

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

**Seventy-Eighth Session
April 7, 2015**

The Committee on Ways and Means was called to order by Chair Paul Anderson at 8:07 a.m. on Tuesday, April 7, 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

STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Stephanie Day, Principal Deputy Fiscal Analyst
Jeff A. Ferguson, Senior Program Analyst
Linda Blevins, Committee Secretary
Cynthia Wyett, Committee Assistant

Minutes ID: 786



Following call of the roll, Chair Anderson opened the hearing for public comments. There being none, Chair Anderson closed the hearing for public comments and opened the hearing for the first item on the agenda.

Senate Concurrent Resolution 7: Authorizes the State Public Works Division of the Department of Administration to receive and use federal grant money for the demolition of the field maintenance shop at the Nevada National Guard Henderson Armory. (BDR R-1263)

Evan Dale, Administrator, Administrative Services Division, Department of Administration, provided the Committee with an overview of Senate Concurrent Resolution (S.C.R.) 7. The resolution established the project to demolish the maintenance shop at the Nevada National Guard Henderson Armory. The project would be established in the account of the State Public Works Division, Department of Administration, to receive up to \$111,000 of federal funds. Mr. Dale advised the Committee that this process would normally be handled by the Interim Finance Committee; however, during legislative sessions, such procedures were presented as concurrent resolutions.

Assemblywoman Kirkpatrick inquired whether the work had been completed and the money needed to be moved to the account for payment.

Mr. Dale had mistakenly thought the Nevada National Guard could pay the contractor directly; however, because of federal guidelines, that was not possible.

There being no additional comments or questions from the Committee, Chair Anderson requested public testimony in favor of, opposed to, or neutral on S.C.R. 7. There was no public comment. Chair Anderson closed the hearing on S.C.R. 7.

Chair Anderson suggested the Committee suspend the rules to allow a work session for S.C.R. 7.

ASSEMBLYMAN HAMBRICK MOVED TO SUSPEND RULE NO. 5 OF ASSEMBLY RESOLUTION 1 TO ALLOW A WORK SESSION ON S.C.R. 7.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Oscarson and Titus were not present for the vote.)

Chair Anderson opened the hearing for a work session on S.C.R. 7.

ASSEMBLYWOMAN DICKMAN MOVED TO ADOPT S.C.R. 7.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Oscarson and Titus were not present for the vote.)

Chair Anderson closed the hearing on S.C.R. 7 and opened the hearing for budget closings as listed on the agenda.

COMMERCE & INDUSTRY
MINERALS
MINERALS (101-4219)
BUDGET PAGE MINERALS-5

Stephanie Day, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, reviewed budget account (BA) 4219 for the Division of Minerals, Commission on Mineral Resources. The seven members of the Commission were appointed by the Governor for four-year terms. The Division of Minerals encouraged and assisted in the responsible exploration for and the production of minerals, oil, gas, and geothermal energy. The agency focused on three main areas: industry relations and public affairs; minerals education; abandoned mine lands; and regulation of geothermal, oil, and gas drilling production. The Division was funded primarily through mining claim fees and dangerous mine fees of \$6 and \$2.50, respectively, per mining claim filed. Additionally, funds were received from geothermal fees and oil and gas fees for each barrel of oil produced.

There were no major closing items in this budget account; however, there were other closing items to be addressed.

The first closing item described by Ms. Day was for the sagebrush ecosystem program in decision unit Enhancement (E) 230. This program was presented in the State Department of Conservation and Natural Resources (DCNR) Administration budget (BA 4140) on February 24, 2015. Fiscal Analysis Division staff noted that the transfer of the DCNR Conservation Districts Program was understated by \$5,674 in fiscal year (FY) 2017 in the adjusted base budget. A technical adjustment was made by Fiscal Analysis Division staff to increase the transfer. There was a corresponding technical adjustment in decision unit E-230 to eliminate the additional transfer of funds.

Ms. Day pointed out that the sagebrush ecosystem program was recommended by the Governor to be funded by State General Funds. That decision would be made in both the DCNR Administration and the Conservation Districts Program budgets.

Although there was not a decision required for decision unit E-230, Ms. Day requested the authority to make technical adjustments to reflect the closing decisions made by the Committee in the DCNR Administration and the Conservation Districts Program budgets.

The remaining three closing items addressed by Ms. Day were geographic information system software in decision unit E-225, a virtual server from Enterprise Information Technology Services, Department of Administration, in decision unit E-226, and replacement equipment in decision unit E-710. All of these requests appeared reasonable to Fiscal staff.

Fiscal staff recommended this budget be closed as recommended by the Governor, with the technical adjustments noted and the authority to make additional technical adjustments as necessary.

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

ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE BUDGET ACCOUNT 4219 AS RECOMMENDED BY THE GOVERNOR AND PROVIDE AUTHORITY FOR THE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

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

BUDGET CLOSED.

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**COMMERCE & INDUSTRY
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT
GOED - GOVERNOR'S OFFICE OF ECONOMIC DEV (101-1526)
BUDGET PAGE ECONOMIC DEVELOPMENT-7**

Jeff A. Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), presented budget account (BA) 1526, Governor's Office of Economic Development (GOED). There were five major closing items in this budget.

Mr. Ferguson described the first major closing item for decision units Enhancement (E) 129 and E-225 for two new nonclassified positions funded with State General Fund dollars. In decision unit E-129, one program analyst position was requested to assist with providing analysis, report preparation, and auditing functions required by GOED and LCB. The duties included conducting research and analysis, fulfill auditing requirements, and preparing and issuing various reports. Responding to Committee questions during budget hearings, the agency indicated the reports included seven required by statute (two biennial reports on general economic development and five annual reports about specific programs within GOED). Additionally, two biannual reports related to Interim Finance Committee (IFC) requirements for the Battle Born Venture Fund and unmanned aerial vehicle (UAV) program financial reporting, seven reports each year concerning the UAV program, and quarterly reports for the Tesla project. Additional reporting requirements would likely result from pending 2015 legislation.

Fiscal Analysis Division staff noted that the duties and responsibilities appeared to match the management analyst 3 position in the classified service, and the requested salary of \$61,403 in fiscal year (FY) 2017 was comparable to that of a midgrade management analyst 3. Within the administrative services unit there were five positions: one administrative services officer, one fiscal manager, one fiscal technician, one administrative assistant, and one executive assistant. Only the administrative services officer received a higher salary than the proposed program analyst. According to Mr. Ferguson, the tasks the requested position would execute were being performed by senior staff, taking time away from economic development activities.

Mr. Ferguson inquired if the Committee wished to approve the Governor's recommendation to provide General Fund appropriations of \$164,404 over the biennium for one new nonclassified program analyst position.

Assemblywoman Bustamante Adams asked whether someone on the team currently prepared the reports.

Mr. Ferguson believed there were several team members involved in preparing the reports; however, the decisions, reviews, and approvals involved senior staff.

Assemblywoman Bustamante Adams speculated that the program analyst would report to the administrative services officer and would be responsible for all reports Mr. Ferguson listed.

Mr. Ferguson responded that the program analyst would report to the administrative services officer. He was uncertain whether the new position would be entirely responsible for the reports. He believed there would have to be senior staff approval of the reports.

