

**MINUTES OF THE
LEGISLATIVE COMMISSION'S BUDGET SUBCOMMITTEE
February 1, 2017**

The Legislative Commission's Budget Subcommittee was called to order by Chair Maggie Carlton at 8:34 a.m. on Wednesday, February 1, 2017, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/79th2017.

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblywoman Maggie Carlton, Chair
Assemblyman Jason Frierson, Vice Chair
Assemblyman Paul Anderson
Assemblyman Nelson Araujo
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Irene Bustamante Adams
Assemblywoman Olivia Diaz
Assemblyman Chris Edwards
Assemblyman John Hambrick
Assemblyman James Oscarson
Assemblywoman Ellen B. Spiegel
Assemblyman Michael C. Sprinkle
Assemblywoman Heidi Swank
Assemblywoman Robin L. Titus

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Joyce Woodhouse, Chair
Senator David R. Parks, Vice Chair
Senator Moises Denis
Senator Aaron D. Ford
Senator Pete Goicoechea
Senator Becky Harris
Senator Ben Kieckhefer

STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Mark Krmpotic, Senate Fiscal Analyst
Sarah Coffman, Principal Deputy Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst



Jeff A. Ferguson, Senior Program Analyst

Jennifer Gamroth, Program Analyst

Jon Steiber, Program Analyst

Anne Bowen, Committee Secretary

Lisa McAlister, Committee Assistant

After call of the roll, Chair Carlton opened public comment.

Julia Arger, Chair of the Board of the Nevada Arts Council, read a statement in support of the arts in Nevada into the record:

On behalf of my colleagues, please accept my sincere appreciation for your leadership in supporting the arts across Nevada. It is truly remarkable that whether it is a metropolitan area or the rural areas, your support is so appreciated. I especially bring you greetings from our constituents who attended Arts Town meetings, particularly in Las Vegas a couple of weeks ago. I attended those meetings in Las Vegas, North Las Vegas and Henderson where the attendance has doubled since our visit two years ago. The arts do matter to Nevadans. Gail Rappa, our newest board member from Tuscarora, wished to be here today but could not. She has sent her testimony to you in the form of a letter, which includes 52 signatures from residents in Elko County.

The Nevada Arts Council is celebrating its 50th anniversary this year. I am so proud of this small agency and its record which follows its mission to enrich the lives of Nevadans, enhance the livability of our communities and contribute to both the state's economy and our educational system.

Today I am here to speak to you about our budget. The Arts Council Board is pleased that the Governor's budget recommends honoring the work of the agency during the 50th anniversary year by promoting Nevada's creative industry through a new cultural tourism initiative. We also believe that investing in the state arts organizations and institutions that work tirelessly to expand access and participation in the arts for all Nevadans is a great way to celebrate our 50th anniversary. No doubt, you continue to receive letters of appreciation from our grantees. I am sure in those letters your constituents explained how last session's additional \$150,000 benefited the programs that served communities and neighborhoods across the state. I expect that you are, or will be, receiving more letters that provide additional examples of the measurable impact of this past fall's one-shot infusion of \$200,000 to the Arts Council's grants program, thanks to an increase in the room tax.

As you deliberate the budget for the next biennium please consider cultural vitality as a core value of Nevada and of this body and continue the restoration of Nevada Arts Council's budget for grants and programs as you have done in

the past. We look to you as our partner in promoting a shared vision of a "rich-in-art" Nevada for the next 50 years.

At this time, I would like to thank Susan Boskoff, our Executive Director for 24-plus years, for her unwavering service to this state and our agency. Although she may be retiring from state service at the end of March, she has assured me she will continue her passionate support of the Nevada Arts Council and the arts community in the great state of Nevada.

Samuel Flakus, private citizen, testified in support of the Nevada arts and museums and expressed his appreciation for the support provided by the Nevada Legislature.

Doreen Mack, private citizen, testified in support of the Nevada arts and requested the support of the Legislature.

Cameron Crain, Director of Development, Sage Ridge School, Reno, Nevada, testified in support of arts in Nevada and the Nevada Arts Council.

Chair Carlton thanked the participants, closed public comment, and opened the budget hearing overview for the Department of Tourism and Cultural Affairs.

Claudia Vecchio, Director, Department of Tourism and Cultural Affairs, presented the Department's pre-session budget overview, budget account (BA) 1522.

Ms. Vecchio thanked those who provided public comment regarding the importance of the arts and cultural assets in Nevada. She believed the Department of Tourism and Cultural Affairs was unique and had the honor of conveying Nevada's basic DNA and its cultural, historic, intellectual, and natural resources. Ms. Vecchio submitted a copy of a PowerPoint presentation, "Nevada Department of Tourism and Cultural Affairs Pre-Session Budget Hearing, February 1, 2017" ([Exhibit C](#)).

According to Ms. Vecchio, the Department of Tourism and Cultural Affairs encompassed four groups united under the mission of creating a sustainable, financial, intellectual, and creative vitality for the state of Nevada. The Department was a two-tiered organization meant to drive revenue and create sustainability for the state.

The Department's vision was to be an excellent tourism and cultural affairs organization. Ms. Vecchio said everyone in the group had a passion to do the best possible job, and she hoped that was evident in the programs the Department presented.

The Department of Tourism and Cultural Affairs was established in 2011 as a merger of portions of the Department of Cultural Affairs and the Nevada Commission on Tourism. The Department encompassed the Nevada Commission on Tourism, the Nevada Arts Council, the Division of Museums and History, and the Nevada Indian Commission.

The boards and commissions that were involved with the Department provided guidance and insight.

Ms. Vecchio thanked Susan Boskoff for her 24-plus years of service overseeing the Nevada Arts Council. She noted that the Arts Council was what it was today because of Susan's leadership. Most of the programs that had been initiated had come about during Susan's tenure.

Peter Barton, Administrator, Division of Museums and History, Department of Tourism and Cultural Affairs, presented the budget overview for the Division, budget account (BA) 2941.

Mr. Barton said it was a pleasure to provide some insights on what was occurring in the world of museums and history in Nevada. He referred to page 4 of [Exhibit C](#), which was an image of an 1875 steam locomotive that was constructed in Philadelphia, Pennsylvania, and delivered to Carson City in 1875 for use on one of the Bliss enterprises, a narrow gauge railroad that operated around Glenbrook to Spooner Summit. The Bliss family, as the timber business began to wane, moved this locomotive into the tourism sector. It shuttled tourists from Truckee, California, to Tahoe City, California, for a number of years before it was retired and, ultimately in the 1940s, brought back to Carson City by the Bliss family and became the first railroad artifact in the Nevada State Museum system. Mr. Barton explained that the locomotive sat near the Nevada State Museum from 1943 until about 1980. It was carefully restored by the skilled craft workers at the Nevada State Railroad Museum over a span of about five years, courtesy of funds that were provided by the E. L. Wiegand Foundation. Exactly 140 years to the day that it was delivered to Carson City, it steamed in 2015 for the first time in 90 years. Mr. Barton said the Division was very proud of this locomotive, and the Nevada State Railroad Museum became the only state-run museum operation in the nation with two 1875 wood-burning, operable steam locomotives.

The Division had seven state museums located around Nevada. There were three in Northern Nevada: the Nevada Historical Society, Nevada's oldest cultural institution founded in 1904 in Reno; the Nevada State Museum, which would celebrate its 75th anniversary this year, opening in 1941 at the former United States Branch Mint in Carson City; and the Nevada State Railroad Museum in Carson City, which opened in 1980. In eastern Nevada, the East Ely Railroad Depot Museum was collocated with the Nevada Northern Railway. In southern Nevada, the new Nevada State Museum, located on the campus of the Las Vegas Springs Preserve, was celebrating five years at its new location in conjunction with the 10th anniversary of the opening of the Las Vegas Springs Preserve. Boulder City was the location of the fastest-growing museum, the Nevada State Railroad Museum. In Overton, the Lost City Museum focused on the early peoples of the Southwest.

Mr. Barton stated the Division's mission was to preserve, share, and promote understanding and celebration of Nevada's natural and cultural heritage. The Division's philosophy was that it served the public first while never sacrificing high professional standards.

Mr. Barton said he was often asked why museums were needed and why history was important. He replied that history was not just important; it was essential and provided identity. Through personal identity, people learned about the world and found a place in it. Perhaps most important, history taught critical skills necessary in the 21st Century workplace. He stated history was not just about dates and people; history taught the skills to research and judge the accuracy and reliability of sources and the validation of facts.

Mr. Barton maintained that no place became a community until it was wrapped in human history, whether family stories, tribal traditions, or civic commemoration; museums provided for engaged citizens.

Mr. Barton stated that the first responsibility of museums was to curate collections and provide curatorial services. Museums had become selective about what was collected because it had been recognized that every object collected created a perpetual responsibility. Additionally, storage space was at a premium for collections.

Museums also exhibited and provided education and research services. Mr. Barton said when exhibiting, there had been a shift away from focusing on objects. While the Glenbrook locomotive was a beautiful thing to look at, it should be used as a window to tell stories of human engagement with the environment. Mr. Barton stated the Division was focused on the new museums and being a part of tourism and community development.

Mr. Barton referred to page 8 of [Exhibit C](#), which highlighted the public purpose and critical need. The Division was responsible for the oversight, development, and implementation of consistent public policy and coordination for the Division's 7 museums and 14 budget accounts. The Division preformed as asset managers and had 39 buildings on 7 campuses. The replacement cost of those buildings was estimated at \$110 million by State Public Works. Mr. Barton said the Division also acted as asset managers to collections that contained millions of objects, photographs, maps, manuscripts, textiles, and archival materials. The collective value of holdings was unknown, but estimated at over \$500 million. The Division had been working with the Risk Management Division, Department of Administration, for several years in an ongoing effort to value the collections. According to Mr. Barton, the museums provided lifelong learning through interpretive exhibits and dozens of programs. The Division set policy, managed public operations, and provided support for the Nevada Board of Museums and History and provided fiscal and administrative services to the museums.

Mr. Barton referred to page 10 of [Exhibit C](#), which depicted what had been accomplished by the Division in the most recent biennium. Overall, museum attendance was consistent with growth in the travel and tourism sector. The Division had broken out attendance and admissions revenue, which was the primary source of income for the General Fund from the seven museums.

At the Nevada State Museum in fiscal year (FY) 2015 and FY 2016, there was a decrease in attendance of approximately 10 percent, which was attributed to the national tour of the exhibit of the expeditions of John C. Fremont. This left the Nevada State Museum in Carson City with no major exhibit. Mr. Barton said that by contrast, the Nevada State Museum in Las Vegas had seen an approximate 15 percent growth in attendance from FY 2015 to FY 2016. The admission revenue at the Las Vegas museum was steady and there was a special joint operating agreement with the Las Vegas Valley Water District for revenue- and service-sharing, making those numbers stable.

Mr. Barton explained that the Nevada Historical Society in Reno was stable, and the Railroad Museum in Carson City was seeing some growth both in attendance and in the train ride revenue. The "bump" received from having the Glenbrook locomotive under steam was significant.

Mr. Barton said the Nevada State Railroad Museum in Boulder City continued to grow. The museum had begun in 2001 in Boulder City with 1,200 train riders on a service provided two days a week and had grown to 38,000 riders in FY 2016. Mr. Barton noted that everything to do with the Boulder City facility seemed to be successful. There was no competition in the market, which had a 2 million-person resident market and a 40 million transient market in Las Vegas. The Lost City Museum and the East Ely Railroad Depot Museum continued to do well.

The performance measures on page 11 of [Exhibit C](#) showed the totals for FY 2016 and projected forward to FY 2019. The projections were consistent with where the travel-tourism sector was expected to go. Mr. Barton predicted slow growth in attendance of approximately 3 to 4 percent per year. Visitors from out-of-state remained consistent with 45 to 50 percent of attendees expected to come from out-of-state.

The acquisition of artifacts and archival materials showed a large variance from FY 2016 to FY 2019. Mr. Barton said there was no way to predict what would be available and what collections would be acquired. However, it was an important statistic for the Division to track, because for every object acquired, there was a perpetual responsibility.

According to Mr. Barton, the educational effect continued to grow despite the fact that school districts' transportation budgets precluded visitation by schools at the same rate as several years ago. He said the number of research inquiries continued to grow, as did the percentage of visitor satisfaction.

The Division acquired three major collections this biennium: the Folies Bergere collection, the Greeno gaming collection, and the Richardson V&T models.

The Division had expanded public service in Las Vegas from five days a week to six days a week. A new group, Friends of the Nevada State Museum, Las Vegas, was working with the School-Community Partnership Program of the Clark County School District to raise

money to bring schoolchildren to the museum. At \$160 per bus, the Friends group was working its way up from 20 schools and intended to bring in more schools as time passed.

Chair Carlton asked to hear more about transporting schoolchildren to the museum and said she understood the cost was approximately \$160 per bus.

Mr. Barton stated that was correct, and he was told that for \$160, approximately 80 students were transported to the museum. He added that private money was being raised to support that transportation.

Chair Carlton asked how transportation was currently financed, and Mr. Barton explained that it was through the school districts.

The support organization provided the funding to the School-Community Partnership Program, and then schools were scheduled to visit the museum. Mr. Barton said the Las Vegas museum also benefited the Las Vegas Springs Preserve, which had its own school bus transportation-funding program.

Chair Carlton asked that more information about the program be provided to staff. She said visiting the museum made a big difference when she was a child, and now that the Nevada State Museum in Las Vegas was open six days a week, she hoped the Division was making up for lost time.

Senator Woodhouse commented that 80 students were elementary students because more of them would fit in a school district bus. In the case of a middle school group, only 55 to 60 students would be involved because they were larger children. She agreed that, especially for the Clark County School District, the buses ran from \$140 to \$160 per bus, unless a bus was coming from outside of the metropolitan area, because it cost considerably more to bring students in from Moapa or Laughlin. Senator Woodhouse agreed with the Chair that it was critically important for young people to visit museums across the state.

Mr. Barton referred to page 13 of [Exhibit C](#), which stated that the Division partnered with the Department of Transportation to restore the Boulder City railroad museum track to Las Vegas. When the current freeway was constructed in the mid-1980s, the railroad crossing was paved over at Railroad Pass, which truncated the operation in Boulder City to about a four-mile track.

There was a bridge being built that would carry the rail line over the new I-11 highway that was due to be completed in 2018. When that was completed, there would be a new series of opportunities at the Railroad Museum in Boulder City. There would be longer public rides and the Division was actively engaged with the city of Henderson and the city of Boulder City. Mr. Barton said that Henderson actually controlled the track through the city of Henderson. The Division was discussing with officials in Henderson, almost weekly, how this historic rail experience could be provided for the residents of Henderson. He said options were being considered as to where the center of the operation would be in Henderson

and, ultimately, one of the Railroad Museum trains could be operating from Las Vegas to Boulder City. He said that would create a completely new palette of potential public experiences, and while it was a way off, the potential existed.

The Division had initiated significant improvements to collection storage facilities in both Northern and Southern Nevada. Mr. Barton said for many years the Division had some substandard collection storage facilities, but thousands of work hours had been invested in the last 18 months to completely renovate the Indian Hills Curatorial Center. Not only had collections been consolidated to make more room, the Division had worked with the U.S. Bureau of Land Management (BLM) to move some of its collections to Southern Nevada. Mr. Barton said that activity continued because it was core to a museum to manage collections appropriately. Thanks to the Interim Finance Committee (IFC), the design for a new visitor's center at the Nevada State Railroad Museum, Boulder City, had been advanced. The Division was working closely with the Boulder City Economic Vitality Commission looking for ways to attract the cultural and heritage tourist as I-11 opened and some of the traffic left downtown Boulder City.

Mr. Barton informed the Subcommittee that the American Gaming Association archive had been donated to the Nevada Historical Society in Reno, and the Division was exploring ways to use that collection to propel the Nevada Historical Society to new heights.

According to Mr. Barton, online ticketing had been initiated for special events. In Boulder City during the three weekends before Christmas, of 11,000 train riders, 90 percent had booked their tickets online. In the past, those train riders had to come to the museum and wait in long lines to procure tickets. Online ticketing had made a big difference in managing the train operations during peak times.

In Carson City, the Division had initiated online ticketing, and about 40 percent of tickets in the past year were sold online.

The Governor recommended a few Enhancement decision units for the upcoming biennium. Decision unit Enhancement (E) 710 was the equipment replacement for computer hardware and software that replaced equipment that had become too old to be appropriately supported. In FY 2018, the total requested was \$29,145 and in FY 2019, the total was \$59,409.

