

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-Eighth Session
May 19, 2015**

The Committee on Ways and Means was called to order by Chair Paul Anderson at 8:12 a.m. on Tuesday, May 19, 2015, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman Paul Anderson, Chair
Assemblyman John Hambrick, Vice Chair
Assemblyman Derek Armstrong
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Irene Bustamante Adams
Assemblywoman Maggie Carlton
Assemblywoman Jill Dickman
Assemblyman Chris Edwards
Assemblyman Pat Hickey
Assemblywoman Marilyn K. Kirkpatrick
Assemblyman Randy Kirner
Assemblyman James Oscarson
Assemblyman Michael C. Sprinkle
Assemblywoman Heidi Swank
Assemblywoman Robin L. Titus

GUEST LEGISLATORS PRESENT:

Assemblyman Richard Carrillo, Assembly District No. 18

Minutes ID: 1281



STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Stephanie Day, Principal Deputy Fiscal Analyst
Linda Blevins, Committee Secretary
Cynthia Wyett, Committee Assistant

Following the call of the roll, Chair Anderson opened the hearing for public comment. There being none, Chair Anderson closed the hearing for public comment and opened the hearing for Assembly Bill (A.B.) 203 (1st Reprint).

Assembly Bill 203 (1st Reprint): Revises provisions pertaining to short-term lessors of vehicles. (BDR 43-572)

Assemblyman Richard Carrillo, Assembly District No. 18, introduced Joshua Hicks, representing Enterprise Holdings.

Mr. Hicks stated that Assembly Bill (A.B.) 203 (1st Reprint) had been previously presented to the Assembly Committee on Transportation. Mr. Hicks explained that the bill had three functions:

1. The bill clarified that a governmental services fee of 10 percent of the total amount of the cost of the rental car did not apply to other fees or taxes. For example, if the total cost of a rental car cost was \$10 and that total included a \$1 fee, the additional 10 percent fee would be charged on \$9.
2. The bill clarified that the governmental services fee was not applicable for government rentals.
3. The bill amended *Nevada Revised Statutes* (NRS) 683A.221 by removing the word "passenger" to allow rental companies to provide insurance for motorcycle rentals.

Mr. Hicks pointed out that the bill would become effective on July 1, 2015.

Chair Anderson confirmed that the bill would clearly define the statutes to avoid the collection of compounded taxes. He was curious to know whether further clarification would be necessary.

Mr. Hicks believed that A.B. 203 (R1) provided sufficient language to clarify the collection of fees.

Assemblywoman Kirkpatrick commented that there had been some confusion about the bill when it was presented to the Assembly Committee on Transportation; however, with the amendments included, she believed the bill clarified the statutes, and Mr. Hicks agreed.

Assemblywoman Carlton questioned whether the fee would be charged to someone using a personal credit card when traveling on behalf of the state.

Mr. Hicks thought that if the person were traveling in performance of state duties, no fee would be charged.

Assemblywoman Carlton inquired how the rental clerk would know whether the person was traveling for business or pleasure.

Mr. Hicks believed the procedures that were currently in place with car rental agencies would cover that situation. The tax would not be charged to someone traveling on state business whether or not a state credit card was used.

According to Assemblywoman Kirkpatrick, these procedures had been discussed during the hearing in the Assembly Committee on Transportation. Typically, the car rental clerk would inquire whether the travel was personal or business-related.

Assemblyman Sprinkle pointed out the fiscal note was zero for this bill. In the example used earlier, Mr. Hicks explained the governmental services fee would be charged on \$9 of the \$10 rental charge. Assemblyman Sprinkle asked whether there would be a fiscal impact from the \$1 remaining.

Mr. Hicks explained that he could only speak for Enterprise Holdings, but that the extra \$1 had not been counted resulting in the zero fiscal note. There was no money collected.

Sumiko Maser, Deputy Director, Administrative Services, Department of Taxation, was unclear about the example used by Mr. Hicks; however, the agency had submitted a zero fiscal note for this bill. She explained that the agency could not speculate how much it would have collected if the fee had been included.

There being no additional comments or questions from the Committee members, Chair Anderson opened the hearing for testimony in support of A.B. 203 (R1).