There being no additional comments or questions, Chair Anderson requested the Committee's approval for decision unit E-129, program analyst position.

ASSEMBLYWOMAN KIRKPATRICK MOVED FOR APPROVAL
OF DECISION UNIT E-129 IN BUDGET ACCOUNT 1526.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Ferguson continued the review with decision unit E-225. This decision unit contained a request for a nonclassified fiscal technician position to support GOED's growing fiscal management needs. The position was comparable to an accountant technician 2 in the classified service. The agency agreed that since the position was equivalent to an accountant technician 2, the salary should be reduced from the budget-recommended \$68,000 annually to \$48,000 annually to provide a midrange salary for an accountant technician 2 position. This created a General Fund savings of \$41,843 dollars over the biennium. The adjustment was reflected in the closing documents for this budget.

According to Mr. Ferguson, the agency stated the duties of the fiscal technician included processing fiscal transactions, auditing, grant reporting, conducting basic research and analysis, and tracking budgets and contracts. The duties and responsibilities included by the agency appeared to align with the duties of an accountant technician 2 in the classified service of the state. The agency currently employed one fiscal technician; however, the agency indicated that was insufficient to handle the increasing workload. The number and complexity of transactions increased as the state emphasized expanding economic development efforts over the past several years. The agency provided documentation demonstrating that the number of transactions per

full-time-equivalent (FTE) position rose from 1,249 in FY 2011 to 1,841 in FY 2015. The agency projected the addition of this position would decrease the transaction numbers per FTE position in FY 2016 to 1,552; the number of transactions was projected to be 1,793 in FY 2017. The agency indicated there were several other positions in the agency that assisted staff to meet workload demands, taking away from their primary responsibilities. In addition, the agency had used temporary employment services and overtime charges to meet workload demands.

Mr. Ferguson inquired whether the Committee wished to approve the Governor's recommendation to provide a new position in decision unit E-225 to handle the increased fiscal transaction workload. If so, Fiscal Analysis Division staff recommended approving General Fund appropriations of \$121,701 over the biennium for this position, with technical adjustments, to reduce General Funds by \$41,843 over the biennium to align the position with an accountant technician 2 in the classified service.

Assemblywoman Carlton was unclear whether the state would be setting a pay range for the nonclassified positions. The positions could be paid any amount, so the dollars would go into the overall fund for this budget account to pay the positions. She was confused why the positions were nonclassified.

Mr. Ferguson explained that during the 2011 Legislative Session, the agency was reorganized and all positions were approved as nonclassified. At that time, the agency needed the flexibility to determine what positions were necessary for the operation of the agency. Since that time, the positions had been more clearly defined. The agency tried to align the positions with duties and responsibilities in the classified service so they were easily related. The salaries were built into the state funding system for these positions.

Assemblywoman Carlton reasoned that because the positions were nonclassified, there was not a guarantee the positions would be paid the amounts indicated. If other dollars were available, the amounts could be increased without approval from the Legislature.

Mr. Ferguson agreed that was a possibility if funds were available elsewhere. He was uncertain whether that was a practice of the agency.

Chair Anderson appreciated the clarification. It was his understanding that the allocation could be \$48,000, but the agency could conceivably pay \$60,000 if the funding was available.

Assemblyman Sprinkle noted that at the original budget hearing there were no projections available. It appeared that projections for FY 2017 were nearly at the same level that raised concern for this position originally. He was curious whether the agency had presented future employee projections.

Mr. Ferguson believed that when the budget hearing was held, there were no projections for FY 2016 or FY 2017. Fiscal staff requested projections, which the agency provided. Mr. Ferguson said he had not requested projections beyond the upcoming biennium.

Assemblyman Sprinkle noted that the justification for decision unit E-225 was to provide relief for the workload. However, he felt the projections for FY 2017 put the agency back where it started.

Assemblywoman Benitez-Thompson had reviewed the numbers for overtime and temporary employment services, but she did not know how many hours were required to assist with the workload.

Mr. Ferguson noted that \$574 was spent for overtime in FY 2015; however, the agency indicated more had been spent on overtime in past years. He was not aware of the hourly salary rate, but he thought it was \$20 per hour.

Because the temporary employment services to complete projects were only \$2,597 in FY 2015, Assemblywoman Benitez-Thompson wondered whether that justified a new position.

Mr. Ferguson commented that the agency believed by adding the fiscal technician position, it would be unnecessary to incur overtime and contract services through the upcoming biennium.

There being no additional comments or questions, Chair Anderson requested a motion to approve decision unit E-225 for a fiscal technician.

ASSEMBLYMAN HAMBRICK MOVED TO APPROVE DECISION UNIT E-225 IN BA 1526 AND GENERAL FUND APPROPRIATIONS OF \$121,701 OVER THE BIENNIUM, WITH THE TECHNICAL ADJUSTMENT TO REDUCE GENERAL FUNDS BY \$41,843 OVER THE BIENNIUM TO ALIGN THE POSITION WITH THE COMPARABLE ACCOUNTING TECHNICIAN POSITION IN CLASSIFIED SERVICE.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywomen Benitez-Thompson and Bustamante Adams voted no. Assemblyman Armstrong was not present for the vote.)

The second major closing item addressed by Mr. Ferguson was the State General Fund appropriation for the Nevada Center of Excellence in decision unit E-126. As recommended by the Governor, \$370,423 in each year of the 2015-2017 biennium would be used to fund GOED's contractual obligation for IBM PureSystems, the technology backbone for the Nevada Center of Excellence and the Desert Research Institute's (DRI) Applied Innovation Center for Advanced Analytics. The agency testified that this was one of the largest and fastest growing computer systems in the world. The cost was provided through a five-year contract with IBM. The Nevada System of Higher Education (NSHE) and GOED and were each providing 37.5 percent of the funding and the Department of Employment, Training and Rehabilitation (DETR) the remaining 25 percent. The payments were contractually required and would continue through January 31, 2018, after which the state would own the system.

According to Mr. Ferguson, the project began in FY 2013. Initially the project was paid with State General Fund appropriations from GOED's Grants to Development Authorities expenditure category. However, in FY 2014, a portion of the funding came from the Knowledge Account and by FY 2015, all payments came from that account.

During the budget hearing, the agency was questioned regarding why General Fund appropriations should be used for the project. The agency responded that General Funds were used initially, and the PureSystems project had broad use that supported economic development initiatives in addition to Knowledge Account activities. The agency said the Knowledge Account should be preserved for research and commercialization. The agency insisted that if General Fund appropriations were not approved, it would use existing funding to pay the contract costs. This would necessitate reductions in other GOED operations, reducing the number of projects that could be funded.

Mr. Ferguson asked whether the Committee wished to approve the Governor's recommendation to provide General Fund appropriations of \$370,423 in each year of the 2015-2017 biennium to fund GOED's contractual obligations for the IBM PureSystems project.

It appeared to Assemblywoman Kirkpatrick that the \$740,000 appropriation requested over the biennium was considerably less than the agency's shortfall.

She requested Mr. Ferguson clarify how the agency intended to cover the shortfall.

Mr. Ferguson asserted he was not familiar with the obligation DRI had with NSHE, so he was unable to provide the requested information.

