

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Eighty-first Session
March 15, 2021**

The Senate Committee on Finance was called to order by Chair Chris Brooks at 9:03 a.m. on Monday, March 15, 2021, Online. [Exhibit A](#) is the Agenda. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Chris Brooks, Chair
Senator Moises Denis, Vice Chair
Senator Julia Ratti
Senator Nicole J. Cannizzaro
Senator Marilyn Dondero Loop
Senator Ben Kieckhefer
Senator Pete Goicoechea
Senator Scott Hammond
Senator Heidi Seevers Gansert

STAFF MEMBERS PRESENT:

Wayne Thorley, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Melodie Swanson, Committee Secretary
Tom Weber, Committee Secretary

OTHERS PRESENT:

Zach Conine, State Treasurer, Office of the State Treasurer
Tara Hagan, Chief Deputy Treasurer, Office of the State Treasurer

CHAIR BROOKS:

The Committee will begin by hearing Senate Bill (S.B.) 47 filed on behalf of the State Treasurer, Office of the State Treasurer and initially referred to the Senate Committee on Government Affairs.

SENATE BILL 47: Revises provisions governing public borrowing. (BDR 30-395)

ZACH CONINE (State Treasurer, Office of the State Treasurer):

During the Thirty-first Special Session, the Nevada Legislature passed S.B. No. 4 of the 31st Special Session which authorized the State Board of Finance to issue interim debentures. The debentures are necessary if the balance of the State General Fund is insufficient to meet future obligations. The provisions of S.B. No. 4 of the 31st Special Session are set to expire on June 30, 2021. Senate Bill 47 makes the provisions of S.B. No. 4 of the 31st Special Session permanent and slightly modifies the process of debenture issuance to ensure greater checks and balances.

Upon expiration of the provisions in S.B. No. 4 of the 31st Special Session, the State will have no mechanism or ability, other than calling the Legislature into a special session, to borrow money in case of an emergency. Senate Bill 47 provides a permanent tool for Nevada to use when addressing financial crises caused by severe economic downturn, public health emergencies or other extreme extenuating circumstances affecting the way in which the State is able to pay its bills. Nevada is only one of four states with a biennial budgetary process. This makes it challenging for the State to respond efficiently and adequately to evolving economic conditions.

Senate Bill 47 will provide the State with a level of flexibility to ensure General Fund appropriations made by the Legislature can be fulfilled in an economic downturn without taking significant losses in the State's General Portfolio. Much like S.B. No. 4 of the 31st Special Session, Senate Bill 47 permits the State Board of Finance to issue no more than \$150 million of interim debentures through several steps. When the Treasurer determines the General Fund balance is insufficient to meet upcoming obligations, the Treasurer can notify the Interim Finance Committee (IFC) of the insufficiency amount.

A request to allow the State Board of Finance to issue funding to cover the insufficiency amount is then transmitted to the IFC. The IFC then has 15 days to consider the request and deliver a resolution. This resolution establishes the maximum amount of funding which may be issued. If the IFC does not consider the request within 15 days, the approval is automatically processed and the request to issue funding is sent to the State Board of Finance. While it will only be used in limited emergency circumstances, S.B. 47 is necessary to ensure the State has the tools it needs to respond efficiently and effectively in times of crisis.

SENATOR DENIS:

Over the past 10 to 15 years, has it been necessary for the State Board of Finance to issue interim debentures to address crises? Is the State always forced to call the Legislature into a Special Session to borrow money?

TREASURER CONINE:

In the past, if the balance of the State General Fund has been insufficient to meet future obligations, the State will sell some of its long-term investments at a discount to cover the cost of its commitments. The State will lose money on these trades, compared to what it would have earned from its investments. Prior to S.B. No. 4 of the 31st Special Session, there had been no mechanism in Nevada's history for the State to borrow money in case of an emergency. This is unique to Nevada, as other states have a mechanism in place for borrowing money during emergencies.

