

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

**Seventy-Eighth Session
April 13, 2015**

The Committee on Ways and Means was called to order by Chair Paul Anderson at 9:09 a.m. on Monday, April 13, 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 Ferguson, Senior Program Analyst
Leandra Copeland, Program Analyst
Jennifer Gamroth, Program Analyst

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Kristen Kolbe, Program Analyst
Barbara Williams, Committee Secretary
Cynthia Wyett, Committee Assistant

Chair Anderson asked the Committee Assistant to call roll. A quorum being present, he opened the meeting to public comment. There being no comment, he opened the hearing on budget account 4205.

INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - STATE HISTORIC PRESERVATION OFFICE (101-4205)
BUDGET PAGE DCNR-9

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referenced ([Exhibit C](#)), Budget Closing List #6. She explained that budget account (BA) 4205 supported the State Historic Preservation Office. The mission of the Office of Historic Preservation, State Department of Conservation and Natural Resources, was to encourage the preservation, documentation, and use of cultural resources through state and federal programs. In addition, she said, the Office provided staff support for the Commission for Cultural Affairs, Department of Tourism and Cultural Affairs, and supervised the operation of the Comstock Historic District Commission. Primary sources of funding for the Office of Historic Preservation were federal grants, State General Fund appropriations, and transfers from other state agencies. She said the agency was currently authorized for 11 full-time positions, including one new position approved by the Interim Finance Committee during the 2013-2015 interim.

Ms. Gamroth explained that the first decision unit Maintenance (M) 100 was for the SilverNet assessment, which was the state's wide area network (WAN), used by the agencies for connection between agency computers, networks, and state application programs. The State Department of Conservation and Natural Resources (DCNR) had requested the SilverNet assessment be allocated to each agency's budget for the Department's agencies housed in the Richard H. Bryan Building. The Office of Historic Preservation's share of the SilverNet assessment would be \$2,850 in fiscal year (FY) 2016 and \$2,526 in FY 2017. The funding split in the budget account for administrative expenses was 60 percent federal funds and 40 percent General Fund appropriation. Although the allocation of the SilverNet assessment to other DCNR agencies would increase the General Fund support in this budget, a total General Fund savings of \$86,563 in FY 2016 and \$77,602 in FY 2017 would be realized departmentwide because of the allocation.

Ms. Gamroth continued with decision unit M-801. The Executive Budget recommended \$5,378 in FY 2016 and \$5,751 in FY 2017 for the Office's share of the Director's office cost allocation. Fiscal Analysis Division staff had identified problems with the methodology used and had met with the Budget Division, Department of Administration, and DCNR to develop a new cost-allocation methodology. Based on the modifications to the methodology used for the Director's office cost allocation, the technical adjustment increased the cost allocation by \$3,995 in FY 2016 and by \$3,790 in FY 2017.

Ms. Gamroth said that in decision unit Enhancement (E) 801, the Governor recommended \$15,192 in FY 2016 for the Office of Historic Preservation's share of the purchase of equipment and software for the Department. Decision unit E-710 recommended the purchase of two replacement desktop computers.

Ms. Gamroth said all the recommendations, with technical adjustments, appeared reasonable to Fiscal Analysis Division staff.

Assemblyman Edwards asked why the Office of Historic Preservation's General Fund request was increasing approximately \$70,000 over FY 2014.

Ms. Gamroth replied that the increase was primarily related to personnel costs because of vacancy savings that had been realized in FY 2014.

There being no additional comments or questions from the Committee, Chair Anderson requested a motion.

ASSEMBLYMAN ARMSTRONG MOVED FOR APPROVAL OF
BUDGET ACCOUNT 4205 AS RECOMMENDED BY THE
GOVERNOR, INCLUDING AUTHORITY FOR FISCAL ANALYSIS
DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - HISTORIC PRES - COMSTOCK HISTORIC DISTRICT (101-5030)
BUDGET PAGE DCNR-15**

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referenced ([Exhibit C](#)), Budget Closing List #6. She explained that budget account (BA) 5030, the Comstock Historic District, consisted of over 14,000 acres located in two counties and included five communities. The Comstock Historic District Commission, Office of Historic Preservation, State Department of Conservation and Natural Resources' mandate was to encourage the preservation of the Comstock Historic District, and the agency was funded entirely with State General Fund appropriations.

Ms. Gamroth described decision unit Maintenance 425, a request for funding for deferred maintenance projects, and decision unit Enhancement 225, a request for \$2,923 in each year of the biennium to support the agency's architectural inventory efforts. Fiscal Analysis Division staff recommended the budget be closed as included in The Executive Budget.

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

ASSEMBLYWOMAN TITUS MOVED FOR APPROVAL OF BUDGET
ACCOUNT 5030 AS RECOMMENDED BY THE GOVERNOR,
INCLUDING AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF
TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - FORESTRY INTER-GOVERNMENTAL AGREEMENTS (101-4227)
BUDGET PAGE DCNR-104**

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referenced ([Exhibit C](#)), Budget Closing List #6. She said that budget account (BA) 4227 was the Forestry Inter-Governmental Agreements account.

She explained that the budget provided for public safety and the protection of natural resources and property pursuant to cooperative agreements between the Division of Forestry, State Department of Conservation and Natural Resources and various local governments. The 77th Session of the Legislature (2013) had approved maintaining all-risk emergency response service agreements with Clark, Elko, and Eureka Counties until no later than June 30, 2015. During the current biennium, Elko and Eureka Counties had transitioned out of the Division's intergovernmental agreement fire management program. Clark County, with only the Mount Charleston area involved, was scheduled to transition out of the program by June 30, 2015. She said there were no major closing issues in the budget.

Ms. Gamroth said the Governor recommended the elimination of the Division of Forestry's all-risk fire management program and its budget.

Assemblyman Oscarson asked whether everything was set up for the Mount Charleston transition.

Bob Roper, State Forester, Division of Forestry, State Department of Conservation and Natural Resources, replied that it was. He added that the Division had just received a report from Clark County that the inspected equipment was satisfactory. He said he would keep Assemblyman Oscarson updated on the progress of the transition.

ASSEMBLYMAN OSCARSON MOVED FOR APPROVAL OF
BUDGET ACCOUNT 4227 AS RECOMMENDED BY THE
GOVERNOR, INCLUDING AUTHORITY FOR FISCAL ANALYSIS
DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - FORESTRY NURSERIES (257-4235)
BUDGET PAGE DCNR-112**

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referenced ([Exhibit C](#)), Budget Closing List #6. She explained that budget account (BA) 4235, Forestry Nurseries, was an enterprise fund that supported various forestry programs. She said funding for the programs came primarily from nursery and seed sales, equipment rental fees, and a transfer from the Forestry budget account [BA 4195].

Ms. Gamroth said The Executive Budget recommended funding of \$2,356,584 over the 2015-2017 biennium, which represented a 3 percent increase over the previous biennium. Fiscal Analysis Division staff recommended the budget be closed as included in The Executive Budget.

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

ASSEMBLYMAN OSCARSON MOVED FOR APPROVAL OF
BUDGET ACCOUNT 4235 AS RECOMMENDED BY THE
GOVERNOR, INCLUDING AUTHORITY FOR FISCAL ANALYSIS
DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN ARMSTRONG SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - NEVADA TAHOE REGIONAL PLANNING AGENCY (101-4166)
BUDGET PAGE DCNR-136**

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referenced ([Exhibit C](#)), Budget Closing List #6. She explained that budget account (BA) 4166, the Nevada Tahoe Regional Planning Agency, regulated structures that housed gaming establishments in the Lake Tahoe Basin, pursuant to the bistate Tahoe Regional Planning Compact. The agency consisted of the seven Nevada members of the 15-member Tahoe Regional

Planning Agency governing board and was supported by staff from the Division of State Lands, State Department of Conservation and Natural Resources.