There being no testimony in support of A.B. 203 (R1), Chair Anderson opened the hearing for testimony in opposition to or neutral on the bill. There being

none, Chair Anderson closed the hearing for A.B. 203 (R1) and opened the hearing on Assembly Bill 221 (1st Reprint).

Assembly Bill 221 (1st Reprint): Revises provisions relating to data concerning pupils. (BDR 34-147)

Assemblyman Randy Kirner, Assembly District No. 26, presented Exhibit C, the proposed amendment 7104 to Assembly Bill (A.B.) 221 (1st Reprint). The bill was passed by the Assembly Committee on Education and was rereferred to the Assembly Committee on Ways and Means. Subsequently, all fiscal notes had been removed from the bill.

Assemblyman Kirner explained that the language had been revised in the proposed amendment (Exhibit C) to change the word "elements" to the word "categories." This change was the result of meeting with attorneys, Washoe County School District, Clark County School District, Department of Education, and the Legislative Counsel Bureau.

The intent of the bill was to allow the Department of Education to establish, publish, and make publicly available an index of categories of data. Future Legislatures could make appropriate changes to prohibit commercialization of all data collected and to create transparency for parents and others.

Chair Anderson inquired about the removal of paragraphs (b) and (c) under section 4, subsection 1 of the bill.

Assemblyman Kirner responded that the data was used in a number of ways. For example, if a student scored the maximum of 36 points on the ACT test, prestigious colleges might be interested in recruiting the student. In such cases, the colleges would obtain the student's score from the high school for a fee. In addition, schools sometimes sold photos to a parent, which was considered commercialization. It was important to maintain privacy and security for this type of contract.

Chair Anderson asked whether the fiscal cost was eliminated because there was the assumption that privacy could be protected with existing technology.

Assemblyman Kirner believed that was the case. The contract would be the key to protecting the data. The bill required that the contract address individually identifiable data and security.

Assemblywoman Carlton requested clarification regarding school photo security covered under A.B. 221 (R1). There were private companies contracted to take

class and individual photos. She wondered whether that section was removed from this bill.

Assemblyman Kirner explained that a contract was required for school photography. The contract must address the rights and responsibilities of the contractor, as well as marketing policies. Marketing for a school photographer was limited to the family and their children. The bill would maintain student data privacy. Assemblyman Kirner stated that data should not be commercialized inappropriately.

Assemblywoman Benitez-Thompson supported A.B. 221 (R1) and believed it was a reasonable approach to protecting student data.

There being no additional comments or questions from the Committee, Chair Anderson opened the hearing for testimony in support of A.B. 221 (R1).

Mendy Elliott, representing ACT, Inc., provided a letter of support from Scott Montgomery, Vice President, ACT, Inc. ([Exhibit D](#)). She testified that the bill provided a roadmap for compliance for entities striving to be responsible partners with school districts.

Lindsay Anderson, Government Affairs Director, Washoe County School District, testified in support of A.B. 221 (R1). The District had encouraged parents to review the student data available and become familiar with the Infinite Campus Parent Portal.

Nicole Rourke, Executive Director, Community and Government Relations, Clark County School District, testified in support of A.B. 221 (R1). Ms. Rourke had worked closely with Assemblyman Kirner preparing the legislation.

Patrick Gavin, Director, State Public Charter School Authority, testified in support of A.B. 221 (R1). He believed the bill was an excellent balance between privacy and transparency.

Kathleen A. Conaboy, representing K-12, Inc., and Infinite Campus Parent Portal, supported A.B. 221 (R1). The bill differentiated the various levels of data collected. Ms. Conaboy had been part of Assemblyman Kirner's working group developing the legislation.

Parker Stremmel, representing Lifetouch National School Studios, Inc., testified in support of A.B. 221 (R1).

John Wagner, State Chairman, Independent American Party, testified in support of A.B. 221 (R1). The bill protected both students and parents.

Mary Pierczynski, Ed.D., representing Nevada Association of School Superintendents, testified in support of A.B. 221 (R1). The fiscal notes had been withdrawn.

Jamie L. Winter, representing Nevada Connections Academy, testified in support of A.B. 221 (R1).

Seth Rau, representing Nevada Succeeds, testified in support of A.B. 221 (R1).