Mr. Barton pointed out that decision unit E-711 was equipment replacement for software needed to manage the museums.

Decision unit E-275 was a new decision unit for educated and healthy citizenry. According to Mr. Barton, Bill Draft Request (BDR) 43-232, Senate Bill (S.B.) 37, would be introduced and would reinstitute license plate registration renewal fees on the Sesquicentennial plate, which was no longer sold as of October 31, 2016. The Nevada Department of Motor Vehicles (DMV) indicated that there were approximately 24,000 active registered Nevada Sesquicentennial plates and the fees from the registration renewal sun-setted in October 2016. The Governor had recommended that those fees be reinstituted. While that

revenue had about a 10 percent per year attrition, in the two years of this biennium it was estimated that approximately \$480,000 in revenue for the Division would be realized. A like amount of the renewal fees was distributed to the Division of Nevada State Parks, Department of Conservation and Natural Resources. The Division of Museums and History would use its share of the revenue to fund a number of core public services that would otherwise not be funded.

Mr. Barton said the Division had instituted a conscious and strategic emphasis on improving program access for underserved audiences, such as the visually and cognitively handicapped. There were no funds presently available to help serve those needs, and the license plate funds would be used to aid in meeting the responsibilities to those audiences. The proposed plan included audio tours, multiple language platform tours, and tactile models.

Mr. Barton said the Division wanted to build on the strong success in Boulder City by creating new public experiences and facilities, as well as build on secure electronic commerce to better serve customers. Currently, the online ticketing was done through an external vendor, and the Division had the capacity with new websites to bring that e-commerce in-house in a secure manner. New point-of-sale systems had been installed in all museum stores that met all current security standards. The Division wanted to continue to build public trust by enhancing collection capacity as it continued to work in Indian Hills and elsewhere.

Mr. Barton wanted to build new and strengthened alliances as the Division had found success working with external partners, such as the MOB Museum, the Division of State Parks, and others. The Division of Museums and History was now working with the Governor's Office and had a mandate to create a government museum in the State Capitol on the second floor in the old Senate Chamber. The current museum had never been funded, and the museum exhibits that were there were over 30 years old and did not meet any current standards for learning or accessibility. The Division was working with the Nevada 150 Foundation, which had funds left over from the Sesquicentennial, to design, build, and deploy within the next 18 months all new exhibits on the second floor of the State Capitol.

Mr. Barton stated that the Division wanted to strengthen safety, security, and the environment of all museums to be better prepared against flooding, wildfires, and other natural disasters. A serious loss had occurred in Carson City at the Nevada State Railroad Museum caused by the floods on January 8 and 9 this year. The museum remained closed, and damage was estimated at approximately \$500,000, with full recovery costing approximately \$1.6 million. Mr. Barton said the good news was that no historic fabric was damaged, but there was extensive property damage. There had been an ill-conceived storm water diversion that ran considerable drainage across the museum property that caused severe damage.

Mr. Barton listed the following challenges to the Division in the coming biennium:

- Backlog of deferred maintenance is at \$10 million.
- Space for new and current collections is at capacity.
- Workforce reduction limits public access, as museums remain closed one or two days per week.
- Approximately 50 percent of Division staff is eligible to retire.
- Five of seven directors retired in 2016 and 2017.
- Meeting accessibility standards (Americans with Disabilities Act) without a defined source of funds.

Senator Kieckhefer asked whether the damage caused by the flooding would be eligible for federal reimbursement.

Mr. Barton stated that the Division had worked with Carson City Emergency Management and the Division of Emergency Management, Department of Public Safety, and while it appeared the recovery would exceed \$1 million, most of the cost would be for improvements to prevent this from happening again. The actual damage loss was below the \$1 million threshold that was required for Federal Emergency Management Agency (FEMA) consideration.

Assemblywoman Diaz requested more information on the Division's managed assets. It was stated there were 39 buildings, and she wondered how many of the buildings were used for exhibitions and museums versus staff housing and storage for artifacts. She requested a breakdown of where the buildings were located and for what purpose they were being used.

Mr. Barton stated that the State Public Works Board managed a database of all state buildings. He added that while there were no staff-only buildings, there was staff in most buildings, and even collection storage facilities were generally occupied buildings. Additionally, a couple of buildings were presently closed. The former Division office on Curry Street in Carson City was deemed unsuitable for habitation, and the office moved into leased space. Mr. Barton said he would provide a better breakdown for Assemblywoman Diaz.

Assemblyman Edwards wondered about the maximum capacity that the museums could provide for the students because it appeared from his calculations that every student could visit a museum, and it would cost about \$1 million per year.

Mr. Barton said he would analyze the question and get back to Assemblyman Edwards. The museums had the limitation of staffing. Trained docents and volunteers were generally used to provide tour services under the guidance of an education curator, and there were physical limitations to how many visitors could be handled at a time. Mr. Barton said he had never had to face the capacity situation, so it had not been analyzed, but he would be happy to do so and get that information to the Subcommittee.

Assemblywoman Titus commented that she had the privilege of taking her granddaughters on the Polar Express train ride in Ely over Thanksgiving, which had been a wonderful experience. She thanked Mr. Barton and his staff for all their work and for preserving the history of the state.

Chair Carlton wanted to ascertain that she understood correctly that the license plate fee revenue commemorating the 150th anniversary of Nevada had expired and was no longer being collected. Mr. Barton stated that was correct.

Chair Carlton noted that Senate Bill (S.B.) 37 would actually be a bill to reinstitute the fee with different beneficiaries.

In response to Chair Carlton's question, Mr. Barton explained that the original bill was Assembly Bill (A.B.) 24 of the 77th Session (2013), which directed those funds to the Nevada Commission for Cultural Affairs, which in turn transferred the funds to the Nevada Sesquicentennial Commission and its foundation as the manager of that program.

Assemblywoman Diaz requested further information about the Division's grant programs, how those programs were funded, and the breakdown regarding what areas of Nevada were given grant funding to carry out the arts.

Mr. Barton said the museums did not have a grant program, but the Nevada Arts Council had a number of grant opportunities that the museums took advantage of, and he referred the question to Susan Boskoff, Executive Director, Nevada Arts Council, who stated she would address the question during her presentation.

Sherry Rupert, Executive Director, Nevada Indian Commission, Department of Tourism and Cultural Affairs, presented the pre-session budget overview for the Nevada Indian Commission, budget account (BA) 2600.

Ms. Rupert stated that the mission of the Nevada Indian Commission was to ensure the well-being of American Indian and Alaska Native citizens statewide through development and enhancement of the government-to-government relationship between the state of Nevada and the Indian tribes, and through education for a greater cultural understanding of the state's first citizens.

According to Ms. Rupert, the state-tribal relationship was primary to what the Nevada Indian Commission did to coordinate and facilitate all forums to build positive government-to-government relationships and recommend and support state legislation on matters that would improve, protect, and address the interests of American Indians and Alaska Natives living in Nevada.

The Nevada Indian Commission also responded to requests for assistance and supported American Indians and Alaska Natives, organizations, and the general public as requested and referred.

Ms. Rupert said the Commission also educated all levels of state, tribal, federal, and local governments and the general public on American Indians, tribal governments, and on regulations that affected the manner in which they worked and consulted with tribes.

Tribal tourism development was a new area in which the Commission provided outreach, technical assistance, and training to tribes and tribal members; tours, coordination, and development of American Indian exhibits and cultural events; and marketing and promotion of American Indian artists, attractions, events, and museums. The Commission performed those duties on the state level, and Ms. Rupert was on the board of directors for the American Indian Alaska Native Tourism Association (AIANTA), which was on the national level.

Concerning Indian education, Ms. Rupert said the Commission strived to raise awareness of the importance of the educational needs from early childhood through K-12, all the way through higher education, to increase successful outcomes for American Indian and Alaska Native students living in Nevada.

Ms. Rupert noted that last but not least, what were most talked about were the Commission's efforts to preserve the Stewart Indian School in Carson City.

The Commission served as the liaison between the state and 20 federally recognized tribes in Nevada. The Commission assisted state agencies and tribes on issues affecting Nevada's American Indian constituency and served as a forum in which the needs of American Indians and Alaska Natives were considered. The Commission was the conduit where concerns involving American Indians and Alaska Natives or tribal interests were channeled through the appropriate network and served as a point of access for tribes to state government programs and policies.

Ms. Rupert referred to page 23 of [Exhibit C](#), performance measures. The first performance measure concerned the total number of requests fulfilled. She said she had mentioned earlier that requests came into the Nevada Indian Commission, and staff performed research finding the answers that constituents were seeking.

The number of Indian tribes and other groups assisted reflected the Commission's coordination, facilitation, and attendance at meetings, workshops, or conferences to provide support or assist in addressing concerns that would affect the Commission, tribes, or other American Indian groups or organizations.

Ms. Rupert said that in fiscal year (FY) 2016, the average number of days from receipt of a request to resolution was eight. When constituents called in or requested assistance, the Commission was working as quickly as possible to address those requests.

The number of participants in organized events provided the total number of participants in school tour visits, presentations and training, adult education, international visits, and both onsite and outreach to educational institutions, tribal and civic organizations, and state, local, and federal agencies.

Ms. Rupert noted that the conversation held earlier regarding school tours was important to the Stewart Indian School as well. The Commission had noted that most of the students who visited the Stewart Indian School were from Southern Nevada. Those students were coming from Southern Nevada with their schools and going to the Nevada State Museum and the Capitol and were now visiting Stewart. Ms. Rupert said it was a shame that local students were unable to visit the Stewart Indian School, and the Commission had considered seeking out grants that would help nearby school districts to bring students to the Stewart Indian School.

The number of out-of-state event attendees measured the number of attendees at the Stewart Father's Day Pow Wow and the Stewart Indian School Trail who were from out of state. The numbers reflected that out-of-state visitors were increasing. Ms. Rupert stated that the number of tours had significantly increased since she started with the Commission 11 years ago, and she believed that was because of preservation efforts and the Legislature's and Governor's support of the Stewart Indian School.

In the last biennium, some of the accomplishments of the Nevada Indian Commission were as follows:

- Completed a Draft Strategic Plan for the Indian Commission.
- Completed 100 percent design and construction documents for Welcome and Stewart Indian School Cultural Centers.
- Secured funding to have the Stewart Master Plan completed.
- Secured funding to hire a contractor to write the National Historic Landmark Application for Stewart Indian School.
- Assisted in establishment of Stewart Indian School Preservation Alliance (SISPA), a nonprofit fundraising arm for the Stewart Indian School.

Decision unit Enhancement (E) 710 provided \$2,710 in FY 2019 for the purchase of routine replacement equipment.

The Commission's strategic priorities were as follows:

- Enhance organizational development and sustainability to better serve constituents.
- Strengthen the government-to-government relationship between the state and Nevada's tribal governments.
- Increase educational outreach by the Nevada Indian Commission for American Indians and Alaska Natives and the Stewart Indian School, both internally and externally of state government.
- Fortify efforts toward preservation and development of the Stewart Indian School.
- Improve advancement of cultural heritage tourism within the tribal communities.

Some of the challenges faced at the Indian Commission were the limited statutory authority pursuant to Chapter 233A of the *Nevada Revised Statutes* (NRS). Senate Bill (S.B.) 83 had been submitted to address this challenge. The Commission was requesting an expansion of its authority. The Indian Commission had been an investigatory body since 1965, and Ms. Rupert believed there was the opportunity to expand responsibilities. With the agency moving forward, increased staffing levels would be required.

Ms. Rupert referred to page 29 of [Exhibit C](#), budget account (BA) 2601, Stewart Indian School Living Legacy. She noted building number 1 would become the Stewart Indian School Cultural Center. The new staff was working to develop policies and procedures for the new cultural center and would be developing a collections management policy and a public outreach program. Additionally, staff was curating the Stewart Indian School collection. Education and research services included tours and a volunteer/docent program, as well as the development of a public resource center for historic school photos and documents. The plan was to have a resource center within the Stewart Indian School Cultural Center so individuals could perform their own research.

Some of the accomplishments since October 2016 included hiring a curator, and recruitment had begun for a museum director. Rehabilitation of building 4, a small cottage behind the Nevada Indian Commission office, was 90 percent complete and would provide housing for the two new Cultural Center staff. Fourteen donations had been accessioned, more than 500 items had been cataloged, a donor database in Past Perfect Museum Software had been organized.

Ms. Rupert noted that a challenge in BA 2601 was funding for the Stewart Indian School Cultural Center and Welcome Center. A Capital Improvement Program (CIP) request of \$4.5 million had been included in The Executive Budget for construction, including exhibit design and development.

Assemblyman Oscarson commented that Ms. Rupert was doing a great job, and he could not think of a better person to lead the project.

Susan Boskoff, Executive Director, Nevada Arts Council, Department of Tourism and Cultural Affairs, presented the budget overview for the Nevada Arts Council, Department of Tourism and Cultural Affairs, budget account (BA) 2979.

Ms. Boskoff stated that the Nevada Arts Council, pursuant to Chapter 233C of the *Nevada Revised Statutes* (NRS), was established in 1967 to support creative expression through the arts from beginning to end, whether visual, performing, design, literary, or folk arts. The arts became resources for museums, libraries, and schools to teach us about ourselves and the world around us. The Council worked in partnership with an extensive network across the country to provide a delivery of cultural services to our citizens. At the federal level, the National Endowment for the Arts was the Council's funding source. There were 6 regional arts organizations, 56 state and jurisdictional art agencies, nearly 5,000 local arts agencies, and tens of thousands of smaller artistic groups and artists working as entrepreneurs. Ms. Boskoff said those figures represented just the nonprofit sector of the creative industry. She had been honored to work in the esteemed and wonderful industry for almost four decades.

Ms. Boskoff said the Council had easy access programs, which were portals to the public to access information connections to the correct cultural specialists for such things as artist services, arts learning, community arts development, folk life, grants, and public awareness for arts initiatives. For example, if a teacher was attempting to find out if there was funding available or a program to bring to a school, the teacher could contact the arts learning person.

Ms. Boskoff explained that although grant-making was the item that the Council was known for, there were a significant number of outreach activities and programs that ensured equal access to arts and cultural experiences at the local level across the state. Ms. Boskoff was proud to say that services had reached all 17 counties this year.

The outreach programs included the traveling exhibition program and the Nevada Touring initiative, which were important to the state. Ms. Boskoff commented that there were communities and locations that did not have organizations that could apply for grants, manage federal funding, or meet the match requirements. The Council wanted to ensure that those populations received the same access as those in the metropolitan areas.

Arts education and integration contained public programs, and the Council worked directly with the Department of Education. Ms. Boskoff was pleased that a science, technology, engineering, arts, mathematics (STEAM) working group had requested to become a formal

part of the Science, Technology, Engineering and Mathematics (STEM) Advisory Council to the Office of Science, Innovation and Technology in the Office of the Governor. This request had been granted, and the STEAM group was now a permanent subcommittee of the STEM Advisory Council.

Financial investment was accomplished through the Council, which also managed important elements associated with the state's history and culture. Ms. Boskoff said the Nevada Folklife Archives and Arts Collection contained more than 30,000 artifacts, artwork, oral histories, and other images and videos. The Council was working closely with the American Folklife Center at the Library of Congress to digitize many of these elements so they would be forever maintained, while providing greater public access nationally and internationally.

Ms. Boskoff referred to page 36 of [Exhibit C](#), which showed statewide access to the arts statistics. The Nevada Arts Council awarded \$1,070,309 in 328 grants to nonprofits, schools, public institutions, artists, and educators in 15 counties in fiscal year (FY) 2016. Ms. Boskoff said these dollars leveraged \$44,669,333 in cash and in-kind match. These statistics, as well as the final descriptive report, were provided to the National Endowment for the Arts as required every year.

Ms. Boskoff said 1,016,548 adults and 572,448 youth were engaged through Nevada Arts Council programs and grant-funded activities.

The Traveling Exhibits Program drew 27,946 persons to libraries, city halls, and museums in 10 Nevada counties. Forty-eight artist residencies were sponsored in 34 schools, libraries, and cultural facilities in 7 counties.

Ms. Boskoff said projected numbers were flat as the agency anticipated and evaluated the resources for FY 2018 and the grants distributed in the present year. For FY 2018, additional funding of \$150,000 continued to be included in the Governor's Budget from the Live Entertainment Tax. The current (2015-2017) budget also included one-time additional funding from room tax revenue.

