

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

**Seventy-Eighth Session
March 16, 2015**

The Committee on Ways and Means was called to order by Chair Paul Anderson at 9:04 a.m. on Monday, March 16, 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 Michael C. Sprinkle
Assemblywoman Robin L. Titus

COMMITTEE MEMBERS EXCUSED:

Assemblyman James Oscarson
Assemblywoman Heidi Swank



STAFF MEMBERS PRESENT:

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

Following call of the roll, Chair Anderson opened the hearing for public comment. There was none. Chair Anderson advised the Committee that the purpose of the hearing was to discuss Assembly Bill 265.

Assembly Bill 265: Makes a supplemental appropriation to the Nevada Supreme Court for unexpected expenses related to the Commission on Judicial Selection. (BDR S-1257)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, testified that Assembly Bill (A.B.) 265 was introduced in the Committee on March 11, 2015. The bill made a supplemental appropriation to the Nevada Supreme Court for unexpected expenses related to the Commission on Judicial Selection. The Judicial Branch was requesting the supplemental appropriation of \$5,000 for budget account (BA) 1498, Judicial Selection. The appropriation was not included in The Executive Budget.

Ms. Jones explained that the request was the result of three district court judges being elevated to the new Nevada Court of Appeals in January 2015. Three new district court judges were being selected to fill those vacancies. The first selection process was conducted in March 2015 for the seat in Douglas County. The candidates for the selection process were vetted, and the names of the three finalists were forwarded to the Governor for consideration. The remaining two seats were located in Las Vegas. The Judicial Branch was scheduled to vet approximately 30 applicants and would provide the Governor with the names of the finalists for each seat.

According to Ms. Jones, the Judicial Branch believed that the \$10,364 available in BA 1498 was insufficient to pay expenses to complete the process and reimburse the commission members for their commission pay, travel, and per diem. Therefore, A.B. 265 was presented for legislative approval.

Chair Anderson opened discussion on A.B. 265.

Assemblywoman Kirkpatrick asked whether the funding for BA 1498 would be increased for future needs.

Ms. Jones responded that BA 1498 was currently funded at \$25,432. The supplemental appropriation was an extraordinary case. The funds would cover expenses for processes underway and one more process during the current fiscal year.

Deanna Bjork, Manager of Budgets, Administrative Office of the Courts, explained that the Judicial Selection budget was estimated based on a projected number of processes to be held each year. The number of applicants for each process drove the estimated cost. In this case, the projections were conservative. For the future, a budget request of \$15,637 for each fiscal year was submitted. The court did not know whether any processes would be held, but unexpended funds would be reverted to the State General Fund.

Ms. Jones noted for the Committee that requests of this nature received during the interim would be submitted to the Interim Finance Committee for funding from the Contingency Account. However, because of statutory provisions, the request was submitted to the Legislature as a supplemental appropriation.

In response to Chair Anderson's inquiry about why there had been a shortfall in BA 1498, Ms. Bjork said that the projected costs were conservative. It was difficult to predict how many processes or applicants there would be in a fiscal year. If there was an unforeseen process before June 30, 2015, Ms. Bjork did not know whether the \$5,000 appropriation would be sufficient.

Chair Anderson requested moving A.B. 265 out of the Committee immediately, if possible. He explained that the Committee needed a unanimous vote of the members present to suspend Rule No. 57 of [Assembly Resolution 1](#): "Absent unanimous consent to waive the waiting period, a committee may not take final action on a bill or resolution until at least 24 hours after the close of the hearing on the bill or resolution."

ASSEMBLYMAN EDWARDS MOVED TO SUSPEND RULE 57 OF
ASSEMBLY RESOLUTION 1.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Oscarson and Swank were not present for the vote.)

Ms. Jones conducted the work session for A.B. 265, a supplemental appropriation to the Nevada Supreme Court for unexpected expenses related to the Commission on Judicial Selection.

ASSEMBLYMAN KIRNER MOVED TO DO PASS
ASSEMBLY BILL 265.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

Assemblywoman Titus said although she was frustrated that this had occurred, the selection process needed to be thorough and she encouraged thoroughness.

Chair Anderson asked whether there were additional comments or questions from the Committee. There being none, he requested a vote on the motion.

THE MOTION CARRIED. (Assemblymen Oscarson and Swank were not present for the vote.)

Chair Anderson moved to the next order of business, the discussion of the process for budget closings.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, advised the Committee that on March 23, the staff budget closings would begin. At the same time, the Committee would continue to hear some budgets.

One type of meeting the Committee could conduct would be the work session for budgets. This differed from work sessions for bills. Ms. Jones explained that a work session for a budget was typically for the larger, more complex budgets, especially those with significant policy discussions. The meetings gave the Committee the opportunity to provide Fiscal staff direction to develop alternatives. For those work sessions, the Committee would be provided documents that contained brief information on the budget. At those meetings, the agency did not provide testimony unless called to the table by the Committee.