Dale A.R. Erquiaga, Superintendent of Public Instruction, Department of Education, supported A.B. 221 (R1). The Department had put many of the requirements of the bill in place over the past year. There was no fiscal impact.

Marla McDade Williams, on behalf of John Griffin, representing Amazon.com, expressed support for A.B. 221 (R1).

There being no further testimony in support of A.B. 221 (R1), Chair Anderson requested testimony in opposition to or neutral on the bill. There being none, Chair Anderson closed the hearing on A.B. 221 (R1) and opened the hearing on Assembly Bill 332 (1st Reprint).

Assembly Bill 332 (1st Reprint): Makes various changes concerning government purchasing and bidding. (BDR 28-256)

Assemblywoman Marilyn K. Kirkpatrick, Assembly District No. 1, presented Assembly Bill (A.B.) 332 (1st Reprint) to the Committee along with a proposed amendment ([Exhibit E](#)). The bill addressed a problem regarding the collection of sales tax. There had been a decrease in sales tax revenue across the state over the past few years. Investigation discovered that many local governments were using their tax-exempt status to purchase construction materials outside of their own counties. The legislative intent of the tax-exempt status was for such things as paper products, not construction materials. Working with the Office of the Governor and the Department of Taxation during the interim, this bill was written to define the legislative intent of the tax-exempt status.

Richard Daly, representing Local 169, Laborers International Union of North America, explained that local governments had always been tax exempt; however, there had been a case at the federal level in 1982 involving a contractor purchasing construction materials and claiming a tax-exempt

status. The U.S. Supreme Court said that unless the construction company was a constituent part of the local government, the sales tax must be paid. In 1985, the Nevada Legislature passed a measure stating that a construction company buying materials for a project must pay sales tax unless it was a constituent part of the local government. However, on certain jobs the local government entities purchased construction materials directly and used the tax-exempt status. This bill would close the loophole that allowed this practice.

Mr. Daly noted that section 1 of the bill said that construction materials could not be purchased with the sales tax-exempt status unless by a constituent part of the public body. During the hearing of this bill before the Assembly Committee on Government Affairs, exemptions were presented regarding purchase and storage of safety equipment. The exemptions were approved and had been included in the proposed amendment ([Exhibit E](#)) in section 1, subsection 7, paragraph (b).

Mr. Daly pointed out that section 2.5, subsection 1 clarified the construction of buildings for the Nevada System of Higher Education (NSHE). All of the NSHE projects would be defined as a public work.

Chair Anderson requested additional information on fiscal notes attached to the bill.

Assemblywoman Kirkpatrick answered that the state relied on the 2 percent collected from the sales tax. The 2 percent was collected and put into the State General Fund. In addition, 2.6 percent of the sales tax was added to the local school support tax (LSST). She believed this bill would provide additional income for the state and ensure the legislative intent was clear.

There being no questions from the Committee members, Chair Anderson requested testimony in support of A.B. 332 (R1).

Scott Gilles, representing the City of Reno, testified in support of A.B. 332 (R1). Mr. Gilles was appreciative of Assemblywoman Kirkpatrick's work with the cities on the carve-out of the items cities purchased for inventory. Mr. Gilles was not directly involved with the discussions in preparing the bill; his colleagues in the City of Henderson also expressed appreciation of the assistance provided by Assemblywoman Kirkpatrick with the carve-out portion.

Chair Anderson asked for clarification on the carve-out piece of the bill.

Mr. Gilles explained that the City of Henderson had specific problems related to light poles purchased under the tax-exempt status. The light poles were

warehoused to be available for quick replacement. The City of Reno had similar items that were purchased in bulk with the tax-exempt status and stored until needed. The carve-out addressed these and other items.

There being no additional testimony in support, Chair Anderson requested testimony in opposition to A.B. 332 (R1).

Mary Walker, representing Carson City, Douglas County, Lyon County, and Storey County, testified in opposition to A.B. 332 (R1). She stated that the counties had a different viewpoint. For example, if Douglas County was building a community center and the materials required were not available in Douglas County, the materials might be purchased in Washoe County. The supplemental city-county relief tax (SCCRT) and the basic city-county relief tax (BCCRT) totaled 2.25 percent of the retail price, but were assessed at the point of transfer of title, not in Washoe County. In this example, Washoe County did not lose sales tax; however, Douglas County lost the sales tax.