Ms. Gamroth said there were no major closing issues in the account. Fiscal Analysis Division staff recommended the budget be closed as recommended by the Governor in The Executive Budget.

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

ASSEMBLYMAN ARMSTRONG MOVED FOR APPROVAL OF BUDGET ACCOUNT 4166 AS RECOMMENDED BY THE GOVERNOR, INCLUDING AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - STATE ENVIRONMENTAL COMMISSION (101-4149)
BUDGET PAGE DCNR-161**

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referenced ([Exhibit C](#)), Budget Closing List #6. She explained that budget account (BA) 4149 supported the State Environmental Commission (SEC), which served as the primary rulemaking, variance, and appeal body for environmental regulations in Nevada. The SEC, which consisted of 11 members from both the public and private sector, heard and decided contested cases generated by appeals to enforcement actions.

Ms. Gamroth said there were no major closing issues in the account. Fiscal Analysis Division staff had included a technical adjustment in the adjusted base budget to add workers' compensation and Medicare payroll assessments for the SEC board members that were inadvertently left out of The Executive Budget. The combined additional expenditures totaled \$457 in each fiscal year and the increases were funded via transfers from various Division of Environmental Protection, State Department of Conservation and

Natural Resources budgets and the Motor Vehicle Pollution Control budget [BA 4722].

Fiscal Analysis Division staff recommended the budget be closed as recommended by the Governor, with the technical adjustment noted by staff.

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

ASSEMBLYWOMAN DICKMAN MOVED FOR APPROVAL OF BUDGET ACCOUNT 4149 AS RECOMMENDED BY THE GOVERNOR, INCLUDING AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - DEP MINING REGULATION/RECLAMATION (101-3188)
BUDGET PAGE DCNR-189**

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referenced ([Exhibit C](#)), Budget Closing List #6. She said that budget account (BA) 3188 was for mining regulation and reclamation in the Division of Environmental Protection, State Department of Conservation and Natural Resources. The Bureau of Mining Regulation and Reclamation was responsible for compliance with the Nevada Water Pollution Control Law and the Nevada mine land reclamation law, and the budget was funded by fees from the mining industry.

Ms. Gamroth said there were no major closing issues in the account. Fiscal Analysis Division staff had included a technical adjustment in the adjusted base budget to correct for fee revenue projections that had included unusually high reclamation fee revenue during fiscal year (FY) 2014. Staff had made a technical adjustment in the closing documents to decrease the mining regulation fees by \$19,154 in FY 2016 and by \$16,547 in FY 2017 and to decrease the mining reclamation fees by \$725,050 in FY 2016 and

\$686,156 in FY 2017, with a corresponding decrease in reserves. She said the agency concurred with the proposed adjustments.

Ms. Gamroth said the decision units for BA 3188 included the following items: an increase in out-of-state travel, replacement equipment, and an adjustment to the divisionwide indirect cost assessment. Fiscal staff concluded all recommendations appeared reasonable.

Assemblyman Armstrong requested more information regarding the unusually high reclamation permitting activity in FY 2014.

Ms. Gamroth explained that permit fees fluctuated with gold prices, so as gold prices decreased, the agency had seen a decrease in fee revenue and projected a continued decrease.

There being no further comments or questions, Chair Anderson asked for a motion.

ASSEMBLYWOMAN KIRKPATRICK MOVED FOR APPROVAL OF BUDGET ACCOUNT 3188 AS RECOMMENDED BY THE GOVERNOR, INCLUDING AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN OSCARSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - DEP STATE REVOLVING FUND - ADMIN (746-3189)
BUDGET PAGE DCNR-194**

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referenced ([Exhibit C](#)), Budget Closing List #6. She explained that budget account (BA) 3189 was the Division of Environmental Protection's (DEP) State Revolving Fund. The State Revolving Loan Program provided low-cost financing for wastewater and drinking water infrastructure improvements needed to achieve compliance with applicable environmental standards. The budget was funded primarily with federal grants awarded by the

U.S. Environmental Protection Agency (EPA). In addition to revolving grants, the State Revolving Fund Administration budget received loan-servicing fees and interest, which were currently placed in reserve.

Ms. Gamroth said there were no major closing issues in the budget. The Executive Budget also recommended:

- A transfer of federal funds to the DEP Administration budget for the federally approved indirect cost assessment.
- A transfer of reserve funding from the Water Planning Capital Improvement budget [BA 4155] for the costs associated with the Board for Financing Water Projects to BA 3189.
- Replacement equipment of two desktop computers with monitors.

Ms. Gamroth said Fiscal Analysis Division staff found all recommendations reasonable.

Assemblywoman Carlton asked for detail regarding the reserve levels in BA 3189.

Ms. Gamroth said the Governor recommended a fiscal year (FY) 2017 ending reserve level of \$1,154,391, a 42.7 percent increase over the FY 2015 projected ending reserve level of \$903,023. The recommended reserve level at the end of FY 2017 would be sufficient to support over five months of operating expenditures.

Ms. Gamroth explained the reserve balance in BA 3189 consisted of Clean Water State Revolving Fund loan servicing fees and Office of the State Treasurer's interest that had accumulated since FY 2007. The agency noted that the collection of loan servicing fees was initiated in FY 2007 when the federal government indicated that the revolving fund grant awards would be decreased or possibly eliminated. In anticipation of possible future decreases or elimination of federal grant funds, the agency had indicated it was reserving the loan-servicing fees and interest to provide future support for administrative costs. Because of the continued uncertainty regarding federal funding, she said, the elevated reserve levels recommended by the Governor appeared reasonable to Fiscal Analysis Division staff.

Assemblywoman Carlton expressed concern that the reserve levels were higher than necessary and that they were fee-based.

Ms. Gamroth said that if federal funding were decreased or eliminated, the agency would have five months of operating expenses to clean up outstanding loan issues. She said the reserve was composed solely of loan-servicing fees and interest.

Assemblyman Edwards asked what the probability was that federal funding would be eliminated.

Colleen Cripps, Ph.D., Administrator, Division of Environmental Protection, State Department of Conservation and Natural Resources, replied that she did not have a specific answer, but the agency had heard that the EPA was looking at significantly reducing the grants over the next couple of years.

Assemblyman Edwards asked how much advance warning the agency would receive should the EPA eliminate grant funding of the state revolving fund. He maintained that the agency was simply accumulating funds that could be used elsewhere.

Ms. Cripps guessed that the agency might get six months warning. She said that the long-term projects the agency worked on would take time to wrap up.

Assemblywoman Kirkpatrick pointed out that Nevada had some very rural areas that depended on this fund to have clean water. She reminded the Committee members that it was important to maintain contact with Nevada's Congressional Delegation to ensure the federal funds remained available. If they did not, she believed that some rural Nevadans would be without clean water. One thing she had learned, especially during the federal government's sequestration [the automatic across-the-board cuts necessitated by the Budget Control Act of 2011], was how much Nevada depended on federal government funding for all kinds of services.

There being no further comments or questions, Chair Anderson asked for a motion.

ASSEMBLYWOMAN DICKMAN MOVED FOR APPROVAL OF BUDGET ACCOUNT 3189 AS RECOMMENDED BY THE GOVERNOR, INCLUDING AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - DEP WATER QUALITY PLANNING (101-3193)
BUDGET PAGE DCNR-199**

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referenced ([Exhibit C](#)), Budget Closing List #6. She said that budget account (BA) 3193 was the Division of Environmental Protection's (DEP) Water Quality Planning budget. She explained that the Bureau of Water Quality Planning managed programs to meet the requirements of the federal Clean Water Act and Nevada's water quality statutes and regulations. The budget was primarily funded by federal grants and budgetary transfers.