Steven D. Hill, Director, Office of Economic Development, Office of the Governor (GOED), explained the contract agreement made with IBM about two years earlier was a joint venture between NSHE housed at DRI, GOED, and DETR. There were various reasons interest was generated for this contract with IBM. Basically, the PureSystems provided a technology platform from which each agency could work, whether for ongoing projects at DRI or in other areas of the university system, for both economic development efforts and workforce training. The result of this was that two of the Knowledge Account projects were generated from this technology platform.

From a contractual standpoint, Mr. Hill pointed out there was a 5-year agreement with IBM with 2 1/2 years remaining on the agreement. After the 2015-2017 biennium, it would not be necessary for GOED to have this level of support.

Assemblywoman Kirkpatrick was pleased with the collaboration efforts and wanted the Committee to be aware that the contract was still in place.

Assemblywoman Benitez-Thompson was curious to know whether that was a 100 percent pass-through to DETR or whether a percentage was retained for administrative costs for the portion of the funding provided to GOED. She also wanted to know whether it was a one-time payment.

Mr. Hill confirmed it was a 100 percent pass-through to DETR. There were no administrative fees attached at any stage. The invoice was paid monthly.

There being no additional comments or questions, Chair Anderson requested a motion for decision unit E-126.

ASSEMBLYMAN ARMSTRONG MOVED TO APPROVE DECISION
UNIT E-126 IN BA 1526 TO PROVIDE GENERAL FUND
APPROPRIATIONS OF \$370,423 IN EACH YEAR OF THE
2015-2017 BIENNIUM.

ASSEMBLYMAN OSCARSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Ferguson moved to the third major item for discussion, decision unit E-128 for State General Fund appropriation for the Nevada Train Employees Now (TEN) program. The Governor recommended General Fund appropriations of \$500,000 in each year of the 2015-2017 biennium. The appropriation supported the TEN program, which provided short-term, skills-based intensive job training to assist new and expanding firms to reach productivity quickly. Other state agencies involved were DETR, GOED, and the Nevada Industry Excellence (NVIE), a statewide industrial outreach program for NSHE. Training providers included local community colleges, private postsecondary institutions, or others identified by the applicant. During the budget hearing, there were discussions regarding GOED's receipt of \$700,190 in fiscal year (FY) 2014 and \$233,750 in FY 2015 for the TEN program from DETR. However, those funds were eliminated from the base budget because they were no longer available. Since that budget hearing, the agency clarified that the DETR funding source was the Career Enhancement Program (CEP), which received funding from assessments on unemployment insurance paid by Nevada employers. However, unemployment decreases caused DETR's federal grants to decrease, leaving insufficient CEP funds to cover all of the obligations funded in the past, including the TEN program.

The spending level in FY 2014 for the TEN program totaled \$619,918, nearly the same as recommended by the Governor for the 2015-2017 biennium. The Governor's recommendation replaced funding no longer available through DETR with General Fund appropriations to keep the program going at a slightly lower level than FY 2014. The agency indicated this would be the sole source of funding for the TEN program.

Mr. Ferguson testified that if the recommendation was reduced to \$250,000 each year of the 2015-2017 biennium, the agency stated the program would be half as effective, and the program demand would exceed the funding availability.

Mr. Ferguson asked whether the Committee wished to provide General Fund appropriations to continue the TEN program. If so, the Committee should consider the following options:

1. Approve the Governor's recommendation to provide General Fund appropriations of \$500,000 in each year of the biennium, or
2. Reduce the Governor's recommendation by half, or another percentage, which would allow the TEN program to continue at a reduced capacity.

To confirm her understanding, Assemblywoman Carlton stated that the TEN program was originally funded with CEP dollars, which was a small tax on employers via the unemployment insurance tax. However, employers would continue to pay the tax, even though it would be insufficient to cover the cost of the program.

Mr. Ferguson believed that was correct. Because fewer funds were brought in, there was less funding for federal matching dollars and the agency could not continue to fund all the programs. One of the programs that could not be funded was TEN.

Assemblywoman Carlton expressed surprise that even with the bonding and the increase passed on to the employers, it appeared there was a funding shortage. She asked how much was leveraged in federal funds.

Mr. Ferguson was not familiar with the budget and did not have the information readily available.

Assemblywoman Carlton believed that General Fund dollars would be moved into the TEN program rather than the employer dollars paid through the tax, which did not allow drawing down additional federal funds, and therefore, the agency would not have the federal dollars needed. She was not convinced the program was worthwhile and concluded this might not be the best way to fund the program to receive the maximum benefit.

Mr. Ferguson added that the agency indicated if more CEP funding was available in future biennia, the CEP funding could be brought back to assist the TEN program. However, at this time, this was the Governor's recommendation to accommodate the reduction in funding and continue the program.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, added that the CEP funds were generated by a 0.05 percent wage tax paid by Nevada employers. This was not related to the unemployment insurance program, although it was shown on the same bill sent to employers when unemployment insurance taxes were paid. These funds were not used to leverage any federal resources. The federal funds the Employment Security Division of DETR received to support employment-training programs and the unemployment insurance program had no matching requirement. It was a separate employment and training program that was created in the 1990s to provide additional training to unemployed Nevada workers beyond federal resources available. It was expanded in 1999 to provide training to employed and unemployed workers. The change in the law provided the opportunity for the CEP funds to be used for the TEN program in

the economic development arena. Prior to that time, the TEN program was supported with State General Funds. Fiscal staff received information indicating that because of significant competing initiatives available, the reserve balance in CEP was drawn down to the point that the program was no longer recommended for funding. If it was determined that CEP should fund this program, there might be a need to decrease CEP funding distributed to other programs. There could be a law change to increase the tax. It had been at 0.05 percent since it was instituted.

Assemblywoman Carlton expressed concern that because people were paid so little, the state would be backfilling career training. If the program could not be funded again next time, the tax increase should be considered during the next legislative session.

Ms. Jones added that as the economy recovered and more people were employed, it provided an opportunity for the Career Enhancement Program to collect more funds. When there was a rise in unemployment, there were fewer wages against which to collect the tax. The CEP collections went down at the time when they were most needed. As the economy recovered and more people were working, there should be an opportunity to collect more funds and restore the balance. However, there were many programs supported through these funds during the economic crisis when other funding was not available. Those reserves were down while other areas were recovering.

Chair Anderson appreciated the clarification. When reviewing how the money was used between 2013 and 2014, it was clear there was more being accomplished. He believed the average wage was over \$20 per hour. The average spent was \$2,500 per employee or less than \$200 a month for a year to help people acquire gainful employment.

Assemblywoman Carlton pointed out that averages were nice, but the median wage told the full story. There were very rich people in Nevada who skewed the averages.

Assemblywoman Kirkpatrick thought that \$2,500 was a reasonable amount for training. She believed there was an opportunity to leverage some of the workforce dollars. Assemblywoman Kirkpatrick questioned whether everyone was working together to bridge the gap and get more for every dollar spent. Although the dollars were collected, she believed the state could do better working with workforce connections. The law was changed and there was more money put into the program.

