

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Eightieth Session
May 6, 2019**

The Senate Committee on Finance was called to order by Chair Joyce Woodhouse at 8:16 a.m. on Monday, May 6, 2019, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Joyce Woodhouse, Chair
Senator David R. Parks, Vice Chair
Senator Moises Denis
Senator Yvanna D. Cancela
Senator Chris Brooks
Senator James A. Settelmeyer
Senator Ben Kieckhefer
Senator Pete Goicoechea

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Kimbra Ellsworth, Program Analyst
Jennifer Ouellette, Program Analyst
Jennifer McEntee, Committee Secretary

OTHERS PRESENT:

Tony Yarbrough, State Senior Vice Commander, NV Legislative Deputy Chairman, Veterans of Foreign Wars; Chairman, United Veteran's Legislative Council
Kat Miller, Director, Nevada Department of Veterans Services
Tammy Westergard, Assistant Administrator for Library and Development Services, Division of State Library, Archives and Public Records

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Colonel John A. O'Rourke, Chief, Nevada Highway Patrol, Nevada Department of Public Safety

Johnny McCuin, Administrative Services Officer, Nevada Highway Patrol, Nevada Department of Public Safety

John Christopherson, Deputy Administrator, Operations, Division of Forestry, Nevada Department of Conservation and Natural Resources

Dave Prather, Deputy Administrator, Nevada Division of Forestry, Nevada Department of Conservation and Natural Resources

CHAIR WOODHOUSE:

We will start the meeting with the budget closing for the Public Employees' Benefits Program (PEBP) beginning on page 27 of the "Senate Committee on Finance Closing List #4" ([Exhibit C](#)).

ALEX HAARTZ (Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

In the Senate Committee on Finance and Assembly Committee on Ways and Means Subcommittees on General Government meeting May 1, 2019, much of the information that begins on page 29 of [Exhibit C](#) was discussed. The current exhibit is substantially similar with minor changes such as changing the word "Subcommittee" to "Committee" and fixing a typo on the attachment.

The major closing issue on page 29 of [Exhibit C](#) is the 2019-2021 biennium plan design. Budget Amendment No. A192861338 ([Exhibit D](#)) was submitted by the Governor's Office of Finance (GFO). The first four bullets on the bottom of the page can be considered technical adjustments that are occurring in the background as calculations for B/A 625-1338 and the PEBP funding. For example, the projected rates for medical, pharmaceutical, dental and health maintenance organization (HMO) inflation are adjusted. The adjustments also revise certain per-participant third-party administrator administrative costs.

SPECIAL PURPOSE AGENCIES

PUBLIC EMPLOYEES BENEFITS PROGRAM

PEBP - Public Employees Benefits Program — Budget Page PEBP-6 (Volume III)
Budget Account 625-1338

The two significant adjustments are the last 2 bullets on page 29 of [Exhibit C](#). The first increases the recommended one-time Health Savings Account (HSA)/Health Reimbursement Arrangement (HRA) contribution in fiscal year (FY) 2021 from \$100 to \$125 per participant. The second major change reflects the reduction in the State's contribution, or subsidy percentage, in FY 2021 to match FY 2020 which will be explained further on page 33.

Depicted on the table beginning on page 30 of [Exhibit C](#) is the impact of the Governor's recommended budget and the budget amendment, [Exhibit D](#), on the Plan Year (PY) 2019 benefit levels. The Governor's budget as recommended made very few changes to the benefits that are currently received. The far right-hand column shows the change in the Governor's recommended budget as amended. There is only one change in the plan design in terms of the benefits. The bottom of page 30 has a change to the HSA/HRA one-time contribution of \$100 to \$125 in FY 2021.

The top of page 31 of [Exhibit C](#) has the first item for the Committee. The Governor's recommended budget as amended uses one-time excess reserves of \$9.5 million in FY 2020 and \$3 million in FY 2021, \$12.5 million over the biennium, to fund additional one-time HSA/HRA contributions of \$400 in FY 2020 and \$125 in FY 2021. This represents a benefit to approximately 24,000 eligible participants in each year.

One of the differences between the Governor's recommended budget and how the PEBP Board (Board) has utilized excess reserve contributions for this kind of benefit is that the Governor recommends that no requirements are necessary to earn the money. The \$400 and \$125 respectively are to be placed in the participants' HSA/HRA accounts. The Board in the current year and as recommended for PY 2020 requires that participants earn the first \$200 of the \$400 by performing activities such as an annual health wellness physical, dental exam, enrollment in Doctor on Demand and Healthcare Bluebook and similar activities. Those would be consistent with the current plan design.

Does the Committee wish to approve the expenditure of excess reserves totaling \$9.5 million in FY 2020 and \$3 million in FY 2021 to fund one-time additional HSA/HRA contributions per primary participant of \$400 in FY 2020 and \$125 in FY 2021 as recommended by the Governor and included in Budget Amendment A192861338 with authority for Fiscal staff to make technical adjustments as necessary?

If the Committee approves the additional funding, does the Committee wish to approve the distribution of the \$400 in FY 2020 to participants without a requirement to complete activities to receive the additional funding as recommended by the Governor?

SENATOR KIECKHEFER:

Is this the primary mechanism of spending down excess reserves? Will there be an excess reserve balance at the end?

MR. HAARTZ:

This is one of the mechanisms. Page 39 of [Exhibit C](#) shows two mechanisms to spend down the excess reserves. This \$12.5 million as well as \$21.4 million to fund the necessary increase in the actuarially required reserves.

CHAIR WOODHOUSE:

I would take a motion to approve both items described by Mr. Haartz approving the expenditures of the excess reserves and to approve the distribution of the \$400 in FY 2020 without a requirement to complete.

SENATOR PARKS MOVED TO APPROVE IN B/A 625-1338 THE EXPENDITURE OF EXCESS RESERVES TO FUND ONE-TIME HSA/HRA REIMBURSEMENTS WITHOUT A REQUIREMENT TO COMPLETE ACTIVITIES TO RECEIVE THE BENEFIT.

SENATOR CANCELA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. HAARTZ:

Next is item b) on page 31 of [Exhibit C](#) which is the Governor's recommendation to increase contributions to Medicare exchange retirees' HRA accounts. The Governor recommends increasing, from \$12 to \$13, the base monthly HRA contribution Medicare exchange participants would receive for each year of service (YOS) up to 20 years. For example, with 15 YOS which is the base, a retiree on the Medicare exchange would receive \$195 per month instead of \$180.

The recommended enhancement is funded with non-State employer subsidies and State subsidies totaling \$2.8 million in FY 2020 and \$2.9 million in FY 2021. There are projected to be slightly more than 13,000 retirees on the Medicare exchange in FY 2020 and approximately 13,500 in FY 2021.

Staff would note that in the current PY, the Board had utilized excess reserves to increase the contribution to \$14 per month. Compared to the Governor's recommendation, this is a \$1 decrease for retirees. However, PEBP noted when they adopted it for the current year that it was using one-time funds to do that.

Does the Committee wish to approve non-State employer subsidies and State subsidies totaling \$2.8 million in FY 2020 and \$2.9 million in FY 2021 to increase by \$1, from \$12 to \$13, the monthly HRA contribution provided to State and non-State retirees enrolled in the PEBP sponsored Medicare Exchange in each year of the 2019-2021 biennium as recommended by the Governor with authority for Fiscal staff to make technical adjustments as necessary?

SENATOR DENIS MOVED TO APPROVE IN B/A 625-1338 NON-STATE EMPLOYER SUBSIDIES AND STATE SUBSIDIES TOTALING \$2.8 MILLION IN FY 2020 AND \$2.9 MILLION IN FY 2021 TO INCREASE BY \$1.00, FROM \$12.00 TO \$13.00, THE MONTHLY HRA CONTRIBUTION PROVIDED TO STATE AND NON-STATE RETIREES ENROLLED IN THE PEBP SPONSORED MEDICARE EXCHANGE IN EACH YEAR OF THE 2019-2021 BIENNIUM AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR CANCELA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. HAARTZ:

The next decision point before the Committee this morning is the State contribution percentages beginning on page 32 of [Exhibit C](#). Staff would note that there is not a specific decision unit in the budget. The State contribution percentages essentially operate in the background and determine the total State contribution revenue needed and are the basis for the per-participant

per-month (PPPM) State contribution for active employees and the base State contribution amount for retirees as well as the monthly premium to be paid by participants.

The top of page 33 of [Exhibit C](#) provides information in the table of the contribution percentages approved by the Board for the current PY, PY 2019. The next column reflects the Governor's recommended budget as submitted for FY 2020. The middle column represents the contribution percentages approved by the Board at its March 28, 2019, meeting. Finally, the Governor's recommended budget contribution percentages as submitted for FY 2021 and then as amended by FY 2021. There is no column for amended FY 2020 contributions as those contribution percentages did not change.

Of note, the Governor's budget recommends a return to the "traditional" percentages which have essentially been in place since the high deductible health plan was implemented in PY 2012. This is 93 percent or 81 percent depending on the plan that a State active employee enrolled in and 64 percent or 52 percent for a non-Medicare State retiree. In FY 2021, the Governor's budget as submitted had higher contribution percentages which were inadvertently included, and the amendment as submitted by the GFO reduces those to be in line with the PY 2020 percentages.

Staff has prepared for the Committee the cost if the Committee wanted to consider increasing contribution percentages recommended by the Governor as amended by a uniform 1 percent increase and a uniform 2 percent increase. Box 1 on page 33 of [Exhibit C](#) reflects a uniform 1 percent increase. For example, the 93 percent for PY 2020 for a State active participant enrolled in the State preferred provider organization (PPO) would become 94 percent. A State retiree on the PPO would increase to 65 percent from 64 percent.

Page 34 of [Exhibit C](#) Box 2 shows a uniform 2 percent increase above the Governor's recommended budget as amended. It would increase to 95 percent for a State active employee on the PPO and 83 percent on the HMO or exclusive provider plan (EPO), and it would increase to 66 percent and 54 percent respectively for retirees. Staff would note that the uniform 2 percent does not exactly align with the percentages adopted by the Board on March 28, 2019. Those percentages are not whole percentages—for example, 95.1 percent or 82.6 percent. Staff used the Governor's recommended budget as amended contribution percentages as the base of the 2 percent.

The issue of cost is displayed in each box to increase those percentages by those amounts. For example, in Box 2, Fiscal staff calculates that it will be approximately \$6.6 million in additional revenue of which \$4 million would be funded by General Fund appropriations to increase the subsidy percentages uniformly by 2 percent in FY 2020. In FY 2021, it would cost approximately \$6.9 million in additional revenue of which \$4.1 million would be funded with General Fund appropriations. The reason it is not 100 percent General Fund is because the State contribution is funded the same way that each position is funded. If an employee's position is 100 percent General Fund, then the State contribution is funded 100 percent General Fund. If it is funded by federal funds or fees or a combination thereof, the State contribution is proportionately funded as well.

For clarification, box 1 shows that a uniform 1 percent increase is approximately half of that cost. Staff would note that when the Governor's budget was submitted, FY 2021 was fully funded at the higher contribution percentages. When you compare 2021 as submitted versus 2021 as amended, there is approximately \$7.2 million in revenue that decreases that is otherwise included in the Governor's recommended budget and is still available to the Committee if either option is chosen.

If the uniform 2 percent option was chosen by the Committee, that funding could be used to fully fund a 2 percent increase in FY 2021. An additional \$6.6 million in FY 2020 would be needed of which \$4 million would be General Fund appropriations. If another option such as the 1 percent was chosen, the \$7.2 million could be spread over both fiscal years and could essentially fund the uniform 1 percent across the biennium since the cost of that is just under \$7 million. Alternatively, the Committee could choose to accept the Governor's recommended contribution percentages as amended, and those funds could be used for something else.

On page 35 of [Exhibit C](#), the State's contribution percentages are funded with the active employee group insurance contribution (AEGIS) as is the retired employee group insurance assessment (REGI). The boxes demonstrate what those contribution amounts would be based on the uniform 1 percent or the uniform 2 percent.

On page 36 of [Exhibit C](#), this information is also provided based upon the Governor's recommended and amended submission. Box 1b shows the uniform

1 percent and Box 2b shows the uniform 2 percent. These contribution percentages will follow whatever decision the Committee makes in regard to the contribution percentages adopted for FY 2020 and FY 2021.

The decision before the Committee is to approve contribution percentages. As noted by Staff, options provided are the Governor's recommended budget as amended, a uniform plus 1 percent or uniform plus 2 percent. Regardless of the action taken, Staff encourages you to adopt the amendment. The amendment includes various actions occurring in the background, such as reducing inflationary costs and adjusting for PPM third-party administrative costs such as the cost Health Scope Benefits or Express Scripts charges on a PPM basis to process claims. Those represent important savings to the budget as a whole and should be adopted with whatever participation percentages the Committee chooses.

CHAIR WOODHOUSE:

If we adopted the 2 percent increase, that would produce the most stable scenario for our State employees so that their premium is not fluctuating yearly. Is that correct?

MR. HAARTZ:

In terms of the participant premium, that is correct. As shown on page 42 of [Exhibit C](#), Staff has provided information demonstrating the impact on the participant based on the setting of the contribution percentages. For example, the second column, top of the page, labeled "HDHP-PPO Current" and the active participant row indicates that the participant would pay \$31.73 per month. Under the Board adopted rates for FY 2020, the Board kept the premium flat by maintaining the contribution percentage at the level that they did—retaining the same premium rate.

The far right hand column shows the Governor's recommended budget as amended with a plus 2 percent uniform increase which would yield an estimated monthly premium of \$31.12. Comparing those columns for the different participant types will show some reductions and some slight increases as a result of some other changes operating in the background. For example, the "HMO/EPO" column for an active participant in FY 2020 based on the Board action results in a monthly premium of \$137.31. At the uniform 2 percent increase, it would be \$138.02 per month. There is some stability in terms of the participant premiums.

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SENATOR KIECKHEFER:

Looking at the far left column, the legislatively approved amount for FY 2019 was \$42.19. Please describe how it dropped \$11.

MR. HAARTZ:

The Senate Finance Committee and Assembly Ways and Means Committee (Money Committees) approved the FY 2019 budget, which was the Governor's recommendation for the current biennium. Based upon the contribution percentages approved by the Money Committees, that column reflects what the participant premiums would have been for the PPO and the HMO. The PEPB Board, at its March 2018 meeting, approved using excess reserves and used that to fund a rate reduction across the board for participants that resulted in a premium decrease.

SENATOR KIECKHEFER:

How much in excess reserves did we just allocate with our last decision to increase the HSA/HRA contributions?

MR. HAARTZ:

That was \$12.5 million.

SENATOR KIECKHEFER:

By design, could those excess reserves alternatively have been reallocated into a rate reduction for participants similar to what the Board did in March 2018?

MR. HAARTZ:

The excess reserves could be allocated for anything. The "hazard" is that they are one-time funds. As this Committee often discusses when closing budgets, one-time funds should be for one-time purposes instead of ongoing operating expenditures.

SENATOR KIECKHEFER:

The Board clearly demonstrated its willingness to use them for one-time expenditures to reduce participant premiums from what was legislatively approved to what they actually authorized for FY 2019.

MR. HAARTZ:

That is correct. In the current FY, for PY 2020, the Board used assumed revenue for State contributions—savings that were occurring in the budget—by

making adjustments in the background and increased the contribution to the 95 plus percent. It all depends on how you wish to use excess reserves, keeping in mind that they are one-time funds. That is why the Governor recommended using it to fund a one-time HSA/HRA additions in each year of the biennium.

This serves two purposes. It utilizes the excess reserves to get them finished to the extent possible. Secondly, it does not create an expectation going forward that something would be continued.

SENATOR KIECKHEFER:

The collection of excess reserves keeps continuing which means that our premiums are too high.

SENATOR BROOKS:

We have a legislatively-approved level for FY 2019 based on the 2017 Session. Then in March 2018, the Board met and took funding from the reserves to do a one-time buy down of the contribution percentage. Now we are having to raise the contribution to keep it at the same level? How does the Board allocate money from the reserve outside of the budgeting process of the Money Committees or the Interim Finance Committee (IFC)?

MR. HAARTZ:

The PEPB Board meets annually to set the plan design, including the premium amounts. This is generally in line with the legislatively-approved budget. As this Committee is aware, the Board begins its rate development and plan process generally in November or December of a year and then finalizes it in March of the succeeding year. In practice, the Board has gone into the March meeting with an estimate of how much additional excess reserves above that which is included in the legislatively-approved budget and has allocated those funds for benefits—whether it be an additional HSA/HRA contribution or a participant premium buy down. That has not been done through the normal IFC approval process, because those funds were projected and never brought into the budget. If they were drawing them into the excess reserve category that is included in the budget, then they would have needed to go to the IFC.

SENATOR BROOKS:

If we approve this and move forward with a 1 percent or 2 percent increase to maintain stability in employee rates, what is to keep that from happening again?

MR. HAARTZ:

If the Committee chose to, they could adopt back language. When we review excess reserves shortly, there is an example that could be used to consider an option such as that. I explained to the Subcommittees that it could be drafted to state that any excess reserves projected or otherwise budgeted would need IFC approval prior to being obligated by the Board. That would provide the IFC the ability to be in the discussion proactively instead of after the fact.

CHAIR WOODHOUSE:

My first question was regarding stability for State employees. We anticipate that there will be a 3 percent pay raise for State employees in the first year and nothing in the second year. State employees, along with other public employees in Nevada, will have a PERS increase. I am trying to find a way to lessen the impact on State employees. I am leaning toward the 2 percent uniform increase and incorporating the amendment.

MR. HAARTZ:

A possible motion incorporating those thoughts could be framed as "based upon Budget Amendment No. A192861338, Exhibit D, set the State contribution percentages at—blank—in FY 2021 and—blank—in FY 2022 and set the corresponding AEGIS and REGI assessments such that they provide the contribution percentage revenues sufficient to fund the contribution percentages and provide Staff the authority to make technical adjustments as necessary."

SENATOR CANCELA MOVED TO APPROVE BUDGET AMENDMENT NO. A192861338 FOR B/A 625-1338 WITH A UNIFORM INCREASE OF 2 PERCENT IN EACH YEAR OF THE BIENNIUM INCLUDING THE CORRESPONDING AEGIS AND REGI ASSESSMENTS AND PROVIDE STAFF THE AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DENIS SECONDED THE MOTION.

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

To provide clarity for Staff on the motion, the motion would maintain the subsidy percentages at 95 percent in FY 2020 and FY 2021 for both AEGIS and REGI. The AEGIS side would be 95 percent and the REGI 81 percent. Is that correct?

MR. HAARTZ:

No. If the Committee would look at page 34 of [Exhibit C](#), the contribution percentages based upon a uniform 2 percent increase are displayed in Box 2.

MR. KRMPOTIC:

Staff would request that Mr. Haartz discuss the overall biennial fiscal impact of those decisions.

MR. HAARTZ:

Box 2 on page 34 of [Exhibit C](#) also describes that to increase the contribution percentages by a uniform 2 percent in FY 2020, based upon Budget Amendment No. A192861338, approximately \$6.6 million in additional revenue would be needed of which \$4 million would be funded with General Fund appropriations. In FY 2021, again maintaining the uniform 2 percent increase, approximately \$6.9 million in additional revenue would be needed of which \$4.1 million would be funded with General Fund appropriations.

However, in FY 2021, there is already approximately \$7.2 million included in the Governor's recommended budget that was associated with the Governor's original submission of 95 percent of increased percentages. Staff would indicate that you could use those revenues to fund the second year, and there would not be a fiscal impact for that year. There is a fiscal impact in FY 2020 that the Committee would need to fund if it adopts the uniform 2 percent increase as shown in Box 2 on page 34 of [Exhibit C](#).

CHAIR WOODHOUSE:

Is that impact approximately \$4 million?

MR. HAARTZ:

That is correct for the General Fund appropriation; the total amount is \$6.6 million. I do mention the full amount as there are some budgets that have plenty of reserve funds and others that have less.

SENATOR KIECKHEFER:

I do not support the motion. We are trying to match a rate that has been created artificially low due to the use of excess reserves to buy down what was approved by the Legislature in the 2017 Session. We are rewarding a bad behavior as the Board does not go through the budget process to approve the lowered rate, and now we are discussing matching a rate that should not have

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been in place in the first place. We are deviating from historical process and historical rate setting; I will be voting no.

CHAIR WOODHOUSE:

I do not disagree with much of your comments, Senator Kieckhefer. Unfortunately, we are where we are. I will call for the vote.

MOTION CARRIES. (SENATORS KIECKHEFER AND SETTELMAYER
VOTED NO.)

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MR. HAARTZ:

Since the Committee has done its work and established what the contribution percentages should be, the AEGIS and REGI will be adjusted as Staff has already received authority for technical adjustments. The Committee can go on to other closing items beginning on page 37 of [Exhibit C](#).

As noted, there are inflationary changes that are working to the benefit of the plan. On the top of page 38 of [Exhibit C](#), the far right hand column shows the Governor's recommended budget as amended. The new inflation rates were determined by PEBP's actuary, AON Consulting. While some go down, prescription drug costs in the PPO plan take a significant increase. Medical and dental go down, and the HMO/EPO stays relatively flat. Based upon updated inflationary percentages contained in the budget amendment, that other item appears reasonable to Fiscal staff.

Staff would direct your attention to page 39 of [Exhibit C](#). These are the plan reserve levels. The Governor recommends using \$21.4 million over the biennium of excess reserves to fund actuarially required increases to the HRA Reserve, Incurred But Not Yet Reported Reserve and the Catastrophic Reserves. Using the excess reserves seems reasonable to Fiscal staff in terms of otherwise not needing additional contribution funds from the State.

As we have discussed, the Governor also recommended and you have approved the use of \$12.5 million over the biennium to fund the one-time HSA/HRA arrangement increases. As a result, on the bottom right cell on the row "Excess Reserve" for the column "FY 2021" approximately \$500,000 is budgeted to be remaining at the end of the biennium. Therefore, Fiscal staff

recommends action that would follow Senator Brooks' comments that the Committee could approve back language be added to the 2019-2021 biennium Authorizations Act requiring the IFC's approval prior to any allocation of excess reserves, projected or otherwise budgeted, regardless of purpose. This would ensure that excess reserves are not over expended and would provide the IFC an opportunity to review and consider plans to adjust the plan design.