Ms. Walker was concerned about the policy that required governments to pay taxes with taxes. There was an expectation that sales tax was used to provide public services; however, under A.B. 332 (R1) the sales taxes collected by local governments were used to pay taxes.

Ms. Walker believed the rural counties would be the most affected by the bill because of the lack of capital improvement funds. Counties purchased the construction materials so they did not have to use their limited funds to pay sales taxes on those materials. The federal government does not have to pay sales taxes on construction projects or office supplies in Nevada. Therefore, Ms. Walker was uncertain why construction materials were charged a tax.

Darren L. Schulz, P.E., Public Works Director, Carson City, testified in opposition to A.B. 332 (R1). The bill would hinder the Carson City Public Works Department when a construction project required a long lead-time. Often a government entity could get the materials faster than the contractor could. Mr. Schulz explained that a recent project required an alternative delivery method, the Construction Manager at Risk (CMAR) method. Carson City received bids that were higher than it could afford. One alternative for the city was to purchase materials directly using the tax-exempt status to save nearly \$150,000. This allowed Carson City to continue with the project. Carson City prepurchased and stored the materials because the project required an exceptionally long lead-time.

Consequently, Mr. Schulz said he opposed the bill and could not see it as closing a loophole. When purchasing fleet vehicles, the exempt tax status was used. He wondered where the determination should be made as to what was or was not taxed. He believed this bill would result in paying double taxes.

It appeared to Assemblyman Sprinkle that when a project was identified, it went out for bid and Carson City would decrease the bid by purchasing the construction materials for the contractor using the tax-exempt status to save money.

Mr. Schulz confirmed that was correct. Approximately 75 percent of projects were accomplished in this manner. The remaining 25 percent of the projects were specialized and required advance purchase of materials. Using the CMAR method was an example. Carson City had greater purchasing power that could be used to gain an advantage.

Assemblyman Sprinkle believed that was disingenuous and that it was unnecessary to prepurchase materials and that Carson City was doing this as a cost-saving measure.

Assemblyman Sprinkle asked whether Mr. Schulz believed that since the 1980s, the reason for giving the tax exemptions was to benefit and lower the cost of projects for the cities. He wondered whether Carson City believed that the reason the Legislature granted the exemptions was to purchase products for private contractors.

Ms. Walker responded that the materials were not purchased for the private contractors. Materials were purchased for local government projects. She was not aware of the public policy from the 1980s. All of the projects were bid and built in compliance with state law. Various district attorneys had confirmed the legality and nothing was improper. There were times when materials had to be purchased in advance. Ms. Walker believed there was a fiduciary responsibility, and local government should spend judiciously.

Assemblyman Armstrong opined this was a type of double-dipping, although he could understand that it was a county cost-saving measure. The county was saving money, but the state received less money for the State General Fund; however, the county still wanted the state to fund projects.

Mr. Schulz explained the counties received small amounts for capital improvement projects, such as water and sewer, from the state.

Assemblyman Armstrong replied that the state provided more for the counties than capital improvement project funding. The bottom line was that the state received less money, but the counties still expected the state to fund projects. In his opinion, if the counties wanted to offset the cost savings, the county should expect the same offset from the state when it came to funding other projects.

Ms. Walker pointed out that this exemption also affected schools. At times, the schools used the same mechanism the counties used with regard to purchasing materials. If the bill passed, schools would be required to pay the 7 percent or 8 percent sales tax to the counties and cities. The water and sewer lines were provided by the counties for school construction; however, with the passage of this legislation, the construction costs would include the 7 percent or 8 percent sales tax.

Assemblywoman Carlton thought that the problem could be broken down simply. Everyone paid sales tax for the benefit of the public to access the resources needed. When sales taxes were paid in a county, the money went to that school district. The school district would come to the state when money was needed for a project. The counties wanted to be exempted from paying the 2 percent, but still wanted the same amount from the State Distributive School Account (DSA) for each student. The county did not want to participate at the same level as other entities but expected to receive the same level of support. She believed that the county public works should be paying the same amount because they wanted the same level of services. When the DSA was funded for all of the students, the rural areas were favored because the Legislature understood more money was required to support the education of rural students.

Assemblyman Hickey thought this was an interesting discussion. He had cosponsored A.B. 332 (R1). This Committee had dealt with the decision of whether or not the University of Nevada, Las Vegas (UNLV) should manage its own construction projects and save on the purchase of certain construction materials.

Assemblyman Hickey had questions regarding the testimony given by Carson City Public Works. He requested additional information regarding contractor markup of materials purchased for projects.

Mr. Schulz replied that typically the bids from contractors listed overhead and profit margin, usually between 4 and 10 percent. In a case where the county purchased an item for the contractor directly from the manufacturer, there was a significant savings.

Assemblyman Hickey asked whether Carson City Public Works would agree that it was unethical to use their tax-exempt status to purchase equipment for a contractor.

Mr. Schulz agreed, but noted that there was no equipment purchased for a private contractor, only materials for a specific project for the county.

Assemblywoman Dickman commented that if the county had the infrastructure for a county building, the materials purchased would not be taxable; however, if a contractor purchased the same materials for the same project, it would be taxable. Mr. Schulz agreed.

Assemblywoman Dickman thought the penalty stated in the bill—twice the amount of the applicable taxes or \$250,000—was excessive; Mr. Schulz agreed.

Assemblywoman Benitez-Thompson asked how long Carson City had been purchasing materials for contractors to save on the sales tax costs.

Mr. Schulz responded that it had been at least 20 years. About 75 percent of the projects, including purchase of materials, were handled by a contractor. About 25 percent of the projects were unique, and it had been advantageous for Carson City to purchase the materials.

Assemblywoman Benitez-Thompson believed one of the major questions had been whether this was a shift in legislative intent. As a legislator, she had learned that a few entities had started using this as a best practice. The result was a reduction in the amount of General Fund dollars. She was concerned about the appearance that the Legislature was reversing a policy that had been accepted practice since the 1980s. During the recession, everyone was trying to cut costs; however, since the economy had improved, it was time to reevaluate the situation.

Jim Endres, representing the Reno-Tahoe Airport Authority, testified in opposition to A.B. 332 (R1). Section 1, subsection 1 of the bill stated that it applied to all public entities. The Reno-Tahoe Airport Authority was such an entity, and the bill applied to it. There were other governmental entities that received a distributive share of the state consolidated sales tax and paid taxes through their public works projects.

Mr. Endres explained that a quasi-governmental body was not in the same situation as other county or city local governmental entities. The Reno-Tahoe Airport Authority was established by the Legislature and was

self-sustaining. It was an essential element of commerce and used its own fee structure. It did not receive any sales tax distribution from the state. There were enterprises within its service jurisdiction such as shops, restaurants, and other entities. All of these enterprises generated substantial revenues for the state through sales tax. However, what the Legislature was addressing was the process where a governmental body would not pay taxes for a project or an element of a project, but would receive a guaranteed distribution from the state sales tax.

In the opinion of Mr. Endres, the problem with the bill was the effect on the cost of conducting business. Section 1, subsection 2, paragraph (b) in the proposed amendment ([Exhibit E](#)) stated that a public body must send an itemized list of the construction materials. When the Reno-Tahoe Airport Authority authorized a contract for construction, taxes were paid. If a specialized item was required that the contractor did not have the knowledge to purchase, the governmental body would purchase that item. In that case, the part would be provided to the contractor for installation. The bill would impose a criminal charge for being prudent with government funds. There was a fiduciary responsibility for these governmental bodies. The information had to be presented to the Office of the Attorney General to determine to what extent charges should be pursued.

According to Mr. Endres, page 3 of A.B. 332 (R1), lines 34 through 40, described the purpose of the bill as netting sales taxes distributed to a governmental body that received such consolidated sales tax against the tax savings made through an acquisition using tax-exempt status. In the case of a quasi-governmental body, there was no such netting because it did not receive a distribution from the consolidated sales tax.

Mr. Endres said that he was aware of attempts to correct this; however, he was uncertain whether attempts had been made to correct it relative to the unique situation of a quasi-governmental body. Quasi-governmental bodies were tasked with carrying out their purpose in the most efficient and prudent way.

