

**MINUTES OF THE JOINT MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND THE
SENATE COMMITTEE ON FINANCE**

**Seventy-Ninth Session
April 6, 2017**

The joint meeting of the Assembly Committee on Ways and Means and the Senate Committee on Finance was called to order by Chair Maggie Carlton at 8:08 a.m. on Thursday, April 6, 2017, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/79th2017.

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblywoman Maggie Carlton, Chair
Assemblyman Jason Frierson, Vice Chair
Assemblyman Nelson Araujo
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Irene Bustamante Adams
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 COMMITTEE 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



COMMITTEE MEMBERS EXCUSED:

Assemblyman Paul Anderson
Assemblywoman Olivia Diaz

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
Karen Hoppe, Senior Program Analyst
Leandra Copeland, Program Analyst
Janice Wright, Committee Secretary
Lisa McAlister, Committee Assistant

After a call of the roll, Chair Carlton made some opening remarks. She asked the audience to silence their electronic devices. Individuals asked to testify should identify themselves for the record. The purpose of the joint meeting today was to close budgets.

ELECTED OFFICIALS

ELECTED OFFICIALS

SOS - HAVA ELECTION REFORM (101-1051)

BUDGET PAGE ELECTED-197

Karen Hoppe, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that budget account (BA) 1051 was for the Help America Vote Act (HAVA) of 2002. The one major closing issue in BA 1051 was the elimination of the HAVA budget and the reestablishment of positions and costs in the Office of the Secretary of State's main budget, BA 1050. The Executive Budget recommended the elimination of BA 1051 because the federal HAVA funding had ended. Two existing positions and all operating costs were recommended to be reestablished in the Office of the Secretary of State's main budget, BA 1050, and funded with State General Fund appropriations of \$2 million over the 2017-2019 biennium.

Ms. Hoppe advised that since the inception of BA 1051 in fiscal year (FY) 2003, the costs of compliance with HAVA mandates had been supported with federal funds. The federal government had not appropriated HAVA funds for election administration programs since FY 2010, and no additional HAVA funding would be provided. The remaining HAVA funding would be entirely expended by the end of FY 2017, but the mandatory minimum HAVA election administration standards, programs, and procedures remained.

Ms. Hoppe reported that the Office had not discussed cost sharing with the counties, because the requirements of HAVA were placed on the state's chief election official, who in Nevada

was the Secretary of State, per the provisions of *Nevada Revised Statutes* (NRS) 293.124. The Office of the Secretary of State had to ensure compliance with the provisions of HAVA, and the Office believed HAVA compliance funding should be provided by the state, not the counties. The counties paid for most of the election expenses in Nevada, ranging from sample ballots to poll workers.

Ms. Hoppe advised that during the February budget hearing, the money committees asked about the consequences if Nevada failed to comply with the HAVA mandates. The state would be subject to investigation fines and penalties from the federal government if Nevada failed to comply with the uniform election laws.

Ms. Hoppe explained that the Governor's recommendation included transferring two full-time-equivalent (FTE) positions to the main budget (BA 1050) of the Office of the Secretary of State. Those two FTE positions were the HAVA administrator and the HAVA program officer. In the 14 years since the federal HAVA law had passed, the administration of HAVA had become more complex and required compliance with more federal election standards and regulations. She outlined some of the responsibilities of the HAVA administrator and the HAVA program officer related to the HAVA mandates.

Ms. Hoppe added that the Elections Division had a total of eight FTE positions, including the two HAVA positions, which were fewer staff members than the election divisions in other similarly sized states in the west. If the two HAVA positions were eliminated, all duties and responsibilities under HAVA and other federal election laws would be assumed by the remaining six positions (including the Deputy for Elections) in the Elections Division, which already had full workloads. The result was the additional HAVA duties would force existing staff to leave current duties unfulfilled. One of the most significant effects would be on the campaign finance and financial disclosure programs.

Ms. Hoppe commented that the other HAVA-related costs included two existing contracts. The first contract was for the state's voting system. The only voting system certified for use in Nevada was a system that was purchased from Dominion Voting Systems (Dominion). The current Dominion contract was budgeted at \$510,000 per year in the HAVA Election Reform Budget (BA 1051), but was recommended at \$760,000 per year in the Secretary of State's budget (BA 1050), for a difference of \$250,000 per year. The costs for services and support for Clark County's portion of the voting system were omitted from the current contract. Historically, Clark County had used its own funds to purchase and maintain its portion of the voting system. The current Dominion statewide contract covered voting system costs for the other 16 counties and the Office of the Secretary of State. The \$250,000-per-year increase included in The Executive Budget was based on the assumption that Clark County would be incorporated into the next statewide contract at the same level of service provided to the other counties. Clark County believed its costs should be included in the state budget request, and the Office of the Secretary of State requested approval of \$760,000, which was included in The Executive Budget.

Ms. Hoppe added that the second contract for \$20,000 per year was with the Department of Motor Vehicles (DMV). The chief state elections official was required by HAVA to enter into agreements with the state motor vehicle authority to match information in the statewide voter registration database with information in the databases of DMV as well as the Social Security Administration (SSA). The contract would provide the expenditure authority necessary for the Office of the Secretary of State and Nevada's local election officials to perform automated and manual validations against the DMV and SSA databases.

Ms. Hoppe highlighted that State General Fund appropriations of \$984,986 in FY 2018 and \$1,047,231 in FY 2019 (included in the Secretary of State's budget) were recommended to fund the state's HAVA-associated costs, inclusive of two positions and Clark County's voting machine costs. The Governor recommended the elimination of BA 1051, and all nonpersonnel HAVA-associated expenditures should be added into BA 1050's existing categories of operating (category 04), elections, and information services (category 26). This comingling would end the current transparency that resulted from separately budgeting HAVA revenues and expenditures.

Ms. Hoppe offered the following decisions and options to the Committees for consideration of BA 1051 for the 2017-2019 biennium:

Decision 1:

Option 1: Approve the Governor's recommendation to eliminate the HAVA Election Reform budget and reestablish two existing positions and all program-operating costs, exclusive of \$250,000 per year in new funding for Clark County costs, in the Secretary of State's main budget, and fund those costs with General Fund appropriations of \$1.5 million over the 2017-2019 biennium.

Option 2: Do not eliminate the HAVA budget, as recommended by the Governor, but approve the Governor's recommendation of \$1.5 million in General Fund appropriations over the 2017-2019 biennium to fund the two existing positions and all program operating costs, exclusive of \$250,000 per year in new funding for Clark County costs.

Decision 2:

Option 1: Approve the Governor's recommendation of \$250,000 per year in additional General Fund appropriations to support Clark County voting system maintenance costs.

Option 2: Do not approve the Governor's recommendation of \$250,000 per year in additional General Fund appropriations to support Clark County voting system maintenance costs.

Ms. Hoppe clarified that if the Committees chose to maintain BA 1051, they might wish to consider renaming it HAVA Compliance, because the Office of the Secretary of State said the emphasis had shifted from reform to compliance.

Chair Carlton asked whether there were questions on those items. She understood that General Fund dollars would pay for HAVA duties. If the Committees chose option 2, more transparency would exist, and the funds could be tracked to show how the monies were spent.

Ms. Hoppe confirmed that Chair Carlton's understanding was correct. Option 2 under decision 1 would retain the HAVA budget and place the General Funds in BA 1051, and the positions and costs would remain separate from the main budget BA 1050.

Senator Kieckhefer asked whether option 2 would put additional restrictions on the duties for the two HAVA positions. The positions would be General Funded and might be used for different duties other than HAVA compliance.

Ms. Hoppe responded that once the funding source was General Fund rather than HAVA federal funds, those FTE positions were not restricted to HAVA duties as they had been under the federal HAVA funding.

Senator Kieckhefer was unsure how much additional clarity, oversight, or transparency might exist when all HAVA expenses were paid with General Funds. A separate HAVA budget made sense when federal funding paid for HAVA expenses, but now he was unsure whether any logic existed for retaining a separate HAVA budget.

Chair Carlton responded that the goal was to retain the ability to track the dollars.

Senator Kieckhefer stated that the dollars could still be tracked through the accounting system.

Chair Carlton asked for other questions or comments and, hearing none, said she would accept a motion on the budget item.

SENATOR WOODHOUSE MOVED TO APPROVE OPTION 2 OF DECISION 1 TO NOT ELIMINATE THE HAVA BUDGET, AS RECOMMENDED BY THE GOVERNOR, BUT APPROVE THE GOVERNOR'S RECOMMENDATION OF \$1.5 MILLION IN GENERAL FUND APPROPRIATIONS OVER THE 2017-2019 BIENNIUM TO FUND THE TWO EXISTING HAVA POSITIONS AND ALL PROGRAM OPERATING COSTS, EXCLUSIVE OF \$250,000 PER YEAR IN NEW FUNDING FOR CLARK COUNTY COSTS.

ASSEMBLYMAN FRIERSON SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Kieckhefer voted no.
Assemblymen Anderson and Diaz were not present for the vote.)

Chair Carlton said decision 2 for BA 1051 had two options. Decision 2 related to the \$250,000 per year of additional General Fund appropriations to support Clark County voting system maintenance costs. She understood that the other 16 counties received funding for voting system maintenance costs, and Clark County was the only county that did not receive state funding.

Ms. Hoppe confirmed that Chair Carlton's understanding was correct.

Chair Carlton asked for any questions and, hearing none, said she would accept a motion on the budget item.

SENATOR KIECKHEFER MOVED TO APPROVE OPTION 1 OF
DECISION 2 AND APPROVE THE GOVERNOR'S RECOMMENDATION
OF \$250,000 PER YEAR IN ADDITIONAL GENERAL FUND
APPROPRIATIONS TO SUPPORT THE CLARK COUNTY VOTING
SYSTEM MAINTENANCE COSTS.

ASSEMBLYMAN SPRINKLE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Anderson, Diaz, and Frierson
were not present for the vote.)

BUDGET CLOSED.

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ELECTED OFFICIALS
ELECTED OFFICIALS
SOS - SECRETARY OF STATE (101-1050)
BUDGET PAGE ELECTED-187

Karen Hoppe, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that budget account (BA) 1050 was the main budget account for the Office of the Secretary of State. There were six major closing issues, and the first major closing issue was a change in the funding source for the Securities Division. The Executive Budget recommended changing the funding source for the Securities Division's operating expenses from fees and recovery revenues to State General Fund appropriations of \$409,600 over the 2017-2019 biennium, because fees and recovery revenues were projected to be insufficient to fund operating expenses beginning in fiscal year (FY) 2018.

Ms. Hoppe explained that the operating budget of the Securities Division was currently funded with revenue received from enforcement actions authorized by *Nevada Revised Statutes* (NRS) Chapter 90. Pursuant to the provisions of NRS 90.851, originally enacted by Assembly Bill 349 of the 67th Session (1993), the revenues had to be used to pay the expenses of investigations involving securities, actions to enforce the provisions of the Securities Act, and educational programs for the public that related to the operations of the Division. The amount of funds collected from enforcement actions varied from year to year. The revenue was difficult to project because of the various types of cases that the Division might encounter and the length of time necessary to resolve those cases.

Ms. Hoppe mentioned that at the February 20, 2017, budget hearing, the money committees asked for examples of enforcement actions that resulted in fees and recovery revenues and why the amount of funds collected varied from year to year. The Office provided examples of infractions on which the Office would take enforcement actions:

- Failure to update Uniform Application for Investment Adviser Registration.
- Failure to be properly licensed as an investment advisor representative.
- Failure to properly license a branch office.
- Failure to renew a registration statement for a security sold nationally and in Nevada.

Ms. Hoppe advised that significant revenues were collected in FY 2009 through FY 2011 because of multistate settlements related to the collapse of the Auction Rate Securities (ARS) market. The significant ARS revenues received from FY 2009 through FY 2011 allowed the Office to balance forward funds over the last several fiscal years to support the Securities Division operating expenses. However, similar settlements were not anticipated for the current or upcoming biennium. Therefore, the Office anticipated that balance forward funds would be exhausted by the end of FY 2017, and fees and recovery revenues would be insufficient to support the Securities Division operating expenses from FY 2018 forward.

Ms. Hoppe provided a ten-year history of actual revenues related to securities enforcement. The ARS-related revenues received in FY 2009 through FY 2011 were significant, but the revenues declined since FY 2012 because of a general downward trend in complaints during economic expansion. The Office collected revenues from the registration and licensing of investment professionals that were deposited directly into the State General Fund in addition to the fees and recovery revenues collected from enforcement actions. Those General Fund revenue collections totaled \$27.9 million in FY 2016. After the February 20, 2017, budget hearing, the Division of Internal Audits, Office of Finance, Office of the Governor, issued an audit report with the following recommendation:

Modifying statute to exclude penalties and fines from funding enforcement operations will ensure greater transparency and eliminate potential conflicts of interest. The administrator is given recommendations from investigative staff

for penalties and fines; however, the administrator has final determination of penalties and fines for enforcement cases and has knowledge of the division's operating costs. Consequently, this may present a conflict of interest as the administrator has the authority to impose penalties and fines to cover enforcements operating costs.

Ms. Hoppe noted that the Governor's recommendation to change the funding source for the Securities Division's operating expenses from fees and recovery monies to General Fund appropriations conformed to the audit report recommendation. To enact the budget recommendation, Senate Bill (S.B.) 515 had been submitted to remove the limitations on the use of monies collected as a result of enforcement actions, as provided in NRS 90.851, and instead deposit those monies into the State General Fund for any unrestricted use authorized by the Legislature, effective July 1, 2017 (FY 2018). On March 31, 2017, the Senate Committee on Judiciary rereferred S.B. 515 to the Senate Committee on Finance.

Ms. Hoppe advised that the Governor recommended approval of the reversion to the General Fund of the securities enforcement revenues of \$238,168 included in decision unit Enhancement (E) 228 over the 2017-2019 biennium. If S.B. 515 was approved, the budget would not receive the securities enforcement revenue in the 2017-2019 biennium. Instead, that revenue would be deposited directly into the General Fund. Therefore, staff of the Fiscal Analysis Division, Legislative Counsel Bureau, made a technical adjustment to remove the securities enforcement revenues and the associated reversion from the budget. If decision unit E-228 was approved, Fiscal Analysis Division staff would recommend back language in the 2017 Appropriations Act to provide that the balance of securities enforcement fees and recovery monies transfer to the General Fund at the end of FY 2017.

Ms. Hoppe clarified that Fiscal Analysis Division staff confirmed that the amount requested in General Funds represented the actual 2016 operating expenses for the Securities Division. However, the building rental costs would be less in the 2017-2019 biennium than in FY 2016. Therefore, Fiscal staff recommended a technical adjustment to reduce expenditures by \$74,150 over the 2017-2019 biennium. Ms. Hoppe noted that the Budget Division, Office of Finance, Office of the Governor, and the Office of the Secretary of State concurred with the technical adjustment that reduced the General Fund appropriations to support the Division's operating expenditures by \$74,150 from \$409,600 to \$335,450 over the 2017-2019 biennium.

Ms. Hoppe asked whether the Committees wished to approve the Governor's recommendation to change the funding source for the Securities Division's operating expenses from fees and recovery monies to General Fund appropriations of \$335,450, as adjusted, over the 2017-2019 biennium, contingent upon the passage and approval of S.B. 515. If so, she asked whether the Committees wished to include back language in the 2017 Appropriations Act to provide that the balance of securities enforcement fees and recovery monies transfer to the General Fund at the end of FY 2017.

Chair Carlton asked whether the Committees had any questions on those items. She was pleased that the audit recommended that the funds from the fines be deposited in the General Fund. She believed that it was good policy to have fines deposited in the General Fund so individuals were not incentivized for noncompliance. That was a good change. There being no further questions, Chair Carlton said she would accept a motion.

SENATOR PARKS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO CHANGE THE FUNDING SOURCE FOR THE SECURITIES DIVISION'S OPERATING EXPENSES FROM FEES AND RECOVERY MONIES TO GENERAL FUND APPROPRIATIONS IN THE AMOUNT OF \$335,450, AS ADJUSTED, OVER THE 2017-2019 BIENNIUM, CONTINGENT UPON THE PASSAGE AND APPROVAL OF SENATE BILL 515, AND TO INCLUDE BACK LANGUAGE IN THE 2017 APPROPRIATIONS ACT TO PROVIDE THAT THE BALANCE OF SECURITIES ENFORCEMENT FEES AND RECOVERY MONIES TRANSFER TO THE GENERAL FUND AT THE END OF FISCAL YEAR 2017, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN SPIEGEL SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Anderson, Diaz, and Frierson were not present for the vote.)

Ms. Hoppe explained the second major closing issue was the restoration of the vacant compliance investigator position. The Executive Budget recommended adding funding to restore an existing compliance investigator position that was removed by the Budget Division, Office of Finance, Office of the Governor, during its review of the Office of the Secretary of State's 2017-2019 biennial budget request, because the position had been vacant for more than one year. The recommendation to restore the position and the associated costs required General Fund appropriations of \$156,574 over the 2017-2019 biennium. Before the position became vacant, the compliance investigator position was one of two positions assigned to the Commercial Recordings Division's compliance/analysis team; the second position was a management analyst. When fully staffed, the team was able to conduct routine proactive compliance inspections, in addition to performing compliance investigations that were initiated upon receipt of complaints (reactive). The Office said that while the compliance investigator position had been vacant, the management analyst and supervisory recordings deputy initiated compliance investigations upon receipt of complaints, but were unable to complete investigations proactively because of the numerous responsibilities already assigned to them.

Ms. Hoppe recounted that the Commercial Recordings Division was behind on its compliance investigations. In response to Fiscal Analysis Division staff inquiries, the Office provided details to illustrate a change in opened, resolved, and unresolved cases, as well as the decrease in revenues collected over the past four calendar years. In 2015 and 2016, collected revenues and resolved files in both reactive and proactive cases decreased because of the compliance investigator position vacancy.

Ms. Hoppe stated that a workload analysis of the Elections Division identified the need for a part-time position to assist the Deputy for Elections and program officer in completing investigations of complaints of violations related to Title 24 (Elections) of the *Nevada Revised Statutes*. The Office requested to retain the compliance investigator position and share it with the Commercial Recordings Division and the Elections Division. The Office anticipated that during nonelection years, the compliance investigator position would work on Commercial Recordings compliance investigations and proactive compliance inspections. During election years, fewer compliance inspections would be assigned to the position to allow capacity to complete investigations for the Elections Division. The restoration of the full-time compliance investigator position would be sufficient to meet the Office's needs in both the Commercial Recordings Division and the Elections Division.

Ms. Hoppe asked whether the Committees wished to approve General Fund appropriations of \$156,574 over the 2017-2019 biennium to restore the vacant compliance investigator position to be shared between the Commercial Recordings Division and the Elections Division.

Chair Carlton asked whether the Committees had any questions. She asked for the details of how the compliance investigator position became vacant.

Ms. Hoppe responded that when the current administration took office early in 2015, a workload analysis was undertaken to study the services. During the previous administration, the compliance functions for both the Commercial Recordings Division and the document preparation services were performed in Carson City. After the workload analysis was completed, the Office decided to split the functions and locate the document preparation services in Las Vegas. During that process, the position became vacant.

Chair Carlton asked whether there was any indication that the compliance investigator position would be difficult to fill.

Ms. Hoppe replied that there had been no indication that the position would be difficult to fill. The Office reviewed the workload analysis and decided which positions should be based in various locations. An announcement for the vacant position was posted, but the recruitment stopped when the Office was notified that the position would be removed from the budget.

Chair Carlton said there appeared to be no more questions, and she would accept a motion on the item.

SENATOR WOODHOUSE MOVED TO APPROVE GENERAL FUND APPROPRIATIONS OF \$156,574 OVER THE 2017-2019 BIENNIUM TO RESTORE THE VACANT COMPLIANCE INVESTIGATOR POSITION TO BE SHARED BETWEEN THE COMMERCIAL RECORDINGS DIVISION AND THE ELECTIONS DIVISION.

ASSEMBLYMAN SPRINKLE SECONDED THE MOTION.

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

Ms. Hoppe stated that the third major closing issue was to restore the program officer position to full-time status in fiscal year (FY) 2019. The Office had a legislatively approved full-time program officer position that was filled. The Executive Budget had reduced that position from 1 full-time-equivalent (FTE) position to a 0.25 FTE position in FY 2019 in the base budget, rather than including the position reduction in a decision unit for the Committees to decide. In recent biennia, the position had been supported by domestic partnership registration fees, but those projected fees were insufficient to fully support the position in FY 2019. Therefore, the Office of Finance, Office of the Governor, reduced the position to 0.25 FTE. The Office of the Secretary of State learned that the position had been reduced in the base budget and requested an enhancement decision unit to retain the position at full-time status, but the request was not included in The Executive Budget. The agency requested to retain the position's full-time status in FY 2019, which required General Fund appropriations of \$50,483 not included in The Executive Budget. The Office of Finance, Office of the Governor, had not submitted a budget amendment in support of the request. However, Fiscal Analysis Division staff presented the issue to the Committees to afford the Legislature the opportunity to decide whether it wished to retain the position at full-time status in FY 2019.

Ms. Hoppe informed the Committees about the history of the position. The position was reclassified from an administrative assistant to a program officer in June 2009 for the primary purpose of administering the Living Will Lockbox program and the Advisory Committee on Participatory Democracy. Administration of the Domestic Partnership program was added to the position's duties when *Nevada Revised Statutes* (NRS) Chapter 122A was enacted in June 2009. The Office of the Secretary of State noted that the reclassification documentation did not identify domestic partnership registration fees as the funding source for the cost of the reclassification. Instead, savings from other program areas within the Office's budget were identified as the funding source for the difference in salary cost between an administrative assistant position and a program officer position. The program officer position was historically funded with domestic partnership registration fees in previous biennia because of the budgetary strain on the General Fund during the most recent recession. Collection of the fees began in FY 2010 after approval of the domestic partnership program in the 75th Session (2009), and actual and projected fee revenues were studied. The number of domestic partnership registrations issued annually by the program had

declined since the decision of the Supreme Court of the United States regarding same-sex marriage, *Obergefell v. Hodges*, 135 S. Ct. 2584 (2015). Based upon current registration data, the Office projected continued revenue declines for the 2017-2019 biennium.

Ms. Hoppe informed the Committees that the current full-time program officer was the only position within the Office that managed the domestic partnership registry and the Living Will Lockbox programs. Managing the domestic partnership registry represented 15 percent to 20 percent of the workload of the position (6-8 hours per week). The Living Will Lockbox duties represented about 80 percent to 85 percent of the full-time workload for the position. Domestic partnership fees supported the position. Lockbox filings for advanced health-care directives were more extensive than domestic partnership program filings. The Living Will Lockbox duties involved more filings, more phone calls, and more participation in numerous outreach events to educate citizens and medical service providers about the program. Unlike the domestic partnership registry, no fee was charged for the Living Will Lockbox program, which was a service offered without charge to any Nevadan who wished to securely file advance health-care directives.

Ms. Hoppe asked whether the Committees wished to add General Fund appropriations not included in The Executive Budget of \$50,483 in FY 2019 to restore the program officer position to full-time status to continue staff support of the Living Will Lockbox program.

Chair Carlton asked whether the Committees had any questions.

Assemblywoman Bustamante Adams asked whether the position still had duties with the Advisory Committee on Participatory Democracy. Ms. Hoppe responded that to the best of her knowledge, the position did not have duties with the Advisory Committee on Participatory Democracy.

Assemblywoman Bustamante Adams asked whether other states charged a fee for the Living Will Lockbox program. Ms. Hoppe responded that she was unsure whether other states charged a fee.

Senator Harris asked, if Senate Bill 229 were to pass to create a lockbox for guardianship nominations, whether the Office would anticipate this position might also take care of those responsibilities or instead request an additional staff person to perform those duties.

Cadence Matijevich, Deputy for Operations, Office of the Secretary of State, responded that the Office anticipated that the current position would assume the additional duties for the guardianship lockbox program. If the position were reduced to 0.25 FTE, the Office would lack the capacity to assume the additional duties of the guardianship lockbox program.

Senator Harris asked if S.B. 229 passed, and the position were made a full-time position to assume the new duties of the guardianship lockbox program, whether the Office would be fully staffed at that point.

Ms. Matijevich responded yes, the Office anticipated that the new guardianship lockbox program duties would increase the workload. Some of the workload related to the domestic partnership services had decreased. The Office believed that there would be sufficient capacity for the position to handle the workload based on the early projections for the guardianship program. If the workload volume increased as the program grew, the Office might need additional capacity to support the growth.

Assemblywoman Bustamante Adams asked whether S.B. 229 included a fee for the service. Senator Harris responded that she did not believe any fee was included in the bill.

Chair Carlton said the position was a state responsibility, and she hoped that the Office would increase public awareness of the Living Will Lockbox program. She wanted the public to know that the service was available throughout the state. She asked for any further questions from the Committees, and there were none. She said she would entertain a motion on the item.

ASSEMBLYMAN FRIERSON MOVED TO ADD GENERAL FUND APPROPRIATIONS NOT INCLUDED IN THE EXECUTIVE BUDGET OF \$50,483 IN FISCAL YEAR 2019 TO RESTORE THE PROGRAM OFFICER POSITION TO FULL-TIME STATUS TO CONTINUE STAFF SUPPORT OF THE LIVING WILL LOCKBOX PROGRAM.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Anderson and Diaz were not present for the vote.)

Ms. Hoppe advised that the fourth major closing issue was the increased operating expenditures for the Securities Division. The Executive Budget recommended increasing expenditures for the Securities Division, including the costs of staff travel, a fleet-services vehicle for the Las Vegas office, financial records analysis software, expert witness and forensic accountant fees, and criminal investigator uniforms and safety equipment, all funded with General Fund appropriations of \$72,375 over the 2017-2019 biennium. The total increase in expenditures for fiscal year (FY) 2018 was \$40,215 and the total for FY 2019 was \$32,160.

Ms. Hoppe explained that the additional staff travel would fund the Securities Division staff to travel between Las Vegas and Reno. The Division was organized into criminal and civil investigative units. The criminal unit had two criminal investigator positions located in Carson City, and four criminal investigator positions and the supervisory criminal investigator position located in Las Vegas. For the civil unit, all five compliance/audit investigator positions, as well as the chief investigator compliance/audit position that supervised the civil unit, were located in Las Vegas. Both units were supervised by an unclassified securities administrator position. The request for staff travel would fund a total

of 24 trips per year (twice a month) to Northern Nevada for Securities Division staff that was based in Southern Nevada and included commercial air transportation, lodging, and per diem costs for each trip. The Office said that the civil compliance/audit investigators traveled in teams of two for field visits to Northern Nevada. The Division would rotate the investigators who performed inspections on registrants so that the advisors and/or brokers/dealers were not always visited by the same investigators. The 24 trips would be allocated as follows:

- Six field trips for proactive civil compliance inspections.
- Three field visits for civil compliance investigations resulting from a complaint.
- Four supervisory/coaching visits by the chief criminal investigator to northern-based criminal investigation staff.
- Two supervisory coaching visits by the unclassified securities administrator to northern-based criminal investigation staff.

Ms. Hoppe mentioned that one civil position was previously assigned to Northern Nevada, and a new position approved by the 78th Session (2015) was intended to be located in Northern Nevada. However, the Office transferred both positions to Southern Nevada to recruit for difficult-to-fill positions within the Securities Division, and recruitment efforts for those positions had improved. In addition to the recruitment considerations, workload factors contributed to the Office's decision to transfer the civil investigator positions to Southern Nevada. The state-registered investment advisors were regularly inspected and were split fairly equally between the north and the south. Nevada-based broker dealers were only located in the south. During the calendar years 2013 through 2016, a total of 21 compliance investigation files were opened in the north, and 295 compliance investigation files were opened in the south. Although the majority of the Securities Division workload was located in Southern Nevada, the Division said it still had to conduct fieldwork in Northern Nevada. The additional travel funds would allow the Division to conduct the number of field visits necessary to meet its performance measures.

Ms. Hoppe stated that the Office requested one additional vehicle in Las Vegas to allow the Securities Division sufficient mobility to complete necessary fieldwork in a timely fashion. Financial records analysis software was requested for use by the Securities Division investigators. The software would convert data from scanned financial records into Quicken, where it could be analyzed more efficiently and reports could be created. The Office said that depending upon the nature and disposition of the cases within the Securities Division, there might be a need for more expert witnesses or the services of a forensic accountant. The testimony and/or services of those professionals could be a key component in achieving a successful outcome in trials and other legal proceedings. Ms. Hoppe added that a uniform package was requested for the Office's seven criminal investigator positions, who were Category II peace officers per *Nevada Revised Statutes* (NRS) 289.470, subsection 19. Those positions were sworn peace officers who executed search warrants, conducted felony

arrests, and participated in undercover and surveillance operations. For both officer and citizen safety, officers should have certain tactical equipment available to them and be easily identified as peace officers. The Executive Budget recommended a uniform package similar to that issued to the peace officers of the Division of Parole and Probation, Department of Public Safety.

Ms. Hoppe asked whether the Committees wished to approve General Fund appropriations of \$72,375 over the 2017-2019 biennium to fund additional operating expenditures for the Securities Division.

Chair Carlton said there were a number of items to be considered in the budget decision. She understood there were questions about the travel expenses. She asked whether some travel could be eliminated and replaced with the use of videoconference equipment. She thought if other options were explored and the travel funds were not spent, those funds could revert to the State General Fund.

Ms. Hoppe confirmed that any unspent funds would revert to the General Fund.

Chair Carlton said the Committees might make a statement to encourage the Office not to travel as much and save some monies. The Legislature could monitor the funds and travel expenditures. She found it difficult to support the request for funds for the uniforms. She agreed that the safety equipment was necessary. She knew that the uniform package included what was issued to the staff of the Division of Parole and Probation, Department of Public Safety. She was unsure whether the peace officers from the Office of the Secretary of State needed to wear uniforms. She preferred a professional or more casual look rather than a formal uniform. She asked whether there was any other justification provided for the uniform request. Many Category II peace officers employed by the state wore everyday clothes.

Ms. Hoppe responded that the justification provided by the Office was that the officers should have certain tactical equipment available and be easily identified as peace officers.

Assemblyman Edwards asked for details of the tactical gear that was requested by the Office. Chair Carlton responded that the request included a badge holder, handcuffs, baton, holster, flashlight, and a "Sam Brown" belt. She asked whether vests were also requested.

Ms. Hoppe responded that the Office did not request vests.

Assemblyman Sprinkle commented that there was relevance and importance for the identification of the Category II peace officers. When those peace officers were out in the public, they might find themselves in difficult situations when interacting with local law enforcement. He supported the uniform and equipment requests and believed it was important for the peace officers.

Senator Woodhouse asked if the Committees did not support the uniform portion of the package, but only supported the badge holder, handcuffs, baton, holster, flashlight, and the Sam Brown belt, what kind of attire the Office would want its officers to wear. It could include a polo shirt or professional dress, including slacks and a dress shirt, or something else.

Ms. Hoppe responded that the Office request included pants and shirts based on the uniform package issued to the officers of the Division of Parole and Probation, Department of Public Safety.

Chair Carlton said the Division of Parole and Probation uniforms included a classic blue patch on the shoulder and a basic police-style uniform. She added that most of the officers wore more casual clothing when conducting special functions or working in connection with another agency. Officers were not typically uniformed every day, but had a formal uniform available to wear when needed. She asked whether this was the first time that the Office had requested the uniform package, or if the request was for replacement equipment, or had the staff previously purchased the uniform package on their own, because this request appeared to be a shift in policy.

Ms. Hoppe responded that this was the first time that the uniform package had been requested by the Office. Certain safety items had been purchased over the years as needed.

Chair Carlton was comfortable with the safety items, but she was unsure about the need for the uniforms.

Assemblywoman Spiegel asked about the cost if the Committees approved the safety equipment but denied the uniforms.

Ms. Hoppe looked at the detailed list of all the costs for the uniform package of the approximately 15 items requested. She had not added up the individual costs, but it appeared that the uniform portion might be about 25 percent of the total cost.

Chair Carlton said the Committees might be comfortable approving the funds but requesting the Office to limit uniforms to include just polo shirts and slacks, which identified the officers as peace officers but was a more casual look. That uniform could identify the peace officers, but it was not the classic police-style uniform.

Assemblyman Oscarson recognized that the interaction with other agencies was important. The availability to have both types of uniforms was helpful. He supported the recommendation to have a different type of more casual uniform.

Chair Carlton asked whether there were any more questions, and hearing none, she was ready to accept a motion on this item.

ASSEMBLYMAN OSCARSON MOVED TO APPROVE GENERAL FUND APPROPRIATIONS OF \$72,375 OVER THE 2017-2019 BIENNIUM TO FUND ADDITIONAL OPERATING EXPENDITURES FOR THE SECURITIES DIVISION, INCLUDING THE PURCHASE OF UNIFORMS. THE UNIFORMS SHOULD BE OF A MORE CASUAL TYPE THAN A TRADITIONAL POLICE-STYLE UNIFORM TO IDENTIFY THE OFFICER WHEN THE OFFICER WAS INTERACTING WITH OTHER LAW ENFORCEMENT AGENCIES.

SENATOR WOODHOUSE SECONDED THE MOTION.

Assemblywoman Titus stated that she supported the uniforms, but was concerned about the Committees telling an agency what uniform style the officers should wear. She thought the agency should decide the best uniform for the purpose of the Office. The Legislature was asked to pay for the uniforms and had some input because of that. She respected the Committees' concerns about the uniforms.

Chair Carlton said the uniforms were for seven peace officers in the Office. She called for the vote.

THE MOTION CARRIED. (Assemblymen Anderson and Diaz were not present for the vote.)

Ms. Hoppe explained that the fifth major closing issue was a host fund. The Governor recommended two decision units that included food expenditures that were subject to the State Administrative Manual (SAM) Section 2636. That section stated that refreshments served to individuals in offices or at meetings and attendees of receptions or other marketing Nevada activities associated with state economic development or tourism marketing were regarded as reasonable expenditures only if the agency had a legislatively approved host fund. The Office of the Secretary of State lacked a legislatively approved host fund. Unless the Committees wished to establish a host fund for the Office, Fiscal Analysis Division staff would recommend elimination of the food expenditures within those decision units.

Ms. Hoppe informed the Committees that the first decision unit, Enhancement (E) 229, involved an annual election workshop. The Executive Budget recommended funding for the annual workshop conducted by the Office for election officials from the 17 counties to ensure proper, effective, and consistent administration of the state's election laws. The Office had conducted the election workshops for several years. The recommendation included travel costs of \$3,500 and refreshment costs of \$1,475 for the 17 county clerks. Decision unit E-229 would be funded with General Fund appropriations of \$4,975 in each year of the 2017-2019 biennium. The food expenditures of \$1,475 per year would only be appropriate if the Committees approved a host fund for the Office.

Ms. Hoppe asked whether the Committees wished to establish a host fund for the Office and approve travel and refreshment costs totaling \$4,975 per year for an annual workshop conducted by the Office with election officials from the state's 17 counties. Alternatively, if the Committees wished not to establish a host fund for the Office, the Committees could approve travel expenditures of \$3,500 in each year of the 2017-2019 biennium for the annual workshop conducted by the Office for election officials from the state's 17 counties.

Assemblyman Hambrick said he supported option 1 because \$4,975 was a reasonable amount to pay for travel around the state. It was important to work with election officials around the state, and it was expensive to provide food for the workshops.

Chair Carlton said when the Office invited election officials to a workshop, the Office should be hospitable and provide food. She was ready to accept a motion on the item.

ASSEMBLYMAN HAMBRICK MOVED TO APPROVE THE ESTABLISHMENT OF A HOST FUND FOR THE OFFICE OF THE SECRETARY OF STATE AND APPROVE TRAVEL AND REFRESHMENT COSTS TOTALING \$4,975 PER YEAR FOR AN ANNUAL WORKSHOP CONDUCTED BY THE OFFICE FOR ELECTION OFFICIALS FROM THE STATE'S 17 COUNTIES.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Anderson and Diaz were not present for the vote.)

Ms. Hoppe revealed that the second decision unit E-230 involved meals for the Election Integrity Task Force on Election Day. The Executive Budget recommended funding meals provided to members of the Election Integrity Task Force who worked extended hours on Election Day. The Election Integrity Task Force included officials and investigators from the Office of the Secretary of State and representatives from jurisdictional law enforcement entities. On Election Day, the Office established a Task Force command center in Las Vegas. A northern command center was hosted by the Northern Nevada Regional Intelligence Center in Reno in cooperation with the Nevada Threat Analysis Center in Carson City. The command centers were operational from before the 7 a.m. poll opening time through the night, with Task Force members standing by throughout the day and evening. The Office said that the purchase of supplies, bottled water, and meals was necessary. Decision unit E-230 would be supported by General Fund appropriations of \$215 in each year of the 2017-2019 biennium.

Ms. Hoppe said the Committees approved the establishment of the host fund for the Office of the Secretary of State in its previous decision. She asked whether the Committees wished to approve refreshment costs of \$215 in each year for the Election Integrity Task Force on Election Day.

Chair Carlton said Election Day did not occur every year in the state. She asked why the request was \$215 in each year of the 2017-2019 biennium. Ms. Hoppe responded that in the first year, the Election Integrity Task Force would work on the primary election, and in the second year, the Task Force would work on the general election.

Chair Carlton said she was ready to accept a motion on the item.

ASSEMBLYMAN HAMBRICK MOVED TO APPROVE REFRESHMENT COSTS OF \$215 IN EACH YEAR OF THE 2017-2019 BIENNIUM FOR THE ELECTION INTEGRITY TASK FORCE ON ELECTION DAY.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Anderson and Diaz were not present for the vote.)

Ms. Hoppe advised that the final major closing issue was the balance forward of the 2015-2017 technology investment request (TIR) appropriation to the 2017-2019 biennium. During the February 2017 budget hearing, the Office explained its ongoing TIR project approved by the 78th Session (2015), which would replace the eSOS (electronic Secretary of State) system as the primary application used by the Office for electronically processing, archiving, and receipting commercial recording business entity filings. The recommendation in The Executive Budget was to continue the TIR in the 2017-2019 biennium funded by a one-shot General Fund appropriation of \$6.3 million. Discussion regarding the one-shot General Fund appropriations would occur when the bill was presented to the money committees. However, the Office requested approval from the Committees to balance forward unspent TIR appropriations from the 2015-2017 biennium to the 2017-2019 biennium.

Ms. Hoppe informed the Committees that the 78th Session (2015) approved General Fund appropriations for the TIR of \$3,907,600 in fiscal year (FY) 2016 and \$7,879,600 in FY 2017, as well as back language in the 2015 Appropriations Act allowing the Office to transfer TIR funding from one fiscal year to the other with the approval of the Interim Finance Committee (IFC). The Office availed itself of the back language and transferred appropriations of \$3,464,264 from FY 2016 to FY 2017. Ms. Hoppe summarized the fiscal activity of the TIR for FY 2017, including the legislatively approved General Fund appropriations, transfers, expenditures, and the projected unspent funds of \$6,214,900.

Ms. Hoppe stated that the Office had selected a TIR vendor with experience working for other secretary of state offices, and there was a possibility that modules existed for use by the Elections Division. The Office estimated that additional election modules for contribution, expense, and financial disclosure statement report filings could be installed at a cost of approximately \$2.4 million, based upon initial information gained from a request for information, but not from a formal request for proposal (RFP). The Office anticipated that

state purchasing requirements would mandate the issuance of a new RFP for the election modules because those were not included in the original scope of the RFP. The final cost might change. Because of the approximate costs and other uncertainties, the Office requested the ability to balance forward \$2.4 million of the unspent TIR funds from FY 2017 to the 2017-2019 biennium. The balance forward would be placed in a reserve category and only used upon IFC approval of a work program to add elections modules to the TIR. The proposal would allow the Office adequate time to prepare and obtain approval of the Division of Enterprise Information Technology Services (EITS), Department of Administration, for a modified TIR request and to gather the initial requirements necessary to produce a quality RFP for the expanded project scope.

Ms. Hoppe asked whether the Committees wished to approve back language in the 2017 Appropriations Act to allow the Office of the Secretary of State to carry forward \$2.4 million from FY 2017 to the 2017-2019 biennium in a reserve category and authorize the Office to approach IFC for approval to use the reserve funding for additional elections modules in the TIR project.

Senator Denis said he did not recall the details about the TIR. He asked whether the Office wanted to add some election modules to the TIR project that were not included in the original proposal of the TIR.

Ms. Hoppe responded that Senator Denis was correct. The Office requested approval to modify the TIR to add election modules that could be purchased with funds already appropriated by the 2015 Legislature.

Senator Denis asked whether the TIR would replace the current system.

Ms. Hoppe responded that the TIR would totally replace the current system that was used to collect filing fees, business licenses, and other fees deposited into the General Fund.

Senator Denis asked whether the contribution expense items were separate from the current system.

Ms. Hoppe responded that the election modules being contemplated were separate from the collection of expense items for the General Fund revenues, and the modules would assist the Elections Division in some of its responsibilities involving contributions and financial reporting that candidates were required to file.

Senator Denis asked whether the current system worked properly.

Ms. Hoppe responded that the current system used for collecting fees and General Fund revenues would be replaced, but it currently worked properly and would be updated because of its age.

Senator Denis asked about the request related to the contribution expenses. He was uncertain whether the contribution expenses involved a separate system in the Office and whether that separate system would be tied into the new system. He asked for details of the systems.

Cadence Matijevich, Deputy for Operations, Office of the Secretary of State, responded that the goal of the original TIR project was to replace the commercial recording processing system. That system was approximately 16 years old and was antiquated. The Office considered modernization of several systems, including the elections systems. The agency selected a vendor for the main TIR project and learned that the vendor had experience with other secretary of state offices, not just with commercial recordings, but with other functions as well. The Office sought some economies of scale because the project structure and project managers were already engaged. The business process analysts had an opportunity to complete the election modernizations within the original TIR budget scope, but the addition of election modules was outside the original scope of the TIR. The vendor would be able to add those election modules. The Office recognized some savings from the original projected cost estimates and wanted to use those savings to modernize some of the election applications.

Senator Denis asked whether the \$2.4 million was a savings from the current TIR project.

Ms. Matijevich confirmed that the \$2.4 million was a savings from the original amount of \$22 million over a five-year period estimated by the Office for the overall TIR project. The overall project cost less because the vendor did not need to build a new system. The Office would receive a customized system. The agency anticipated an overall savings of about \$5.3 million from the original projected cost. Some of the savings were absorbed by the reduction of \$2.2 million in The Executive Budget. The additional \$2.4 million existed in the appropriation for the 2015-2017 biennium and would not be spent. The Office sought to balance forward the \$2.4 million to fiscal year 2018 and place it in a reserve category. The Office would complete its due diligence related to adding the election modules and approach IFC with a work program for approval to move forward.

Senator Denis asked whether there was a possibility that the Office could add the election modules without the additional funds.

Ms. Matijevich replied no, that without those funds the Office lacked the ability to proceed with gathering the requirements because no funding source was available. The Office had based the \$2.4 million estimate on a request for information, but not an RFP solicitation. The Purchasing Division, Department of Administration, would require the Office to go out to bid on the project. The current vendor might be the successful bidder or another vendor might be the successful bidder. The Office would not have a funding source without the ability to balance forward the unspent funds.

Senator Denis said the new project was not part of the original TIR request. He asked when the Office would replace the elections system. The Office wanted to use the savings to replace the system, and he asked how old the current system was that would be replaced.

Ms. Matijevich responded that the Office was continually in the process of looking at its systems. The Office would request a new elections system in a future biennium. The Office saw an opportunity to replace the system within the scope of the current TIR project. The agency had the resources, economies of scale, and efficiencies, and was in the right cycle to seize the opportunity.

Wayne Thorley, Deputy for Elections, Office of the Secretary of State, responded that the current system was the Aurora system, which was used for financial disclosure statements. The primary concern was not the age of the system, but the functionality of the system. It was difficult to use and lacked functionality for administration and enforcement duties. The system was challenging for the compliance enforcement employees who needed to produce complete lists of which candidates filed, who failed to file, who filed late, and who filed on time. The system automatically generated reminders and emails. The systems that were in use in other states and that other vendors had developed were high quality and included features and functionality that the Nevada system lacked. A new system would be more intuitive, more user-friendly, and allow for better administration.

Senator Denis said it was great that the Office was able to save money. He knew the state had many needs. He asked what would happen to the \$2.4 million in the 2015-2017 biennium if the request were denied.

Ms. Hoppe responded that if the Committees denied the balance forward request, the \$2.4 million would revert to the General Fund at the end of FY 2017.

Senator Denis was uncertain about how important the system was, because he knew that the state had many needs and limited resources. He knew that Aurora was difficult to use at times. At some point, the Aurora system would be updated, but it might cost more if the state waited. He was unsure whether the replacement might cost more than \$2.4 million.

Ms. Matijevich responded that a new system might cost more than \$2.4 million. The Office split its funding request to allow the balance-forward funds to be placed in a reserve. Then the Office could complete its due diligence, return to Interim Finance Committee (IFC), and present a status report.

Senator Denis said he was undecided on the balance-forward request. He thought it might be possible to wait on the new system. The state had many needs, and he preferred not to approve the request.

Senator Goicoechea had not decided what was best, but looked for improvements. He was glad to hear the Aurora system was easy for Chair Carlton, but he struggled with it.

Chair Carlton said she also was undecided on the request; she agreed that the state had many needs.

Senator Kieckhefer said the legislators might be most affected by Aurora on an operational basis when they needed to enter financial and candidate data. However, the Aurora system was critical for public information. He thought the operability of the system went beyond the ability to get the information entered. He was supportive of making improvements to the system now.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, noted that the proposal to carry forward the remaining unspent TIR funding from FY 2017 to the 2017-2019 biennium in the TIR category and place those funds in a reserve would not necessarily restrict the funds for the purpose of election modules. If the Committees wished to approve funding for that purpose, he suggested that the Committees consider a General Fund appropriation in the back language of the Appropriations Act so that an additional bill would not have to be considered and approved by the money committees. The Committees could specify that the General Fund appropriation of \$2.4 million would be restricted for the election modules; the result would be that the appropriation would be restricted for that purpose only. The Committees could appropriate the monies to IFC for allocation later after the Office received the RFP responses and had a better estimate of the costs of the election modules. If the Committees appropriated the \$2.4 million, he suggested that the \$2.4 million approved by the 78th Session (2015) simply revert to the General Fund, and the \$2.4 million would be available to appropriate for any purpose the Legislature approved.

Senator Denis said the Committees could approve the request. He asked whether the Legislature could agree later to change its decision. He wanted to know how much time the Legislature had to decide.

Mr. Krmpotic responded that the back language of the Appropriations Act would not be drafted until the latter part of May. The Committees could change their position in approving the appropriation and decide to deny the request. That denial could be indicated later when the Appropriations Act was drafted.

Senator Denis said the Committees could approve the request but later could deny the request when the state had more urgent needs for the funds.

Chair Carlton clarified that the Committees could change their decision only up to a certain point before reaching the point of no return. She would not want to put the Fiscal staff through any last-minute changes in the Appropriations Act. The Committees had to make a decision before the "fund-balancing weekend." Mr. Krmpotic concurred. Chair Carlton said she had learned her lesson about last-minute changes.

Senator Denis said he would be more comfortable with a decision.

Chair Carlton said that might be a good option for the Committees. She suggested that the Committees hear the other closing items for this budget, and then make one motion to address all of those items.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that there was one other item that needed a decision to authorize back language in the Appropriations Act to move the appropriations between fiscal years for the portion that would be balanced forward. Ms. Hoppe would explain that item, and the Committees might be able to make one motion to cover all the other closing items.

Ms. Hoppe reported that the Office of the Secretary of State projected a total of \$6,214,900 of unspent TIR funds at the end of FY 2017. The Committees had discussed \$2.4 million of that balance. A balance of \$3,814,900 remained after the \$2.4 million for the elections modules had been decided. The Executive Budget reduced by \$2.2 million the TIR funding requested by the Office for the 2017-2019 biennium. The Office anticipated that it lacked sufficient funding to pay for vendor holdbacks that were due at the end of the 2017-2019 biennium or at the beginning of the 2019-2021 biennium. The Office had requested the ability to balance forward the remaining unspent TIR funding at the end of FY 2017 to the 2017-2019 biennium in the technology investment request (TIR) category. The remaining amount available for the balance forward was estimated at \$3,814,900, if the \$2.4 million requested for additional elections modules was approved. The balance forward funding of \$3,814,900 would be used to pay for vendor holdbacks and current project deliverables that had been scheduled for completion in FY 2017, but might not be completed until early in the 2017-2019 biennium.

Ms. Hoppe asked whether the Committees wished to approve back language in the 2017 Appropriations Act to allow the Office to carry forward the remaining unspent technology investment request (TIR) funding of \$3,814,900 from FY 2017 to the 2017-2019 biennium in the TIR category. She asked whether the Committees wished to approve back language in the 2017 Appropriations Act to allow the Office to transfer TIR funding between fiscal years of the 2017-2019 biennium with the approval of IFC.

Senator Denis said his understanding was that \$3,814,900 was the remaining balance forward, and the Office needed at least \$2.2 million to fulfill the TIR.

Ms. Matijevich responded that the Office needed \$3,814,900 to pay for the TIR project budget. The Office structured the contract to include a 10 percent holdback on many of the deliverables until the project was complete. The project would be completed by the end of the next biennium. The Office wanted to balance forward a portion of the \$3,814,900 to pay for those holdbacks. In addition, the Office anticipated making payments on the deliverables during the biennium, but some of those deliverables would not be completed until early in FY 2018. The Office was behind schedule because of the time needed to complete the procurement process and get the contract approved. The Office requested approval to balance forward the funds that had been originally appropriated for the project. The agency

needed a total of \$3,814,900 because The Executive Budget had already reduced the amount requested by the Office by \$2.2 million. Senator Denis said he understood the response.

Ms. Jones stated that her understanding was the \$2.4 million that was requested for additional elections modules would not be approved as a balance forward, and that amount would revert to the State General Fund at the end of FY 2017. Consideration would be given by the Committees to include that \$2.4 million as a restricted appropriation to the Interim Finance Committee Contingency Account. The agency could request approval from the Interim Finance Committee (IFC) during the interim after it had developed better cost estimates and scope of the project to add election modules to the Aurora system. The remaining balance available of \$3,814,900 would be considered for approval by the Committees to balance forward from the end of FY 2017 to be available in the 2017-2019 biennium to complete the project and cover the holdbacks. Authority was requested by the agency for \$3,814,900 to balance forward from FY 2017 to FY 2018, and that amount would be available in both years of the 2017-2019 biennium. The balance-forward amount may be transferred from one fiscal year to the other with approval of IFC.

Chair Carlton was ready to accept a motion on the item.

SENATOR DENIS MOVED TO APPROVE FISCAL ANALYSIS DIVISION STAFF'S RECOMMENDATION AS STATED BY MS. JONES. HE MOVED THAT:

- THE \$2.4 MILLION REQUESTED FOR THE ADDITIONAL ELECTION MODULES NOT BE APPROVED AS A BALANCE FORWARD, AND THAT AMOUNT REVERT TO THE STATE GENERAL FUND AT THE END OF FISCAL YEAR 2017.
- THE \$2.4 MILLION BE A RESTRICTED APPROPRIATION TO BE DEPOSITED IN THE INTERIM FINANCE COMMITTEE CONTINGENCY ACCOUNT. THE AGENCY COULD REQUEST APPROVAL FOR THOSE FUNDS FROM THE INTERIM FINANCE COMMITTEE DURING THE INTERIM AFTER IT DEVELOPED BETTER COST ESTIMATES AND THE SCOPE OF THE PROJECT TO ADD THE ELECTION MODULES TO THE AURORA SYSTEM.
- THE REMAINING BALANCE AVAILABLE OF \$3,814,900 BE APPROVED TO CARRY FORWARD FROM THE END OF FISCAL YEAR 2017 TO THE 2017-2019 BIENNIUM IN THE RESERVE CATEGORY TO COMPLETE THE TECHNOLOGY IMPROVEMENT REQUEST PROJECT AND PAY FOR THE VENDOR HOLDBACKS.

- THE AGENCY BE AUTHORIZED TO BALANCE FORWARD \$3,814,900 FROM FISCAL YEAR 2017 TO FISCAL YEAR 2018, AND BACK LANGUAGE BE APPROVED IN THE 2017 APPROPRIATIONS ACT TO ALLOW THE OFFICE TO TRANSFER TECHNOLOGY INVESTMENT REQUEST FUNDING BETWEEN FISCAL YEARS OF THE 2017-2019 BIENNIUM WITH THE APPROVAL OF THE INTERIM FINANCE COMMITTEE.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Anderson and Diaz were not present for the vote.)

Chair Carlton said there were several other closing items that included a few needed technical adjustments. One adjustment included salary adjustments in closing item number 3, and that decision unit would be considered during the statewide decision units in the Pay Bill. All other items appeared reasonable. She asked whether the Committees wished to approve the other closing item numbers 1, 2, and 4 as recommended by the Governor, excluding other closing item number 3, which would be determined later in the Pay Bill, and provide Fiscal Analysis Division staff with authority to make technical adjustments as needed. She was ready to accept a motion on the item.

ASSEMBLYMAN EDWARDS MOVED TO APPROVE OTHER CLOSING ITEM NUMBERS 1, 2, AND 4 AS RECOMMENDED BY THE GOVERNOR; DEFER OTHER CLOSING ITEM NUMBER 3, WHICH WOULD BE DETERMINED WITH OTHER STATEWIDE DECISION UNITS; AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Anderson, Bustamante Adams, and Diaz were not present for the vote.)

BUDGET CLOSED.

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Chair Carlton noted that there was one informational item request for a one-shot appropriation. The item needed no decision, and the budgets for the Office of Secretary of State were closed. She thanked Ms. Hoppe and asked to move to the next agency's budgets.

COMMERCE & INDUSTRY
GAMING CONTROL BOARD
GCB - GAMING CONTROL BOARD (101-4061)
BUDGET PAGE GAMING CONTROL BOARD-7

Leannandra Copeland, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that budget account (BA) 4061 was for the Nevada Gaming Control Board. The budget supported the activities of the Nevada Gaming Control Board (GCB) in regulating Nevada's gaming industry. Nevada's gaming industry was regulated through a three-tiered system made up of the GCB, the Nevada Gaming Commission, and the Gaming Policy Committee. The one major closing issue involved the elimination of 11 full-time-equivalent (FTE) positions because of the decreasing workload. Seven of those positions were vacant agent positions in the Investigations Division. The GCB cited three primary reasons for the decreasing workload:

- A decline in applications and associated investigations for new properties or new applicants.
- New key employee applications had been reduced primarily because gaming licensees had downsized their management teams.
- Applications for both casino owners and key employees required less time to complete because applicants had higher personal and business character traits, which resulted in less time required to scrutinize backgrounds.

Ms. Copeland explained that the elimination of the positions resulted in a \$1.3 million reduction in the transfer of investigation fees over the 2017-2019 biennium.

Ms. Copeland commented that the 7 vacant agent positions in the Investigations Division recommended for elimination in the 2017-2019 biennium, coupled with the 10 positions eliminated during the 2015-2017 biennium, caused concern that the Division was top-heavy in regard to supervisory versus nonsupervisory positions. In the past, the senior agents and the special agents performed supervisory duties, but the Corporate Securities Division was merged into the Investigations Division, and the supervisory duties were removed from senior agents and special agents. The agency recognized the top-heavy structure of the Division and anticipated no increase in workload. The GCB would begin to focus on reducing the higher-level agents and supervisory positions as opportunities arose. As of March 29, 2017, 10 supervisor positions, 7 special agent positions, and 15 senior agent positions were filled in the Division.

Ms. Copeland compared the ratio of Investigations Division agents, senior agents, special agents, and supervisors in the 2005-2007 biennium with the 2017-2019 biennium. The ratio of agents to supervisors was 7:1 in the 2005-2007 biennium. That ratio decreased to the recommended ratio of 3:1 in the 2017-2019 biennium. The annual salary ranged

from \$69,523 to \$88,326. The Division would eliminate some higher-level agents and supervisor positions. She asked whether the Committees wished to approve the Governor's recommendation to eliminate 7 unclassified agent positions in the Investigations Division.

Assemblywoman Titus was curious about the decrease in workload. Chair Carlton suggested she hold an offline conversation with the agency. Chair Carlton was concerned about the front-line staff and the number of supervisors in the GCB. With the prospect of some retirements and attrition, she understood the agency would make the changes necessary. There were no vacancies in the management positions at this time. She did not want to fire a state employee, but the imbalance had to be addressed.

Assemblyman Sprinkle asked about the commitment of the agency to make the changes.

Ms. Copeland responded that the agency made a commitment in an email to make adjustments to improve the ratio.