SENATOR CANCELA MOVED TO APPROVE IN B/A 625-1338 THE ADDITION OF BACK LANGUAGE IN THE 2019-2021 AUTHORIZATIONS ACT REQUIRING PEBP TO OBTAIN IFC'S APPROVAL PRIOR TO ANY ALLOCATION OF EXCESS RESERVES, PROJECTED OR OTHERWISE BUDGETED IN THE EXCESS RESERVES CATEGORY, REGARDLESS OF PURPOSE.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. HAARTZ:

All other closing items discussed on pages 37 through 41 of [Exhibit C](#) incorporating Budget Amendment No. A192861338 appear reasonable to Staff. There is a technical adjustment on item 6 to correct a worker's compensation miscalculation. Fiscal staff recommends the other closing items 1 through 5 be closed as recommended by the Governor inclusive of Budget Amendment No. A192861338 and with the technical adjustment noted on other closing item 6 and requests authority for Fiscal staff to make other technical adjustments as necessary including those based upon the contribution percentages that the Committee approved.

SENATOR CANCELA MOVED TO APPROVE B/A 625-1338 OTHER CLOSING ITEMS 1 THROUGH 5 AS RECOMMENDED BY THE GOVERNOR INCLUSIVE OF BUDGET AMENDMENT NO. A192861338 AND WITH THE TECHNICAL ADJUSTMENT NOTED ON OTHER CLOSING ITEM 6 AND TO PROVIDE AUTHORITY FOR FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY INCLUDING THOSE BASED UPON THE CONTRIBUTION PERCENTAGES THAT THE COMMITTEE APPROVED.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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MR. HAARTZ:

Budget account 101-1369, PEBP Non-State Retiree Rate Mitigation, begins on page 43 of [Exhibit C](#). This account was established by the Money Committees in the 2017 Session as recommended by the Governor as described in the document. This request is for the last two years of the four-year rate mitigation approved to subsidize the local employers to fully funding their non-State non-Medicare retirees who participate in PEBP.

For the upcoming biennium, this provides 50 percent in FY 2020 and 25 percent in FY 2021 as amended by the Governor with Budget Amendment No. A193461369 ([Exhibit E](#)). Additional General Fund appropriations were added into the budget for a total amount of \$1 million in FY 2020 and \$458,176 in FY 2021. The Committee's approval would be consistent with its actions in the 79th Session.

PEBP - Non-State Retiree Rate Mitigation — Budget Page PEBP-16 (Volume III)
Budget Account 101-1369

Does the Committee wish to approve the Governor's recommendation to continue the non-State, non-Medicare retiree rate mitigation program for the final two years funded with General Fund appropriations of \$1 million in FY 2020 and \$458,176 in FY 2021, inclusive of Budget Amendment No. A193461369, to subsidize the monthly amount local governments would otherwise pay on behalf of their non-State, non-Medicare retirees participating in PEBP at the subsidy percentages of 50 percent in FY 2020 and 25 percent in FY 2021? Fiscal staff also requests authority to make technical adjustments as necessary.

SENATOR DENIS MOVED TO APPROVE TO CONTINUE THE NON-STATE NON-MEDICARE RETIREE RATE MITIGATION IN B/A 101-1369 AS RECOMMENDED BY STAFF.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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MR. HAARTZ:

The REGI B/A 680-1368 begins on page 45 of [Exhibit C](#). Fiscal staff is responsible for developing recommendations for this budget. The Subcommittee has not previously reviewed this budget account.

PEBP - Retired Employee Group Insurance — Budget Page PEBP-17 (Volume III)
Budget Account 680-1368

This is the holding account in which the REGI contribution from State agencies' budgets is collected and from which PEBP draws the funds. The same information is provided as was discussed with the contribution percentages. Staff recommends closing this budget in accordance with the Committee's closing action for PEBP B/A 625-1338 with the noted technical adjustment for Budget Amendment No. A193481368 ([Exhibit F](#)) and authority for Staff to adjust revenues and expenditures in this account and make technical adjustments as necessary.

SENATOR DENIS MOVED TO APPROVE CLOSING B/A 680-1368 AS RECOMMENDED BY FISCAL STAFF WITH THE NOTED TECHNICAL ADJUSTMENT FOR BUDGET AMENDMENT NO. A193481368 AND AUTHORITY FOR FISCAL STAFF TO ADJUST REVENUES AND EXPENDITURES AND MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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MR. HAARTZ:

The last PEPB account this morning is the AEGIS B/A 666-1390 beginning on page 49 of [Exhibit C](#). Similar to the REGI account, this account serves as the holding account for those State agencies' budget collections and then the funds are drawn into the PEBP budget.

PEBP - Active Employees Group Insurance — Budget Page PEBP-20 (Volume III)
Budget Account 666-1390

There are no major closing issues; this is a Staff closing. Similar to the last budget, Fiscal staff recommends closing this budget in accordance with the Committee's closing actions for the PEBP B/A 625-1338 with the noted technical adjustment for Budget Amendment No. A193471390 ([Exhibit G](#)) and with authority for Fiscal staff to adjust revenues and expenditures in this account and make technical adjustments as necessary.

SENATOR DENIS MOVED TO APPROVE CLOSING B/A 666-1390 AS RECOMMENDED BY FISCAL STAFF WITH THE NOTED TECHNICAL ADJUSTMENT FOR BUDGET AMENDMENT NO. A193471390 WITH AUTHORITY FOR FISCAL STAFF TO ADJUST REVENUES AND EXPENDITURES AND MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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CHAIR WOODHOUSE:

We will begin the Governor's Office of Energy (GOE), B/A 101-4868 which starts on page 3 of [Exhibit C](#).

ELECTED OFFICIALS

GOE - Office of Energy — Budget Page ELECTED-20 (Volume I)
Budget Account 101-4868

KIMBRA ELLSWORTH (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Governor's Office of Energy (GOE) is responsible for implementing the Governor's Nevada Energy Protection Plan and also administers the account for Renewable Energy Efficiency and Conservation Loans (RECL) B/A 101-4875 and the Renewable Energy Account (REA) B/A 101-4869. It is primarily funded by transfers from the REA and the federal State Energy Program (SEP) formula grant funds.

GOE - Renewable, Efficiency, Conservation Loan — Budget Page ELECTED-29
(Volume I)

Budget Account 101-4875

GOE - Renewable Energy Account — Budget Page ELECTED-25 (Volume I)
Budget Account 101-4869

There are no major closing issues in B/A 101-4868. There are three other closing issues beginning on page 4 of [Exhibit C](#). Under other closing item 1, a technical adjustment is needed to effectuate a transfer in the REA budget.

The Governor recommends transfers from the REA budget totaling \$33,540 over the 2019-2021 biennium to change the source of funds for in-State and out-of-State travel and conference registration fees that were previously funded by the U.S. Department of Energy's (DOE) SEP formula grant. The recommendation does align with actual FY 2018 travel and registration fee costs incurred in the base budget.

Fiscal staff notes that although this decision unit recommends transfers from the REA budget, there is no corresponding decision unit in that budget. This recommendation appears reasonable contingent upon approval of a commensurate transfer out of the REA.

Other closing items 2 and 3 appear reasonable to Staff. Does the Committee wish to approve other closing item 1 contingent upon a commensurate transfer out of the REA and other closing item 2 as recommended by the Governor? Staff recommends deferring a recommendation on other closing item 3 as this recommendation will be heard as part of the Pay Bill hearing. Fiscal staff requests authority to make technical adjustments as necessary.

SENATOR CANCELA MOVED TO APPROVE B/A 101-4868 OTHER CLOSING ITEM 1 CONTINGENT UPON A COMMENSURATE TRANSFER OUT OF THE REA AND OTHER CLOSING ITEM 2 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Ms. ELLSWORTH:

The GOE REA B/A 101-4869 begins on page 7 of [Exhibit C](#). This account is funded by a portion of property taxes paid where an abatement had been granted to a renewable energy facility for projects approved prior to June 2013. This funding source will continue until the abatement projects expire in approximately 2033.

There are three major closing issues discussed on pages 8 through 14 of [Exhibit C](#) for this account. The first is the startup cost for the Nevada Clean Energy Fund (NCEF). Senate Bill (S.B.) No. 407 of the 2017 Session directed the GOE to form the NCEF as a nonprofit corporation to provide funding for clean energy projects for commercial and residential properties.

In response to questions following the March 11, 2019, budget hearing, the GOE indicated that it anticipates receiving private funding within 6 to 8 months, with an initial capital investment expected from the New York Green Bank. The GOE anticipates that the NCEF will be able to issue the first loan for clean energy projects by the end of calendar year (CY) 2019.

The table on page 9 of [Exhibit C](#) shows the estimated startup costs for the NCEF in the Governor's recommended budget. Beginning in CY 2023, GOE anticipates that the fund will be self-sustaining from fees and interest earned through the financing of the projects through loans from the fund. Fiscal staff consulted with the Legislative Counsel Bureau Legal Division regarding the recommended use of funds to support NCEF startup costs and

was advised that the proposed use is in line with the provisions of *Nevada Revised Statutes* (NRS) 701A.450 (4). It requires that not less than 75 percent of the money in this account be used to offset the cost of electricity.

As discussed in the Renewable, Efficiency, Conservation Loan, B/A 101-4875, the Governor is recommending repurposing of the American Recovery and Reinvestment Act (ARRA) of 2009 for a new competitive grant program. Those funds are governed by the DOE.

During the March 11, 2019, budget hearing the Committee inquired whether a portion of those ARRA funds could be repurposed to fund the startup costs associated with the NCEF. In response, the GOE indicated that it does appear that the funds could be repurposed. However, the final decision would lie with the DOE SEP, and GOE would be required to submit a formal request to the DOE to review the proposal. This would also require a change in statute to allow the ARRA funds to be used for something other than loans. The GOE indicates that BDR 58-1196 has been submitted to support the repurposing of the ARRA funds; however, the language is currently not available.

BILL DRAFT REQUEST 58-1196: Revises provisions governing the American Recovery and Reinvestment Act Revolving Loan Program. (Later introduced as S.B. 536.)

Given the possibility of repurposing a portion of the \$900,000 in remaining ARRA funds to fund the startup costs associated with the NCEF in lieu of utilizing property tax funding from the REA, the Committee may wish to consider encouraging the GOE to submit a formal request to the DOE to repurpose up to \$400,000 in ARRA funds to support the startup costs associated with the NCEF over the 2019-2021 biennium contingent upon enabling legislation.

Staff has prepared options for the Committee's consideration set forth on page 10 of [Exhibit C](#). Option A is to approve the Governor's recommendation to fund startup costs associated with the NCEF with reserves of \$250,000 in FY 2020 and \$150,000 in FY 2021.

Option B is to approve the Governor's recommendation to utilize reserve funding to support startup costs totaling \$250,000 in FY 2020 associated with the

NCEF and direct the Agency to submit a request for additional reserve funding to the IFC should the NCEF require additional support in FY 2021.

Option C is to not approve reserve reductions of \$400,000 from this budget, as recommended by the Governor to fund the NCEF, but encourage the Agency to seek approval from the DOE to utilize the ARRA funds from the RECL budget for the startup costs for the NCEF, contingent upon passage and approval of enabling legislation and DOE approval. Under this option the Agency may return to the IFC once it receives the aforementioned authorization.

SENATOR BROOKS MOVED TO ADOPT OPTION C IN B/A 101-4869.

SENATOR KIECKHEFER SECONDED THE MOTION.

SENATOR KIECKHEFER:

On page 9 of [Exhibit C](#) is the table for startup costs. There is \$150,000 in the second year of the biennium that is labeled as "Other/Miscellaneous." What is the potential use of that funding if they expect it to be self-sufficient in the second year of the biennium?

MS. ELLSWORTH:

The Agency anticipates a potential cost in the second year of the biennium with total self-sufficiency in FY 2023. There is also a potential cost for FY 2022. The \$150,000 is a placeholder for costs that may arise.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MS. ELLSWORTH:

Major closing issue 2 is the Lower Income Solar Energy Program (LISEP) contributions. This can be found on page 11 of [Exhibit C](#). This program provides incentives for the installation of solar energy systems that benefit low-income electric-utility customers. In FY 2018, the Agency contributed \$200,000 to the LISEP program, and the funding recommended in the [Executive Budget](#) would allow the DOE to continue the program in the amount of \$200,000 in each year of the 2019-2021 biennium funded by reserves.

This is a joint effort with GOE and NV Energy to provide solar energy systems for lower-income housing projects and other businesses that serve a significant population of lower-income individuals such as homeless shelters, food banks, and lower-income health clinics. The table on page 12 of [Exhibit C](#) shows the planned LISEP projects for FY 2019.

Does the Committee wish to approve the Governor's recommendation to continue the GOE's contributions to the Lower Income Solar Energy Program, funded with reserves totaling \$200,000 in each year of the 2019-2021 biennium?

SENATOR CANCELA MOVED TO APPROVE IN B/A 101-4869 THE GOVERNOR'S RECOMMENDATION TO CONTINUE THE GOE'S CONTRIBUTIONS TO THE LOWER INCOME SOLAR ENERGY PROGRAM FUNDED WITH RESERVES TOTALING \$200,000 IN EACH YEAR OF THE 2019-2021 BIENNIUM.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. ELLSWORTH:

The last major issue beginning on page 12 of [Exhibit C](#) is continued funding for the existing programs in the base budget. The Governor recommends base funding of \$2.1 million in each year of the 2019-2021 biennium for four programs: the Direct Energy Assistance Loan (DEAL) program is budgeted at \$350,000 per year; the Performance Contract Audit Assistance Program (PCAAP) is budgeted at \$250,000 per year; the Home Energy Retrofit Opportunity for Seniors (HEROS) program is budgeted at \$750,000 per year; and the Electric Highway program for \$750,000 in FY 2020. The first three programs are funded by reserves, and the Electric Highway program is funded by Volkswagen settlement money.

Does the Committee wish to approve base budget expenditures of \$2.1 million in each year of the 2019-2021 biennium for the DEAL, HEROS, PCAAP and Electric Highway programs as recommended by the Governor?

SENATOR BROOKS MOVED TO APPROVE B/A 101-4869 BASE BUDGET EXPENDITURES OF \$2.1 MILLION IN EACH YEAR OF THE 2019-2021 BIENNIUM FOR THE DEAL, HEROS, PCAAP, AND ELECTRIC HIGHWAY PROGRAMS AS RECOMMENDED BY THE GOVERNOR.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MS. ELLSWORTH:

We have one other closing item for B/A 101-4869 on page 14 of [Exhibit C](#) that relates to decision unit E-225 in the GOE B/A 101-4868. This is the needed technical adjustment to transfer funds from B/A 101-4868 to B/A 101-4869 to support the change of funding for the travel and conference registration costs. A technical adjustment is necessary in B/A 101-4869 to increase the transfers by \$33,540 over the 2019-2021 biennium and reduce the reserve by a corresponding amount.

