MINUTES OF THE SENATE COMMITTEE ON FINANCE

Seventy-ninth Session May 29, 2017

The Senate Committee on Finance was called to order by Chair Joyce Woodhouse at 8:04 a.m. on Monday, May 29, 2017, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Exhibit A is the Agenda. Exhibit B is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

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

GUEST LEGISLATORS PRESENT:

Senator Patricia Farley, Senatorial District No. 8

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Cathy Crocket, Program Analyst
Joi Davis, Senior Program Analyst
Mandi Davis, Program Analyst
Karen Hoppe, Senior Program Analyst
Julie Waller, Senior Program Analyst
Colby Nichols, Committee Secretary
Edgar Cervantes, Committee Secretary

OTHERS PRESENT:

Mike Draper, A Track Out Solution; Lunas Construction; Green Solutions Recycling; Nevada Recycling and Salvage
William Horne, Republic Services
Greg Lovato, Administrator, Division of Environmental Protection, Nevada Department of Conservation and Natural Resources
Denise Tanata, Executive Director, Children's Advocacy Alliance
Jon Sasser, Legal Aid Center of Southern Nevada; Washoe Legal Services
Steve Fisher, Administrator, Division of Welfare and Supportive Services, Nevada Department of Health and Human Services
Danette Kluever, Deputy Administrator, Administrative Services, Division of Child and Family Services, Nevada Department of Health and Human Services
Tessyn Opferman, Nevada Women's Lobby
Sumiko Maser, Deputy Executive Director, Nevada Department of Taxation
Nova Murray, Deputy Administrator, Division of Welfare and Supportive Services, Nevada Department of Health and Human Services
James R. Wells, Director, Office of Finance, Office of the Governor
Cyndie Munoz, Administrator, Administrative Services Division, Nevada Department of Motor Vehicles

CHAIR WOODHOUSE:
I will open the meeting of the Senate Committee on Finance with a work session.

ALEX HAARTZ (Principal Deputy Fiscal Analyst):
The first bill today is Senate Bill (S.B.) 315, heard in Committee on May 25.

SENATE BILL 315: Revises provisions relating to waste disposal. (BDR 40-989)

This bill, as amended by Proposed Amendment 4858 (Exhibit C), requires a county with a population of 100,000 or more to maintain a waste diversion rate of at least 25 percent. It also requires the State Environmental Commission to adopt regulations and requires that the regulations adopted set a recycling goal of 35 percent.

A conceptual amendment (Exhibit D) was presented to amend section 13 to implement the 25 percent requirement over a four-year period: 23 percent by

2023, 24 percent by 2024, 25 percent by 2025 and for all years thereafter. It also includes language requiring waste diversion rate reporting by counties with populations of 100,000 or more in accordance with the provisions of section 13.

There was a fiscal note from the Division of Environmental Protection of $4,489 in fiscal year (FY) 2017-2018 and $4,561 in FY 2018-2019 to address the projected costs of section 6 of the bill that established the Nevada Council on Recycling and Materials Management. Section 6 has been deleted in the amendment, so that the fiscal note was eliminated. However, Staff discussed with the Division this morning whether all fiscal impacts have been removed, and it indicated that because the State Environmental Commission will need to adopt regulations, there appears to be a one-time fiscal note of approximately $5,000 that is still on the amendment.

Testimony in favor of the bill was presented by Green Solutions Recycling, Nevada Recycling and Salvage, A Track Out Solution, Lunas Construction, Nevada State Apartment Association and C&S Waste Solutions of Nevada.

Testimony against the bill was presented by Republic Services. Testimony in neutral of the bill was presented by Clark County, although that testimony appeared to be in partial opposition to the bill as written. A representative from Waste Management also testified in neutral, with that position depending on the amendment's language.

Sections 13 and 14 of S.B. 315 are effective upon passage and approval for purposes of adopting regulations and other preparatory tasks, and for all other purposes on October 1, 2023. Section 15 and the remaining sections of S.B. 315 are effective on October 1. The amendatory provisions of the bill expire by limitation on June 30, 2021.

There was a proposed amendment on behalf of Waste Management (Exhibit E).

CHAIR WOODHOUSE:
I spoke to Ms. Grimmer this morning, and that amendment, Exhibit E, is not being brought forward today. There is also a 15-page document in your packet from Senator Denis with 2015 State recycling rate data (Exhibit F).

SENATOR KIECKHEFER:
There was discussion during the May 25 hearing of this Committee that there would be ongoing conversations about this to ensure that everyone is on board. I would like to hear if everybody got on board.

MIKE DRAPER (A Track Out Solution; Lunas Construction; Green Solutions Recycling; Nevada Recycling and Salvage
I represent smaller haulers, including A Track-Out Solution, Lunas Construction, Green Solutions Recycling and Nevada Recycling and Salvage. With the amendments that have been discussed, it has been indicated to us that everybody is in support or neutral. One part that is key in the conceptual amendment, Exhibit D, is that the construction and demolition waste is not included in the recycling percentage or in the overall waste percentage. We have talked to everybody who testified in front of this Committee on May 25, and their concerns were all addressed. Everybody is at least neutral, if not in support of the bill.

SENATOR PATRICIA FARLEY (Senatorial District No. 8):
I agree.

WILLIAM HORNE (Republic Services):
We are neutral on this bill with the conceptual amendments minus the one, Exhibit E, from Waste Management that Chair Woodhouse referenced.

CHAIR WOODHOUSE:
Does anyone from the Department of Conservation and Natural Resources want to address the $5,000 fiscal note?

GREG LOVATO (Administrator, Division of Environmental Protection, Nevada Department of Conservation and Natural Resources):
Regarding the $5,000 fiscal note, we believe it could be removed if the conceptual amendment, Exhibit D, is clarified to indicate that the regulations passed will only require setting up reporting requirements rather than actually requiring the waste diversion rates.

We discussed that issue with the sponsors in the past few days, and we understand they are in support of that amendment.

SENATOR PARKS MOVED TO AMEND AND DO PASS AS AMENDED S.B. 315 WITH THE ADDITIONAL CONCEPTUAL AMENDMENT.

SENATOR FORD SECONDED THE MOTION.

SENATOR DENIS:
Mr. Lovato just put it on the record, but I want to make sure the issue about the reporting is included in the motion.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR WOODHOUSE:
I will move to work session on S.B. 317.

SENATE BILL 317 (1st Reprint): Revises provisions relating to preferences in bidding for certain contracts for businesses based in this State. (BDR 27-936)

MR. HAARTZ:
This bill was heard in Committee on May 27. Proposed Amendment 5075 (Exhibit G) requires a contractor, applicant or design-build team that receives a bidding preference and is awarded a contract for a public work to submit, upon substantial completion of the public work, an affidavit from a certified public accountant (CPA) confirming compliance with certain requirements for the duration of the public work. It appears to only apply to public works projects of $250,000 or more and revises the bidding preference from 5 percent to 7 percent for the period of July 1, 2018, through June 30, 2021. Effective July 2021, the bidding preference reverts to 5 percent.

Finally, the bill requires that as a condition of maintaining eligibility to receive a bidding preference, a contractor shall annually submit to the State Contractors Board an affidavit from a CPA indicating the contractor has paid all applicable Sales and Use Tax and Governmental Services Taxes. If a contractor willfully and intentionally fails to submit the required annual affidavit prepared by the CPA, the contractor is determined to be ineligible for the bidding preference for a period of five years.

The Purchasing Division submitted a fiscal note on the original bill of $52,833 in FY 2017-2018 and $65,949 in FY 2018-2019 for personnel and operating costs. Jeff Haag, Administrator of the Purchasing Division, testified neutral on the bill and said the amendment, Exhibit G, removed the fiscal note.

There was testimony in support of S.B. 317 from the Laborers and Operating Engineers Union as well as the Teamsters and the Nevada Contractors Association. There was no testimony in opposition. A representative from the Associated General Contractors of America also testified in neutral on the bill. There are no additional amendments on the bill, which is effective upon passage and approval for purposes of adopting regulations and other preparatory tasks on July 1, 2018.

SENATOR GOICOECHEA:
I will support the bill, but my concern is with the 50 percent requirement for Nevada residents. I think that it could very well be an out-of-State company with 50 percent of the key personnel coming from out of State and still meet the requirement. I would like to see the Nevada percentage a little higher, if we are going to give that kind of bidder preference.

SENATOR FORD MOVED TO AMEND AND DO PASS AS AMENDED S.B. 317.

SENATOR PARKS SECONDED THE MOTION.

SENATOR KIECKHEFER:
I will be voting against this bill because I have a concern that we are getting into a slippery slope. My understanding is that there is no state with a bidder's preference of above 5 percent, and that our neighboring states have a reciprocal preference. That way, when our contractors go out of State, they get a bidder's preference commensurate with whatever our contractors have if they win the bid. We hear stories about our laborers having to go out of State to get work when there is no work locally, and my concern is that this could make it so they could not get work in either state. I think it would make it more difficult for Nevada companies to find work out of State. Construction is something that is more regional than state-specific.

THE MOTION CARRIED. (SENATOR KIECKHEFER VOTED NO.)

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CHAIR WOODHOUSE:
I will now move on to S.B. 325.

SENATE BILL 325: Revises provisions governing medical assistance to certain children. (BDR 38-941)

MANDI DAVIS (Program Analyst):
This bill was heard by the Committee on May 24. It would require the Director of the Department of Health and Human Services to include authorization to enroll in the Medicaid State Plan and the Children's Health Insurance Program (CHIP), also known as Nevada Check Up, for certain lawfully-residing children under 21 years of age who have resided in the U.S. for less than 5 years. Federal law currently provides that a legal alien is not eligible for any federal means-tested public benefit for a period of five years from the date of entry into the United States. Federal law contains an exemption that authorizes a state to elect to allow children under 21 years of age who are lawfully residing in the U.S. and who have resided in the U.S. for less than 5 years to enroll in Medicaid and in CHIP.

The Division of Health Care Financing and Policy submitted a fiscal note with the projected increase in claims costs. On May 26, the Division submitted a letter indicating it had updated the projected cost calculations, which removed the General Fund impact.

A fiscal note submitted by the Division of Welfare and Supportive Services indicated the Division would need four new eligibility staff due to the projected increase in the number of applications that would be received as a result of this measure. On May 28, the Division provided an update to its projected cost calculations of $546,169 over the biennium, including additional General Fund appropriations of $6,179, which is reduced from General Funds of $165,196 included in the original fiscal note. The remaining costs of the positions would be funded with federal funds.

The bill was presented by Senator Yvanna Cancela, Jared Busker for the Children's Advocacy Alliance and Jon Sasser for the Legal Aid Center of

Southern Nevada and Washoe Legal Services. There was no testimony in support or against the bill. The Division of Healthcare Financing and Policy testified in neutral as to the removal of the need for additional General Funds included in its fiscal note and clarified that it projected a net increase of total claims cost of $26.9 million as a result of this measure. The Division also reported that the utilization of the enhanced CHIP Federal Medical Assistance Percentage (FMAP) rate resulted in no projected increase in General Fund appropriations. The Division noted that if the federal Affordable Care Act is repealed or the enhanced CHIP FMAP rate expires, the State's obligation for the cost would be 100 percent.

Senator Cancela and Mr. Sasser offered a conceptual amendment (Exhibit H) that would add a provision to allow the Department to eliminate or reduce benefits provided under this bill should the federal option to offer Medicaid and CHIP coverage to children who are lawfully residing in the U.S., including those within their first five years of having certain legal status, is eliminated or if the FMAP rate is significantly reduced. The second part of the conceptual amendment is to change the age limitations for children covered under this measure from "under 21 years of age" to "up to 19 years of age" in order for all paid claims to be matched to the enhanced CHIP FMAP rate. This bill is effective on July 1.

SENATOR KIECKHEFER:
I support the five-year ban at the federal level. However, since that ban has been waived, I think we can serve these children for very little, if any, cost to the State. It makes sense to move forward with this now with the amendment proposed by Mr. Sasser which offers some protection if there are changes at the federal level.

