

**MINUTES OF THE  
COMMITTEE ON FINANCE**

**Seventy-Eighth Session  
March 25, 2015**

The Committee on Finance was called to order by Chair Ben Kieckhefer at 8:02 a.m. on Wednesday, March 25, 2015, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Ben Kieckhefer, Chair  
Senator Pete Goicoechea  
Senator Mark A. Lipparelli  
Senator David R. Parks  
Senator Joyce Woodhouse  
Senator Aaron D. Ford

**COMMITTEE MEMBERS ABSENT:**

Senator Michael Roberson, Vice Chair (Excused)

**STAFF MEMBERS PRESENT:**

Mark Krmpotic, Senate Fiscal Analyst  
Alex Haartz, Deputy Fiscal Analyst  
Joi Davis, Senior Program Analyst  
Adam Drost, Program Analyst  
Kristen Kolbe, Program Analyst  
Brody Leiser, Program Analyst  
Lona Domenici, Committee Manager  
Emily Cervi, Committee Assistant  
Trish O'Flinn, Committee Secretary

**OTHERS PRESENT:**

The Honorable James Hardesty, Chief Justice, Supreme Court  
Evan Dale, Administrator, Administrative Services Division, Department of Administration

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Wendy Livermore, Program Officer, Office of the Attorney General  
Brian Sanchez, Lieutenant Colonel, Assistant Chief, Nevada Highway Patrol,  
Department of Public Safety  
John McCuin, Administrative Services Officer, Nevada Highway Patrol,  
Department of Public Safety  
Jeanette K. Belz, M.B.A., Nevada Chapter, Associated General Contractors  
Buzz Harris, Tahoe Transportation District  
Andy MacKay, Chair, Nevada Transportation Authority, Department of Business  
and Industry  
Amy McKinney, C.P.M., Administrator, Administrative Services Division,  
Department of Motor Vehicles

**Chair Kieckhefer:**

We will start with Senate Bill (S.B.) 469.

**SENATE BILL 469**: Makes a supplemental appropriation to the Supreme Court of Nevada for an unanticipated shortfall in revenue for Fiscal Year 2014-2015 resulting from a deficit in the collection of administrative assessments. (BDR S-1228)

**The Honorable James Hardesty (Chief Justice, Supreme Court):**

Senate Bill 469 is a supplemental appropriation request caused by a shortfall in court administrative assessments over the past fiscal year. The projected difference is nearly \$860,000 less than expected. We have offset that with savings of almost \$300,000. The supplemental appropriation request has been reduced from \$700,000 to \$588,000.

**Chair Kieckhefer:**

What are the savings categories?

**Chief Justice Hardesty:**

We expect to have a reduction of \$80,000 in personnel services due to vacant positions we continue to maintain open. The amount we intended to transfer to the Court of Appeals is \$60,000 less than anticipated. We have been able to achieve an \$80,000 reduction in our settlement conference program.

**Chair Kieckhefer:**

Do you anticipate the trend of lower administrative assessments to continue?

**Chief Justice Hardesty:**

It will and I am concerned. We have proposed that the percentage division of administrative assessments allocated to the Supreme Court be changed to mitigate the problem, but this is not a long-term solution. I worry the Court will have to impose itself on the Interim Finance Committee (IFC) over the course of the next biennium. Projections for the 2017 to 2019 biennium indicate the Court will not receive enough funding through the current mechanism to pay its operating expenses. I hope the Legislature will work with us to reevaluate how the courts are funded. This may not be feasible for the current Session, but it should be undertaken during the 79th Session.

**Senator Goicoechea:**

I agree with Chief Justice Hardesty. Testimony heard at the Subcommittee meeting detailed the growing problems with the funding mechanism. Appropriations for the current biennium may not even be adequate. The issue is not enough citations are being written and I do not know how you address that.

**Chief Justice Hardesty:**

Law enforcement chooses its priorities, which is appropriate. However, connecting funding of the Supreme Court with traffic tickets is not a wise funding method. Perhaps the Legislature should add the Supreme Court to the General Fund responsibilities. Currently, due to funding insecurity, the core functions of the Court are in jeopardy. There are a number of vacant positions that prevent the Court from accomplishing many of its functions. The backlog cannot be reduced because staffing is inadequate.

**Senator Ford:**

Although the funding issue is a serious problem, I am glad it is due to a lower citation rate. There are communities in which court funding is linked to ticketing and citizens suffer; places like Ferguson, Missouri. It speaks well of our community that these things are not happening here.

**Chief Justice Hardesty:**

I do not think any system of funding a court by using the money generated from the penalties imposed on citizens is a prudent way to effectuate justice. There should not even be the appearance of impropriety created by a nexus between the judge who sits on the case and the funding source used to support the court.

**Chair Kieckhefer:**

Is anyone here to testify in favor of S.B. 469? Is there anyone in opposition? Is anyone neutral? Seeing no further testifiers, the hearing on this bill is closed.

We will now hear Senate Concurrent Resolution (S.C.R.) 7.

**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):**

This is a request to establish a Capital Improvement Program (CIP) project for the Office of the Military in the accounts of the State Public Works Division (SPWD). The project purpose is to demolish a field maintenance shop in Henderson on behalf of the Nevada National Guard. This is also a request to receive and spend up to \$111,000 of federal money for the demolition.

**Chair Kieckhefer:**

Why is this being processed as a resolution rather than a request before the IFC?

**Mr. Dale:**

Pursuant to *Nevada Revised Statute* 341.121, while the Legislature is in Session, any request to receive funds for new projects must be presented in the form of a concurrent resolution rather than an IFC action item.

**Chair Kieckhefer:**

Has the work on this project already begun?

**Mr. Dale:**

That is correct. However, when the project first started we thought the Guard could spend the money with the contractor directly. We discovered the Guard does not have that authority; they must use an intermediary such as the SPWD.

**Chair Kieckhefer:**

Is the grant from the federal government to the SPWD or to the Office of the Military?

**Mr. Dale:**

The grant is to the Office of the Military. They will process the grant and forward the funds to the SPWD for payment to the contractor.

**Chair Kieckhefer:**

This is work that has already begun that completes a previously approved CIP project. We should process this resolution to ensure the contractors performing the work receive timely payment. Is anyone here to testify in favor of S.C.R. 7? Is there anyone in opposition? Is anyone neutral? Seeing no further testifiers, I will close the hearing on S.C.R. 7 and entertain a motion.

SENATOR GOICOECHEA MOVED TO RECOMMEND TO ADOPT S.C.R. 7.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**Chair Kieckhefer:**

The next item of business is the hearing on S.B. 427.

**SENATE BILL 427**: Makes a supplemental appropriation to the Office of the Attorney General for projected extradition costs. (BDR S-1226)

**Wendy Livermore (Program Officer, Office of the Attorney General):**

This request is for a supplemental appropriation for the Attorney General's extradition budget for the projected extradition costs in fiscal year (FY) 2015. We are requesting \$169,000 to both replenish \$55,000 borrowed from FY 2015 to pay for a shortfall in FY 2014, and to cover projected costs through the end of FY 2015.

**Senator Parks:**

How many extraditions are conducted each year and what is the average cost?

**Ms. Livermore:**

I do not have that information with me, but I can provide it to the Committee.

**Chair Kieckhefer:**

What has driven the cost overruns in FY 2014 and FY 2015?

**Ms. Livermore:**

There have been more extraditions this last biennium and there were costs that could not be projected. For example, there may be medical costs associated with the extradition. We try to minimize costs by using private transportation companies and most of the law enforcement agencies work with the Attorney General's office to keep costs down. If extraditions are from nearby states like California, it is not as expensive, but extradition from farther away will cost more. It is difficult to gauge these costs every year; we make budget requests based on averages.

**Chair Kieckhefer:**

Is anyone here to testify in favor of S.B. 427? Is there anyone in opposition? Is anyone neutral? Seeing no further testifiers, I will close the hearing on S.B. 427.

The next item on the agenda is S.B. 467.

**SENATE BILL 467**: Makes appropriations for the replacement of Nevada Highway Patrol fleet vehicles and motorcycles which have exceeded the mileage threshold. (BDR S-1218)

**Brian Sanchez (Lieutenant Colonel, Assistant Chief, Nevada Highway Patrol, Department of Public Safety):**

This is a one-shot appropriation request for \$7,690,412 to replace Nevada Highway Patrol (NHP) fleet vehicles that have exceeded mileage limits. However, there is an error in section 1, subsection 2 of the bill. The language currently in the bill states, "The sum of \$326,592 to replace fleet motorcycles that have exceeded the mileage threshold." The intent is to add seven motorcycles to the total and reduce seven cruisers from the fleet.

**Chair Kieckhefer:**

To clarify, in section 1, subsection 2, the dollar amount is correct but the purpose is to replace fleet vehicles, not motorcycles.

**Lieutenant Colonel Sanchez:**

Yes. The intent is to replace seven fleet vehicles and put another squad of motorcycles in Las Vegas with existing resources, replacing one for one.

**Senator Goicoechea:**

Where is the money for the new squad of motorcycles coming from?

**Lieutenant Colonel Sanchez:**

We are using existing troopers and adjusting their form of transportation. They will be on motorcycles, not in cruisers.

**Chair Kieckhefer:**

Will you be purchasing new motorcycles to use with existing personnel?

**Lieutenant Colonel Sanchez:**

Yes. Instead of patrol vehicles, they will be on motorcycles.

**Chair Kieckhefer:**

Where is the funding for the new motorcycles coming from?

**Lieutenant Colonel Sanchez:**

That is the funding requested in S.B. 467. The intent is to purchase seven motorcycles, not cruisers. Currently, the NHP is authorized 542 fleet vehicles and 17 motorcycles. We are requesting to change the authorization to 535 fleet vehicles and 24 motorcycles.

**Chair Kieckhefer:**

Is the \$326,592 to purchase seven new motorcycles?

**Lieutenant Colonel Sanchez:**

Correct, but we are not increasing the size of the overall fleet.

**Senator Goicoechea:**

In the original budget, the request was to replace 542 cruisers; it is now to replace 535 cruisers and 7 motorcycles. Is that correct?

**Lieutenant Colonel Sanchez:**

Yes, that is correct.

**Chair Kieckhefer:**

The \$7.6 million in section 1, subsection 1, will be used to replace some of the 535 cruisers in the NHP fleet. What is the total number of cruisers to be replaced?

**Lieutenant Colonel Sanchez:**

One hundred fifty-six patrol vehicles will be replaced.

**Chair Kieckhefer:**

What is the mileage threshold that triggers replacement of the vehicles?

**Lieutenant Colonel Sanchez:**

We are currently using 125,000 miles for the majority of our vehicles. There are some that have a 105,000-mile threshold.

**Chair Kieckhefer:**

What is the rationale for the shift from patrol cars to motorcycles?

**Lieutenant Colonel Sanchez:**

It is easier for motorcycle units to move into traffic situations in the congested Las Vegas area. They can respond to accidents more quickly than a patrol car. Using motorcycles will enable the NHP to enhance traffic safety by sending officers to the scene more quickly, thus clearing the roadway more quickly.

**Chair Kieckhefer:**

Will there be additional training for the use of motorcycles?

**Lieutenant Colonel Sanchez:**

No. Motor officers participate in a riding program that is coordinated with the Las Vegas Metropolitan Police Department.

**Chair Kieckhefer:**

Does it require any additional resources from the NHP?

**Lieutenant Colonel Sanchez:**

It only requires training time.

**Senator Parks:**

You are replacing approximately 30 percent of your fleet. Is your fleet on roughly a 3-year-replacement cycle?

**Lieutenant Colonel Sanchez:**

We try to obtain 5 years of use from the cruisers, depending on where they are assigned. We try to rotate our vehicles to even out mileage.



**Senator Parks:**

What is the cost per vehicle?

**John McCuin (Administrative Services Officer, Nevada Highway Patrol, Department of Public Safety):**

The base vehicle the NHP purchases, including some of the required options, ranges from \$26,000 to \$36,000. Specific equipment is then added to each vehicle. I have the totals for each piece of equipment, but not the breakdown of cost per vehicle. It is approximately \$48,000 per vehicle.

**Senator Parks:**

Do you still transfer the safety equipment from the decommissioned vehicles to the new vehicles?

**Lieutenant Colonel Sanchez:**

Yes, we do try to reuse the equipment when it is possible. If the models change, or the equipment is broken, we do not.

**Senator Parks:**

Is there funding for replacement of more than seven motorcycles in the \$326,592 in S.B. 467?

**Mr. McCuin:**

This year, there is no request for replacement motorcycles. The \$326,592 is just for the seven new motorcycles. Of the remaining 17, 8 were replaced in the previous biennium and the rest have not reached the mileage threshold.

**Senator Parks:**

Is the cost for a motorcycle \$46,000?

**Mr. McCuin:**

I would have to do the math.

**Chair Kieckhefer:**

Please follow up with those cost breakdowns. It seems odd to me that a motorcycle costs the exact same amount as a patrol car.

**Mr. McCuin:**

You are correct, the total price per motorcycle is \$46,656.

**Chair Kieckhefer:**

The bill will need an amendment. Is anyone here to testify in favor of S.B. 467? Is anyone in opposition?

**Jeanette K. Belz, M.B.A. (Nevada Chapter, Associated General Contractors):**

We are opposed to S.B. 467. Funding for this bill comes from the Highway Fund. There is a backlog of \$661 million in preservation projects. The funding requested in S.B. 467 totals approximately \$8 million. At the top of the rehabilitation projects is one for the section of Tropicana Avenue from Dean Martin Drive to Boulder Highway at a cost of \$24 million. A third of this project could be paid for with the funds requested in S.B. 467. Why is the NHP making a supplemental appropriation request rather than including it in the regular budget? The 2014 "Factbook" published by the Department of Transportation (NDOT) indicates that the Department of Public Safety received \$78 million in FY 2014, the Department of Motor Vehicles (DMV) received \$90 million and the bond amount we are repaying is only \$70 million. Finally, the information about this bill states there is no fiscal note. Due to the way fiscal notes are determined, items that impact the Highway Fund are not issued fiscal notes. I challenge the assertion that the Highway Fund is in good shape.

**Buzz Harris (Tahoe Transportation District):**

The Tahoe Transportation District is an organization that lacks consistent funding for the vast transportation area in the Lake Tahoe Basin and beyond for the many transit and pedestrian safety projects we undertake. We oppose S.B. 467. Although we understand the need to replace NHP vehicles, there is a significant shortfall in the Highway Fund. The gas tax and other items that supply the Highway Fund are used for a variety of purposes, not only roads and highways. Information that will be released soon by a variety of metropolitan planning organizations and the NDOT indicates that, over the next 20 years, \$47 billion in projects related to transportation, pedestrian safety, erosion control and other related items will need to be completed. Only \$24 billion of funding has been identified for those projects.

**Chair Kieckhefer:**

Is there anyone else to testify in opposition? Is there anyone to testify as neutral? Seeing none, the hearing on S.B. 467 is closed.

We will move to S.B. 468.

**SENATE BILL 468**: Makes a supplemental appropriation to the Department of Business and Industry for a shortfall in projected personnel costs of the Nevada Transportation Authority. (BDR S-1243)

**Andy MacKay (Chair, Nevada Transportation Authority, Department of Business and Industry):**

Senate Bill 468 requests \$80,000 to cover a shortfall in projected personnel costs of the Nevada Transportation Authority (NTA). The NTA does not expect to use these funds. There have been some vacancy savings over this fiscal year, and fee revenue has been higher than anticipated. The NTA budget staff is currently working with the Department of Business and Industry budget staff as well as the Department of Administration's Budget Division to determine if there will be a shortfall. If the funds are not used, they will revert to the Highway Fund. If there is a shortfall, it will not be \$80,000.

**Chair Kieckhefer:**

Do you know when an actual determination of the shortfall amount will be made? Does this Committee even need to process this bill?

**Mr. MacKay:**

I would not process this bill at this time. It may not be needed. This bill was generated because errors were made in salary calculations at the end of last Session.

**Chair Kieckhefer:**

What is driving the personnel shortfall?

**Mr. MacKay:**

Salary levels on two positions were not entered correctly. Historically, the NTA has had little turnover and therefore no vacancy savings.

**Chair Kieckhefer:**

Did people receive raises that were not properly authorized?

**Mr. MacKay:**

No. In 2011, there was an increase in the chief of enforcement's salary. When the position information was reentered at the end of 2013, the salary data was populated at the pre-2011 level.

