

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

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

The Senate Committee on Finance was called to order by Chair Ben Kieckhefer at 8:05 a.m. on Monday, April 13, 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 Michael Roberson, Vice Chair
Senator Pete Goicoechea
Senator Mark A. Lipparelli
Senator David R. Parks
Senator Joyce Woodhouse

COMMITTEE MEMBERS ABSENT:

Senator Debbie Smith (Excused)

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Jeff A. Ferguson, Senior Program Analyst
Leandra Copeland, Program Analyst
Jennifer Gamroth, Program Analyst
Kristen Kolbe, Program Analyst
Lona Domenici, Committee Manager
Emily Cervi, Committee Assistant
Jason Gortari, Committee Secretary

OTHERS PRESENT:

A.G. Burnett, Chair, State Gaming Control Board
Paul Thomsen, Director, Office of Energy, Office of the Governor

Chair Kieckhefer:

I will open today's hearing with budget accounts from the State Department of Conservation and Natural Resources (DCNR). A closing list document for these budget accounts has been provided and is entitled, "Senate Committee on Finance CLOSING LIST No. 6, April 13, 2015" ([Exhibit C](#)).

Jennifer Gamroth (Program Analyst):

I will be discussing the budget closings for the DCNR. First, we will discuss the Office of Historic Preservation (SHPO) account, budget account (B/A) 101-4205, on page 31 of [Exhibit C](#). Staff is responsible for developing closing recommendations for this budget. The Committee has not previously heard this budget.

INFRASTRUCTURE

CONSERVATION AND NATURAL RESOURCES

DCNR - State Historic Preservation Office — Budget Page DCNR-9 (Volume III)
Budget Account 101-4205

The mission of the SHPO is to encourage the preservation, documentation and use of cultural resources through State and federal programs. The SHPO provides staff support to the Department of Tourism and Cultural Affairs' Commission for Cultural Affairs and supervises the operation of the Comstock Historic District. Primary sources of funding for the SHPO are federal grants, General Fund appropriations and transfers from other State agencies. The Agency is currently authorized for 11 full-time equivalent (FTE) positions, inclusive of 1 new position approved by the Interim Finance Committee during the 2013-2014 interim.

There are no major closing issues in this budget account. Staff has made a few technical adjustments in the other closing items. The first other closing item, decision unit M-100, recommends the Department of Administration's Division of Enterprise Information Technology Services (EITS) SilverNet assessment.

M-100 Statewide Inflation — Page DCNR-10

SilverNet is the State's Wide Area Network, used by agencies for connection between agency personal computers (PC)s and local area networks, host

computers, State application programs and for outside access to the Internet. The agencies in the DCNR are primarily located in the Richard H. Bryan Building in Carson City.

The DCNR has requested the SilverNet assessment be allocated to each agency's budget for all DCNR agencies housed in the Bryan Building based on the number of workstations each agency has. The SHPO'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 this budget for administrative expenses is 60 percent federal funds and 40 percent General Fund appropriations. Although the allocation of the SilverNet assessment to other DCNR agencies would increase the General Fund support in this budget department-wide, a total General Fund savings of \$86,563 in FY 2016 and \$77,602 in FY 2017 would be realized as a result of the allocation.

Fiscal staff has included a technical adjustment in this closing document to allocate the SHPO's allocation of the SilverNet assessment in the amounts of \$2,850 in FY 2016 and \$2,526 in FY 2017. With the technical adjustment, this recommendation appears reasonable to staff.

The second other closing item, decision unit M-801, recommends \$5,378 in FY 2016 and \$5,751 in FY 2017 for SHPO's share of the Director's Office (DO) cost allocation.

M-801 Cost Allocation — Page DCNR-11

Fiscal staff identified issues with the current methodology used for the DO's cost allocation. The current cost allocation methodology does not allocate 100 percent of the personnel expenditures and does not consider the percentage of the non-General Fund sources in each agency's budget for the costs to be allocated. Fiscal staff has met with the Department of Administration's Budget Division and the DCNR to discuss a new cost allocation methodology, which would allocate personnel costs based on the percentage of FTEs for the non-General Fund share of costs only.

The General Fund share of the DO's cost allocation is appropriated to the DCNR Administration budget account B/A 101-4150. The DCNR concurs with the proposed methodology change for the DO cost allocation. Although the allocation of the DO cost allocation to other DCNR agencies would increase the

General Fund support in this budget department-wide, a total General Fund savings of \$96,406 in FY 2016 and \$93,500 in FY 2017 would be seen in the DCNR Administration budget as a result of the change in the methodology used for the DO cost allocation.

DCNR - Administration — Budget Page DCNR-22 (Volume III)
Budget Account 101-4150

Based on the agreed modifications to the methodology used for the DO's cost allocation, the Legislative Counsel Bureau's Fiscal Analysis Division staff included a technical adjustment to the cost allocation, reflected on page 33 of [Exhibit C](#). The change in the methodology increases the cost allocation expense over the amounts recommended by the Governor by \$3,995 in FY 2016 and by \$3,790 in FY 2017.

The second other closing item also includes decision unit E-801. The Executive Budget recommends \$15,192 in FY 2016 to fund the SHPO's purchases of four new virtual servers, one backup server, new storage, a warranty renewal and a maintenance contract for the backup software. The costs are recommended to be allocated to the various agencies that use the servers in the Bryan Building based on a percentage of server usage.

E-801 Cost Allocation — Page DCNR-12

With the technical adjustments included in this closing document for decision units M-801 and E-801, these recommendations appear reasonable for the cost allocation from the DO.

The third other closing item, decision unit E-710, recommends a General Fund appropriation of \$882 and federal funds totaling \$1,324 in FY 2017 to replace two desktop computers without monitors.

E-710 Equipment Replacement — Page DCNR-12

Staff recommends this budget be closed as recommended by the Governor, including the technical adjustments noted by staff, with authority for staff to make other technical adjustments as necessary.

SENATOR GOICOECHEA MOVED TO APPROVE B/A 101-4205 AS RECOMMENDED BY THE GOVERNOR AND TO ALLOW TECHNICAL ADJUSTMENTS IDENTIFIED BY FISCAL STAFF.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. Gamroth:

I will discuss the DCNR's SHPO's Comstock Historic District account, B/A 101-5030, on page 34 of [Exhibit C](#). There are no major closing issues and staff is responsible for developing closing recommendations for this budget. The Committee has not previously heard this budget.

DCNR - Historic Pres - Comstock Historic District — Budget Page DCNR-15
(Volume III)

Budget Account 101-5030

The Comstock Historic District consists of over 14,000 acres located in two counties and includes five communities. The Comstock Historic District Commission's mandate is to encourage the preservation of the Comstock Historic District, one of the Nation's largest and most significant landmarks. The agency is funded entirely with General Fund appropriations. There are no major closing issues in this budget.

In the first other closing item, decision unit M-425, the Governor recommends General Fund appropriations of \$52,764 over the 2015-2017 biennium for several deferred maintenance projects. Those project are listed on page 35 of [Exhibit C](#). Staff has reviewed this decision unit and this recommendation appears reasonable.

M-425 Deferred Facilities Maintenance — Page DCNR-16

The second other closing item, decision unit E-225, recommends temporary manpower services to support the agency's architectural inventory efforts. Staff has reviewed this decision unit and this recommendation appears reasonable.

E-225 Efficient and Responsive State Government — Page DCNR-17

Staff recommends this budget be closed as recommended by the Governor, including authority for staff to make technical adjustments, as necessary.

SENATOR LIPPARELLI MOVED TO APPROVE B/A 101-5030 AS RECOMMENDED BY THE GOVERNOR AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. Gamroth:

I will discuss the DCNR's Forestry Inter-Governmental Agreements account, B/A 101-4227, on page 36 of [Exhibit C](#). There are no major closing issues in this budget account. Staff is responsible for developing closing recommendations for this budget. The Committee has not previously heard this budget.

DCNR - Forestry Inter-Governmental Agreements — Budget Page DCNR-104
(Volume III)
Budget Account 101-4227

The Forestry Inter-Governmental Agreements (IGA) budget provides for public safety and the protection of natural resources and property pursuant to cooperative agreements between the Division of Forestry (NDF) and various local governments.

The 2013 Legislature approved maintaining all-risk emergency response service agreements with Clark, Elko, and Eureka Counties through no later than

June 30, 2015. During the 2015-2017 biennium, Elko and Eureka Counties have transitioned out of the Division's IGAs All-Risk Fire Management (ARFM) program. Clark County is the only county remaining in the program, with a scheduled transition out of the program by June 30, 2015.

The Clark County Commission approved a resolution at its February 17 meeting to reorganize the Mount Charleston Fire Protection District from *Nevada Revised Statutes* (NRS) 473, Fire Protection Districts Receiving Federal Aid, to NRS 474, County Fire Protection Districts, effective July 1, 2015.

The Governor recommends the elimination of the NDF's ARFM program under other closing items in decision unit E-490. This recommendation appears reasonable to staff and staff recommends this budget be closed as recommended by the Governor, with authority for staff to make technical adjustments, as necessary.

E-490 Expiring Grant/Program — Page DCNR-106

SENATOR GOICOECHEA MOVED TO APPROVE B/A 101-4227 AS RECOMMENDED BY THE GOVERNOR AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. Gamroth:

We will now discuss the DCNR's Forestry Nurseries account, B/A 257-4235, on page 38 of [Exhibit C](#). There are no major closing issues or other closing items in this budget. Staff is responsible for developing closing recommendations for this budget. The Committee has not previously heard this budget.

DCNR - Forestry Nurseries — Budget Page DCNR-112 (Volume III)
Budget Account 257-4235

The Forestry Nurseries account is an enterprise fund that supports various forestry programs. Funding for the programs comes primarily from nursery and seed sales, equipment rental fees and a transfer from the NDF budget. The Governor recommends funding of \$2.4 million over the 2015-2017 biennium in support of the Nursery and Seedbank programs, which represents a 3 percent increase from the \$2.3 million approved by last Session for the 2013-2015 biennium.

Staff recommends this budget be closed as recommended by the Governor, including authority for staff to make technical adjustments, as necessary.

SENATOR GOICOECHEA MOVED TO APPROVE B/A 257-4235 AS RECOMMENDED BY THE GOVERNOR AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. Gamroth:

I will discuss the DCNR's Nevada Tahoe Regional Planning Agency (NTRPA) account, B/A 101-4166, on page 40 of [Exhibit C](#). There are no major closing issues and no other closing items in this budget. Staff is responsible for developing closing recommendations for this budget. The Committee has not previously heard this budget.

DCNR - Nevada Tahoe Regional Planning Agency — Budget Page DCNR-136
(Volume III)

Budget Account 101-4166

Pursuant to the bistate Tahoe Regional Planning Compact, the NTRPA regulates structures that house gaming establishments in the Lake Tahoe Basin. The Agency consists of the 7 Nevada members of the 15-member Tahoe Regional Planning Agency governing board and is supported by staff from the Division of State Lands.

Staff recommends this budget be closed as recommended by the Governor, including authority to make technical adjustments, as necessary.

SENATOR PARKS MOVED TO APPROVE B/A 101-4166 AS RECOMMENDED BY THE GOVERNOR AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. Gamroth:

I will discuss the Division of Environmental Protection's (DEP) State Environmental Commission account, B/A 101-4149, on page 41 of [Exhibit C](#). Staff is responsible for developing closing recommendations for this budget. The Committee has not previously heard this budget.

DCNR - State Environmental Commission — Budget Page DCNR-161
(Volume III)
Budget Account 101-4149

The State Environmental Commission (SEC) serves as the primary rulemaking, variance and appeal body for environmental regulations in Nevada. The SEC consists of 11 members, from both the public and private sector, and hears and takes enforcement actions on contested cases generated by appeals. There are no major closing issues in this budget. However, staff included a technical adjustment to add Workers' Compensation and Medicare payroll assessments for the SEC board members that was inadvertently left out of the Executive Budget.

Staff recommends this budget be closed as recommended by the Governor, with the technical adjustment noted by staff to add Workers' Compensation and Medicare payroll assessments for the SEC board members. Staff also seeks authority to adjust the transfers in the budgets that are paying for the

assessments. Finally, staff requests authority to make other technical adjustments as required.

SENATOR GOICOECHEA MOVED TO APPROVE B/A 101-4149 AS RECOMMENDED BY THE GOVERNOR, ADDING WORKERS' COMPENSATION AND MEDICARE PAYROLL ASSESSMENTS FOR THE SEC BOARD MEMBERS, AND TO ALLOW OTHER TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. Gamroth:

We will now discuss the DEP Mining Regulation/Reclamation account, B/A 101-3188, on page 43 of [Exhibit C](#). Staff is responsible for developing closing recommendations for this budget. The Committee has not previously heard this budget.

DCNR - DEP Mining Regulation/Reclamation — Budget Page DCNR-189 (Volume III)
Budget Account 101-3188

The Bureau of Mining Regulation and Reclamation (BMRR) is responsible for the implementation of the Nevada Water Pollution Control Law and NRS 519A, reclamation of land subject to mining operations. This budget is funded by fees that are paid by the mining industry. There are no major closing issues in this account. However, under other closing items, staff included a few technical adjustments.

The first other closing item recommends an adjustment to the Base Budget. During the adjusted Base Budget review, Fiscal staff noted the fee revenue projections for B/A 101-3188, provided by the Agency to the Budget Office, were not included in the Executive Budget for the 2015-2017 biennium. The Agency's revenue projections for FY 2016 and FY 2017 are based on a gradual

increase of reclamation fee revenues consistent with recent fiscal years, excluding the unusually high level of reclamation permitting activity in FY 2014.

Fiscal staff has included a technical adjustment in this closing document, based on the Agency's projections, 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. The Agency concurs with the proposed adjustments.

The second other closing item, decision unit E-350, recommends an increase in funding for out-of-state travel and training. Staff has reviewed the different types of training and travel recommended in the Executive Budget and this recommendation appears reasonable to staff.

E-350 Safe and Livable Communities — Page DCNR-191

The third other closing item, decision unit E-710, is a recommendation for replacement equipment. This decision unit includes funding from reserves to replace nine desktop computers with monitors, one printer and two sport utility vehicles to replace two vehicles that have over 100,000 miles. This recommendation appears reasonable to staff.

E-710 Equipment Replacement — Page DCNR-192

The fourth other closing item recommends funding from fee revenues for a transfer to the DEP Administration budget, for the federally approved indirect cost assessment of 23.91 percent of the total salary and fringe benefits costs for this budget, which funds the administrative expenses in the DEP Administration budget. This recommendation appears reasonable to staff.

DCNR - DEP Administration — Budget Page DCNR-164 (Volume III) Budget Account 101-3173

Staff recommends this budget be closed as recommended by the Governor, with the technical adjustment to reduce fee revenues and reserves as noted by staff. Staff requests authority to make other technical adjustments as necessary, including adjustments to the division-wide indirect cost assessment.

Senator Goicoechea:

Is the decrease in the fees a result of the way we are budgeting and not a result of a decrease in activity?

Ms. Gamroth:

Yes. The decrease in the fees is based on an average of prior years, excluding FY 2014, because of the high activity that was seen in that fiscal year.

Senator Goicoechea:

Is there a decline in activity reflected in these fees?

Ms. Gamroth:

Yes. The fees in this budget account fluctuate based on gold prices and we are starting to see gold go down again.

Chair Kieckhefer:

What impact might occur if the reserve level in this account was reduced by a couple of million dollars?

Ms. Gamroth:

The Governor recommended a reserve balance of \$6.2 million at the end of FY 2017. However, with the technical adjustments to reduce the fee revenues in this account, any reserves would be reduced to \$4.8 million at the end of FY 2017. The Agency notes that the pattern in the fluctuation of fees is consistent with the historical nature of the gold industry. The Agency continuously evaluates any available and needed resources. At this time, the Agency does not have plans to spend the reserves. The reserves are sufficient to fund the Agency based on these fluctuations and currently the reserves are reasonable.

Chair Kieckhefer:

Do the reserves build up as a contingency to offset reducing gold prices and the need to continue functioning as an agency?

Ms. Gamroth:

Yes, the fluctuations and permits build up the reserves.

Senator Goicoechea:

We have a couple of major projects coming online. Long Canyon was just permitted by Newmont Mining Corporation so we should see fees increase because the activity in those reserves should increase as well, even with current lower gold prices.

SENATOR LIPPARELLI MOVED TO APPROVE B/A 101-3188 AS RECOMMENDED BY THE GOVERNOR; AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF INCLUDING A DIVISION-WIDE INDIRECT COST ASSESSMENT AND A REDUCTION IN FEE REVENUES AND RESERVES.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. Gamroth:

We will now discuss the DEP State Revolving Fund account, B/A 746-3189, on page 46 of [Exhibit C](#). Staff is responsible for developing closing recommendations for this budget. The Committee has not previously heard this budget.

DCNR - DEP State Revolving Fund - Admin — Budget Page DCNR-194
(Volume III)
Budget Account 746-3189

The State Revolving Loan programs provide low cost financing for wastewater and drinking water infrastructure improvements that are needed to achieve compliance with applicable environmental standards. The State Revolving Fund Administration budget is funded primarily with federal grants awarded by the U.S. Environmental Protection Agency for the administration and technical support of the Drinking Water State Revolving Fund and the Clean Water State Revolving Fund. In addition to federal grants, the State Revolving Fund Administration budget receives loan servicing fees and interest, which are

placed in reserves. There are no major closing issues and a few other closing items in this budget account.

The first other closing item recommends federal funds totaling \$100,868 in FY 2016 and \$103,045 in FY 2017 for a transfer to the DEP Administration budget, B/A 101-3173, for the federally approved indirect cost assessment of 23.91 percent. This recommendation appears reasonable to staff.

The second other closing items, decision units E-500 and E-900, recommend a transfer of reserve funding from the DEP Water Planning Cap Improvement (WPCI) budget account for the costs associated with the Board for Financing Water Projects to this budget account. The Governor's budget also recommends a funding source change from reserves to federal grant funds. According to the Agency, the majority of the projects presented to the Board are State Revolving Loan Fund projects. As a result, the Agency indicates the Board would be more appropriately funded in this budget account. This recommendation appears reasonable to staff.

E-500 Adjustments To Transfers For E-900 — Page DCNR-196

E-900 Transfer Advisory Board From BA 4155 To BA 3189 — Page DCNR-197

DCNR - DEP Water Planning Cap Improvement — Budget Page DCNR-209
(Volume III)
Budget Account 101-4155

The third other closing item, decision unit E-710, recommends federal funding to replace two desktop computers and monitors. This recommendation appears reasonable.

E-710 Equipment Replacement — Page DCNR-197

Staff recommends this budget be closed as recommended by the Governor, with authority for staff to make technical adjustments as necessary, including adjustments to the division-wide indirect cost assessment.

SENATOR GOICOECHEA MOVED TO APPROVE B/A 746-3189 AS
RECOMMENDED BY THE GOVERNOR AND TO ALLOW TECHNICAL

ADJUSTMENTS BY FISCAL STAFF, INCLUDING ADJUSTMENTS TO THE
DIVISION-WIDE INDIRECT COST ASSESSMENT.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. Gamroth:

We will now discuss the DEP Water Quality Planning account, B/A 101-3193, on page 48 of [Exhibit C](#). Staff is responsible for developing closing recommendations for this budget. The Committee has not previously heard this budget.

DCNR - DEP Water Quality Planning — Budget Page DCNR-199 (Volume III)
Budget Account 101-3193

The Bureau of Water Quality Planning implements programs to meet the requirements of the Clean Water Act of 1972 and Nevada's water quality statutes and regulations. This budget is primarily funded by federal grants and budgetary transfers. There are no major closing issues but there are a few other closing items in this account.

Staff has included a technical adjustment in the first other closing item for the adjusted Base Budget. Fiscal staff has identified federal grant authority that was erroneously included in the reserve balance. Staff notes that Category 86 is a reserve for cash and not for federal grant authority. Fiscal staff has included technical adjustments in this closing document to remove federal grant authority from reserves, remove 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. With the noted technical adjustment, the Base Budget recommendations appear reasonable.

The second other closing item recommends federal funds for transfers to the DEP Administrative budget for the federally approved indirect cost assessment. This recommendation appears reasonable by staff.

The third other closing item, decision unit E-710, recommends federal funding to replace five desktop computers and monitors, one laptop computer, one printer and one agency vehicle and camper shell. This recommendation appears reasonable to staff.

E-710 Equipment Replacement — Page DCNR-201

The fourth other closing item, decision unit E-720, recommends federal funding to purchase new water quality monitoring equipment capable of continuously monitoring and recording data. This recommendation appears reasonable to staff.

E-720 New Equipment — Page DCNR-202

Staff recommends this budget be closed as recommended by the Governor, with the technical adjustments noted by staff, with authority for staff to make other technical adjustments as necessary, including adjustments to the division-wide indirect cost assessment.

SENATOR PARKS MOVED TO APPROVE B/A 101-3193 AS RECOMMENDED BY THE GOVERNOR, WITH ADJUSTMENTS TO THE BASE BUDGET, INCLUDING ADJUSTMENTS TO THE DIVISION-WIDE INDIRECT COST ASSESSMENTS, AND OTHER TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. Gamroth:

We will now discuss the DEP Safe Drinking Water Regulatory Program account, B/A 101-3197, on page 50 of [Exhibit C](#). Staff is responsible for developing closing recommendations for this budget. The Committee has not previously heard this budget.

DCNR - DEP Safe Drinking Water Regulatory Program — Budget Page
DCNR-204 (Volume III)
Budget Account 101-3197

The Bureau of Safe Drinking Water ensures Nevada's public water systems comply with State and federal drinking water standards by enforcing the sampling and monitoring requirements for water quality and enforcing requirements for surface water treatment and corrosion control. There are no major closing issues but there are a few other closing items in this budget.

The first other closing item recommends federal funding for a transfer to the DEP's Administration budget for the federally approved indirect cost assessment. This recommended assessment appears reasonable to staff.

The second other closing item, decision unit E-350, recommends funding from reserves for in-state and out-of-state travel and training. Fiscal staff has reviewed the various types of training and conferences and out-of-state and in-state trips. This recommendation appears reasonable to staff.

E-350 Safe and Livable Communities — Page DCNR-206

The third closing item, decision unit E-710, recommends funding from reserves to replace 11 desktop computers and monitors, 3 printers and 3 tablet computers for field use. This recommendation appears reasonable to staff.

E-710 Equipment Replacement — Page DCNR-207

Staff recommends this budget be closed as recommended by the Governor, with authority for staff to make technical adjustments as necessary, including adjustments to the division-wide indirect cost assessment.

SENATOR GOICOECHEA MOVED TO APPROVE B/A 101-3197 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY, INCLUDING ADJUSTMENTS TO THE DIVISION-WIDE INDIRECT COST ASSESSMENT.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. Gamroth:

I will discuss the DEP's WPCI account, B/A 101-4155, on page 52 of [Exhibit C](#). Staff is responsible for developing closing recommendations for this budget. The Committee has not previously heard this budget.

The DEP's WPCI budget funds the staff and administrative expenses of the Board for Financing Water Projects, which awards grants for capital improvements to small public water systems to ensure compliance with State and federal drinking water regulations. Grants are 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. This budget is funded by bond proceeds and fees via a transfer from the Grants to Water Purveyors nonexecutive budget. There are no major closing issues but there are a few other closing items in this account.

The first other closing item recommends funding from bond proceeds for a transfer to the DEP Administration budget for the federally approved indirect cost assessment which funds the administrative expenses in the DEP Administration budget. This recommendation appears reasonable to staff.

The second other closing item, decision unit E-900, recommends an increase to reserves as a result of transferring the Board's and Commission's pay, travel and operating costs, associated with the Board for Financing Water Projects, from this budget to the DEP State Revolving Fund budget as discussed previously on page 46 of [Exhibit C](#).

E-900 Transfer Advisory Board From BA 4155 To BA 3189 — Page DCNR-210

Staff recommends this budget be closed as recommended by the Governor, with authority for staff to make technical adjustments as necessary, including adjustments to the division-wide indirect cost assessment.

Under additional information items, there is a program funding update. As noted in the overview, this budget provides staff and administrative support to the Board for Financing Water Projects.

The DEP WPCI budget includes funding for one professional engineering (PE) position; however, the position has been vacant since January 23, 2011. The Agency indicated that they were notified on September 15, 2011, by the Office of the State Treasurer that future bond sales were suspended. Because of the limited State debt capacity as a result of declining property values and lower property tax revenue, the Agency took immediate steps to address the lack of funding, one of which was to transfer the PE position out of this budget and hold the position vacant.

The Governor is recommending \$1 million in bond sales for the 2015-2017 biennium for the Water Infrastructure Grants program; however, the agency indicates that funding of \$1 million in bonds proceeds will not generate enough project work for an FTE position. The personnel expenditures paid over the last 3 fiscal years from the DEP WPCI program are for personnel costs allocated to the WPCI program by employees paid from the DEP State Revolving Fund for time spent on the program.

The Agency indicates that it intends to leave the PE position vacant for the 2015-2017 biennium. The Agency notes that the projects funded with the \$1 million bond sale for the 2015-2017 biennium will be managed by positions in the DEP's State Revolving Fund budget. The Agency indicated that if funding returned to pre-2010 levels, there should be sufficient work for an FTE position. However, the PE position should remain vacant until such time.

Fiscal staff notes the current cash-on-hand in FY 2015 in the Grants to Water Purveyors' budget is \$127,811. The Executive Budget recommends transfers of \$57,737 in FY 2016 and \$110,723 in FY 2017 from the Grants to Water Purveyors' budget into B/A 101-4155. The current cash-on-hand in the Grants to Water Purveyors budget is not sufficient to cover the recommended transfers included in the DEP WPCI budget. The Grants to Water Purveyors' budget has not received revenues from the sale of bond proceeds since FY 2011. The Governor is recommending \$1 million in bond sales for the Water Infrastructure Grants program.

Based on FY 2014 expenditures totaling \$20,086, if there were no additional transfers of bond proceeds from the Grants to Water Purveyors' budget and no additional expenditures in FY 2015, the reserves would be \$11,621 by the end of FY 2017. The Executive Budget recommends an ending reserve balance of \$18,686 at the end of FY 2017, which is equivalent to a 62-day reserve.

SENATOR GOICOECHEA MOVED TO APPROVE B/A 101-4155 AS RECOMMENDED BY THE GOVERNOR AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF, INCLUDING ADJUSTMENTS TO THE DIVISION-WIDE INDIRECT COST ASSESSMENT.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Kristen Kolbe (Program Analyst):

We will now discuss the Commission on Judicial Discipline's account, B/A 101-1497, on page 2 of [Exhibit C](#). This budget account has three major closing items.

LEGISLATIVE-JUDICIAL

JUDICIAL BRANCH

Judicial Discipline — Budget Page JUDICIAL-84 (Volume I)
Budget Account 101-1497

Page 4 of [Exhibit C](#) lists the first major closing item, decision unit E-250. The Budget Office submitted Budget Amendment A150001497 on February 12 for all three of the major closing issues. Through the budget amendment, the Governor's recommended budget includes an increase in General Fund appropriations of \$172,088 over the 2015-2017 biennium to add a new nonclassified associate general counselor (AGC) and associated costs. The salary of the new AGC position is recommended at \$107,114 per fiscal year, which is comparable to a senior deputy attorney general position.

The new AGC position will focus on complex cases, provide assistance with general litigation matters and provide a more timely response to inquiries from judges and aspirants to the judicial office.

The Commission indicates the new AGC would reduce costs since the dedicated State position would be more cost effective than contracting for legal services. Included in the budget amendment is a reduction of contract services of approximately \$90,000 over the 2015-2017 biennium.

The new AGC position, as recommended in the budget amendment, would be a nonclassified position. Salaries for nonclassified positions are set at the discretion of the appointing authority whereas unclassified positions are established by the Legislature in the Unclassified Pay Bill. Establishment of the new AGC as a nonclassified position would remove position oversight by the Legislature.

The budget amendment also recommends travel and training costs related to the AGC in the new decision unit E-247, which is the third major closing issue. Pages 2 and 3 of [Exhibit C](#) reflect technical adjustments to link travel and training costs related to the agency position.

Page 4 discusses the second major closing item issue in this category, decision unit E-249. The Executive Budget includes General Fund appropriations of \$79,015 over the 2015-2017 biennium to increase a vacant part-time nonclassified management analyst (MA) position to a full-time position.

E-249 Efficient and Responsive State Government — Page JUDICIAL-86

Administrative duties and overflow office work has been completed by temporary contract employees. The Commission had a backlog of 137 cases at the beginning of 2014. As of March 13, 2015, the Commission indicated it had a backlog of 31 cases and 78 cases in FY 2015 were opened. In addition to the backlog and open cases, it has approximately 150 boxes of files, which need to be electronically archived to preserve case history. The Commission anticipates the elimination of the use of temporary contract employees at the end of the 2015-2017 biennium.

In response to Fiscal staff's questions, the Commission revised its original estimate of a reduction to contract services of \$89,796 over the 2015-2017

biennium and indicated that an additional \$170,000 for contract services over the 2015-2017 biennium would be saved if both the new AGC is approved and the part-time position is increased to full-time.

If the Committee wishes to approve the new AGC position and associated costs recommended in Budget Amendment A150001497 and the position increase to the existing part-time position the Committee may wish to consider the following options:

Option No. 1: approve \$172,088 in General Fund appropriations for a new *nonclassified* AGC position and its associated costs, including adjustments identified by Fiscal staff. An increase in General Fund appropriations by \$79,015 would occur to increase the existing part-time position to a full-time position. This would result in a decrease in General Fund appropriations by \$259,796 for contract services over the 2015-2017 biennium. This option would also result in a net decrease in General Fund appropriations of \$8,693 over the 2015-2017 biennium.

Option No. 2: approve \$172,088 in General Fund appropriations for a new *unclassified* AGC position and its associated costs, including adjustments identified by Fiscal staff. An increase in General Fund appropriations by \$79,015 would occur to increase the existing part-time position to full-time position. This would result in decreased General Fund appropriations by \$259,796 for contract services over the 2015-2017 biennium. This option would require the new AGC position to be included in the Unclassified Pay Bill. This option would also result in a net decrease to General Fund appropriations of \$8,693 over the 2015-2017 biennium.

Chair Kieckhefer:

Are other positions in the Office currently nonclassified?

Ms. Kolbe:

Yes.

Chair Kieckhefer:

Is the recommendation to put the new AGC position in the same category of State service as the existing positions within the Commission on Judicial Discipline?

Ms. Kolbe:

The executive director is nonclassified and the support staff are unclassified. The original request was to make this a nonclassified position. With the proposal you have two options: make this position similar to the support staff, or make it similar to the executive director which is unclassified.

Chair Kieckhefer:

Is the recommendation in the budget amendment to make the position nonclassified, which is consistent with the other positions within the Office, except for the executive director who is unclassified?

Ms. Kolbe:

Yes.

Chair Kieckhefer:

Based on the budget amendment, would there be one unclassified director and all other staff would be nonclassified?

Ms. Kolbe:

Yes.

SENATOR GOICOECHEA MOVED TO APPROVE THE NEW ASSOCIATE GENERAL COUNSEL POSITION IN THE NONCLASSIFIED SERVICE OF THE STATE AND TO INCREASE THE PART-TIME POSITION TO A FULL-TIME POSITION AS RECOMMENDED BY BUDGET AMENDMENT A150001497, THEREBY DECREASING CONTRACT SERVICES BY A TOTAL OF \$259,796.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET AMENDMENT APPROVED.

* * * * *

Page 5 of [Exhibit C](#) discusses the second major closing issue. The Governor's amended recommendation proposes to increase General Fund appropriations by \$31,967 over the 2015-2017 biennium to support a salary increase for the

nonclassified paralegal/management analyst (PMA) position. The position performs advanced technical work and supervises the remaining two office staff positions and temporary contract staff as necessary.

Fiscal staff notes that the nonclassified salary increase would be equivalent to an adjustment of a classified MA II, pay grade 35, to a MA IV, pay grade 39, or an increase of approximately 20 percent.

Does the Committee wish to approve the recommended salary increase for the nonclassified PMA position?

SENATOR LIPPARELLI MOVED TO APPROVE THE RECOMMENDED
SALARY INCREASE FOR THE NONCLASSIFIED
PARALEGAL/MANAGEMENT ANALYST POSITION.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Kolbe:

Page 6 of [Exhibit C](#) discusses the third major closing issue.

The Governor's amended recommendation proposes an increase to General Fund appropriations of \$33,456 over the 2015-2017 biennium to support additional travel and training funds for the executive director/general counsel, five of the seven commissioners and the new AGC position.

Fiscal staff identified technical adjustments necessary to isolate the travel from training costs and move costs related to the new AGC position to decision unit E-250 as noted on page 4 of [Exhibit C](#).

Does the Committee wish to approve travel and training funds for the executive director/general counsel and five commissioners, including technical adjustments identified by Fiscal staff?

SENATOR GOICOECHEA MOVED TO APPROVE THE RECOMMENDATION TO INCREASE TRAVEL AND TRAINING FUNDS IN B/A 101-1497 AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Kolbe:

Page 6 of [Exhibit C](#) identifies four other closing items in this budget account. First, decision unit E-225, recommends General Fund appropriations of \$4,680 over the biennium to support a research database. Second, decision unit E-248, recommends \$62,353 over the biennium to relocate the Commission on Judicial Discipline within Carson City. Third, decision unit E-710, recommends \$12,335 over the biennium for replacement computer equipment. Fourth, decision unit E-711, requests General Fund appropriations of \$19,496 over the 2015-2017 biennium to replace a case and document software package. These decision units appear reasonable to staff.

E-225 Efficient and Responsive State Government — Page JUDICIAL-86

E-248 Efficient and Responsive State Government — Page JUDICIAL-86

E-710 Equipment Replacement — Page JUDICIAL-87

E-711 Equipment Replacement — Page JUDICIAL-87

Fiscal staff recommends approval of all other closing items as recommended by the Governor, and requests authority to make technical adjustments, as needed.

SENATOR PARKS MOVED TO APPROVE B/A 101-1497 AND ALL OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR, AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

* * * * *

Leandra Copeland (Program Analyst):

I will now discuss the budget accounts from the State Gaming Control Board (GCB). The first account is Gaming Control Board, B/A 101-4061, on page 7 of [Exhibit C](#). This budget is funded with General Fund appropriations, fees and an interagency transfer from the GCB Investigation Fund. There are four major closing issues in this budget account.

COMMERCE AND INDUSTRY

GAMING

GCB - Gaming Control Board — Budget Page GAMING CONTROL BOARD-9
(Volume I)

Budget Account 101-4061

The first major closing issue is the Alpha Migration Project, which includes decision units E-550 and E-555. Decision unit E-550 is a General Fund recommendation for \$2 million in FY 2016 and \$2.1 million in FY 2017 for Phase II of the GCB's modernization of the system. Phase I was funded with a \$2 million one-shot appropriation last Session. The GCB reports that Phase I has been completed. Phase II will be a continuation of the project to develop more applications for the software development. The entire project is on schedule and on budget. It is expected to last through 2019 and cost \$11 million, with \$2 million having already been expended.

E-550 Technology Investment Request — Page GAMING CONTROL BOARD-14

Part of the Alpha Migration Project includes decision unit E-555, which is a General Fund recommendation of \$42,600 in each year of the biennium to provide funds for project staff to travel from Carson City to Las Vegas; they will meet with the end users, ensuring that the product being developed will meet the regulatory needs. Thirty trips of 5 days each are planned. Each trip will cost approximately \$1,420.

E-555 Technology Investment Request — Page GAMING CONTROL BOARD-15

Does the Committee wish to approve the Governor's recommendation of \$2 million in FY 2016 and \$2.1 million in FY 2017 for Phase II of the modernization project of the GCB's Alpha Migration System? Does the Committee also wish to approve \$42,600 per year to fund staff travel in support of the project?

SENATOR LIPPARELLI MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO FUND PHASE II OF THE ALPHA MIGRATION PROJECT AND TO FUND \$42,600 IN EACH YEAR OF THE BIENNIUM FOR STAFF TO TRAVEL IN SUPPORT OF THE PROJECT.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Copeland:

I will discuss the second major closing issue in B/A 101-4061, decision unit E-225. This decision unit recommends General Funds of \$73,502 in FY 2016 and \$92,807 in FY 2017 for increased in-state and out-of-state travel.

E-225 Efficient and Responsive State Government — Page GAMING CONTROL BOARD-11

Page 9 of [Exhibit C](#) displays a chart breaking down the costs for in-state and out-of-state travel in each fiscal year. For out-of-state travel, there is a General Fund recommendation of \$32,669 in each year of the biennium. During their budget testimony, the GCB indicated that they will not be traveling to the International Association of Gaming Regulators (IAGR) conference in FY 2016. Staff inquired to see if those funds could be removed from the budget. The Agency indicated that they prefer to replace that conference with three other trips. Those trips are shown in the second table on page 10 of [Exhibit C](#). The table shows the original Governor's recommendation on the left and the three replacement trips on the right. The three trips consist of the International Association of Gaming Advisors, International Olympic Committee (IOC) in Switzerland and an undetermined foreign trip. The replacement of the IAGR conference with the three other trips would reduce the General Fund recommendation by \$807 in FY 2016.

Staff analyzed the historical expenditures of the out-of-state travel which is shown in the first table on Page 10 of [Exhibit C](#). The average legislatively approved dollar amount back to 2008 was \$24,289. The GCB averaged \$7,830 in expenditures over that time. Staff inquired why, historically, the GCB has expended less than what they were authorized. The GCB indicated, in the past, they used funds out of the Investigation Fund, in compliance with investigative travel, but no longer wish to do so. In addition, the timing of the conferences cannot be guaranteed to coincide with an investigation.

The in-state travel is a General Fund recommendation of \$40,833 in FY 2016 and \$60,138 in FY 2017 to perform more out-of-town audits. The Audit Division and the Tax and License Division perform out-of-town audits. Each division has provided statistics showing that there is an expected increase in out-of-town travel. They also have provided their anticipated audit schedule over the biennium which details each planned trip and the expected costs. The in-state travel recommendation also includes a recommendation to upgrade the fleet service rentals from five intermediate vehicles to five premium vehicles.

If the Committee wishes to provide General Funds for additional in-state and out-of-state travel, it could consider the following options:

Option A: approve the Governor's recommendation with an adjustment to accommodate the change in out-of-state travel to replace the 2016 IAGR conference with three foreign trips. Funding for this option would total \$72,695 in FY 2016 and \$92,807 in FY 2017 for additional in-state and out-of-state travel. This option would reduce General Funds by \$807 in FY 2016.

Option B: approve the Governor's recommendation minus the IAGR conference that the GCB indicated it would not be attending in FY 2016. Funding for this option would total \$51,833 in FY 2016 and \$92,807 in FY 2017 for additional in-state and out-of-state travel. This option would reduce General Funds by \$21,669 in FY 2016.

Chair Kieckhefer:

Please discuss why you want to shift out the IAGR conference for the Board members and explain the need for the IOC meeting in Switzerland.

A.G. Burnett (Chair, State Gaming Control Board):

We do not see a need to go to Peru to attend the IAGR conference and the Peruvian gaming jurisdiction is not very large either.

Shawn R. Reid, a member of the GCB, has been very active in working with the IOC. We recently allowed for wagers to be placed on Olympic sports via Nevada Gaming Commission (NGC) regulation. That budget request is to maintain a relationship with the IOC. We created a joint database with the IOC to allow us to analyze Olympic wagering on Olympic sports. The idea is that our enforcement staff will be able to monitor wagering activities along with IOC. This funding would allow Mr. Reid and the enforcement division chief to travel to the annual IOC conference in Switzerland.

SENATOR LIPPARELLI MOVED TO APPROVE OPTION A AS RECOMMENDED BY THE GOVERNOR, WITH THE REDUCTION OF \$807 OF GENERAL FUND MONIES IN FISCAL YEAR 2016.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Copeland:

I will discuss the third major closing issue, decision unit E-230. This recommendation eliminates ten vacant unclassified investigation agent positions in the Investigations Division, which would result in a \$1.8 million reduction in investigation fee transfers over the biennium. The GCB notes a slowdown in gaming applications as a factor in the recommendation.

E-230 Efficient and Responsive State Government — Page GAMING CONTROL BOARD-12

The Committee expressed its concern that a supervisory position was not being eliminated in conjunction with the agent positions. In response to the inquiry, the Agency reported that all supervisory positions were filled. However, the GCB analyzes each open position to see if it is necessary to fill it before hiring for the position. Staff looked at the history of the supervisory agents and noted

that the last time one of these positions was filled was in March of 2014. Currently, there are no vacant supervisory positions.

Does the Committee wish to approve the Governor's recommendation to eliminate ten unclassified investigation agent positions in the Investigation Division?

Chair Kieckhefer:

You stated that there were no vacant supervisory positions. Did you mean that there are no open supervisory positions?

Ms. Copeland:

There was a question from the Committee as to why no supervisory agent positions were being eliminated in conjunction with the ten agent positions that were recommended for elimination. All the supervisory positions are filled.

Chair Kieckhefer:

Are all the supervisory positions filled? Are we not eliminating a person and just eliminating vacant positions?

Ms. Copeland:

Yes.

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

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Copeland:

I will discuss the fourth major closing issue in B/A 101-4061. Decision units E-235, E-240, and E-245 recommend seven new positions, funded with General Funds, totaling \$1.3 million over the biennium.

Decision unit E-235 recommends two new unclassified electronic technician positions. This decision unit recommends General Funds totaling \$181,218 in FY 2016 and \$171,124 in FY 2017. The Agency indicates that these two positions were eliminated in 2011 due to budgetary cuts. As a result of the reduction in staff, there have been inefficiencies in the gaming lab and with engineers performing technician duties. The reduction in staff has also resulted in an increase in travel from Reno to Las Vegas for a technician to help reduce the backlog of gaming equipment verification tasks. The Agency has provided staff with workload statistics, indicating that 3.8 FTE positions are required to meet the workload in Las Vegas. The Agency has two electronic technicians located in Las Vegas. The workload statistics appear reasonable to staff.

E-235 Efficient and Responsive State Government — Page GAMING CONTROL BOARD-12

In discussion with the agency, it was noted that since these positions were recently abolished, the work stations were still available. Therefore, a technical adjustment in the closing documents reflects the reduction of \$5,940 in new furnishings.

Does the Committee wish to approve the Governor's recommendation for two unclassified electronic technician positions, including the technical adjustment in FY 2016 to remove \$5,940 in new furnishings? As adjusted, the addition of the positions would require General Funds of \$175,278 in FY 2016 and \$171,124 in FY 2017.

SENATOR LIPPARELLI MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR TWO UNCLASSIFIED ELECTRONIC TECHNICIAN POSITIONS, INCLUDING THE TECHNICAL ADJUSTMENT TO REMOVE NEW FURNISHINGS.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Copeland:

I will discuss decision unit E-240 which recommends General Funds totaling \$109,352 in FY 2016 and \$211,772 in FY 2017 for two new unclassified network specialist positions.

E-240 Efficient and Responsive State Government — Page GAMING CONTROL BOARD-13

Staff requested workload statistics detailing the support for two additional positions. The agency indicated that in the 2013-2015 biennium they implemented an online tax payment system. This increased network specialist duties. It also has provided documentation showing that 20 additional pieces of network equipment and software have been purchased since 2007. In addition, the IT support requests have more than doubled from 2,037 in 2008 to 4,284 in 2015. Staff looked into the network specialists' history at the agency and notes that in the 74th Session, five network specialist positions were approved whereas in the 77th Session, only four were approved.

Does the Committee wish to approve the Governor's recommendation to provide General Funds of \$109,352 in FY 2016 and \$211,772 in FY 2017 for two unclassified network specialist positions?

SENATOR GOICOECHEA MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR TWO UNCLASSIFIED NETWORK SPECIALISTS POSITIONS.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Copeland:

I will now discuss decision unit E-245, which is a recommendation of \$304,221 in FY 2016 and \$289,662 in FY 2017 for three unclassified enforcement agent positions specializing in forensic investigations in the Enforcement Division. The Agency notes that the current practice of outsourcing its computer forensic needs has resulted in delays in investigations. Staff requested workload statistics justifying support for three new enforcement agents. The Agency

responded that not all casework is recorded therefore the workload statistics are unreliable. However, the Agency did provide information on overtime hours of the section. For the seven members in that section, overtime hours totaled to 1,535 in calendar year 2014. The Agency also reports that since 2010, the Enforcement Division has lost 9.96 FTE agent positions due to State budget reductions.

E-245 Efficient and Responsive State Government — Page GAMING CONTROL BOARD-14

In conversation with the Agency, it was determined that one existing workstation was available. The closing document contains a technical adjustment to remove \$2,970 for the new furnishings.

Does the Committee wish to approve the Governor's recommendation for three unclassified enforcement agents including a technical adjustment of \$2,970 to remove new furnishings? As adjusted, the addition of the positions would require General Funds of \$301,251 in FY 2016 and \$289,662 in FY 2017.

Senator Goicoechea:

Are all of these new positions funded by the General Fund and are the ten positions that we moved to vacate paid for with assessment fees?

Ms. Copeland:

Yes. All the new positions are funded by the General Fund.

Senator Goicoechea:

Was the elimination of the ten positions due to a decline in fee assessments?

Ms. Copeland:

Yes.

SENATOR LIPPARELLI MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR THREE UNCLASSIFIED ENFORCEMENT AGENTS AND TO ALLOW A TECHNICAL ADJUSTMENT OF \$2,970 TO REMOVE NEW FURNISHINGS.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Copeland:

I will discuss the other closing items for this budget account.

The first other closing item is a recommendation for an adjustment to unclassified employee pay to correct the classification code of the unclassified executive assistant. A correction in the classification code will increase the General Fund appropriation by \$3,242 in FY 2016 and \$3,251 in FY 2017.

The second other closing item, decision unit E-227, recommends \$15,230 in each year of the biennium to reinstate elements of the Technology Division's training program. The Agency indicated that due to staff shortages, all the training could not be completed in the base year.

E-227 Efficient and Responsive State Government — Page GAMING CONTROL BOARD-11

The third other closing item, decision unit E-229, recommends General Fund appropriations of \$1,250 in each year of the biennium to implement the ergonomic remedies.

E-229 Efficient and Responsive State Government — Page GAMING CONTROL BOARD-12

The fourth other closing item, decision unit E-710, recommends General Fund appropriations totaling \$473,036 in FY 2016 and \$680,530 in FY 2017 to replace computer hardware and software.

E-710 Equipment Replacement — Page GAMING CONTROL BOARD-15

The fifth other closing item, decision unit E-720, recommends General Fund appropriations of \$22,797 in FY 2016 and \$1,200 in FY 2017 to develop and implement a remote verification access system. The recommendation includes \$1,200 a year in ongoing costs to pay for Internet access for the GCB's gaming lab. This will allow remote verification of the software. Currently, the agents have to be onsite.

E-720 New Equipment — Page GAMING CONTROL BOARD-16

The sixth other closing item, decision unit E-806, recommends reclassifying two unclassified investigation agent positions to a special agent position and a senior agent position. These two positions will form a team for compliance review.

E-806 Unclassified Position Salary Increases — Page GAMING CONTROL BOARD-16

The seventh other closing item, decision unit E-811, recommends changing the job titles of two existing unclassified positions to align job titles with job duties. This recommendation is revenue neutral.

E-811 Unclassified Position Changes — Page GAMING CONTROL BOARD-17

Staff recommends approval of all other closing items as recommended by the Governor with the technical adjustments noted. Staff requests authority to make technical adjustments to this budget as necessary.

SENATOR PARKS MOVED TO APPROVE B/A 102-4061 INCLUDING ADJUSTMENT TO CLASSIFICATION CODES IN THE BASE, AND ALL OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR, AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

* * * * *

Ms. Copeland:

We will now discuss the GCB Gaming Commission account, B/A 101-4067, on page 15 of [Exhibit C](#). This budget is funded entirely with General Fund appropriation and there are two major closing issues.

GCB - Gaming Commission — Budget Page GAMING CONTROL BOARD-19
(Volume I)
Budget Account 101-4067

The first major closing recommends an increase of funds for out-of-state travel and training, decision unit E-225, which recommends \$44,201 in each year of the biennium. The recommended travel is shown in the chart on page 16 of [Exhibit C](#). The table displays plans for three NGC members to attend a foreign meeting in Macau along with a side trip to Singapore to save on airfare. Three domestic trips are recommended for the NGC members. The funding includes travel for the senior research specialist to attend the Global Gaming Expo (G2E) in Las Vegas.

E-225 Efficient and Responsive State Government — Page GAMING CONTROL BOARD-20

When asked about the increase in out-of-state travel, the Agency indicated that the NGC Chairman foresees more travel because there has been a concern that Nevada has had little presence on the worldwide gaming stage. The Agency also indicated that out-of-state travel was limited in previous biennia due to budgetary constraints. Staff analyzed historical expenditures and found that the authorized expenditures never exceeded \$20,000 and actual expenditures never exceeded \$10,000.

If the Committee wishes to provide an increase in General Funds for out-of-state travel and training for the NGC budget, it could consider the following options:

Option A: approve the Governor's recommendation to provide General Funds of \$44,201 in each year of the biennium; or

Option B: reduce the Governor's recommendation by half, or another percentage, which would allow out-of-state travel, but at a level still higher than historical levels.

SENATOR LIPPARELLI MOVED TO APPROVE OPTION A AS RECOMMENDED BY THE GOVERNOR TO PROVIDE GENERAL FUNDS OF \$44,201 IN EACH YEAR OF THE BIENNIUM.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Copeland:

I will discuss the second major closing issue, decision unit E-227, which recommends \$10,567 in FY 2016 and \$12,243 in FY 2017 for travel costs associated with holding an additional NGC meeting in Carson City. The chart on page 17 of [Exhibit C](#) shows the in-state travel planned for the biennium. The Agency requests funding to provide for two NGC meetings to be held in Carson City. Additionally, funding would provide for the NGC chairman to travel to Carson City twice in FY 2017 to participate in the budget process and testify to the Legislature. The funding also includes two additional trips for a senior research specialist to meet with the NGC.

E-227 Efficient and Responsive State Government — Page GAMING CONTROL BOARD-21

Does the Committee wish 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?

SENATOR GOICOECHEA 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.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Copeland:

I will discuss other closing items in this budget account.

The first other closing item, decision unit E-229, recommends \$7,475 in each year of the biennium for registration fees for five NGC members to attend the G2E in Las Vegas.

E-229 Efficient and Responsive State Government — Page GAMING CONTROL BOARD-21

The second other closing item, decision unit E-250, \$3,000 in each year of the biennium to pay merchant fees associated with online payments of gaming taxes and fees.

E-250 Efficient and Responsive State Government — Page GAMING CONTROL BOARD-21

Staff recommends approval of all other closing items as recommended by the Governor. Staff requests authority to make technical adjustments to this budget as necessary.

SENATOR GOICOECHEA MOVED TO APPROVE B/A 101-4067 AND ALL OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. Copeland:

We will now discuss the GCB Gaming Control Board Investigation account, B/A 244-4063, on page 18 of [Exhibit C](#). This budget account is General Fund independent and there are no major closing issues.

GCB - Gaming Control Board Investigation Fund — Budget Page GAMING CONTROL BOARD-23 (Volume I)
Budget Account 244-4063

The first other closing item, decision unit E-225, recommends investigation fees of \$1,571 over the biennium to upgrade a fleet services' vehicle rental from a compact vehicle to an intermediate-sized vehicle to provide staff with greater

comfort and storage space when traveling to various locations in Las Vegas and southern Nevada.

E-225 Efficient and Responsive State Government — Page GAMING CONTROL BOARD-24

The second other closing item recommends the transfer of decision units to the GCB budget. The Committee made decisions on these items in the GCB budget. Staff will ensure the Investigation Fund transfers in decision units E-227, E-230 and E-806 and are consistent with the Committee's closing actions in the GCB budget.

E-227 Efficient and Responsive State Government — Page GAMING CONTROL BOARD-25

E-230 Efficient and Responsive State Government — Page GAMING CONTROL BOARD-25

E-806 Unclassified Position Salary Increases — Page GAMING CONTROL BOARD-26

Staff recommends this budget be closed as recommended by the Governor, with authority to make any necessary adjustments resulting from the Committee's closing actions on B/A 101-4061. Fiscal staff requests authority to make other technical adjustments as necessary.

SENATOR LIPPARELLI MOVED TO APPROVE BUDGET 244-4063 AS RECOMMENDED BY THE GOVERNOR, WITH AUTHORITY TO MAKE ANY NECESSARY ADJUSTMENTS RESULTING FROM THE COMMITTEE'S CLOSING ACTIONS ON B/A 101-4061, AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Jeff A. Ferguson (Senior Program Analyst):

I will discuss three budgets from the Office of Energy (GOE). The first is the GOE account, B/A 101-4868, on page 20 of [Exhibit C](#).

ELECTED OFFICIALS

Governor's Office of Energy — Budget Page ELECTED-18 (Volume I)
Budget Account 101-4868

The Host Fund, decision unit E-227, is the only major issue in this budget account. The Agency wanted \$1,000 to operate a Host Fund. The Agency thought it would be reasonable to allow staff to cover the costs of working lunches and dinners with clients. Clients consist of applicants and representatives of tax abatement projects.

E-227 Efficient and Responsive State Government — Page ELECTED-21

However, *State Administrative Manual* (SAM) section 2636 does not allow a Host Fund for those uses. A Host Fund is intended to be used for refreshments and food items for individuals at meetings, conferences or receptions, but not for State employees. The Committee directed staff to find an alternative, such as per diem costs in a travel category.

Staff learned that in SAM section 204, employees are prohibited from receiving per diem reimbursements for meals that are purchased less than 50 miles away from their work station. In discussion with the GOE, most of these meetings would be within 50 miles. Staff would note that the GOE could use a per diem cost to reimburse employees for meals consumed more than 50 miles away. There is no mechanism to accomplish what the GOE is looking for here.

Staff does not recommend approval of the Governor's recommendation to establish a Host Fund in the GOE budget.

SENATOR PARKS MOVED NOT TO APPROVE THE CREATION OF A
HOST FUND IN B/A 101-4868.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Ferguson:

I will discuss the other closing items in this budget account.

The first other closing item, decision unit E-225, recommends revenues of \$21,696 in each year of the biennium to provide in-state and out-of-state travel for the GOE.

E-225 Efficient and Responsive State Government — Page ELECTED-20

The second other closing item, decision unit E-710, recommends \$17,802 over the biennium for replacement computer hardware. The hardware recommendation consists of five desktop PCs with monitors, a laptop PC with docking station, a file print server, a router and a flat panel monitor.

E-710 Equipment Replacement — Page ELECTED-21

The third other closing item, decision unit E-804, recommends transfers from the Renewable Energy Fund totaling \$892 over the biennium for services related to the Department of Administration Division of Human Resource Management centralized agency human resource services cost allocation.

E-804 Cost Allocation — Page ELECTED-22

The Committee does not need to take action on the fourth other closing item. There was discussion that the American Recovery and Reinvestment Act of 2009 grant funds expired and are being replaced with transfers from the Renewable Energy Fund.

Does the Committee wish to approve all other closing items as recommended by the Governor, with authority to make technical adjustments to this budget as necessary?

SENATOR GOICOECHEA MOVED TO APPROVE B/A 101-4868 AND ALL OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR, AND TO ALLOW TECHNICAL ADJUSTMENTS BY FISCAL STAFF.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

* * * * *

Mr. Ferguson:

I will discuss GOE's Renewable Energy Fund account, B/A 101-4869, on page 23 of [Exhibit C](#). There are two major closing issues in this budget account.

Renewable Energy Fund — Budget Page ELECTED-24 (Volume I)
Budget Account 101-4869

The first major closing item, decision unit E-225, recommends the transfer of \$1.5 million in FY 2016 to the weatherization account in the Department of Business and Industry's Housing Division (NHD) to establish the Direct Energy Assistance Loan (DEAL) program.

E-225 Efficient and Responsive State Government — Page ELECTED-25

The Committee should note that Assembly Bill 466, which was referred to the Assembly Committee on Ways and Means, must be approved to implement this. Assembly Bill 466 would allow the Office of the State Controller to initiate payroll deductions from State employees who opt to enroll in the DEAL program. The program would provide State employees with interest-free loans of up to \$6,000 that would be paid off through monthly payroll deductions. Payment amounts would be \$50 to \$100 dollars per month, depending on the loan amount. The loan term would be for 60 months.

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

The GOE testified that the weatherization program in the NHD already includes all of the services associated with the proposed DEAL program as part of the Agency's current Home Energy Retrofit Opportunity for Seniors (HEROS) program. The GOE indicated it would not require any startup costs for this

program and indicated that the mechanisms to provide the services are already in place.

The NHD would receive 6 percent of the total program costs for their administrative and oversight role. At the bottom of page 24 of [Exhibit C](#), there is a list of a few of the measures the NHD would be providing. The contractors will be implementing and installing these upgrades and will be capped at 10 percent of the total program costs. Licensed contractors who are Building Performance Institute certified will be used.

Page 25 provides a list of the approved options that State employees could select. The GOE indicated that the per average home expenditure for the DEAL program will be about \$3,500 and will serve approximately 428 employees during its pilot year in the upcoming biennium. The GOE indicates that the average home energy savings would be about \$600 per home.

Three reports will be provided by the NHD to measure the effectiveness of this program. There would be monthly reports on administrative costs and total financial costs. The weatherization report would detail the actual energy and efficiency upgrades performed on each participants home. This program would be the first of its kind in the Nation.

Does the Committee wish to approve the use of \$1.5 million of renewable energy abatement tax revenue held in reserves to implement the DEAL program as recommended by the Governor?

Senator Goicoechea:

Are these funds non-General Fund appropriations that are presently being held in reserves?

Chair Kieckhefer:

These are property tax transfers.

Mr. Ferguson:

Yes. This would be an appropriate use of those funds that are designated for certain programs. The DEAL program is one that the GOE has designated as appropriate.

Chair Kieckhefer:

There seems to be adequate reporting built into this based on what we see in our breakdown. I am trying not to approve many Letters of Intent that contain reporting requirements back to the Legislature but I hope those reports would be available to the Legislative staff so that we can track the effectiveness of this program.

Senator Parks:

Would the return on investment be over a 6-year period with an average of \$3,500 spent per home with repayments of about \$600 per year?

Mr. Ferguson:

Yes.

Senator Parks:

Is that standard for the industry?

Mr. Ferguson:

Members from the GOE will provide more information on this.

Paul Thomsen (Director, Office of Energy, Office of the Governor):

That is a typical payback time period for these types of loans. It is a bit expedited because we have removed the interest rate component and can be somewhat daunting when you have a microloan in the \$6,000 range.

SENATOR GOICOECHEA MOVED TO APPROVE THE USE OF
\$1.5 MILLION OF RENEWABLE ENERGY ABATEMENT TAX REVENUE
HELD IN RESERVES TO IMPLEMENT THE DEAL PROGRAM AS
RECOMMENDED BY THE GOVERNOR.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Ferguson:

I will discuss the second major closing item in this account which is Base Budget funding for existing programs. This item recommends funding of \$1.6 million in each year of the biennium for two programs: the Performance Contract Audit Assistance Program (PCAAP) and the HEROS program.

There was discussion during the budget hearing that expenditures in the 2015-2017 biennium had not met legislatively approved levels. The GOE has indicated that there have been three reasons why there was a small delay in implementing these programs. First, the transition from the previous director to the new director has delayed the implementation of programs. Second, there is a time required to ramp-up the PCAAP and the HEROS programs as they are being developed and while their policies and procedures are established. Third, there was a decision to defer the DEAL program to FY 2016. These programs are currently operational.

The PCAAP would require \$1 million of funding in each year of the biennium. That funding would provide monetary assistance for financial-grade operational audits to eligible State governmental entities that choose to enter into a performance contract for operating cost-savings measures. This process is also known as energy performance contracting.

Energy performance contracting offers the opportunity for governmental entities to not only manage energy budgets, but also allows them to upgrade and modernize facilities, reduce taxpayer burdens on growing governmental energy budgets, incorporate the use of renewable energy and create jobs.

In response to the Committee's questions about current projects, the GOE indicated that the PCAAP program has one funded project for the Truckee Meadows Water Reclamation Facility. There are also two pending program recipients: the City of Las Vegas's Office of Sustainability and the Clark County Water Reclamation District.

The HEROS program would require funding of \$600,000 in each year of the biennium and is very similar to the recommended DEAL program. To qualify for the HEROS program, applicants must be seniors that are 60 years old or greater, NV Energy customers, own and reside in their own homes and have income levels at or below 200 percent of the federal poverty level.

The GOE has indicated that 40 homes have received upgrade measures to date and they expect to serve 125 homes before the end of FY 2015.

Does the Committee wish to approve Base Budget expenditures of \$1.6 million in each year of the biennium for the PCAAP and HEROS programs as recommended by the Governor?

SENATOR GOICOECHEA MOVED TO APPROVE B/A 101-4869 AND BASE BUDGET EXPENDITURES OF \$1.6 MILLION IN EACH YEAR OF THE BIENNIUM FOR THE PCAAP AND HEROS PROGRAMS AS RECOMMENDED BY THE GOVERNOR.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Mr. Ferguson:

In the other closing items, there was discussion about the reserves and the funding in this account. The GOE does have plans for the reserves and anticipates the possibility of increasing funding to the DEAL and HEROS programs going forward, which would decrease reserves even more. This does not require any action by the Committee. Staff requests authority to make technical adjustments to this budget as necessary.

SENATOR ROBERSON MOVED TO GIVE FISCAL STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS TO THIS BUDGET AS NECESSARY.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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I will discuss GOE's Renewable Energy, Efficiency and Conservation Loan account, B/A 101-4875, on page 28 of [Exhibit C](#). There are no major closing issues or decision units in this budget account.

Renewable Energy, Efficiency and Conservation Loan — Budget Page
ELECTED-27 (Volume I)
Budget Account 101-4875

During the budget hearing, an update was provided that a number of loans were in default. Page 29 of [Exhibit C](#) provides a table, requested by the Committee, which shows the current loans. Page 30 displays a list of the companies who defaulted on their loans along with the loan amounts that need to be recovered.

The GOE testified that while the loss of the loan principal from the defaulted loans has had an impact on their programs' ability to provide future loans, the programs currently operate and will continue to operate with the remaining funds to provide loans for renewable energy systems that meet requisite guidelines.

There was discussion during the budget hearing about the appropriateness of the interest that was received and budgeted. The Agency has since provided calculations indicating that the interest income amounts are correct and staff does not recommend any adjustment to the interest income.

Does the Committee wish to approve the Renewable Energy, Efficiency, and Conservation Loan budget as recommended by the Governor? Staff requests authority to make technical adjustments to this budget as necessary.

Senator Goicoechea:

Are the loans listed on page 30 of [Exhibit C](#) the only ones that are delinquent? I thought the total outstanding loan amounts were significantly higher.

Chair Kieckhefer:

The chart shows we are still out around \$12 million.

Mr. Ferguson:

Yes. All of those loans have been turned over to the Office of the Attorney General and they are seeking ways to recoup the \$12 million. On some of the

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defaulted loans, collateral is being seized and assets are being auctioned off to recoup losses.

Senator Goicoechea:

I do not like when we start foreclosing and taking over defaulted loans because that usually results in our taking losses.

SENATOR PARKS MOVED TO APPROVE B/A 101-4875 AS
RECOMMENDED BY THE GOVERNOR, AND TO ALLOW TECHNICAL
ADJUSTMENTS BY FISCAL STAFF AS NECESSARY.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

* * * * *

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Chair Kieckhefer:

Seeing no further business before this Committee, this meeting is adjourned at 9:45 a.m.

RESPECTFULLY SUBMITTED:

Jason Gortari,
Committee Secretary

APPROVED BY:

Senator Ben Kieckhefer, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit		Witness or Agency	Description
	A	2		Agenda
	B	1		Attendance Roster
	C	54	Legislative Counsel Bureau, Fiscal Analysis Division	Senate Committee on Finance CLOSING LIST #6 April 13, 2015