SENATOR DENIS MOVED TO AMEND AND DO PASS AS AMENDED S.B. 325.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR WOODHOUSE:
I will now move to S.B. 467.

SENATE BILL 467 (1st Reprint): Revises provisions relating to technology in public schools. (BDR 34-1120)

MARK KRMPOTIC (Senate Fiscal Analyst):
Senate Bill 467 was heard by Committee on May 26. It relates to the Nevada Ready 21 Technology Program, establishing requirements for participating and providing for other matters. The bill was presented by Senator Moises Denis, who also presented a suggested amendment (Exhibit I) dated May 25.

There are items in the amendment I would draw your attention to. One is in section 4, subsection 2, where it changes, "The Department shall enter into an agreement," to "The Department may enter into an agreement." Additionally, section 4, subsection 3 states, "A school district, charter school or university school for profoundly gifted pupils that receives a grant pursuant to section 3 of this act may enter into an agreement with a person or entity to provide any or all of the services in Section 4 subsection 2."

Lastly, section 4, subsection 4 states, "All qualifying grantees shall receive equal per seat funding to implement the program," which is a new addition.

One of the concerns expressed by the Department of Education (NDE) was in allowing school districts to purchase their own technology devices at a higher cost, which would be less economically efficient and could limit the number of pupils who would receive these devices. My office agrees with this conclusion.

CHAIR WOODHOUSE:
We do have the concerns about the economies of scale in the amendment.

SENATOR DENIS MOVED TO AMEND AND DO PASS AS AMENDED S.B. 467.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR WOODHOUSE:
That concludes our work session. I will now open the hearing on S.B. 257.

SENATE BILL 257 (1st Reprint): Revises provisions relating to the welfare of children. (BDR 38-662)

SENATOR PATRICIA FARLEY (Senatorial District No. 8):
This bill makes several changes to various aspects of the child welfare system to improve the health, safety and well-being of youth in out-of-home placement. We have conceptual amendments to the bill to reduce the fiscal note.

DENISE TANATA (Executive Director, Children's Advocacy Alliance):
Section 1 of the original bill, S.B. 257, revises *Nevada Revised Statutes* (NRS) 422A to authorize fictive kin caregivers to receive child-only assistance through the State Plan for Temporary Assistance for Needy Families (TANF). We do not want to remove this section, but with an understanding of the potential fiscal impact, we are willing to remove it.

Section 2 of the original version of the bill revises the Foster Youth Bill of Rights to include normalcy activities for youth in foster care. This allows youth in the foster care system to have the right to reasonable participation in extracurricular, personal enrichment and cultural activities. This section does not have a fiscal impact.

Sections 4 and 7 create and provide appropriations for the Normalcy for Foster Youth Account. In section 4, the Account is created in the State General Fund. The interest and income earned on the money in that Account after deducting applicable charges will be credited to the Account. The Division of Child and Family Services of the Department of Health and Human Services may use that Account money to provide monetary support to a provider of foster care who provides opportunities to a child in his or her care to participate in extracurricular, personal enrichment and cultural activities. Also within section 4 of S.B. 257, subsection 3, paragraph (a) allows the Division to, "Award grants to agencies which provide child welfare services or nonprofit organizations that provide opportunities to children in foster care to participate in extracurricular, cultural and personal enrichment activities." Section 4, subsection 4 provides that "The Division of Child and Family Services may accept gifts, grants, bequests and other contributions from any source for the purpose of carrying out the provisions of this section." Section 4, subsection 5 states that money remaining in the Account at the end of a fiscal year will not revert to the State General Fund, and the balance must be carried forward to the next fiscal year.

Section 7 allocates $500,000 to the Normalcy for Foster Youth Account from the State General Fund to be distributed to the Division of Child and Family Services. We are looking at revising this amount, but we would like some initial contribution to start the Account, and then we would have the ability to go after grants and other donations. We are looking at a conceptual amendment to reduce that $500,000 amount.

Section 5 of the bill creates immunity from liability for following a reasonable and prudent parent standard. This essentially says that anyone who allows a child to engage in these extracurricular activities, acting as a reasonable and prudent parent, would not be subject to lawsuits. This section has no fiscal impact.

Section 6 provides an appropriation to replace the Unified Nevada Information Technology for Youth (UNITY) data system. With a heavy heart, we are going to remove this section because the fiscal note, even with a federal match, is quite substantial.

Section 8 provides an appropriation of $200,000 for a child welfare funding study. The money would be for the Administrator of the Division of Child and Family Services to enter into a contract with a qualified, independent consultant to conduct a funding study of the child welfare system in the State. Reports from the study would be presented to the Division and the Legislative Counsel Bureau for discussion in the next Legislative Session. We would like to keep this section in the bill. In the agency budget closings, there was much discussion about child welfare funding and how that is administered to the various agencies. We believe this section aligns with some of the questions that were brought up at that time.

JON SASSER (Legal Aid Center of Southern Nevada; Washoe Legal Services):
The agencies I represent—the Legal Aid Center of Southern Nevada and Washoe Legal Services—provide attorneys to children and the child welfare system. Both organizations are appreciative of Senator Farley for bringing this bill forward, especially the provisions dealing with normalcy, which is the right of a child in foster care to have access to the same types of extracurricular activities as other children. This can include everything from prom dresses to dance lessons

and participating in sports, so foster children do not stand out as being different from their peers. We appreciate the addition to the Foster Youth Bill of Rights in section 2.5 of the first revision of the bill.

It is very important to establish the Normalcy for Foster Youth Account in section 7. If you as a Legislature can put any money into this Account, it would give us at least a chance to get private contributions and other monies. Any seed money you can provide for that Account would be appreciated.

SENATOR FARLEY:
This bill is important to me. We have worked on it for well over a year. I am now in the process of filing to become the foster parent to four of my nieces and nephews. Taking in four children means I need to look into getting a minivan and buying school clothes because adding four human beings into a home can be overwhelming. The TANF program in section 1 of S.B. 257 really makes a difference with how families choose to take in their own and whether or not they can do so. I do think it is important that we as a Legislature continue to look out for these most vulnerable members of our community.

The other important part of the bill, the issue Ms. Tanata spoke of removing with a heavy heart, is section 6, which is upgrading and replacing the UNITY child welfare tracking system. I have spoken with people across the State about UNITY, and one of the most concerning things I learned was that it is only correct about 50 percent of the time in identifying where a child in the system is located. The unreliability of that outdated data system puts a heavy workload on case managers and child protective experts to follow these children. Thank goodness these people are in place doing extra work, but it sure needs replacing. In my opinion, government is here to protect our most vulnerable citizens first before we spend money on anything else. After spending time with the child welfare system, I can testify that these are the most vulnerable members of our community, and they deserve our attention.

STEVE FISHER (Administrator, Division of Welfare and Supportive Services, Nevada Department of Health and Human Services):
I want to go on record that if the Committee chooses to accept the conceptual amendment as testified to, the fiscal note that the Division of Welfare and Supportive Services put forth would be removed.

CHAIR WOODHOUSE:
In section 8 of the bill, they would keep the $200,000, but the others are being deleted. Is that correct?

MR. FISHER:
That is correct.

DANETTE KLUEVER (Deputy Administrator, Administrative Services, Division of Child and Family Services, Nevada Department of Health and Human Services):
I will put on record that yes, the $200,000 will stay for our Division.

CHAIR WOODHOUSE:
Seeing no more people wishing to testify on S.B. 257, I will close that hearing and open the hearing on S.B. 455.

SENATE BILL 455 (1st Reprint): Authorizes tax credits for employers who assist employees in paying for child care. (BDR 32-1006)

SENATOR FARLEY:
This bill is important for working families and for employers who want to provide a family-friendly workplace. Senate Bill 455 will entitle an employer to receive a credit against the Modified Business Tax if the employer pays money to an entity under contract with the Department of Health and Human Services that determines eligibility for child care assistance. The purpose of the credit is to assist an employee who has one or more children under the age of 13 and whose household income does not exceed 85 percent of the median income in Nevada. The amount of this credit is equal to 50 percent of the amount paid by the employer to the entity under contract with the Department, but it must not exceed $5,000 per employee per year. Any unused credit may be carried forward for five years.

There are many challenges faced by working families, and it has become increasingly difficult to find affordable child care and early education opportunities. This bill incentivizes employers to help. As a working mother of two children, I know firsthand the stress of finding good-quality child care so I can work and know my children are not only safe, but that they are being provided a critical learning experience in their developmental years.

Care and active learning for children in the early years from infants to the age of five is especially critical because 90 percent of human brain growth occurs during that time. The increasing cost of child care puts families with low incomes and middle incomes in difficult situations, often requiring some assistance.

According to Child Care Aware, the average cost of child care in Nevada is more than $9,000 per year. Meanwhile, the Children's Cabinet reports that weekly child care rates for an infant in Clark County are $200 or more, adding up to more than $10,000 per year. The choice of having children is becoming more and more difficult for families with low incomes and middle incomes. The cost of child care in a family with low-wage workers is staggering.

According to the National Women's Law Center, tax codes for the federal government and more than half of the states provide some assistance to families in meeting their employment-related child care expenses. However, many states provide little or no tax assistance to families struggling to pay for that care. Since Nevada does not have a personal income tax, it is hard to find ways to provide credits to working families needing help to locate and pay for quality child care and early educational opportunities for their children. Employers will benefit from helping their employees find and pay for good child care because those workers will be able to concentrate on their jobs while knowing their children are in good hands. Any help we can give to working parents to find affordable, good quality child care is critical to creating tomorrow's workforce.

MS. TANATA:
In the U.S., Nevada ranks last for affordable infant care and licensed family child care, and Nevada is the eighth least affordable state in licensed child care centers. The cost of infant care represents 51 percent of income for a family of three living at 100 percent of the poverty level and 40 percent of income for the same family living at 130 percent of the poverty level. It would take a single parent making $10 per hour working 40 hours a week more than 25 weeks to afford infant child care.

Section 1 of S.B. 455, amends NRS 363A, creating a payroll tax credit for businesses that assist employees whose household income does not exceed 85 percent of Nevada's median household income. Those employees would receive assistance in paying for the cost of child care for a child less than 13 years of age.

Section 1, subsection 2 provides that this does not allow for the credit to be authorized if the amount was paid pursuant to a salary reduction plan.

Section 1, subsection 3 outlines the process a business must go through to receive the tax credit. I have a flowchart (Exhibit J) that helps explain the process. The upper left box on the chart represents the employee who meets the qualifications. On the bottom left of the flowchart is the employer/taxpayer, and on the top right you see the child care provider. At the bottom right of the chart is the Department of Taxation. In the middle of the chart is the entity contracted by the Department of Health and Human Services to determine eligibility for child care subsidies. This shows all the involved players, the process for becoming eligible and how those payments would circulate.

Section 1, subsection 3, paragraph (d) of the bill requires the payment for child care to be used at a child care facility that participates in the Quality Rating and Improvement System administered by the Office of Early Learning and Development of the NDE. This is an important piece of this legislation because we believe that if the State is paying for child care or providing assistance, it should receive the social benefits that a child's attendance in quality care provides. At-risk children who receive high-quality child care have been shown to have increased high school graduation rates, college attendance, lifetime wages and tax revenue. There is also evidence that these individuals have a reduction in instances of violent crime and teen pregnancy rates.

Section 1, subsection 5 requires entities under contract with the Department of Health and Human Services to provide notice of payment to the Department of Taxation within 30 days of receipt of payment.

Section 1, subsection 6 allows the Department of Taxation to approve or deny an application for the credit for each fiscal year, depending on the availability of credits up to a certain amount. In the current bill language, it provides that this credit can be up to $5 million for FY 2017-2018 and up to $5.5 million for FY 2018-2019. This is the total amount of credit from the Modified Business Tax that could be given back to an employer. Section 1, subsection 6, paragraph (c) provides that for each succeeding fiscal year, an amount equal to 110 percent of the immediately preceding fiscal year would be available as a tax credit. Given some of the fiscal constraints this Committee and the State are facing, we are willing to discuss reducing that amount and eliminate the provision that would include later fiscal years so, at the very least, we could start a pilot project to see how this program works and if it is successful.

We received a letter from the W.K. Kellogg Foundation (Exhibit K), an organization that has been making significant investments in Nevada to support enhanced, high-quality learning programs in the State. Some of those investments are shown in the letter. The letter states that this bill represents a unique way to do tax credits, and the Foundation is interested in helping support the implementation of this bill if it passes.

Section 1, subsection 7 provides for the tax credit to equal 50 percent of the amount paid up to $5,000 per employee per year. We want to clarify that employers can pay as much as they want for an employee's child care expenses, but the amount they would be credited would be capped at $5,000 per employee per year or 50 percent of the amount they paid in. This would allow the employer/taxpayer to cover a portion of the cost of child care, which is more than $10,000 per year for licensed infant care and more than $8,700 per year for licensed prekindergarten child care.

Section 1, subsection 8 provides that this section must not be applied retroactively. Section 1, subsection 9 allows the tax credit to be carried forward for the employer.

Section 2 of S.B. 455 allows for a credit against a payroll tax for a business that makes a payment of money as described in section 1.

Section 3 of the bill amends NRS 363B in essentially the same fashion as NRS 363A.

Section 5 requires the Division of Public and Behavioral Health of the Department of Health and Human Services to make available for businesses in Nevada information related to worksite wellness and family-friendly policies, including information concerning the Modified Business Tax credit. This is an effort to ensure businesses are aware of this program as well as of other resources available for their employees.

SENATOR FARLEY:
We have put a lot of money into workforce development but if people cannot get in to the workforce, I do not know how successful workforce development will be. These programs are targeted toward low-income earners who need to increase their household income, and this bill is part of supporting them. This is what we want for all Nevadans—to be able to go to school and to work and to feel like their children are well taken care of so they can succeed. These issues go hand in hand; I do not know how we can have one without the other.

MR. SASSER:
The inability of our clients to get affordable child care is a major barrier to returning to work. We support this bill.

TESSYN OPFERMAN (Nevada Women's Lobby)
We are in strong support of this important bill.

SUMIKO MASER (Deputy Executive Director, Nevada Department of Taxation):
We submitted a fiscal note on this bill as introduced. After reviewing the amendment, our fiscal note would stay intact since we would need support staff to administer these changes.

NOVA MURRAY (Deputy Administrator, Division of Welfare and Supportive Services, Nevada Department of Health and Human Services):
In my job with the Division of Welfare and Supportive Services, I have responsibility over the child care program. We also submitted a fiscal note, the first of which is obsolete based on the changes in the original amendment. If this is amended and the staff numbers are reduced for a pilot program as suggested, our fiscal note will change. This fiscal note was based on 1,500 cases, so as they ramp up, we would not take on all the staff until those 1,500 cases were met. If the program was smaller and did not come on too quickly, the fiscal note would not be as heavy.

CHAIR WOODHOUSE:
We did receive a letter of opposition from the Henderson Chamber of Commerce (Exhibit L). Seeing no more people wishing to testify, I will close the hearing on S.B. 455 and open the hearing on Assembly Bill (A.B.) 486.

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

JAMES R. WELLS (Director, Office of Finance, Office of the Governor):
Assembly Bill 486 revises provisions of NRS 371, which sets forth the depreciation schedules for vehicles and sets the Governmental Services Tax (GST). In 2009, S.B. No. 429 of the 75th Session changed the depreciation schedule to depreciate vehicles more slowly and increase revenue during the economic downturn. That revenue was scheduled to go from the effective date of the bill, which was September 1, 2009, through June 30, 2013, to the State General Fund. In FY 2013-2014, the GST revenue stream was scheduled to be deposited into the State Highway Fund, but the 2013 Legislature deferred that for 2 years through FY 2014-2015. The 2015 Legislature deferred it one more year through FY 2015-2016. This year, in FY 2016-2017, the GST is split 50 percent for the Highway Fund and 50 percent for the General Fund.

Under existing law, the entire GST distribution would go to the Highway Fund beginning in FY 2017-2018. As amended, A.B. 486 would change the distribution to have 75 percent of the GST go to the Highway Fund and 25 percent to the General Fund for FY 2017-2018 and FY 2018-2019. It would then expire by limitation on June 30, 2019, with 100 percent of the GST going to the Highway Fund thereafter.

There is approximately $19.3 million and $19.5 million in FY 2017-2018 and FY 2018-2019, respectively, that is included in the *Executive Budget* as revenue to balance the budget as submitted.

CYNDIE MUNOZ (Administrator, Administrative Services Division, Department of Motor Vehicles):
We are neutral with this bill.

CHAIR WOODHOUSE:
Seeing no one else wishing to testify, I will close the hearing on A.B. 486. I will take public comment. Seeing no one, I will open discussion on some new bill draft requests (BDR).

JOI DAVIS (Senior Program Analyst):
The first BDR provides for the compensation of state employees, referred to as the "Pay Bill."

BILL DRAFT REQUEST S-1188: Provides for compensation of state employees. (Later introduced as Assembly Bill 517.)

Section 1 sets forth the maximum annual salary amounts for classified and unclassified State employees. These amounts represent the 1 percent cost-of-living adjustment (COLA) approved for FY 2015-2016 and the 2 percent COLA approved in FY 2016-2017. It does not include the 2 percent COLA approved for each year of the upcoming biennium.

Section 2 allows the Division of Human Resource Management of the Department of Administration to review the duties and responsibilities of a position that may have been omitted from the bill in order to establish the salary of that position. It also allows for corrections to the bill for errors determined by the Fiscal Analysis Division of the Legislative Counsel Bureau (LCB) with the approval of the Interim Finance Committee (IFC) . This section also includes standard provisions regarding persons filling or vacating unclassified positions.

Section 3 provides for a 2 percent COLA for State employees for each year of the upcoming biennium. The General Fund portion of the COLA outlined in the following sections of the BDR total $18.6 million in FY 2017-2018 and $38.4 million in FY 2018-2019. The State Highway Fund portion of the COLA totals $1.4 million in FY 2017-2018 and $2.8 million in FY 2018-2019.

Section 4 authorizes the State Board of Examiners to appropriate to State agencies, including the Judicial Department of the State Government, from the amounts shown in that section for the difference between the maximum salaries set forth in section 1 for unclassified positions and the 2 percent COLA approved in section 3.

Section 5 authorizes the State Board of Examiners to appropriate to State agencies, including the Judicial Branch, from those amounts shown for any deficiencies approved for classified and nonclassified State employees.

Section 6 provides for those similar provisions; however, it is related to the Highway Funds that impact the Department of Public Safety, the Department of Motor Vehicles (DMV) and the Nevada Transportation Authority.

Section 7 authorizes the State Board of Examiners to appropriate from the amounts shown to the Nevada System of Higher Education (NSHE) for any deficiencies created between the funding appropriated to NSHE and the 2 percent COLA approved for classified and professional employees.

Section 8 provides for the 2 percent COLA to be applied to employees of the LCB, including the interim legislative operations. This section also allows for any deficiencies from the amounts appropriated and the COLA to be covered by the Legislative Fund.

Section 9 is standard language related to plans for differential pay for the Department of Health and Human Services and the Department of Corrections for unclassified physician positions.

Section 10 is standard language related to plans for credential pay for the Nevada Gaming Control Board.

Section 11 is standard reversionary language applicable to the previous sections.

Section 12 allows funding for the 2 percent COLA as set forth in previous sections to be transferred between fiscal years.

Section 13 authorizes the State Board of Examiners to appropriate from the amounts shown to the Tahoe Regional Planning Agency (TRPA) for any deficiencies created between funding appropriated to TRPA and the 2 percent COLA approved for its employees, provided the State of California provides the required 2-for-1 match.

Section 14 provides funding to effectuate the salary increases to elected officials beginning January 7, 2019, in accordance with the COLA approved for all State employees.

Section 15 amends NRS 281.123 to expand the list of positions exempt from the provision that requires the salary of a person employed by the State not to exceed 95 percent of the salary of the Governor. Due to the COLA approved by the 2015 Legislature, several positions exceeded the 95 percent rule; however, the Governor's salary will catch up with the approved COLA effective January 7, 2019, at which time the expanded list of exempt positions would sunset.

Section 16 amends NRS 408.111 as it relates to the DMV to align with prior budgetary approval.

Section 17 amends NRS 612.230 as it relates to the Department of Employment, Training and Rehabilitation to align with prior budgetary approval.

SENATOR GOICOECHEA:
I have a close family member who will be impacted, so I will abstaining.

MR. KRMPOTIC:
The language in this BDR is largely reflective of what has been incorporated in the past by the Legislature, with the exception of the 2 percent COLA each year, which is recommended by the Governor. There is also conforming language to facilitate implementation of the State compensation plan for the next two years.

CHAIR WOODHOUSE:
I will now open discussion on the next BDR we have to review, BDR S-1186.

BILL DRAFT REQUEST S-1186: Authorizes expenditures by agencies of the State Government for the 2017-2019 biennium. (Later introduced as Senate Bill 545.)

KAREN HOPPE (Senior Program Analyst):
This is the Authorizations Act, representing authority for agencies to collect and expend the monies other than General Fund or Highway Fund authorizations.

Section 1 includes all the amounts for each of the agencies authorized through the money committee review process.

Section 2 is carryover language from the last biennium, having to do with the tobacco settlement funds.

Section 3 is carryover language from the last biennium concerning appropriations for the Nevada Gaming Control Board (GCB). Subsection 4 of this section is new language, providing for General Fund expenditure of $100,000 in FY 2017-2018 for special counsel for the GCB. Subsection 5 of section 3 provides that any unexpended amounts may be balanced forward to FY 2018-2019 with the approval of the IFC.

Section 4 through section 9 contain carryover language from last biennium.

Section 10 contains new language for the upcoming biennium, authorizing the Department of Taxation to balance forward any license and permit fees for recreational marijuana received in the Department's budget for FY 2016-2017 to the Marijuana Regulation and Control Account for FY 2017-2018.

Section 11 is new and requires the Governor's Office of Finance to develop revenue general ledgers and expenditure categories for the Public Employees' Benefits Program budget to enhance tracking and transparency and to submit a work program revision reflecting such new categories and a plan for tracking expenditures by participant group to the IFC no later than August 31.

Sections 12 through 15 contain carryover language from the last biennium.

Section 16 contains carryover language with an addition of a new amount. In the last biennium, up to $250,000 for the Division of Forestry of the State Department of Conservation and Natural Resources (DCNR) was authorized to be carried forward to the next year. Language has been added for the Forestry Conservation Camps of the DCNR to also carry forward a balance of up to $175,000 to the next year.

Section 17 is new, authorizing expenditures of $1.1 million in each year for the State Active Duty budget account of the Office of the Military for the payment of salaries, fringe benefits and other compensation and meals for members of the Nevada National Guard called into State active duty.

Section 18 is new, stating that money authorized from the Account to Restore the Sagebrush Ecosystem, created by NRS. 232.161 for the payment of program expenditures, may be expended for that purpose.

Section 19 is new, providing that the $844,187 balance of the IFC Contingency Account allocated in FY 2016-2017 for the State Department of Conservation and Natural Resources Administration budget for sagebrush habitat improvement projects be transferred within the Account to Restore the Sagebrush Ecosystem from one fiscal year to the other and does not revert to the IFC Contingency Account.

Sections 20 through 23 contain carryover language from the last biennium.

Section 24 is new, providing that amounts authorized for early intervention services shall be expended to "continue the current service delivery model in which the caseload is split between the state and community providers, and each is reimbursed according to the methods in place during the 2015-2017 biennium."

SENATOR KIECKHEFER:
On the GCB special counsel, if it is a State General Fund appropriation, why is it in the Authorizations Act and not the Appropriations Act?

MS. HOPPE:
It is in the statute of the GCB that, per the language, everything is authorized and goes into the Authorizations Act. In section 3, the expenditures in subsections 1 and 2 are the General Fund appropriations for the GCB.

SENATOR KIECKHEFER:
So it is based on the controlling language in statute?

MS. HOPPE:
That is correct.

CHAIR WOODHOUSE:
I will now open discussion on BDR 34-1189, the education funding bill.

BILL DRAFT REQUEST 34-1189: Ensures sufficient funding for K-12 public education for the 2017-2019 biennium. (Later introduced as Senate Bill 544.)

JULIE WALLER (Senior Program Analyst):
This is the K-12 public education funding bill. Section 1 establishes the statewide basic support guarantee for FY 2017-2018 at $5,897 per pupil as the statewide average with a breakdown of each county's variable allocation.

Section 2 establishes the statewide average basic support per pupil for FY 2018-2019 at $5,967 per pupil. These estimated basic support guarantee amounts will be recalculated once the second year ad valorem taxes are known and received by the NDE from the Department of Taxation.

Section 3 shows the State General Fund appropriations to the State Distributive School Account (DSA), which is $1.2 billion for FY 2017-2018 and $1.1 billion in FY 2018-2019.

Section 4 authorizes $420.5 million in FY 2017-2018 of non-General Fund revenues in the DSA. Subsection 2 of this section authorizes $446.2 million of non-General Fund money in the DSA for FY 2018-2019.

Section 5 is standard language for the State Budget Act.

Section 7 provides the funding in the DSA for students with disabilities amounting to $186.7 million in FY 2017-2018 and $199.8 million in FY 2018-2019.

Section 8 is funding for special transportation costs to school districts in the amount of $128,541 for each year of the 2017-2019 biennium.

Section 9 allocates $588,732 for each year of the 2017-2019 biennium for the National School Lunch Program state match requirement.

Section 11 begins the language for the class size reduction (CSR) program. Funding is appropriated to continue the pupil-teacher ratio of 17 pupils per licensed teacher in Grades 1 and 2 for the 2017-2019 biennium and 20 pupils per licensed teacher for Grade 3 in FY 2017-2018 and FY 2018-2019.

Section 12 is the General Fund appropriation to support those pupil-teacher ratios, amounting to $147.4 million in FY 2017-2018.

Section 13 contains the General Fund appropriation of $152.1 million for CSR in FY 2018-2019.

Section 14 describes the requirements to participate in the alternative CSR program. This program is available to school districts other than Clark County School District (CCSD) and Washoe County School District (WCSD), and allows for a higher pupil-teacher ratio of 22 to 1 in kindergarten through Grade 3 and 25 to 1 in Grade 4 through Grade 6.

Section 16 is a General Fund appropriation of $76.4 million in FY 2017-2018 and $77.9 million in FY 2018-2019 to the Other State Education Programs

Account. This is a budget that funds various programs, including the Standard Adult High School Diploma Program, which would receive $18.3 million in each fiscal year of the upcoming biennium. This funding is allocated to school districts to provide education in the high schools and in the correctional facilities for students who desire to complete their high school diploma.

Section 16, subsection 6, provides funding for various programs available for both fiscal years of the biennium with the approval of the IFC. In paragraph (a), the allocation is $49,285 for the National Board Certification program. In paragraph (b), the allocation is $668,740 for the National Board for Certified Counselors. In paragraph (c), the allocation is $449,142 for Local Education Agency library books. In paragraph (d), the allocation is $12.5 million for continued funding for the Career and Technical Education programs. In paragraph (e), the allocation is $3.6 million to the Jobs for America's Graduates program. In paragraph (f), the allocation is $850,000 with a maximum of $50,000 to each of the 17 school districts to support special counseling services for elementary school pupils at risk of failure. In paragraph (g), the allocation is $18,798 to pay the increase in salaries of professional school library media specialists.

Section 17 allocates $6.4 million in FY 2017-2018 and $8.3 million in FY 2018-2019 to support the gifted and talented education programs.

Section 18 includes continuing funding for the early childhood education programs by $3.3 million for each of the next two fiscal years. This funding provides competitive grants to school districts, charter schools and nonprofit organizations for the early childhood education programs. Subsections in section 18 and section 19 include reporting requirements for the early childhood education programs.

Section 19 includes funding from the Other State Education Programs Account for the college and career readiness grant program which is $5 million in each fiscal year. This funding supports competitive grants to school districts and charter schools for dual enrollment programs. It also creates competitive science, technology, engineering and mathematics grant programs for middle school and high school students. Subsection 3 of this section is new, related to the work-based learning pilot programs. This language allows the NDE to utilize between $500,000 and $750,000 in each fiscal year to provide competitive grants to school districts, charter schools and nonprofit organizations for the development and implementation of work-based learning pilot programs.

Section 20 allocates $2.5 million in each fiscal year for underperforming schools, also known as the turnaround schools grant program.

Section 21 allocates funding for the Read by Grade 3 program, which is $20.5 million in each fiscal year.

Section 22 allocates funding to continue the Zoom schools and English Learner (EL) program for rural and charter schools in the amount of $50 million in each fiscal year of the upcoming biennium. This funding will be tied to the provisions of S.B. 390.

SENATE BILL 390 (1st Reprint): Extending and revising the Zoom schools program for the 2017-2019 biennium. (BDR S-788)

Section 22, subsection 3 includes the allocation for FY 2017-2018 to the CCSD and the WCSD for the Zoom schools program. Subsection 4 requires the NDE to recalculate the amounts for the CCSD and the WCSD for FY 2018-2019, based on the final count of students identified as EL in FY 2017-2018. Subsection 5 of section 22 represents the dollar amount of $3.9 million available to the State Public Charter School Authority and rural school districts to apply for funding grants from the NDE to support additional services for EL students.

Section 23 appropriates $10 million in each fiscal year to continue the Nevada Ready 21 Technology Grant Program.

Section 24 continues $25 million in each fiscal year for the Victory schools program as outlined in A.B. 447.

ASSEMBLY BILL 447 (2nd Reprint): Revises provisions relating to Victory schools. (BDR S-717)

Section 25 is the General Fund appropriation for the social workers or other licensed mental health workers block grant program in the amount of $10.7 million in each fiscal year. This funding is to be distributed to schools with identified needs for contract or employee social workers or other licensed mental health care workers. Subsection 6 of section 25 authorizes the expenditure of $478,127 in both fiscal years from this budget in the Account for Programs for Innovation and the Prevention of Remediation for the social worker block grant program.

Section 26 appropriates $2.5 million in each fiscal year from the State General Fund for the new teacher incentive programs. This will provide financial incentives to newly hired teachers who work in Title I schools and/or schools that receive one of the two lowest ratings indicating underperformance. Additionally, the money committees approved allowing this funding to be utilized for special education teachers who are employed full time since these positions are hard to fill.

Section 27 includes a General Fund appropriation of $7.6 million in each fiscal year to continue funding the Regional Professional Development Programs (RPDP)

Section 28 delineates the RPDP funding distribution available to each of the three programs for each fiscal year—approximately $4 million to the CCSD in southern Nevada, $1.2 million to the Elko County School District and $2.2 million to the WCSD.

Section 29 stipulates that part of that funding appropriated in section 27, $100,000 in each fiscal year, is available to the Statewide Council for the Coordination of the Regional Training Programs to provide additional training opportunities for education administrators.

Section 30 appropriates $4.9 million from the General Fund for the Great Teaching and Leading Fund for each fiscal year. Subsection 5 of this section authorizes expenditure of $40,776 that is not from the General Fund in both fiscal years for the Great Teaching and Leading Fund.

Section 31 appropriates $100 in each fiscal year to the Contingency Account for Special Education Services. Subsection 2 of this section authorizes approximately $2 million in each fiscal year for expenditure from that Account. This is funding to assist school district and charter schools for the extraordinary costs of students with disabilities.

Section 32 continues funding for the purchase of one-fifth of a year of a retirement service credit program.

Section 33 is new and contains funding for the Bullying Prevention Account in the amount of $45,000 for each fiscal year of the 2017-2019 biennium.

Section 34 is the funding appropriated for the Teach Nevada Scholarship Program Account, amounting to $2.5 million in each fiscal year. Subsection 3 of this section authorizes $13,892 in each fiscal year for that Account in money that is not from the General Fund.

Section 35 appropriates $2.5 million in each fiscal year to the Teachers' School Supplies Reimbursement Account to pay teachers back for out-of-pocket expenditures incurred when purchasing school supplies for their pupils.

Section 36 authorizes a transfer of the funding from the State Supplemental School Support Account to the DSA as a State revenue source, amounting to $185.1 million in FY 2017-2018 and $191.1 million in FY 2018-2019.

Section 37 is language to extend the reporting requirements for the Charter School Harbormaster grant program. This program's funding was distributed in this biennium; however, the funding is available through June 30, 2019. Therefore, this language is requiring the harbormaster to continue providing the State with expenditure reports for each year of the upcoming biennium.

Section 38 is continuing language from last Session that extends the reporting time frame for the State Supplemental School Support Account from 2018 to 2020 since that funding will be transferred to the DSA as a State funding source.

Section 39 through section 43 amends statute to allow the State Board of Education (SBE) to retain the 25 percent holdback and to allow the Teach Nevada Scholarship Program Account recipient up to 1 year to claim money from the scholarship proceeds once he or she completes the program and work requirements. It also increases the time frame to request this funding from 120 days to 1 year. This also allows the SBE to retain the 25 percent portion of this funding in the State budget as opposed to distributing it to the individual providers to hold on to for the number of years it takes the recipients to complete their education program and work requirements.

Section 45 extends the policy of S.B. No. 491 of the 78th Session related to the Charter School Harbormaster grant program which expired by limitation on June 30. This section extends that to June 30, 2019.

Section 46 contains the effective date of the bill, which is July 1, while section 22 and section 24 are effective July 1, if and only if, the policy bills relating to the Zoom school and Victory school programs—S.B. 390 and A.B. 447—are enacted by the Legislature and approved by the Governor.

SENATOR KIECKHEFER:
In section 4, where you talked about the authorized expenditures from money that was not from the General Fund, did you ever break that down to where it comes from, like marijuana tax money and Initiative Petition (IP) No. 1 of the 75th Session money?

MS. WALLER:
Yes, these are the revenue sources in the DSA summary sheet which includes the IP1 room tax funding, the medical and recreational marijuana tax, the slot tax, the out-of-state Local School Support Tax, permit school fund interest and revenues from the federal mineral lease program. I am happy to provide you with those detailed numbers if you would like them.

SENATOR KIECKHEFER:
I would appreciate it.

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CHAIR WOODHOUSE:
Committee members will be going over all this information very carefully. I will now adjourn the meeting of the Senate Committee on Finance at 6:05 p.m.

RESPECTFULLY SUBMITTED:

Linda Hiller,
Committee Secretary

APPROVED BY:

Senator Joyce Woodhouse, Chair

DATE:

EXHIBIT SUMMARY				
Bill	**Exhibit / # of pages**		**Witness / Entity**	**Description**
	A	2		Agenda
	B	2		Attendance Roster
S.B. 315	C	11	Senator Patricia Farley	Proposed Amendment 4858
S.B. 315	D	1	Senator Patricia Farley	Conceptual Amendment
S.B. 315	E	4	Bob Ostrovsky and Misty Grimmer / Waste Management	Proposed Amendment
S.B. 315	F	15	Senator Moises Denis	2015 State Recycling Rate Compilation
S.B. 317	G	29	Senator Nicole J. Cannizzaro	Proposed Amendment 5075 Removal of Fiscal Note
S.B. 325	H	1	Senator Yvanna D. Cancela	Proposed Conceptual Amendment
S.B. 467	I	3	Senator Moises Denis	Suggested Amendments
S.B. 455	J	1	Denise Tanata / Children's Advocacy Alliance	Flow Chart
S.B. 455	K	2	Todd Klunk / W.K. Kellogg Foundation	Letter in Support
S.B. 455	L	1	Aviva Gordon and Amber Stidham / Henderson Chamber of Commerce	Letter in Opposition