Mr. Endres stated that he had a conceptual amendment to offer, which was that the bill only applied to any entity that sought to receive a distributive share of the sales tax from the state. If that was not the problem, there should be discussions regarding the purpose of A.B. 332 (R1).

Steve Walker, representing Truckee Meadows Water Authority (TMWA), expressed opposition to A.B. 332 (R1). Mr. Walker agreed with Mr. Schulz and was opposed for many of the same reasons. It was important to ensure materials were available when they were required so as not to delay a critical

project. Specialty items were typically purchased prior to putting the job up for bid, and no sales taxes were paid for those items.

Joan Hall, representing Nevada Rural Hospital Partners Foundation, testified in opposition to A.B. 332 (R1). Seven rural hospital district members of the Foundation were supported by tax dollars. Those hospitals had recognized about a 20 percent savings by purchasing specialized items in construction projects, whether medical gas meters, specialized lighting fixtures, or other items. Ms. Hall believed that the hospitals were not attempting to circumvent paying sales tax, but recognized a savings when contractors typically charged a 10 percent surcharge plus sales tax. Hospitals had discovered a savings that could be reinvested in local community hospitals.

Chair Anderson inquired whether there was a carve-out in the proposed amendment for specialty items such as those used in hospitals. Ms. Hall had not seen the proposed amendment ([Exhibit E](#)) and was not able to comment.

There being no additional testimony in opposition to the bill, Chair Anderson requested anyone neutral on the bill to come forward.

Sumiko Maser, Deputy Director, Administrative Services, Department of Taxation, testified that the Department was neutral on A.B. 332 (R1) and had submitted a fiscal note. She noted the expenses were zero and any administrative costs could be absorbed. There was insufficient information to forecast whether the bill would affect the Department; however, she anticipated an increase in revenue.

Joyce Haldeman, Associate Superintendent, Clark County School District, was neutral on the bill and the school district was in compliance. The submitted fiscal note described what the savings would have been had the school district not complied with the bill.

Jeff Fontaine, Executive Director, Nevada Association of Counties (NACO), testified as neutral on the bill. Mr. Fontaine stated that he had not had an opportunity to review the proposed amendment ([Exhibit E](#)). The legislation would affect the counties in various ways. Many of the rural governments had limited public works dollars and limited tax revenue. Mr. Fontaine did not view the bill as a loophole or circumvention. There were circumstances when government-furnished equipment or supplies were necessary. He believed the key was to allow local governments to make tax-exempt purchases when appropriate or necessary. From a fiscal standpoint, he was aware that many people believed this had an effect on the State General Fund and the services provided by the state to the counties.

Assemblywoman Benitez-Thompson believed there was an inconsistent application of tax policy across the state. This was not a fair tax policy because of an ambiguity in the law. There needed to be a consistent policy, and the intent should be clarified. Mr. Fontaine agreed.

Assemblywoman Carlton stated that she had a better understanding of the bill following all of the testimony and was supportive of the intent.

Assemblywoman Kirkpatrick advised that the Legislature contributed to every entity in the state. Some entities testifying in opposition to the bill existed because they were created by the Legislature. The quasi-governmental entities did not get a portion of the sales tax, but the Legislature provided other help to keep them functioning. She explained that with the inclusion of the amendment in section 1, subsection 7 of [Exhibit E](#), the allowance for specialty items was authorized. She pointed out that the entities could not complete projects unless the state, for example, provided them revenue to pay for the roads. The 2.6 percent of the collected sales tax provided school funding for the benefit of the state's children. She was adamant that any good tax policy met opposition, but legislators had a responsibility to the state to ensure the state provided for its citizens.

Richard Daly, representing Local 169, Laborers International Union of North America, commented that the two carve-outs were included in section 1, subsection 7 of the proposed amendment ([Exhibit E](#)), and the second carve-out applied to Chapter 332 of *Nevada Revised Statutes* (NRS), which covered state and local government purchasing. If, for instance, a traffic pole needed emergency replacement, it could be completed using a warehoused pole. These types of replacement objects had been purchased under tax-exempt status for many years. He believed all of the carve-outs were covered in the proposed amendment.

