

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Eightieth Session
May 1, 2019**

The Senate Committee on Finance was called to order by Chair Joyce Woodhouse at 6:08 p.m. on Wednesday, May 1, 2019, in Room 2134 of the Legislative Building, Carson City, 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 Yvanna D. Cancela
Senator Chris Brooks
Senator James A. Settelmeyer
Senator Ben Kieckhefer
Senator Pete Goicoechea

GUEST LEGISLATORS PRESENT:

Senator Julia Ratti, Senatorial District No. 13
Senator Dallas Harris, Senatorial District No. 11

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Felicia Archer, Committee Secretary
Desirae Munns, Committee Secretary

OTHERS PRESENT:

Michelle Extrome, Group Director, Education Program, National Conference of
State Legislatures
Chris Daly, Nevada State Education Association
Mary Pierczynski, Nevada Association of School Superintendents

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Stephen Augspurger, Executive Director, Clark County Association of School Administrators and Professional-Technical Employees
Caleb Cage, Chief, Division of Emergency Management, and Homeland Security Advisor, Nevada Department of Public Safety
Shaun Rahmeyer, Administrator, Nevada Office of Cyber Defense Coordination, Department of Public Safety
Julia Peek, Deputy Director, Programs, Nevada Department of Health and Human Services
Randy Soltero, United Food & Commercial Workers Union
Aesha Allums-Goins, Green Bridge Consulting Group
Matthew Walker, Nevada Dispensary Association
Melanie Young, Executive Director, Department of Taxation
Danny Thompson, Homeopathic Doctors
Bob Russo
Juanita Cox, Citizens in Action
Miranda Hoover, Board of Homeopathic Medical Examiners
Elisa Cafferata, Nevada Technology Association
Andy Peterson, Retail Association of Nevada

CHAIR WOODHOUSE:

I will turn the gavel over to Senator Parks so I can present Senate Bill (S.B.) 91.

SENATE BILL 91 (1st Reprint): Establishes the Commission on Innovation and Excellence in Education to develop a statewide vision and implementation plan to improve the public education system in this State. (BDR 34-386)

VICE CHAIR PARKS:

I will open the hearing on S.B. 91.

SENATOR JOYCE WOODHOUSE (Senatorial District No. 5):

I am here today to introduce S.B. 91 which establishes the Commission on Innovation and Excellence in Education (CIEE) to develop a Statewide vision and implementation plan to improve the public education system in our State.

In 2016, the National Conference of State Legislatures (NCSL) issued a groundbreaking study on the large and growing education achievement gap between the United States and other nations. Titled *No Time to Lose* ([Exhibit C](#) contains copyrighted material. Original is available upon request of the Research Library.) This study is the most requested report in the history of NCSL. It has

opened the eyes of many state policymakers to what really works in education and how states might proceed in addressing their deficiencies.

I had the honor of serving for three years on the international study group that created the *No Time to Lose* report, along with two dozen Democrat and Republican state legislators and six legislative staff from throughout the Nation. This was a transformative experience for all of us on the international study group.

During this past interim, I served on the Legislative Committee on Education (LCE). In response to *No Time to Lose*, the LCE heard presentations by NCSL and Marc Tucker of the National Center on Education and the Economy. The presentations gave the LCE members a comprehensive review of education in Nevada and the United States compared to higher performing systems in other countries.

The presenters also shared action steps that other states are taking to reinvent their approach to education. These sobering presentations led to the LCE unanimous support for recommending the creation of an education commission to not just re-evaluate education in Nevada but to reimagine it.

Modeled after Maryland's commission, this long-term stakeholder group would develop a Statewide vision and implementation plan to create a world-class education system. The education system would be based on proven strategies so that Nevada's students can match the performance of the world's best.

The CIEE proposed in S.B. 91 is designed to ensure involvement and input from all parties who have a stake in our education system. The group is intentionally large because they will be taking an exploratory journey together to see why American and Nevadan education has been surpassed on the world stage and to discover together the concrete steps for developing a remedy in Nevada.

I would like to briefly review the main provisions of S.B. 91. Section 3 lists the members of the CIEE including legislators, State and district representatives, teachers' unions, parent and advocacy groups, representatives from the Nevada System of Higher Education, the business community and other key stakeholder groups.

Section 4 of S.B. 91 outlines the duties of the CIEE, including: conducting a study comparing Nevada's education policies to those of high performing international and domestic education systems; making recommendations to implement those education policies; identifying objectives and recommendations to align the academic performance of Nevada's students with those of high performing systems; reviewing the findings of studies concerning education funding; developing a cost analysis of any implementation plan and coordinating with experts to carry out its work.

Section 4.3 of S.B. 91 includes a \$25,000 annual appropriation to cover the per diem and travel expenses for the CIEE members. Section 4.6 appropriates \$250,000 over the 2019-2021 biennium for the CIEE to enter into a contract with an organization to assist in its research.

In order for our students to remain competitive in the national and global marketplace, Nevada must be able to compete with the best education systems in the world. Currently, we are not, and there is no time to lose. I urge your support on S.B. 91

MICHELLE EXTROME (Group Director, Education Program, National Conference of State Legislatures):

I was part of the international study group that the NCSL sponsored over the past four years. The international study group dove deeply into studying high performing countries. One thing the international study group learned was all of the efforts in other countries started with a group of policy makers and stakeholders. These individuals created a vision for their country and pursued the policies and practices which research revealed would get them to be the best performing education system in the world.

Other countries view their education system as a nation-building project. They put all of their resources and efforts into pointing their policy makers and educators towards the goals they created and established. They did the hard work of back mapping policies and practices that needed to be put into place in order to create these high performing systems. In just a decade, some countries have risen from the bottom or midway in international rankings all the way to the top ten.

The International study group studied the top performing education systems in the world. They wanted to make sure that the right policy makers and

stakeholders were on board for the United States so a census could be made on both a goal and a vision. It was important for them to back map the policies and practices so as Legislators they could begin to implement what they were learning and seeing in the high performing education systems. They came to realize it was important for them to create a similar experience for policymakers and stakeholders within their own states.