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This technical adjustment appears reasonable, contingent upon the approval of decision unit E-225 in the GOE B/A 101-4868 which has been approved. Fiscal staff recommends the adjustment noted in the GOE Renewable Energy B/A 101-4869 other closing item be approved contingent upon approval of decision unit E-225 in the GOE B/A 101-4868 as recommended by the Governor and requests authority to make other technical adjustments as necessary.

SENATOR CANCELA MOVED TO APPROVE THE ADJUSTMENT NOTED IN THE GOE RENEWABLE ENERGY B/A 101-4869 OTHER CLOSING ITEM BE APPROVED CONTINGENT UPON APPROVAL OF DECISION UNIT E-225 IN THE GOE B/A 101-4868 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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CHAIR WOODHOUSE:

We will now consider the budget closing for RECL, B/A 101-4875.

This budget closing document begins on page 15 of [Exhibit C](#). The RECL account is funded by ARRA funds to grant low interest loans to renewable energy systems. As mentioned previously, the Governor recommends repurposing these funds for a competitive grant program. The Agency indicates that participation and interest in the loan program has diminished with only one project funded during the current biennium.

If approved, the repurposed funds would be awarded competitively on a reimbursement basis. The grants would fund projects that meet Nevada's current energy goals and initiatives in keeping with the original intent of the DOE's ARRA loan program. They would be available to all market sectors, including residential, commercial and industrial and the public sector.

As discussed in the REA B/A 101-4869 closing document, given the possibility of repurposing a portion of Nevada's remaining ARRA funds to support the startup costs associated with the NCEF in lieu of utilizing property tax funding from the REA, the Committee may wish to consider this item, contingent upon enabling legislation, in conjunction with major closing issue 1 in the REA B/A 101-4869. This would require a statutory change and federal approval from the DOE. As previously noted, [BDR 58-1196](#) has been submitted to revise the allowable uses of ARRA funds. However, the language is not yet available.

Additionally, the projected FY 2020 reserve balance in this B/A 101-4875 is just under \$40,000. To ensure sufficient reserve funding is available to support startup costs upon federal and IFC approval, the Committee may wish to reduce the amount of funding allocated for the proposed competitive grant program and leave funding in reserve as outlined in options B and C on page 18 of [Exhibit C](#).

There are four options provided for consideration by the Committee on page 18 of [Exhibit C](#). Option A is to approve the Governor's recommendation to allocate \$900,000 from ARRA reserves in FY 2020 to fund a new competitive grant program, contingent upon enabling legislation.

Option B is to allocate \$650,000 from ARRA reserves in FY 2020 to fund a new competitive grant program, contingent upon enabling legislation. Under this option, \$250,000 would remain in reserve to potentially support startup costs for the NCEF in FY 2020 upon approval of the IFC.

Option C is to allocate \$500,000 from ARRA reserves in FY 2020 to fund a new competitive grant program, contingent upon enabling legislation. Under this option, \$400,000 would remain in reserve to potentially support startup costs for the NCEF in FY 2020 and FY 2021 upon approval of the IFC.

SENATOR BROOKS:

I will be making a motion to approve option C. The reasoning is that in the prior motion, we asked the GOE to request ARRA funds to assist with the startup costs of the NCEF. There is some overlap between the two funds. If there were issues associated with the ARRA funding that would prohibit it from being a good option, then we will know about it at the first IFC meeting, and we would have \$400,000 remaining in reserve to potentially fund the startup costs for the NCEF. The necessary funds for this particular program would be available in the first year of the biennium.

SENATOR BROOKS MOVED TO APPROVE B/A 101-4875 OPTION C.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR WOODHOUSE:

This concludes the GOE budgets. We will hear the Western Interstate Commission for Higher Education (WICHE) budgets.

SENATOR GOICOECHEA:

For disclosure purposes, I do sit on the Veterinary Medicine Advisory Board. There are not any fiscal impacts by sitting on that advisory board.

JENNIFER OUELLETTE (Program Analyst, Fiscal Analysis Division,
Legislative Counsel Bureau):

On page 19 of [Exhibit C](#) is the WICHE Administrative Budget, B/A 101-2995.

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W.I.C.H.E. Administration — Budget Page ELECTED-79 (Volume I)
Budget Account 101-2995

There are no major closing issues. There are three other closing items on page 20 of [Exhibit C](#), all of which appear reasonable. Fiscal staff recommends this budget be closed as recommended by the Governor and requests authority to make technical adjustments as needed.

SENATOR DENIS MOVED TO APPROVE B/A 101-2995 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NEEDED.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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MS. OUELLETTE:

On page 21 of [Exhibit C](#) is WICHE Loans and Stipends, B/A 101-2681. Fiscal staff is responsible for developing closing recommendations for this budget, which has not been previously reviewed by the Subcommittee. Background information on Nevada WICHE and its programs, including the Professional Student Exchange Program (PSEP) and the Health Care Access (HCAP) program is included on pages 22 and 23.

W.I.C.H.E. Loans & Stipends — Budget Page ELECTED-83 (Volume I)
Budget Account 101-2681

There is one major closing issue on page 23 of [Exhibit C](#) and that is continued funding for PSEP and HCAP. The table in the middle of page 23 reflects the legislatively-approved slots in the current biennium and the Governor's recommended slots in the upcoming biennium. Please note that the second column in the table should read as the "2018 Legislatively Approved." There are no notable changes to the professions or the total number of slots recommended in the PSEP or HCAP. On page 25 of [Exhibit C](#) is the WICHE slot matrix that includes all of the professional fields and slot recommendations for

the upcoming biennium. The recommended slots were approved by the Nevada WICHE Commission at its June 25, 2018, meeting.

Does the Committee wish to approve the Nevada WICHE Commission's recommended PSEP and HCAP student slot matrix with total funding of \$1.2 million in each year of the 2019-2021 biennium as recommended by the Governor and authorize Fiscal staff to make technical adjustments as necessary?

SENATOR PARKS MOVED TO APPROVE B/A 101-2681 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NEEDED.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. OUELLETTE:

The 2017 Legislature reissued the letter of intent (LOI) which permits WICHE to administratively adjust the number of slots per profession to meet student demand. If such reallocation occurs, WICHE is required to inform LCB Fiscal staff in writing of these changes so it can be reported to the IFC. The LOI also requires WICHE to report on an annual basis if slots have been reduced because of insufficient repayment revenues being received. The 2017 Legislature also continued approval of authority for WICHE to balance forward unexpended fee revenues received after May 15th of each year as long as the balanced forward amounts were expended to support the HCAP loan repayment slots.

Does the Committee wish to issue a LOI permitting WICHE to continue to administratively adjust the number of slots per profession to meet student demand and to permit WICHE to balance forward unexpended fee revenues received after May 15th of each year to support loan repayment slots for the HCAP?

SENATOR DENIS MOVED TO ISSUE AN LOI FOR B/A 101-2681 PERMITTING WICHE TO CONTINUE TO ADMINISTRATIVELY ADJUST

THE NUMBER OF SLOTS PER PROFESSION TO MEET STUDENT DEMAND AND TO PERMIT WICHE TO BALANCE FORWARD UNEXPENDED FEE REVENUES RECEIVED AFTER MAY 15TH OF EACH YEAR TO SUPPORT LOAN REPAYMENT SLOTS FOR THE HCAP.

SENATOR CANCELA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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CHAIR WOODHOUSE:

The next order of business will be the bills on the agenda, beginning with S.B. 386. Senator Settelmeyer will be presenting his bill.

SENATE BILL 386 (1st Reprint): Revises provisions governing certain tax exemptions for veterans. (BDR 32-737)

SENATOR JAMES A. SETTELMAYER (SENATORIAL DISTRICT NO. 17):

I am representing Senate District 17 including Douglas, Lyon, Storey and Churchill counties. I will focus on the fiscal impact of S.B. 386 as amended. Initially, the bill sought to reach all veterans. Counties were worried about the fiscal impacts, and the bill has been amended down. The current law was kept and added that those after 1989 would not have to prove that they were within a certain service-category date as that became problematic and is a reason that this bill came about. A constituent had served the requisite amount of time in the military and when he requested his exemption was told that he was not a veteran.

It was a bad weekend for all of us with Assemblyman Tyrone Thompson passing. In my own community, a gentleman named Elton Crowley would have turned 99 in about 2 weeks. Mr. Crowley was a World War II veteran that passed away.

We left in the language on line 22 that copies the language from NRS 417.005. In discussions with the counties, some of them were of the opinion that members in the National Guard were not veterans regardless of the years of

service or number of times they were shot at or hit by bullets. The intent is that NRS 417.005 does apply. If a member of the National Guard served for 6 years, they are considered a veteran.

The bill only deals with the property taxes of the counties. We started at \$2,000 with an inflationary factor. It is now up to \$2,800 that is deducted. It basically only deals with a \$90 reduction in someone's property taxes. It seems like the right thing to do. Due to the amendment, the fiscal note from Carson City has been reduced to zero, and they are in full support of the bill. Douglas, Storey and Lyon Counties state that the fiscal impact should be negligible. I have not had the opportunity to catch up with all counties, but they have indicated that with the amendment, they are comfortable with it.

SENATOR PARKS:

I take the exemption and apply it to my automobile. I get a few extra dollars—more so than I would get on property. The exemption can be used on only one vehicle. One thing that came to mind serving on the Boulder City Cemetery Advisory Board is that National Guard members are excluded from burial at the cemetery; I thought that was quite unusual. I had always thought that if you were a National Guard member and you were activated into a military situation, where someone could be shooting at you, that the status would be changed.

SENATOR SETTELMAYER:

This bill only impacts the property tax portion of the counties. It does not impact the State budget in any way, shape or form. It cannot be utilized for the vehicle. The military aspect I am somewhat familiar with as my father was full-fledged Air Force—not by choice. He was in the National Guard. It takes the President to decide with the stroke of a pen to take someone from National Guard to full-fledged military service. This last happened with my father in the Pueblo Crisis. To my knowledge, even though a member may be in armed combat and being shot at, the status is not full-fledged military until the President strokes that pen.

As for the burial at the cemetery, I completely agree. That is not this bill, but I agree they should be allowed to be buried there.

CHAIR WOODHOUSE:

We will hear individuals in support of S.B. 386.

TONY YARBROUGH (State Senior Vice Commander, NV Legislative Deputy Chairman, Veterans of Foreign Wars; Chairman, United Veterans Legislative Council):

I represent the Veterans of Foreign Wars of the U.S. here in Nevada with approximately 9,000 members. I also represent the United Veterans Legislative Council, and when you consider all of the family and advocates, that number is just under 500,000.

We have worked on this bill a long time to be able to expand the opportunity. I am anticipating that Colonel Kat Miller will provide us insight into the National Guard question. I take advantage of the exemption personally. Looking at the fiscal notes, there are some assumed number of those that are veterans. Many of the fiscal impacts state that it is unknown how many will take advantage of the exemption. I come across veterans every day that do not even know about the exemption, and I do not feel that it will have any significant impact. We stand in support of S.B. 386.

CHAIR WOODHOUSE:

Seeing no one else in support, is there anyone in opposition? Is there anyone to testify in the neutral position?

KAT MILLER (Director, Nevada Department of Veterans Services):

I can address two comments made earlier. First, in regard to burials in the State cemeteries; NRS 417.210 establishes the eligibility in Nevada State cemeteries as being the same criteria as the national criteria. One of the challenges that we have is that when we accept grants from the U.S. Veterans Administration to expand or build our cemeteries, we have to follow their guidelines. You have to have active duty service to be buried in one of our cemeteries, because that is the national standard. It seems like every year in Congress there is a bill to expand that to the National Guard, and I know that our men and women that serve in Nevada's National Guard are anxious to see that change. State statute and federal law allows us only to extend the burial to active duty service members.

Regarding the National Guard, generally speaking if a person in the National Guard or Reserve is activated to go to a combat environment, they are placed in *United States Code* (USC) Title 10 service—rather than USC Title 32 service— which does make that member an active duty soldier. With that said, our members of the National Guard can be and often are in harm's way whether

they are activated for a combat environment or not. The National Guard is activated for homeland defense and homeland security—for fires and civil unrest for example.

SENATOR GOICOECHEA:

Under those particular titles, you must be active service National Guard in order to be entitled?

MS. MILLER:

As I understand our current statute, you must have served on activity duty, Title 10, to get that exemption.

SENATOR GOICOECHEA:

And with this statutory change, it would make them eligible?

MS. MILLER:

It would make certain members of the National Guard eligible as written in S.B. 386.

SENATOR GOICOECHEA:

Can you explain the difference between certain members and all members?

MS. MILLER:

It requires six years of service in the National Guard as far as my understanding of the bill and how it is written. I would have to refer you to the sponsor for specifics.

SENATOR SETTELMAYER:

To clarify Senator Goicoechea's question, line 22 states "has served in the National Guard for six years or more" and is copying NRS 417.005 which already has that qualification that a member should be considered a veteran. However, there is some confusion within some of the assessor's offices. We are clearing up any confusion as some are currently offering the exemption and some are not.

CHAIR WOODHOUSE:

We will close the hearing on S.B. 386. Our next hearing will be S.B. 506 which makes an appropriation to the State Library, Archives and Public Records.

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SENATE BILL 506: Makes an appropriation to the Division of State Library, Archives and Public Records for the replacement of a large book scanner. (BDR S-1175)

TAMMY WESTERGARD (Assistant Administrator for Library and Development Services, Division of State Library, Archives and Public Records):

Senate Bill 506 makes an appropriation to the Division of State Library Archives and Public Records for the replacement of its large book scanner. My written testimony has been submitted detailing the need ([Exhibit H](#)).

SENATOR PARKS:

Is this applicable to a specific fiscal period?

MS. WESTERGARD:

It is one-shot funding over the biennium.

SENATOR KIECKHEFER:

Is this appropriated out of FY 2019 or the next biennium?

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

The bill is effective upon passage and approval which makes the appropriation effective in FY 2019.

CHAIR WOODHOUSE:

Seeing no one to testify for further support, opposition or in neutral, we will close the hearing on S.B. 506. We will open the hearing on S.B. 521 which makes a supplemental appropriation to the Nevada Highway Patrol (NHP) for an unanticipated shortfall in dignitary protection services for visiting dignitaries.

SENATE BILL 521: Makes a supplemental appropriation to the Nevada Highway Patrol for an unanticipated shortfall in dignitary protection services for visiting dignitaries. (BDR S-1235)

COLONEL JOHN A. O'ROURKE (Chief, Nevada Highway Patrol, Nevada Department of Public Safety):

Senate Bill 521 makes a correction to the supplemental appropriation to the NHP for an unanticipated shortfall in dignitary protection services for visiting

dignitaries. The NHP is requesting to modify the existing request from \$64,664 to \$132,166 ([Exhibit I](#)).