SENATOR DENIS:

Are you saying that S.B. 47 will allow the State to meet future general obligations without having to sell some of its long-term investments?

TREASURER CONINE:

Correct.

SENATOR KIECKHEFER:

Sections 3 and 4 of S.B. 47 remove the July 1, 2021, expiration date and sunset provision contained in S.B. No. 4 of the 31st Special Session. Section 5 of S.B. No. 4 of the 31st Special Session states that debentures issued as evidence of certain amounts borrowed by the State must be in the form of a common note, bond or line of credit agreement. Does S.B. 47 also limit the State's debentures it can issue for the payment of general operations to include only common notes, bonds or line of credit agreements?

TREASURER CONINE:

This is the intention of S.B. 47. At the time of all debenture issuances, the Treasurer works with the State Board of Finance in determining the most effective way for the State to borrow money. Functionally, a line of credit is always investigated during an issue involving cash flow as a line of credit is being borrowed from before repayment. This is different from a long-term issuance of funding. Flexibility regarding debenture issuance is important, as the cost of issuances can vary broadly among different mechanisms of funding.

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SENATOR KIECKHEFER:

Does S.B. 47 limit the mechanisms available to the State when borrowing money?

TREASURER CONINE:

Senate Bill 47 does in some way limit the mechanisms available to the State when borrowing money.

TARA HAGAN (Chief Deputy Treasurer, Office of the State Treasurer):

Correct. Senate Bill 47 limits the debentures that can be issued by the State to include only common notes, bonds and line of credit agreements.

SENATOR KIECKHEFER:

Section 4 of S.B. No. 4 of the 31st Special Session temporarily authorizes the delegation of the authority to sign a contract for the purchase of bonds or to accept a binding bid for the bonds to an agent who is designated to fix interest rates. Is the agent involved in authorizing bonds a specific financial institution the State works with?

Ms. HAGAN:

Yes. Should the State be able to issue a debenture, it will use a third-party transfer agent to do so. This is similar to other bond issuances the State is involved in.

SENATOR KIECKHEFER:

Does the Treasurer normally sign off on these issuances? Does S.B. No. 4 of the 31st Special Session and S.B. 47 delegate this authority to a third-party vendor?

Ms. HAGAN:

Yes. Issuing a debenture is similar to issuing a line of credit. If the State set up a form of unsecured promissory note issuance to meet its short-term debt obligations, it would be able to simultaneously issue, collect and repay the interest on the notes. From a short-term equity perspective, the State Board of Finance will still be required to authorize the issuance of interim debentures and set the maximum amount of debentures outstanding at one time to not exceed \$150 million.

SENATOR KIECKHEFER:

Under S.B. 47, will the IFC process the issuance of debentures in the same way it would process a 15-day work program?

TREASURER CONINE:

This Committee is more familiar with the processes of the IFC than I am, but I believe that the IFC will process the issuance of debentures in the same way that it would process a 15-day work program.

SENATOR KIECKHEFER:

I appreciate the need for legislative oversight, but I have concerns regarding the approval of a debenture request by default if the IFC does not consider the request within 15 days. This is similar to how the IFC approves a work program, and approving a debenture issuance request by default takes away legislative oversight. This also gives more power to the Chair of the IFC. If the Chair of the IFC decides to not hold a meeting, the Chair is in essence approving the debenture issuance on his or her own. If we are ever in a position where the balance of the State General Fund is insufficient to meet the State's future obligations, it would behoove us to require the IFC to meet.

WAYNE THORLEY (Senate Fiscal Analyst):

You are correct. Regarding the 15-day approval process for work programs, the IFC has 15 days from the day the work program is transmitted to the IFC Secretary to take action on the work program. If no action is taken by the IFC during the 15 days, the work program is deemed as approved. The language in S.B. 47 mirrors that of S.B. No. 4 of the 31st Special Session. If S.B. 47 is passed and a request is then submitted to the IFC, the IFC would have 15 days to approve or deny the request. If the IFC does not deny the request and does not meet within the 15 days, the request would be deemed as approved.

CHAIR BROOKS:

Have the mechanisms for borrowing money that were made available to the State under S.B. No. 4 of the 31st Special Session been used at all?

TREASURER CONINE:

No they have not. While I am glad the State has not been forced to issue interim debentures to meet its general obligations, one does not take off a parachute even though one has not been in a plane crash.

CHAIR BROOKS:

The Committee will now hear S.B. 68 which was also filed on behalf of the Treasurer and initially referred to the Senate Committee on Government Affairs.

SENATE BILL 68: Revises provisions governing public investments.
(BDR 31-399)

TREASURER CONINE:

The Treasurer is charged with a number of critical State functions, one of which includes being responsible for the investment of public money. This includes all investment and accounting activities related to the State's General Portfolio, the Treasurer's Local Government Investment Pool and the State Controller's Permanent School Fund (PSF). The Treasurer is also responsible for overseeing Nevada Enhanced Savings Term.

Senate Bill 68 strengthens Nevada's current investment statutes by increasing the impact of the Nevada Capital Investment Corporation (NCIC) on public school funding. This ensures greater participation from local school districts and expands the State's investment vehicles. Section 2 of S.B. 68 increases the amount of money that can be transferred from the PSF to the NCIC from \$50 million to \$75 million to generate additional funding for public schools. The NCIC is administered by the Treasurer and operates the Silver State Opportunities Fund (SSOF). The SSOF invests dedicated capital in Nevada's businesses with the primary goal of generating greater returns for the PSF. Secondly, the SSOF seeks to increase economic development and employment in the State.

Under *Nevada Revised Statutes* (NRS) 355.280, the Treasurer is permitted to transfer up to \$50 million from the PSF to the NCIC. To date, these investments have generated \$32.3 million for the PSF and \$12.8 million in interest payments directly to budget account (B/A) 101-2610. Section 2 of S.B. 68 increases the amount the Treasurer is permitted to transfer from the PSF to the NCIC to \$75 million. This will further increase investment returns used to support the funding of public education in Nevada.

EDUCATION

K-12 EDUCATION

NDE - Distributive School Account — Budget Page K-12 EDUCATION-26
(Volume I)
Budget Account 101-2610

Under existing law, school districts may apply to the Treasurer for a guarantee agreement whereby money in the PSF may be used to guarantee the payment of debt service on bonds issued for school building construction. The State's larger school districts generally bond for new schools on their own. However, the guarantee agreement offered by the Treasurer is critical for smaller and more rural school districts to help finance school construction. Sections 3 and 4 of S.B. 68 increase the total amount for which the Treasurer can issue bonds. These bonds are guaranteed by the PSF upon requests from school districts from \$40 million to \$60 million. By increasing this cap, smaller school districts can better use the PSF. This will encourage additional school construction projects in areas of need.

Section 1 of S.B. 68 allows the Treasurer to invest in reverse repurchase agreements. As the investor, the State owns the security a banker or dealer purchases under an agreement. The banker or dealer then sells back the security to the State at a specified date and agreed upon rate. Reverse repurchase agreements can be used as cash management tools to avoid liquidating the security prior to its maturity date, in order to meet unexpected or immediate cash-flow requirements. Should the need arise, this would provide the State with an additional liquidity tool for an overnight or ultra-short-term loan. These agreements are highly regulated, performed by third-party custodians and are tailored to match specifics of the State's statutorily required, high-quality securities. Much like the changes of S.B. 47, the tools provided by S.B. 68 are only to be used in rare and extenuating circumstances.

SENATOR KIECKHEFER:

I distinctly remember when the Legislature first allowed for the transfer of money from the PSF to the NCIC. Where do these investments stand, and how successful has the SSOF been in garnering returns on investments? What benefits do you expect to see if the amount that can be transferred from the PSF to the NCIC is increased from \$50 million to \$75 million?

TREASURER CONINE:

The NCIC does not receive much public recognition, but it does great work for the State. Through the NCIC for fiscal year (FY) 2019-2020, there has been a

net annual return of 6.5 percent to the PSF and a 9.7 percent gross investment rate of return. Since its inception, the NCIC has invested \$44.6 million of the initial \$50 million that the Treasurer is permitted to transfer from the PSF, with 32.3 percent in interest and principal being returned back to the PSF. Approximately 32 companies based in Nevada have received investments since the inception of the SSOF in 2012. There are currently 24 active investments in the SSOF. These investments are in 15 Nevada counties and total \$717 million for Nevada and its partners, through leverage and aggregate growth. Investments through the SSOF have resulted in approximately 2,470 Nevada employees receiving an average annual wage of \$83,878. This was 26 percent higher than the national average annual wage in 2019.

SENATOR KIECKHEFER:

What is the average size of investment for the SSOF? If there are 24 active investments within the SSOF, how would an additional \$25 million in investment capacity allow for more investments? How many investments can \$25 million be equated to?

TREASURER CONINE:

With any fund similar to the SSOF, investors are looking for opportunity and risk-adjusted returns. Functionally, the Treasurer wants to diversify the SSOF as much as possible.

SENATOR DONDERO LOOP:

Can you define the PSF for new Committee members?

TREASURER CONINE:

The PSF is essentially an account for money that is not spent on educational purposes in the State. The PSF transfers funding into B/A 101-2610, which is then used for educational purposes. There is \$471,401,765.33 in the PSF. Fixed income constitutes approximately 40 percent of the PSF. The Treasurer has a pooled-cash amount of approximately \$29 million within the PSF. Additionally, there is \$207 million in various funds managed by Vanguard Group, Inc. in the PSF. This results in \$28.7 million in investments remaining from the NCIC.

SENATOR RATTI:

What is the general purpose of the PSF? There is a lot of money contained in the PSF that is not used by schools. Does the PSF serve as a cash-flow tool?

Does the PSF maximize contributions by making short-term investments on available revenue sources?

Ms. HAGAN:

The Treasurer manages the investments of the PSF, with the Controller administering and managing all other aspects. The money receded in the PSF includes court fees, escheated funds and other miscellaneous fees. The PSF is a permanent fund. Pursuant to the *Constitution of the State of Nevada*, the corpus of the PSF cannot be spent. Any interest gained in the PSF must be sent to B/A 101-2610.

SENATOR RATTI:

Is the PSF essentially an endowment for education that is funded from atypical school revenue?

Ms. HAGAN:

Correct.

SENATOR KIECKHEFER:

Why is the use of reverse repurchase agreements prohibited by NRS 355.140? What is being done to allow the Treasurer to invest in reverse repurchase agreements? Moving forward, why will reverse repurchase agreements be important for the Treasurer to use? Does the Treasurer's Office have the size capacity to effectively use reverse repurchase agreements?

TREASURER CONINE:

Reverse repurchase agreements fall into two groups of functionality. During a short period of time, the Treasurer wants to use reverse repurchase agreements to generate the amount of cash flow necessary to not sell long-term investments. An overnight or two-day time period is considered short-term. From a capacity perspective, the Treasurer does not plan to use reverse repurchase agreements to juice investment returns for the State's General Portfolio. This would involve investing money the State does not have to create leverage on the State's General Portfolio. The Treasurer's intention through S.B. 68 is to use reverse repurchase agreements for short-term cash-flow purposes. Quickly amplifying and juicing investment returns can result in capacity issues for a small agency such as the Treasurer's Office, as there is not enough staff to manage the amount of investments necessary for these types of quick returns.

Poorly managing investments that are meant to juice returns can result in unnecessary costs for an agency. The Treasurer does not attempt to juice investment returns, as the purpose of the Treasurer's Office is to not lose the State money. Additionally, the Treasurer is always trying to garner returns on its investments. If reverse repurchase agreements are made available to the Treasurer through S.B. 68, they will be highly regulated in the Treasurer's General Portfolio Investment Policy which is controlled by the State Board of Finance.

SENATOR KIECKHEFER:

Do you think that the prohibition contained in NRS 355.140 was originally established to prevent the Treasurer from using reverse repurchase agreements to juice investment returns for the State's General Portfolio?

TREASURER CONINE:

I am not familiar with the legislative intent of NRS 355.140.

SENATOR KIECKHEFER:

Is there anything within S.B. 68 that restricts the use of a reverse repurchase agreement as a short-term financing tool for cash-flow purposes? Would you be open to amending S.B. 68 to contain this prohibition?

TREASURER CONINE:

There is nothing within S.B. 68 that addresses the issue of using a reverse repurchase agreement as a short-term financing tool. The Treasurer's Office would be open to amending S.B. 68 if this enables it to be passed.

CHAIR BROOKS:

The Committee will now begin a work session on S.B. 9.

SENATE BILL 9: Creates an exemption from licensing requirements for investment advisers to certain private funds. (BDR 7-423)

MR. THORLEY:

Senate Bill 9 was heard by the Committee on March 8, 2021, and creates an exemption to the State's licensing requirements regarding investment advisors who solely advise one or more qualifying private funds. These advisors are not registered under the U.S. Securities and Exchange Commission (SEC) as either an investment company or a business development company. It is further

required under S.B. 9 that to be eligible for the exemption, the investment advisor must manage private-fund assets that are valued at no more than \$150 million. Additionally, the investment advisor must not be required to register with the SEC, and it must file certain reports with the Secretary of State, Office of the Secretary of State.

Lieutenant Governor Kate Marshall provided testimony for S.B. 9 stating that its intent was to update State laws to match federal laws and the laws of 23 states. The Lieutenant Governor indicated the overall economic impact of S.B. 9 would outweigh lost revenue meant for the General Fund, and any fee established pursuant to section 4, subsection 1, paragraph (e) would also offset lost revenue. There was no testimony provided in support or opposition of S.B. 9.

Erin M. Houston, Esq., Deputy of Securities for the Office of the Secretary of State, provided neutral testimony for S.B. 9. She explained that the fiscal note submitted for S.B. 9 by the Secretary of State's Office reflected projected foregone license renewal revenue of \$12,375 in both FY 2021-2022, FY 2022-2023 and each fiscal year thereafter. She also explained that to improve clarity regarding the intent of the fee authorized in section 4, subsection 1, paragraph (e) of S.B. 9, language could be added specifying the fee is a renewal fee. Specifying the fee is a renewal fee is tied to the fiscal note submitted by the Secretary of State, regarding lost revenue. It should be clarified whether calling the fee a renewal fee was the intent of the Lieutenant Governor. The fiscal note also indicates that in both FY 2021-2022, FY 2022-2023 and each fiscal year thereafter \$12,375 in foregone revenue will be deposited into the General Fund. Depending on the fee set by the Secretary of State's Office pursuant to section 4, subsection 1, paragraph (e) of S.B. 9, there may be no fiscal impact to the General Fund. No amendments have been provided for S.B. 9, and the bill becomes effective on July 1, 2022.

SENATOR DENIS MOVED TO DO PASS S.B. 9.

SENATOR DONDERO LOOP SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR BROOKS:

The Committee will now begin a work session on S.B. 35.

SENATE BILL 35: Revises provisions relating to the Private Investigator's Licensing Board. (BDR 54-419)

ALEX HAARTZ (Principal Deputy Fiscal Analyst):

Senate Bill 35 revises provisions relating to the Private Investigator's Licensing Board and was heard by this Committee on March 8, 2021. Senate Bill 35 eliminates the fund for the Board within the General Fund. Instead it requires the Board to deposit all money it receives, except for fines in certain circumstances, in banks, credit unions, savings and loan associations or savings banks in the State.

Senate Bill 35 was introduced by Board Executive Director Kevin L. Ingram. Executive Director Ingram explained the Board is a self-funded licensing entity located within the budgets of the Attorney General, Office of the Attorney General. The Board's budget is considered a nonexecutive budget, in that it is not heard as part of the Executive Budget. The Board's budget is located within the General Fund and the Nevada Executive Budget System. Executive Director Ingram also indicated S.B. 35 would allow the Board to remove its funds from the General Fund and to deposit its funds in an external bank account.

No testimony was provided in support or opposition of S.B. 35. Neutral testimony for S.B. 35 was provided by the Treasurer's Office, Chief Deputy Treasurer Tara Hagan, who explained the Treasurer's Office had been asked by the Legislative Counsel Bureau's Fiscal Analysis Division as to whether there will be an impact to the General Fund if the Board's funds were removed from it. Chief Deputy Treasurer Hagan explained to the Committee that this impact would be in the form of lost-interest earnings attributed to the Board's average-daily cash balance. The lost-interest income was projected to be approximately \$31,000 over the 2021-2023 biennium. In response to questioning, Chief Deputy Treasurer Hagan clarified that the Board would retain any income earned from interest for its own use once it began depositing its licensing-fee revenues in an external bank account.

No amendments or fiscal notes have been provided for S.B. 35. Sections 2 and 3 of S.B. 35 become effective upon passage and approval for purposes of the Board's establishment of an outside bank, credit union, savings and loan

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association or savings bank. Other necessary administrative tasks will be performed by the Board. Section 2 of S.B. 35 removes the Board's funds from the General Fund effective October 1, 2021.

SENATOR GOICOECHEA:

Even though the Board's funds would be removed from the General Fund, will the Board's accounts still be monitored by a State agency? If the Board overdrew from or overexpended its outside bank accounts, would the State still be responsible for covering any expenses?

MR. HAARTZ:

Most State licensing boards function as a State entity. Other than legislatively approved appropriations, there is no mechanism for the State to provide licensing boards with funding. Licensing boards handle their budgets essentially as an enterprise fund would, and they are required to handle their financial accounting mechanisms internally. As a result, the State would not be responsible for covering expenses if the Board overexpended its outside bank accounts.

SENATOR GOICOECHEA:

It sounds like the State is not responsible for covering the Board's expenses.

SENATOR DENIS MOVED TO DO PASS S.B. 35.

SENATOR RATTI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR BROOKS:

The Committee will now begin a work session on S.B. 58.

SENATE BILL 58: Revises certain functions and responsibilities of the Investigation Division of the Department of Public Safety. (BDR 43-352)

MR. THORLEY:

Senate Bill 58 was heard by the Committee on March 8, 2021, and expands the duties of the Department of Public Safety's (DPS) Investigation Division (NDI)

pursuant to NRS 480.140. The NDI's duties will be expanded to include the investigation of technological crimes as defined in NRS 205A.030 and the provision of investigative services to certain State agencies upon request of the DPS Director George Togliatti. The NDI's duties will also be expanded to, upon request, assist the Department of Taxation with requests relating to taxation and general provisions dealing with cannabis. Additionally, the NDI will assist the Department of Health and Human Services, Division of Public and Behavioral Health (DPBH) relating to medical cannabis, and assist the Cannabis Compliance Board relating to the regulation of cannabis.

Section 2 of S.B. 58 states that NDI Chief Patrick Conmay shall furnish criminal investigative services to include the use of a polygraph during interrogation. This would be upon request of the head of any agency, bureau, board, commission, department, division, office or other unit of the State's Executive Branch which is authorized or required to conduct criminal investigations. Section 2 of S.B. 58 also states that upon request, the NDI will assist the Department of Taxation, the DPBH and the Cannabis Compliance Board with investigations relating to cannabis.

Testimony for S.B. 58 was provided by Chief Conmay, who explained the purpose of S.B. 58 and testified that NDI was already providing services to other agencies at no additional cost. In response to the Committee's questions, Chief Conmay clarified that the NDI does not use a cost allocation or other charging mechanism when providing services to other entities. He also stated the NDI is not seeking additional staff or resources if S.B. 58 is passed. Chief Conmay agreed to provide information on which State agencies were already receiving assistance from the NDI. Information going back to FY 2016-2017 was provided to the Committee last week.

No testimony in support, opposition or neutral was provided for S.B. 58, and there are no fiscal notes attached to the bill. Senate Bill 58 would become effective upon passage and approval, and no amendments have been provided for the bill.

SENATOR KIECKHEFER:

Can you provide additional information regarding which State agencies are already receiving assistance from the NDI?

MR. THORLEY:

During the hearing on March 8, 2021, Chief Conmay provided testimony indicating current statutory language enables Nevada's chiefs of police, sheriffs, district attorneys, Attorney General Aaron Ford, Secretary of State Barbara K. Cegavske and the Department of Education to request investigative services. Because there are no other options, the NDI has historically provided investigative services for other State agencies and entities. The NDI is primarily funded with General Fund appropriations, and any investigative services provided upon request are not charged to the requesting entity.

The NDI reported it had provided investigative services for 656 cases during FY 2016-2017. In FY 2017-2018 this number increased to 906, and in FY 2018-2019 the number of cases investigated by NDI was 813. In FY 2019-2020 this number was 788. To date in FY 2020-2021, the number of investigative services the NDI has provided upon request is 535. From FY 2016-2017 to date in FY 2020-2021, the total investigatory requests reported by the NDI is at 3,698. These requests are largely received from federal task forces relating to narcotics on which the NDI serves. The requests also encompass assistance solicitations from various State agencies, requests to conduct polygraph tests and requests to assist with vehicle thefts.

SENATOR SEEVERS GANSERT:

Does S.B. 58 not include fiscal notes because the NDI is already offering investigative services? Is S.B. 58 meant to include these services under statute?

MR. THORLEY:

The NDI did not provide a fiscal note for S.B. 58. Chief Conmay testified that the NDI would be able to absorb any costs related to potential increases in requests for investigatory services.

SENATOR SEEVERS GANSERT:

The language of S.B. 58 implies there will be a significant expansion of investigatory services being requested from the NDI. It sounds like the investigatory requests received from the NDI are categorized by the types of investigations and not the agency that submitted the request. Is this correct? I am surprised that the NDI did not submit a fiscal note for S.B. 58 as it seems like it will be providing more investigatory services. Is the NDI already providing additional investigatory services that it has not reported on?

MR. THORLEY:

From FY 2016-2017 through year-to-date, the majority of the investigative requests submitted to the NDI have come from local law enforcement agencies. This accounted for 45 percent of the investigatory requests for assistance the NDI received during this time. The next largest group of investigatory requests came from State law enforcement, accounting for 24 percent of requests. Investigatory requests submitted by federal task forces on which the NDI serves accounted for 18 percent of assistance requests received by the NDI. Investigatory requests submitted by State boards to the NDI accounted for 7 percent of requests received. Finally, assistance requests submitted by State agencies accounted for 3 percent of investigatory requests received by the NDI. Remaining requests accounted for 1 percent or less of the total amount of assistance requests received by the NDI.

SENATOR DENIS MOVED TO DO PASS S.B. 58.

SENATOR CANNIZZARO SECONDED THE MOTION.

SENATOR KIECKHEFER:

I am concerned that requests for investigatory services are not cost-allocated to the agencies submitting the requests. If the NDI will be providing investigatory services on a Statewide basis, it would make sense to allocate costs associated with the services to the agencies that are submitting the requests. This would help with accounting practices and ensuring costs are appropriately distributed to the agencies who are receiving services. These costs may not need to be applied to task forces or local governments, but they should be allocated to the appropriate State agencies submitting the requests.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR BROOKS:

Seeing no public comment, this meeting is adjourned at 10:02 a.m.

RESPECTFULLY SUBMITTED:

Tom Weber,
Committee Secretary

APPROVED BY:

Senator Chris Brooks, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Begins on Page	Witness / Entity	Description
	A	1		Agenda