The International study group studied the highest performing states in the Nation. One of which is Massachusetts, who now ranks among the top performing countries in the world if you take it by itself. We are carefully studying what Massachusetts has done so other states can implement what they have learned. The states of Maryland, Nevada, New Mexico and Indiana all are moving in the direction of creating a commission or an advisory group who will be digging deeply into this study in order to make recommendations and policy actions as a result.

Senator Woodhouse is asking the State for a provision to include a third-party organization who would complete this work. From the experience in Massachusetts and Maryland, this provision is important. I can summarize it in three reasons. First, a contracted third-party organization or partner can be honest and objective within the process. They will not have a stake in the outcome because they are not close to or have a personal investment in the system. They can help facilitate the process and help the policy makers and stake holders come to decisions.

Second, it is important to include someone who has expertise in these world class education systems. For example, it would be beneficial to work with experts who understand what the teaching system looks like in these countries and how they have developed their entire system around supporting the teaching profession. More importantly, how it all fits into an entire cohesive system of education.

Third, the contracted third-party organization or partner can do a gap analysis. A number of states have contracted with a third-party organization who are international policy experts to compare the policies within their state with the policies in three of the top performing countries. The state of Maryland took three of the top performing international countries and two of the top performing states. Doing this will provide a clear blueprint and a clear comparison for how your State policies compare to the policies in other

countries. At that point, the CIEE in your State can determine how to alter the State of Nevada policies or practices in a way that is beneficial to get the State closer to the outcome that these top performing countries are seeing.

As I mentioned, Maryland used this approach very effectively. All eyes are on Maryland right now. The state of Kentucky has contracted with a third party to do the policy gap analyses. These are the reasons the international study group learned through our research and what the NCSL sees as a policy organization that might be beneficial for your State and set you up for success.

SENATOR WOODHOUSE:

The NCSL worked closely with the state of Maryland. I mirrored the legislation from Maryland in S.B. 91.

SENATOR KIECKHEFER:

I support what you are doing. I would note that there are only four Senators appointed to the commission all of which would be appointed by the majority leader. Traditionally, the minority party is represented by at least one member. Could you consider including language to have at least one minority party member on the commission in a future amendment?

SENATOR WOODHOUSE:

I will make sure that both the majority leader and the minority leader will be able to make appointments. I will make sure an amendment is made to S.B. 91.

VICE CHAIR PARKS:

I am looking at the fiscal note which was submitted on February 11, 2019, for the sum of the \$368,834 for the 2019-2021 biennium. However, S.B. 91 only references \$300,000. Have those amounts been reconciled?

SENATOR WOODHOUSE:

The appropriation in S.B. 91 consists of \$25,000 for commission travel in each year of the 2019-2021 biennium. Included is an appropriation of \$250,000 for a third-party organization contracted by the State for each year of the 2019-2021 biennium. The amount is based upon information from the contract that the state of Maryland had with their third-party organization. The state of Maryland had one third-party contract who took care of all of the work which needed to be done. These are the only expenses addressed in S.B. 91. If there are any additional expenses, I would need to take a look at them.

MARK KRMPOTIC (Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

Staff of the Legislative Counsel Bureau (LCB) Fiscal Analysis Division had an opportunity to speak with the director of the LCB before this meeting regarding the fiscal costs and appropriations included in S.B. 91. Within the amendment to S.B. 91 under section 3 subsection 9, it indicates that the director of the LCB shall provide any administrative support necessary for the CIEE to carry out its duties.

Under section 4 subsection 3 of S.B. 91 which provides for a \$25,000 appropriation per year for CIEE members travel, the director of LCB indicated that if the CIEE members were not required to attend a meeting at the same location, the meetings could be videoconferenced. Having the meetings videoconferenced would reduce the appropriation to \$12,000 per year for the 2019-2021 biennium. The director indicated an amount of \$1,250 in each year for basic operating expenses to include printing, postage and other miscellaneous costs should be included in addition to per diem allowances and travel if S.B. 91 moves forward.

With respect to staff effort in terms of supporting the CIEE, the director of the LCB indicated that without knowing either committees or interim studies that the legislature may approve this biennium, it is difficult to determine whether staffing might be needed. He indicated that S.B. 91 alone would not result in the need for additional staff, but depending on other legislation that may pass the need may be revisited on an aggregate basis.

SENATOR WOODHOUSE:

One thing the international study group found successful was that the individual who shepherded the work in Maryland was a member of the Maryland LCB. We heard the chair of the Maryland commission speak to their operations. He stated their work would not have been so successful or moved along as smoothly without having the individual from the Maryland LCB. The individual managed the program and dealt with the third-party contract. It is critical that S.B. 91 includes the LCB staff person.

VICE CHAIR PARKS:

I will open the floor to anyone who would like to speak in support of S.B. 91.

CHRIS DALY (Nevada State Education Association):

The Nevada State Education Association (NSEA) supports S.B. 91. The NSEA believes the fiscal note is minimal; the NIEE gives Nevada the chance to envision work. The NCSL work on looking at international comparisons in education is strong, and that is why the NSEA national organization, the National Education Association (NEA), invested in the NCSL study group on international comparisons in Education. We hope that Nevada is able to make a similar investment to get the Nevada NIEE off the ground.

MARY PIERCZYNSKI (Nevada Association of School Superintendents):

The Nevada Association of School Superintendents supports S.B. 91. We believe that we will learn a lot and that the NIEE is a great idea. We appreciate having a superintendent as a member on the NIEE.

STEPHEN AUGSPURGER (Executive Director, Clark County Association of School Administrators and Professional-Technical Employees):

The Clark County Association of School Administrators and Professional-Technical Employees strongly support S.B. 91. We appreciate Senator Woodhouse for bringing it forward and believe that any cost associated with it will be offset by the return of investment.

VICE CHAIR PARKS:

Seeing no one else in support for S.B. 91 and no one for opposition or in neutral, we will move on to closing remarks.

SENATOR WOODHOUSE:

In conclusion, I would like Committee members to turn to page 10 of [Exhibit C](#) which identifies the 4 elements of a world-class education system. When we look at these four elements, children have to be in a system that is working and that is aligned to all four of these elements.

SENATOR DENIS:

I would refer the Committee to read the third paragraph on page 4 of [Exhibit C](#). We have the answers here, and if other countries can do it, so can we.

