENERAL FUNDS OF \$5 MILLION IN EACH YEAR OF THE 2013-2015 BIENNIUM FOR THE KNOWLEDGE FUND AS RECOMMENDED BY THE GOVERNOR.

SENATOR PARKS SECONDED THE MOTION.

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

BUDGET CLOSED.

* * * * *

Chair Smith:

I will now open the hearing on S.B. 92, on the health screening of infants.

SENATE BILL 92 (2nd Reprint): Makes certain changes related to the health of infants. (BDR 40-529)

Christopher Roller (American Heart Association):

I have provided my written statement ([Exhibit D](#)). Michelle Gorelow from the March of Dimes is here with me to answer any questions that the Committee might have. She provided her written statement ([Exhibit E](#)), as did some who could not be here today, including, Elizabeth Bradshaw Mikula, ([Exhibit F](#)); Alison Shuman, M.D. ([Exhibit G](#)); Dr. Steffan Sernich ([Exhibit H](#)); Bradford L. Therell, Ph.D. ([Exhibit I](#)) and Beverly Neyland, M.D. ([Exhibit J](#)).

Good policy is being promoted and passed in other states across the Country and we hope that will be the case here in Nevada this Session. We spoke with the Health Division of the Department of Health and Human Services (DHHS) and believe they are present to speak to it and did not anticipate having a fiscal impact at this time.

Chair Smith:

Give us a brief overview of what the bill is intended to do.

Mr. Roller:

This bill would require all hospitals in the State with organized obstetrics centers or birthing centers to screen all newborns for critical congenital heart defects using a technology called pulse oximetry. Pulse oximetry is an inexpensive noninvasive screening method to determine the possibility of the presence of a critical congenital heart defect. Refer to the article "Pulse Oximetry Screening for Critical Congenital Heart Defects in Asymptomatic Newborn Babies: A Systematic Review and Meta-analysis" ([Exhibit K](#)), the entitled article "Newborn Screening Program Championed at VU Helps Save Boy" ([Exhibit L](#)); and the article "Missed Diagnosis of Critical Congenital Heart Disease" ([Exhibit M](#)). Recent studies support the use of pulse oximetry for this purpose. The first section of the bill outlines the requirement for the hospital. The next section talks about the duties of the hospitals that are already screening to submit information to the Health Division to be studied in order to look at the effectiveness of the screening and the most effective way to implement it and regulate it in the State. Section 3 of the bill states that this section and section 2 of the act become effective on July 1 and that section 1 of the act becomes effective on October 1, 2014. There is a delay in the implementation

of the actual screening requirement in order for some of the information that is being submitted by the hospitals that are already screening be reviewed and potentially studied.

Chair Smith:

Ms. McDade Williams, will you address the fiscal note? I see that the original fiscal note was for regulations which are still in the bill.

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

Correct. The original fiscal note was for the cost of regulations if they were necessary. If they are still necessary at some point in the future, that is a cost that we would incur. However, at this time we do not anticipate the need for regulations to implement this. We would only need regulations if there was a problem in implementation.

Chair Smith:

Can you absorb the duties related to this with your budget?

Ms. Williams:

It would be in the budget account where we administer newborn screening. If necessary, we would combine it with other regulation sets related to newborn screening.

Joan Hall (Nevada Rural Hospital Partners):

We would like to express our appreciation to the American Heart Association, Christopher Roller and Michelle Gorelow for working with us on the amendment to remove those without hospitals obstetrics services. Otherwise, we are in support of this bill.

Chair Smith:

Hearing no further questions or comments, I will close the hearing on S.B. 92.

I will now open the hearing on S.B. 322, regarding the membership of the Board of Directors of the Nevada Department of Transportation (NDOT).