There being no additional testimony on the bill, Chair Anderson closed the hearing on A.B. 332 (R1) and opened the hearing on Assembly Bill 466.

Assembly Bill 466: Revises provisions relating to the repayment of loans or other distributions of money made from the Renewable Energy Account to an officer or employee of the State. (BDR 23-1154)

Paul Thomsen, Director, Office of Energy, Office of the Governor, provided an overview of Assembly Bill (A.B.) 466 and presented a fact sheet on the Direct Energy Assistance Loan (DEAL) program ([Exhibit F](#)). The bill authorized a payroll deduction for state employees who chose to purchase energy efficiency upgrades for their homes. Under section 1 of the bill,

the Department of Administration was allowed to implement payroll deductions for charitable organizations, employee credit unions, employee organizations, and labor organizations. To allow the DEAL program to be eligible for a payroll deduction, section 1, subsection 1, paragraph (b) had been added to the bill. Section 2, subsection 5, paragraph (b) was added to cover the Legislature or employees of the Legislative Counsel Bureau (LCB). Section 3, subsection 6, paragraph (b) required the Department of Administration to create the procedure for payroll deduction system.

Mr. Thomsen referenced the DEAL program ([Exhibit F](#)) and described the objectives:

1. Create an incentive program for state employees with more than 12 months of service, who were in the Nevada Employee Action and Timekeeping System (NEATS), who were without debt to the state, who were customers of NV Energy, and who were able to provide proof of home ownership.
2. Allow the Governor's Office of Energy to meet the objective of reducing energy consumption throughout the state.

Mr. Thomsen explained that up to \$6,000 would be made available to state employees—interest free—to make certain energy efficient improvements to their homes. The loan could be paid back through a payroll deduction not to exceed \$100 per month.

Chair Anderson noted that [A.B. 466](#) was a companion bill to decision unit Enhancement (E) 225 in budget account 4869, and it had been approved.

Assemblywoman Carlton commented that the LCB employees had been added into the bill. She stated that state retirees should also be able to take advantage of this program because many lived in older homes that were not energy efficient. In her opinion, this group should be included in the bill.

Mr. Thomsen anticipated that between 200 to 400 employees would be accommodated with the available funding. There were about 17,000 state employees, and he hoped the program proved successful. This was a pilot program that would determine whether more funding would be put into the program. The LCB employees were not included in NEATS; therefore, section 2, subsection 5, paragraph (b) was added. He was hopeful that the retirees could be included later if the program was successful.

Chair Anderson requested testimony in support of [A.B. 466](#).

Andrew Zaninovich, representing the Nevada Conservation League, testified in support of the measure.

There being no additional testimony in support of A.B. 466, Chair Anderson requested closing remarks.

In closing, Mr. Thomsen expressed his appreciation to the Department of Administration, the Office of the State Controller, and the Nevada Housing Division, Department of Business and Industry. The assistance of these agencies was crucial to the success of the program. This would be a first-of-its-kind program in the nation to help with reducing energy consumption.

Chair Anderson requested testimony in opposition to or neutral on the bill. There being none, Chair Anderson closed the hearing for A.B. 466 and opened the hearing for Senate Bill 429 (1st Reprint).

Senate Bill 429 (1st Reprint): Makes a supplemental appropriation to the State Distributive School Account for a shortfall resulting from an unanticipated increase in K-12 enrollment for the 2013-2014 and 2014-2015 school years. (BDR S-1231)

Mindy Martini, Deputy Superintendent, Business and Support Services, Department of Education, explained Senate Bill (S.B.) 429 (1st Reprint). The bill, as amended, requested \$62,026,744 in State General Funds to support an unanticipated shortfall in the State Distributive School Account (DSA) in the current fiscal year (FY). The shortfall resulted from an unanticipated increase in enrollment from three areas:

1. Unexpected increase in enrollment of over 9,000 students in the current fiscal year.
2. Hold-harmless enrollment of over 3,000 students in the current fiscal year.
3. Unexpected increase in FY 2014 of over 3,000 students resulting in a transfer of State General Funds from the current fiscal year to the previous fiscal year.