Ms. Jones noted that to expedite the process, the Fiscal Analysis Division staff budget closings would be handled prior to closings of larger more complex budgets. This would allow more time to address some of the large enhancements recommended in The Executive Budget. Some staff closings were linked with other budgets and would be closed by the subcommittees.

Fiscal staff would present each budget decision unit to the Committee along with staff recommendations. The Committee would then vote to approve or to approve with changes. Ms. Jones explained that when closing in subcommittee hearings, votes could be taken simultaneously but recorded separately, because each budget had to pass by a majority from both houses. If there were

a difference of opinion, the budget would be taken to full Committee to determine how to resolve the differences. Certain accounts would be held in full Committee, primarily those heard previously in full Committee.

Assemblyman Edwards asked whether the Committee vote was required to be majority or two-thirds majority. Ms. Jones responded that it was a majority vote.

Assemblywoman Kirkpatrick pointed out the goal was to support the budget; consequently, there would need to be discussion among Committee members. She asked Ms. Jones to elaborate.

Ms. Jones explained that there were few closing differences in the 2013 Legislative Session because the subcommittees worked together to determine the direction of individual budget items. Closing differences were primarily in full committee. There were five major bills necessary to put the budget into place:

1. The Appropriations Act
2. The Authorizations Act
3. The Capital Improvement Program
4. The Pay Bill
5. The K-12 Funding Bill

Ms. Jones stated that the K-12 education bill must pass before all other appropriation bills: no other appropriations bill for the upcoming biennium can pass the second house until the K-12 bill passed the second house. There would also be supplemental appropriation and one-shot appropriation bills to hear.

Ms. Jones continued, noting that once the subcommittees had closed a budget, a report was prepared for the full Committee. On behalf of the subcommittee chair, staff would present the report to the full Committee. The entire process was monitored closely by Fiscal Analysis Division staff. On May 1, the Economic Forum would meet and revise the revenue projections for the upcoming biennium. Those projections were used by the Legislature to balance the budget.

Assemblywoman Carlton advised the Committee that it was important to understand that before the closing documents were presented, the subcommittee chairs must reach out to all members of the subcommittees to determine where they were in the process and what the different options

were. When work session documents were presented, the chair would be aware of the members' positions to make the closing expedient.

Ms. Jones encouraged the Committee members to discuss the budgets and the differences to prepare for the closings. The agencies would respond to questions presented to them during the review process. Ms. Jones stated that this information could be very helpful in the decision-making process. In the closing documents, staff would present the information received from the agencies. The Committee made the budget closing decisions; however, staff was available to provide assistance.

Assemblywoman Carlton commented that there could be options other than those presented in work session documents. The Committee members could present their own options.

Ms. Jones added that there was little time to reopen budgets, and she was hopeful it would not be necessary. Budget closings were intense because bills were heard at the same time as the closings.

Assemblyman Sprinkle inquired about policy bills and whether they were automatically referred to the Assembly Committee on Ways and Means.

Ms. Jones responded that it was up to the Chair of the Committee; however, Fiscal staff made recommendations. A fiscal note did not mean there was a fiscal effect. Every bill was reviewed, and a recommendation was made to the Chair. There were 41 bills submitted to implement the budget, including two taxation bills.

Assemblyman Sprinkle wondered whether a bill received an exemption from deadlines if it was referred to the Committee on Ways and Means.

Ms. Jones indicated that was correct. Fiscal staff recommended whether a bill should be eligible for exemption based on the determination that it had the potential to have a fiscal impact. Once a bill was referred to the Assembly Committee on Ways and Means, it became exempt for the remainder of the legislative session. If the bill was not referred to the Committee by the first house deadline, the exemption was not applicable. However, even if the fiscal impact was removed, the exemption remained throughout the legislative session.

Regarding the appropriations bill for staffing, Assemblyman Kirner requested Ms. Jones remind the Committee of the process. Ms. Jones said that moving personnel from classified to unclassified positions was done by decision units

within individual budgets. The subcommittees would make recommendations to the full Committee for approval. As far as recommendations for pay increases, Fiscal staff worked with leadership on those recommendations, and they were presented in the pay bill as a whole.

Ms. Jones continued the presentation with the description of the letter of intent. The Legislature or money committees [Assembly Committee on Ways and Means and Senate Committee on Finance] could issue these letters in conjunction with certain budgetary items. The purpose was to convey the Legislature's intent regarding a program, project, or handling of a certain problem. Items that might warrant a letter of intent required regular reports from a department to the Interim Finance Committee (IFC) on a particular program or project. A letter of intent could be issued for any purpose. The letter required an agency or department to return to IFC at a particular time to report on something that had occurred during the legislative session.