SENATE BILL 322 (1st Reprint): Revises provisions concerning the membership of the Board of Directors of the Department of Transportation. (BDR 35-1075)

Senator Mark A. Manendo (Senatorial District No. 21):

Given the scale of Nevada, which includes Las Vegas, the Nation's 30th largest metropolitan area, now is the time to update the antiquated structure of the way we govern and prioritize surface transportation projects. The current system for membership in the Board of Directors of the NDOT consists of three regional representatives and four elected officials, none of whom are required to have a background in transportation policy. The system does not reflect the demand for expert input on policy nor the actual distribution of resources that now exist in Nevada. An eleven-member expert board based on population distribution and scale is a better structure for accommodating Nevada's current and future transportation challenges and needed investments.

The Board's decisions are not representative of the fact that there are over 40 million annual visitors to southern Nevada who demand transportation. They contribute significantly to revenues and gas taxes, taxis, car rentals and private automobiles. There are over "100,000 more" people using Las Vegas roads on an average day, based on tourism numbers with big spikes found on major events such as holidays and conventions. Thus, the NDOT's proposed government structure overrepresents the Elko and Reno districts that see far less tourism, because the Board's decisions are only based on permanent residents of the State. Many other states, such as Arizona and Georgia, have undergone transportation governance reform, as a better way to reflect the growth and expansion of their large metropolitan areas.

We need a governing board that reflects the large urban scale of the south that will basically promote and manage systems that are found in peer cities in the West, such as Salt Lake City, Utah; Denver, Colorado and Phoenix, Arizona.

Also joining me today are Tina Quigley and Robert Lang, from Brookings Mountain West and the general manager of the Regional Transportation Commission (RTC) of Southern Nevada.

Tina Quigley (General Manager, Regional Transportation Commission of Southern Nevada):

The NDOT added a fiscal note to S.B. 322 due to the increased costs incurred from expanding the size of the Department of Transportation's Board of Directors. The RTC of Southern Nevada has sufficient funds available to cover the projected costs and is supportive of doing so. Therefore, the RTC respectfully requests that the fiscal note be removed from S.B. 322.

Chair Smith:

Are members serving on a State board being paid by the RTC of Southern Nevada?

Ms. Quigley:

We are saying that the RTC is supportive of funding the projected costs of \$45,000 per year in whatever approach is necessary.

Chair Smith:

If you needed to transfer the money to the NDOT, would you do that?

Ms. Quigley:

Yes.

Chair Smith:

I do not understand how the technical aspects of this work, therefore, I wanted to get this on the record.

Mark Krmpotic (Senate Fiscal Analyst):

I would point out that the NDOT is currently budgeted to pay the Board's expenses. They are budgeted to pay \$12,000 in Board expenses this year and \$4,000 for the upcoming biennium. That is at \$80 per day for the non-State members of the Board and in-state travel expenses. Based on the testimony provided by the RTC of Southern Nevada, authority would need to be established in the budget to receive the transfer of funds from the RTC to meet the Board expenses. It would also need to be included in the NDOT's budget. The NDOT currently has funding for Board expenses through the Highway Fund based on the actual expenses in FY 2011-2012.

Robert E. Lang, Ph.D. (Director, Brookings Mountain West, University of Nevada, Las Vegas):

The structure for governing Nevada's transportation dates back to the mid-1950s, a very different place than today. It was before interstate highways, jet travel and everything that made modern Las Vegas and modern Nevada. The entire State had just over 200,000 residents which is smaller today than North Las Vegas. At that time, Nevada was actually the smallest state by population in the United States. By 1960, Nevada became the second smallest state due to the addition of Alaska.

Today, Nevada is an Iowa-sized state in that we have six electoral votes. We also have a large region containing over 2.25 million people when you add in Mohave County, Arizona. Part of my concern here is that we have a South Dakota-level governance and 2.25 million people living in a bi-state metropolitan area. As of February 28, the U.S. Office of Management and Budget, which sets the geography for not just the census, but for the way money is channeled from Washington, D.C., advises us that, through commuting, we added a new county, Mohave County in Arizona, to our region. We are now a bi-state, three-county region which includes Nye County. The census also revealed Las Vegas grew from the time we took the census in April 2010 to July 1, 2012, which is the most recent update. In the worst 2 years of its economic performance, Las Vegas gained nearly 50,000 people. According to the U.S. Census figures, Carson City lost about 500 residents. Las Vegas is the driver.