The original projected need for this supplemental appropriation was approximately \$77.4 million; however, based on updated revenue and adjustments for audited enrollment figures of about 300 students and updated

funding adjustments for Eureka and Lander Counties, the need for the supplemental General Fund appropriation was reduced by about \$15.4 million.

There being no comments or questions, Chair Anderson opened the hearing for testimony in support of, opposition to, or neutral on S.B. 429 (R1). There being no testimony, Chair Anderson closed the hearing on S.B. 429 (R1) and opened the hearing on Senate Bill 490 (1st Reprint).

Senate Bill 490 (1st Reprint): Requires the transfer of certain money from the Account to Stabilize the Operation of the State Government to the State General Fund. (BDR S-1213)

Jim R. Wells, CPA, Interim Director, Department of Administration; and Interim Chief, Budget Division, Department of Administration, provided the Committee with a brief overview of Senate Bill 490 (1st Reprint). This was the second of three bills submitted to shore up the 2015 ending fund balance: Senate Bill 505 had passed both houses, and the Senate Committee on Finance was reviewing Senate Bill 506 (1st Reprint).

The first reprint of Senate Bill 490 (1st Reprint) transferred the balance of \$28,061,106 currently in the Account to Stabilize the Operation of State Government, commonly referred to as the rainy day fund, to the State General Fund.

There being no comments or questions, Chair Anderson requested testimony in support of S.B. 490 (R1). There being no testimony, Chair Anderson requested testimony either opposing the bill or in a neutral position on the bill. There being no testimony, Chair Anderson closed the hearing on S.B. 490 (R1).

Chair Anderson pointed out that to process the supplemental appropriation bills, he needed a motion to suspend Rule No. 57 of Assembly Resolution 1.

ASSEMBLYMAN KIRNER MOVED TO SUSPEND RULE NO. 57 OF
ASSEMBLY RESOLUTION 1.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION PASSED. (Assemblyman Edwards was not present for the vote.)

At the request of Chair Anderson, Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, provided a brief overview of Senate Bill 429 (1st Reprint). The bill made a supplemental appropriation to

the State Distributive School Account of \$62,026,744 for a shortfall resulting from unanticipated increases in K-12 enrollment for the 2013-2014 and 2014-2015 school years. It also covered the hold-harmless provisions. Following an audit of the student count, an adjustment to the needed amount was made.

There being no comments or questions, Chair Anderson requested a motion.

ASSEMBLYWOMAN CARLTON MOVED TO DO PASS
SENATE BILL 429 (1ST REPRINT).

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION PASSED. (Assemblyman Edwards was not present for the vote.)

At the request of Chair Anderson, Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, provided a brief overview of Senate Bill 490 (1st Reprint). The bill required the transfer of \$28,061,106 from the Account to Stabilize the Operation of the State Government, commonly referred to as the rainy day fund, to the State General Fund for unrestricted use. The bill was submitted in an effort to support the fund balance for fiscal year 2015, which was lower than previously projected.

There being no comments or questions, Chair Anderson requested a motion.

ASSEMBLYMAN ARMSTRONG MOVED TO DO PASS
SENATE BILL 490 (1ST REPRINT).

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION PASSED. (Assemblyman Edwards was not present for the vote.)

Assemblywoman Carlton commented that she was hopeful this type of measure would not be required in the future.

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Chair Anderson opened the hearing for public comments. There being no comments or questions, Chair Anderson adjourned the hearing at 10:16 a.m.

RESPECTFULLY SUBMITTED:

Linda Blevins
Committee Secretary

APPROVED BY:

Assemblyman Paul Anderson, Chair

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Ways and Means

Date: May 19, 2015

Time of Meeting: 8:12 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 221(R1)	C	Assemblyman Randy Kirner, Assembly District No. 26	Proposed Amendment 7104
A.B. 221(R1)	D	Mendy Elliott, representing ACT, Inc.	Letter of support from Scott Montgomery, Vice President of ACT, Inc.
A.B. 332(R1)	E	Assemblywoman Marilyn K. Kirkpatrick, Assembly District No. 1	Proposed Amendment 6841
A.B. 466	F	Paul Thomsen, Director, Office of Energy, Office of the Governor	Direct Energy Assistance Loan Program Fact Sheet