Mr. Hill thought that was an excellent point. Over the past two years, GOED had started to completely use the TEN funds. There was a learning curve when it came to using the programs in the community. There was an employer match component that was a requirement for the TEN grants. The agency had been working to shift that to be as much employer contribution as possible to reduce the component of state support in an effort to train more people. The relationship with the Governor's Workforce Investment Board, DETR, had improved over the last 12 to 18 months, according to Mr. Hill, and he anticipated improvement in the leverage both at federal and local levels during the next biennium.

Assemblywoman Kirkpatrick said it was distressing to take money from the General Fund to share between programs when there was another resource for workforce development. She agreed the state should be involved, but she was hopeful some other funding sources could be used.

Mr. Hill agreed that the TEN program was for both new companies entering the state and companies in Nevada that were expanding their workforce. At the end of the training period, the employer must be paying at least 80 percent of the state average wage.

Assemblywoman Bustamante Adams said she had seen first-hand how the TEN grants were used for retention and recruitment. She agreed the \$2,500 provided a good return on investment. However, she believed the state was not leveraging all resources available. She had not seen Workforce Connections at the table when the training dollars were being used. She believed it could be leveraged, and the program could continue, but with less General Fund appropriation.

There being no additional comments or questions, Chair Anderson requested a motion on decision unit E-128.

ASSEMBLYMAN EDWARDS MOVED TO APPROVE DECISION UNIT E-128, BA 1526 AS RECOMMENDED BY THE GOVERNOR TO PROVIDE GENERAL FUND APPROPRIATIONS OF \$500,000 IN EACH YEAR OF THE BIENNIUM.

ASSEMBLYMAN ARMSTRONG SECONDED THE MOTION.

Assemblywoman Bustamante Adams recommended that decision unit E-128 not be funded at the \$500,000 level each biennium. There were other funds available to augment the program. She would vote no on this motion.

Assemblyman Sprinkle agreed with the concerns regarding the funding sources. He believed that there was the potential the program would not be funded if the Committee did not pass a motion at this time. It was an extremely important tool. Assemblyman Sprinkle stated that he would vote yes on the motion, but he needed to emphasize that other dollars should be found for the program.

Assemblywoman Kirkpatrick pointed out that there was no way to know whether the funds from other resources had been allocated for other purposes. She declared to Mr. Hill that she would agree to the motion, but there had to be regular reporting requirements put into place. She was not comfortable relying on other sources. Assemblywoman Kirkpatrick thought that Assemblywoman Bustamante Adams had made an excellent point.

Assemblywoman Carlton inquired how Chair Anderson would feel about splitting the funds over two years. She suggested that the first year of the biennium the program would be fully funded, and the second year funding would be based on reporting and whether GOED was able to find other sources for funding. It was a problem for her that state employees were suffering with furloughs and pay cuts while the Legislature considered taking General Fund dollars to use for training purposes.

Chair Anderson was amenable to the option stated by Assemblywoman Carlton and suggested withdrawing and clarifying the motion.

ASSEMBLYMAN EDWARDS WITHDREW THE MOTION.

Assemblyman Kirner asked whether the intention was to put funds into a reserve account to be available for fiscal year (FY) 2017.

According to Chair Anderson, the intention was to place the funds into the Contingency Account to be available in FY 2017 for the TEN program.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO PROVIDE GENERAL FUND APPROPRIATIONS OF \$500,000 FOR FY 2016 AND TO PLACE \$500,000 INTO THE CONTINGENCY ACCOUNT FOR FY 2017. THE AGENCY MUST PROVIDE EVIDENCE OF INVESTIGATION INTO OTHER FUNDING SOURCES FOR THE TEN PROGRAM IN DECISION UNIT E-128 OF BA 1526.

Ms. Jones explained there were three options available to the Committee for setting aside the second-year funding.

1. The appropriation could be placed in reserve in BA 1526. The agency would be required to appear before the Interim Finance Committee (IFC) to move the money into the program category necessary to fund the program.
2. The second option would be to place the money in the IFC Contingency Account for unrestricted use. In this option, the agency would appear before IFC to request funds from the Contingency Account. If the agency did not come forward with a need for the funds, the money would be available for other uses.
3. The third option would be to place the funds in the IFC Contingency Account for restricted use only. In this option, the agency would appear before IFC to request funds; however, the funds would be set aside for only that agency to use.

Assemblywoman Carlton said she preferred the second option. She restated the motion.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO PROVIDE GENERAL FUND APPROPRIATIONS OF \$500,000 FOR USE IN FY 2016 AND TO PLACE \$500,000 IN THE IFC CONTINGENCY ACCOUNT FOR UNRESTRICTED USE IN FY 2017. THE AGENCY MUST PROVIDE EVIDENCE OF INVESTIGATION INTO OTHER FUNDING SOURCES FOR THE TEN PROGRAM IN DECISION UNIT E-128 OF BA 1526.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

Ms. Jones requested clarification for Fiscal Analysis Division staff whether the motion included a report or letter of intent regarding the requirement for the agency to seek other funding sources and reporting to IFC on the outcome, and Assemblywoman Carlton agreed.

Assemblywoman Titus declared she would not support the motion. She was anxious regarding the amount of funding. She agreed that job training was necessary, but more information was needed before she would be comfortable. She had questions about the program.

THE MOTION CARRIED. (Assemblywomen Dickman and Titus voted no.)

Jeff A. Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), advised the Committee that the fourth major item dealt with decision unit Enhancement (E) 127, international travel. The Governor recommended State General Fund appropriations of \$70,000 in each year of the biennium for international trade missions. The missions to promote Nevada as a key economic provider consisted of nine international trips over the 2015-2017 biennium. There were three trips to Turkey, two to Germany, two to Brazil, and two to South Korea. The agency testified that the destinations were chosen based on a number of factors that would benefit Nevada's economy and businesses, including value of exports to Nevada, growth rates, established relationships, environmental and economic similarities with Nevada and Nevada businesses, and other elements.

Fiscal Analysis Division staff pointed out this request more than doubled the base year out-of-state travel costs for the GOED budget. The agency testified it had previously financed these missions with marketing funds rather than out-of-state travel funds. There was approximately \$414,000 in each year of the biennium for marketing efforts recommended in The Executive Budget. The agency specified there were many marketing functions not completed because funds had been used for the international trade missions. These functions included production of industry-specific videos; biennial publications and videos focusing on "Invest in Nevada"; creation of a Nevada marketing packet; and increased trade show participation.

Mr. Ferguson recalled that there was discussion during the budget hearing about how Nevada compared with other states. The agency provided information stating that in FY 2014, Nevada spent \$500,000 for international trade investment compared to \$7.3 million for Illinois, \$6 million for Utah, \$3.8 million for Washington, and \$1.1 million for Indiana. The agency specified that performance indicators included inbound and outbound trade mission face-to-face business connections; the number of Nevada companies on trade missions; the number of contracts offered to Nevada companies; the average contract amount secured by Nevada companies; and the number of international inquiries, leads, and prospects.

Mr. Ferguson inquired whether the Committee wished to approve the Governor's recommendation to provide General Fund appropriations of \$70,000 in each year of the biennium for out-of-state travel related to international trade missions.