A. G. Burnett, Chair, Nevada Gaming Control Board, stated that he recognized the agency was top-heavy and agreed with the comments presented by Ms. Copeland. The agency considered the imbalance as a fluid situation. The agency had six division chiefs, and five of those six individuals could retire within the next couple of years. The agency was top-heavy in the Investigations Division because of certain restructuring and changes in the workload. The workload had not decreased, but the billable workload had decreased in applications for licensure and other transactional items. Some of the efficiencies that the agency put into effect had contributed to the decrease in workload. The gaming industry operated in a manner that reduced some of the workload. Mr. Burnett committed to assessing the staffing ratios, and when opportunities arose, would ensure there was fairness throughout all the levels within the Division. He understood that agents often left the agency, and staffing was reduced. He cited an example of a rising star employee who worked in the Investigations Division, but he accepted a job with an independent test lab. That employee could have been a chief one day. However, when that position became vacant, the agency would not demote a supervisor to fill the lower-level vacancy. That was why the staffing levels were fluid. Mr. Burnett committed to study the staffing levels and improve the ratios.

Chair Carlton said she was ready to accept a motion on the item.

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO ELIMINATE SEVEN UNCLASSIFIED AGENT POSITIONS IN THE INVESTIGATIONS DIVISION.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Anderson, Diaz, and Edwards were not present for the vote.)

Ms. Copeland explained that the next item was the elimination of four FTE positions. In an effort to provide General Fund budget reductions, the Governor recommended eliminating one classified administrative assistant position and one unclassified agent position each from the Enforcement, Audit, and Tax and License Divisions. The decision unit also included funding an existing administrative assistant position with investigative fees instead of General Funds. In total, eliminating four positions and changing the funding source for the administrative assistant would save \$666,142 (\$717,546 in General Funds) over the 2017-2019 biennium. The General Fund savings were higher because of the change in funding for the administrative assistant position.

The resulting position eliminations would have the following effect on the various divisions:

- The number of Audit Division agent positions would be reduced from 63 to 62.
- The number of Enforcement Division agent positions would be reduced from 61 to 60.
- The number of Tax and License Division agent positions would be reduced from 14 to 13.
- The number of administrative assistant 2 positions in the Administration Division would be reduced from 5 to 4, with a total of 16 administrative assistant positions in the Division in FY 2017.

The elimination of one position per division would not materially affect the workload. Three of the positions were currently vacant, and the workload had already been reassigned to other employees.

Ms. Copeland asked whether the Committees wished to approve the Governor's recommendation to eliminate one administrative assistant position, one Enforcement Division agent position, one Audit Division agent position, and one Tax and License Division agent position. Changing the administrative assistant position's funding source from General Funds to investigative fees would save \$666,142 (\$717,546 in General Funds) over the 2017-2019 biennium.

Chair Carlton asked for any questions and there were none. She said she was comfortable with the three positions being vacant and the other position being reassigned. The state did not want to fire any employees. She was ready to accept a motion on the item.

ASSEMBLYMAN FRIERSON MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO ELIMINATE ONE ADMINISTRATIVE ASSISTANT POSITION, ONE ENFORCEMENT DIVISION AGENT POSITION, ONE AUDIT DIVISION AGENT POSITION, AND ONE TAX AND LICENSE DIVISION AGENT

POSITION, IN ADDITION TO CHANGING THE ADMINISTRATIVE ASSISTANT POSITION'S FUNDING SOURCE FROM GENERAL FUNDS TO INVESTIGATIVE FEES, FOR A SAVINGS OF \$666,142 (\$717,546 IN GENERAL FUNDS) OVER THE 2017-2019 BIENNIUM.

SENATOR FORD SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Anderson, Diaz, and Edwards were not present for the vote.)

Chair Carlton said the other closing items appeared to be reasonable. She would accept a motion to approve other closing items 1, 2, 4, and 5 as recommended by the Governor; defer other closing item 3, which would be determined later with other statewide decision units; and authorize Fiscal Analysis Division staff to make technical adjustments to the budget as necessary.

ASSEMBLYWOMAN SPIEGEL MOVED TO APPROVE OTHER CLOSING ITEMS 1, 2, 4, AND 5 AS RECOMMENDED BY THE GOVERNOR; DEFER OTHER CLOSING ITEM 3, WHICH WOULD BE DETERMINED LATER WITH OTHER STATEWIDE DECISION UNITS; AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Anderson, Diaz, and Edwards were not present for the vote.)

BUDGET CLOSED.

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Chair Carlton said there was an informational item for a one-shot appropriation that did not require a decision. She asked to move to the next budget.

COMMERCE & INDUSTRY
GAMING CONTROL BOARD
GCB - GAMING COMMISSION (101-4067)
BUDGET PAGE GAMING CONTROL BOARD-15

Leannandra Copeland, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that budget account (BA) 4067 was for the Nevada Gaming Commission and was 100 percent funded with State General Funds. The major closing issue was the out-of-state travel. The Governor recommended General Funds of \$21,985 in each year of the 2017-2019 biennium for two Commission members and a senior research specialist to travel

annually on four domestic trips and one Commission member to travel annually on one foreign trip anticipated to be to Asia. She noted that over the last ten years, including fiscal year (FY) 2017 to date, the Commission opted not to travel out-of-state in five fiscal years, and for the five years the Commission traveled out-of-state, expenditures averaged \$4,334 per fiscal year. Year-to-date in FY 2017, the out-of-state travel expenditures totaled \$5,489 in the Commission budget. The budget recommendation was about five times the five-year average. The Gaming Control Board said that over the past five years, there had been turnover in the Commission. Initially, the four new members were unable to travel because of scheduling conflicts, but were now more accommodating to travel and participating in out-of-state conferences.

Ms. Copeland clarified that if the Committees wished to provide an increase in General Funds for out-of-state travel and training for the Nevada Gaming Commission budget, it could consider the following options:

- a. Approve the Governor's recommendation to provide General Funds of \$21,985 in each year of the 2017-2019 biennium.
- b. Reduce the amount of the Governor's recommendation by a specific percentage.
- c. Reduce the amount of the Governor's recommendation by the amount identified for a specific trip.
- d. Do not approve the Governor's recommendation to provide General Funds of \$21,985 in each year of the 2017-2019 biennium for out-of-state travel.

Chair Carlton asked whether the Committees had any questions on the item. She believed the Nevada Gaming Commission had done a good job of evaluating where and when the members needed to travel. The Commission had been wise about its use of monies and reverted General Funds when possible. There had been some turnover, and some training was needed. She was comfortable with option a. and ready to accept a motion on the item.

ASSEMBLYMAN SPRINKLE MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO PROVIDE GENERAL FUNDS OF \$21,985 IN EACH YEAR OF THE 2017-2019 BIENNIUM AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Anderson, Diaz, and Edwards were not present for the vote.)

BUDGET CLOSED.

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COMMERCE & INDUSTRY
GAMING CONTROL BOARD
GCB - GAMING CONTROL BOARD INVESTIGATION FUND (244-4063)
BUDGET PAGE GAMING CONTROL BOARD-19

Leannandra Copeland, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that budget account (BA) 4063 was for the Nevada Gaming Control Board (GCB) Investigation Fund. The budget paid all the expenses incurred by the GCB and the Nevada Gaming Commission for investigations related to applications for gaming licenses, findings of suitability, and approvals. There were no major closing issues in the budget. She recommended the budget be closed as recommended by the Governor, with authority for Fiscal staff to make any technical adjustments resulting from the Committees' closing actions on the Gaming Control Board budget account 4061. Fiscal Analysis Division staff requested authority to make other technical adjustments as necessary.

Chair Carlton asked whether there were any questions on the item. There were none. She was ready to accept a motion on the budget.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO CLOSE THE BUDGET AS RECOMMENDED BY THE GOVERNOR, AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE ANY TECHNICAL ADJUSTMENTS RESULTING FROM THE COMMITTEES' CLOSING ACTIONS ON THE GAMING CONTROL BOARD BUDGET ACCOUNT 4061 AND OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Anderson, Diaz, and Edwards were not present for the vote.)

BUDGET CLOSED.

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Chair Carlton said the Committees had finished the agenda items. She asked for public comment and there was none. There being no further business before the Committees, Chair Carlton adjourned the meeting at 9:57 a.m.

RESPECTFULLY SUBMITTED:

Janice Wright
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.