The State never anticipated, especially in the mid-1950s, anything on the scale of Las Vegas. Some of our peer states, such as Colorado and Arizona, are managing their state transportation policy with the assumption and scale of a large metropolitan area. In the 1950s, when this structure was put in place, there was parity between the three sections. The sections consisted of rural Nevada, Reno and southern Nevada, and they were more or less equal. It was a State where one could say it had relatively simple needs and equal representation between the zones.

In 2011, my book, *Megapolitan America*, was published. According to updated projections, my coauthor Chris Nelson and I anticipate that over 4 million people will inhabit a tri-state, four-county region around Las Vegas by 2040, which includes Washington County, Utah. We have commuters coming in already and now have the opportunity to use that as a leverage point for building Interstate 11 (I-11), because I-11 runs through Mohave County, Arizona. There is a concern that Arizona could have a toll booth in place on I-11 on the Virgin River Gorge section. We need cooperation and engagement.

One of the limiting factors for growth in southern Nevada is in the tourist economy. Tourism niches, including events, ecotourism, etc., add substantially to the number of visitors that Nevada has and the convention trade is one of the real success stories. During convention weeks, for example, when the Consumer Electronic Show is in town and there are over 150,000 visitors, the

congestion in a tourist zone is truly vexing and potentially damaging to our advancement because we have hour-long waits for cabs at the Las Vegas Convention Center.

We need some reform, investment and new thinking regarding surface transportation, including rail based transit. The Las Vegas Convention and Visitors Authority is onboard with this. We need a creative urban-based surface-transportation policy to take on challenges. We need more nonpolitical, expert voices in that process to meet these challenges.

There is also the regional representation issue. Las Vegas generates the vast share of the demand and the most revenue. The current system is antiquated and unfair. As noted by Senator Manendo, it is not just about the tourist numbers. We have visitor spikes where you are adding the equivalent of the Reno metropolitan area population atop Las Vegas, depending on the weekend, such as when the rodeo is in town.

Senator Kieckhefer:

Was any evidence presented to support your claims that the way the Board is currently distributing transportation funds is disproportionate to southern Nevada as compared to its population base? Is the NDOT spending funds in areas that are not represented? The Board seems to think it is doing well, but everyone is defensive of their own positions.

Mr. Lang:

We did not address that directly. A large portion of this is adding more expert opinion and getting a governing board that looks directly at some of the challenges Las Vegas faces. So that is not strictly a matter of revenue. During the housing crisis in Las Vegas, one of the things weighing on residents in southern Nevada was that many of them participated directly in regional infrastructure investment through special improvement districts. In other words, Joe and Jane Homeowner bought a house along Summerlin Parkway and they were obligated to buy 15-year bonds that literally helped build the regional infrastructure. Now there is talk that I-11 will be a tolled freeway. I do not see comparable personal commitments on the part of homeowners in the north.

There is some disagreement regarding north and south funding priorities. The fact that Interstate 580 (I-580) includes the largest bridge in the United States and crosses something that did not need to be crossed at a cost of several

hundred million dollars points to the disparity in funding priorities. I understand the Department of Tourism and Cultural Affairs would like to use the bridge as part of a tourist attraction because it is that impressive. The Colorado, Mississippi and Hudson River bridges were necessary; we did not need a bridge over Galena Creek. I think it is a symbol for many southern Nevadans of what they see as the misplaced priority where massive infrastructure is used to connect a city of 500,000 which has lost population down to 420,000, and that it is all free and used most of the federal money that Nevada will see for a while. I think it is in that context that some of the concerns have been expressed in the south.