Assemblywoman Titus announced she had not supported this decision unit when the budget was heard originally and she would not support it now. As mentioned earlier in Mr. Ferguson's testimony, she believed there were other

ways to market Nevada. In her opinion, spending this much money for international travel was not the best use of General Funds.

Assemblyman Hickey had a different opinion. He had joined one trade mission to Asia where Nevada representatives met with various corporations. These missions were important for Nevada and produced results. The economic development Nevada had seen and enjoyed the last few years was worth the investment.

In the absence of Chair Anderson, Vice Chair Hambrick assumed the duties of the Chair and requested a motion on other major closing item 4, decision unit E-127.

ASSEMBLYMAN HICKEY MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO PROVIDE STATE GENERAL FUND APPROPRIATIONS OF \$70,000 IN EACH YEAR OF THE BIENNIUM FOR DECISION UNIT E-127 IN BA 1526 FOR INTERNATIONAL TRAVEL.

Assemblywoman Swank wondered whether there had been a large increase in this decision unit. Given that the money was taken from the marketing account, it appeared travel got a better return on the investment than marketing. She suggested the possibility of decreasing the marketing budget and easing into the international travel account with a smaller increase.

Assemblywoman Bustamante Adams agreed with Assemblyman Hickey regarding the return on investment. It was unclear whether businesses attending the international summits had been able to develop partnerships. She inquired why there were three trips scheduled to Turkey.

Mr. Hill responded that was an error. There were three trips scheduled to Israel and none to Turkey.

Assemblywoman Bustamante Adams asked whether this would be the first time Nevada representatives were scheduled to visit Germany, Brazil, and South Korea.

Mr. Hill explained that GOED was including Germany in a planned trade mission to Europe. The initial trade mission referenced by Assemblyman Hickey was to China and South Korea. The trade missions to South Korea and Brazil were led by staff for businesses. The trade mission to Europe would include the Governor.

Assemblywoman Bustamante Adams was aware of the water conservation program in Israel, but she was unclear what was available in the other countries specified.

Mr. Hill answered that Israel trade missions included water conservation and technology, agriculture, and information technology. In South Korea, both manufacturing and information technology were areas of interest. In Germany, manufacturing businesses were forward-looking and, he believed, Nevada could learn from their techniques. The Knowledge Account projects instituted in Nevada were modeled after the Fraunhofer Institute, a provider of research and development services on a contract basis for small- and medium-sized businesses in Germany. The Institute was credited with Germany's financial revival over the past 50 years. The Nevada group would travel there to learn more about the Institute and workforce training. An internship exchange program had recently been put into place with Germany.

Assemblywoman Bustamante Adams requested additional information regarding the trip to Brazil.

According to Mr. Hill, a small contingency made one trip to Brazil. A company in southern Nevada received a \$25 million contract to provide scaffolding used during the maintenance and manufacturing of airplanes as a result of one trip. The aerospace industry was a major tie to Brazil, and opportunities were available in the tourist industry.

Assemblyman Edwards thought that the trade missions were important for the state. Although the requested appropriation was double the amount allocated in the 2013-2015 biennium, he believed it was worthwhile.

Assemblywoman Kirkpatrick believed that there had been regular dialogue with ministers and other officials in these countries to further relationships. Many people did not realize that fostering these relationships resulted in increased tourism and conventions to Nevada. She asked what staff members were included in the international travel. She was aware that businesses were required to pay their own travel and per diem.

Mr. Hill agreed with Assemblywoman Kirkpatrick's comments and the importance of the outreach to other countries. As an example, Poland had consistently held their annual North American Chamber of Commerce meetings in Chicago, Illinois; however, because of Nevada's outreach to Poland over the past year, the next meeting would be held in Las Vegas. Mr. Hill added that there would be a maximum of five staff members traveling to each country. It took two trips to a location before the mission could be completed.

Assemblywoman Kirkpatrick recognized that although \$70,000 appeared to be a considerable sum, the international travel had facilitated various conferences being brought to Nevada.

Mr. Hill reiterated that five staff was the maximum to travel with large delegations. Typically, three or four staff members attended.

There being no additional comments or questions, Vice Chair Hambrick requested a motion for decision unit E-127 for out-of-state travel.

ASSEMBLYMAN HICKEY AGAIN MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO PROVIDE GENERAL FUND APPROPRIATIONS OF \$70,000 IN EACH YEAR OF THE BIENNIUM FOR DECISION UNIT E-127 OF BA 1526 FOR OUT-OF-STATE TRAVEL RELATED TO INTERNATIONAL TRADE MISSIONS.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Titus voted no. Assemblyman Anderson was not present for the vote.)

The fifth major closing item explained by Mr. Ferguson, was a budget amendment to add unspent fiscal year (FY) 2015 General Funds for the unmanned aerial vehicle (UAV) program.

Mr. Ferguson noted that subsequent to the budget hearing, the Budget Division, Department of Administration, submitted a budget amendment that would provide General Fund appropriations of \$600,000 in FY 2016 and \$692,000 in FY 2017 for the agency's UAV program. The \$1,292,000 represented the remaining balance of the General Fund appropriation in the Interim Finance Committee (IFC) Contingency Account approved by the 2013 Legislature. The 2013 Appropriations Act appropriated \$4 million to the IFC Contingency Account for allocation to GOED for the UAV program if Nevada was selected. The agency was directed to return to IFC when funds were needed. In FY 2014, GOED requested \$1,460,000 and in FY 2015 GOED requested \$1,248,000, leaving a balance of \$1,292,000 for the UAV program. This recommendation would provide the unspent balance to GOED for the UAV program.

The agency testified that it was ready to move forward with the UAV program, but the federal government had been slow to provide guidelines and requirements. Fiscal Analysis Division staff noted that in seeking the \$1,460,000 allocation for the program at the December 9, 2013, IFC meeting,

GOED indicated that it would focus on making the UAV program self-sufficient by the end of FY 2015, after which time the program would no longer need state funds.

Mr. Ferguson suggested that if the Committee wished to approve General Fund appropriations for the UAV program, it might consider the following options:

1. Approve General Fund appropriations of \$600,000 in FY 2016 and \$692,000 in FY 2017 as recommended by the Governor in Budget Amendment A150011526.
2. Approve the total General Fund appropriation of \$1,292,000 as recommended by the Governor in Budget Amendment A150011526; however, provide \$600,000 directly to the GOED account for FY 2016 and appropriate the remaining \$692,000 to the IFC Contingency Account for FY 2017, directing the agency to approach the IFC in FY 2017 with a plan to use the funding if needed.

Assemblyman Edwards requested clarification on the purpose of the General Fund appropriation.

Mr. Ferguson responded that if the UAVs were not flying, no revenues could be collected. To keep the program management office operating, funding was necessary. The program would be self-sufficient once revenue was generated. Unfortunately, the program had been delayed by the federal government.

In reviewing the 2013 Nevada Institute for Autonomous Systems (NIAS) Internal Revenue Service (IRS) Form 990, Assemblywoman Swank said she noticed there were \$60,000 in legal fees and \$935,000 for Bowhead Business and Technology Solutions, which was responsible for developing regulations, protocols, certifications, and programs for unmanned aircraft systems. She was curious what the state had paid for in 2013.