Ms. Gamroth said there were no major closing issues in the budget. Fiscal Analysis Division staff had included a technical adjustment to remove federal grant authority from reserves and the balance-forward revenue line item and to increase the appropriate federal grant revenue and expenditure line items to reflect the anticipated federal grant funding.

The Executive Budget also recommended:

- The transfer of federal funds to the DEP Administration budget [BA 3173] for the federally approved indirect cost assessment.
- Replacement equipment to include five desktop computers with monitors, one laptop computer, one printer, and one agency vehicle with a camper shell.
- New water quality monitoring equipment capable of continuously monitoring and recording data.

Ms. Gamroth said Fiscal Analysis Division staff found all recommendations reasonable.

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

ASSEMBLYMAN KIRNER MOVED FOR APPROVAL OF BUDGET ACCOUNT 3193 AS RECOMMENDED BY THE GOVERNOR, INCLUDING AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - DEP SAFE DRINKING WATER REGULATORY PROGRAM (101-3197)
BUDGET PAGE DCNR-204**

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referenced ([Exhibit C](#)), Budget Closing List #6. She said that budget account (BA) 3197 was the Division of Environmental Protection's (DEP) Safe Drinking Water Regulatory Program. She explained that the Bureau of Safe Drinking Water ensured Nevada's public water systems complied with state and federal drinking water standards by enforcing the sampling and monitoring requirements for water quality and enforcing requirements for surface treatment and corrosion control.

Ms. Gamroth said there were no major closing issues in the budget. She said The Executive Budget also recommended:

- The transfer of federal funds to the DEP Administration budget [BA 3173] for the federally approved indirect cost assessment.
- An increase to in-state and out-of-state travel and training funding.
- Replacement equipment to include 11 desktop computers with monitors, 3 printers, and 3 tablet computers for field use.

Ms. Gamroth said Fiscal Analysis Division staff found all recommendations reasonable.

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

ASSEMBLYMAN HAMBRICK MOVED FOR APPROVAL OF BUDGET ACCOUNT 3197 AS RECOMMENDED BY THE GOVERNOR, INCLUDING AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN ARMSTRONG SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - DEP WATER PLANNING CAP IMPROVEMENT (101-4155)
BUDGET PAGE DCNR-209**

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referenced ([Exhibit C](#)), Budget Closing List #6. She said that budget account (BA) 4155 was the Division of Environmental Protection's (DEP) Water Planning Capital Improvement budget. She explained that the budget funded the staff and administrative expenses of the Board for Financing Water Projects, which awarded grants for capital improvements to small public water systems to ensure compliance with state and federal drinking water regulations. Grants were also awarded by the Board for qualifying water conservation projects, to mitigate the costs associated with abandoned septic systems, and to cover costs associated with connecting to community sewer systems. The budget was funded by bond proceeds and fees through a transfer from the Grants to Water Purveyors budget, which was a nonexecutive budget.

Ms. Gamroth said there were no major closing issues in the budget. She said The Executive Budget also recommended:

- The transfer of bond proceeds to the DEP Administration budget [BA 3173] for the federally approved indirect cost assessment.
- An increase to reserves because of transferring the board and commission pay and travel and operating costs associated with the Board from BA 4155 to the DEP State Revolving Fund budget [BA 3189].

Ms. Gamroth said Fiscal Analysis Division staff found all recommendations reasonable.

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

ASSEMBLYWOMAN KIRKPATRICK MOVED FOR APPROVAL OF BUDGET ACCOUNT 4155 AS RECOMMENDED BY THE GOVERNOR, INCLUDING AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**ELECTED OFFICIALS
JUDICIAL BRANCH
JUDICIAL DISCIPLINE (101-1497)
BUDGET PAGE JUDICIAL-84**

Kristen Kolbe, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referenced ([Exhibit C](#)), Budget Closing List #6. She said that budget account (BA) 1497 was the Judicial Discipline account. She stated that the account had three major closing issues, the first of which was position increases.

Ms. Kolbe explained that through budget amendment A150001497, the Governor's budget included an increase in State General Fund appropriations of \$172,088 over the 2015-2017 biennium to add a new nonclassified associate general counsel position and related costs. The salary of the position was recommended at \$107,114 each fiscal year, which she said was comparable to a senior deputy attorney general position. She said the new position would focus on the less complex cases, provide assistance with general litigation matters, and provide a more timely response to inquiries from judges and aspirants to judicial office. The new position would reduce costs because a dedicated state position would be more cost efficient than contracting for legal services. The budget amendment included a reduction to contract services of \$89,796 over the biennium.

Ms. Kolbe noted that the associate general counsel position would be a nonclassified position, meaning that salary was set at the discretion of the appointing authority, whereas salaries for unclassified employees were established by the Legislature in the unclassified pay bill.

Ms. Kolbe went on to describe another position increase that required a General Fund appropriation of \$79,015 over the 2015-2017 biennium to increase a vacant, nonclassified management analyst position from part time to full time. The Commission on Judicial Discipline cited difficulty in filling the part-time position, and had a backlog of 31 cases as of March 13, 2015. In addition to the backlog, the Commission indicated there were approximately 150 boxes of files that needed to be electronically archived to preserve case history.

Ms. Kolbe said that, in response to inquiries from Fiscal Analysis Division staff, the Commission revised its original estimate and indicated that total savings in contract services would be \$259,796 if the new associate general counsel was approved and the part-time position was increased to full time.

Ms. Kolbe said the Committee might wish to consider the following options:

- Option 1: Approve \$172,088 in General Fund appropriations for a new nonclassified associate general counsel position and associated costs and approve General Fund appropriations of \$79,015 to increase the existing part-time position to full time. With the decrease in appropriations for contract services, this option would result in a net decrease to General Fund appropriations of \$8,693 over the 2015-2017 biennium.
- Option 2: Approve \$172,088 in General Fund appropriations for a new unclassified associate general counsel position and associated costs and approve General Fund appropriations by \$79,015 to increase the existing part-time position to full time. With the decrease in appropriations for contract services, this option would result in a net decrease to General Fund appropriations of \$8,693 over the 2015-2017 biennium and would require the new position to be included in the unclassified pay bill.

Assemblywoman Carlton expressed concern that approving a nonclassified position left the agency open to pay whatever they wanted with no oversight from the Legislature. She believed that if the position was approved as unclassified, the Legislature would have the opportunity to review the backlog, the hours, and the results to ensure that the money was being spent appropriately.

Assemblywoman Kirkpatrick requested that Ms. Kolbe review the positions within BA 1497.

Ms. Kolbe said there were currently 3.51 full-time-equivalent (FTE) positions within the agency. The executive director/general counsel position was unclassified, and the support staff was nonclassified. She said the agency came back during the interim and asked for additional funds because of a significant issue with judicial misconduct in Las Vegas. The part-time position had remained vacant for some time because of the difficulty of recruiting and retaining the part-time position.

Assemblywoman Kirkpatrick asked what the executive director's salary was and whether that meant he could pay his support staff more than he was paid.

Ms. Kolbe said that the statute allowed some latitude with the nonclassified positions, but the agency had to stay within its budgeted amount. She added that there was additional latitude to pay more if the agency realized savings in another area, such as travel expenses. She did not feel it was likely that the director would pay support staff more than he was paid.

Assemblywoman Kirkpatrick asked for the details of the agency coming to the Interim Finance Committee (IFC).