Senator Kieckhefer:

For clarity, is that a yes? Are funds not being appropriated on an equitable basis?

Mr. Lang:

Yes.

Chair Smith:

The Legislature has given ample authority to the Board on their fiscal matters and that Board consists of our elected officials. This would change that, but would not change the authority that this Board has. Was the amount of fiscal oversight that the Board has, been contemplated or brought up at all?

Mr. Lang:

No, that has not been brought up. I do not know if that is the issue before us today, but we are open to talking about that.

Chair Smith:

I would like to have that discussion, because I think it significantly changes when you have a different makeup of a Board. We also need to look at the Board's duties and obligations.

Mr. Lang:

The members would still be appointed by the Governor. I think you would have a more knowledgeable type of board and the elected officials can get back to doing the jobs that they were elected to do. I do not see the relevancy for them on this particular Board.

Chair Smith:

I agree that having experts in this field on the Board makes a lot of sense. I am interested in seeing whether we need to bring some of the actual budgetary measures back under the purview of the Legislature, as we have with other departments. They may also give that Board some balance and let them do all of the other work that they need to do as well because I am assuming it is going to be a big undertaking for these Board members. Therefore, I would like to have that discussion at some point.

Hearing no further questions, I will turn the meeting over to Vice Chair Woodhouse.

Senator Woodhouse:

Are there any other speakers here in support of S.B. 322?

Brian McAnallen (Las Vegas Metro Chamber of Commerce):

The Las Vegas Metro Chamber of Commerce thinks this is a fundamental bill for the future of Nevada. If we intend to grow and look like the larger states around us, we have to adjust our government structures. This bill is the right way to go. It is based on population, which seems to be acceptable for how we allocate and apportion our Legislative seats and Congressional Districts. We are not creating a model that has not been exercised in other areas. Arizona has a state board of transportation that is also apportioned on a weighted percentage so that counties with larger populations are well represented in policy decisions. This is right and appropriate for Nevada and we urge the passage of this bill.

Stephanie Allen (Focus Property Group):

I am here today in support of this bill, on behalf of Focus Property Group, a commercial developer in southern Nevada.

Rudy Malfabon, P.E. (Director, Department of Transportation):

The NDOT is opposed to S.B. 322 which would change the makeup of the Board. I have provided a copy of my written testimony ([Exhibit N](#)).

Senator Roberson:

Can you please explain why you think this is not the right policy other than "we have always done it this way, why change it?"

Mr. Malfabon:

One of the benefits of having the Constitutional officers on our Board is that two of the three members of the State Board of Examiners, the Attorney General (AG) and the Governor, are also on our Board. Typically, decisions are unanimous and members are in agreement in setting policy and approving our construction program and larger projects such as Project Neon, going forth with a public-private partnership. The benefit of having those two Constitutional officers on our Board is that now we do not have to go to a separate Board and repeat some of those same issues and discussions. It is more efficient.

Senator Roberson:

Your response causes me even more concern. It appears you want the same group of politicians to make the same decision twice. Do you acknowledge that the Constitutional officers are not experts in transportation?

Mr. Malfabon:

Ours are very informed and receive a lot of information that they read. I am not saying that we want to do things twice, I am actually saying that we will not have to do things twice because certain items will go to the Board of Examiners and certain items will go to the NDOT.

Senator Roberson:

Where is the outside expert input? Again, it sounds like you have the same small group of politicians making the decision twice. That may be good for you and your Department, but I am not sure that it is good for our State.

Mr. Malfabon:

The outside expertise comes from the current members that are representing the geographic districts of the Department.

Senator Denis:

This question might be for Fiscal Staff. Have we received a list of the projects that have been completed over the last 20 years and how the funding has been allocated throughout the State?

Mr. Krmpotic:

In the past, Fiscal Staff has received that information upon request from the Department. I do not remember seeing anything for the current biennium or the past biennium.

Senator Denis:

Then I would like to make that request. Part of what was brought up here is that there are some issues we would like to see addressed in southern Nevada and sometimes we feel like the allocation has been unfair.

Mr. Malfabon:

We provide that information on a biennial basis. We provide the Legislature a list of all the capital improvement projects that the NDOT has delivered over the previous 2-year period. We can tell Staff exactly where to find that report.

Senator Denis:

I want to see 20 years back on how those projects are allocated, not just 2 years.

Senator Woodhouse:

Can you give us the historical data as well as the current information on those projects?

Mr. Malfabon:

We will do our best with the information that we have at hand to provide that information. The report that I was referring to has been provided for the last 6 years.

Senator Woodhouse:

You need to go back further than that and we need that information as soon as possible.

Senator Denis:

Based on the previous discussion with my colleague, if you have the same people, what does the Board of Examiners do that would require you to repeat the same information to the Board of Examiners versus the NDOT Board?

Mr. Malfabon:

My point was that there are certain elements approved by the Board of Examiners and everything left over is approved by the NDOT Board.

The Board of Examiners approves items such as tort claims, settlements for personnel and right-of-way acquisitions. Items such as the budget, approval of projects on an annual basis, how we procure certain contracts and approval of those contracts is through our Board. That might be a change that we have to consider if those elected officials are removed from the Board.

Senator Goicoechea:

I am concerned that as the pendulum swings we tend to let it go too far. I agree that the makeup of the Board should probably include those with the expertise. As we look around the room, there are a number of people with expertise that would be beneficial in the composition of the Board. There is definitely some middle ground in this bill that is supported by both the rural areas and the north, although we are not here to talk about the policy.

Senator Roberson:

I do not think we are swinging the pendulum too far. Mr. Malfabon, do you think the status quo that we have now, and the underrepresentation of southern Nevada in the current structure, are problematic?

Mr. Malfabon:

Under my directorship, I am aware of the issue of north versus south, most of which was tied to the construction of the I-580 project that recently opened. I have worked most of my career in the NDOT in southern Nevada. I have worked closely with the public works agencies in Las Vegas and the RTC of Southern Nevada. I am actually a member of the RTC of Southern Nevada Board of Directors, so I am very aware of the issues and the perception that NDOT needs to do more in southern Nevada. I am trying distribute a fair share of funding to projects in southern Nevada. I am working closely with those agencies that I mentioned. It is on my shoulders to provide the best recommendations to our Board that represent the interests of southern Nevada, and I think that we are doing that under my leadership.

Senator Roberson:

I appreciate that, but I think it is time for a statutory change.

Senator Woodhouse:

Hearing no further comments, we will close the hearing on S.B. 322. We will now open the hearing on S.B. 447.

SENATE BILL 447 (1st Reprint): Makes various changes relating to education.
(BDR 34-197)

Rorie Fitzpatrick (Deputy Superintendent for Instructional, Research and Evaluative Services, Department of Education):

This bill creates governance changes in the management of the professional development program. The amendments to this bill come from a collaborative group including school boards, districts, teacher and administrator associations and the Nevada Department of Education (NDE). This bill enhances accountability to the Legislature and enables necessary statewide collaboration while still supporting strong local control in response to data-driven needs. It is worth noting that there is a fiscal note on this bill, but it is of zero dollars. This fiscal note merely demonstrates the new work that will be absorbed by the Department and no new funds are necessary to conduct this work.

Dotty Merrill, Ed.D. (Nevada Association of School Boards):

I will try to confine my comments to the fiscal perspective of this bill since the policy has been discussed elsewhere. Sections 3, 5, 6 and 6.5 relate to the providing of professional development in the State, the statewide council, etc. This organizational structure will bring greater coherence and transparency while also providing a stronger alignment for the provision of professional development in the State.