Mr. Ferguson explained that most of the funding was used to secure the UAV test site designation. There were many items that had to be completed and put into place before Nevada could be selected. Once Nevada was selected, funds were required to set up the program management office and NIAS. It was important for Nevada to be prepared once the selection was made.

Mr. Hill testified that Mr. Ferguson had explained the plan satisfactorily. The funding provided by the 2013 Legislature was divided into two components: one was the approximately \$1 million mentioned by

Assemblywoman Swank, and the other \$4 million set aside in the IFC Contingency Account was to operate the test site if the designation was received. Unfortunately, the program had moved more slowly than anticipated. There were two staff members working with customers and potential customers encouraging them to come to Nevada for testing. There was continuous interaction with the Federal Aviation Administration (FAA) regarding the test program.

Assemblywoman Kirkpatrick said she had no problem putting money into the Contingency Account as long as it was controlled. She requested regular reporting from the nonprofit. There had been mixed reports about whether it was beneficial to the state. It appeared that it was taking longer than originally anticipated, but Nevada had received the federal designation. This was new technology and the state should not miss an opportunity in developing the technology.

Assemblyman Sprinkle remarked that the six designated sites were temporary, and it was his understanding that eventually the program would be opened to any region.

Mr. Hill replied that the current designation would last through March 2017; however, because the program had moved more slowly than anticipated, there had been discussions about extending the designation. Commercial flight of UAVs outside the experimental category was illegal in the United States. There were some exceptions. Once commercial flights were legalized, Mr. Hill believed the use of test flights would increase.

Assemblyman Sprinkle stressed that it was worrisome to put additional funds into the program without something formally put into place to extend the program. The point of establishing the program was to create an infrastructure so that when the test site designation was removed, the state was firmly established as a place for businesses to use. With the slow start up, he was concerned the privilege had been lost.

The goal, according to Mr. Hill, was to establish the test site designation and to capitalize on that designation by having the industry in the state. Establishment of the test site was a step in that direction. He thought the test site concept would be temporary, but at this time, he doubted it would be temporary or that it would end in 2017. Nationally, the industry was not ready for the program to end in 2017, so the program would most likely be extended. Once flight was legal in some or most national air space, a test site would not be required. However, the ability to certify the airworthiness of aircraft, licensing of crew,

and maintenance work would have to be controlled. At the present time, the federal government did not have funds to provide such certifications.

Assemblywoman Titus was curious about Mr. Hill's comments on licensure and certifications. At the present time, those were federally controlled. She asked whether Mr. Hill suggested the state would be doing the licensure.

Mr. Hill responded that the issue had not been resolved. The FAA recently posted proposed rules for pilots in command of UAVs. The proposal was to have a certain amount of training, but not to the level for becoming a pilot of a manned aircraft. The method for determining whether the operator completed the training had not been determined. He believed that would happen within the next 24 months. He did not think that commercial flight would be legalized until the small unmanned aircraft systems (UAS) rules were finalized by the FAA.

Assemblywoman Titus was anxious that this was a big-budget item that had little or no return on investment.

It was Assemblywoman Carlton's understanding that this portion of the money was the last part of the original \$4 million allocated by the 2013 Legislature. She suggested the Committee consider approving the total General Fund appropriation of \$1,292,000 and provide \$600,000 to GOED in fiscal year (FY) 2016. The balance of \$692,000 would be placed in the Contingency Account for unrestricted use. If the programs did not materialize, the money could be used for other projects. This plan would allow the agency to return to IFC with a plan to use the funds. She was willing to make a motion to that effect.

Assemblyman Hickey commented that there were often discussions regarding agencies coming to IFC instead of appearing before the Legislature to make their requests. He was aware that if the funds were placed in the Contingency Account, the agency was invited to appear before IFC. He wanted to remind the Committee that at times, the opposite view was taken, and agencies were asked to make a case before the Legislature. In the case of UAVs, this was a signature project for the state and was supported at the 2013 Legislative Session. Perhaps Assemblywoman Carlton's suggestion should be considered if GOED did not need the funds at this time,

Assemblywoman Carlton advised the Committee that the 2013 Legislature appropriated the \$4 million and asked the agency to return to IFC. The agency appeared before IFC in August 2014 to request a distribution. She believed the same process would be effective during the next biennium.

Mr. Hill pointed out that Nevada had the designation for 15 months but was not allowed to act until an activity plan was developed and filed with the FAA. It was early in the process. In addition, there had been a number of flights in the state and a number of companies that had relocated to the state. Mr. Hill was comfortable with Assemblywoman Carlton's suggestion. He believed the investment was worthwhile for the state.

Chair Anderson reassumed the chair and called for a motion.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE TOTAL GENERAL FUND APPROPRIATION OF \$1,292,000 AS RECOMMENDED BY THE GOVERNOR IN AMENDMENT A150011526 FOR BA 1526; TO PROVIDE \$600,000 TO GOED IN FISCAL YEAR 2016 AND APPROPRIATE THE BALANCE OF \$692,000 TO THE IFC CONTINGENCY ACCOUNT FOR UNRESTRICTED USE FOR FISCAL YEAR 2017; AND TO DIRECT THE AGENCY TO APPROACH IFC WITH A PLAN TO USE THE FUNDS AS NEEDED IN FISCAL YEAR 2017.

ASSEMBLYMAN SPRINKLE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Assemblywoman Kirkpatrick introduced a Boy Scout troop from Sparks, Nevada attending the hearing. The boys were learning how laws were passed in Nevada.

Jeff A. Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, continued the presentation of budget account (BA) 1526 with the other closing items:

- The first item was \$10,442 for replacement equipment in decision unit Enhancement (E) 710.
- The second item was a request to transfer a position to the Rural Community Development account in decision unit E-900 (BA 1528), which would result in a General Fund savings of \$122,698 over the biennium.
- The third item was aviation liability insurance in decision unit E-231. The Risk Management Division, Department of Administration, recommended the purchase of supplemental insurance and provided updated estimates,

resulting in a savings of \$29,811 over the biennium. Fiscal Analysis Division staff adjusted the closing sheets accordingly.

Fiscal Analysis Division staff recommended approval of the other closing items as recommended by the Governor with the aviation liability insurance adjustment. Fiscal Analysis Division staff requested authority to make other technical adjustments as necessary.

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

ASSEMBLYMAN EDWARDS MOVED TO APPROVE OTHER CLOSING ITEMS IN BUDGET ACCOUNT 1526, WITH THE AVIATION LIABILITY INSURANCE ADJUSTMENT NOTED BY FISCAL STAFF AND AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN ARMSTRONG SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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COMMERCE & INDUSTRY
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT
GOED - NEVADA FILM OFFICE (101-1527)
BUDGET PAGE ECONOMIC DEVELOPMENT-15

Jeff A. Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau presented an overview of budget account (BA) 1527 for the Committee. The budget was not previously heard by the Committee. The Nevada Film Office (NFO), Office of Economic Development, Office of the Governor, promoted, pursued, and facilitated the production of motion pictures and all other forms of media projects using Nevada locations, vendors, services, crew, personnel, and talent. The NFO was funded primarily from a transfer of room tax revenue from the Commission on Tourism, Department of Tourism and Cultural Affairs, and fees charged for sales and associated advertising related to the production directory created by the NFO.