Ms. Kolbe replied that the agency had come to IFC twice with requests for additional dollars because of the Las Vegas incident. She said they had not spent all the funds, and the remainder reverted to the General Fund. If the position increases were approved, the agency would have the additional dollars it needed to fund those positions.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, noted that the salary for the general counsel for the Commission on Judicial Discipline was \$140,662 at the employer/employee pay rate.

Chair Anderson believed that, because the unclassified executive director's salary was capped, the cap would provide a natural limit to the salaries of support staff. He called for a motion.

ASSEMBLYWOMAN DICKMAN MOVED TO APPROVE \$172,088
IN GENERAL FUND APPROPRIATIONS FOR A NEW
NONCLASSIFIED ASSOCIATE GENERAL COUNSEL POSITION AND
ASSOCIATED COSTS, INCLUDING ADJUSTMENTS IDENTIFIED
BY FISCAL STAFF, INCREASE GENERAL FUND APPROPRIATIONS

BY \$79,015 TO INCREASE THE EXISTING PART-TIME POSITION TO FULL TIME, AND DECREASE GENERAL FUND APPROPRIATIONS BY \$259,796 FOR CONTRACT SERVICES OVER THE 2015-2017 BIENNIUM.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

Assemblywoman Carlton expressed her concern again with the lack of oversight on the salary of nonclassified employees.

Chair Anderson responded that he believed the Legislature's oversight over the agency's budget would be sufficient.

Assemblywoman Kirkpatrick wondered, if the general counsel's salary was \$140,662, where the amount of \$172,088 amount came from.

Ms. Jones replied that the figure included benefit costs and operating costs associated with the position.

Assemblyman Sprinkle believed that creating more nonclassified positions was setting a bad precedent.

THE MOTION CARRIED. (Assemblymen Benitez-Thompson, Bustamante Adams, Carlton, Kirkpatrick, Sprinkle, and Swank voted no.)

Ms. Kolbe said that the second major closing item within BA 1497 was decision unit Enhancement (E) 849, a request for \$31,967 over the 2015-2017 biennium to support a salary increase for the nonclassified paralegal/management analyst position. The Commission indicated that the position currently performed advanced technical work relating to case management and supervised the remaining office staff. The salary increase would be approximately 20 percent.

Assemblywoman Benitez-Thompson asked for more justification of the salary increase using a management analyst grade comparison.

Paul C. Deyhle, General Counsel and Executive Director, Commission on Judicial Discipline, said that the duties of the paralegal/management analyst position were comparable to a management analyst 4 position, and the pay increase request used that model.

Assemblywoman Benitez-Thompson noted that the executive assistant for the Agency for Nuclear Projects, Office of the Governor, was a pay grade 31 and had comparable duties to those credited to the position in question.

Mr. Deyhle said he was unfamiliar with the particular position that Assemblywoman Benitez-Thompson had referenced, but the duties of the paralegal/management analyst position included legal research, preparation of motions, and other specific skills in addition to fiscal and budgetary duties.

Assemblywoman Dickman asked what the position currently paid.

Ms. Kolbe replied that she did not have that information currently.

Ms. Jones shared the dollar ranges for some of the pay grades with the Committee.

Chair Anderson said the Committee would defer further discussion of decision unit E-849 and come back to it later in the meeting.

Ms. Kolbe said that the third major closing issue for BA 1497 was decision unit E-247, a Governor-recommended increase to General Fund appropriations of \$33,456 over the 2015-2017 biennium to support additional travel and training funds for the general counsel, five of the seven commissioners, and the new associate general counsel position.

Assemblywoman Bustamante Adams asked the purpose of the travel.

Ms. Kolbe replied that the travel expenses would be used by the commissioners to attend national training, network with peers, and discuss the current issues in ethics.

Assemblywoman Benitez-Thompson asked for a breakdown of expenses for travel to the national training as opposed to those for training judges around the state.

Mr. Deyhle replied that about \$7,400 was for the commissioners to attend a national conference. The balance of the funds was for two distinct types of training:

- Staff training at the Administrative Office of the Courts and the National Judicial College to enable staff to "judge the judges."
- Training for judges and justices throughout the state in matters of ethics.

Chair Anderson called for a motion.

ASSEMBLYMAN ARMSTRONG MOVED TO APPROVE GOVERNOR'S RECOMMENDED INCREASE TO GENERAL FUND APPROPRIATIONS OF \$33,456 FOR TRAVEL AND TRAINING FUNDS FOR THE EXECUTIVE DIRECTOR/GENERAL COUNSEL AND FIVE COMMISSIONERS, INCLUDING TECHNICAL ADJUSTMENTS IDENTIFIED BY FISCAL STAFF.

ASSEMBLYMAN HICKEY SECONDED THE MOTION.

Assemblywoman Carlton expressed her hope that, if the dollars were not used for training, the agency would set them aside for another need and not build them into salary.

Chair Anderson echoed Assemblywoman Carlton's comments.

THE MOTION CARRIED. (Assemblywomen Benitez-Thompson, Bustamante Adams, and Swank voted no.)

Ms. Kolbe described other closing items for BA 1497:

- Decision unit E-225, for \$4,680 over the biennium to support access to the Federal Civil Judicial Procedure and Rules research database.
- Decision unit E-248, for \$62,353 over the biennium to relocate the Commission's office within Carson City.
- Decision unit E-710, for \$12,335 over the biennium to replace a desktop computer, four flat panel monitors, a file server, a surge protector, and associated software.
- Decision unit E-711, for \$19,496 over the biennium to replace a case and document software package.

Ms. Kolbe said Fiscal Analysis Division staff found the requests reasonable.

Assemblyman Edwards questioned the amount of decision unit E-711, saying he thought it was very high.

Ms. Jones clarified that approximately \$6,500 was related to the file server. She noted that the determination of prices for replacement equipment was

based on quotes from the Purchasing Division, Department of Administration, and built into the system statewide.

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

ASSEMBLYWOMAN KIRKPATRICK MOVED FOR APPROVAL OF THE OTHER CLOSING ITEMS IN BUDGET ACCOUNT 1497 AS RECOMMENDED BY THE GOVERNOR, INCLUDING AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN ARMSTRONG SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Anderson stated that the Committee would revisit decision unit E-849 later in the meeting.

Assemblywoman Benitez-Thompson wanted to assure Mr. Deyhle that she had no doubt his staff was hard working and competent, and like most state employees, underpaid. She wanted to clarify that her concern reflected the 20 percent raise, when most state employees would see a fraction of that percentage, if any.

Chair Anderson stated that he and Assemblywoman Benitez-Thompson shared the same concerns.

COMMERCE & INDUSTRY
GAMING CONTROL BOARD
GCB - GAMING CONTROL BOARD (101-4061)
BUDGET PAGE GAMING CONTROL BOARD-9

Leannandra Copeland, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referenced ([Exhibit C](#)), Budget Closing List #6. She said that budget account (BA) 4061, Gaming Control Board, was funded with State General Funds, fees, and an interagency transfer from the Investigation Fund.

Ms. Copeland said there were four major closing issues in BA 4061. The first was Enhancement (E) decision units E-550 and E-555, the Alpha migration project, Phase 2. The Governor recommended General Funds in E-550 totaling \$2,016,970 in fiscal year (FY) 2016 and \$2,079,869 in FY 2017 for the modernization project of the State Gaming Control Board's (GCB) Alpha System,

which hosted the most critical gaming application. She said Phase 1 was funded with a \$2 million one-shot appropriation by the Legislature in the 77th Session (2013). The agency reported that Phase 1 was nearly complete, and the application had gone live in the first quarter of 2015. The GCB believed the program was working well and was pleased with the progress so far. The requested funding would continue the software migration. The entire project was expected to continue through 2019 and have an overall cost of approximately \$11 million, including the \$2 million already expended.