VICE CHAIR PARKS:

I will close the hearing on S.B. 91, and I will turn the gavel back over to Chair Woodhouse.

CHAIR WOODHOUSE:

I will open the hearing on S.B. 69 which revises provisions relating to emergencies and cybersecurity.

SENATE BILL 69 (1st Reprint): Revises provisions relating to emergencies and cybersecurity. (BDR 19-350)

CALEB CAGE (Chief, Division of Emergency Management, and Homeland Security Advisor, Nevada Department of Public Safety):

I would like to present S.B. 69 which has two major topics, emergency response plans housed by the Division of Emergency Management (DEM) and cybersecurity provisions to include incident response plans coordinated by the Nevada Office of Cyber Defense Coordination (OCDC).

The emergency response plan components are covered in sections 3, 4, 5, 7 and 8 of S.B. 69. The DEM maintains hundreds of emergency response plans in primarily four different sectors: schools, including school districts; charter schools and private schools; political subdivision throughout the State; resorts and public utilities.

Each sector has different components and requirements for the plans which are overseen by the DEM. The school and public utilities sectors have both annual deadlines and review requirements, but the other sectors do not. Sections 3, 4, 5, 7 and 8 of S.B. 69 are an attempt to streamline the process in order to make it more manageable for the DEM to maintain oversight of the plans. This will ensure the appropriate regulatory body for each of these sectors are aware if the entities they regulate have provided emergency response plans to the DEM and if those plans have met our compliance standards.

The cyber components are covered under sections 1, 2, 6, 9, 11, 12 and 13 of S.B. 69. The cyber components are aligned with developing a culture of cybersecurity in the State, make sure the State of Nevada is capable of responding to a cyber-threat or cyber-attack and ensure staff has received appropriate training and information sharing is in place.

These are the majority of the components. We have provided an overview of S.B. 69 ([Exhibit D](#)).

I would like to address two of the fiscal notes that were submitted for S.B. 69. There were two State agencies that provided fiscal notes specifically with respect to the cyber incident response plans under section 9 of S.B. 69. We worked with the Nevada State Public Charter School Authority to clarify their concerns on their fiscal note, and they have since submitted an updated fiscal note with a zero balance.

The second is the Department of Agriculture which provided a modest fiscal note. Based on amendments to S.B. 69, they have provided a statement for the record. I will read from the statement ([Exhibit E](#)). We do have a recommended amendment that would address and align with the needs of the Department of Agriculture.

There are several amendments contained in [Exhibit D](#), primarily under section 11 of S.B. 69 which are intended to clarify the role of the OCDC within *Nevada Revised Statutes* (NRS) 480.

SHAUN RAHMEYER (Administrator, Nevada Office of Cyber Defense Coordination, Department of Public Safety):

Page 3 of [Exhibit D](#) outlines a number of recommended amendments to section 11 of S.B. 69. These recommendations are offered in an effort to address concerns recently expressed by the LCB staff regarding NRS 480.900 through NRS 480.950. Specifically, we are recommending several amendments designed to alleviate areas of duplications and ambiguity while enhancing NRS mandates to create improved clarity and function within the Department of Public Safety, OCDC.

SENATOR PARKS:

Do you have a total amount of fiscal impact from the fiscal notes? Have all the fiscal notes been removed?

MR. CAGE:

The State agency fiscal notes have been zeroed out at this time.

SENATOR DENIS:

Does the Nevada National Guard (NNG) have the ability to handle cybersecurity threats?

MR. RAHMEYER:

The NNG has a cyber-capability, and they train and provide a security apparatus for the NNG. Through conversations with the NNG should S.B. 69 pass, they will have to align efforts to meet the needs should the Governor call upon the NNG for support.

The OCDC anticipates realizing this capability through the DEM and the newly established Emergency Support Function number 17 for cybersecurity in the State of Nevada Comprehensive Emergency Management Plan.

SENATOR DENIS:

The NNG currently does not have all of the capabilities, but they would develop it should S.B. 69 pass?

MR. RAHMEYER:

Yes. That is correct.

SENATOR SETTELMAYER:

I understand that the amendments alleviated State agencies' fiscal notes. However, have you reached out to the municipalities? Churchill County submitted a fiscal note of \$2,000, White Pine County submitted a fiscal note of \$20,000, Washoe County submitted a fiscal note of \$40,000 and then larger counties submitted fiscal notes that were significant. Were you able to find out if the amendments were able to alleviate some of their concerns?

MR. CAGE:

When we presented S.B. 69 in the policy committee, many of the jurisdictions who submitted fiscal notes spoke in favor of this bill despite it having a fiscal impact. They indicated a cybersecurity incident response plan was needed for their jurisdictions. The Nevada Association of Counties provided testimony that the Nevada Public Agency Insurance Pool and the Public Agency Compensation Trust would be able to assist with many of the smaller counties. In the past, the DEM funded a jurisdiction to develop a model plan to provide training and implementation on the plan throughout the State. The DEM communicated with some jurisdictions but did not go to each one to address all of the fiscal notes.

MR. KRMPOTIC:

When reviewing S.B. 69, we noticed some areas which add duties to the DEM. Specifically, section 4 subsection 3 requires school districts to submit plans for

approval by the DEM—this is a new duty. Additionally, section 7 requires the DEM to provide notice to various political subdivisions, the Public Utilities Commission (PUC), school districts and the Nevada Gaming Control Board (GCB). Staff did not see if the amendment removes any of these entities. In addition, under section 7, the DEM is required to develop a written guide for the preparation and maintenance of emergency response plans.

One of the concerns Fiscal staff has with respect to the OCDC under existing language in section 11 of S.B. 69 is their ability to fulfill those statutory duties as they currently stand; in particular, the periodic review of the information systems that are operated or maintained by State agencies. This has been a concern in the budget subcommittees as well.

Staff understands the DEM submitted a zero fiscal note. However, these are all new duties placed on the DEM.

MR. CAGE:

Section 4 of S.B. 69 states in part that on or before July 1 of each year the board of trustees of a school district shall provide an emergency response plan to the DEM. This requirement is currently covered in statute. For several years, the DEM has worked with the Nevada Department of Education (NDOE) on this requirement for school districts, private and charter schools. This is not a new duty for the DEM and is something which is statutorily required. I can follow up with Staff regarding these statutory requirements.