This will provide a contingency sum of approximately \$40,000 for potential visiting dignitary travel through FY 2019. Any unused appropriation will revert to the General Fund. The original request of \$64,664 increased the total budget authority to \$82,498 which equaled the amount obligated for FY 2018. The actual cost in FY 2019 year to date is \$110,811.84. If the Committee chooses, it may provide General Fund appropriations in the amount of \$92,878 to cover the actual cost to date, and then the NHP may return to request IFC Contingency Funds should additional visiting dignitary travel occur before June 30, 2019.

SENATOR KIECKHEFER:

Who decides at what level someone receives protection?

COLONEL O'ROURKE:

The Secret Service will contact us for anyone that it thinks needs those services. We have been requested to provide services for family members in the past, but other family members have not needed our services. It is really up to the Secret Service.

SENATOR KIECKHEFER:

The \$40,000 reserve will provide for which FY?

COLONEL O'ROURKE:

It will cover us for May and June to complete FY 2019. This is a constant battle for us to have sufficient funding for visiting dignitaries. I am constantly at the Board of Examiners and IFC requesting additional funding. As early as last year, we had about 15 days to go. We thought we were fine, and then we had a visit that we were not expecting that came within about the last week of June. We hope this \$40,000 will cover us.

SENATOR KIECKHEFER:

How is the budget for the next year?

JOHNNY MCCUIN (Administrative Services Officer, Nevada Highway Patrol, Nevada Department of Public Safety):

I do not have the amount in front of me, but there was an approval to increase the amount from the \$17,000 that we normally receive. I believe the increase was split between the two years depending on if it was an election year or pre-election year because the activity level varies between those two years. It appears our budgeted amounts are sufficient for FY 2020 and FY 2021.

SENATOR KIECKHEFER:

There is someone in town that is running for President that I had never heard of before. If it is up to the Secret Service to decide who we protect, we will always be moving this target.

CHAIR WOODHOUSE:

Seeing no one to testify for further support, opposition or in neutral, we will close the hearing on S.B. 521. We will open the hearing on S.B. 522 which makes a supplemental appropriation to the NHP for an unanticipated shortfall in gasoline costs.

SENATE BILL 522: Makes a supplemental appropriation to the Nevada Highway Patrol for an unanticipated shortfall in gasoline costs. (BDR S-1236)

COLONEL O'ROURKE:

Senate Bill 522 makes a supplemental appropriation to the NHP for \$441,225 for an unanticipated shortfall in gasoline costs. This appropriation is supplemental to that made by section 30 of chapter 396, Statutes of Nevada 2017, at page 2641.

Our average cost per gallon during the base year was \$2.23 per gallon. For the first 9 months of this fiscal year, the average price was \$2.59 per gallon which is approximately 16.1 percent higher. Our actual cost is anticipated to fall beneath what we are requesting today. The price of gasoline in the summertime tends to go upwards.

CHAIR WOODHOUSE:

Seeing no one to testify for further support, opposition or in neutral, we will close the hearing on S.B. 522. We will open the hearing on S.B. 531 which makes a supplemental appropriation to the Nevada Department of Conservation

and Natural Resources, Division of Forestry (NDF) for an unanticipated shortfall for firefighting costs.

SENATE BILL 531: Makes a supplemental appropriation to the Division of Forestry for an unanticipated shortfall for firefighting costs. (BDR S-1239)

JOHN CHRISTOPHERSON (Deputy Administrator, Operations, Division of Forestry, Nevada Department of Conservation and Natural Resources):

Senate Bill 531 would make a supplemental appropriation of \$9.6 million to the NDF to cover a shortfall in known costs of wildland firefighting. The NDF provides natural resource and wildland fire management services to the State's citizens and visitors to enhance, conserve and protect forest ranged land and watershed values.

Over the past two years, the State has experienced significant increases in the number and resulting acreage burned as a result of wildfires across the State. In 2018, we experienced 649 wildfires which burned just over 1 million acres. In 2017, we experienced 768 wildfires which burned approximately 1.3 million acres. Over that same period of time, NDF has worked to reduce the impacts of those fires. For instance, in 2018, we provided 59,690 pounds of seed to various entities for wildfire rehabilitation and site restoration. We have restored or enhanced approximately 11,000 acres of habitat; we have produced and sold 69,500 plants at our conservation plant nurseries for plantings on restoration efforts across the State.

Our incident business units which has our fire-billing staff has worked diligently to expedite our fire billing and bring in reimbursements for our fire-suppression efforts. Additionally, our projected receipt of billings this FY has not completely materialized. Consequently, these two factors have significantly reduced the amount of funding needed in the supplemental budget request for the remainder of this fiscal year. We are currently working with the GFO and Legislative Counsel Bureau to determine the amount needed to cover our fire bills for the remainder of this FY. However, this does not waive or negate our total obligation for wildland fire-suppression costs that we have outstanding that is currently in excess of \$30 million.

SENATOR GOICOECHEA:

It is a moving target, and I know we have a huge outstanding bill. Realistically, can we anticipate approximately \$10 to \$15 million more in this supplemental account?

DAVE PRATHER (Deputy Administrator, Nevada Division of Forestry, Nevada Department of Conservation and Natural Resources):

The money that you are speaking of most likely will not materialize this fiscal year. We do not anticipate that we will need the \$9.6 million to finish FY 2019. Over the next 2 fiscal years, that \$33 million is staring us right in the face.

SENATOR GOICOECHEA:

You do not anticipate more than the \$9.6 to get through this FY, but you will still have the debt going forward?

MR. PRATHER:

That is correct. We anticipate significantly less than the \$9.6 to get through FY 2019.

SENATOR KIECKHEFER:

When do you think you can pin down that number? If I do not want to appropriate \$9.6 million that you will not need, when will I know how much you do need?

MR. PRATHER:

It depends on the date on which we have to provide a final number. As of today, we need approximately \$447,454. These numbers change as bills become adjudicated, so that number could rise. As we get collection from the federal government, those numbers could decrease. When we have the set date, we can provide that number.

CHAIR WOODHOUSE:

Seeing no one to testify for further support, opposition or in neutral, we will close the hearing on S.B. 531. That concludes the bills to be heard today. We have one bill to introduce.

MR. KRMPOTIC:

Bill Draft Request 58-1196 relates to the DOE expending funds in the account for authorized uses for renewable energy, energy efficiency and energy

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conservation loans and providing other matters thereto. This is a budget implementation bill for accounts that we just closed. We may have taken some actions contingent upon the passage of this bill. There are no appropriations included in the bill.

SENATOR DENIS MOVED TO INTRODUCE BDR 58-1196.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

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CHAIR WOODHOUSE:

That concludes bill introductions. Is there anyone in the audience that would like to provide public comment? Seeing none, this meeting is adjourned at 10:30 a.m.

RESPECTFULLY SUBMITTED:

Jennifer McEntee,
Committee Secretary

APPROVED BY:

Senator Joyce Woodhouse, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	2		Agenda
	B	3		Attendance Roster
	C	50	Senator Joyce Woodhouse	Senate Committee on Finance Closing List #4
	D	9	Alex Haartz / Legislative Counsel Bureau	Budget Amendment A192861338
	E	3	Alex Haartz / Legislative Counsel Bureau	Budget Amendment A193461369
	F	3	Alex Haartz / Legislative Counsel Bureau	Budget Amendment A193481368
	G	3	Alex Haartz / Legislative Counsel Bureau	Budget Amendment A193471390
S.B. 506	H	1	Tammy Westergard / Nevada State Library, Archives and Public Record	Written Testimony
S.B. 521	I	1	Colonel John O'Rourke / Nevada Department of Public Safety	Presentation