Ms. Copeland said that decision unit E-555 was a request for General Funds totaling \$42,600 in each year of the biennium for staff travel associated with the Alpha migration project.

Ms. Copeland described E-225, the second major closing issue in budget account 4061. The Governor recommended General Funds of \$73,502 in FY 2016 and \$92,807 in FY 2017 for increased in-state and out-of-state travel. According to the agency, the out-of-state travel would be to recommended conferences that were needed to maintain Nevada's preferred gaming environment by providing regulatory expertise, exposure to other gaming jurisdictions, and awareness of relevant gaming issues.

During previous testimony, the agency indicated that it had decided not to attend the International Association of Gaming Regulators (IAGR) Conference that was initially built into the budget. The GCB indicated they would like to replace the single conference with three other trips using the same funding. The replacement trips were the International Association of Gaming Advisors conference, an International Olympic Committee meeting, and an undetermined conference.

Ms. Copeland said Fiscal Analysis Division staff had analyzed travel expenditures for the agency since 2008, and the legislatively approved out-of-state travel had averaged about \$24,000 annually. The actual expenditures over the same period averaged \$7,830 annually. In response to staff inquiries, the GCB indicated that in past years, some travel expenses had been expended from the Investigation Fund when investigations had coincided with conference travel. The agency said it no longer wished to fund travel from the Investigation Fund, as the timing of conferences and investigations could not be guaranteed to coincide.

Ms. Copeland continued to the topic of in-state travel, stating the Governor's recommended increase was \$40,833 in FY 2016 and \$60,138 in FY 2017. The agency reported that anticipated out-of-town audits would be higher in the 2015-2017 biennium. Additionally, the in-state travel request included

an upgrade in rentals from the Fleet Services Division, Department of Administration, from five intermediate vehicles to five premium vehicles to enhance the safety of staff in the transportation of suspects.

Ms. Copeland said the Committee might wish to consider the following options:

- Option 1: Approve the Governor's recommendation, with an adjustment to replace the 2016 IAGR trip with three other foreign trips.
- Option 2: Approve the Governor's recommendation, less the IAGR conference that the GCB indicated it would not be attending in FY 2016.

Chair Anderson asked for comments or questions regarding the Alpha migration project. Hearing none, he asked for a motion.

ASSEMBLYMAN EDWARDS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION OF \$2,016,970 IN FY 2016 AND \$2,079,869 IN FY 2017 FOR PHASE 2 OF THE MODERNIZATION PROJECT OF THE GAMING CONTROL BOARD'S ALPHA SYSTEM AND \$42,600 PER YEAR TO FUND STAFF TRAVEL IN SUPPORT OF THE PROJECT.

ASSEMBLYMAN ARMSTRONG SECONDED THE MOTION.

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

Assemblyman Edwards asked why the GCB did not wish to use the Investigation Fund for travel expenses any longer.

A. G. Burnett, Chair, State Gaming Control Board, replied that in the past, some of the travel costs to conferences were expended by the Investigation Fund, which consisted of fees deposited by licensees being investigated. Mr. Burnett said there were fewer and fewer ongoing investigations recently, and he believed it was no longer appropriate to use Investigation Funds for the Chair or staff to attend conferences.

Assemblyman Edwards expressed the opinion that he would like to see the GCB continue to use Investigation Funds for its travel.

Assemblyman Sprinkle asked how much the GCB had used in previous biennia from the Investigation Fund and for an explanation of the significant increase in travel.

Mr. Burnett replied that he did not have the amounts expended from the Investigation Fund in previous biennia. He said the total amounts for travel included gaming conferences, technology division staff conferences, and training conferences.

Ms. Copeland said the amount billed to the Investigation Fund in the past year was approximately \$14,000 for the IAGR conference.

Assemblyman Sprinkle asked whether the GCB anticipated using any Investigation Funds for travel to conferences in the future.

Mr. Burnett said that he could not provide an answer for the long term because it was unknown whether application investigations would increase. In the near future, the GCB would not be using Investigation Funds for travel to conferences.

Assemblywoman Carlton said that gaming had become more complicated in recent years, but it was Nevada's premier industry, and Las Vegas was the world leader. She said if the GCB was not represented at the conferences, it would not have a leadership role in guiding the growth and regulation of the industry. She believed it was critical for the Board to be at major events.

Assemblywoman Titus said she understood the importance of the GCB's attendance at gaming events but wanted to see a better breakdown between travel done for investigative purposes and travel just to attend gaming conferences. She recognized the importance of gaming to the state economy, but thought the travel requested was excessive.

Assemblywoman Bustamante Adams asked whether the GCB produced reports following the conference travel and wondered how to assess the return on investment of the travel expense.

Mr. Burnett responded that the return on investment was the portion of the General Fund revenues that came from gaming industry taxes and fees. He said the entire industry looked to Nevada for leadership in gaming regulation. He noted that he turned down invitations to conferences on a weekly basis, that he did not enjoy travel, and none of the trips were junkets. Each trip generally required working 12 hours each day sitting on panels, meeting with potential new licensees, or meeting with regulators from other states. He said he always tried to bring meetings to Las Vegas and was often, but not always, successful. While he could not express the return on investment in numbers, he could say that the travel helped ensure that Nevada was at the forefront of gaming policy and leading the conversation instead of becoming a follower of policy.

Assemblywoman Bustamante Adams asked whether, when a staffer traveled to a meeting, the Chair received a written report of what had transpired.

Mr. Burnett said most of the time he would send the staffer with talking points to discuss, and he would receive either a written or a verbal report on the proceedings.

Assemblywoman Titus asked whether invitations to events included the host paying the expenses.

Mr. Burnett replied that most conferences did not pay for the actual travel, but conference fees, which could run into thousands of dollars, were often waived, and hotel costs were often waived or discounted.

Chair Anderson opined that Nevada not showing up for a major gaming conference was akin to Microsoft not showing up for a major software convention. The absence would be noticeable, he said, and if the state wanted to remain the gold standard for gaming, he believed it was imperative that the GCB attend. He asked for a motion.

ASSEMBLYMAN ARMSTRONG MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION, WITH AN ADJUSTMENT TO ACCOMMODATE THE CHANGE TO REPLACE THE 2016 IAGR WITH THREE FOREIGN TRIPS, OF \$72,695 IN FY 2016 AND \$92,807 IN FY 2017 FOR ADDITIONAL IN-STATE AND OUT-OF STATE TRAVEL.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

Assemblywoman Benitez-Thompson, while agreeing that Nevada's presence at gaming conferences was critical, said she thought Option 2 was more palatable, because it did not appropriate funds for unidentified trips.

Assemblyman Sprinkle expressed concern over the clarity between General Fund dollars and Investigation Fund dollars being spent on travel.

Assemblywoman Kirkpatrick stated she supported the first option, especially because it would revert to the General Fund if unused. She asked staff whether the Legislature had the ability to reach out to the agency and get travel spending updates.

Stephanie Day, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, agreed that staff could provide the Committee with

the information, which could also be requested through the Interim Finance Committee process.

THE MOTION CARRIED. (Assemblywomen Benitez-Thompson and Titus voted no.)

Ms. Copeland described decision unit E-230, the third major budget issue, which was a recommendation to eliminate ten vacant, unclassified investigation agent positions in the Investigations Division. The agency indicated a slowdown in gaming applications was a factor in the recommendation.

Ms. Copeland said that in previous testimony, the Committee had expressed concern that a supervisory position was not being eliminated in conjunction with the agent positions. The agency responded that all supervisory positions were currently staffed with employees with many years of gaming regulatory and investigative experience; however, the GCB indicated that any open positions were reviewed to ensure they were essential prior to filling a vacancy.

Assemblywoman Carlton requested that the Committee hear the next budget issue regarding new positions before voting on the elimination of positions.

Ms. Copeland described the fourth major budget issue broken down into three requests:

- E-235, an adjusted General Fund appropriation of \$175,278 in FY 2016 and \$171,124 in FY 2017 for two new unclassified electronics technician positions. The positions were cut in 2011, and the agency had provided Fiscal Analysis Division staff with workload statistics indicating the need for the positions. The technical adjustment removed a request for \$5,940 in furnishings, which were not needed.
- E-240, a General Fund appropriation of \$109,352 in FY 2016 and \$211,772 in FY 2017 for two new unclassified network specialists. The agency had provided Fiscal staff with data indicating the need for the additional positions. One position would be added each year of the upcoming biennium.
- E-245, an adjusted General Fund appropriation of \$301,251 in FY 2016 and \$289,662 in FY 2017 for three new unclassified enforcement agents. The agency indicated that the current practice of outsourcing computer forensic cases had resulted in unacceptable delays. The current members of the Enforcement Division had worked 1,535 hours of overtime in calendar year 2014. A technical adjustment

removed a request for \$2,970 in furnishings that had been determined unnecessary.

Hearing no comments or questions, Chair Anderson requested a motion on decision unit E-230.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO ELIMINATE TEN UNCLASSIFIED INVESTIGATION AGENT POSITIONS IN THE INVESTIGATIONS DIVISION.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Anderson requested a motion on decision unit E-235.

ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR TWO UNCLASSIFIED ELECTRONIC TECHNICIAN POSITIONS, INCLUDING THE TECHNICAL ADJUSTMENT TO REMOVE NEW FURNISHINGS FROM THE DECISION UNIT.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Anderson requested a motion on decision unit E-240.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR TWO UNCLASSIFIED NETWORK SPECIALIST POSITIONS.

ASSEMBLYMAN ARMSTRONG SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Anderson requested a motion on decision unit E-245.

ASSEMBLYWOMAN DICKMAN MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR THREE UNCLASSIFIED ENFORCEMENT AGENTS, INCLUDING THE TECHNICAL ADJUSTMENT TO REMOVE NEW FURNISHINGS.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Copeland said that Fiscal Analysis Division staff received a request from the Budget Division, Department of Administration, to make a technical adjustment in the classification code for the unclassified executive assistant, resulting in an adjustment of \$3,242 in FY 2016 and \$3,251 in FY 2017.

Ms. Copeland summarized the other Enhancement (E) decision units in BA 4061:

- E-227, a recommendation to reinstate elements of the Technology Division's training program. The decision unit would cost \$15,230, of which \$4,448 was State General Funds, in each year of the biennium. The agency had indicated it had been unable to use its training budget because of a staff shortage.
- E-229, for \$1,250 in each year of the biennium to purchase ergonomic equipment.
- E-710, for \$473,036 in FY 2016 and \$680,530 in FY 2017 to replace computer hardware and software. The agency indicated it planned to upgrade all agency computers to Microsoft Office 2016 in the 2015-2017 biennium.
- E-720, for \$22,797 in FY 2016 and \$1,200 in FY 2017 to develop a remote verification access system, allowing the agency to test equipment remotely.
- E-806, for \$21,089 in FY 2016 and \$21,108 in FY 2017 to reclassify two investigations agent positions to a special agent and a senior agent that would form a team for compliance review.
- E-811, a revenue neutral request to change the titles of two existing unclassified positions to align job titles with job duties.

Ms. Copeland said Fiscal Analysis Division staff recommended approval of the other closing items as recommended by the Governor.

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

ASSEMBLYMAN KIRNER MOVED FOR APPROVAL OF OTHER CLOSING ITEMS IN BUDGET ACCOUNT 4061 AS RECOMMENDED BY THE GOVERNOR, INCLUDING AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**COMMERCE & INDUSTRY
GAMING CONTROL BOARD
GCB - GAMING COMMISSION (101-4067)
BUDGET PAGE GAMING CONTROL BOARD-19**

Leannandra Copeland, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referenced ([Exhibit C](#)), Budget Closing List #6. She said that budget account (BA) 4067, Gaming Commission, was funded with State General Funds.

Ms. Copeland said there were two major closing issues in BA 4067. The first was Enhancement (E) decision unit E-225, a request for General Funds of \$44,201 in each year of the biennium for Nevada Gaming Commission members to travel to two domestic meetings and two foreign meetings. The agency indicated that the increase in travel would provide the Commission the opportunity to sustain Nevada as the preferred gaming environment, gain exposure to other gaming jurisdictions, and present information on relevant global gaming issues.

Ms. Copeland said Fiscal Analysis Division staff had examined out-of-state travel expenditures since fiscal year (FY) 2008 and found authorized expenditures never exceeded \$20,000, and actual expenditures never exceeded \$10,000 in any year. The agency indicated an increase in the need for out-of-state travel because of concern that Nevada has had little presence on the worldwide stage.

Ms. Copeland said if the Committee wished, it could approve the full Governor's recommendation for an increase in out-of-state travel funds or a reduction of the Governor's recommended amount by some percentage of their choosing.

Assemblyman Edwards said he supported approving one-half the Governor's recommended amount for out-of-state travel.

Assemblywoman Carlton asked where cuts would be made if only half the travel amount was approved. She was inclined to support the Governor's recommended amount.

Chair Anderson said his preference was approving the Governor's recommended amount and would entertain a motion on decision unit E-225.

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO PROVIDE GENERAL FUNDS OF \$44,201 IN EACH YEAR OF THE BIENNIUM FOR OUT-OF-STATE TRAVEL AND TRAINING FOR THE NEVADA GAMING COMMISSION.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

Assemblyman Armstrong asked whether unused funds would revert to the General Fund, and Chair Anderson said that they would.

THE MOTION CARRIED. (Assemblyman Edwards voted no.)

Ms. Copeland continued to the second major closing issue in BA 4067, which was an increase for in-state travel, decision unit Enhancement (E) 227. The Governor recommended \$10,567 in FY 2016 and \$12,243 in FY 2017. The request would fund travel to Carson City for two Nevada Gaming Commission meetings each year of the biennium and fund travel to Carson City for the Commission's Chairman in 2017 to participate in the budget-building process prior to and during the 2017 Legislative Session. The funds would also provide for a senior research specialist to make 12 trips per year to Las Vegas to present research topics and receive direction from the Commission.

Ms. Copeland said Fiscal Analysis Division staff examined historical travel and found that the current request was greater than historical usage. The agency indicated that, by statute, the Gaming Commission had the authority to set place and time of meetings, and it would like to have funding available if the Commission wished to hold meetings in Carson City.

Assemblywoman Carlton noted that airline tickets had risen several times recently, and she supported the recommendation.

Chair Anderson requested a motion on decision unit E-227.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO PROVIDE GENERAL FUNDS TOTALING \$10,567 IN FY 2016 AND \$12,243 IN FY 2017 FOR ADDITIONAL IN-STATE TRAVEL.

ASSEMBLYMAN SPRINKLE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Copeland continued with the other Enhancement (E) decision units in BA 4067:

- E-229, for \$7,475 in each year of the biennium for registration fees for five Commission members to attend the Global Gaming Expo in Las Vegas.
- E-250, for \$3,000 in each year of the biennium to pay merchant fees associated with online payments of gaming taxes and fees.

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

ASSEMBLYMAN ARMSTRONG MOVED FOR APPROVAL OF OTHER CLOSING ITEMS IN BUDGET ACCOUNT 4067 AS RECOMMENDED BY THE GOVERNOR, INCLUDING AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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**COMMERCE & INDUSTRY
GAMING CONTROL BOARD
GCB - GAMING CONTROL BOARD INVESTIGATION FUND (244-4063)
BUDGET PAGE GAMING CONTROL BOARD-23**

Leannandra Copeland, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referenced ([Exhibit C](#)), Budget Closing List #6. She said that budget account (BA) 4063, Gaming Control Board Investigation Fund, was funded by fees from gaming licensees.

Ms. Copeland said there were no major closing issues in BA 4063. Other closing items were decision unit Enhancement (E) 225, which added \$1,571 over the biennium to upgrade a Fleet Services Division, Department of Administration, vehicle rental from a compact vehicle to an intermediate vehicle. Other item number two was a transfer to BA 4061 based on recommended adjustments in that budget account. The recommendation and adjustments appeared reasonable to Fiscal Analysis Division staff.

Chair Anderson clarified that the Committee had closed BA 4061, and this decision unit gave staff permission to make the budget transfers.

Assemblywoman Benitez-Thompson asked for detail on the Fleet Services vehicle upgrade seen in BA 4061 and BA 4063.

Assemblywoman Carlton noted that the vehicle upgrade in BA 4061 was for the safety of enforcement agents apprehending suspects in custody, while the vehicle upgrade in BA 4063 was for the comfort of investigation agents on longer rural trips.

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

ASSEMBLYWOMAN DICKMAN MOVED FOR APPROVAL
OF BUDGET ACCOUNT 4063 AS RECOMMENDED BY THE
GOVERNOR, INCLUDING AUTHORITY FOR FISCAL ANALYSIS
DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Chair Anderson declared the Committee would take a short recess.

Chair Anderson reconvened the meeting at 11:43 a.m.

ELECTED OFFICIALS
ELECTED OFFICIALS
GOVERNOR'S OFFICE OF ENERGY (101-4868)
BUDGET PAGE ELECTED-18

Jeff Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referenced ([Exhibit C](#)), Budget Closing List #6. He said that budget account (BA) 4868, Governor's Office of Energy, used no State General Funds.

Mr. Ferguson explained that in decision unit Enhancement (E) 227, The Executive Budget recommended transfers from the Renewable Energy Fund of \$1,000 in each year of the 2015-2017 biennium to create a host fund. The agency indicated the Director and staff members were frequently invited to working meals with clients, which included applicants for tax abatements and their representatives. The agency thought it would be reasonable to reimburse the employees for the cost of the meals. Fiscal Analysis Division staff noted that, according to the *State Administrative Manual*, section 2636, this would be an inappropriate use of a host fund. He noted that employees attending functions more than 50 miles from their workstations would be eligible for per diem travel costs. Consequently, staff did not recommend approval of the Governor's recommendation to establish a host fund in the Office of Energy.

Chair Anderson requested a motion regarding BA 4868 and E-227.

ASSEMBLYWOMAN CARLTON MOVED FOR APPROVAL OF BUDGET ACCOUNT 4868 AS RECOMMENDED BY THE GOVERNOR, WITH THE EXCEPTION OF THE ESTABLISHMENT OF A HOST FUND, AND INCLUDING AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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ELECTED OFFICIALS
ELECTED OFFICIALS
RENEWABLE ENERGY FUND (101-4869)
BUDGET PAGE ELECTED-24

Jeff Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referenced ([Exhibit C](#)), Budget Closing List #6. He said that budget account (BA) 4869, the Renewable Energy Fund, used no State General Funds.

Mr. Ferguson said that one major closing issue in BA 4869 was the Direct Energy Assistance Loan (DEAL) program, decision unit Enhancement (E) 225, a transfer of \$1.5 million in fiscal year (FY) 2016 to the Weatherization budget [BA 4865] in the Department of Business and Industry's Housing Division. The program was a direct energy assistance loan program for State of Nevada employees. Assembly Bill (A.B.) 466 would provide the authority to initiate payroll deductions from employees enrolled in the DEAL program.

Mr. Ferguson stated that the DEAL program would provide state employees an interest-free loan of up to \$6,000 that would be paid off by a monthly payroll deduction of \$50 or \$100, depending on the original loan amount. The Office of Energy, Office of the Governor (GOE), indicated that there would be no start-up costs because the weatherization program in the Housing Division already performed all of the services associated with the DEAL program as part of other programs it administers. The Housing Division would receive 6 percent of the total program costs for its role in the program oversight. Further, the amount associated contractors could receive would be capped at 10 percent of the total costs for each project. The agency clarified that contractors would be licensed and Building Performance Institute-certified.

Mr. Ferguson said that the GOE had estimated the average per-home expenditures for the DEAL program would be approximately \$3,500, allowing the program to serve 428 employees during the pilot, and saving the average homeowner about \$600 per year.

Mr. Ferguson explained that the DEAL program would generate three monthly reports to evaluate its effectiveness:

- A monthly expenditure breakdown totaling the administration costs for the Housing Division and subgrantees, the amount spent to date, and the amount remaining to be spent.

- A financial status report that would include the total amount spent to date and a request for future funds to the GOE for review and approval.
- A building weatherization report on behalf of the subcontractors, detailing actual energy efficiency work performed in each participant's home.

Assemblyman Edwards asked for clarification that no General Funds were used in the DEAL program.

Mr. Ferguson agreed, saying the funds being used were to be used exclusively for energy reduction measures.

Assemblyman Edwards asked whether the program was on track to expend the entire amount in the budget account. If the funds were not expended, he asked whether they could revert to the General Fund.

Mr. Ferguson noted that the reserves had built up quite a bit in BA 4869, but the funds were property tax revenues split from the abatement earmarked for the specific purpose of energy reduction measures.

Chair Anderson explained that A.B. 466 was the authority to expend the funds and had not been fully vetted by the Committee yet.

Assemblywoman Carlton expressed doubt that the program would be widely used because state employee's paychecks were already reduced so much that she doubted they could tolerate another deduction. She said it was unfortunate that retired state employees did not qualify because it was likely they were living in older homes that could use the energy reduction measures.

Assemblywoman Kirkpatrick reminded the Committee that later in the budget it would hear that there was an energy home retrofit program for seniors that had been widely used. She stated that one of the Legislature's goals in 2009 was to ensure that Nevadans benefitted from federal dollars in energy reduction programs.

Assemblyman Kirner noted that the 428 households the pilot program would serve was a very small fraction of state employees. He asked whether there were any parameters regarding the pay grades of the applicants and for confirmation that the loans were interest-free.

Mr. Ferguson replied that any state employee could apply, and the loans were interest-free. He reiterated it was a pilot program, and the agency had indicated there were ample reserves should the program need to be expanded.

Chair Anderson requested a motion on decision unit E-225.

ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO USE \$1.5 MILLION OF RENEWABLE ENERGY ABATEMENT TAX REVENUE HELD IN RESERVES TO OPERATE THE DEAL PROGRAM.

ASSEMBLYMAN ARMSTRONG SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Carlton voted no.)

Mr. Ferguson explained that the second major closing issue was base budget funding for programs that had started in the previous biennium. The request was for \$1.6 million dollars in each year of the 2015-2017 biennium for two programs: the Performance Contract Audit Assistance Program (PCAAP) and the Home Energy Retrofit Opportunities for Seniors (H.E.R.O.S.) program. In an earlier budget hearing, the Committee had expressed concern that the programs had not spent the legislatively approved amounts, which the agency indicated was a result of turnover in the GOE and the time required to develop the program and put policies and procedures in place. He reported that the programs were now operational.