Section 7 of S.B. 69 states in part that the DEM shall provide notice to regulatory bodies. This requirement means the DEM will provide a letter and a spreadsheet which provides information to the PUC, the GCB, the NDOE and the political subdivisions in the State. The new duty is requiring political subdivisions to provide notice to the DEM on an annual basis, as well as resorts to ensure their plans are either updated or certified on an annual basis. For the DEM, the process will be taking the information we maintain and sending a letter to the regulatory bodies or State agencies notifying them if compliance has been met or not been met. Currently, the DEM does not have any authority over the resorts, the schools, the utilities or the political subdivisions in the State of Nevada. This will allow us an opportunity to ensure that everyone is doing the statutory requirement. The DEM developed multiple guides for developing planning throughout the State. The fact that it is in statute ensures

there is communication and coordination between these four sectors in developing plans.

The DEM does not believe these are new duties; we believe that these are streamlining existing duties to make sure that we are managing it as efficiently as possible.

MR. RAHMEYER:

We share the concern regarding NRS 480.924 subsection 1 paragraph (a). Through the recommended amendment, it seeks to remove the mandate which requires periodic reviews of the information systems that are operated or maintained by State agencies. The recommended amendment would extract that core purpose and function and reengineer it through some additional amendments in NRS 489.241 subsection 1 paragraphs (b), (c) and (d) as outlined on page 3 of [Exhibit D](#).

CHAIR WOODHOUSE:

I will open the floor to anyone who would like to speak in support, opposition or neutral on S.B. 69. Seeing no one, I will close the hearing on S.B. 69.

We will now move into work session on S.B. 94.

SENATE BILL 94 (1st Reprint): Revises provisions governing the Account for Family Planning. (BDR 40-446)

MR. KRMPOTIC:

Senate Bill 94 as amended authorizes funds in the Account for Family Planning (Account) to also be used to pay for family planning services offered by providers of health care for services which are provided by a department or division of the Executive Branch of State Government through a contract with a recipient of the grant funds. Senate Bill 94 revises the contraceptives and services for which money in the Account may be used to match similar lists in existing law. In addition, it requires family planning services paid for with money from the Account to be made available to all people who would otherwise have difficulty obtaining services. Currently, S.B. 94 appropriates \$6 million from the General Fund to the Account for the 2019-2021 biennium.

Senate Bill 94 was presented to the Senate Committee on Finance on April 29, 2019. There was an amendment proposed by Senator Ratti. The

amendment has been revised from what was originally presented. The new conceptual amendment ([Exhibit F](#)) would amend NRS 442.725 under section 1 of S.B. 94 to require the director of the Department of Health and Human Services (DHHS) or his or her designee to administer the Account instead of the administrator of the Division of Public and Behavioral Health (DPBH).

Secondly, under section 1, subsection 6 of S.B. 94 the new conceptual amendment as shown in [Exhibit F](#) reduces the percentage of money in the Account which may be used for administrative costs from not more than 10 percent to not more than 5 percent of the money in the Account.

Third, the new conceptual amendment as shown in [Exhibit F](#) would delete section 2 of S.B. 94 which appropriates \$6 million to the Account.

The actions taken by the Senate Committee on Finance Subcommittee on Human Services appropriated as recommended by the Governor \$3 million in each year of the 2019-2021 biennium in the DHHS, DPBH, Community Health Services budget account 101-3224.

HEALTH AND HUMAN SERVICES

PUBLIC AND BEHAVIORAL HEALTH

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One of the reasons the appropriation in S.B. 94 is proposed for deletion through the new conceptual amendment as shown in [Exhibit F](#) is because it duplicates the appropriation that is included in the Governor's budget as recommended by the Subcommittee on Human Services. One of the considerations for the Senate Committee on Finance and the Assembly Ways and Means Committee (Money Committees) as they close these budgets would be to redirect these appropriations of \$3 million each year of the 2019-2021 biennium to the Account. If this is done, the Account would then be recommended to be brought under the Appropriations Act and subject to NRS 353, the State Budget Act.

There were specific purposes for the funding as approved by the Subcommittee on Human Services. Those purposes relate to subgrants to various entities which includes outreach and education, prenatal care education and incentives, direct purchase of long term contraceptives and targeted disease intervention and prevention.

Staff had the opportunity to review these funding purposes with the Legislative Counsel Bureau, Legal Division relative to the purposes under which the Account can use the money. The only portion which may be in conflict would be the prenatal care incentives. In discussing this issue with Ms. Peak of the DHHS, before this meeting started, she was not familiar with this portion of the recommendation. This will be a point in which Staff will clarify when this budget is closed.

SENATOR KIECKHEFER:

In the new conceptual amendment as shown in [Exhibit F](#), it would move supervision of the Account into the director's office of DHHS rather than it being under the DPBH. Why this change? Over the last couple of sessions, we have been trying to move programs out of the director's office and into the divisions.

SENATOR JULIA RATTI (Senatorial District No. 13):

The original amendment to S.B. 94 included the movement of the Account. The reason the Account is being moved under the director's office for DHHS is because it will be managed and administered like a grant, so it will fit in the Grants Management Unit of DHHS which is in the Director's Office.

The budget was closed in the Subcommittee of Human Services where it directed the money to the Community Health Service B/A 101-3224. The Community Health Services does not have any grant management experience. I agree that we have been trying to push things to the programmatic levels. In this case, the function is a grant management function in order to get the money out to those who need it.

JULIA PEEK (Deputy Director, Programs, Nevada Department of Health and Human Services):

I did receive clarification regarding prenatal care incentives. When the DPBH received the funds and developed a budget the incentives were, for example, if the mom attends all of the prenatal visits based on the guidelines then perhaps

she would receive a Graco Pack N' Play Portable Playard. This is how we would incentivize a mom to attend all the visits that are appropriate. If that incentive is omitted, that would be fine.

The DHHS agrees with the language which is provided in the original amendment that either the director or a designee would administer the Account. If the director wants the DPBH as the designee it would be allowed, but initially it will be reported under myself as the deputy director of programs in the Director's Office with the Grant Management Unit.

SENATOR KIECKHEFER:

Is the only change in the new conceptual amendment as shown in [Exhibit F](#) the cost of administrative overhead?

MR. KRMPOTIC:

That is correct. Staff had the opportunity to clarify the new amendment with Senator Ratti. Included in the appropriation for the Community Health Services B/A 101-3224 was a grants and project analyst position along with other indirect operating costs totaling \$175,000. Those costs were intended to be paid from the \$3 million appropriation each year which is for family planning purposes.

Staff had the opportunity to clarify this further with Senator Ratti, the Governor's Office of Finance director, Ms. Peek and others; it was determined there were no other resources available in the director's office to administer the Account. Staff addressed the possibility of utilizing a vacant position within the director's office and the DHHS replied that they are intending to repurpose the vacant position. The DHHS has come forward with a cheaper alternative than \$175,000 for administrative purposes. The reason for the change in the new amendment is to allow for a smaller amount of an administrative cap.

SENATOR KIECKHEFER:

Will we need another position to administer the Account?

MR. KRMPOTIC:

If the Money Committees redirect the appropriation to the Account, that closing action would be consistent with how the Subcommittee on Human Services closed the budget. The closing action included one position to administer the

grant program. There wouldn't be any additional position in addition to what the Subcommittee on Human Services already approved.

SENATOR DENIS:

The new conceptual amendment as shown in [Exhibit F](#) has three proposed changes. Is only number 2 going to be amended? Are numbers 1 and 3 not being amended?

MR. KRMPOTIC:

The entire new conceptual amendment as shown in [Exhibit F](#) applies. The original amendment completely eliminated the administrative allowance. The new conceptual amendment proposes to reduce the administrative allowance from 10 percent down to 5 percent.

CHAIR WOODHOUSE:

I will take a motion to amend and do pass S.B. 94.

SENATOR KIECKHEFER MOTIONED TO AMEND AND DO PASS AS AMENDED S.B. 94.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR WOODHOUSE:

We will now move into work session on S.B. 447.

SENATE BILL 447 (1st Reprint): Exempts sales of certain durable medical equipment, oxygen delivery equipment and mobility enhancing equipment from sales and use taxes. (BDR 32-1255)

MR. KRMPOTIC:

Senate Bill 447 was heard on April 29, 2019. To briefly summarize, at the 2016 general election the voters of the State approved Initiative Petition 4 (IP4) which proposed to amend the Nevada Constitution to require the Legislature to provide by law for an exemption from sales and use tax for certain durable medical equipment, oxygen delivery equipment and mobility enhancing

equipment. The IP4 was again approved by the voters of the 2018 general election.

Article 10 section 3 (b) of the Nevada Constitution was enacted to require the Legislature to provide for the exemption. Senate Bill 447 enacts the exemption from sales and use tax for certain durable medical equipment, oxygen delivery equipment and mobility enhancing equipment. The bill defines the terms for the purposes of exemption durable medical, medical enhancing equipment and oxygen delivery equipment.

Senate Bill 447 enacts the exemption from the Statewide two percent sales and use tax that is deposited into the General Fund and amends the local school support tax law to provide for an identical exemption for the Statewide 2.6 percent Local School Support Tax (LSST) rate. Under the statutory structure for the sales and use tax and the amendment to the LSST, this also applies to other sales and use taxes imposed under existing law.

The director and chief deputy director of the Department of Taxation testified on S.B. 447. The primary reason for addressing the bill was the potential reduction of General Fund appropriations coming to the State from the 2 percent sales tax and the 2.6 percent LSST. They testified that those amounts cannot be estimated, as there is not enough data available.

The bill would be required to implement the IP4. There were no amendments provided or proposed for S.B. 447.

SENATOR KIECKHEFER MOTIONED TO DO PASS AS AMENDED
S.B. 447.

SENATOR DENIS SECONDED THE MOTION.

MOTION CARRIED UNANIMOUSLY.

* * * * *

CHAIR WOODHOUSE:
This will conclude the work session for tonight.

I will open the hearing on S.B. 346.

SENATE BILL 346 (1st Reprint): Revises provisions related to marijuana.
(BDR 40-1065)

SENATOR DALLAS HARRIS (Senatorial District No. 11):

Senate Bill 346 has several components. First, the bill will require the Department of Taxation (DOT) to collect demographic information concerning marijuana establishments and medical marijuana establishments. The information will be collected to determine if there is fairness on how these establishments are being set up, fairness on how licenses are being issued as well as employment information. The information has to be gathered before any disparities can be fixed. The DOT is best suited to collect all the information, since they are already dealing with these new industries.

Second, there is a provision which authorizes an independent contractor to enter into a contract with a marijuana establishment or medical marijuana establishment to provide certain training. This provision will allow further training for individuals who are interested in the marijuana industry whether that is working at a dispensary or any other type of ancillary business.

Senate Bill 346 also creates the emerging small marijuana business. We are copying the emerging small business framework which is already established at the Governor's Office of Economic Development (GOED). This will let us focus on smaller businesses in the new marijuana industry in hopes of flourishing the industry. In addition, it might create more small businesses, not at the traditional dispensary level but at the ancillary businesses level. The ancillary level might include delivery services or any other smaller business that might touch the larger industry.

All information collected will be analyzed and sent back to the Legislature. The Legislators can then decide if there is anything that needs to be done to keep the market growing. This industry is new for the State of Nevada, and it is not as diverse as we might hope that it is.

SENATOR BROOKS:

Is this modeled after any other states that are trying to address this same issue within the emerging marijuana industry?

SENATOR HARRIS:

It is not based off other states. It is based off something the State of Nevada already has so that a new infrastructure did not have to be created to address some of the issues. This was the quickest and most efficient way to start helping small businesses.

The emerging small business framework focuses on growing small business through helping them get State and local purchasing contracts. This is not something marijuana businesses do; therefore, the framework needs to be tweaked slightly. There are already resources available on how to obtain a business license, how to become a business and do business in Nevada. I would like to see those types of resources continue. The marijuana industry is a bit different and needs more focus in order to help the small businesses in this industry flourish.

CHAIR WOODHOUSE:

I will open the floor to anyone who would like to speak in support of S.B. 346?