The Nevada Association of School Boards also supports section 4 of the bill, an exception to an existing requirement authorizing certain paraprofessionals and teacher's aides to monitor a computer laboratory without being directly supervised by licensed personnel. This provides latitude for boards to deploy their resources in the most effective way for cost savings. Section 7 provides training for administrators on how to conduct evaluations of teachers or other licensed personnel, as well as training for teachers, administrators and others to correct deficiencies. This will allow the professional development programs to maximize the dollars spent on instruction and evaluation, and lead to greater efficiencies.

Craig Stevens (Nevada State Education Association):

I agree with Dr. Merrill, especially when it comes to section 7. For the first time in State law, we are going to have evaluations tied to the help that educators are going to get. We agree the efficiency and the money aspect in that portion of the bill is going to be beneficial, not just to educators, but to individuals who are creating the budgets. I have provided a copy of a proposed amendment to S.B. 475 ([Exhibit O](#)).

Nicole Rourke (Clark County School District):

We also support not only the regional professional development programs portion of the bill, but also the portions of the bill that allow attendance officers to write citations as well as unlicensed staff to supervise students in a computer lab setting when they are being taught by an online teacher.

Lindsay Anderson (Washoe County School District):

We do appreciate the collaborative nature that the Department took in coming to this compromise around the structure of the regional professional development programs. We also support the other aspects of the bill that have been previously mentioned.

Mary Pierczynski (Nevada Association of School Superintendents):

We support the amended version of S.B. 447.

Lonnie Shields (Clark County Association of School Administrators; Nevada Association of School Administrators and Professional Employees):

We, too, are in support of this bill.

Senator Woodhouse:

If there are no additional comments, I will close the hearing on S.B. 447. We will now open the hearing on S.B. 467.

SENATE BILL 467 (1st Reprint): Revises provisions relating to education.
(BDR 34-1130)

Ms. Fitzpatrick:

This bill originally came forward to implement recommendations from *Nevada's Promise* as derived from then-Governor Jim Gibbons' Blue Ribbon Task Force to streamline education governance. The bill at this time has been amended to a point that it now primarily focuses on technical issues. It creates

alignment between the NDE and other State agencies and moves the reporting date to allow effective processing of required fiscal reports. It also eliminates a now defunct commission. The current bill requires the creation of a new committee, yet it makes sense to remove that element from this bill in light of the fact that no councils or commissions have been eliminated beyond that one defunct commission. If we have not eliminated any, why create another one? At this point there are no fiscal implications that we feel are necessary. In the original bill it would have perhaps saved money to eliminate some councils with amendments. Things are fine just as they are in the current budget.

Dr. Merrill:

I am here to support technical corrections that lead to greater efficiencies.

Senator Woodhouse:

If there are no further comments, we will close the hearing on S.B. 467. We will now open the hearing on S.B. 498.

SENATE BILL 498 (1st Reprint): Revises provisions relating to telecommunications. (BDR 58-1097)

Misty Grimmer (Cox Communications):

This bill has already been heard in the Committee on Commerce, Labor and Energy for its policy discussion. This bill will gradually change the process under which customers are eligible for lifeline telecommunications service. Lifeline is the provision of basic telecommunications to low income customers. This bill sets up a process where the Public Utilities Commission of Nevada, by regulation, will establish a third-party administrator to oversee the eligibility of that system. Currently, the DHHS provides a list of eligible customers to all telecommunications providers and they check the names of those customers against that list to determine if they are eligible for Lifeline service. This will centralize the provision in the determination of who is eligible with the third-party administrator. I am not sure why this bill is currently in the Senate Committee on Finance.

Mr. Krmpotic:

At one time, an amendment was considered on the Senate Floor which required the DHHS to create a database, which was the basis for Staff's recommendation to the Chair to refer this bill to the Senate Committee on

Finance. However, another amendment to this bill was adopted on the Floor which removed that provision. Therefore, it appears there is no longer a fiscal impact on this bill.

**Debrea M. Terwilliger (Assistant Staff Counsel, Office of the Staff Counsel
Public Utilities Commission of Nevada):**

The Commission voted in favor of this bill and I am available to answer any questions that you might have.

