

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

**Seventy-Ninth Session  
May 16, 2017**

The Committee on Ways and Means was called to order by Chair Maggie Carlton at 6:12 p.m. on Tuesday, May 16, 2017, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4404B 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](http://www.leg.state.nv.us/App/NELIS/REL/79th2017).

**COMMITTEE 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

**GUEST LEGISLATORS PRESENT:**

Assemblyman Keith Pickard, Assembly District No. 22  
Assemblyman Tyrone Thompson, Assembly District No. 17

**STAFF MEMBERS PRESENT:**

Cindy Jones, Assembly Fiscal Analyst  
Sarah Coffman, Principal Deputy Fiscal Analyst  
Carmen Neveau, Committee Secretary  
Lisa McAlister, Committee Assistant

Minutes ID: 1167



Chair Carlton asked the committee assistant to call roll. Following roll call, Chair Carlton opened the hearing for public comments and hearing no public comments, the Chair opened the work session.

**Assembly Bill 498: Makes an appropriation to the Division of Emergency Management of the Department of Public Safety for a joint field office to work with the Federal Emergency Management Agency on certain flood reimbursements. (BDR S-1172)**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented Assembly Bill (A.B.) 498 for Committee consideration. This bill made an appropriation to the Division of Emergency Management, Department of Public Safety, for a joint field office to work with the Federal Emergency Management Agency (FEMA) on certain flood reimbursements. This bill was heard on May 12, 2017, and Caleb S. Cage, Chief, Division of Emergency Management and Homeland Security Advisor, presented the bill. The bill provided a one-time appropriation of \$351,938 to set up a joint field office to work with FEMA and assist those affected by the floods in January and February 2017. Ms. Jones stated that another bill, A.B. 495, was approved by the Committee on May 10, 2017, for a supplemental appropriation for the same purpose in the current fiscal year. Both of these bills, she noted, provided funding for staffing resources in the joint field office with six temporary employees. There were no amendments to A.B. 498 and no testimony, other than Mr. Cage, in support of, in opposition to, or neutral on the bill.

Chair Carlton asked the Committee members for any questions. Hearing no questions, she asked for a motion to do pass A.B. 498.

ASSEMBLYMAN SPRINKLE MADE A MOTION TO DO PASS  
ASSEMBLY BILL 498.

ASSEMBLYMAN OSCARSON SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Anderson, Benitez-Thompson, and Frierson were not present for the vote.)

Chair Carlton asked Assemblyman Sprinkle to handle the floor statement for this bill.

**Assembly Bill 500: Makes an appropriation to the Account for the Governor's Portrait for the preparation and framing of a portrait of Governor Brian Sandoval. (BDR S-1190)**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented Assembly Bill (A.B.) 500 for Committee consideration. This bill provided \$25,000 to the account for the Governor's Portrait. Ms. Jones explained that this appropriation was to prepare and frame a portrait of Governor Brian Sandoval, effective July 1, 2017. Michael J. Willden, Chief of Staff, Office of the Governor, presented the bill,

and Chair Carlton stated that no other testimony was provided. No amendments had been provided.

Chair Carlton asked whether there were any Committee questions on A.B. 500, and hearing no questions, she asked for a motion.

ASSEMBLYMAN OSCARSON MADE A MOTION TO DO PASS  
ASSEMBLY BILL 500.

ASSEMBLYMAN SPRINKLE SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Anderson and Benitez-Thompson were not present for the vote.)

Chair Carlton asked Assemblyman Oscarson to handle the floor statement for this bill.

**Assembly Bill 502: Makes an appropriation to the Account for Pensions for Silicosis, Diseases Related to Asbestos and Other Disabilities. (BDR S-1192)**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented Assembly Bill (A.B.) 502 for Committee consideration. This bill provided an appropriation to the Account for Pensions for Silicosis, Diseases Related to Asbestos and Other Disabilities. Ms. Jones explained that this was a one-time appropriation of \$80,000 to this account, which currently had a balance of \$15,151. The Office of the State Treasurer had testified on this bill, and as discussed in the bill hearing, this bill contained reversionary language. In the past, unspent amounts had balanced forward. She noted that if the Committee wanted, an amendment could be made to the bill to remove the reversionary language.

Chair Carlton added that she believed an amendment to remove the reversionary language would be appropriate for this bill. The Chair asked for any questions from the Committee members, and there were no questions. The Chair requested a motion.

ASSEMBLYWOMAN TITUS MOVED TO AMEND AND DO PASS  
ASSEMBLY BILL 502.

ASSEMBLYMAN SPRINKLE SECONDED THE MOTION.

THE MOTION PASSED. (Assemblyman Anderson was not present for the vote.)

Chair Carlton asked Assemblywoman Titus to handle the floor statement for this bill.

The Chair closed the work session and opened the hearing on Assembly Bill 130 (1st Reprint).

**Assembly Bill 130 (1st Reprint): Revises various provisions relating to guardianships.  
(BDR 13-524)**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented Assembly Bill (A.B.) 130 (1st Reprint), for Committee consideration. This bill made changes governing guardianships, including the creation of the State Guardianship Compliance Office, and the position of the State Guardianship Compliance Officer who was appointed by the Nevada Supreme Court and served at the pleasure of the Court. The State Guardianship Compliance Officer, Ms. Jones said, was authorized to hire two accountants and two investigators to provide services. The fiscal note, she said, was related to those positions. Fiscal Analysis Division staff had received an amendment to the fiscal note that staggered the starting dates for some of the positions, and the request was therefore reduced from \$1.2 million over the biennium to approximately \$954,000 over the biennium.

Assemblyman Michael C. Sprinkle, Assembly District No. 30, presented A.B. 130 (R1). This bill was intended to address one of the many recommendations from the Commission to Study the Administration of Guardianships in Nevada's Courts. The specific recommendation was to create a statewide guardian ombudsman and the associated costs. He turned the presentation over to The Honorable James W. Hardesty, Associate Chief Justice, Nevada Supreme Court.

The Honorable James W. Hardesty, Associate Chief Justice, Nevada Supreme Court, noted that he had chaired a commission that studied guardianship reforms in Nevada. He was sure that the members of Legislature had heard stories about abuses in the guardianship system, and he noted that numerous reforms had been recommended, including A.B. 130 (R1) and A.B. 319, Senate Bill (S.B.) 360, and S.B. 433. A key component of the Guardianship Commission's recommendations was the intent to strengthen the judicial system's ability to investigate abuses and to be proactive in the required filings for guardianship proceedings. Testimony was taken nationwide, he explained, and best practices nationwide had been reviewed. One of the Guardianship Commission's recommendations was to model an approach used in Florida. In Florida, investigators and accountants were assigned to multiple judicial districts. This was possible, he said, because investigators and accountants were not required for every case (most guardianship cases involved people who were indigent). For those cases that required investigators and accountants, the commission proposed a team approach that would be available to provide services to all of the judicial districts in Nevada after an assessment of the filings and work needs. The team approach, he concluded, would be a great benefit to guardianships. Money had been appropriated to the Office of the Attorney General to prosecute guardianship crimes, and this team would focus on preventing guardianship crime or stopping guardianship crime early before anyone was seriously injured.

Justice Hardesty said that with experts available to the Administrative Office of the Courts (AOC), the investigators and accountants could be assigned to any county in Nevada to help facilitate the investigations and to provide accounting and auditing services that would enable

a judge to make informed decisions. The fiscal notes in the bill had been addressed, he noted.

Chair Carlton noted that she was more concerned with the state fiscal note than the county notes. The Chair asked Committee members for questions.

Assemblywoman Titus asked how the definitions for incompetence and incapacitation were determined, because someone could be incapacitated for a short time, but incompetent for a longer time. Justice Hardesty said that a subcommittee of physicians, psychologists, and lawyers had determined the definitions because the statutory language did not connect with the medical community. One of the recommendations from the Guardianship Commission was to change "incompetency" to "incapacitated." The theory behind guardianship, he said, was to appoint a guardian for the nature of the incapacity. Not everyone was fully incapacitated. Many people might need assistance with medications or writing checks, but did not warrant full guardianship.

Hearing no other questions, Chair Carlton asked whether there was anyone else to testify in support of A.B. 130 (R1).

Jon Sasser, Esq., Statewide Advocacy Coordinator, Washoe Legal Services, and representing Legal Aid Center of Southern Nevada, Washoe Legal Services, and the Southern Nevada Senior Law Program, testified in support of A.B. 130 (R1).

Chair Carlton asked whether there was anyone else in support of A.B. 130 (R1). Hearing no response, she asked whether anyone was opposed to or neutral on A.B. 130 (R1). Hearing no response, she closed the hearing on A.B. 130 (R1).

**Assembly Bill 278 (1st Reprint): Revises provisions relating to the support of children. (BDR 11-892)**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented Assembly Bill (A.B.) 278 (1st Reprint) for Committee consideration. This bill created a committee to review existing child support guidelines established in Nevada and to provide recommendations to the Administrator of the Division of Welfare and Supportive Services, Department of Health and Human Services (DHHS), relative to amending those guidelines. A fiscal note had been submitted by the Division of Welfare and Supportive Services for \$61,826 in fiscal year (FY) 2019 including \$18,076 for travel and \$43,750 in operating costs. The DHHS indicated on the bill draft request (BDR) that these costs were related to section 8, subsection 6 and could be covered in current program funding, thereby reducing funding available to other program operations. It was unclear whether additional resources were needed and what the effects were to programs, she concluded.

Assemblyman Keith Pickard, Assembly District No. 22, presented A.B. 278 (R1). As background information, he explained that Nevada participated with 49 other states and the

District of Columbia in a system of child support enforcement. A federal program, Social Security Act Title IV, Part D, Child Support and Establishment of Paternity, funded the majority of the child support enforcement efforts throughout Nevada. One of the requirements of the Social Security Act Title IV, Part D program was to review the child support guidelines regularly and make revisions as necessary. Nevada ensconced the child support guidelines in statute, he noted, so the review was more difficult. The review had to be done every two years, and the majority of the legislators had to agree with the changes. Over the past many years, he stated, the review had not been successful. This bill would move the guidelines from statute to regulations where the process would be streamlined and made more straightforward and more responsive. If this change was not executed, Mr. Pickard believed the Title IV, Part D program funds would be in jeopardy and the loss would be catastrophic to the efforts to collect child support.

The Honorable James W. Hardesty, Associate Chief Justice, Nevada Supreme Court, noted that he was surprised when the Family Law Section of the State Bar of Nevada approached him about a concern of the group. Nevada had not fulfilled its obligations under the federal statutes outlined by Assemblyman Pickard because Nevada had not conducted a child support guideline review in over 22 years. Nevada, he said, was already in jeopardy of losing federal funding, and at the group's request, Justice Hardesty formed a commission to study the matter [Supreme Court Commission to Study Child Support Guideline Review and Reform]. The commission found that the best approach was to form a child support guideline committee composed of stakeholders who would be expected to make the Nevada guidelines current and keep them current. Members of the Senate and Assembly would sit on the committee, he said, as well as key stakeholders in Nevada.

The fiscal note, Justice Hardesty said, was associated with the meeting costs for the proposed Committee to Review Child Support Guidelines. He noted that the committee's recommendations would go to the Administrator of the Division of Welfare and Supportive Services, Department of Health and Human Services, who would then present the findings to the Legislature for review and approval. Once the guidelines were approved by the committee and by the Legislature, he concluded, the current statutory scheme for child support decisions and the factors to be considered by judges when awarding child support would be replaced with the new guidelines.

Nova Murray, Deputy Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, stated that Assemblyman Pickard and Justice Hardesty were correct. The cost of travel to ensure participants were reimbursed for meetings, and the associated operating expenses for meeting rooms and other items to facilitate the meetings, were included in the program. The agency, she said, was already planning the meetings and was looking at videoconferencing as a way to reduce the expenses in the future.

Chair Carlton asked whether the fiscal note was absorbed, and Ms. Murray said it was. Chair Carlton asked about the funding source for this effort, and Ms. Murray said incentive funding would be used. Ms. Murray said the incentive funding was used to supplement the

program, and there was adequate funding to cover the fiscal note. The fiscal note was then determined to be moot by Chair Carlton and Ms. Murray.

Chair Carlton asked the Committee members for any questions, and hearing no questions, she asked for anyone else in support of A.B. 278 (R1). Hearing no response, she asked whether anyone was in opposition to or neutral on A.B. 278 (R1). There was no one. Chair Carlton closed the hearing on A.B. 278 (R1).

**Assembly Bill 447 (1st Reprint):   Revises provisions relating to Victory schools.  
(BDR S-717)**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented Assembly Bill (A.B.) 447 (1st Reprint) for Committee consideration. This bill continued the Victory Schools Program for the upcoming biennium. The Act, she noted, would become effective upon passage and approval. This bill was a budget implementation bill. The bill extended the duration of the Victory Schools Program and was related to decision unit Enhancement (E) 277 in budget account 2699. Decision unit E-277 was for \$10 million in FY 2018 and \$20 million in FY 2019 and was scheduled to be closed before the Subcommittees on K-12/Higher Education/CIP on May 18, 2017.

Assemblyman Tyrone Thompson, Assembly District No. 17, presented A.B. 447 (R1). He explained that there was a need to continue the Victory Schools Program. Because student performance was directly tied to income, the 35 Victory schools in Nevada were identified in the lowest-income zip codes. The program was unique because the community members built a plan with each school. This improved parental engagement, provided buy-in from community members, and provided extra support that some students needed.

Chair Carlton clarified that this bill was a budget implementation bill and extended the program through the 2017-2019 biennium. The Chair asked whether there were any questions from Committee members, and hearing no other questions, she asked whether there was any testimony in support of A.B. 447 (R1).

Ruben R. Murillo, Jr., President, Nevada State Education Association (NSEA), testified in support of A.B. 447 (R1). He asked Committee members to think about what was good about public schools. He asked Committee members to look at the successes of the Zoom Schools Program and the Victory Schools Program and he pointed to the successes in these programs. He noted that NSEA supported the continued investment and expansion of Victory schools.

Ed Gonzalez, Lobbyist and Policy Analyst, Clark County Education Association, testified that the Clark County Education Association was in support of A.B. 447 (R1). He noted that section 1, subsection 2, paragraph (h), which allowed for wraparound services, was consistent with Assembly Bill 70 which allowed redevelopment funds to be used for wraparound services and educational facilities. In closing, he stated that he supported A.B. 447 (R1).



Steve Canavero, Ph.D., Superintendent of Public Instruction, Department of Education, expressed his support for A.B. 447 (R1).

Lindsay Anderson, Government Affairs Director, Washoe County School District, stated that she supported A.B. 447 (R1). The bill extended an important program, she said, and the organization had worked with the sponsor for small modifications to the bill. The Victory schools in the Washoe County School District, she added, included the Bailey Charter Elementary School that had students and staff visiting the Legislature today.

Jessica Ferrato, representing the Nevada Association of School Boards and the Nevada Association of School Superintendents, said that she looked forward to the expansion of Victory schools in the state and supported A.B. 447 (R1).

Nicole Rourke, Associate Superintendent, Clark County School District, stated that there were 24 Victory schools in Clark County, two of which were charter schools. For the 24 schools in Clark County, she said, there were increases in the English language arts scores and math scores. The program benefited the average students and provided needed resources.

Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro Chamber of Commerce, stated that the Chamber continued to support Victory schools and was in support of A.B. 447 (R1).

Chair Carlton asked whether there was anyone else in support of A.B. 447 (R1). Hearing no response, she asked whether anyone was in opposition to or neutral on A.B. 447 (R1). Hearing no response, she closed the hearing on A.B. 447 (R1).

**Assembly Bill 471 (1st Reprint): Creates the Nevada Office of Cyber Defense Coordination. (BDR 43-917)**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented Assembly Bill (A.B.) 471 (1st Reprint) for Committee consideration. This bill created the Nevada Office of Cyber Defense Coordination in the Department of Public Safety. This was a budget implementation bill, she said. The Governor recommended creating the office to address critical statewide public safety cyber risks and vulnerabilities. The Governor's recommendation was supported by State General Fund appropriations of 876,365 over the 2017-2019 biennium. This recommendation, she explained, was approved by the Subcommittees on Public Safety, Natural Resources, and Transportation on May 8, 2017, and would be considered by the full committees on May 17, 2017.

Chair Carlton asked for anyone in support of A.B. 471 (R1).

Daniel H. Stewart, General Counsel, Office of the Governor, explained that this was an important bill for the Governor because it would track cyberdefense expenditures in the state for the first time in Nevada's history. The major components in the effort, he continued,



included \$876,365 [funding in budget, not bill] for the establishment of the Nevada Office of Cyber Defense Coordination and four positions including a chief coordinator to work with various state agencies, as well as a State General Fund loan of \$2.5 million [in budget] for the Division of Enterprise Information Technology Services (EITS), Department of Administration, to help with a software upgrade and to prepare for cyberdefense matters.

Chair Carlton asked Committee members for any questions for Mr. Stewart. Assemblywoman Titus noted that with the Korea situation, the initiation of this effort was none too soon in her opinion.

Hearing no other questions or comments, Chair Carlton asked whether there was anyone else in support of A.B. 471 (R1).

Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro Chamber of Commerce, stated that the Chamber had supported this bill in the policy committee and supported the budget allocation for A.B. 471 (R1).

Peggy Lear Bowen, a private citizen from Reno, recalled when newspapers were allowed to print a great deal of information about public service employees, even people who did not have computers were hacked. These people were then subject to identity theft because of relationships with the Public Employees' Benefits Program and Public Employees' Retirement System. When it was determined that different scams were based out of Canada, she contacted the Office of the Attorney General in Nevada who provided Ms. Bowen with the phone number for the Office of the Attorney General in Texas, who put her in contact with Canadian officials. Class action suits, she said, were then threatened against Canada as the home base for these fraud schemes. The proposed Office of Cyber Defense Coordination, she stated, would provide a place for people to go with complaints, and an office that would then pursue the complaints with an authoritarian voice. This bill helped to protect those who were being attacked, she concluded.

Chair Carlton asked whether there was anyone else in support of A.B. 471 (R1). Hearing no response, she asked whether there was anyone in opposition to or neutral on A.B. 471 (R1). Hearing no response, she closed the hearing on A.B. 471 (R1).

**Assembly Bill 472 (1st Reprint): Establishes policies for reducing recidivism rates and improving other outcomes for youth in the juvenile justice system. (BDR 5-918)**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented Assembly Bill (A.B.) 472 (1st Reprint) for Committee consideration. This bill created the Juvenile Justice Oversight Commission designated as the state advisory group on juvenile justice and provided for the duties and functions of that entity. The Division of Child and Family Services, Department of Health and Human Services, was required to establish an evidence-based program resource center and the Division and each local department of juvenile justice services [Chapter 62G of the *Nevada Revised Statutes*] was to develop and execute family engagement plans to increase participation of the family of

a child who was subject to the jurisdiction of the juvenile courts. This was a budget implementation bill, she noted, and she referenced budget account 1383, decision unit Enhancement (E) 737. This bill was supported by State General Fund appropriations of \$1.5 million over the biennium. This budget, she stated, would be closed in the Subcommittees on Human Services on May 17, 2017.

Chair Carlton asked for any comment.

Michael J. Willden, Chief of Staff, Office of the Governor, added to Ms. Jones' statements. Nevada, he said, was the only state in the nation that received a Counsel of State Government's Justice Center grant for technical assistance. A group was formed with First Lady Kathleen Sandoval serving as the Chair. Also part of the group was former Nevada Supreme Court Justice Nancy M. Saitta, and this bill, he said, was the result of the group recommendations. He noted that an amendment ([Exhibit C](#)) would be proposed because staff from the Fiscal Analysis Division, Legislative Counsel Bureau, noticed that section 8 of the bill did not align with the budget. He explained that subsection 2 of section 8 needed to be amended to provide 100 percent payment in fiscal year (FY) 2018 and a 50 percent payment in FY 2019; no state funding would be included starting with the 2019-2021 biennium.

Chair Carlton asked for any questions or comments from Committee members. Hearing no questions or comments, she noted that the bill was a budget implementation bill, and the amendment aligned with the budget.

Chair Carlton asked whether there was anyone else in support of A.B. 472 (R1). Hearing no response, she asked whether there was anyone in opposition to or neutral on A.B. 472 (R1). Hearing no response, she closed the hearing on A.B. 472 (R1).

**Assembly Bill 473 (1st Reprint): Temporarily provides for the continued inclusion of certain drugs on the list of preferred prescription drugs to be used for the Medicaid program. (BDR 38-977)**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented Assembly Bill (A.B.) 473 (1st Reprint) for Committee consideration. This bill temporarily provided for the continued inclusion of certain drugs on the preferred prescription drug list under the Medicaid program. This was a budget implementation bill, she noted, and if the bill was not passed, additional funding of \$595,722 would be needed for the Division of Health Care Financing and Policy, Department of Health and Human Services. Additional federal funding authority of \$1.7 million would be needed to support prescription costs that would change because of failure to approve the bill. The total authority, if the bill was not passed, she noted, would be \$2.3 million, of which \$595,722 would be a State General Fund appropriation.

Chair Carlton asked for any comments on A.B. 473 (R1).

Shannon Sprout, Deputy Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services, discussed A.B. 473 (R1). Since the inception of Nevada Medicaid's preferred drug list in FY 2004, certain drug classes were excluded from the preferred drug list by statute. This, she said, prevented collection of supplemental rebates. In the 26th Special Session (2010), a bill was passed to allow for typical and atypical antipsychotic, anticonvulsive, and antidiabetic medications to be included on the preferred drug list. That authorization would sunset in FY 2017. She stated that A.B. 473 (R1) would extend that sunset date to FY 2019. If the bill was not passed, there would be a fiscal consequence for the Division of Health Care Financing and Policy.

Chair Carlton stated that this was a complicated matter and asked whether there was anyone else in support of A.B. 473 (R1). Hearing no one, she asked whether anyone was in opposition to or neutral on A.B. 473 (R1). Hearing no response, she closed the hearing on A.B. 473 (R1).

**Assembly Bill 480: Authorizes the assessment of an administrative fee on certain public purchases. (BDR 27-899)**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented Assembly Bill (A.B.) 480 for Committee consideration. This bill authorized the assessment of an administrative fee on vendors of supplies, materials, equipment, and services procured by the Purchasing Division, Department of Administration. This was a budget implementation bill, she noted, that provided a revenue source to support the operating cost of a new e-procurement system included in budget account 1358, decision unit enhancement (E) 550. The bill included expenditures of approximately \$1.5 million over the 2017-2019 biennium. The new administrative fee would collect approximately \$1.65 million, with the difference going toward reserves. The recommendation was approved by the full money committees on May 15, 2017.

Chair Carlton asked for any comments or questions on A.B. 480.

Jeff Haag, Administrator, Purchasing Division, Department of Administration, explained that as Ms. Jones said, this bill proposed changes to *Nevada Revised Statutes* (NRS) 333.313 that allowed the purchasing administrator to assess an administrative fee. The fee, he stated, would not be assessed on "one-off" contracts to meet a specific agency need, but would instead be assessed on "good-of-the-state" contracts that represented a statewide need. The fee would pay for and support an online bidding or e-procurement system to provide automated procurement support and analytics for the Purchasing Division. All state agencies and local governments would have access to the majority of the system features at no additional cost should local governments choose to adopt the system. In fiscal year (FY) 2016, he continued, the Purchasing Division facilitated more than 250 solicitations resulting in hundreds of contracts representing more than \$430 million in State General Funds. This contracting was handled in a manual environment. The e-procurement system would allow the state to ensure consistency and uniformity in all solicitations and contracting processes, which did not exist at this time.

Mr. Haag noted that in recommending this legislation, Nevada was following the lead of 30 other states which had instituted similar fees. The specific fee language proposed was currently in NRS 334.025, which allowed the Department of Employment, Training and Rehabilitation to assess a fee on vendors in the preferred purchase program. Although the bill authorized a fee of up to 4 percent, he noted, a fee of only 1 percent would be assessed on the "good-of-the-state" contracts.

The e-procurement system, according to Mr. Haag, was a complementary component to Nevada's enterprise resource planning (ERP) project. Based on the larger ERP project, e-procurement would be initiated and executed in a phased approach with the integration to the financial system as part of phase 2.

Chair Carlton asked for any questions or comments from the Committee.

Assemblywoman Titus stated that the purpose of the fee was to collect data. She asked whether that data showing where the money was going would then be reported back to the legislative body.

Mr. Haag replied that the fee would pay for the e-procurement solution. That piece of technology would then allow the Purchasing Division to provide detailed spending analytics in a reporting environment that would be shared with legislative members and others.

Assemblywoman Bustamante Adams asked whether small-business vendors would pay the same fees as larger suppliers. Mr. Haag replied that potentially this fee would be levied against small-business owners, depending on the small businesses' ability to compete and win a contract award for a statewide need. He stated that it was difficult to estimate the number of small businesses that might be eligible for a "good-of-the-state" contract. These contracts, he explained, were large contracts and affected more nationwide vendors than small-business owners. He did note that the potential existed for small businesses to be assessed fees; however, the language in the bill allowed for the negotiation of fees, when warranted.

Assemblyman Edwards asked whether a direct appropriation from the State General Fund might be a better alternative. He believed that assessing a fee was complicated because vendors would increase their bids to cover the fee, leaving taxpayers to fund the increase.

Mr. Haag explained that Assemblyman Edwards' method was certainly a solution. He chose to use the route the majority of other states had pursued largely because it was accepted in the vendor community. Vendors recognized the efficiencies that would be gained, and vendors acknowledged greater insight, greater access, and greater transparency for Nevada business opportunities. Vendors were willing to pay to receive these benefits. He believed that it was possible, but presumptuous, to assume the fee would be an absolute pass-through of the 1 percent on contracting opportunities. Vendors involved in discussions contemplated the legislation and saw the value in paying a nominal "rebate," recognizing that Nevada wanted to consolidate the collective spending efforts around one technology solution. Upon

full execution, the e-procurement system would have the ability to serve up solicitation opportunities not only for Executive Branch agencies but for all agencies.

Assemblyman Edwards asked Mr. Haag for the overall cost of the e-procurement software and whether the fee would sunset once the system was funded.

Mr. Haag said that the first phase of the project was roughly \$1 million in FY 2018 and \$450,000 in FY 2019. The ongoing subscription costs of the system would be \$300,000. If excess funds were received, he explained, the requirement could sunset and vendors could be provided with a fee holiday. There was also a possibility that excess funds could be used to grow functionality in the technology solution, or the excess funds could be used to offset some agency assessments currently paid to the Purchasing Division.

Chair Carlton asked whether the new system could be queried to determine how many small businesses bid on contracts and whether the small businesses were Nevada businesses.

Mr. Haag replied that the system would provide that data and that ability was one of the key elements in the new system.

Chair Carlton asked whether there was anyone else in support of A.B. 480.

Bryan Wachter, Senior Vice President, Public and Government Affairs, Retail Association of Nevada, stated that he was in favor of the bill, and increased information technology abilities in any agency would be supported. He asked for a mechanism to ensure the fees were user fees and used only to operate and maintain the system. Any extra funds should revert, he said, unlike the Office of the Secretary of State's fees that were diverted to other uses.

Chair Carlton asked whether there was anyone else in support of A.B. 480. Hearing no one, she asked whether anyone was in opposition to or neutral on A.B. 480.

Peggy Lear Bowen, a private citizen from Reno, stated that she hoped that any actions affecting vendors did not include the Public Employees' Benefits Program (PEBP) activities for insurance negotiations. She felt that PEBP should be kept as a separate entity because insurance was a different animal, and the negotiation process was different. By keeping the PEBP entity separate, PEBP could get a bigger bang for its buck for Nevada, she explained. The Purchasing Division process was intended for different departments seeking different types of products, she explained.

Ms. Bowen stated that PEBP already had a monitoring system that provided the same information with no assessment fee. Before the meeting, she had asked whether this bill included PEBP, and she was told PEBP was included, so she asked Committee members to remember that an insurance purchase was a different animal than the purchase of typewriters and computers.

Chair Carlton asked Mr. Haag whether PEBP was included in the bill, and he confirmed that all agencies were included. It was paramount, he said, that the technology solution encompassed all departments and divisions in the Executive Branch of government. He recalled that Audit Report No. C16-01, dated June 2016, "State Procurement Process I," noted that Nevada's procurement and contracting process lacked consistency and proper oversight in review. The e-procurement system, he noted, would address that finding. There had been inconsistencies in how PEBP handled procurements, and to maintain consistency and continuity of the procurement laws, all agencies must use the same system.

Hearing no one else neutral on A.B. 480, Chair Carlton closed the hearing on A.B. 480.

**Assembly Bill 483: Revises provisions governing the Program to Encourage and Facilitate Purchases by Agencies of Commodities and Services From Organizations. (BDR 27-911)**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented Assembly Bill (A.B.) 483 for Committee consideration. This bill revised provisions governing the Program to Encourage and Facilitate Purchases by Agencies of Commodities and Services From Organizations. This bill sought to move the preferred purchasing program from the Rehabilitation Division, Department of Employment, Training and Rehabilitation (DETR), to the Purchasing Division, Department of Administration. The program transfer from DETR was approved by the Subcommittees on Human Services on May 10, 2017, and the program transfer to the Department of Administration was approved by the Subcommittees on General Government on April 28, 2017. The DETR accounts, she said, would be closed by the full Committee on May 20, 2017; however, the full Committee had approved the transfer to the Department of Administration and those account closings on May 15, 2017. The only piece of the transfer left to be approved by the money committees, she explained, was the review of the DETR budget reports.

Shelley Hendren, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation, provided written testimony ([Exhibit D](#)) and stated that the preferred purchase program allowed government entities to contract for goods and services from nonprofit organizations in which 75 percent of the billable labor was performed by persons with disabilities. Under those circumstances, the preferred purchase program was granted an exception to the competitive bid process. She noted that 24 states had this form of a state use program, and several states housed the program in their state purchasing divisions. In Nevada, the Rehabilitation Division was established as the oversight agency for the program although the statutes governing the program were in the Purchasing Division's statutes. Further, the Rehabilitation Division did not place clients from its Vocational Rehabilitation program in employment with the nonprofit entities for preferred purchase contracts. This option was not pursued, as it would conflict with federal laws that governed Nevada's Vocational Rehabilitation programs.

Ms. Hendren specified that Title IV of the Workforce Innovation and Opportunity Act (WIOA) required that Vocational Rehabilitation programs only place clients in competitive,

integrated employment. Most of the work performed under the preferred purchase contracts did not meet the federal definition of competitive, integrated employment.

The preferred purchase program, according to Ms. Hendren, was a self-funded program. Nonprofit organizations were charged a 1 percent fee for participation, and the fee funded staff time and marketing materials to facilitate the administration of the program. There were 119 preferred purchase contracts for \$764,440. She noted that the bill would transfer the statutory authority to oversee and promote the preferred purchase program from the Rehabilitation Division to the Purchasing Division.

Chair Carlton asked the Committee members for any questions or comments, and hearing none, she asked whether anyone was in support of A.B. 483.

Jeff Haag, Administrator, Purchasing Division, Department of Administration, stated that he supported this bill, and the move of the program to the Purchasing Division, Department of Administration, was a good fit.

Chair Carlton asked for any questions or comments on A.B. 483, and hearing no questions or comments, she asked whether there was anyone else in support of A.B. 483. Hearing no one, she asked whether anyone was in opposition to or neutral on A.B. 483. Hearing no response, she closed the hearing on A.B. 483.

**Assembly Bill 484 (1st Reprint): Revises provisions relating to the Commission on Postsecondary Education. (BDR 34-912)**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented Assembly Bill (A.B.) 484 (1st Reprint) for Committee consideration. This bill moved the Commission on Postsecondary Education from the Department of Education to the Employment Security Division, Department of Employment, Training and Rehabilitation (DETR). The budget for the Commission on Postsecondary Education was closed by the full Committee on May 6, 2017, when the move was recommended. The DETR budget would be approved on May 20, 2017, as the last piece of the program transfer. This was a budget implementation bill, she noted.

Chair Carlton asked whether anyone was in support of A.B. 484 (R1). Don Soderberg, Director, Department of Employment, Training and Rehabilitation (DETR), explained that this bill was part of the Governor's workforce reorganization plan. The Workforce Innovation and Opportunity Act (WIOA) regulation used by DETR through its workforce investments support services group was similar to the work the Commission on Postsecondary Education did for private trainers. Members of the public, he explained, wanted to be trained to be competitive in the modern workforce. Whether the training was paid for by the person, whether the training was funded with financial aid, or whether the training was provided through a local workforce board did not matter. The work performed by trainers was very similar. Where the work was a little different, Mr. Soderberg acknowledged, was that DETR regulated the training companies, and the effect was felt by



the public when the training companies went out of business or left Nevada for another location. At that point, the Commission on Postsecondary Education had to secure transcripts and deal with the members of the public who were in mid-training. Three major schools had closed recently in Nevada, and when that happened, all other work, including budget preparation, bill work, and personnel matters had to stop. These were emergency situations where the public must be dealt with before any other work. He believed that assigning the Commission on Postsecondary Education to DETR in the Employment Security Division would provide additional administrative support for the emergency situations that might not be available elsewhere. Any synergies that might be identified from the joining of the two groups, he concluded, would be brought back to the attention of the Legislature.

Chair Carlton wondered about the discussion point to eliminate a public member to allow a new deputy administrator position to be added to the Commission. She felt that it was always good to have public members on Commissions, so she asked whether Mr. Soderberg had considered adding another position to the Commission.

Mr. Soderberg introduced Kelly Wuest, Administrator, Commission on Postsecondary Education, whom he asked to provide an answer to the question. Ms. Wuest said that the Office of the Governor had recommended structuring the Commission in the same manner as other boards. The elimination of a member of the public from the Commission had not been originally proposed by the Commission on Postsecondary Education.

Chair Carlton stated that an unclassified position remained unclassified until a new person was hired into the position unless the incumbent voluntarily requested the change in designation. She asked Mr. Soderberg whether her understanding was correct.

Mr. Soderberg said that the position was classified now; the incumbent in that position had the option to become unclassified or to retain the classified status until the position became vacant. At that time, he said, the position would become unclassified.

Chair Carlton asked the Committee members for any questions. Hearing no questions, she asked whether there was anyone else in support of, in opposition to, or neutral on A.B. 484 (R1). Hearing no response, she closed the hearing on A.B. 484 (R1).

**Assembly Bill 486 (1st Reprint): Revises provisions governing the distribution of the governmental services tax. (BDR 43-978)**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented Assembly Bill (A.B.) 486 (1st Reprint) for Committee consideration. This bill revised the provisions to allow for a portion of the governmental services tax associated with a change in the vehicle depreciation schedule. The change, she said, was to allow 25 percent of the proceeds that would normally go to the State Highway Fund to go instead to the State General Fund for each year of the 2017-2019 biennium. As included in the

Governor's recommended budget, this bill would place approximately \$19,222,000 in fiscal year (FY) 2018 and \$19,483,500 in FY 2019 into the State General Fund.

Chair Carlton asked whether this bill was specific only to the 2017-2019 biennium, and Ms. Jones said that the bill was amended to sunset the provision at the end of the 2017-2019 biennium.

James R. Wells, CPA, Director, Office of Finance, Office of the Governor, explained that A.B. 486 (R1) was a continuation of a transfer of governmental services tax to the State General Fund. He stated that Senate Bill (S.B.) 429 of the 75th Session (2009) changed the depreciation schedules for all vehicles. The change allowed vehicles to depreciate more slowly and therefore generate additional revenues. From FY 2009 through FY 2013, that money went to the State General Fund, and then in FY 2014, 100 percent of the monies would go to the State Highway Fund. The deadline was extended in FY 2013, he noted, to allow the funds to be deposited in the State General Fund for an additional two years. In FY 2015, it was again extended for an additional two years, with 100 percent of the funds going to the State General Fund in FY 2016, and 50 percent of the funds going to the State General Fund and 50 percent of the funds going to the State Highway Fund in FY 2017. In FY 2017, this extension was generating over \$38 million for the State General Fund.

This bill, Mr. Wells noted, would allow 25 percent of the funds to go to the State General Fund and the remaining 75 percent to go to the State Highway Fund. This bill would generate \$19.3 million and \$19.5 million for the State General Fund for FY 2018 and FY 2019, respectively. As amended, the bill would sunset on June 30, 2019.

Chair Carlton asked the Committee members for any questions, and hearing no questions, she asked whether anyone was in support of, in opposition to, or neutral on A.B. 486 (R1). Hearing no response, she closed the hearing on A.B. 486 (R1).

**Assembly Bill 489: Revises provisions relating to the Revolving Account for Land Management. (BDR 26-907)**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented Assembly Bill (A.B.) 489 for Committee consideration. This bill made a \$200,000 appropriation to the Revolving Account for Land Management. The bill also changed the threshold through which an additional appropriation or allocation could be made from the Interim Finance Committee Contingency Account to this fund. The previous threshold, she said, was \$5,000. When the balance dropped below \$5,000, the Contingency Account funds could be accessed. This bill would change the threshold to \$20,000. The revolving account was not included in the Appropriations Act; however, the funds were included in The Executive Budget, so this was a budget implementation bill.

Charles Donohue, Administrator, Division of State Lands, and State Land Registrar, stated that A.B. 489 was an agency-generated bill that he supported. The bill amended the language for the Revolving Account for Land Management. He provided a proposed amendment

([Exhibit E](#)) to strike subsection 2 of section 2 to maintain the revolving nature of the fund. He deferred the remaining portion of his testimony to Ms. Jones' summary.

Chair Carlton asked the Committee members for any questions, and hearing no questions, she asked whether anyone was in support of, in opposition to, or neutral on A.B. 489. Hearing no response, she closed the hearing on A.B. 489.

Chair Carlton stated that her intention was to move A.B. 278 (R1), A.B. 447 (R1), A.B. 471 (R1), A.B. 473 (R1), and A.B. 483 out of the Committee. She advised Committee members that the other bills heard would be processed later that same week. The Chair opened the work session.

**Assembly Bill 278 (1st Reprint): Revises provisions relating to the support of children.  
(BDR 11-892)**

Chair Carlton noted that the bill would be funded with incentive funds, and the fiscal note was moot. No amendment was needed. The Chair asked for a motion to do pass.

ASSEMBLYMAN SPRINKLE MADE A MOTION TO DO PASS  
ASSEMBLY BILL 278 (1ST REPRINT).

ASSEMBLYMAN OSCARSON SECONDED THE MOTION.

THE MOTION PASSED. (Assemblyman Anderson was not present for the vote.)

Chair Carlton asked Assemblyman Sprinkle to present the bill on the floor.

**Assembly Bill 447 (1st Reprint): Revises provisions relating to Victory schools.  
(BDR S-717)**

Chair Carlton noted that this was a budget implementation bill with no proposed amendments. The Chair asked for a motion to do pass.

ASSEMBLYMAN FRIERSON MADE A MOTION TO DO PASS  
ASSEMBLY BILL 447 (1ST REPRINT).

ASSEMBLYMAN OSCARSON SECONDED THE MOTION.

THE MOTION PASSED. (Assemblyman Anderson was not present for the vote.)

Chair Carlton asked Assemblywoman Diaz to present the bill on the floor.

**Assembly Bill 471 (1st Reprint): Creates the Nevada Office of Cyber Defense Coordination. (BDR 43-917)**

Chair Carlton noted that this was a budget implementation bill with no proposed amendments. She asked for a motion to do pass.

ASSEMBLYMAN OSCARSON MADE A MOTION TO DO PASS  
ASSEMBLY BILL 471 (1ST REPRINT).

ASSEMBLYMAN SPRINKLE SECONDED THE MOTION.

THE MOTION PASSED. (Assemblyman Anderson was not present for the vote.)

Chair Carlton asked Assemblyman Oscarson to present the bill on the floor.

**Assembly Bill 473 (1st Reprint): Temporarily provides for the continued inclusion of certain drugs on the list of preferred prescription drugs to be used for the Medicaid program. (BDR 38-977)**

Chair Carlton noted that this was a budget implementation bill with no amendments. She asked for a motion to do pass.

ASSEMBLYMAN SPRINKLE MADE A MOTION TO DO PASS  
ASSEMBLY BILL 473 (1ST REPRINT).

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION PASSED. (Assemblyman Anderson was not present for the vote.)

Chair Carlton asked Assemblyman Araujo to present the bill on the floor.

**Assembly Bill 483: Revises provisions governing the Program to Encourage and Facilitate Purchases by Agencies of Commodities and Services From Organizations. (BDR 27-911)**

Chair Carlton noted that this was a budget implementation bill with no amendments. She asked for a motion to do pass.

ASSEMBLYWOMAN SPIEGEL MADE A MOTION TO DO PASS  
ASSEMBLY BILL 483.

ASSEMBLYMAN OSCARSON SECONDED THE MOTION.

THE MOTION PASSED. (Assemblyman Anderson was not present for the  
vote.)

Chair Carlton asked Assemblywoman Spiegel to present the bill on the floor.

Chair Carlton acknowledged that these actions addressed what could be completed in  
a consensus mode, but members should be prepared to take action on the other bills later that  
same week.

Chair Carlton closed the work session and opened the floor to public comment.

Peggy Lear Bowen, a private citizen from Reno, cautioned that whenever a bill eliminated  
a public representative from a board or commission, she hoped the Committee members  
would put the public member back on the board or commission because the public voice  
needed to be part of the decision-making process. Not to include the public voice, she said,  
was not to have a forum by the people. Adding an extra administrative member was fine, she  
said, but she implored Committee members not to remove a public voice.

Chair Carlton asked whether there was anyone else to provide public comment, and hearing  
no one, the meeting was adjourned at 7:36 p.m.

RESPECTFULLY SUBMITTED:

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Carmen M. Neveau  
Committee Secretary

APPROVED BY:

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Assemblywoman Maggie Carlton, Chair

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

## EXHIBITS

[Exhibit A](#) is the Agenda.

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

[Exhibit C](#) is a proposed amendment to Assembly Bill 472 (1st Reprint) presented by Michael J. Willden, Chief of Staff, Office of the Governor.

[Exhibit D](#) is written testimony presented by Shelley Hendren, Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation, regarding Assembly Bill 483.

[Exhibit E](#) is a proposed amendment to Assembly Bill 489 presented by Charles Donohue, Administrator, Division of State Lands, and State Land Registrar.