RANDY SOLTERO (United Food & Commercial Workers Union):

Section 3 and Section 7 of S.B. 346 now includes language for a training program and to make legal the relationship between an independent contractor and a marijuana establishment.

A training program for marijuana would start at cultivation go through the processing phase and then to the retail sale. It would be similar to an apprenticeship. In order for the training to be legal in the State of Nevada, the independent contractor would have to be issued a medical marijuana establishment agent registration card. An apprenticeship program would mean the person who wants to do the training would have to get a facility, develop a training program and then have to go buy marijuana plants. The trainers are not the people selling or cultivating; they are actually going in assisting and working with establishments to do training.

This is a highly scientific industry especially regarding cultivation and management. Since marijuana became legal in Nevada, the industry is emerging and will continue to emerge. Senate Bill 346 will provide for a training program and a training partnership with marijuana establishments.

AESHA ALLUMS-GOINS (Green Bridge Consulting Group):

I am in support of S.B. 346. This bill addresses training which will ultimately lead to more inclusion into the industry. This does not just include entry level positions but also scientific positions and agriculture positions. Booker T. Washington stated "success is to be measured not so much by the position that one has reached in life as by the obstacles which he has overcome while trying to succeed." Education, training and opportunities are the ultimate bridge to obtaining equality; therefore, offering this opportunity will level the playing field. This bill is important to the marketplace.

MATTHEW WALKER (Nevada Dispensary Association):

I want to echo some of the supporting comments. This is an important conversation; step one in the conversation is to obtain the data and to understand who is working in the industry and who is owning the operations associated with this industry. Senator Harris has found the touch points that are least onerous on industry and regulators which is to collect the information when an individual applies for an agent registration card and when they renew their application.

Unfortunately, the Nevada Dispensary Association are in neutral because of section 18 of S.B. 346. We feel this problem can be studied and meaningful solutions can be created without having to say there has been unlawful activity or unlawful discrimination on behalf of licensees or the State employees who have licensed these operations. The bill still contains that language. We believe that it is not the most productive way to frame the conversation.

The Nevada Dispensary Association has submitted a memorandum on diversity and inclusion in the cannabis industry ([Exhibit G](#)). This memorandum includes the best ideas we can find from other jurisdictions and other states to address the increasing diversity in the industry, the disparate enforcement over the years and the disparate impact the war on drugs has had in the communities of color. It is an issue which is important to take up now and in future legislative sessions. We look forward to being a part of that conversation.

SENATOR HARRIS:

In conclusion, this is a first step. Senate Bill 346 does not come close to addressing the issues that are present. However, this bill is a significant step in the right direction.

MR. KRMPOTIC:

There were two fiscal notes submitted for the amended version of S.B. 346. One from the DOT and the other from GOED. One of the questions the Committee may wish to ask since representatives are here from DOT is if the bill were to move forward, could these costs legally be paid for from marijuana taxes and fees in B/A 101-4207 or whether it would require General Fund appropriations. Given the ballot question language, it may require General Fund appropriations for now.

FINANCE AND ADMINISTRATION

TAXATION

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MELANIE YOUNG (Executive Director, Department of Taxation):
I will have to request legal advice on that question.

SENATOR KIECKHEFER:

In section 6 of S.B. 346, the DOT will be required to gather and maintain comprehensive demographic information including without limitation information regarding race, ethnicity, age and gender concerning a list of folks. Do you currently have this information, or would you have to gather it?

Ms. YOUNG:

Currently, the DOT does not collect that information in our system. However, it is information submitted through the fingerprinting process. The DOT has some of the information, but not all of it that is covered in sections 2 and section 6.

SENATOR KIECKHEFER:

Does this apply to both medical and recreational marijuana?

Ms. YOUNG:

Yes.

SENATOR HARRIS:

I spoke with representatives from DOT, and they asked if this would be retroactive or prospective. I expressed the information needed can be obtained moving forward. Agent cards will be the most difficult portion. As they issue agent cards, they collect this data. I would not be looking for DOT to go back on every agent card already issued to collect the demographics. It is something they would be able to do moving forward given that the information is collected but not currently stored and analyzed.

SENATOR KIECKHEFER:

I think we need to make clarifications as to what the expectations are, as the bill does not differentiate between owner, agent cards and applicants.

CHAIR WOODHOUSE:

I will close the hearing on S.B. 346 and open the hearing on S.B. 98.

SENATE BILL 98: Revises provisions governing the practice of homeopathic medicine. (BDR 54-519)

SENATOR JAMES A. SETTELMAYER (Senatorial District No. 17):

In the 2017-2018 interim Session, I was a member of the Legislative Commission's Sunset Subcommittee. As reviewed by the Sunset Subcommittee, S.B. 98 contains a recommendation from the Sunset Subcommittee to terminate the Board of Homeopathic Medical Examiners (Board) and transfer its licensing authority to the State Board of Health.

The Board was created by the Legislature in 1983. It consists of seven members appointed by the Governor. The Board is authorized to regulate the practice of homeopathic medicine, including issuing credentials and investigating complaints and transacting all business related to its duties.

The Board was reviewed by the Sunset Subcommittee at its meeting on March 21, 2018. At that time, the Sunset Subcommittee learned that the Board owed approximately \$145,000 to the Office of the Attorney General (OAG) for services rendered. This debt has been accruing since 2004. By the end of fiscal year 2018, the debt had increased to approximately \$150,000. At this point in time, the debt has increased to approximately \$175,000. Representatives of the Board testified they had a verbal understanding with the OAG that they would provide services to the Board and not charge fees.

The Sunset Subcommittee asked the OAG for information on its relationship with the Board and to recommend a solution to the debt situation which has dragged on for years. The OAG replied with a letter ([Exhibit H](#)) containing an explanation of charges that have not been paid by the Board.

I will remind you that NRS 232B.240 places on a board the burden of proving that there is a public need for the board's continued existence. We did not view the Board's record of management of its operations as meeting this standard. Instead, the Board has shown it is inefficient and ineffective in managing its affairs. The Board did not prove to us that there is a continued need for its existence.

Therefore, the Sunset Subcommittee voted unanimously to recommend terminating the Board and transferring oversight to the State Board of Health with the actual licensing functions performed by the DHHS.

The Sunset Subcommittee members also voted to request that the Legislature, the Governor, the Attorney General and the Board work to resolve the matter of the outstanding debt.

Earlier this Session, the Senate Committee on Commerce and Labor considered S.B. 98 and voted do pass. The bill is here in Senate Finance because of the Board's debt to the OAG and the initial fiscal note submitted by DHHS. On the day of the hearing in Senate Commerce and Labor, the Board gave a check in the amount of \$32,000 to the chief financial officer from the OAG to begin the repayment process.

The original fiscal note submitted from DHHS was \$750,000 for future biennia. The revised cost to assume licensing responsibilities for homeopathic physicians and assistants is now estimated to be slightly less than \$40,000 per biennium.

I would like to state for the record that the Sunset Subcommittee does not intend to eliminate the professional licenses in the field of homeopathic medicine. Our recommendation is about the Board. Furthermore, the Sunset Subcommittee does not make this recommendation to terminate the Board casually.

The Sunset Subcommittee objective with S.B. 98 is to clean up the fiscal mismanagement and set the licensing of this profession on solid footing. I have

provided additional remarks as shown in ([Exhibit I](#)). It is time we take action regarding this Board, and I urge your support of S.B. 98.

I have submitted a conceptual amendment ([Exhibit J](#)). We have received several emails ([Exhibit K](#)) from different individuals who want to see the Board continue. They are afraid that merging with DHHS will result in being taken over by the traditional medical community. I share their concern and want to try to do what those individuals who are receiving aid from this entity wish.

With an advisory board consisting of homeopathic licensees, it has been determined by the members of the licensed community and their own association, the Nevada Homeopathic and Integrative Medical Association that their preference is to eliminate the existing board, create a new board and elect new members. It is strongly felt that coming under the auspices of DHHS while having merit will negatively impact the efficiencies of homeopathy and the practitioners in the State. Our neighboring states do license homeopaths. In actuality, the statutes in the state of Arizona are similar to Nevada's and are used in the conceptual amendment as shown in [Exhibit J](#).

It is the intention of the licensed practitioners under NRS 630A to further negotiate with the OAG regarding the debt incurred as collection is no longer viable. Under NRS 630A, payments will continue to go toward this debt and at the same time cut expenses directly related to the management of the Board.

The proposed changes to statute and amendments to S.B. 98 are listed in [Exhibit J](#). One of the proposed changes is to eliminate all references to moving the practice of homeopathy to the State Board of Health. Which in turn should eliminate the fiscal note from DHHS. Another proposed change is to form a new board under the existing NRS 630A known as the Nevada State Board of Homeopathic and Integrated Medicine Examiners (BHIME).

Also included in the proposed changes is to change the fee structure as detailed in [Exhibit J](#) in order to pay off the debt to the OAG. In addition, a proposed change is to stipulate the new BHIME is to present updated reports following the 2019 Legislative Session; this is consistent with what the Sunset Subcommittee did with the Funeral Board in order to see if the Board was on solid footing.

SENATOR KIECKHEFER:

If we eliminate the existing Board, does that wipe away the debt?

SENATOR SETTELMAYER:

No, it does not. Through discussions with LCB Legal Division, if we do eliminate the Board, the proper course of action would be to have the General Fund pay off the debt to the OAG. Therefore, any assets and liabilities will be transferred to the new BHIME. The new BHIME has indicated they are willing to accept the debt, and this is the reason for the increase in fees.

SENATOR KIECKHEFER:

How much does the BHIME have to raise their fees in order to pay off the debt in one or two years?

SENATOR SETTELMAYER:

I am not sure what those numbers would be. I assume it would need to be a significant increase, since the debt is approximately \$175,000; there are only approximately 126 practitioners. Having the debt paid off in one year would increase the fees too high—which could effectively put the practitioners out of business.

SENATOR KIECKHEFER:

Could we create a debt retirement fee for existing licensees until the debt to the State is paid off?

SENATOR SETTELMAYER:

The current Board entered into an agreement with the OAG which consisted of an initial \$30,000 payment. After the initial payment, the OAG agreed to accept a \$1,500 monthly payment. By increasing the fees, it will allow the new BHIME the ability to pay off the debt quicker.

SENATOR KIECKHEFER:

The current Board is asking for a reprieve, and rather than being eliminated and being put under DHHS, I believe they should expedite the debt to the State.

SENATOR SETTELMAYER:

I agree. The increased fee schedule will give the new BHIME that ability. They have also mentioned several cost cutting measures that will save them money moving forward which will in turn help with the debt repayment process. In

addition, the Sunset Subcommittee will be monitoring the new BHIME and how quickly they are paying off the debt to the OAG. At this point, we do not want to do anything that would cost the profession or the overall Board.

MR. KRMPOTIC:

In response to whether a fee for debt repayment could be instituted, it would be a question that would need to be asked of the Legal Division. It would be somewhat similar to a fee that students of the University of Nevada, Reno, pay. A portion of registration fees that student's pay are dedicated for the repayment of construction debt for buildings. I will explore the question with the Legal Division.

DANNY THOMPSON (Homeopathic Doctors):

The current Board had costly legal issues that incurred the debt. For example, there was a disciplinary hearing for one doctor that went to Second Judicial District Court, and the judge ruled that the Board needed to correct their action. If you read the Second Judicial District Court ruling, the judge was explicitly clear that the Board was wrong. Instead of following the court order, the Board ignored it. In another court case, the Board won the case but did not ask for attorney fees.

We support Senator Settelmeyer's proposed conceptual amendment as shown in [Exhibit J](#) for a new BHIME to be established and continue operation. I am a homeopathic patient; it is important to allow these doctors to continue to practice.

SENATOR SETTELMAYER:

I have worked in conjunction with former Assemblywoman Bustamante Adams on this proposed conceptual amendment as shown in [Exhibit J](#).

CHAIR WOODHOUSE:

I will open the floor to anyone in support of S.B. 98.

MR. RUSSO:

As a recipient of homeopathic and integrated medicine, I originally came here to oppose S.B. 98; however, with the proposed conceptual amendment as shown in [Exhibit J](#), I am completely in support.