**Chair Kieckhefer:**

Is there anyone here to testify in favor of S.B. 468? Is anyone in opposition? Is anyone neutral?

**Ms. Belz:**

We are neutral with respect to S.B. 468, but fee-funded agencies should be self-sustaining. At present, \$2.4 million of the NTA's funding comes from the Highway Fund.

**Chair Kieckhefer:**

Is there anyone else who would like to testify? Seeing no other testifiers, we will close the hearing on S.B. 468.

The final bill on the agenda is S.B. 470.

**SENATE BILL 470**: Makes supplemental appropriations to the Department of Motor Vehicles. (BDR S-1248)

**Amy McKinney, C.P.M. (Administrator, Administrative Services Division, Department of Motor Vehicles):**

Senate Bill 470 requests supplemental appropriations for three of the DMV's budget accounts. Budget account (B/A) 201-4741, Central Services, is requesting \$100,000 in Highway Fund supplemental appropriation to cover an unanticipated projected shortfall for payments to the contracted vendor responsible for the production, printing and issuance of registration decals, vehicle registration renewal certificates, nonresident business permit decals and the print-on-demand system allowing DMV to print decals and forms at the time of sale.

**PUBLIC SAFETY**

**MOTOR VEHICLES**

DMV - Central Services — Budget Page DMV-71 (Volume III)  
Budget Account 201-4741

The Director's Office, B/A 201-4744, requests \$36,523 in Highway Fund appropriation to cover higher than budgeted salary costs. A position was reclassified from an auditor II to an information technology professional IV in

March 2013. The Legislatively approved budget funded this position as a grade 34, step 1, as the position was vacant when payroll was updated during the Governor's recommended phase of the budget. The approved reclassification established this position at a grade 41, step 10.

DMV - Director's Office — Budget Page DMV-19 (Volume III)  
Budget Account 201-4744

Administrative Services, B/A 201-4745, requests \$238,784 in funding to cover an unanticipated increase in the costs associated with electronic payments and printing. Merchant fees have increased approximately 11 percent for FY 2012 through FY 2014. The estimated shortfall is based on this growth. The DMV is also experiencing an increase in cost for printing forms and an increase in the volume of forms needed.

DMV - Administrative Services — Budget Page DMV-46 (Volume III)  
Budget Account 201-4745

**Chair Kieckhefer:**

In B/A 201-4744, when was the position reclassified?

**Ms. McKinney:**

The reclassification was finalized in March 2013.

**Chair Kieckhefer:**

Was it included in the budget?

**Ms. McKinney:**

It was included in the budget, but the position was vacant and therefore included at the rate for an auditor II position.

**Chair Kieckhefer:**

Was it reclassified, but not adjusted in the budget?

**Ms. McKinney:**

That is correct.

**Chair Kieckhefer:**

Was there an increase in the vendor cost for the print-on-demand services, or was there an increase in demand?

**Ms. McKinney:**

There was an increase in demand.

**Chair Kieckhefer:**

Are the electronic payments associated with credit card processing fees?

**Ms. McKinney:**

Yes.

**Senator Goicoechea:**

Why do the fees not cover these expenses?

**Ms. McKinney:**

The supplemental appropriations requested in S.B. 470 are items that are Highway Fund functions; they are not funded through fees.

**Chair Kieckhefer:**

Is there anyone here to testify in favor of S.B. 470? Is anyone in opposition?

**Ms. Belz:**

An 11 percent increase in credit card processing fees seems high. I understood that the DMV was working to create relationships to control costs. There are many State agencies that accept credit cards for various payments. If these agencies worked together, the processing fees might be lowered.

**Chair Kieckhefer:**

Is there anyone to testify as neutral? Seeing no further testifiers, I will close the hearing on S.B. 470.

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**Chair Kieckhefer:**

I will open the meeting to public comment. Seeing none, the meeting is adjourned at 8:48 a.m.

RESPECTFULLY SUBMITTED:

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Trish O'Flinn,  
Committee Secretary

APPROVED BY:

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Senator Ben Kieckhefer, Chair

DATE: \_\_\_\_\_

EXHIBIT SUMMARY				
Bill	Exhibit		Witness or Agency	Description
	A	2		Agenda
	B	2		Attendance Roster