Ms. Boskoff referred to the Governor's budget recommendations in decision unit Enhancement (E) 125 that created two full-time specialist positions for the Artist Services Program and Grants Program. Currently, Manpower staff was performing these tasks. The staff was completely funded with National Endowment for the Arts grant funds and live entertainment tax dollars. She said there was no additional fiscal cost, and the recommendation would allow the Council to stabilize its workforce, hire appropriate cultural specialists who would bring innovative ideas and experience to the agency, and better serve the state.

The second decision unit was E-126. This decision unit requested a transfer of \$100,000 in lodging tax funds from the Division of Tourism to establish the new special use Category 21, the Arts Tourism Campaign. This decision unit also decreased General Fund appropriations of \$100,000 per year in Grants Category 27.

The last enhancement decision units requested replacement equipment based on replacement schedules in E-710. Decision unit E-900 transferred remaining operating costs of the Las Vegas office from budget account (BA) 2979 to BA 1522. Ms. Boskoff said Las Vegas now had a collaborative office that staff members of the Nevada Arts Council and the Division of Tourism shared.

Ms. Boskoff stated that strategic priorities were always the same for the Nevada Arts Council: using the arts to develop a robust 21st Century Nevada.

Chair Carlton thanked Ms. Boskoff for making her presentation briefer because of time constraints, but said the Subcommittee was very interested in this topic and would explore it further at a later hearing.

Janet Geary, Publisher, *Nevada Magazine*, Department of Tourism and Cultural Affairs, presented the overview for budget account (BA) 1530.

Ms. Geary stated that she was the publisher of *Nevada Magazine* and would be talking briefly about the magazine and what it did as the publishing arm of the Nevada Commission on Tourism and Cultural Affairs. The magazine was established under a statutory mandate, which was shown on page 44 of [Exhibit C](#). Ms. Geary explained that *Nevada Magazine* was an Enterprise Fund, which meant that it was supported with subscription and advertising revenue, as well as the sale of magazines, books, and calendars to the public. The magazine had been in business since 1936, was 81 years old this year, and had published every year except for two years during World War II.

Ms. Geary said the magazine's job was to educate tourists and residents on activities, culture, and history. The magazine also published an events and shows publication distributed in McCarran International Airport in Las Vegas, and it was the only events publication allowed in the airport. It was also distributed in Reno-Tahoe International Airport and in American Automobile Association (AAA) offices throughout the state. *Nevada Magazine* published six times a year and the events and shows publication also published six times a year. Ms. Geary said the magazine also published a historical calendar every year and produced guides and maps to augment the magazine and provide revenue.

Ms. Geary stated that *Nevada Magazine* had grown its social media and it was necessary for that element to be included when discussing the reach of the magazine. Page 50 of [Exhibit C](#) showed the number of subscribers to the magazine, unpaid distribution, and single-copy sales, among other statistics.

There was one decision unit requested and approved in the 2015-2017 biennial budget for \$50,000 to fund a direct marketing program for the magazine. Half of that funding was used for a direct-mail campaign in fiscal year (FY) 2016 to gain more subscribers in Henderson and selected rural areas. The initial revenue from that direct-mail campaign was \$19,127 with 633 new subscribers. Page 52 of [Exhibit C](#) showed revenue of \$36,588 expected to be earned from new subscriptions over the first four years from the campaign.

The magazine was currently in the middle of its second campaign, and those campaign results would be available at the end of March.

Chair Carlton asked whether *Nevada Magazine* would again be self-sustaining.

Ms. Geary replied that she considered the magazine to be self-sustaining, but it received some money from the Department of Tourism and Cultural Affairs from book and magazine purchases, which the magazine was paid to distribute.

Chair Carlton clarified that she was asking about the \$50,000 that had gone into the marketing campaign.

Claudia Vecchio, Director, Department of Tourism and Cultural Affairs, presented the budget overview for budget account (BA) 1522.

Ms. Vecchio said the Division of Tourism was an agency tasked with driving revenue to the state through tourism activities, both urban and rural. The Division worked with partners across the state to ensure there were both education and the marketing opportunities that would be successful.

Ms. Vecchio said the Division's overarching objective was to drive revenue. The Division was a business that operated within state government, and like any marketing organization, revenue was tracked, effectiveness was tracked, and the goals for statewide constituents were tracked. Tracking was accomplished through creating several program areas that helped to serve public purpose and critical need. Ms. Vecchio maintained that tourism was the state's largest economic engine. As the economy of the state diversified, which was critically important, tourism remained one of the fundamental, foundational industries.

The Division of Tourism developed and conducted year-around integrated marketing campaigns that helped promote the state of Nevada and drove revenue. Ms. Vecchio said the Division worked with tourism entities across the state to extend their marketing dollars with cooperative marketing, grants, and other ways to help boost partnerships.

The Division of Tourism also helped state agencies and was partners with the Division of State Parks, Department of Conservation and Natural Resources, and the Department of Transportation State Map program. According to Ms. Vecchio, the lodging tax was used throughout the state to support entities, special events, and partners. The mission of the

Division of Tourism was to enhance the economic vitality of the state of Nevada and of those working in the statewide tourism industry. The vision was for a vibrant quality of life for all Nevadans and that was accomplished through three values:

- Insight
- Innovation
- Collaboration

The two major program components were marketing and education. There was a lot of discussion and interest in the marketing efforts, but the Division also considered education. The tourism industry was educated through Rural Roundup and through the Governor's Global Tourism Summit. Because there continued to be misconceptions about what Nevada had to offer, Ms. Vecchio said the Division was constantly educating consumers about cultural treasures, outdoor recreation, and areas beyond those traditionally known about Nevada tourism.

Ms. Vecchio said the Division had a strategic plan that created the foundation for six key initiatives that were sales, marketing, and partnership driven. The Division wanted to ensure, as a business within state government, that it was operating in an effective, accountable, and transparent way.

According to Ms. Vecchio, tourism marketing generated revenue and she believed that the efforts of the Division of Tourism marketing team provided a good return on investment (ROI). Identifying the ROI on marketing campaigns had been proven by the research vendor, and for every dollar invested in tourism marketing, \$75 was returned to the state in tax revenue. The Division had evolved from a paid-only component, which was television and print, with a \$33-to-\$1 return. Ms. Vecchio said the paid component of tourism marketing was a small way that people found information about where to vacation. It was through social media, media generated through news stories, and other earned and owned media that most information was transmitted. Ms. Vecchio said leaving social media and news media out of the equation was not doing a service for an integrated marketing campaign, and the research vendor was challenged to include those items. After including those two critical components, the ROI was \$75 to \$1.

Assemblyman Sprinkle said that four or five years ago, when he was first sitting on the Audit Subcommittee of the Assembly Committee on Ways and Means, he had begun asking for reports on ROI. He said while he had heard these numbers for many years, he did not think he had ever received one of the reports. Assemblyman Sprinkle hoped that as the budget started being heard, some of the proof he had been asking for about how the Division was investing the dollars and how it was actually benefitting the state of Nevada would be shown.

Ms. Vecchio apologized to Assemblyman Sprinkle for the oversight and said she would send the reports.

Assemblyman Sprinkle said he believed that it was important that the report was disseminated to the entire Subcommittee.

Chair Carlton requested that the report be provided to Fiscal Analysis Division staff for distribution to all Subcommittee members.

Ms. Vecchio continued her presentation and said there were a number of programs that the Division conducted for partnerships.

Rural Marketing Grants were at \$1.65 million in fiscal year (FY) 2016, based on funding from the Interim Finance Committee (IFC), which was an important component for rural marketing partners.

Ms. Vecchio said the Division also provided Urban Event sponsorships. The Division worked with groups such as the Reno National Championship Air Races, the Great Reno Balloon Race, and the Red Rock Rendezvous in Las Vegas. The Division also committed a significant amount for the installation of Seven Magic Mountains, and Ms. Vecchio believed that installation was a tremendous public art component. The Nevada Museum of Art had numbers on the amount of global publicity and visitation the installation had generated.

Media partnerships with KNPB Public Broadcasting in Reno and Las Vegas Public Television for production of series on "Wild Nevada" and "Outdoor Nevada" were important to helping some of the programs to get started.

Ms. Vecchio reiterated that the Division produced the State Parks brochure and the state map. Page 60 of [Exhibit C](#) contained an image of the new state map, which was at the printer, and the Division also worked with museums to produce museum brochures.

The Division had invested \$500,000 in a cooperative marketing program that was matched by partners. Ms. Vecchio said the Division had produced a couple of videos containing some wonderful profiles of Nevadans who were showcasing how Nevada was helping them to succeed as artists and business people.

Ms. Vecchio referred to lodging tax revenue projections. The Division was funded with 3/8 of 1 percent lodging tax, and the projections on page 63 of [Exhibit C](#) showed that funding going forward into the next several years. Lodging tax was slightly over 10 percent and there were a lot of factors responsible for that increase.

Visitor volume was up over 2 to 3 percent a year, which was consistent with the numbers the Las Vegas Convention and Visitors Authority was conveying, but the Division had seen tremendous jumps in visitor volume in Carson City. Reno was seeing double-digit numbers in visitor volume, showing momentum in both northern destinations.

Ms. Vecchio referred to room nights occupied and room inventory. She noted that the Division did not have much control over some of the items, but they were all part of the lodging tax number.

Ms. Vecchio referred to page 64 of [Exhibit C](#), decision unit Maintenance (M) 150. The State Board of Examiners (BOE) had approved a contract amendment to increase \$2 million in domestic advertising to the integrated marketing agency-of-record contract. Ms. Vecchio said that was merely a holding place, but it would extend Nevada's tourism-paid media. The Division currently had two seasonal campaigns, but people were looking for information about Nevada throughout the year, which underscored the importance of the "always on" campaign that provided digital advertisements and promotions for potential travelers throughout the year. The decision unit was also meant to boost partnerships with the Nevada media and the Nevada Broadcasters Association.

The other decision unit was in category 43 in the international group. Currently, international firms were paid out of two categories: category 43, which was administration, and category 31, which was marketing and programming. Ms. Vecchio said it made sense for the Division to pay out of category 43 to these organizations, which provided them with administration of their offices. She noted that was not the Division's responsibility, which was to ensure that the organizations were doing a robust and effective marketing campaign, so the money was going to be placed into the more appropriate category 31.

Decision unit Enhancement (E) 225 requested a new management analyst 2 position. Ms. Vecchio said the position was critical because the financial staff was now required to oversee the Nevada Indian Commission and as it grew, so would the responsibilities for financial management.

Decision unit E-500 adjusted the General Fund appropriations in budget account (BA) 2979 to be lodging tax funded in BA 1522 for costs related to the consolidation of the Department of Tourism and Cultural Affairs staff in Las Vegas into a single office, with all office costs being paid by BA 1522.

Decision unit E-900 transferred the operating costs of the Las Vegas office from BA 2979 to BA 1522.

Ms. Vecchio referred to page 66 of [Exhibit C](#), performance measures. She noted the return on investment (ROI) and the revenue that was influenced directly, which she said would be shown in the methodology of the research survey that was performed twice a year. The revenue influenced by the Division of Tourism was \$555,089,916 for fiscal year (FY) 2016. Ms. Vecchio said the projections were performed before the actual number was known, which was why the projections were smaller.

The final budget account for the Division was BA 1523, Tourism Development, which related to tourism infrastructure grants. That budget account contained an unchanged amount of \$100,000 per year for those grants.

Chair Carlton called for questions from the Subcommittee.

Assemblywoman Spiegel inquired as to how the leads generated from sales efforts were tracked.

Ms. Vecchio explained that when the sales team attended a trade show, for example, appointments were tracked as leads. At an Expo or a presentation, if there were 250 people at that event, those were 250 leads. Ms. Vecchio said leads were different: there were qualified leads, which were one-on-one, and there were leads that were less qualified to individuals who were provided information about Nevada. Those leads were then disseminated throughout Nevada's six territories. The territory chairs were partners with the Division of Tourism, which provided them with leads they would not have had otherwise because they did not attend the shows or participate in other activities.

Chair Carlton said she hoped the Subcommittee on General Government would consider budget account 1523, because \$100,000 per year for tourism infrastructure seemed rather low. She wondered what could be accomplished with that amount.

The Subcommittee recessed at 10:25 a.m. and reconvened at 10:33 a.m.

Chair Carlton opened the budget overview hearing for the Department of Conservation and Natural Resources.

Bradley Crowell, Director, Department of Conservation and Natural Resources (DCNR), submitted [Exhibit D](#), a copy of a PowerPoint presentation titled "DCNR Pre-Session Budget Overview, February 1, 2017." Mr. Crowell introduced James Lawrence, Deputy Director, DCNR, and Kelly Williams, Administrative Services Officer 4 (ASO4), DCNR.

Mr. Crowell prefaced his comments by saying that he had been on the job for six weeks and was still getting oriented, but in addition to James Lawrence and Kelly Williams, there were employees in the audience who could help answer more detailed questions as needed.

Mr. Crowell stated that there seemed to be a general appreciation for the mission of DCNR. He had been impressed with the breadth and scope of the Department, with 7 programs and 11 boards and councils. The Department had been handling and managing quite a few items and a good example was the Sagebrush Ecosystem Program.

Pages 2 through 5 of [Exhibit D](#) highlighted the breadth and scope of the Department, with the focus on protecting Nevada's unique natural and cultural heritage. Mr. Crowell believed the Department was focused on Nevada-based solutions that worked for all Nevadans. Nevada was a leader among its peers in the West for discovering solutions that worked for everyone and other states were beginning to follow Nevada's lead.

Pages 4 and 5 of [Exhibit D](#) showed what DCNR did to protect Nevada's water resources, such as recreational uses through Nevada parks and lands, financing of local projects, and educational and public outreach.

The DCNR proposed budget on page 6 of [Exhibit D](#) represented less than a 4 percent increase over the last biennium. Mr. Crowell noted that increase was composed almost exclusively of new initiatives from the Governor's Office, including the parks initiative and the drought forum.

Mr. Crowell presented the budget overview for the Division of State Parks. There were 23 state park units under the Governor's "Explore Your Nevada" initiative, and that number would increase to 25 with the addition of the Walker River State Recreation Area and Tule Springs State Park. Visitation at Nevada's state parks had increased dramatically in recent years. From 2011 to 2015, state parks averaged approximately 3 million visitors and in 2016 there were over 3.5 million visitors. Mr. Crowell said that number included local, out-of-state, and foreign visitors.

The budget for the Division of State Parks was split between General Fund and non-General Fund. Mr. Crowell said the entire budget was slim, but it was enough to get the job done. The new initiative announced by the Governor in his State of the State address had been titled the Explore Your Nevada initiative and was intended to get Nevadans out to see the beautiful state parks, punch their parks passport, and entice visitors into the state to add to our economy.

Mr. Crowell said the Division was proud of a new Division of State Parks website that went live at the time of the Governor's State of the State address. The website was very interactive, and Mr. Crowell said he had not found another state with a better website highlighting state parks.

On page 10 of [Exhibit D](#), new funding for state parks was shown specific to the Explore Your Nevada initiative. Mr. Crowell said the Division had received core funding as well as one-shot funding. Page 11 of [Exhibit D](#) showed the four major elements for that funding: the Walker River State Recreation Area; Tule Springs State Park; additional amenities and staff at existing state parks; and improving overall organizational capacity. All of these things were needed to fulfill the Governor's Explore Your Nevada initiative for both existing parks and the new park units. Mr. Crowell said examples of things that would be added to state parks were cabins where appropriate, larger pull-through campsites, Wi-Fi, and staffing, particularly for the new units.

Page 13 of [Exhibit D](#) contained a further breakdown of the initiative and the funding. Mr. Crowell was happy to explore that information a little more for those who were not familiar with the Explore Your Nevada initiative and the Walker River State Recreation Area. The Walker River State Recreation Area was comprised of three unique properties that created a once-in-a-lifetime opportunity for the state of Nevada.

Page 14 of [Exhibit D](#) showed Tule Springs State Park, which was a small part of the larger Tule Springs Monument in Southern Nevada that was designated by the National Park Service, U.S. Department of the Interior. Mr. Crowell said the state unit was much smaller, but had better resources in terms of things to see such as fossil resources. Mr. Crowell believed Nevada had the jewel within the Tule Springs area.

Page 15 of [Exhibit D](#) showed more detail about the additional capacity and amenities being considered for state parks through the Governor's Explore Your Nevada Initiative. Pull-through campsites and rental cabins shown in bold were one-shot funded amenities and the others were ongoing needs.

Page 16 of [Exhibit D](#) demonstrated organizational capacity for the Division of State Parks, such as backhoes, moving equipment, and computers: items needed to maintain and keep state parks functional.

Page 18 of [Exhibit D](#) showed a breakdown of the new proposed positions under the Explore Your Nevada initiative, a total of 28 full-time-equivalent (FTE) positions and 6 seasonal positions. Given the opportunity and scope of the Explore Your Nevada initiative, Mr. Crowell believed it was a reasonable FTE request. The request included park rangers and superintendents at the new park units.

Assemblywoman Swank said she was a park goer and a camper, and one of the things she enjoyed about going to state parks and national parks was the lack of Wi-Fi. It was a place to escape from everything and she also appreciated no cell phone coverage.

Mr. Crowell said that while he was not supposed to have a personal position, he agreed. However, there were many park visitors who saw it the other way and liked having that accessibility.

James Lawrence, Deputy Director, Nevada Department of Conservation and Natural Resources, commented that he appreciated the sentiment, but from the Division of State Parks' perspective, Wi-Fi and cell phone service were among the main items always requested. He said that while visitors liked to stay connected, some of the concern was public safety. When campers were in the more remote areas of Nevada, they felt more comfortable staying and visiting when they knew they had that connection to the outside world. Mr. Lawrence said that was the feedback received from visitors.

Assemblywoman Swank commented that studies showed that after three days of being disconnected, people tended to relax, and she thought that was what our parks provided.

Mr. Lawrence said that while visitor feedback showed a desire for Wi-Fi, he was sensitive to the fact that not everyone felt that way, so part of the proposal was to have Wi-Fi in an enabled hot spot at one location.

Assemblywoman Titus referred to the Walker River State Recreation Area and said part of that property was the Flying M and Nine Mile units. She had been there many times and knew it well. She was curious about the Nine Mile house that was essentially destroyed in an earthquake and asked whether there would be any restoration of the building when the state assumed control of the properties.

Mr. Crowell said a renowned structural engineer had determined that the Nine Mile house could be repaired. He called upon Robert Mergell for information on the cost of restoration.

Robert Mergell, Deputy Administrator, Division of State Parks, Nevada Department of Conservation and Natural Resources (DCNR), stated that he was under the impression that repair of the Nine Mile house would cost in the neighborhood of \$500,000. The Division would have to ascertain how to fund those repairs, because the entity that was transferring it to State Parks would not be responsible. Because the transfer had just occurred, repairs had not been put in the budget and the Division would have to find funding sources.

Assemblywoman Titus stated that she had many photos of the Nine Mile house before and after the damage occurred. She was also interested in the pictures on page 13 of [Exhibit D](#), under the Rafter 7 unit, because that was a feral field of weeds and she was concerned that there would be more fields looking like that after the winter. She was worried about fire suppression and management plans. She said these concerns would go to the money committees' subcommittees and did not need to be addressed now, but those questions would be asked.

Senator Goicoechea requested that the business plan for the rental cabins at Wild Horse State Recreation Area be presented at the subcommittee level.

Senator Kieckhefer commented that the Division could easily have more demand for the cabins than capacity if there was no system to adequately manage and track those rentals. He believed a business plan was very important.

Mr. Crowell said he appreciated the comments from both Senators, and the Division would share the business plan when it was completed.

Mr. Crowell continued his presentation with the Division of Water Resources. Water was a precious resource across the state whether in drought years or wet years, and Nevada was still the driest state in the nation, which presented both opportunities and challenges for recreation, agriculture, and domestic use.

Mr. Crowell said the budget for the Division of Water Resources on page 20 of [Exhibit D](#) was sufficient, but he noted that the workload of the Division was constantly growing and creating new policy and budget challenges that would continue to be a strain as new problems arose. He maintained that the Division would manage, but he wanted it known that the workload was increasing, not decreasing.

Mr. Crowell said the Division was responsible for part of the Governor's Drought Initiative, which began in 2015. Within DCNR, the Division of Water Resources and the Division of Forestry were the key program entities participating in the Governor's Drought Initiative.

Page 22 of [Exhibit D](#) showed budget elements of the multi-agency Governor's Drought Initiative. Mr. Crowell stated the Division worked cooperatively with partners at the Department of Agriculture, as well as the National Judicial College. He said it had been a crosscutting and coordinating effort and had been a success despite the fact that the state seemed to be moving from a prolonged drought to having more water, which would not eliminate the pressure and importance of the planning for drought.

On page 23 of [Exhibit D](#) was a breakdown of the Division of Water Resources budget for the Governor's Drought Initiative. The two main elements of Forestry and Water Resources comprised approximately \$4 million in total. That breakdown was further articulated at the bottom of page 23.

Page 24 of [Exhibit D](#) showed more detail concerning the specific agency elements that the Division of Water Resources used as an advisory committee.

Mr. Crowell said on page 25 of [Exhibit D](#) was a success story about refining the funding methodology used to support the Division of Water Resources, which was done in cooperation with the Legislature to make it fully General Fund appropriated.

Page 26 of [Exhibit D](#) showed additional budget bill draft requests (BDRs) within the Division of Water Resources, the Humboldt Assessment, and Channel Clearance.

Page 27 of [Exhibit D](#) showed the position requests for the Division to continue participation in the Governor's Drought Initiative, a total of nine FTEs.

Mr. Crowell concluded the presentation for the Division of Water Resources.

Assemblyman Sprinkle asked whether there was anything in the Division of Water Resources budget regarding the Marlette Lake watershed.

James Lawrence, Deputy Director, Department of Conservation and Natural Resources, stated that the Marlette Lake water system was operated and maintained by the Buildings and Grounds Section and the State Public Works Division, Department of Administration. He said that operations and maintenance of that system would not be in the DCNR budget.

Assemblywoman Diaz asked whether there was a breakdown of water and wastewater projects that showed federal and state funding as it related to each county by mapping where each project was located and how much each project was going to cost.

Mr. Crowell said he was sure the Division of Water Resources could provide something along those lines; however, Assemblywoman Diaz could be referring to accounts within the Department of Environmental Protection rather than the Division of Water Resources. He said those details could be provided within the Clean and Safe Drinking Water accounts.

Assemblywoman Titus referred to the channel clearance, and said that Assembly Bill (A.B.) 430 of the 78th Session (2015) ensured channel clearance would remain funded. One of the arguments for funding was that Nevada could receive large matches for its investment from federal funds and other grants. In light of the robust winter and the importance of channel clearing, Assemblywoman Titus wanted to know how that funding had been used and what matches had been made.

Mr. Crowell said he would be happy to provide that information.

Senator Goicoechea commented that channel clearing was probably a good idea given the tough decisions that were going to have to be made in the next legislative sessions.

Bradley Crowell, Director, Department of Conservation and Natural Resources, presented the pre-session budget overview for the Division of Forestry.

Mr. Crowell said many people were familiar with the role and mission of the Division of Forestry. There was a challenge every year, whether it was a wet season or a dry season, such as fighting fires, emergency response, flood prevention, and other responsibilities. One of the highlights of the Division of Forestry was how well it worked with local, federal, and regional partners in every part of Nevada. Resources were strained at local levels as well, so it was a partnership philosophy that created a recipe for success for the Division. Mr. Crowell said the Division's philosophy was to be proactive and preventive.

Mr. Crowell referred to the breakdown of the Division of Forestry budget on page 29 of [Exhibit D](#). Similar to other budget accounts, it was always a challenge. In this instance, with the growth across the state, as well as unexpected emergency response needs, resources were always strained, but according to Mr. Crowell, the Division always found a way to get the job done.

As Mr. Crowell previously mentioned, the Division of Forestry had a role in the Governor's multi-agency Drought Initiative. On page 30 of [Exhibit D](#) were two highlighted sections defining the Division's role with air and tanker response capability as part of the drought initiative.

On page 31 of [Exhibit D](#) was more information regarding the Helitack Program Force Multiplier, the associated full-time and seasonal positions, and what was needed for the program. Mr. Crowell emphasized that air capability was essential to the Division of Forestry's mission. The Division currently had three helicopters in its air fleet.

The other part of the Division of Forestry's role in the Governor's Drought Initiative was the Wildland Engine Capability Expansion. The program increased the availability of engines to local agencies to aid in prevention and response.

Mr. Crowell said some of the core budget highlights for the Division of Forestry were seen on page 33 of [Exhibit D](#), which were routine needs, such as emergency response radios and organizational alignments and efficiencies. The Division would be looking closely at some of the organizational alignments and efficiencies to ensure that everything possible was being done with available resources.

Included with the budget for this biennium were two one-shot funding requests for the Division of Forestry. As Mr. Crowell talked to employees of the Division of Forestry, he said they repeatedly told him that as Nevada moved from drought years to wet years, fire needs and concerns grew because of the old dry fuel. Adding the new growth created an even more volatile situation, so the Division of Forestry was going to be particularly vigilant during the fire season.

Mr. Crowell explained that the Division of Forestry worked closely with local partners, mainly through the Wildland Fire Protection Program. The Division worked with counties and local jurisdictions to help bridge the gap in resource needs and ensure it was providing the service needed to serve constituents across the state.

Assemblyman Sprinkle asked whether it would be a greater burden on the Division, specifically with regard to fighting wildland fires, both fiscally and from a labor standpoint, if the state was required to start managing more of its lands.

Mr. Crowell responded that if more state land was under the Division's management, logically, that would require more resources to manage it from a preventive and an emergency response standpoint.

Assemblyman Sprinkle said the reason he was asking was coming from his own personal perspective as a wildland firefighter. He believed this was an important subject for the Division to begin thinking about and for state legislators to understand.

Mr. Crowell said he was remiss in not mentioning the recent Little Valley fire in Washoe Valley, although he did not intentionally omit the subject. That fire was a controlled burn that escaped, and an independent commission was requested to investigate how it happened and how it could be prevented from happening again. That independent report was expected in the middle of this month, and the Department would be available to discuss the findings.

Chair Carlton said she believed the Little Valley fire could possibly end up in court, and Mr. Crowell responded that depending on the findings, he would defer to the Office of the Attorney General.

Chair Carlton cautioned about having the Legislature involved in anything that looked like it could possibly become a court case, but she thanked Mr. Crowell for the information.

Assemblywoman Titus asked whether the highlighted yellow areas shown on page 35 of [Exhibit D](#) were the current counties that had not signed on to the Wildland Fire Protection Program (WFPP). Mr. Crowell said that was correct

Assemblywoman Titus said she was concerned about the particular area between Yerington and Hawthorne because that was exactly where the Flying M and Nine Mile ranches were and, again, one of her concerns was fire suppression and management of those areas. She noted there had been fires there in the past, and Mount Grant was close on the east side of the ranches. There were many lightning strikes in that area, and Assemblywoman Titus was concerned about the lack of agreements for mutual aid. She wanted to see more details on the subject when subcommittee meetings began. She also wondered about the cost of state fire suppression as opposed to federal fire suppression. If the state assumed more responsibility for public lands, Assemblywoman Titus wondered what it would cost the State of Nevada.

Mr. Crowell responded that he had some preliminary discussions with the Division of Forestry regarding the four unsigned counties, and there were some different challenges in each instance. He said he would be happy to have Division of Forestry personnel explain how it was working to arrive at an agreement with the counties.

As to the second question regarding funding, Mr. Crowell did not know whether that was data that Department of Conservation and Natural Resources could generate. If the information existed, the Department would try to analyze it.

Mr. Lawrence said the DCNR did not have state data, but it could find information. He wanted to caution the Subcommittee that any information would probably be very rough because so much depended on the location, the amount, and what kind of services were nearby. He referred to the Lake Tahoe Restoration Act that was just passed by the United States Congress and said Nevada was fortunate to get some federal lands transferred to the state because they were in holdings within our state parks. A transfer of that type did not increase the cost, whereas large acreage not contiguous to state-owned land would have a different cost. Mr. Lawrence said any information would be very general and broad.

Chair Carlton said that in the past, she had asked the U.S. Forest Service for numbers and it had shared the amount spent in fighting fires.

Senator Goicoechea referred to the WFPP and asked whether he was correct that the General Fund would fund the program and county assessments would actually fund suppression costs. Mr. Crowell said Senator Goicoechea was correct.

Senator Goicoechea commented that 2016 had been a good vegetative year and it was looking as though there would be another in 2017. However, if some of the fuel was not

controlled by August, the state would have a serious problem. Referring to Assemblyman Sprinkle's questions, he said in Idaho the average fire on state lands was 9 acres, while on federal lands it was 1,057 acres.

Senator Goicoechea noted that he had received a constituent complaint about the Division of Forestry using its portable kitchens to provide meals at fires manned by 300 people or less in competition with the private sector. Mr. Crowell said he had not heard that complaint before, but he would look into it.

Assemblyman Edwards wondered whether the Department had any information about any studies or analysis that had been done where the transfer of federal land to the states would be beneficial to the state. Mr. Crowell referred the question to James Lawrence.

James Lawrence, Deputy Director, Department of Conservation and Natural Resources, said he was not aware of any comprehensive studies, although he had seen some reports about revenue-generating opportunities. It usually depended upon the amount of land and the location. Mr. Lawrence said the Department had worked with Nevada's congressional delegation to have small amounts of acreage transferred to enhance the state park system and wildlife management area. Mr. Lawrence said he would investigate what information was available.

Assemblyman Edwards said he had been receiving emails from constituents who maintained that public lands should never be transferred from the federal government to the state. He believed there must be one or two opportunities when that kind of transfer from the federal to the state could offer economic opportunities.

Bradley Crowell, Director, Department of Conservation and Natural Resources, presented the budget overview for the Division of Environmental Protection (DEP) and referred to page 36 of [Exhibit D](#).

Mr. Crowell said the Division of Environmental Protection was charged with protecting air and water, mine cleanup, and managing toxic waste.

Page 37 of [Exhibit D](#) listed all of the programs managed by the Division of Environmental Protection.

Page 38 of [Exhibit D](#) contained a budget breakdown for the Division. Most notably, funding was completely non-General Fund. The funds the DEP used to perform its operations were generally from grants and fees from the federal government. Some of those key areas were listed on page 38 of [Exhibit D](#). Overarching the mission of the DEP was compliance: the better the agency was at compliance, the less it would have to do in enforcement. Mr. Crowell stated that from what he had seen so far, the Division did a good job at compliance, both within the state and compared to neighbors.

Page 39 of [Exhibit D](#) contained budget highlights for the Division of Environmental Protection. The Division had performed some comprehensive testing for lead in water after the incident in Flint, Michigan, and Nevada was in good shape, according to Mr. Crowell. More recently, the Division had received a grant from the U.S. Environmental Protection Agency (EPA) to look specifically at schools, and that was ongoing in jurisdictions across the state. There would be some preliminary, if not final, results in the first half of 2017.

On page 40 of [Exhibit D](#) were the Division's biennium position requests. Mr. Crowell said the net request was zero.

Page 41 of [Exhibit D](#) contained an update on the implementation of the Bureau of Industrial Site Cleanup that was focused on hazardous waste and releases, particularly at some sites in Southern Nevada near Henderson. Some areas in the north had significant problems with abandoned mines.

Mr. Crowell explained that page 42 of [Exhibit D](#) was an update of the role of DEP in the Volkswagen settlement. The settlement had become a live discussion because funding was about to be distributed to states on a formula basis. Nevada was set to receive in the range of \$22 million to \$24 million to perform a variety of clean vehicle-related activities. Mr. Crowell said there was a much larger competitive pool available to all states, and the DEP was working with partners in other state agencies to determine how Nevada could tap those larger funds.

Senator Kieckhefer asked about the required uses of settlement dollars and what type of application process was in place to request more settlement money.

Mr. Crowell said there was a specific percentage that had to be used for zero-emission vehicle-charging infrastructure. There was an additional part of the pool that entities could apply for to house low- and zero-emission charging infrastructure or things related to low-emission vehicles or transportation corridors. Mr. Crowell added that one of the deputies in the Division of Environmental Protection was working closely with the Governor's Office of Energy, as well as the Department of Transportation, on how to leverage the additional pool.

Senator Kieckhefer said he would appreciate as much data as the Department could provide.

Chair Carlton commented that there was a ten-year window to address the settlement and the Department should be sure to use it to the state's long-term advantage. She pointed out that this settlement was the state's portion of the money, and the individual owners of the cars were in a separate settlement.

Bradley Crowell, Director, Department of Conservation and Natural Resources, presented the pre-session budget overview for the Division of State Lands.

Mr. Crowell said the Division of State Lands comprised less than 1 percent of all the land in the state and did not include Department of Transportation rights-of-way and land held by the Nevada System of Higher Education. State lands were largely composed of state parks and wildlife management areas, but in that small percentage were some unique and valuable state lands in the Division's jurisdiction.

Page 44 of [Exhibit D](#) showed the budget breakdown for the Division of State Lands. Mr. Crowell noted the budget was small but reflective of the percentage of land under the Division's management.

The Division of State Lands was playing a role in the Governor's "Explore Your Nevada" initiative to create new state park units. The Division also played a significant role regarding the Tahoe Regional Planning Agency (TRPA) and the Nevada Tahoe Resource Team.

Page 45 of [Exhibit D](#) provided an update for the Environmental Improvement Program (EIP).

Chair Carlton inquired about the status of the Question 1 (Q1) [a 2002 ballot question approved by the voters] Bond Program.

James Lawrence, Deputy Director, Department of Conservation and Natural Resources, said the authority for the Question 1 Bond Program still extended to 2019. In explanation, he said the Q1 program included \$200 million for various resource programs, such as funds to Washoe County for the Truckee River, the development of the Springs Preserve Museum, and the State Museum. Mr. Lawrence said for DCNR, there were three specific avenues to state departments and agencies. One was for the Department of Wildlife for various projects, another was for the Division of State Parks for state park improvements, and the final was for the Division of State Lands to provide grants for various projects. The Executive Budget for resource bond programs included funds that would fulfill the obligation for the portion for the Division of State Parks and the Department of Wildlife. The largest amount of authority was for the Division of State Lands, and the Governor's Budget allocated \$1 million for the grant program. He said authority of approximately \$15 million would remain in the area of grants to local governments, municipalities, or nonprofit organizations for the acquisition of environmentally sensitive land. Mr. Lawrence explained that the reason there was still that much funding remaining was the state's debt capacity had not been large over the last few biennia, which meant bond sales had slowed down.

Senator Goicoechea inquired about the recession years and whether Nevada had paid its portion of the TRPA dues. He was under the impression that Nevada had not met its obligation for a few years.

Mr. Lawrence explained that the TRPA's budget was a separate entity and he was not familiar with its budget, but Senator Goicoechea was correct. During the lean years, Nevada was not funding its portion. The compact called for a two-thirds and one-third split, with one-third being Nevada's share. Mr. Lawrence believed that Nevada had fulfilled its obligation in the last biennium.

Bradley Crowell, Director, Department of Conservation and Natural Resources, presented the pre-session budget overview for the State Historic Preservation Office.

Page 46 of [Exhibit D](#) depicted the State Historic Preservation Office, which had the responsibility to protect and preserve cultural resources. Page 47 of [Exhibit D](#) reflected the budget for the State Historic Preservation Office, split somewhat evenly between General Fund and non-General Fund. The non-General Fund was funding through the National Historic Preservation Program that was available to all states. Mr. Crowell pointed out an overview of budget account (BA) 4205 and BA 5030 and the full-time-equivalent (FTE) positions. Mr. Crowell commented that it was a small but effective office, and there was more engagement from the public all the time.

Bradley Crowell, Director, Department of Conservation and Natural Resources, presented the pre-session budget overview for Nevada Natural Heritage.

Mr. Crowell explained that the Nevada Natural Heritage program was a data collection entity that considered various species in Nevada and maintained the database for other external users. It was a very robust database, but Nevada Natural Heritage was a small office doing a good job on a minimal budget. The budget, shown on page 49 of [Exhibit D](#), contained no General Funds and under \$1 million in non-General Fund, with eight full-time-equivalent (FTE) positions and no changes requested.

Bradley Crowell, Director, Department of Conservation and Natural Resources, presented the pre-session budget overview for the State Conservation Districts Program. Mr. Crowell said this program performed local focus conservation efforts. The program consistently received more applications for projects than it was able to fund. Currently, sufficient staff was maintained to manage the budget and the highest priority needs. Page 52 of [Exhibit D](#) showed the competitive grant pool for which an additional \$35,000 had been requested to bring the grant pool up to \$75,000 for the biennium.

Bradley Crowell, Director, Department of Conservation and Natural Resources (DCNR), presented the pre-session budget overview for the Department of Conservation and Natural Resources Administration.

Mr. Crowell stated for the size of the DCNR, it had a small Director's office that could adequately manage 7 programs and 11 boards and commissions. Two notable elements of the Director's office were the Conservation Districts program housed within the Director's office and the Nevada Sagebrush Ecosystem Program. Mr. Crowell noted that both programs might need to be reevaluated if they continued to grow.

The Nevada Sagebrush Ecosystem Program was a prime example of developing base solutions that worked for all Nevadans. The Department proactively came up with a solution that headed off a listing of the sage grouse on the federal Endangered Species Act, while appropriately managing it to be a healthy species. Mr. Crowell said there was still a way to go, but Nevada had a good framework in place for a conservation credit system to work with

federal, local, and regional partners. If successful with the sage grouse plan under the Nevada Sagebrush Ecosystem Program, the Department would be a trailblazer among peers in the western states and perhaps across the entire country.

Mr. Crowell explained that it was called the Sagebrush Ecosystem Program because it was not focused on one species, but on the broad sagebrush ecosystem in Nevada. According to Mr. Crowell, other problems would arise in the years ahead within the sagebrush ecosystem, but hopefully, this was a framework in which the Department could manage future challenges beyond sage grouse in a proactive way that would work for Nevadans.

Bradley Crowell, Director, Department of Conservation and Natural Resources, presented the pre-session budget overview for the Off-Highway Vehicle (OHV) Commission and Program.

Mr. Crowell noted that OHV program had been newly assigned to the Department in the middle of 2016 to help balance the needs and pressures of the various interests in the off-highway vehicle community, for both those who enjoyed off-highway vehicles and those who were affected by them.

Assemblywoman Titus said that as surprising as this might seem, she held hope for the OHV program. She had met with some in the OHV community and was encouraged with a little more positive direction. She said maybe working together could solve some of the problems.

Senator Goicoechea said a notice he had received from the Department of Motor Vehicles (DMV) said there were approximately 46,000 OHVs presently registered in Nevada, but it was anticipated there were 250,000 in the state. The Senator said that as the Department worked on the OHV program, he would appreciate seeing those numbers.

James Lawrence, Deputy Director, Department of Conservation and Natural Resources, responded that he did not think the Department had those records. The Department was working with DMV on procuring better numbers and records and possibly making registration a little easier for OHV owners.

Bradley Crowell, Director, Department of Conservation and Natural Resources, presented the pre-session budget overview for Resource Bonds.

James Lawrence, Deputy Director, Department of Conservation and Natural Resources, said the Department had four resource programs that were dependent upon the sale of general obligation bonds. Question 1 was one of those programs.

Mr. Lawrence said Historic Preservation Grants was a grant program conducted with the Nevada Commission for Cultural Affairs. The Governor's Executive Budget contained \$1 million for that program.

The Department coordinated restoration work at Lake Tahoe, and there was \$5 million in bond sales in the Governor's Budget for Lake Tahoe.

The Division of Environmental Protection handled the water infrastructure improvement grants to provide compliance with standards, and there was \$1 million in the Governor's Budget for that as well.

Bradley Crowell, Director, Department of Conservation and Natural Resources, presented the pre-session budget overview for capital improvement projects.

Mr. Crowell stated that there were only two capital improvement projects (CIPs) recommended for the Department in the coming biennium. Both recommendations were for essential needs related to heating, ventilating, and air conditioning (HVAC) system renovation within the Division of Forestry.

Bradley Crowell, Director, Department of Conservation and Natural Resources, presented the pre-session budget overview for the position summary.

Mr. Crowell said the position summary for full-time-equivalent (FTE) positions for this biennium for the Department of Conservation and Natural Resources proposal was for 37 positions, and those positions were associated directly with various initiatives from the Governor's Office.

Mr. Crowell concluded the presentation by the Department of Conservation and Natural Resources.

Chair Carlton said representatives of the DCNR had made a good presentation and asked whether there were any questions from Subcommittee members; there were no questions.

Chair Carlton recessed the meeting at 11:43 a.m. and reconvened the meeting at 1:04 p.m.

Tony Wasley, Director, Department of Wildlife (DOW), presented the pre-session budget overview and submitted "Nevada Department of Wildlife, FY 2018-2019 Biennial Budget, Governor Recommends GO1" ([Exhibit E](#)).

Mr. Wasley reviewed the mission statement for the agency, which was to protect, preserve, manage, and restore wildlife and its habitat for its aesthetic, scientific, educational, recreational, and economic benefit to citizens of Nevada and the United States, and to promote the safety of persons using vessels on the waters of this state.

Referring to the state's wildlife resources listed on page 3 of [Exhibit E](#), Mr. Wasley said there were 893 different species regularly found in Nevada. He pointed out the Endangered Species Act (ESA) current listings and noted that when the Department gave this presentation in the 2015 Session, the three listing categories – candidates, threatened and endangered – were all higher. Specifically, the three previous candidate species had been

removed and a determination of "not warranted" was rendered. Those species included two amphibian species, the Relict Leopard Frog, and the Columbia Spotted Frog, as well as the Sage Grouse.

Page 4 of [Exhibit E](#) listed Nevada rankings as of 15 years ago. Mr. Wasley acknowledged the report was dated, but it spoke to some of the challenges with ranking Nevada in species diversity. In April 2002, Nevada was 11th among all states in total species diversity, with 3,872 total species of plants, vertebrates, and selected invertebrates. However, the plants and many of the invertebrates did not fall under the authority of DOW. Nevada was 6th among all states in the number of unique species with 173 endemic species, and 10th among all states in vascular plant diversity with 2,875 species of plants. The state rated 9th among all states in mammal diversity with 123 species of mammals. Mr. Wasley noted that Nevada was in the top 10 in many of those important categories 15 years ago.

Nevada was currently third among all states in the highest percentage of species at risk, with 15.8 percent of all species at risk. The states ahead of Nevada were Hawaii, with 62.7 percent of all species at risk, and California, with 28.5 percent of all species at risk.

Mr. Wasley referred to page 7 of [Exhibit E](#), which contained a pie chart of operations funding by source. The largest source of funds was transfers, which included tag and license revenues; revenues from stamp privileges, such as the state waterfowl stamp, upland game stamp, and trout stamp; and the restricted reserve accounts. The other large portion was federal funds, with many programs having 3-to-1 match: every state dollar garnered up to three federal dollars. The majority of those funds were generated through a federal excise tax on guns and ammunition; however, there were also some United States Coast Guard funds in the federal account derived from a motorboat fuel tax.

Page 8 of [Exhibit E](#) contained an overview of the public process. When the Department provided recommendations to the Wildlife Commission, those recommendations were guided by past decisions or guidance from the Commission and statute. The county advisory boards, appointed through county commissions, represented the county perspectives and the general public. Mr. Wasley said that through a combination of Department of Wildlife recommendations, county advisory board recommendations, and general public recommendations, the Governor-appointed Wildlife Commission used that input and promulgated policy and regulation. The Department of Wildlife was the arm that implemented and enforced policy and regulations.

Page 9 of [Exhibit E](#) showed an overview of the Department structure. The Director's Office had seven divisions under its jurisdiction: the Operations Division, Conservation Education Division, Law Enforcement Division, Game Division, Fisheries Division, Wildlife Diversity Division, and the Habitat Division. The agency had 256.63 full-time employees, approximately 50 seasonal employees, and 30 contractors. The state was administered in 3 geographic regions, and the Department had 120 buildings around the state, 32 radio towers, 11 wildlife management areas, 8 major facilities, 7 unique divisions, and 4 fish hatcheries.

Page 10 of [Exhibit E](#) reflected the Director's Office and the primary functions of administration. Under the Director's Office budget were agency administration, Board of Wildlife Commissioners, county advisory boards, fiscal services, human resources, and centralized costs. In budget account (BA) 4460, for fiscal year (FY) 2018 the budget was \$3,802,784 and for FY 2019 the budget was \$3,865,634.

Mr. Wasley noted on Page 11 of [Exhibit E](#) a transfer-in of an administrative assistant position in BA 4460, decision unit Enhancement (E) 901. Mr. Wasley said this was not a new position, but a position that currently existed in the Operations Division. The position worked in the Director's Office as Wildlife Commission support, regulation processing, and clerical support for two deputy directors. The transfer included in-state travel costs for the position to attend the meetings of the Board of Wildlife Commissioners.

According to Mr. Wasley, the Operations Division, BA 4461, was probably the most diverse of the divisions. The Operations Division handled all licensing functions, business services, customer support, engineering and facilities, boating access, and information technology. The budget for BA 4461 was \$8,607,635 for fiscal year (FY) 2018 and \$8,194,242 for FY 2019.

Mr. Wasley said the first function of the Operations Division was policy and procedure management, which comprised software for department-wide policies and procedures development, distribution, and compliance; equipment management; tracking of certificates of understandings for staff; and tracking of mandatory staff training.

Mr. Wasley explained that new employees signed certificates of understanding and were required to attend defensive driving training, sexual harassment training, and tracking of equipment use reports. Budget account 4461 was used to track all memorandums of agreement, memorandums of understanding, certificates of understanding, and vehicle maintenance requirements with the hope of obtaining significant improvements in efficiency.

Page 14 of [Exhibit E](#) referred to policy and procedure management, such as Microsoft Office 365 transition and ongoing costs. While replacement software was typically a normal part of a budget request, the request would be departmentwide and would maintain department compliance with statewide security systems. Mr. Wasley said there were some storage challenges, and the type of software and system would address those challenges and still be in compliance with statewide security requirements.

Page 15 of [Exhibit E](#) contained a request to fund a change for an administrative assistant at the Winnemucca office from a part-time position to a full-time position. Mr. Wasley said the Winnemucca office was moving from a small office building to a larger one and full-time staff was necessary to assist with the front desk.

Page 16 of [Exhibit E](#) dealt with the Department's license simplification effort. Mr. Wasley said the Department considered this a major budget initiative. The Department had embarked on a comprehensive process to develop a simplified license structure that provided

the customer with less confusion, greater simplicity, and ease of compliance. To further this end, the Department had engaged in town hall meetings, surveys, and idea teams at locations throughout the state to aid in the simplification process. The Department had added fees and stamp privileges such as a trout stamp, a second rod stamp, and an upland game stamp. These added privileges created restricted reserve accounts, which provided clarity in how the money was to be spent. However, the accounts also caused some inefficiencies in accounting with each account being reported separately, which was cumbersome for many customers.

Mr. Wasley said the objectives of the effort were as follows:

- To reduce the number of licenses and stamp requirements from 28 to 7.
- To provide a license that included all relevant stamps and privileges, and limit the types of special licenses and combine licenses with similar privileges.
- To increase simplicity, such as hunters and anglers would no longer need to determine whether a specific stamp was needed for trout angling or upland game hunting.
- To reduce inadvertent errors resulting in citations.
- To remain revenue neutral.

Chair Carlton recalled that the Legislature had been through the fee changes, but she thought revenue neutral meant zero percent increase. For example, someone could have a 4 percent increase and someone could receive a 4 percent discount, which would be a zero percent increase. She noted that the *Nevada Constitution* required a two-thirds vote by the Legislature for any increases in taxes and fees, and she asked whether the fee revisions were included in a bill draft request (BDR).

Mr. Wasley replied the revisions were included in a BDR.

Chair Carlton asked whether there had been any mention of the two-thirds vote when discussing the preparation of the BDR with legal staff, and Mr. Wasley said he was not sure. She suggested that the Department keep the requirement in mind when preparing the legislation.

Mr. Wasley continued with the objectives of the license simplification effort as follows:

- Greater value to the customer, as licenses would be valid 365 days from date of purchase.
- Ability to increase share of federal grants by increasing license certifications.

The total amount of funds available from the federal government was in part determined by the number of certified license holders. Mr. Wasley said if there were ways to decrease barriers that resulted in an increased number of license holders, it could allow for the increased availability of federal dollars.

Page 17 of [Exhibit E](#) addressed video-conferencing equipment. The internal Department communications, linking Reno headquarters and the Las Vegas and Elko offices, would provide Wildlife Commission support and allow the constituency to attend most meetings without the need for travel. Mr. Wasley said this function was also needed for the Board of Wildlife Commissioners' meeting communications. The Department would continue to explore venues that could support the video conferencing of the meetings.

Mr. Wasley pointed out that the Legislature provided the Department authority in the amount of \$77,000 two sessions ago for video-conferencing equipment and that money was not spent. He said a small portion of it was spent, but after that authority was provided to the Department, it had determined that amount was inadequate for what was expected. The Department had embarked on a thorough investigation of existing facilities and a solution had been found. Mr. Wasley said the amount allocated would allow the Department to meet that need.

Mr. Wasley said page 18 of [Exhibit E](#) referred to technology expansion, which would protect against intrusions, such as viruses and malware, and provide increased infrastructure and connectivity for the Department.

Page 19 of [Exhibit E](#) showed the transfer-out of the administrative assistant that had been referenced under the Director's Office budget. Mr. Wasley stated the position worked in the Director's Office as Wildlife Commission support, regulation processing, and clerical support to the two deputy directors. The transfer included in-state travel costs for the position to attend the Commission meetings.

Page 20 of [Exhibit E](#) showed a transfer-out of an administrative assistant. This position worked in the Conservation Education front office as headquarters office support to walk-in customers and mainline phone calls, which was the result of a colocation of headquarters and fiscal staff. Mr. Wasley noted a change in foot traffic had occurred at the front counter, and this change would more efficiently align staff with public need.

Page 21 of [Exhibit E](#) referenced the Conservation Education Division with 19 positions and 4 main program areas, which included:

- Hunter Safety Training
- Hunter and Angler Education
- Wildlife Education
- Media and Public Relations

The transfer-in of an administrative assistant, which was just referenced as a transfer-out in the operations budget, worked in the Conservation Education Division front office as headquarters office support to walk-in customers and mainline phone calls.

Mr. Wasley said page 23 of [Exhibit E](#) concerned the Law Enforcement Division. The Law Enforcement Division had 52 positions and included wildlife enforcement, boating enforcement, public safety, boating education, dispatch services, and radio technology.

Page 24 of [Exhibit E](#) referenced the Wildlife Human Attack Response Team (WHART). Mr. Wasley said funding was requested to prepare wildlife personnel in the event of a wildlife attack on a human. The request included equipment, supplies, travel, and training, and facilitated standardized response and coordination within the Department and across divisions.

The Game Management Division, shown on page 25 of [Exhibit E](#), contained 34 positions and 5 program areas: big and upland game management, wildlife health management, landowner conflict resolution, predation management, and air operations. Mr. Wasley noted that the Department operated two Bell helicopters that were used in many activities, including raptor surveys, big game surveys, and aerial support. As seen in the law enforcement budget, there was an item for Wildlife Human Attack Response Team. Mr. Wasley said this activity prepared wildlife personnel in the event of a wildlife attack on a human and facilitated standardized response and coordination. The budget contained a larger amount in fiscal year (FY) 2018 than in FY 2019 and also contained a larger amount than in either year of the biennium for the law enforcement budget. Mr. Wasley said that increase was primarily because of equipment costs.

Page 27 of [Exhibit E](#) depicted Urban Wildlife Management. Mr. Wasley said the Department wanted to convert a seasonal position to full-time in the Urban Bear Program. Urban wildlife conflicts had been increasing, and this position was intended to augment existing personnel to improve public safety. With the funding provided by the Legislature in the 2015 Session, the Department had been able to improve responsiveness and had detailed some of those efforts: in FY 2016, of the 2,493 calls received, 597 (24 percent) addressed bears.

Mr. Wasley explained that the Urban Wildlife Management Program would place emphasis on urban bear and urban coyote issues. One of the challenges was the U.S. Fish and Wildlife grants did not permit funding for the urban wildlife or human-wildlife conflict activities. That cost was born solely by the state. Presently and historically, the Department had augmented those activities with revenues from the sale of tags and licenses, but wanted to bolster those efforts, including education and outreach.

Chair Carlton requested a breakdown on the coyote problem. She understood the bear problem was prominent in Northern Nevada, but the coyote problem in Southern Nevada was still there. She said the problem was not quite as bad in a couple of neighborhoods because of work that had been done, but she was still receiving complaints.

Mr. Wasley replied the Department had recently compiled a report and the GPS locations of the calls had been mapped. He said Chair Carlton could look at her district and see where those calls were occurring. Second, the Department had established a log that chronicled the interaction with an individual calling and what the remedy had been, whether someone was mobilized to deal with the problem, or what tools those individuals were provided. Mr. Wasley said he would provide that report to Chair Carlton.

Page 29 of [Exhibit E](#) referred to a scientific database with the objective of an efficient and responsive state government. This request was for a unified scientific database to allow better access to science-based data stored in a variety of forms and better and easier access to data for loading into the unified system. Mr. Wasley said the current lack of centralized data and lack of data input and output standards made it impossible to adapt to new and emerging technologies and to manage data resources. He said the agency was good at data collection, but over the years, the computer technology to take distribution data, observation data, and make the data electronic, or to use a geographic information system for analysis, had increased exponentially. Data collection, data storage, and data management were being evaluated, with the goal of facilitating input to National Environmental Policy Act (NEPA) requirements. Any project proponent data operated on the landscape, whether a mine, geothermal, or wind, would be collected in one central location and be readily accessible.

Page 30 of [Exhibit E](#) referenced the Western Region Necropsy Lab where on-site equipment was needed to allow staff to obtain biological samples from deceased or hunter-harvested wildlife species. On-site equipment was also needed to allow staff to perform physical inspections of animals when circumstances required additional analysis. Mr. Wasley said the equipment would increase the ability for the agency to test and detect financially important wildlife diseases like respiratory disease in bighorn sheep or chronic wasting disease in elk or deer. He said the necropsy lab was nowhere near the level at which the state veterinarian under the Department of Agriculture existed in terms of capabilities or authorities; it was just a room with a washable floor and drain, a stainless steel table, a sink, and equipment to take samples. The procedure had historically been done on the ground in the parking lot or on the tailgate of someone's truck. The Department was trying to provide a better facility for those types of activities.

Page 31 of [Exhibit E](#) concerned the transfer-out of an ecosystem program specialist. Mr. Wasley said the Department was attempting to transfer the wildlife staff specialist who worked on the Sagebrush Ecosystem Technical Team Program to the Habitat Division to be more aligned with those responsibilities and daily tasks. The position supported mitigation of public land projects and considered ramifications to the sagebrush ecosystem beyond a single species.

Page 32 of [Exhibit E](#) dealt with the Fisheries Management Division, with 43 positions and 5 main program areas: sport fish production, fisheries management, native aquatics, aquatic health monitoring, and aquatic invasive species.

Mr. Wasley pointed out hatchery and aquatic invasive species equipment on page 33 of [Exhibit E](#). The first item was water flow and the temperature alarm system for the Gallagher Hatchery. Mr. Wasley said with the significant financial and biologic investment in eggs or young fish, a problem with water temperature or water flow could result in a significant loss. The Department wanted to update the alarm system for water flow and temperature, as well as add a portable decontamination unit, a hot water blower to allow for vessel cleaning, and a submersible antenna for studies of trout in creeks in Nevada.

Page 34 of [Exhibit E](#) referenced the Wildlife Diversity Division, with 16 positions and 5 main program areas: the state wildlife action plan, non-game species management, threatened and endangered species, geographic information systems, and Tahoe environmental improvement. There was a transfer-out position in the private land program. This position was being transferred to the Habitat Division, so a review of the Habitat Division would show two transfers-in and this was one of those transfers. Mr. Wasley said the wildlife staff specialist worked in the restoration/rehabilitation grant funded in the Habitat Division, so it was a more logical home for the position. The position supported conservation actions on private lands to benefit Nevada's wildlife species.

In the Habitat Division, shown on page 36 of [Exhibit E](#), there were 39 positions and 6 main program areas: development project review, mining industrial ponds, habitat conservation and restoration, Nevada partners program, water development, and wildlife management areas.

A new restoration projects support staff was shown on page 37 of [Exhibit E](#). According to Mr. Wasley, there was a position associated with the new Ely seed warehouse, which had been constructed by the U.S. Bureau of Land Management (BLM). This was a state-of-the-art facility that had a large capacity for storage of seed and also had cold storage, which could extend the viability of the seeds. There were some economies of scale that the state could realize by partnering with the BLM in this endeavor. Mr. Wasley said the Department would like to keep the staff position in Ely to see the state benefit from that partnership as well as the increased viability through cold storage. Participation in the Nevada Partners for Conservation and Development Program would also be the responsibility of the employee in Ely. Mr. Wasley noted that the warehouse focused on native species and those species likely to succeed in restoration projects.

Mr. Wasley pointed out the employee in Ely was one of the two transfer-in positions on page 38 of [Exhibit E](#) and was the transfer-in of the ecosystem program specialist. The wildlife staff specialist worked on the Sagebrush Ecosystem Technical Team (SETT), which was being transferred out of the Game Division and into the Habitat Division. The position supported mitigation of public land projects and considered ramifications to the sagebrush ecosystem beyond a single species.

Page 39 of [Exhibit E](#) showed the other transfer-in position for the Private Land Program: the wildlife staff specialist that worked in restoration/rehabilitation, which was grant funded in the Habitat Division. Mr. Wasley noted that this position supported conservation actions on private lands to benefit Nevada's wildlife species.

Page 40 of [Exhibit E](#) listed other budget initiatives as follows:

- Question 1 bond sales through the Department of Conservation and Natural Resources.
- Digital storage expansion (NRS 239.001 Records Retention).
- Web tools (prevent outages and failures).
- Marketing (Govdelivery.com).
- Vehicles and equipment (replacement scheduled).

Mr. Wasley said on page 41 of [Exhibit E](#) was the license simplification bill draft request (BDR) and the capital improvement projects (CIPs): the Mason Valley Wildlife Management Area Headquarters—Water System Improvements. There were four residents living on site at the area. The requests were for a properly designed domestic well and pump house, domestic water treatment, a water distribution system, and fire suppression facilities.

Mr. Wasley thanked the Subcommittee for the opportunity to present the budget preview and said there were division administrators available for additional information if required.

Assemblywoman Titus referred to page 23 of [Exhibit E](#) where 52 positions were part of the budget account, and she said in the past there had been difficulty filling those positions and it was hoped that with the different law enforcement academies and better retention, the situation would improve. She asked how many of the 52 positions were currently filled.

Mr. Wasley said he would call on Warden Turnipseed, but first he would like to address Assemblywoman Titus' question. He explained that the Law Enforcement Division continued to struggle and, presently, there were 33 field warden positions with over half having been hired in the last two years. The Governor's Executive Budget included an opportunity to increase the number of academies, which might provide some assistance. The Department was evaluating its hiring process and practice.

Tyler Turnipseed, Chief Game Warden, Division of Law Enforcement, Department of Wildlife, stated that the Division was having less difficulty finding employees. A few years ago, there had been an almost one-third vacancy rate for field wardens; however, the Division had gradually been catching up and was on better footing. On paper, Mr. Turnipseed believed there were two field warden vacancies. Over half of the field wardens had been hired in the last two years, which created a problem in the training phases.

The Division had been providing a mini-academy after the wardens graduated from Peace Officers Standards and Training (POST).

Assemblywoman Titus said her second question was about the Mason Valley Wildlife Management Area Headquarters. Recently, with the flooding in the area, she wondered whether there were any ponds left in the Mason Valley and whether this funding would help with some of the pond matters.

Mr. Wasley explained that the CIP was for potable water and for the residents at the headquarters, as well as for fire suppression and the water distribution system for the facilities. It was not for the shore birds and waterfowl that used that area. A different project that would fall under federal funding was being considered to increase the effectiveness and efficiency of spreading water to some of those ponds. Mr. Wasley had learned from the Habitat Division administrator that water was expected to flow through that system and down to Walker Lake for the first time in a number of years in the not-too-distant future. With the precipitation currently being received, there would be more habitat for wildlife, but it was unrelated to the CIP.

Assemblywoman Swank referred to the urban bears and asked how much of the problem related to human trash attracting bears and what was being done to alleviate the problem.

Mr. Wasley stated that Assemblywoman Swank was correct. The Department had published an opinion stating that 90 to 95 percent of the urban bear problem would likely be remedied with proper trash management. He had attended meetings of the Incline Village General Improvement District, Tahoe Regional Planning Agency (TRPA), and Washoe County regarding urban bears, and the challenge that remained was the Department of Wildlife did not have authority for trash management. Mr. Wasley said the Department could share the opinion that much of this could be addressed through proper trash management, but ultimately, it would have to be handled by someone or some agency possessing the authority. While the Department of Wildlife continued to try to educate and inform the public, the challenges were numerous. Mr. Wasley was confident that if intervention began early with the bears prior to the establishment of the activity as a habit and a pattern, in many instances aversive conditioning would be successful. When the bears established a habit of finding human food subsidies, it was essentially a death sentence for the bear.

Assemblywoman Swank commented that the state did not have the authority to enforce bear-resistant trash cans, but was paying for the remedy. Mr. Wasley stated that was correct.

Chair Carlton referred to the Wildlife Human Attack Response Team and questioned whether the team would be the first responders. She believed 911 would probably be called first.

Mr. Wasley initially said he agreed with the Chair and was certain that 911 would be the first call. Based on experiences of wildlife human attacks in other states such as California, Arizona, and Utah, there was a responsibility placed on the state wildlife agency to assist

with the investigation and collection of evidence to determine the facts of the attack regarding the particular animal.

Brian Wakeling, Administrator of Game Management, Department of Wildlife, said that as Director Wasley pointed out, there was a broader training that dealt with a consistent approach being used by other states. He stated that when a call came in, it often went to 911, and the ultimate question was how the Department of Wildlife coordinated with other law enforcement with the expertise that wildlife professionals brought to the situation. Mr. Wakeling said any wildlife human attack was usually treated first as a crime scene, and the Department of Wildlife came in secondarily.

Chair Carlton called upon the State Department of Agriculture to present its pre-session budget.

Jim R. Barbee, Director, State Department of Agriculture, presented the pre-session budget and submitted [Exhibit F](#), "Legislative Commission's Budget Subcommittee."

Mr. Barbee commented that he always enjoyed the opportunity to give the Subcommittee an overview of where the State Department of Agriculture was heading with its requests and the Governor's recommended budget.

The mission of the Department was to promote a business climate that was fair, economically viable, and encouraged environmental stewardship that served to protect food, fiber, and human health and safety through effective service and education. The Department had five divisions as follows:

- Administration
- Animal Industry
- Consumer Equitability
- Food and Nutrition
- Plant Industry

Mr. Barbee referred to [Exhibit G](#), "Nevada Department of Agriculture, 2016-17 Biennial Report," and said that document provided detail regarding each division of the Department, the total number of staff in each division, and the overall activities of each division for the last biennium.

Additionally, Mr. Barbee submitted a county report ([Exhibit H](#)) referencing the counties the Subcommittee members represented, which was part of the agriculture report. He said the consolidated agriculture report for this year would be completed in the next two weeks and the Department would be providing the Subcommittee with a copy. That report provided an overview of the size and scope of the agriculture industry as a whole in Nevada.

Mr. Barbee referred to the first few pages of [Exhibit G](#), which showed that the Department had pushed over \$300 million in trade of agriculture products out of Nevada.

Mr. Barbee submitted [Exhibit I](#), "Nevada Department of Agriculture, SB503: Breakfast After the Bell," which he said he would discuss later in the presentation. The exhibit showed how the program was implemented after legislative approval in the last session and General Fund support of the program. The program had gone very well, according to Mr. Barbee.

Mr. Barbee referred to page 3 of [Exhibit F](#), which showed the goals of continuing to be relevant to Nevadans and growing the food and agriculture industry through the following:

- Protecting public health through monitoring and reporting.
- Protecting food safety and integrity through the Food Safety Modernization Act and pesticide training and regulation.
- Increasing access to nutritious food through the child and community nutrition program.
- Streamlining internal processes.
- Maintaining and updating the information technology (IT) infrastructure.
- Expanding online services in all divisions.
- Responsive communication across all divisions.
- Certifying Southern Headquarters metrologist.
- Collaborating with stakeholders across all divisions.

Mr. Barbee said the Department's budget for this biennium would represent \$383,938,352 in federal funding, \$54,203,061 in fee-based programs, \$9,033,844 in transfers, and \$4,516,922 in General Fund.

The Department biennium total by activity was \$420,073,726 in food and nutrition education and programs: \$27,101,531 in regulation, compliance, and regulatory supervision; and \$4,516,922 in research, research management, and public outreach.

Page 5 of [Exhibit F](#) showed that federal funds represented 85 percent of the Department's budget, 12 percent represented fee-based programs, 2 percent represented transfers, and 1 percent represented General Fund.

Budget account (BA) 4554, decision unit Enhancement (E) 242, funded a new grants and project analyst 2 to monitor, manage, apply and report on grants. The position would assist the Department with the management of federal funds. Mr. Barbee said there were federal funds available, and the Department was always attempting to apply for programs that fit the

requirements of the agency. The new positions would analyze and report on private, public, and federal grants that were available.

Mr. Barbee said BA 4554 also contained decision unit E-245, a business process analyst 2 position, which performed all of the geographic information system (GIS) map design and analysis and use of global positioning system (GPS) hardware and software to collect, validate, and manage data in the field.

Mr. Barbee referred to page 8 of [Exhibit F](#), which showed decision unit E-805, classified position changes in BA 4554. Mr. Barbee explained that right before the 2013 Legislative Session, the agency had requested a marketing coordinator position from the Interim Finance Committee (IFC) to work with the Western United States Agricultural Trade Association (WUSATA). All of the western state directors, secretaries and commissioners of agriculture were members of WUSATA, and it was part of the map funding in the U.S. Farm Bill (Agricultural Act of 2014). The organization was designed to help states and local producers to market product internationally and across borders. The Department had employed a marketing coordinator position that had worked as the trade position in the agency through the WUSATA program. When started, it was a classified position and caused a burden in overtime compensation because of the amount of travel involved. Mr. Barbee said changing the position to unclassified was an opportunity to create some savings for the agency and benefit the employee as well, because it would increase the salary. The Department looked at positions similar to those at the Governor's Office of Economic Development (GOED) to establish a salary.

The next major enhancement in BA 4554 was decision unit E-815, which increased the salary level of the fiscal administrator, an existing unclassified position. This salary adjustment was requested to allow the position to make 5 percent more than the nearest position that was reporting to it. Currently, there was an administrative services officer (ASO) 3 reporting to the fiscal administrator and that position made a larger salary.

Page 10 of [Exhibit F](#) showed decision unit Enhancement (E) 350 of budget account (BA) 4540, which funded one element of the Governor's Drought Initiative. Several agencies were involved in the Governor's Drought Initiative. The Department would create a new position that would be in charge of working with all the other organizations in compiling and developing a drought monitoring report on a quarterly basis. Mr. Barbee said one of things he expected everyone to ask was why the position was needed. He explained that what had been found over the last drought was that many land managers were using the United States Department of Agriculture (USDA) drought monitoring document. While the USDA produced multiple documents, the one used was based completely on snowpack and did not take into consideration random rainfalls across Nevada. Rainfall spurred growth on ranges, and in many cases where the federal agency was trying to limit the amount of grazing because of the drought, there had been quite a bit of green forage. When the forage was brown it became fuel for fires, and relying solely on drought monitoring could be devastating. This requested position would work with the state climatologist and the USDA to compile data to gain a better picture for land managers to use.

The second portion of decision unit E-350 in the first fiscal year of the biennium pertained to a \$500,000 grant that would be used with moderately sized agriculture producers to provide an opportunity to fund water efficiency projects: an example was flood irrigation. The Department might be able to provide a grant that would transfer to a sprinkler technology or some other technology that would be more efficient. Mr. Barbee said that while it was not a large amount of money and would not solve the problem, he was hoping it would start a trend to manage water resources more efficiently.

In budget account 4545, decision unit Enhancement (E) 720 concerned new equipment, which would fund a gas chromatograph triple quadrupole mass spectrometer unit, handheld GPS units, and software. Mr. Barbee said this was a valuable piece of equipment, which would replace multiple smaller pieces of equipment in the metrology laboratory.

Assemblywoman Titus asked whether the Department would use this equipment to certify organic when it came to pesticides or water interface.

Mr. Barbee replied that the organic program was not anything that could be tested, because that was a process. Basically, the certification organic program that the Department had eliminated was being handled by private industry.

On page 12 of [Exhibit F](#), Mr. Barbee referenced budget account (BA) 4552, decision unit Enhancement (E) 225, which continued funding of a new federal produce and food safety grant for a total of \$895,812.

Budget account 4550, decision unit Enhancement (E) 242, requested a biologist 3 position. Mr. Barbee noted that in the animal industry section, specifically in the veterinary services program, there were veterinarians and microbiologists, and making that connection on the ground had proved difficult. The biologist was the on-ground position that was helping to manage interactions.

Decision unit E-720 requested new equipment for the Elko animal disease laboratory. Mr. Barbee said one of the things accomplished over the biennium had been to move the State Veterinarian position located in the Sparks headquarters to Elko. In the 2015 Legislative Session, a diagnostician veterinary position had been requested that was not approved, and the Elko animal disease laboratory had been mothballed since 2011. When the laboratory was mothballed, the equipment was moved to the Sparks headquarters to the animal disease laboratory. When the Elko animal disease laboratory was reopened, there was a deficiency in laboratory equipment and the laboratory had not been recertified for over five years. By moving the State Veterinarian position, it allowed the Department to reopen the Elko animal disease laboratory.

Mr. Barbee explained that Elko was the home to the largest amount of wildlife, which fell under the Department of Agriculture's disease management programs, and had the largest number of livestock in the state. Mr. Barbee said not having a diagnostician veterinarian, a necropsy laboratory, and a testing laboratory in Elko did not make sense. With no

monitoring in the area with the greatest risk, the state was at a disadvantage in controlling animal disease.

According to Mr. Barbee one of the other matters that affected the laboratory was many of the tests that were being operated out of the northeast corridor had been sent out of state to other diagnostic laboratories to be tested. In many cases, the Department did not receive the results of that testing. The laboratory in Elko would provide the northeastern region the opportunity and the place to send specimens for testing that was convenient. He noted that in some cases, Department tests might be a bit more costly than what was being charged in Utah or Idaho, but at the end of the day, the Elko laboratory would be more efficient and convenient for veterinarians in those locations. Use of the Elko laboratory would increase the revenue going into budget account (BA) 4546, animal identification, which was always a struggle, and give the Department much better monitoring of animal disease.

Budget account 4546, decision unit Enhancement (E) 250, transfer of brand inspectors, was referenced on page 15 of [Exhibit F](#). The transfers concerned changing existing brand inspectors from state employees to contracted Manpower employees. Mr. Barbee said this was an item that was presented to the Interim Finance Committee (IFC) last month, but the Chair suggested it be addressed in the 2017 Legislative Session. Mr. Barbee provided background to the Subcommittee and said out of the roughly 70 inspectors across the state who were intermittent employees, approximately 60 inspectors had less than a year of service with the state. In the system, however, each year on the state payroll in the intermittent position earned annual leave, which became payable when an employee left state service. By moving intermittent employees to Manpower, it would be equal to or in some cases more pay than they were currently making, but annual leave would not be accrued. Mr. Barbee said the Department had worked very hard to keep from raising fees and tried to keep the matter as business-friendly as possible.

Budget account 4551, decision unit Enhancement (E) 238, requested funds to hire two new weights and measures inspectors to accommodate the increase in device testing. Mr. Barbee stated that when the state metrologist had retired, the Department had discovered how long it took to train a metrologist, and determined it would be better to have more than one person trained for the position. Currently, the Department had a state metrologist and two other inspector positions that were switched over to metrologist positions. One served as the backup metrologist in the Sparks headquarters and another metrologist was placed in the new laboratory in Las Vegas. The inspector positions were reclassified, and with an increase in the business growth in the state, specifically the medical marijuana programs, the Department had an increased workload. Every scale that measured mass had to be inspected each year by the Consumer Equability Program.

Mr. Barbee said BA 4551 also had a request for replacement of vehicles over 10 years old in decision unit E-711, based upon the state recommendation.

Page 18 of [Exhibit F](#) showed budget account (BA) 2691, decision unit Enhancement (E) 228, request for a quality assurance specialist. As part of the reorganization performed in 2013, three programs were combined in the Department, and additional assistance was needed with program reviews and review of sponsor agencies.

In budget account (BA) 1362, decision unit Enhancement (E) 225, a request for a buyer, would aid in coordinating three programs. The Commodity Supplemental Food Program gave the Department an opportunity to purchase food product directly from the U.S. Department of Agriculture (USDA), and set up contracts where that product was manufactured into other things. For example, a surplus of chickens coming from Arkansas could be sent to California for processing into chicken burritos or chicken nuggets, whatever the local program was requesting. The buyer position would manage those exchanges on the agency side.

Budget account (BA) 1362, decision unit Enhancement (E) 241, addressed a federal match for The Emergency Food Assistance Program (TEFAP) and the Food Distribution Program on Indian Reservations (FDPIR). Over the past 20 years, in the previous home to these programs, the state had been using fees that were generated from federal money as the match, which was outside of the allowances by the USDA.

Mr. Barbee said the error was recently discovered by the Department and a waiver was negotiated with USDA, so the Department did not have to appear before the IFC to request General Funds.

Senator Goicoechea disclosed that his son was the state veterinarian. He further wanted to ask some questions, and one was about the transfer of brand inspectors to Manpower and asked whether any were driving state vehicles.

Mr. Barbee responded that there were current brand inspectors who were driving state vehicles. He said that was one of the efficiency items that was implemented by reducing the amount of mileage inspectors were putting on their own vehicles and putting that mileage on state vehicles.

Senator Goicoechea said he was concerned about a contract Manpower employee driving a state vehicle with a state gas card. He believed inspectors should continue to be state employees if they were driving a state vehicle.

Senator Goicoechea explained to the Subcommittee how the brand inspection program worked. As a rancher, he did not call a state agency, he called an individual fee inspector and told the inspector that he needed a brand inspection at a certain time because he was shipping a load of cattle. The transaction never really involved the state. Senator Goicoechea thought fee inspectors should be contract employees because they were driving their own vehicles and were reimbursed for time, mileage, and gas. However, there were brand inspectors driving a state vehicle with a state gas card, serving as a fee brand inspector, and were typically the brand inspectors who were doing most of the work.

Senator Goicoechea said another concern he had been working on for a couple of sessions with former Clark County Commissioner Tom Collins, as well as current Clark County Commissioner Marilyn Kirkpatrick, was the five agriculture enforcement officers in Nevada. Senator Goicoechea believed the agriculture enforcement officer in Southern Nevada was funded out of the pesticide program. He said it made no sense that a sworn officer was not supported by the General Fund.

Chair Carlton said she wanted to discuss the new free-sale certificate fee revenue, which was decision unit Enhancement (E) 125.

Mr. Barbee said it was a small amount and he did not bring it up as a major issue, but he was happy to address it. The free-sale certificates already existed in a couple of different places on the plant side. The current request was to consolidate the free-sale certificates that dealt completely with exports into one spot within the agency. The Department was certifying that the product was produced where it said it was produced, which would be in the state of Nevada. Revenues would go into a host account that would help the agency as it started to promote Nevada agriculture products through trade missions or any of those types of activities.

Chair Carlton noted there would now be a \$25 fee associated with the certificate. Mr. Barbee responded that the fee already existed on the plant side.

Chair Carlton indicated that Fiscal Analysis Division staff would look into this to ensure that a separate bill draft request (BDR) was not needed, because the revenue stream was usually not mixed with the budget side.

Chair Carlton stated that she still had some concerns about the transfer of state employees to Manpower.

Assemblywoman Titus referred to the picture of hydroponics on the front page of [Exhibit G](#), and she wondered how prevalent hydroponics were in Nevada.

Mr. Barbee responded that hydroponics were expanding and becoming a big industry. He said everything from fish production in a closed hydroponics program to the passage of recreational marijuana coming to the state would be influenced by hydroponics. Vertical hydroponics were going to be produced in the state, and he believed that a large part of the marijuana production would be hydroponically grown based on Nevada's short growing season and climate. Currently, there was a lot of produce that was produced in the state in some of the urban settings through traditional hydroponics. Mr. Barbee said the new technology was becoming affordable and was being used in the ground in contained sand basins that were moving water with nutrients through it to produce large quantities of tomatoes that were sold in Reno.

Assemblywoman Titus said the reason she had brought up the question was because she was thinking of marijuana in the future and also there was a nice facility in her valley that she had enjoyed fresh vegetables from throughout the winter.

Assemblywoman Titus' next question concerned animal disease testing. She asked if the Department was going to move that laboratory to Elko, which she supported, and whether the Elko office would be performing rabies monitoring and testing. She asked if that testing would be performed in the Sparks office or moved to Elko and Las Vegas.

Mr. Barbee explained that the Elko laboratory was a return to where the Department was five years ago regarding testing. The Department continued to have the animal disease section headquartered and primarily located in the Sparks facility, which would expand the capacity of Elko to do testing, because in 2011 much of that equipment was moved back to the Sparks headquarters and used there. When the Elko laboratory was reopened roughly 11 months ago, there was a shortfall in equipment.

Las Vegas did not have a testing facility specifically, but that was where the enforcement position in plant industry had become so critical. Mr. Barbee provided an example: McCarran International Airport had a large influx of animals that came from foreign entities and foreign countries. United States Customs, as a first stop into the country, performed inspections at McCarran, but Customs inspected for the federal requirements and did not inspect or check for state requirements. In many cases, some of the diseases that were accepted federally because they existed in the United States did not exist in Nevada.

Mr. Barbee said, for example, there was a dog that came in from Germany that had leishmaniasis, which was contracted from an arid portion of the Middle East and would easily get established in Las Vegas. The Department sent two enforcement officers, one from Ely and one from Sparks, and they camped in Las Vegas for two weeks while they performed surveillance and finally found the dog. He said that had that disease been established, the disease, while not fatal, would cause lesions on humans. While the Department did not have the testing capacity, it was attempting to expand the monitoring capacity in Las Vegas.

Mr. Barbee referred to page 21 of [Exhibit F](#), FY 2017-2019 Biennium Major Issues. He said these were the Department's major issues in this budget.

The Drought Initiative had already been talked about.

The Food Safety Modernization Act Produce Safety Rule was a phased-in program depending upon the size of the producer and the amount of gross sales being done throughout the year. Mr. Barbee said some large producers were on the forefront of entering into the Food Safety Modernization Act Produce Safety Rule program, but many moderate and smaller producers consider this a major investment.

The Department continued to digitalize its processes, which Mr. Barbee said was one of the Department's major goals, and an outstanding group of employees was working on the process. The result would be a consolidated program enabling an administrator to retrieve statistics on every aspect of the Department. Mr. Barbee noted that fertilizer registration came online a few days ago for the first time, and within a couple of hours \$36,000 had been received electronically. In the first day, the Department had received positive comments from fertilizer companies that it was one of the easiest programs to use.

The Department had a capital improvement project (CIP) for a freezer, but there were still some difficulties and it did not make the final CIP list. The Department had approximately 4,000 square feet for its use in the freezer in the state-owned warehouse in Sparks.

Mr. Barbee said the Department continued to consider program fees and attempted to be effective and efficient.

According to Mr. Barbee, the Food and Nutrition reclassification was continuing.

Mr. Barbee said in the 2015 Legislative Session, the Legislature had aided in the conversion of the old Metro Building in Las Vegas, which was now called the Southern Nevada Headquarters for the Department of Agriculture. The building was located on the corner of Atlantic and East St. Louis and represented 7,000 square feet. The Animal Industry had a shared space with the dairy mini-laboratory as well as the agriculture enforcement officer in shared space with Food and Nutrition. There were 10 Consumer Equitability staff and the metrologist was in the metrology laboratory.

Mr. Barbee maintained that California was overloaded and could not maintain the metrology work that existed within that state. The Department was planning to take more metrology work from California, which would keep fees low for Nevada businesses.

Mr. Barbee said Food and Nutrition had 15 employees in the Las Vegas Headquarters and Plant Industry contained 7 employees, including a mini entomology laboratory, which provided a preparatory laboratory.

Senator Goicoechea commented to those members who were not on this Subcommittee last session (2015) that Senator Woodhouse and Assemblywoman Swank were instrumental in keeping the Metro Building from being demolished and the Department of Agriculture being sent to some other building. Senator Goicoechea thanked the Senator and Assemblywoman for their interest and research.

Mr. Barbee said he could not emphasize enough on behalf of the staff in the building how much they appreciated being housed there.

Mr. Barbee referred to pages 23 through 27 of [Exhibit F](#), which were pictures of the remodeled and rehabilitated Metro Building.

Mr. Barbee said some training rooms had been placed in the building. In March 2016, a State Board of Agriculture meeting was held in a Department of Agriculture building in Las Vegas for the first time. The building had also been opened up to other groups and organizations to use.

Mr. Barbee pointed out the list of new federal grants the Department had acquired on page 28 of [Exhibit F](#).

Page 29 of [Exhibit F](#) provided an overview of the Breakfast After the Bell program, which had been approved in the 2015 session. Mr. Barbee said 109 schools of the 111 that were eligible received \$1 million in grant awards, increasing access to breakfast for more than 84,000 students statewide. More than 3.6 million more breakfasts were served compared with 2014 and 2015. Breakfast participation doubled among qualifying schools over the same time in 2016.

Senator Woodhouse said that she supported the philosophy of the Breakfast Before the Bell program. She said she had been a teacher and a principal and could see how the program could work, but she had a number of teachers approach her in the last year with some concerns. While all of the teachers Senator Woodhouse talked to supported the concept of children needing breakfast to be able to learn in the classroom, one of the concerns was the amount of time it took to provide breakfast, particularly with the younger children. Senator Woodhouse felt the program would take a short period of time and there would not be a loss of instruction time, but the loss of education time was happening and largely because many of the packets of food were difficult for young children to open. The children were eating the cinnamon rolls and drinking the juice, which were easy to open, and going to class with a sugar high.

Senator Woodhouse said because of the time breakfast was taking, a lot of the food was not being opened and not being used. Many of the teachers had indicated they would like to have the unopened packets for later in the day for the young ones who needed a snack, but the food was being thrown away.

Mr. Barbee stated that much of the program came under local control and schools had the authority to change how the breakfast was distributed. Additionally, in many cases the food being ordered could be changed by the school district.

Page 30 of [Exhibit F](#) referenced the Elko Veterinary Lab. The state veterinarian was located at the Elko Veterinary Lab along with the veterinary lab technician. They had gone through the training and certifications at the National Veterinary Services Laboratory in Ames, Iowa. Some limited testing was being done at the Elko Veterinary Lab, including testing for rabies, listeria, and trichomoniasis. The Elko laboratory also contracted with organizations to use the incinerators for disposal of drugs.

Mr. Barbee said one of the important things needed in the laboratory was the polymerase chain reaction (PCR) equipment, which accounted for 90 percent of testing. Pages 31 through 33, [Exhibit F](#), showed photographs of the Elko Veterinary Lab. Mr. Barbee stated the cabinetry, shelving, and equipment were the latest technology.

Page 34 of [Exhibit F](#) referred to biological labeling and provisions relating to veterinary biologic products and commercial feed sold in Nevada. At the State Board of Agriculture meeting held on June 1, 2016, the item was approved to go to workshop and hearing.

The manufactured animal feed labeling was required in Chapter 587 of the *Nevada Revised Statutes* (NRS), and explained on page 35 of [Exhibit F](#). Mr. Barbee said that was one of the programs that was placed on the paperless program and the Department created an online registration program. There was a baseline of registration in the program and the Department was using the Secretary of State's database to identify businesses not in compliance. The Department sent a notice of noncompliance to nonregistered businesses.

Chair Carlton thanked the Department of Agriculture for its presentation.

Chair Carlton called upon the Department of Taxation to present its pre-session budget.

Deonne Contine, Executive Director, Department of Taxation, presented the pre-session budget for the Department and submitted [Exhibit J](#), "Department of Taxation, 2017-2019 Biennium Budget Overview."

Ms. Contine referred to page 2 of [Exhibit J](#), the agency overview. She said the Department of Taxation administered the collection and distribution of almost \$6 billion annually in state and local government revenue from 16 different taxes. The Department was responsible for providing fair, efficient, and effective administration of the tax programs of the State of Nevada. The Nevada Tax Commission (NTC) was the head of the Department by statute and the Executive Director was responsible for the administration. The NTC was an eight-member board, also appointed by the Governor, from various industry areas, including general business, mining, utilities, property tax, and finance. Ms. Contine explained that the tax commissioners served 4-year terms and could be reappointed.

The Tax Commission mostly heard contested cases such as when a taxpayer disputed a liability. Ms. Contine said the Commission adopted regulations and ensured the fair and equitable treatment of taxpayers across the tax types.

According to Ms. Contine, the Department was organized into four divisions. The Compliance Division included the audit and revenue sections with the revenue officers, auditors, tax examiners, and employees who answered telephones and assisted taxpayers at counters throughout the state.

The Administrative and Fiscal Services Division included the Accounting section, which ensured all accounts balanced and made adjustments and researched accounts and processing, and reviewed requests for refunds.

Ms. Contine said in the Information Technology (IT) section were 16 programmers who made constant changes to the tax administration system. There were also technicians and database administrators along with a full-time IT professional devoted solely to security.

The Department also served as staff to various boards and commissions. The Committee on Local Government Finance was responsible for policy decisions and fiscal administration regarding Chapter 350 and Chapter 354 of the *Nevada Revised Statutes* (NRS).

Ms. Contine said the Appraiser Certification Board performed certification for continuing education for all appraisers in the state who certified for tax purposes. The State Board of Equalization heard all appeals from the actions of the county boards of equalization. The Department of Taxation also provided service staff for the Mining Oversight and Accountability Commission.

Ms. Contine pointed out that page 4 of [Exhibit J](#) depicted the organizational structure of the Department of Taxation.

Page 5 of [Exhibit J](#) listed the taxes that the Department collected and distributed. Page 6 of the exhibit had pie charts that demonstrated tax revenues and distributions in fiscal year (FY) 2016; approximately 70 percent of the revenues collected and distributed were related to sales and use taxes.

Ms. Contine said the Department of Taxation collected approximately \$600 million more in FY 2016 than in FY 2015. Part of that increase was growth and part was related to the changes that occurred in the 2015 Legislative Session.

Page 7 of [Exhibit J](#) concerned resources and expenditures for the 2017-2019 biennium. The Department of Taxation received almost all funding from the General Fund. Ms. Contine noted the Department's largest expenditure was for personnel. There were 380 existing full-time-equivalent (FTE) employees and approximately 82 percent of the General Fund allocation was spent on personnel.

Ms. Contine said page 8 of [Exhibit J](#) contained budget highlights from the Governor's recommended budget.

The first decision unit was Enhancement (E) 225, which aligned funding for an IT position that provided support for General Fund and master settlement agreement (MSA) activities. Ms. Contine said she would discuss the MSA more at a later time, but it was the agreement reached in arbitration that occurred several years ago concerning the tobacco settlement money. There were some efforts that the Department was responsible for concerning that settlement money. Previously there was an IT position that created a database, but

responsibilities related to the MSA had lessened, so the Department proposed levels of 75 percent from the General Fund and 25 percent from the MSA.

The next item was Commissions, decision unit E-230. Ms. Contine said the decision unit would provide a savings of \$362 by eliminating the Mining Oversight and Accountability Commission. Since 2011, the Mining Oversight and Accountability Commission had taken no action other than recommending approval of regulations brought forward by other agencies to the Legislative Commission. The Department was requesting elimination of the Commission in bill draft request (BDR) 46-312.

Decision unit E-806 requested a reclassification of a tax examiner 2 to a management analyst 2 in the master settlement agreement program. The original budget indicated a management analyst 1, but Ms. Contine asked Rick Gimlin to explain the change.

Rick Gimlin, Administrative Services Officer (ASO), Executive Division, Department of Taxation, stated that he had made an error, and unfortunately the position was supposed to be classified as a management analyst 2. Throughout the narrative and the expenditures it had been entered as a management analyst 1. The Department was working with the Office of Finance, Office of the Governor, and Fiscal Analysis Division staff, Legislative Counsel Bureau, to procure a technical adjustment.

Ms. Contine said Page 9 of [Exhibit J](#) showed transfers in decision unit E-520 and E-920. An IT professional 4 position was being transferred from the Division of Enterprise Information Technology Services (EITS) to the Department of Taxation. The position had been assigned to Taxation for several years and the transfer would align funding.

The final budget highlight was regarding a new budget account (BA) 4207, Retail Marijuana. This was for implementation and administration of Question 2 (Q2) [a 2016 ballot question approved by the voters] and included \$5 million in each year as a holding fund for local government support. The Retail Marijuana section would include 16 new positions and related operating costs for the Department. The initiative stated that the money would first go to the Department and then to the localities for the implementation and enforcement of the initiative. The budget account was a place to hold that money before determining what local government needs might be.

Assemblywoman Diaz asked whether the Real Property Transfer Tax (RPTT) related to property taxes at the local level. Ms. Contine said the RPTT was a tax that was paid when a property was sold, so it was different from property tax, which was paid annually through an assessment.

Ms. Contine said on page 10 of [Exhibit J](#) were updates to revenue collections. She said the average collection per revenue officer for fiscal year (FY) 2016 was \$1,218,246, with each revenue officer carrying a caseload of 1,601 accounts. The Department had a turnover rate in collection of 33 percent, which was an ongoing problem. Ms. Contine said it was a difficult

job and not particularly high paying. There were some caseload reductions in FY 2015 and a slight increase in caseloads in FY 2016.

The Department's efforts to reduce caseloads included two new revenue officer positions in the 2013 Legislative Session. The Department had developed an online payment plan, which minimized the work that had to be done by the revenue officer.

Ms. Contine referred to the Best Information Available program that assigned liability to accounts with delinquent returns. It was an automated process based on the information in the system on what the taxpayer should be paying. Those calculations were formerly done manually, but had been automated.

Twice a year the Department had a field push where the revenue officers spent a complete week out in the field visiting the higher-dollar cases. There was a specialty team that worked closed accounts so other revenue officers could work newer accounts quickly. Ms. Contine said that system was more efficient because the older an account became, the more difficult it was to collect.

The Department was now processing domestic judgments in other states to reach delinquent taxpayers. Ms. Contine said there was a cost benefit analysis involved, but if a large taxpayer with a large liability had left the state, the Department had the option to domesticate judgments in other states.

Currently the Department of Taxation had 55 revenue officer 2 positions and 2 positions were vacant.

Ms. Contine said the update on page 11 of [Exhibit J](#) concerned the Local Government Service Net Proceeds of Minerals audit. In the 2015 Session, the Department had indicated that a five-year audit cycle would require a penetration rate of about 20 percent and 3 new auditors. The Department had acquired the three new auditor positions and in 2014, 24 audits were initiated out of 110 properties, resulting in a 22 percent penetration rate with collections of \$3.7 million. Ms. Contine said there were several audits that were ongoing and not billed from the cycle. In 2015, the Department had approximately a 14 percent penetration rate. The number of entities increased and about 17 audits were initiated in 2015, which were ongoing.

The next update was about the Tobacco Master Settlement Agreement. There was an enforcement unit within the Department that worked closely with the Office of the Attorney General to perform diligent enforcement. Ms. Contine explained that nonparticipating manufacturers, which did not participate in the tobacco settlement, were paying into an escrow account for cigarettes that were sold and stamped in Nevada. The Department had a role in ensuring that those manufacturers were paying appropriately. There were office activities and field activities where records were reviewed and onsite inspections of wholesalers were conducted, and employees also attended Federation of Tax Administrator

Uniformity meetings. The Department also worked to create and maintain a dedicated database, providing the ability to identify discrepancies of wholesaler reports.

The most significant activities in the past year had been beginning the process to develop a database accessible by the Office of the Attorney General. The database was also upgraded to help ensure accurate report recording.

The Department had also been more involved in issuing citations for not having proper licenses and different field activities. Ms. Contine said the Department had worked closely with the Office of the Attorney General and the Alcohol and Tobacco Tax and Trade Bureau to shut down Roll-Your-Own (RYO) retailers.

Page 14 of [Exhibit J](#) showed an update to the National Streamlined Sales Tax Governing Board. Nevada had been a full member of the Streamlined Governing Board since 2008 and had signed a streamlined sales and use tax agreement. Based upon participation, Nevada was one of 24 states that had agreed to the adoption of simplified and uniform measures in taxation and administration. An annual compliance with the Board was required and every year it reviewed changes in laws or regulations and deemed the Department to be in or out of compliance. Ms. Contine said Nevada's membership in Streamlined made it well-positioned to take advantage of any action by the United States Congress. In the past several years, there had been several bills to require remote sellers to collect and remit tax when there was no physical presence in the state. There seemed to be some industry consensus regarding a marketplace fairness concept, which was originally introduced in 2013 and again in 2015, and would authorize states to require sellers not qualifying for some type of small seller exemption to collect and remit sales tax. The United States Senate seemed to be in agreement with the concept, but the House of Representatives still had some questions about the constitutional authority.

Ms. Contine presented an update on the Nevada Commerce Tax that was implemented in the 2015 Legislative Session. The Department had spent the last year and a half implementing procedures for collection and hiring the positions approved in 2015 to create an audit team for the Nevada Commerce Tax. The first return was due on August 15, 2016, and the Department collected \$143 million. Ms. Contine said in the course of the year, the Department had corresponded with more than 3,000 taxpayers who requested an extension of time to file. Further, the Department responded to over 5,000 taxpayer emails, the call center answered 16,253 calls related to the Nevada Commerce Tax, and initial Nevada Commerce Tax staff were hired. Ms. Contine noted that recruitment of remaining staff was completed.

Page 16 of [Exhibit J](#) contained an update of the Transportation Connection Tax. The Department had adopted regulations, developed the tax return and other forms, worked with the Nevada Transportation Authority and Taxicab Authority to notify the industry, and collected \$26,081,346 to date. Ms. Contine noted there were a few industry challenges to the tax.

Assemblywoman Diaz asked what kinds of challenges the Department was facing with the Nevada Commerce Tax and what changes might be needed.

Ms. Contine said she was not in a position to disclose the challenges to the Nevada Commerce Tax before the audit team began its duties. She said it was too early to have much information regarding a new tax and any difficulties.

Assemblywoman Spiegel had some questions about the marijuana-related taxes. She said she knew from visiting a medical marijuana facility in her district during the interim that there were still federal banking and credit card matters for the businesses, and banking could not be performed because of federal law. She wondered what effect federal regulations would have on the state's ability to collect revenues from marijuana businesses. Assemblywoman Spiegel also asked whether there been any thought about what would happen if the federal government cracked down and accused the state of money laundering.

Ms. Contine acknowledged that the banking matter was a concern. From the perspective of the Department of Taxation, it meant collecting cash, which meant more time for employees to process. There were special procedures in place and security would be enhanced at counters in anticipation of collecting more cash. Regarding the money laundering, Ms. Contine had not heard anything about that, and she pointed out there were now more states that had legalized marijuana than there were three months ago. The Department would have to wait and see how things were handled at the federal level.

Assemblywoman Diaz asked for a definition of revenue and further asked how the Live Entertainment Tax fit into the revenue picture.

Ms. Contine said the Live Entertainment Tax was one of the taxes the Department collected under the "other taxes" category. She pointed out that all taxes collected by the Department of Taxation were listed on page 5 of [Exhibit J](#).

Chair Carlton called for public comment and seeing none, adjourned the meeting at 3:38 p.m.

RESPECTFULLY SUBMITTED:

Anne Bowen
Committee Secretary

APPROVED BY:

Assemblywoman Maggie Carlton, Chair

DATE: _____

Senator Joyce Woodhouse, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a copy of a PowerPoint document titled "Nevada Department of Tourism and Cultural Affairs Pre-Session Budget Hearing, February 1, 2017," presented by Claudia Vecchio, Director, Department of Tourism and Cultural Affairs, and other staff.

[Exhibit D](#) is a document titled "DCNR Pre-Session Budget Overview, dated February 1, 2017," presented by Bradley Crowell, Director, State Department of Conservation and Natural Resources (DCNR), and other DCNR staff.

[Exhibit E](#) is a copy of a PowerPoint document titled "Nevada Department of Wildlife, FY 2018-2019 Biennial Budget Governor Recommends GO1," presented by Tony Wasley, Director, Department of Wildlife and other staff.

[Exhibit F](#) is a document titled "Legislative Commission's Budget Subcommittee," submitted by Jim R. Barbee, Director, State Department of Agriculture.

[Exhibit G](#) is a document titled "Nevada Department of Agriculture, 2016-17 Biennial Report, submitted by Jim R. Barbee, Director, State Department of Agriculture.

[Exhibit H](#) is a document titled "Nevada Food and Agriculture, State of Nevada," submitted by Jim R. Barbee, Director, State Department of Agriculture.

[Exhibit I](#) is a document titled "Nevada Department of Agriculture, SB 503 Breakfast After the Bell," submitted by Jim R. Barbee, Director, State Department of Agriculture.

[Exhibit J](#) is a document titled "Department of Taxation, 2017-2019 Biennium Budget Overview," submitted by Deonne E. Contine, Executive Director, Department of Taxation.