There were no major closing items in this budget account. There were two other closing items. The first was replacement equipment in decision unit

Enhancement (E) 710. The Governor recommended transfers from the Commission on Tourism for replacement equipment.

Mr. Ferguson explained that the second closing item was to cover the low reserve level. Fiscal Analysis Division staff pointed out that there was a one-time reduction in transfers from the Commission on Tourism. Reserves in BA 1527 were approximately \$200,000 over the past few years, and the agency indicated that was too high. The agency reduced the transfers from the Commission on Tourism by about \$35,000 in each year of the biennium, projecting an ending reserve balance of \$123,387 at the end of fiscal year (FY) 2016 and \$44,239 at the end of FY 2017. No action was required by the Committee.

Fiscal Analysis Division staff recommended this budget be closed as recommended by the Governor and requested authority to make technical adjustments as necessary.

There being no comments or questions, Chair Anderson requested a motion to close the budget as recommended by the Governor.

ASSEMBLYWOMAN DICKMAN MOVED TO CLOSE BUDGET ACCOUNT 1527 AS RECOMMENDED BY THE GOVERNOR, WITH AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.
THE MOTION CARRIED. (Assemblywoman Titus was not present for the vote.)

BUDGET CLOSED.

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**COMMERCE & INDUSTRY
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT
GOED - RURAL COMMUNITY DEVELOPMENT (101-1528)
BUDGET PAGE ECONOMIC DEVELOPMENT-19**

Jeff A. Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented an overview of budget account (BA) 1528 for the Committee.

There was one major closing item in this budget account. Decision unit Enhancement (E) 125 recommended State General Fund appropriations of \$10,000 in each year of the 2015-2017 biennium for travel and training. The agency indicated this was for staff to attend conferences.

The agency testified, and Fiscal Analysis Division staff confirmed, that General Fund support for out-of-state travel was removed from this budget in fiscal year (FY) 2012 as a General Fund reduction measure. In lieu of state funding, the agency used remaining federal funds from a special use category; however, those funds were depleted. Mr. Ferguson pointed out that the federal funds were typically used for in-state training, technical assistance, and site visits for the 26 eligible Nevada communities under the U.S. Department of Housing and Urban Development (HUD) guidelines.

The Committee had to determine whether to approve the Governor's recommendation to provide General Fund appropriations of \$10,000 in each year of the 2015-2017 biennium for out-of-state travel for staff to continue to attend training events.

Assemblyman Oscarson requested clarification regarding whether the funds were for in-state travel to the rural areas of Nevada.

Mr. Ferguson responded that the in-state travel to the rural areas was covered with federal funds. This appropriation was for out-of-state travel only.

ASSEMBLYMAN OSCARSON MOVED TO APPROVE DECISION UNIT E-125 IN BA 1528 AS RECOMMENDED BY THE GOVERNOR, WITH AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Titus was not present for the vote.)

Mr. Ferguson noted that under the other closing items in BA 1528 was a position transfer from the Governor's Office of Economic Development (BA 1526) in decision unit E-500 and E-900. In decision unit E-710, there was a General Fund appropriation of \$2,700 for replacement equipment. These requests appeared reasonable to Fiscal Analysis Division staff.

Fiscal Analysis Division staff recommended approval of the other closing items as recommended by the Governor and requested authority to make technical adjustments as necessary.

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

ASSEMBLYMAN ARMSTRONG MOVED TO APPROVE OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR AND TO CLOSE BUDGET ACCOUNT 1528 AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**COMMERCE & INDUSTRY
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT
GOED - PROCUREMENT OUTREACH PROGRAM (101-4867)
BUDGET PAGE ECONOMIC DEVELOPMENT-24**

Jeff A. Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented an overview of budget account (BA) 4867 for the Committee. This budget account was not previously heard by the Committee. The Procurement Outreach Program was also known as the Procurement Technical Assistance Center (PTAC) and assisted Nevada businesses in obtaining federal government contracts by alerting them to procurement opportunities and providing training and technical assistance to be competitive in the federal procurement process.

The Governor recommended total funding for PTAC of about \$1.2 million over the 2015-2017 biennium. The State General Fund support over the biennium was \$257,025, an increase of \$31,563 over the 2013-2015 biennium.

Mr. Ferguson noted there were no major closing items for this budget account. Under other closing items, however, decision unit Enhancement (E) 125 was to continue travel and training approved in fiscal year (FY) 2015 with the Department of Defense grant funds totaling \$37,957 in each year of the 2015-2017 biennium. Fiscal Analysis Division staff pointed out that the agency approached the Interim Finance Committee (IFC) in August 2014 and was

approved for the same level of training funds. Although approved, the item was not built into the base budget. The recommendation appeared reasonable to Fiscal staff.

Decision unit E-710 was for \$2,162 in federal funds and \$1,423 in General Funds over the biennium for replacement equipment.

Fiscal Analysis Division staff recommended this budget be closed as recommended by the Governor and requested authority to make technical adjustments as necessary.

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

ASSEMBLYWOMAN DICKMAN MOVED TO APPROVE BA 4867 AS
RECOMMENDED BY THE GOVERNOR AND AUTHORIZE
FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL
ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN ARMSTRONG SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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COMMERCE & INDUSTRY
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT
GOED - NEVADA SSBCI PROGRAM (101-1521)
BUDGET PAGE ECONOMIC DEVELOPMENT-30

Jeff A. Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented an overview of budget account (BA) 1521. The budget was not previously heard by the Committee and was recommended for closing by Fiscal Analysis Division staff.

Budget account 1521 provided direct funding support for state use in programs designed to increase access to credit for small businesses and small manufacturers. There were three components of the State Small Business Credit Initiative (SSBCI):

1. Credit Support Program
2. Battle Born Venture Fund
3. Micro Enterprise Lending

Mr. Ferguson noted there were no major closing items in the budget account. Decision unit Enhancement (E) 125 under other closing items addressed one nonclassified position for which the Governor recommended reserve reductions of \$116,926 in fiscal year (FY) 2016 and \$116,652 in FY 2017. The position was approved at the Interim Finance Committee (IFC) meeting in August 2014. This was not built into the base budget, and this recommendation continued the position going forward as a budget enhancement. This recommendation appeared reasonable to Fiscal staff and was consistent with the previous action taken by the IFC.

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

ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE BUDGET ACCOUNT 1521 AS RECOMMENDED BY THE GOVERNOR AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Sprinkle was not present for the vote.)

BUDGET CLOSED.

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**COMMERCE & INDUSTRY
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT
GOED - NEVADA KNOWLEDGE FUND (101-1533)
BUDGET PAGE ECONOMIC DEVELOPMENT-34**

Jeff A. Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented an overview of budget account (BA) 1533.

There were two major closing items in this budget account. The first item was the continuation of a \$10 million appropriation in the base budget. The Knowledge Account was established by the 2011 Legislature with \$5 million in each year of the biennium. The Governor recommended continuing

the funding of \$5 million in each year of the 2015-2017 biennium in support of the Knowledge Account.