Senator Woodhouse:

If there are no further comments, I will close the hearing on S.B. 498.

Chair Smith:

We will now begin our Work Session. I am going to remove S.B. 475 from the Work Session agenda, because we are not ready to go forward with that bill.

SENATE BILL 475: Makes various changes concerning governmental financial administration. (BDR 32-1124)

We will open the Work Session with S.B. 404.

SENATE BILL 404 (1st Reprint): Revises provisions relating to business practices. (BDR 28-827)

Mr. Krmpotic:

This bill was heard last week. The bill prohibits subcontractors from receiving any public money unless the subcontractor is a holder of a State business license and, under certain circumstances, clarifies that a person is prohibited from entering into a contract with the State unless the person is the holder of a State business license. This bill provides that certain advertising practices, which misrepresent the geographic location of a provider or vendor of floral or ornamental products or services, constitutes a deceptive trade practice.

The bill was referred to the Senate Committee on Finance due to a fiscal note that was submitted by the AG's office. That fiscal note totals \$9,000 per year. The AG testified last week that it could absorb the cost of the fiscal note in this budget.

SENATOR GOICOECHEA MOVED TO AMEND AND DO PASS AS AMENDED S.B. 404.

SENATOR DENIS SECONDED THE MOTION.

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

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Chair Smith:

We will now begin discussions on S.B. 488.

SENATE BILL 488: Continues the transfer of the powers and duties of the Consumer Affairs Division of the Department of Business and Industry and the Commissioner of Consumer Affairs to the Office of the Attorney General. (BDR S-1169)

Mr. Krmpotic:

This bill was heard on April 19 and continues the temporary elimination of the Division of Consumer Affairs, as well as the Commissioner, and transfers those powers and duties to the AG's office. This bill is consistent with the Executive Budget in that there is no reestablishment of the Commission or the Consumer Affairs Division within the Department of Business and Industry (B&I). Money is available from the National Mortgage Settlement and the Bank of America mortgage settlement that is recommended for transfer to the B&I for the establishment of a consumer affairs office to address mortgage fraud issues. Therefore, this bill would extend the date for elimination until July 1, 2015, which is consistent with the Executive Budget.

Senator Denis:

Based on our discussions, they need to return in 2015 with a plan on how they are going to implement a true consumer affairs division.

SENATOR DENIS MOVED TO DO PASS S.B. 488.

SENATOR ROBERSON SECONDED THE MOTION.

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

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Chair Smith:

That concludes our Work Session. Hearing no public comment, this meeting stands adjourned at 10:07 a.m.

RESPECTFULLY SUBMITTED:

Sheri Fletcher,
Committee Secretary

APPROVED BY:

Senator Debbie Smith, Chair

DATE: _____

<u>EXHIBITS</u>				
Bill	Exhibit		Witness / Agency	Description
	A	2		Agenda
	B	6		Attendance Roster
	C	21	Jeffrey Ferguson	Closing List #6
	D	2	Christopher Roller	Written Statement
	E	3	Michelle Gorelow	Written Statement
	F	2	Elizabeth Bradshaw Mikula	Written Statement
	G	2	Alison Shuman	Written Statement
	H	1	Dr. Steffan Sernich	Written Statement
	I	1	Bradford L. Therrell	Written Statement
	J	1	Beverly Neyland	Written Statement
	K	6	Christopher Roller	Article: Pulse Oximetry Screening For Critical Congenital Heart Defects in Asymptomatic Newborn Babies: A Systematic Review and Meta-Analysis
	L	2	Christopher Roller	Article: Newborn Screening Program Championed at VU Helps save Boy
	M	6	Christopher Roller	Article: Missed Diagnosis of Critical Congenital Heart Disease
	N	2	Rudy Malfabon	Written Testimony
S.B. 475	O	2	Craig Stevens	NSEA Proposed Amendment to SB 475