Mr. Ferguson said the base budget funding would include \$1 million in each year for the PCAAP program, which provided monetary assistance for financial-grade operational audits to eligible Nevada governmental entities that had chosen to enter into an energy performance contract. Energy performance contracting, he explained, was a financing technique that used cost savings from reduced energy consumption to repay the cost of installing energy conservation devices and offered the opportunity for governmental entities to manage energy budgets, upgrade and modernize facilities, reduce the taxpayer burden, incorporate the use of renewable energy, and create jobs in Nevada.

Mr. Ferguson reported that the PCAAP program currently had one funded project—the Truckee Meadows Water Reclamation Facility—and two pending programs—the Office of Sustainability, Administrative Services, City of Las Vegas and the Clark County Water Reclamation District.

Mr. Ferguson explained that the H.E.R.O.S. program funding was for \$600,000 in each year of the biennium. The program assisted Nevada seniors with reduced energy costs by improving the energy efficiency of their homes, and was administered through the Weatherization budget in the Nevada Housing

Division. The program provided energy efficiency upgrades at no cost to income-qualified seniors who owned and resided in the home.

Mr. Ferguson said the agency had indicated it had serviced 40 homes to date and expected to serve 125 homes before the end of FY 2015.

Chair Anderson requested a motion on base budget funding for programs.

ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO USE \$1.6 MILLION OF IN EACH YEAR OF THE 2015-2017 BIENNIUM FOR THE PCAAP AND H.E.R.O.S. PROGRAMS.

ASSEMBLYMAN ARMSTRONG SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Anderson requested a motion regarding other closing items in BA 4869.

ASSEMBLYMAN EDWARDS MOVED FOR APPROVAL OF OTHER CLOSING ITEMS IN BUDGET ACCOUNT 4869 AS RECOMMENDED BY THE GOVERNOR, INCLUDING AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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ELECTED OFFICIALS

ELECTED OFFICIALS

RENEWABLE ENERGY, EFFICIENCY AND CONSERVATION LOAN (101-4875)

BUDGET PAGE ELECTED-27

Jeff Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referenced ([Exhibit C](#)), Budget Closing List #6. He said that budget account (BA) 4875, the Renewable Energy, Efficiency and Conservation Loan Account, used no State General Funds. He said there were no major closing issues in the budget and no decision units.

Mr. Ferguson noted that at the previous budget hearing, the Committee expressed concern over loans that had defaulted. Fiscal Analysis Division staff pointed out that current loans had a principal balance amount of \$2,652,958, and defaulted loans had a balance of \$12,234,034. All defaulted loans had been submitted to the Office of the Attorney General that was following up on collecting what funds it could. He said the agency indicated that while the loss of the loan principal from the defaulted loans had affected the program, it was still operating and would continue to operate to provide loans that met the requisite guidelines.

Mr. Ferguson also noted that in the previous budget hearing the Committee had questioned whether the interest income had been overstated. The agency provided calculations indicating the interest income amounts were correct.

Assemblyman Edwards noted that many of the defaulted loans were quite large and wondered whether the agency had considered reducing the maximum amount of a loan.

Mr. Ferguson believed the larger loans were made at the onset of the program with the intent of distributing the funds quickly, and the agency had not put precautions in place. Going forward, he said, the agency had significantly less to loan out, and each application was evaluated on its own merits.

Paul Thomsen, Director, Office of Energy, Office of the Governor, said there now was a loan cap on the program. The range for loans was \$100,000 to \$1 million. In addition, he said, safeguards were now in place to evaluate the loans for their fiduciary soundness.

Chair Anderson requested a motion regarding BA 4875.

ASSEMBLYWOMAN KIRKPATRICK MOVED FOR APPROVAL OF
BUDGET ACCOUNT 4875 AS RECOMMENDED BY THE
GOVERNOR, INCLUDING AUTHORITY FOR FISCAL ANALYSIS
DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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ELECTED OFFICIALS
JUDICIAL BRANCH
JUDICIAL DISCIPLINE (101-1497)
BUDGET PAGE JUDICIAL-84

Chair Anderson returned the Committee's attention to the previously deferred decision unit Enhancement (E) 849 within budget account (BA) 1497, the salary increase for the nonclassified paralegal/management analyst position. For informational purposes, he advised the Committee that the Senate Committee on Finance had closed the budget as recommended by the Governor.

Assemblywoman Carlton reminded the Committee that as a nonclassified position, once the dollars were approved, the Legislature ultimately had no control over the salary. She understood that the Commission on Judicial Discipline needed a certain level of expertise, but believed that the Commission needed to transition from General Fund funding to another model, such as regulatory fees. She would approve the salary increase, but urged the Committee to monitor the Commission closely.

Chair Anderson agreed and appreciated her comments. He requested a motion on E-849.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE
THE GOVERNOR'S RECOMMENDATION FOR \$31,967 OVER
THE 2015-2017 BIENNIUM FOR A SALARY INCREASE FOR
THE NONCLASSIFIED PARALEGAL/MANAGEMENT ANALYST
POSITION.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

Assemblyman Armstrong said he would oppose because the comparison of the duties did not support the increase.

THE MOTION CARRIED. (Assemblymen Armstrong, Benitez-
Thompson, Bustamante Adams, Dickman, and Titus voted no.)

BUDGET CLOSED.

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Assembly Bill 480: Provides for the licensing and regulation of mortgage loan servicers and revises provisions governing the administration of the Division of Mortgage Lending of the Department of Business and Industry. (BDR 54-1174)

Assembly Bill 481: Provides additional authority for the enforcement of the laws prohibiting deceptive trade practices. (BDR 52-1168)

Chair Anderson reminded the Committee that Assembly Bill (A.B.) 480 and Assembly Bill (A.B.) 481 had been heard briefly in a previous meeting. Because there was a lot of policy to be discussed, the Committee had decided it was appropriate to pass the bills out of Committee without recommendation and rerefer them to the Assembly Committee on Commerce and Labor.

Assemblywoman Carlton asked whether the bills would continue to be exempt.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, clarified that once a bill was referred to the Assembly Committee on Ways and Means, it was determined exempt and maintained exempt status throughout the Legislative session.

Assemblyman Kirner mentioned that A.B. 311, a bill with similar fee structure and goals, had failed in Committee. He intended to use the language from that bill to amend A.B. 480 and A.B. 481 when they were heard by Commerce and Labor.

Assemblywoman Titus said she could not support either bill in any Committee.

Assemblywoman Kirkpatrick stated that it was important for bills to be heard, even if the Committee did not support them, because the agency needed to understand the Committee's reasoning before they could develop a fix for a bill.

Ms. Jones wanted to clarify that the agency had proposed amendments to both bills, and the Committee should rerefer the bills without the amendments so they could be heard before the policy committee.

ASSEMBLYWOMAN KIRKPATRICK MOVED TO REREFER ASSEMBLY BILL 480 AND ASSEMBLY BILL 481 TO THE ASSEMBLY COMMITTEE ON COMMERCE AND LABOR WITHOUT AMENDMENT AND WITHOUT RECOMMENDATION.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

THE MOTION PASSED. (Assemblywoman Titus voted no.)

Chair Anderson asked for public comment. Hearing none, he adjourned the meeting at 12:17 p.m.

RESPECTFULLY SUBMITTED:

Barbara Williams
Committee Secretary

APPROVED BY:

Assemblyman Paul Anderson, Chair

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Ways and Means

Date: April 13, 2015

Time of Meeting: 9:09 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Fiscal Analysis Division, Legislative Counsel Bureau	Closing List #6