Assemblywoman Carlton commented that a letter of intent was a way to stay in communication with the agencies through the interim. They should be restricted to important items. When the legislative session ended, agencies sometimes forgot their obligations, and a letter of intent could serve as a reminder to an agency regarding their commitment to the budget.

Ms. Jones added that when reviewing closing documents, Fiscal staff could recommend that a letter of intent be issued to the agency. It would be the decision of the legislative body whether to issue the letter.

Ms. Jones explained that technical adjustments to decision units were a part of the budget process. Often additional information would be received, prices changed, or minor errors could occur, necessitating Fiscal staff to make corrections. Ms. Jones asked the Committee to consider a vote making a blanket statement regarding approval of technical adjustments. This would save considerable time for both the Committee and Fiscal staff. The technical adjustments were defined by Ms. Jones as follows:

Certain items pertaining to global closing issues will not be decided this week as closing begins but will be decided later in the process. Within each budget account throughout state government, there are decision units that cannot be closed until the Committee closes certain other accounts that allocate costs. This includes Maintenance (M) 100 decision units for statewide inflation that change various rates paid to internal service agencies, such as Attorney General, state motor pool, Division of Enterprise Information Technology, State Public Works Division, vehicle

insurance, purchase assessment, property and contents insurance, and statewide cost allocation. Generally, these issues will be decided upon once the Committee closes those certain accounts that allocate these costs. Further global decision units that are impacted in this way are M-300s and Enhancement (E) 672, specifically this session, that eliminates longevity pay. Therefore, Fiscal staff requests the Committee grant staff authority to make technical adjustments to these items in the budget accounts as they are closed. Staff generally requests the same authority to make technical adjustments to payroll and personnel assessments, information technology allocation, purchasing assessments, Attorney General cost allocations, billing, rents, vehicle insurance, property and contents insurance, and statewide cost allocation once finalized.

With the permission of the Committee, Ms. Jones requested authorization to make those adjustments without Committee approval on each decision unit.

Assemblywoman Carlton expressed concern regarding the Deputy Attorney General (DAG) portion of the technical adjustments and the cost-control measures as far as the Office of the Attorney General (OAG) changing rates for the DAGs. She believed that was part of the technical adjustments if the rate was changed.

Ms. Jones responded that it was not a specific rate. It was based on the number of hours spent performing work for agencies and a history of hours spent in the prior biennium combined with the projection for the current biennium. If the OAG budget increased as a whole, that was the amount that had to be cost-allocated back. Any internal service fund, whether increased in the OAG, or in staff or equipment brought in by Division of Enterprise Information Technology, Department of Administration, or other agencies, affected the amount charged back. By closing those budgets, the allocations would be adjusted and included throughout the decision units.

Assemblywoman Carlton explained that the Committee would make the first decisions regarding the budget. The Fiscal staff technical adjustments followed the budget throughout the process.

ASSEMBLYWOMAN CARLTON MOVED TO ALLOW FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS TO ALL DECISION UNITS AS NECESSARY DURING THE BUDGET CLOSING PROCESS.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Oscarson and Swank were not present for the vote.)

Ms. Jones pointed out there would be budget-specific technical adjustments that needed the approval of the Committee, such as when the Federal Medical Assistance Percentage (FMAP) rate changed. Another example would be a cost allocation for a specific department.

Assemblywoman Carlton requested Ms. Jones remind the Committee about the time constraints for the budget process.

Ms. Jones explained that the budget bills must be introduced no later than May 27, 2015. It was hoped that all budget differences would be resolved by May 21, 2015. Budget differences would start being resolved on May 4, 2015. The K-12 education bill must pass the second house before all other budget bills.

Assemblyman Edwards wondered if, for some reason, the Governor did not approve the K-12 education bill, whether the process would start again.

Ms. Jones responded that was up to leadership and the Governor to negotiate. No bills containing an appropriation would be approved prior to approval of the K-12 education bill.

Chair Anderson thanked the Fiscal Analysis Division for the hard work during the session. He asked whether there were other comments or questions.

Assemblywoman Dickman asked whether this would be the final week for budget hearings.

Ms. Jones responded that for the most part that would be the case. Some of the budgets would be heard later in the session, such as the State Distributive School Account. Other budgets were being held pending major amendments.

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Chair Anderson requested public comments. There being none, the meeting was adjourned at 10:00 a.m.

RESPECTFULLY SUBMITTED:

Linda Blevins
Committee Secretary

APPROVED BY:

Assemblyman Paul Anderson, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Ways and Means

Date: March 16, 2015

Time of Meeting: 9:04 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster