

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

**Eightieth Session
May 21, 2019**

The Committee on Ways and Means was called to order by Chair Maggie Carlton at 8:09 a.m. on Tuesday, May 21, 2019, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4404B of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/80th2019.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Maggie Carlton, Chair
Assemblywoman Teresa Benitez-Thompson, Vice Chair
Assemblyman Jason Frierson
Assemblywoman Sandra Jauregui
Assemblyman Al Kramer
Assemblywoman Daniele Monroe-Moreno
Assemblywoman Dina Neal
Assemblywoman Ellen B. Spiegel
Assemblywoman Heidi Swank
Assemblywoman Robin L. Titus
Assemblyman Jim Wheeler

COMMITTEE MEMBERS EXCUSED:

Assemblyman John Hambrick

STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Sarah Coffman, Principal Deputy Fiscal Analyst
Nancy Morris, Committee Secretary
Lisa McAlister, Committee Assistant

After staff called roll, Chair Carlton stated that the Committee would be introducing three bill draft requests (BDR), three BDRs would be requested, and budget implementation bills would be heard in this meeting. She alerted the members that there would be a Committee meeting the next morning and evening as well.

Minutes ID: 1261



Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, briefly explained the following BDRs to the members.

BDR S-1274: Makes a supplemental appropriation to the Commission on Judicial Discipline for unanticipated operating expenses. (Later introduced as [Assembly Bill 536](#).)

BDR 40-1270: Revises provisions relating to certain penalties imposed by the State Department of Conservation and Natural Resources. (Later introduced as [Assembly Bill 537](#).)

BDR 32-1199: Revises provisions governing the Commerce Tax. (Later introduced as [Assembly Bill 538](#).)

ASSEMBLYWOMAN SPIEGEL MOVED FOR COMMITTEE INTRODUCTION OF BILL DRAFT REQUEST (BDR) S-1274, BDR 40-1270, AND BDR 32-1199.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

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

Ms. Jones then discussed the requests for the three budget implementation bills that would start in the Assembly.

The first request was for the Pay Bill, which set the pay rate for unclassified state staff and other pay policies of the state. The second request was for the Capital Improvement Bill, which set the parameters, funding, and description for all capital improvement projects that would be included in the 2019 Capital Improvement Program (CIP). The third request was for the Appropriations Act, which appropriated State General Funds to the budgets in the state for operations over the upcoming biennium.

ASSEMBLYWOMAN SPIEGEL MOVED TO REQUEST BILL DRAFT REQUESTS FOR THE PAY BILL, CAPITAL IMPROVEMENT BILL, AND APPROPRIATIONS ACT.

ASSEMBLYMAN WHEELER SECONDED THE MOTION.

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

Chair Carlton then moved on to the bills to be heard as listed on the agenda.

Assembly Bill 511: Makes appropriations to the Investigation Division of the Department of Public Safety for the replacement of vehicles and computer software and hardware. (BDR S-1194)

Ryan Miller, Deputy Chief, Investigation Division, Department of Public Safety (DPS), explained that Assembly Bill (A.B.) 511 made appropriations to the Investigation Division to replace vehicles that exceeded or were expected to exceed the State Administrative Manual replacement thresholds. The bill also made appropriations for the replacement of computer software and hardware consistent with applicable replacement schedules.

Melissa Carr, Administrative Services Officer, DPS, stated there were a few technical adjustments to be made to A.B. 511. The cost of replacement vehicles should be adjusted to reflect the correct funding splits between State General Fund and State Highway Fund appropriations. Section 1 should reflect \$543,236 from General Funds, and section 2 should reflect \$90,690 from Highway Fund appropriations. The cost of replacement computers in sections 3 and 4 were to be adjusted for two positions funded by Highway Funds receiving replacement computers in the biennium, along with an adjustment for duplicated software, which would not be required with the Microsoft 365 upgrade. Section 3 should reflect \$48,747 from General Funds and section 4 should reflect \$4,189 from Highway Funds. This was an overall reduction of \$7,920 from the original bill.

Chair Carlton clarified the updated amounts with Ms. Carr. With no questions from the Committee, Chair Carlton asked for testimony in favor of, in opposition to, or neutral on A.B. 511. Hearing none, Chair Carlton closed the hearing on Assembly Bill 511.

Assembly Bill 512: Makes appropriations to the Office of Finance as loans for the implementation and replacement of computer applications. (BDR S-1216)

Michael Dietrich, Deputy Director and Chief Information Officer, Division of Enterprise Information Technology Services (EITS), Department of Administration, stated that Assembly Bill (A.B.) 512 funded three projects. The first project was the Office 365 business productivity suite, which would replace current disparate email and productivity applications being used in the State. He had previously presented this project, and this bill represented only a small portion of the overall project's budget.

Jenni Cartwright, Administrator, Administrative Services Division, Department of Administration, stated that the requested funding in A.B. 512 was originally for three different parts of the Office 365 business productivity suite implementation. However, \$550,000 was dedicated to address projected negative reserves going into fiscal year 2020. The request was being withdrawn because the Division had seen better performance in the existing email line of service and negative reserves in that service line were no longer projected for the start of fiscal year 2020. Two components remained in the request for the business productivity suite. The first was \$1,738,800 for the initial licensing payment, which was due in July 2019. The other part was \$400,000 for a Microsoft contract for consultation and implementation of the Office 365 suite. The new total was \$2,138,800.

Chair Carlton clarified that the new total pertained to section 1 of the bill, and Ms. Cartwright confirmed.

When asked by Chair Carlton whether there were other changes, Ms. Cartwright stated there were no other changes.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), stated that staff had worked with the Legal Division, LCB, on a mock-up for the bill that reflected the updated amounts referenced by Ms. Cartwright. She continued that there was a section at the end of the bill that Fiscal staff recommended regarding the payback of the loans. Fiscal staff agreed with Ms. Cartwright that it would be inappropriate to fund a reserve with State General Funds of \$550,000 because such a use conflicted with *Nevada Revised Statutes* Chapter 353, which stated that internal service funds must be self supporting. She stated a mock-up would be posted on Nevada Electronic Legislative Information System.

Assemblyman Kramer asked what "replacement of content management and portal platform" meant.

Mr. Dietrich stated that would be covered in section 3. Chair Carlton asked Mr. Dietrich to proceed through sections 2 and 3 of A.B. 512.

Mr. Dietrich explained that section 2 of the bill was for end-of-life firewall replacements. This would fund the replacement of the two firewalls that protected SilverNet. SilverNet was the statewide network that connected the State and other entities. These firewalls, or security appliances, sat at the border between SilverNet and the Internet and isolated and shielded SilverNet. He explained that all traffic moving in and out of SilverNet was analyzed by the firewall devices to mitigate any incoming threats. The bill would fund the two firewall devices for \$4,186,202.

Section 3 of A.B. 512, explained Mr. Dietrich, was for the content management system (CMS) and portal platform replacement. The CMS was the framework for state agencies that chose to host their websites within the EITS environment. The CMS stored the web content and provided a common template, look, and feel across the statewide agencies that used the service. The current CMS, Ektron, was aged and near the end of its life. It was not supported and did not contain some of the features required by EITS. One of the most important features needed and lacking was a high level of Americans with Disabilities Act (ADA) compliance. The funding would include the new content management and portal system for a total of \$1,784,500.

Assemblyman Kramer stated his question had not been answered, but he did not pursue it further.

Chair Carlton asked how A.B. 512 would affect internal rates.

Ms. Cartwright stated that the \$1,784,500 would be repaid from FY 2022 through FY 2025. This would add \$446,125 a year to the necessary revenue recaptured through budget account 1365, Agency IT Services, which she thought was mapped to infrastructure assessments. While she investigated this detail, Mr. Dietrich offered to provide more detail about how the CMS worked.

Mr. Dietrich explained that when content such as a document or image was put on the Web, it could be done in a very freeform way using Hypertext Markup Language. This was an inexpensive way to create Web sites but did not provide a consistent look and feel across the state's Web sites, nor did it support all the features needed, such as interactivity, mobile device support, and ADA accessibility. The CMS provided the framework so all content was published and available in a consistent manner, with all the features needed to provide a useful Web experience.

Ms. Cartwright confirmed that the \$446,125 per year for FY 2022 through FY 2025 would be recaptured by the infrastructure assessment, which was spread across all full-time-equivalent positions in the state.

Chair Carlton recalled this was an instance of a circular funding formula, where money was loaned to the Department to complete work and the Department charged other state agencies for services. The agencies repaid the Department with money from the State, which the Department used to pay the State back for the loan. She explained that the funding worked this way, and money was spread over four years to make it easier to be built into agency budgets. She stated that some agencies not funded with State General Funds would pay the Department, so some of the repayment money would be outside money.

Ms. Jones stated that proposed amendment 5863 ([Exhibit C](#)) changed the amounts in section 1 of the bill, per Ms. Cartwright's testimony, to remove the \$550,000 for supporting the agency's reserves. Fiscal staff also recommended language in this bill for the loan repayment beginning July 1, 2021, using revenues from intergovernmental transfers and paying back 25 percent of the loan each fiscal year.

Assemblywoman Titus asked whether a cloud-based electronic mail and business productivity application was already in use, or if the project in section 1 of the bill was a new direction.

Mr. Dietrich explained this was a continuation of the project to implement a cloud-based Microsoft Office 365 system.

Assemblywoman Titus understood that technology changed rapidly and asked how long the new technology and applications were expected to last.

Mr. Dietrich stated that moving to a cloud-based system was beneficial because it removed some of the issues related to obsolescence. Instead of relying on users to install application updates, updates would automatically be installed via the subscription service from Microsoft

Office 365. This meant users would always be using the most current version of an application.

Seeing no further questions from Committee members, Chair Carlton asked for testimony in favor of, in opposition to, or neutral on A.B. 512. Hearing none, Chair Carlton closed the hearing on Assembly Bill 512.

Assembly Bill 515: Makes appropriations to the Legislative Fund for building maintenance, computer hardware, dues of national organizations and reimbursement of the interim costs of the Nevada Right to Counsel Commission. (BDR S-1227)

Rick Combs, Director, Legislative Counsel Bureau (LCB), presented Assembly Bill 515, which made appropriations to the Legislative Fund. Section 1 of the bill made an appropriation of \$230,000 for the reimbursement of the costs of a consultant retained by the Nevada Right to Counsel Commission and interim travel expenses of the members of the Commission. Senate Bill 377 of the 79th Session (2017) created the Right to Counsel Commission. The Commission was supposed to be administered by the Nevada Supreme Court, so the appropriation of \$230,000 was made to the Supreme Court. There was outstanding litigation that caused the Supreme Court to have a conflict in regard to administering the Commission, so the LCB was asked to administer the Commission. The Commission was staffed by the Legal Division, LCB, and entered into a contract with a consultant to carry out the work. The appropriation was unable to be transferred from the Supreme Court to LCB, so the Legislative Fund was used to fund the Commission and the bill requested reimbursement. He explained that the Supreme Court reverted the funding it had received to the State General Fund, so the net impact was zero.

Mr. Combs explained that section 2 of Assembly Bill (A.B.) 515 appropriated \$1,843,663 for one-shot needs of the Legislative Branch. He had provided a handout (Exhibit D) that detailed the one-shot funding requests and other items that would be funded by the Legislative Fund so the Committee had a complete picture. The first one-shot need he discussed was the dues and registration costs for national organizations and was detailed on page 1 of Exhibit D. He recommended continuing membership in the six organizations listed, and he estimated costs for fiscal year (FY) 2020 and FY 2021. Some costs had been amended after the original bill was submitted based on updated invoices. He was projecting a significant cost increase for the National Conference of Insurance Legislators (NCOIL). The FY 2020 invoice indicated there would be an increase in FY 2021 but did not indicate the amount of the increase. In return, the NCOIL stated it would be increasing the stipends for member states to send attendees to meetings, and this caused Mr. Combs to estimate a sizable increase. The original request for dues and registrations for all six organizations was \$881,801 over the biennium and his revised estimate was for \$875,413.

Page 2 of Exhibit D detailed computer hardware and equipment replacements for the LCB. The total for the Administrative Division was \$122,089, the Audit Division was \$49,669, the Research Division total was \$65,111, and the Legal Division total was being amended from

\$58,608 to \$48,686. The decrease was due to equipment purchases using funds from the current fiscal year. This decreased the total for computer hardware and equipment purchases from \$295,477 to \$285,555.

Mr. Combs moved on to page 3 of [Exhibit D](#), which listed the Facilities Unit projects included in the one-shot funding request. The first was the replacement of legislative building elevator components. The continuing process to update elevators in the Legislative Building, as well as the Sedway Office Building, would help update the elevators and bring them up to code. This was a proactive measure to replace parts on one elevator each biennium instead of waiting for an elevator to break. The next elevator scheduled to be overhauled was the one outside the Senate Chambers. The total cost had gone up on this project because of the increased demand for construction in the area. The updated cost, based on working with an outside design consultant, was \$285,250.

The next one-shot appropriation discussed by Mr. Combs was roofing replacements at the Sedway Office Building and State Printing Office for \$381,135. The process to repair these roofs started in the 2017 Legislative Session with a request for funding to remediate some water intrusion issues in the Sedway Office Building. Some of the approved funding was used to remediate the problem, and a roof overlay for the building was planned to provide more relief. Because it was discovered that the roof already had two overlays and a third could not be applied, reroofing the entire building was the identified solution. Water intrusion had also become a problem at the State Printing Office. Mr. Combs believed between the \$74,265 remaining from the previous appropriation and the current request, both roofs would be replaced.

Mr. Combs explained that the rest of the items listed in [Exhibit D](#) were not included as part of the one-shot appropriation, but were included because they had been presented to the Legislative Commission when the budget was submitted to the Office of Finance, Office of the Governor. These items were funded from the Uncommitted Reserve in the Legislative Fund balance. The Legislative Fund balance was used as a float until each session's appropriation was received. The balance was also used when an urgent need arose, such as a boiler breaking. To prevent the reserve from becoming too large, projects were occasionally funded from the reserve and appropriations for the cost of session were adjusted. The total for these appropriations was \$3,083,103 from the Legislative Fund reserve for the 2019-2021 biennium. He was providing this information so the Committee was aware of what the appropriations entailed, even though he was not requesting funding for these projects. Page 4 of [Exhibit D](#) included \$302,100 for concrete work at the Legislative Building. The trees in the Capitol Complex caused damage to concrete, and some areas of concrete had failed. Instead of replacing all of the concrete, the plan was to replace concrete near the Law Enforcement Officers Memorial in the mall and repair problem concrete areas around the north and west sides of the Legislative Building. Some areas had been addressed over the winter to minimize the problem, but some remained safety hazards and needed more extensive repairs.

The next part of the request presented by Mr. Combs was for Information Technology Services (ITS), which started on page 5 of [Exhibit D](#). Every eight years, network hardware equipment needed replacing and the 2019-2021 biennium was the next time it was due for replacement. For the full replacement of core switches supporting the network in Carson City, \$853,100 was requested. An additional \$879,800 was for the replacement of the controllers, servers, switches, and storage equipment in Carson City and Las Vegas. This equipment was on a four-year replacement cycle and due for replacing. Updating the database hardware and software to ensure it would support internal and third-party software needs was necessary for \$356,300. The Granicus encoders were seven years old and needed to be replaced for \$67,600. The final part of the request was for \$85,263 to replace antivirus and cloning software. This would replace Symantec and Ghost software with Microsoft System Center Configuration Manager for a more seamless deployment of Windows 10 and a reduction in software maintenance costs. The total for ITS requests was \$2,242,063.

Mr. Combs then moved on to the next part of his request. Page 7 of [Exhibit D](#) included the details for a new sport utility vehicle (SUV) for the Legislative Police. The fleet consisted of four vehicles, two of which were 2006 Dodge Durango SUVs acquired at very low cost after the Department of Public Safety gave them up a few years ago, and one would be replaced with this new SUV. The remaining three vehicles in the fleet would include the other Durango, a 2007 GMC Yukon, and a 2012 Toyota Sienna minivan. The cost of the vehicle with installed emergency equipment was expected to be \$51,675.

Page 8 of [Exhibit D](#) was a request for \$301,000 to replace the chambers voting system. Mr. Combs explained that the system currently in use was created in-house in the late 1990s. A smaller version of this system was also written for the committee rooms throughout the building. The voting systems and microphone systems were built on a Programmable Logic Controller, which was a viable system at the time but now was very difficult to communicate with to make changes. The new system would provide a seamless interface with fresh forms for the Chief Clerk of the Assembly, Secretary of the Senate, and Presiding Officers, as well as overhead screens. The new system would also provide simpler logic for the control room and would provide better administration of the Assembly and Senate chambers and committee rooms.

The last component of Mr. Combs' presentation was Broadcast and Production Services projects on page 9 of [Exhibit D](#). The first Broadcast and Production Services (BPS) project was an audio mixer upgrade for \$112,009 to replace the mixers in Carson City and Las Vegas, which were 11 years old. The current mixers no longer received software updates and the fans had gone out, causing them to overheat. The other part of the BPS request was for \$74,256 to upgrade the presentation equipment in the hearing rooms. Mr. Combs explained that the monitor configuration in Room 4100 of the Legislative Building was the preferred direction for presentations in meeting rooms, replacing drop-down screens.

Having concluded his detail, Mr. Combs welcomed questions from Committee members.

Chair Carlton asked when the voting system for the Chambers and the big screens were installed.

Mr. Combs estimated it was in the mid- to late 1990s when they were first used. He started in 1995 and could not recall whether the screens were there before he started or shortly after.

Chair Carlton asked whether there was an amendment for A.B. 515.

Mr. Combs stated section 2, subsection 1 of the bill currently requested \$1,843,663. With the adjustments he recommended previously, the new total was reduced by \$16,310 for a new appropriation total of \$1,827,353. The \$230,000 appropriation in section 1 of the bill did not change.

Chair Carlton sought testimony in favor of, in opposition to, or neutral on A.B. 515. Seeing none, Chair Carlton closed the hearing on Assembly Bill 515.

Assembly Bill 518: Makes a supplemental appropriation to the Division of Public and Behavioral Health for an unanticipated shortfall in indirect cost rate revenue. (BDR S-1233)

Debi Reynolds, Deputy Administrator, Administrative Services, Division of Public and Behavioral Health (DPBH), Department of Health and Human Services (DHHS), stated that Assembly Bill (A.B.) 518 made a supplemental appropriation to DPBH for \$1,565,311 for an unanticipated shortfall in indirect cost rate revenue. According to Ms. Reynolds, the shortfall was caused by the following factors:

- Eight positions were moved off of indirect costs during the 2017-2019 biennium under the assumption that additional indirect revenue could be generated. However, these positions were already included in the cost base that was submitted to the federal Department of Health and Human Services' Cost Allocation Services and therefore additional indirect revenue could not be generated by moving the positions.
- Indirect revenue was overbudgeted in budget account (BA) 3215. A total of \$1.1 million of indirect revenue was budgeted each year of the 2017-2019 biennium and only \$72,000 was collected in this budget account in fiscal year (FY) 2018 and a similar amount was projected for FY 2019.
- There was a disconnect between the cost allocation unit and staff who managed and built the budget.

Ms. Reynolds explained the following actions had been undertaken by DPBH to prevent such shortfalls in the future:

- The Division requested a budget amendment to reinstate the State General Fund for FY 2020 and FY 2021, which was approved by the full money committee on May 13, 2019.
- The Division verified the budgeted indirect revenue was in line with projections.
- The cost allocation unit was moved back under the administrative services officer 4, who had direct oversight over the cost allocation unit and the staff who managed and built budgets. In addition, this position had direct oversight over the administrative budget, BA 3223.

Chair Carlton recalled the conversation about this topic in the Health and Human Services Subcommittees' meeting. She did not see any amendments to the bill and asked whether there were any.

Ms. Reynolds stated there were no amendments.

Chair Carlton requested testimony in support of, in opposition to, or neutral on A.B. 518. Hearing none, Chair Carlton closed the hearing on Assembly Bill 518.

Assembly Bill 520: Makes appropriations to the Division of Public and Behavioral Health for a web-based Community Health Services system, the replacement of computer hardware and software at certain facilities and a skid-steer. (BDR S-1244)

Debi Reynolds, Deputy Administrator, Administrative Services, Division of Public and Behavioral Health (DPBH), Department of Health and Human Services, stated that Assembly Bill (A.B.) 520 made appropriations to DPBH for a Web-based community health services system, replacement computer hardware and software at certain facilities, and a Caterpillar skid-steer tractor. She provided the following details for the appropriation:

- Section 1 included \$12,282 for budget account (BA) 3168, Behavioral Health Administration, for hardware and software replacements.
- Section 2 requested \$112,000 for BA 3224, Community Health Services, for a Web-based Community Health Services system.
- Sections 3 and 4 included a total of \$34,656 for BA 3645, Lakes Crossing Center, for replacement computer hardware and software.
- Sections 5, 6, 7, and 8 requested a total of \$1,117,623 for BA 3162, Northern Nevada Adult Mental Health Services, for replacement computer hardware, deferred maintenance projects, phone system upgrades, and replacement of buildings and grounds equipment.

- Finally, sections 9 and 10 included a total of \$195,960 for BA 3161, Southern Nevada Adult Mental Health Services, for the replacement of computer hardware and a skid-steer tractor.

Chair Carlton asked whether there were any changes to the amounts in the bill and Ms. Reynolds stated the bill had the correct amounts.

Chair Carlton sought testimony in favor of, in opposition to, or neutral on A.B. 520. Hearing none, Chair Carlton closed the hearing on Assembly Bill 520.

Assembly Bill 522: Makes appropriations to the Budget Division for an upgrade to the Nevada Executive Budget System and the replacement of office furniture. (BDR S-1165)

Paul Nicks, Deputy Chief, Budget Division, Office of Finance, Office of the Governor, stated Assembly Bill (A.B.) 522 had two components. The first was for the refresh of the Nevada Executive Budget System (NEBS). Replacement of NEBS was planned as part of the Silver State Modernization Approach for Resources and Technology in the 21st Century (SMART 21) project, but through the requirements gathering phase of the SMART 21 project, the agencies and Legislative Counsel Bureau decided that the current system was the best path forward and a full replacement was not needed.

Instead, a refresh of NEBS was planned. Aeris Enterprises Inc., the consulting company involved with the Legislature's Budget Analysis System of Nevada, would be involved in the refresh so connectivity between the two systems should not be a problem. The refreshed system would allow version-specific budgets, so if a change was made in one biennium, it would not change budgets from previous biennia, which provided a better historical view of budgets. The current Division of Enterprise Information Technology Services (EITS) schedule would be revised for more flexibility and better alignment of EITS costs with charges. The refresh would also assist with facilitating and updating the fund mapping section to provide a better view of what funds were being spent for certain budget elements. In addition, the refresh would prep the interfaces between NEBS and the new Enterprise Resource Planning system, and be compatible with future cloud-based systems. Mr. Nicks reminded the Committee that moving to the cloud was a priority for EITS and with the refresh, NEBS would be ready for the change. He concluded that this detail applied to section 1, subsection 1 of A.B. 522.

Mr. Nicks continued and stated that section 1, subsection 2 of A.B. 522 was an appropriation for the replacement of chairs and office furniture in the Governor's Finance Office. The appropriation amount would be reduced via amendment from \$66,382 to \$53,052 after evaluating furnishings and finding some were still within their usable lives. The items being replaced were beyond their usable life and surplus furniture no longer suited the agency's needs.

Chair Carlton clarified that the amended appropriation amount was \$53,052, and Mr. Nicks agreed. Chair Carlton sought testimony in favor of, in opposition to, or neutral on A.B. 522. Hearing none, Chair Carlton closed the hearing on Assembly Bill 522.

Assembly Bill 523: Makes appropriations to the Department of Motor Vehicles for replacement of uninterruptible power supply equipment and Storage Area Network units, an upgrade to the Avaya telephone, and PBX Systems and CrowdStrike software. (BDR S-1191)

Joy Grimmer, Administrative Services Officer, Administrative Services Division, Department of Motor Vehicles (DMV), stated that Assembly Bill (A.B.) 523 requested one-shot State Highway Fund appropriations for the replacement of uninterruptible power supply (UPS) equipment and storage area network units, an upgrade to the Avaya telephone and Private Branch Exchange (PBX) systems, and CrowdStrike software. Ms. Grimmer requested an amendment to section 1, subsection 3 of the bill. Instead of \$379,185 for the upgrade of the Avaya telephone and PBX systems, the agency had received an updated quote and only \$279,393 was needed.

Chair Carlton confirmed that the amount on line 1 of page 2 was \$279,393 and Ms. Grimmer agreed. She stated the new total for A.B. 523 would be \$1,183,573.

Assemblywoman Titus asked whether the UPS equipment being replaced was battery backups or a generator that would come on if power was lost.

Mark Froese, Administrator, Division of Information Technology, DMV, stated that the replacement was a full-sized UPS generator. The current equipment was at the end of its life and needed replacement.

Assemblywoman Titus asked whether the equipment would power the entire Division and where it was located.

Mr. Froese stated the equipment would power all necessary systems. The new UPS would actually be a better unit than the existing UPS was when new.

Assemblywoman Titus appreciated that systems would be powered, because as a rural Nevadan, she knew that when power was lost, computers suffered the most.

Chair Carlton asked for testimony in favor of, in opposition to, or neutral on A.B. 523. Hearing none, Chair Carlton closed the hearing on Assembly Bill 523.

Assembly Bill 527: Revises provisions relating to the annual fee imposed for collections of child support in certain cases. (BDR 38-1246)

Nova Murray, Deputy Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services, explained that Assembly Bill (A.B.) 527 would update *Nevada Revised Statutes* 425.3847 to change the annual child support service fee from \$25 to \$35 and the annual threshold subject to the fee from \$500 to \$550. Ms. Murray explained this was a federal requirement from the Bipartisan Budget Act of 2018. It updated section 454 of the Social Security Act, and it required that the Division impose the fees. If the fee increase was not pushed to clients, the State would be required to pay the additional \$10 from the State General Fund. This would affect approximately 27,000 clients who had never received Temporary Assistance for Needy Families. The total increase was just under \$270,000.

Chair Carlton recalled discussing this matter during the Division's budget hearings. Chair Carlton sought testimony in favor of, in opposition to, or neutral on A.B. 527. Hearing none, Chair Carlton closed the hearing on Assembly Bill 527.

Assembly Bill 530: Requires a background investigation of employees, prospective employees, contractors and prospective contractors of the Department of Taxation. (BDR 32-1197)

Heather Field, Administrative Services Officer, Department of Taxation, stated that Assembly Bill (A.B.) 530 required background investigations of employees, prospective employees, contractors, and prospective contractors of the Department every five years. The Internal Revenue Service (IRS) required agencies that accessed federal taxpayer information to establish a personnel security program that ensured background investigations at least every ten years for any individual who had access to federal taxpayer information. As a result of an IRS audit of the Department's use of federal taxpayer information and the secure storage of that information, the Department determined that implementing background reinvestigations of employees at a minimum of every five years would be prudent to ensure compliance with *Nevada Revised Statutes* (NRS), as well as to protect the state's vulnerable resources. The Department worked with the Records, Communications and Compliance Division, Department of Public Safety, for background checks under NRS 239B.010, which authorized a state agency or political subdivision to conduct a fingerprint-based background check on any persons with whom it intended to enter a relationship of employment. Per the Federal Bureau of Investigation, this pertained only to initial employment. To conduct a background check on current employees, which included a periodic reinvestigation, the statute needed to be amended to be in compliance with IRS Publication 1075 and the Department's recommendation of every five years. This bill had a fiscal impact to the Department of \$7,251 in fiscal year 2020 and \$1,741 in fiscal year 2021. The recommendation to fund this proposal was in decision unit Maintenance 501 of the Governor-recommended budget for budget account (BA) 2361 and BA 4207.

Chair Carlton clarified that A.B. 530 did not have a fiscal note because it was funded, and this was the budget implementation bill.

Assemblyman Kramer asked whether existing employees, who were fingerprinted before starting employment with the Department, were fingerprinted again or if the same fingerprint card was resubmitted.

Ms. Field explained that a fingerprint-based background check was completed with the initial employment offer and was not investigated again. This bill changed that process to reinvestigate every five years.

Assemblyman Kramer restated his question and asked whether the same fingerprint card was submitted, or, if there was suspicion the fingerprints had changed, and were new ones needed.

Ms. Field stated she would need to research Assemblyman Kramer's question and answer him later.

Chair Carlton noted that when she had been fingerprinted and a new check was performed, she needed new sets of fingerprints each time.

Assemblywoman Neal asked whether something happened that necessitated the decision to reinvestigate employees every five years.

Ms. Field stated that in the spring of 2018, the IRS audited the Department on its use and security of federal taxpayer information. To be compliant with IRS Publication 1075, policy needed to be implemented to perform the checks at a minimum of every ten years.

Chair Carlton requested testimony in favor of, in opposition to, or neutral on A.B. 530. Hearing none, Chair Carlton closed the hearing on Assembly Bill 530.

Assembly Bill 532: Revises provisions governing sales of motor vehicles. (BDR 43-1211)

Teri Baltisberger, DMV Services Manager, Division of Management Services and Programs, Department of Motor Vehicles (DMV), read the following into the record for Assembly Bill (A.B.) 532:

The Department of Motor Vehicles has before you today A.B. 532 for the committee's review and questions. The Department has submitted this bill in order to maintain oversight of the cost of the web-based vendor program used to issue temporary placards to Nevada residents purchasing vehicles from Nevada dealers. *Nevada Revised Statutes* (NRS) 482.423 through 482.4245, inclusive, requires vehicle dealers to issue and affix temporary placards to vehicles upon sale or lease of new or used vehicles to Nevada residents.

The Department entered into a contract with a vendor in 2014 that provided a web-based program that dealers use to issue placards. In addition to the license plate sized placard, the dealer places a secure decal on the placard using the decal number as the control number. The system also electronically interfaces with the Department's application to provide the owner and vehicle information on a real-time basis. This allows the Department to offer customers the convenience of registering newly purchased vehicles through our website and law enforcement the ability to run the temporary placard information roadside similarly to a permanent plate.

The cost of the contract was offset by a fee collected from the dealers for the secure decals. The vendor enhanced their services and now provides inventory tracking and direct shipment of the decals to the dealers. In anticipation of taking advantage of this enhanced service and thereby not requiring dealers to have to come into an office to purchase decals, the Department sponsored Assembly Bill 60 of the 79th Session (2017), which was a housekeeping measure that included elimination of a section of statute (NRS 482.4247) requiring the Department to collect the fee for the temporary placards. Deletion of that statute inadvertently eliminated the Department's ability to maintain the current contract with the vendor as a no cost contract to the State. The Department is seeking to add language to NRS 481.051 to allow us to maintain a contract for oversight and cost of the program to the dealers. That concludes my testimony and I will take any questions the Committee may have.

Chair Carlton recalled allowing dealers to handle the temporary placards and the problems caused by paper placards being copied and reused. The more secure system with the non-replicable decal prevented the illegal replication. She asked what happened in the previous session to cause the problem that would be corrected with the bill, whether there had been oversight during the interim, and what did not work.

Ms. Baltisberger clarified that previously NRS 482.4247 required the DMV to collect the fee from the dealers. The DMV would purchase the decals and then resell them to dealers. With the new direct ship process, the DMV no longer purchased the decals, but wanted to maintain the contract and oversight of the program. When the Deputy Attorney General's office reviewed the contract for renewal, it was pointed out that language in NRS needed to change to maintain the DMV's oversight of the contract.

Chair Carlton asked who was now profiting from the sale of the decals, because the money was not going to the State, and the vendor had essentially taken over the DMV's role in paying for and shipping out the decals.

Ms. Baltisberger stated that the vendor would continue to collect the fee, and the DMV would pay for the decals up front but was no longer in the middle of the process. The new process was more efficient for the dealers.

Joseph (J.D.) Decker, Administrator, Division of Compliance Enforcement, DMV, stated that the 2017 change was intended to remove the DMV's role of managing decal inventory, but inadvertently removed the DMV's authority to manage the contract. To protect consumers and maintain oversight of the cost to the public, A.B. 532 reinstated the DMV's authority to continue to manage the fees, collect the money, and pass it through to the vendor, as had been done since 2017.

Chair Carlton surmised that changes in the decal charges would go through the DMV and would be discussed in Committee.

Mr. Decker agreed and stated that the bill reinstated the DMV's authority to contract with the vendor and control the cost.

When asked by Chair Carlton whether any cost had gone out of control since the change in 2017, Mr. Decker stated that it had not, and the DMV continued to manage the process. He continued that A.B. 532 would ensure that the DMV's authority was spelled out in statute.

Assemblyman Wheeler asked whether the DMV also maintained oversight over shipping and handling charges to ensure the placard vendor did not increase its profits by increasing other charges.

Ms. Baltisberger confirmed that shipping and handling charges were also part of the contract oversight.

Chair Carlton requested testimony in support of, in opposition to, or neutral on A.B. 532.

Andy MacKay, Executive Director, Nevada Franchised Auto Dealers Association, stated that the Association supported the bill primarily because it saved time because employees did not have to drive to the DMV to pick up decals. Having them shipped from the vendor saved significant time.

Chair Carlton then invited anyone in opposition or in neutral to testify. Seeing no one, she closed the hearing on Assembly Bill 532.

Chair Carlton stated that with the suspension of the rules and concurrence of those on the Committee, the Committee would move the bills just heard.

Assembly Bill 511: Makes appropriations to the Investigation Division of the Department of Public Safety for the replacement of vehicles and computer software and hardware. (BDR S-1194)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that Assembly Bill (A.B.) 511 was heard earlier in the meeting. The agency had proposed an amendment to the bill to change some amounts. In section 1, the agency recommended an increase in State General Fund appropriations to \$543,236 and in section 2,

a reduction in State Highway Funds to \$90,690, to realign the split between General Funds and Highway Funds with the corrected pricing schedule. The agency also recommended reducing General Fund appropriations to \$48,747 in section 3 and increasing Highway Funds in section 4 to \$4,189. These adjustments accounted for an overall reduction for this bill of \$7,920 as a result of removing duplicate software licenses and aligning the Highway Fund and General Fund splits on these items. This was a one-shot appropriation and this bill would become effective upon passage and approval, meaning it would be funded from the 2019 fund balance.

ASSEMBLYWOMAN TITUS MOVED TO AMEND AND DO PASS
ASSEMBLY BILL 511.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE
MOTION.

THE MOTION PASSED. (Assemblymen Frierson and Hambrick were not
present for the vote.)

Chair Carlton explained that floor statements would be handed out in batches, and Assemblywoman Jauregui would be doing the floor statement for A.B. 511.

**Assembly Bill 512: Makes appropriations to the Office of Finance as loans for the
implementation and replacement of computer applications. (BDR S-1216)**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that Assembly Bill 512 was composed of three major projects, including the continuation of the implementation of an enterprise cloud email and business productivity application, Microsoft Office 365; a loan for the replacement of firewalls for \$4,186,202; and a State General Fund loan of \$1,784,500 for the replacement of the content management and portal platform. An amendment to the bill was recommended by Fiscal staff and concurred with by the agency (Exhibit C). Ms. Jones explained that proposed amendment 5863 changed the amount in section 1 from \$2,688,800 to \$2,138,800 and also added a section to the bill regarding the repayment of the loans included for these projects at a rate of 25 percent in each fiscal year.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO AMEND AND
DO PASS ASSEMBLY BILL 512.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Frierson and Hambrick were not
present for the vote.)

The floor statement was assigned to Assemblywoman Jauregui.

Assembly Bill 515: Makes appropriations to the Legislative Fund for building maintenance, computer hardware, dues of national organizations and reimbursement of the interim costs of the Nevada Right to Counsel Commission. (BDR S-1227)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that a few amounts in Assembly Bill 515 had changed. The total appropriation requested was \$1,827,353 in section 2 of the bill, and there were no changes to section 1 of the bill.

ASSEMBLYWOMAN SPIEGEL MOVED TO AMEND AND DO PASS
ASSEMBLY BILL 515.

ASSEMBLYMAN WHEELER SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Frierson and Hambrick were not present for the vote.)

The floor statement was assigned to Assemblywoman Jauregui.

Assembly Bill 518: Makes a supplemental appropriation to the Division of Public and Behavioral Health for an unanticipated shortfall in indirect cost rate revenue. (BDR S-1233)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated there were adjustments in the budget related to the indirect cost rate revenue shortfall addressed by Assembly Bill 518. The bill provided a State General Fund appropriation of \$1,565,311, and there were no amendments to the bill.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO DO PASS
ASSEMBLY BILL 518.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Frierson and Hambrick were not present for the vote.)

Assemblywoman Monroe-Moreno was assigned the floor statement.

Assembly Bill 520: Makes appropriations to the Division of Public and Behavioral Health for a web-based Community Health Services system, the replacement of computer hardware and software at certain facilities and a skid-steer. (BDR S-1244)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated there were no amendments to Assembly Bill 520.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO DO PASS
ASSEMBLY BILL 520.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Frierson and Hambrick were not present for the vote.)

Assemblywoman Monroe-Moreno was assigned the floor statement.

Assembly Bill 522: Makes appropriations to the Budget Division for an upgrade to the Nevada Executive Budget System and the replacement of office furniture. (BDR S-1165)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that Assembly Bill 522 would be amended to reduce the State General Fund appropriation from \$66,382 to \$53,052 for the replacement of office furniture in section 1, subsection 2. She reminded the Committee there was no testimony in support of, against, or in neutral on this bill.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO AMEND AND
DO PASS ASSEMBLY BILL 522.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Frierson and Hambrick were not present for the vote.)

Assemblywoman Monroe-Moreno was assigned the floor statement.

Assembly Bill 523: Makes appropriations to the Department of Motor Vehicles for replacement of uninterruptible power supply equipment and Storage Area Network units, an upgrade to the Avaya telephone and PBX Systems and CrowdStrike software. (BDR S-1191)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated there would be an amendment to Assembly Bill 523 to reflect a decrease from \$379,185 to \$279,393 for an upgrade to the Avaya telephone and Private Branch Exchange systems. The total State Highway Fund appropriation would be \$1,183,573. The bill would become effective upon passage and approval.

ASSEMBLYWOMAN SPIEGEL MOVED TO AMEND AND DO PASS
ASSEMBLY BILL 523.

ASSEMBLYMAN WHEELER SECONDED THE MOTION.

THE MOTION PASSED. (Assemblymen Frierson and Hambrick were not present for the vote.)

The floor statement was assigned to Assemblywoman Swank.

Assembly Bill 527: Revises provisions relating to the annual fee imposed for collections of child support in certain cases. (BDR 38-1246)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that Assembly Bill (A.B.) 527 was in alignment with federal requirements that increased the fee threshold from \$500 to \$550 to comply with the Bipartisan Budget Act of 2018 and also raised the annual fee from \$25 to \$35. The revenue that would be generated by the new fees was included in the Department of Health and Human Services budget approved by the Committee. There was no other testimony on A.B. 527.

ASSEMBLYWOMAN SPIEGEL MOVED TO DO PASS ASSEMBLY BILL 527.

ASSEMBLYMAN WHEELER SECONDED THE MOTION.

THE MOTION PASSED. (Assemblywoman Titus voted no. Assemblymen Frierson and Hambrick were not present for the vote.)

The floor statement was assigned to Assemblywoman Swank.

Assembly Bill 530: Requires a background investigation of employees, prospective employees, contractors and prospective contractors of the Department of Taxation. (BDR 32-1197)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated there were no fiscal notes with Assembly Bill (A.B.) 530, but it was a budget implementation bill and the associated decision units for the bill were included in the budgets passed by the money committees. There was no testimony for, against, or neutral on this bill, and it would become effective on July 1, 2019.

Assemblywoman Titus commented that she could not support A.B. 530. She understood and supported the federal government-mandated background checks, but the minimum requirement was every ten years. She felt the recently increased background check fees and doing the checks every five years was too much.

ASSEMBLYWOMAN MONROE-MORENO MOVED TO DO PASS
ASSEMBLY BILL 530.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE
MOTION.

THE MOTION PASSED. (Assemblymen Titus and Wheeler voted no.
Assemblymen Frierson and Hambrick were not present for the vote.)

The floor statement was assigned to Assemblywoman Swank.

Assembly Bill 532: Revises provisions governing sales of motor vehicles. (BDR 43-1211)

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated Assembly Bill 532 related to the Department of Motor Vehicles' ability to supervise a contract with an outside vendor that handled the temporary placards that dealers were required to affix to vehicles. There was support from Andy MacKay from the Nevada Franchised Auto Dealers Association and companion decision units were approved in the budget and this was considered a budget implementation bill. The bill would become effective July 1, 2019.

ASSEMBLYWOMAN MONROE-MORENO MOVED TO DO PASS
ASSEMBLY BILL 532.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE
MOTION.

THE MOTION PASSED. (Assemblymen Frierson and Hambrick were not
present for the vote.)

Assemblywoman Swank was assigned the floor statement.

Chair Carlton opened the meeting for public comment. Seeing none, she closed public comment. She reminded Committee members they would have a meeting that evening and the following morning and evening.

Chair Carlton adjourned the meeting at 9:46 a.m.

RESPECTFULLY SUBMITTED:

Nancy Morris
Committee Secretary

APPROVED BY:

Assemblywoman Maggie Carlton, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

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

[Exhibit C](#) is proposed amendment 5863 to [Assembly Bill 512](#) presented by Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

[Exhibit D](#) is a document titled "One-Shot Funds for the Legislative Counsel Bureau 2019-2021," presented by Rick Combs, Director, Legislative Counsel Bureau.