As originally stated, my concern was that the bill would have to reduce the quality of homeopathic and integrated care because individuals on the State Board of Health may not be adequately educated in those practices. With the proposed conceptual amendment, a new BHIME assures me, as a patient, I will still receive the quality of care I have received in the past.

In conclusion, I urge that the proposed conceptual amendment to S.B. 98 be adopted. I think that it will maintain the quality in homeopathic and integrated medicine and adequately resolve the current problems with the existing Board. I have provided additional testimony in ([Exhibit L](#)).

JUANITA COX (Citizens in Action):

I am a homeopathic patient, a constituent of Senator Settelmeyer and the last living lobbyist who created the existing Board and pharmaceutical boards. We originally opposed S.B. 98, but we are now excited and approve the proposed conceptual amendment as shown in [Exhibit J](#).

Originally, we objected to moving the Board under DHHS, as we felt that it would ruin the homeopathic and integrated medicine in Nevada. Under the proposed conceptual amendment, it eliminates all references to moving under DHHS and creates the new BHIME.

CHAIR WOODHOUSE:

Seeing no one else for support, I will open the floor to anyone in opposition. Seeing no one, I will open the floor to anyone in neutral on S.B. 98.

MIRANDA HOOVER (Board of Homeopathic Medical Examiners):

We provided in-depth opposition testimony during the Commerce and Labor hearing. I would like to review some important parts. First, for the first time in the 36 year history, the Board has provided and completed a strategic plan. This strategic plan is not only for the next year but for the next three fiscal years. Second, a payment plan has been signed between the Board and the OAG. The Board submitted a \$32,000 check to the OAG as a down payment and will continue to make monthly payments.

CHAIR WOODHOUSE:

Will you be addressing your proposed amendment ([Exhibit M](#))?

Ms. HOOVER:

Senator Settelmeyer's proposed conceptual amendment as shown in [Exhibit J](#) is similar to what our amendment looks like. I am hoping that Senator Settelmeyer and I can have a conversation and can come to an agreement.

CHAIR WOODHOUSE:

I am sure that Senator Settelmeyer will take a look at your proposed amendment, and we can bring S.B. 98 back at another time for further discussion.

SENATOR SETTELMEYER:

I have not seen the proposed amendment from Ms. Hoover, and I am troubled by that fact. I have worked on the conceptual amendment as shown in [Exhibit J](#) with many interested parties. It is best if we keep this Board moving in the right direction which is to change it.

SENATOR BROOKS:

How are you intending to build the new BHIME to ensure these problems do not happen again? The only stipulation I see in the conceptual amendment as shown in [Exhibit J](#) is only having one Advanced Practitioner of Homeopathy on the Board.

SENATOR SETTELMEYER:

The Governor is responsible for making appointments to the new BHIME. In addition, there are reporting requirements during the interim to the Sunset Subcommittee to make sure they are moving forward on the right track. It was felt and can be seen by some of the previous proceedings from the existing Board that they are economic self-protectionists. This was not a wise decision for the Board or the industry. The faith will be in the Governor to appoint people in the proper positions to correct these problems.

CHAIR WOODHOUSE:

We will close the hearing on S.B. 98.

I will open the hearing on S.B. 162.

SENATE BILL 162 (1st Reprint): Revises provisions relating to electronic transactions. (BDR 59-876)

SENATOR BEN KIECKHEFER (Senatorial District No. 16):

Senate Bill 162 is an effort to advance our entrepreneurial ecosystem as it relates to blockchain technology and the use of electronic records. Section 2 of S.B. 162 updates the definitions of blockchain to include public blockchain, which is a system that is more open to the public. This creates a bifurcated definition of both blockchain systems which is included in NRS 719, the Electronic Records Act. Section 7, subsection 2 refers back that it includes the definition of public blockchain which is then defined in Section 2 of the bill.

Section 4 of S.B. 162 ensures people who put information on a public blockchain does not thereby relinquish any right of ownership to the information or data. It includes exemptions for public records and other protections already in place.

Section 5 of S.B. 162 encourages the government adoption of electronic records in the State. When this bill was originally drafted, it was a mandate that governments adopt the use of electronic records or certified electronic records in a government to government transaction. This mandate has potential fiscal impacts to governments, in particular the Department of Corrections (DOC). The DOC submitted a fiscal note, as well as the Secretary of State. The DOC updated their fiscal note to indicate the new permissive language included in section 5 of the bill which eliminates the mandate and makes the fiscal note no longer relevant. The Secretary of State has indicated the regulatory authority is permissive and not mandatory, but they have concerns regarding the potential lack of expertise on the subject matter.

Hopefully, the fiscal impact has been eliminated with the amendment that was processed in the Senate Judiciary Committee.

CHAIR WOODHOUSE:

I will open the floor to anyone in support of S.B. 162.

ELISA CAFFERATA (Nevada Technology Association):

I am here registering our support of S.B. 162.

ANDY PETERSON (Retail Association of Nevada):

We are in support of S.B. 162.

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CHAIR WOODHOUSE:

Having no other business before this Committee and seeing no one for public comment, this meeting is adjourned at 7:57 p.m.

RESPECTFULLY SUBMITTED:

Desirae Munns,
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. 91	C	28	Senator Joyce Woodhouse	No Time to Lose [©]
S.B. 69	D	4	Caleb Cage / Division of Emergency Management	Written overview and proposed amendments
S.B. 69	E	1	Caleb Cage / Division of Emergency Management	Nevada Department of Agriculture Statement
S.B. 94	F	1	Fiscal Analysis Division / Legislative Counsel Bureau	Conceptual Amendment
S.B. 346	G	11	Matthew Walker / Nevada Dispensary Association	Memorandum on diversity & inclusion in the cannabis industry
S.B. 98	H	8	Senator James Settelmeyer	Letter from the Office of the Attorney General
S.B. 98	I	5	Senator James Settelmeyer	Testimony
S.B. 98	J	2	Senator James Settelmeyer	Conceptual Amendment
S.B. 98	K	3	Senator James Settelmeyer	Opposition Emails
S.B. 98	L	1	Bob Russo	Testimony
S.B. 98	M	12	Miranda Hoover / Nevada Board of Homeopathic Medical Examiners	Proposed Amendment