There were five programs funded by this account. During the earlier budget hearing, there had been presentations on each of these programs. The programs were:

1. Nevada Center of Excellence
2. Nevada Advanced Autonomous Systems Innovation Center
3. Applied Innovation Center for Advanced Analytics
4. Center for Gaming Innovation
5. Nevada Institute of Personalized Medicine

Mr. Ferguson pointed out that all of the programs were part of the university system. In addition to the five Knowledge Account projects, the agency indicated a sixth project was being considered for approval. This project was called the Collaborative Industry—Nevada System of Higher Education (NSHE) Unmanned Aerial Vehicle Program. The agency anticipated this program would receive approval soon for \$500,000. The entire \$10 million provided to the Knowledge Account in the 2013 Legislative Session had been committed. The \$10 million requested for the 2015 Legislative Session would be used to continue funding for the existing Knowledge Account projects and to assist with sustainability with the balance going toward new projects. The agency projected one new project from each of the major institutions. Those decisions were scheduled to be made in May 2015.

Mr. Ferguson suggested the Committee approve the Governor's recommendation to continue State General Fund appropriations of \$5 million in each year of the biennium for the Knowledge Account included in the base budget.

There being no comments or questions, Chair Anderson requested a motion to approve the Governor's recommendation, including a letter of intent to request continual updates.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, asked Chair Anderson how often the reports should be submitted.

Chair Anderson suggested the letter of intent be prepared to provide additional information on these metrics at the June 2015 Interim Finance Committee meeting and each fiscal year thereafter.

ASSEMBLYWOMAN TITUS MOVED TO APPROVE THE CONTINUATION OF A \$10 MILLION APPROPRIATION IN BA 1533 AS RECOMMENDED BY THE GOVERNOR, WITH A LETTER OF INTENT TO PROVIDE ADDITIONAL INFORMATION ON THE METRICS AT THE JUNE 2015 INTERIM FINANCE COMMITTEE MEETING AND EACH FISCAL YEAR THEREAFTER, AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Mr. Ferguson addressed the second major closing item, decision unit Enhancement (E) 125, which recommended a General Fund appropriation of \$4 million in Fiscal Year (FY) 2016 to restore funding that was proposed to be transferred from the Knowledge Account to the General Fund in FY 2015 to meet state obligations. Section 7 of Senate Bill (S.B.) 506 would effectuate the transfer of the \$4 million from the Knowledge Account to the General Fund in FY 2015.

Mr. Ferguson asked whether the Committee wished to approve this recommendation, contingent upon the passage and approval of S.B. 506, and authorize Fiscal Analysis Division staff to make appropriate technical adjustments related to S.B. 506. If the \$4 million was transferred in accordance with S.B. 506, adjustments to the budget would be necessary to remove it from the balance forward.

Chair Anderson reiterated the options.

Assemblywoman Titus pointed out that policy had been to hold off on the passage of some of the fund requests based on future passage of bills. She asked whether this budget fell into that category and whether the Committee should postpone closing this budget.

Chair Anderson was concerned there would be a backlog if these were held. As the bills made their way through the policy committees, Fiscal Analysis Division staff would be able to make technical adjustments as required.

ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO RESTORE \$4 MILLION IN FUNDING TO THE KNOWLEDGE ACCOUNT (BA 1533) FROM THE GENERAL FUND IN FISCAL YEAR 2016, CONTINGENT UPON THE PASSAGE OF SENATE BILL 506, AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE APPROPRIATE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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INFRASTRUCTURE
DEPARTMENT OF WILDLIFE
WILDLIFE - DIVERSITY (101-4466)
BUDGET PAGE WILDLIFE-52

Jeff A. Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented an overview of budget account (BA) 4466 for the Wildlife Diversity Division, Department of Wildlife (NDOW), for the Committee. This budget was a Fiscal Analysis Division staff closing, and the Committee had not heard this budget previously.

The Wildlife Diversity Division was responsible for management of raptors, shorebirds, water birds, songbirds, nongame mammals, reptiles, the Landowner Incentive Program, and the NDOW's portion of the Lake Tahoe Environmental Improvement Program (EIP). The program was funded with State General Funds, federal funds, transfers from the State Department of Conservation and Natural Resources for the Tahoe EIP, and restricted and unrestricted revenues transferred from the Wildlife Fund Account. Total funding was \$4.2 million over the 2015-2017 biennium. This was a 17 percent increase over the 2013-2015 biennium.

Mr. Ferguson noted there were no major closing items in this budget account. However, there were other closing items to consider. In decision unit Enhancement (E) 350, the Governor recommended State General Fund appropriations of \$450,000 over the biennium for urban wildlife management, to be distributed among four NDOW budget accounts. For this account, General Fund appropriations of \$960 were recommended in each year of

the 2015-2017 biennium, which would be used to offset a portion of existing personnel costs associated with urban wildlife management activities currently funded by sportsmen revenue.

Mr. Ferguson explained that General Funds had historically been used for this account because federal funds were not authorized for urban wildlife purposes. However, because of budget reductions, the 2009 Legislature eliminated General Fund appropriations for nuisance wildlife issues. In response, the agency had used sportsmen revenue since fiscal year (FY) 2010 to continue urban wildlife management activities. Unfortunately, for every one dollar spent in sportsmen revenue, the agency was penalized three dollars in federal grant funds. The Governor's recommendation would reestablish General Fund appropriations for urban wildlife management issues, thereby freeing up sportsmen revenue to leverage additional federal funds.

Mr. Ferguson said the request appeared reasonable, and Fiscal Analysis Division staff requested authority to make technical adjustments as necessary based on closing actions in the main Department of Wildlife accounts.

Additionally, decision unit E-711 recommended \$32,364 from sportsmen revenue in FY 2016 for two replacement pickup trucks. There was a cost-allocation adjustment in decision unit E-800 of \$62,402 in FY 2016 and \$74,212 in FY 2017 composed of various federal grants, fees, and sportsmen revenue to adjust departmental cost allocations.

Fiscal Analysis Division staff suggested this budget account be closed as recommended by the Governor with technical adjustments as necessary, including adjustments related to Committee closing actions in related Department of Wildlife budgets.

Assemblywoman Titus mentioned there were problems with urban wildlife management, including predator control and relocation of animals. She was uncertain how the allocated resources were being spent.

Mr. Ferguson explained those items were in the main Department of Wildlife budget, which would be heard at a later time. Budget account 4466 was generally used for the Wildlife Diversity Division staff time spent on urban wildlife management.

Assemblywoman Carlton noted that in the subcommittee hearing there was a discussion on the management of urban wildlife. She believed that too much money was spent on education and not enough on enforcement. There would

be additional discussions on this issue. Assemblywoman Carlton was working with Senator Goicoechea to resolve the concern.

There being no additional comments or questions, Chair Anderson requested a motion to close budget account 4466.

ASSEMBLYMAN OSCARSON MOVED TO APPROVE BUDGET ACCOUNT 4466 AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Chair Anderson opened the hearing for public comments. There being no public comments or questions, Chair Anderson adjourned the hearing at 10:12 a.m.

RESPECTFULLY SUBMITTED:

Linda Blevins
Committee Secretary

APPROVED BY:

Assemblyman Paul Anderson, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Ways and Means

Date: April 7, 2015

Time of Meeting: 8:07 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster