

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Eighty-second Session
May 17, 2023**

The Senate Committee on Finance was called to order by Chair Marilyn Dondero Loop at 6:16 p.m. on Wednesday, May 17, 2023, in Room 1214 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E 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 Marilyn Dondero Loop, Chair
Senator Nicole J. Cannizzaro, Vice Chair
Senator Dallas Harris
Senator Dina Neal
Senator Rochelle T. Nguyen
Senator Pete Goicoechea
Senator Heidi Seevers Gansert

COMMITTEE MEMBERS ABSENT:

Senator Robin L. Titus (Excused)

GUEST LEGISLATORS PRESENT:

Senator Nicole J. Cannizzaro, Senatorial District No. 6
Senator Roberta Lange, Senatorial District No. 7
Senator Rochelle T. Nguyen, Senatorial District No. 3

STAFF MEMBERS PRESENT:

Wayne Thorley, Senate Fiscal Analyst
Cathy Crocket, Chief Principal Deputy Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Paul Breen, Committee Assistant
Michelle Friedlander, Committee Secretary
Helen Wood, Committee Secretary

OTHERS PRESENT:

Mark Kahn, Dean, Kirk Kerkorian School of Medicine; Vice President,
Health Affairs, University of Nevada, Las Vegas
Alejandro Rodriguez, Director of Government Relations, Nevada System of
Higher Education
Paul Moradkhan, Vegas Chamber
Michael Flores, Vice President, Government and Community Engagement,
University of Nevada, Reno
Kelly Crompton, Government Affairs Manager, City of Las Vegas
Kent Ervin, Nevada Faculty Alliance
Katie Roe Ryan, Director, Public Policy, Dignity Health, St. Rose
Dominican Hospital
Vince Saavedra, Southern Nevada Building Trades Unions
Isaac Hardy, Urban Consortium
Scott Leedom, Director, Public Affairs, Southwest Gas Corporation
Jessica Ferrato, Advanced Energy United
Nick Schneider, Government Affairs Analyst, Vegas Chamber
Terry Graves, Nevada Trucking Association; Nevada Manufacturers Association
Marla McDade Williams, Deputy Director, Programs, Nevada Department of
Health and Human Services
Cadence Matijevich, Washoe County
Randy Soltero
Paul Enos, Chief Executive Officer, Nevada Trucking Association
Richard Whitley, Director, Nevada Department of Health and Human Services
Jesse Wadhams, Nevada Hospital Association
Patrick Kelly, Chief Executive Officer, Nevada Hospital Association
Blayne Osborne, President, Nevada Rural Hospital Partners
Dan Musgrove, Valley Health System of Hospitals
Chris Bosse, Vice President, Renown Health
Connor Cain, Sunrise Hospital and Medical Center; Sunrise Children's Hospital

CHAIR DONDERO LOOP:

We are pulling Senate Bill (S.B.) 426 and moving it to Friday's agenda. Today,
we will begin with S.B. 457.

SENATE BILL 457: Makes an appropriation to the Office of Finance in the Office of the Governor for certain costs related to the Kirk Kerkorian School of Medicine at the University of Nevada, Las Vegas, and costs for interdisciplinary opportunities for health students at the University of Nevada, Las Vegas. (BDR S-1119)

MARK KAHN (Dean, Kirk Kerkorian School of Medicine; Vice President, Health Affairs, University of Nevada, Las Vegas):

The Kirk Kerkorian School of Medicine just graduated its third class of medical students. Nevada has a physician shortage across every specialty and subspecialty. We need to increase the size of our faculty and resources for our students. Our accrediting body allows us to increase our class size by 10 percent, but after that, we need specific approval from them to increase. They look for sufficiency of faculty and other resources. It is for this reason we ask for funding.

To put things into perspective, we have 16,000 to 17,000 applications every year. We have only 60 seats. This year, we are going up to 66 seats; we have a plan to go to 90 seats per class by 2030. We need to augment our faculty and resources to get approval from the accrediting body.

SENATOR NGUYEN:

Fiscal staff, please clarify why this is a one-time appropriation.

WAYNE THORLEY (Senate Fiscal Analyst):

The \$9.2 million funding request is in the Executive Budget. It was not included in the operating budget request for the Kirk Kerkorian School of Medicine. It was instead sent over as a one-shot appropriation. However, it is still technically included in the Governor's budget.

FY 2023 One-Shot: This request funds operational costs of the Kirk Kerkorian Medical Education Building and expands the number of students in each class.

Governor's Finance Office-Special Appropriation (BUDGET OVERVIEW-21)

Per Amy Stephenson, Director of the Governor's Office of Finance, many of the items traditionally funded in the operating budgets of the various State agencies were requested as one-shot appropriations to spend down the fund balance in fiscal year (FY) 2022-2023.

SENATOR NGUYEN:

I want to make it clear that in this Session, things traditionally incorporated in the budget were instead submitted as one-shots to spend down some of those existing funds moving forward.

CHAIR DONDERO LOOP:

While I recognize this Legislature cannot commit a future Legislature to funding a specific project or program, we encourage the Nevada System of Higher Education and the University of Nevada, Las Vegas Medical School to request this additional funding on an ongoing basis as a decision unit through the traditional biennial budget process. These funds are necessary to support continuous growth aligned with the original plan for the Kirk Kerkorian School of Medicine.

As Dr. Khan mentioned, what we can do to make sure we have physicians is to educate them, have their residency be here and encourage them to stay in this great State.

ALEJANDRO RODRIGUEZ (Director of Government Relations, Nevada System of Higher Education):

We urge your strong support of S.B. 457.

PAUL MORADKHAN (Vegas Chamber):

The Vegas Chamber supports S.B. 457 for the financial allocation. We appreciate the work that has been done by the Office of the Governor, Office of Finance (GFO). This investment is important for our future and for the Kirk Kerkorian School of Medicine in southern Nevada.

MICHAEL FLORES (Vice President, Government and Community Engagement, University of Nevada, Reno):

Our medical schools work closely with each other. We are happy to see the growth of the Kirk Kerkorian School of Medicine. We are in full support.

KELLY CROMPTON (Government Affairs Manager, City of Las Vegas):

The medical school sits in the Las Vegas Medical District in the heart of downtown Las Vegas. We urge support of these funds and are excited to have the medical school continue to expand.

Senate Committee on Finance
May 17, 2023
Page 5

KENT ERVIN (Nevada Faculty Alliance):
We are in full support.

KATIE ROE RYAN (Director, Public Policy, Dignity Health, St. Rose Dominican Hospital):
We are in full support.

CHAIR DONDERO LOOP:
We will close the hearing on S.B. 457 and go to S.B. 226.

SENATE BILL 226 (1st Reprint): Revises provisions governing public works.
(BDR 28-494)

SENATOR NICOLE J. CANNIZZARO (Senatorial District No. 6):
Senate Bill 226 revises various provisions related to public works and deals with the payment of prevailing wages to workers on public works projects that are funded in whole or in part by public money. This bill clarifies where prevailing wage laws apply. Publicly funded projects support good paying jobs and provide taxpayer value for their dollars.

We had several stakeholder meetings and conversations on S.B. 226. There were many people involved in the bill's first iteration. We made several amendments on the Senate side, which were adopted before the bill came to your Committee. We submitted an additional amendment to S.B. 226 ([Exhibit C](#)) seeking to narrow which public work projects the bill would apply to. We intend to ensure public dollars be spent in accordance with Nevada's prevailing wage laws.

There were circumstances where the wage laws were deviated to get around what would otherwise qualify as prevailing wage projects. The deviations happened mainly through a loophole in the requirements around lease buybacks and some projects that would otherwise be subject to prevailing wage laws and public works project regulations.

Some deviations were intentional workarounds, even though public dollars were used for the projects. The workarounds circumvented applicable regulations. It is our intention to make sure these deviations and workarounds do not happen. That is not how the statute is designed and is not the purpose of our prevailing wage laws.

VINCE SAAVEDRA (Southern Nevada Building Trades Unions):

Senate Bill 226, as initially drafted, was broader than anticipated. The purpose of the bill was to prevent local governments and agencies from creatively gifting lands and other things of value, and doing lease buybacks of development agreements, to avoid paying prevailing wages.

We have substantially modified the bill. The amendment to the bill removes language concerning the interpretation of prevailing wage laws consistent with the Davis-Bacon and Related Acts and the Reorganization Plan No. 14 of 1950. The Department of Business and Industry, Office of the Labor Commissioner's fiscal note specifically mentioned the cost of the interpretation language. The language removal should take care of the fiscal note.

The amendment involves concerns raised by those who support affordable housing, along with concerns of Clark County. The amendment exempts multifamily affordable housing of four floors and below. This matches the Davis-Bacon rule at the national level. The exemption makes sense from a safety perspective because of construction changes in materials and the required skills when you build above four floors.

The amendment also exempts single-family housing at the request of the Southern Nevada Water Authority related to some programs it hopes to put in place.

The language will exempt airport authorities because of the concern with the lease and return of property to the Authority upon expiration of the lease.

We think this bill represents a great compromise among many groups and a step forward in ensuring good public policy as it concerns public works projects in Nevada.

SENATOR CANNIZZARO:

There was a fiscal note submitted for the bill, as introduced. The fiscal note was much more comprehensive than what is before you today. It included personal expenses, travel expenses, operating expenses and information services expenses. It would require an additional deputy labor commissioner; one auditor II, grade 34; one administrative assistant III, grade 27; one compliance auditor investigator II, grade 33; and one compliance or audit

investigator III, grade 35. There will be some reductions, if not removal, of the fiscal note submitted in the bill as introduced, with some of the amendments.

Some local government pieces may be reduced as well because we have limited this bill to very specific instances as it pertains to much larger affordable housing projects and lease buybacks. This is what you see reflected in the amendment.

SENATOR NEAL:

The only difference I see in this amendment is the exemption of multifamily affordable housing of four floors and below.

MR. SAAVEDRA:

It also includes exempting all single-family housing at the request of the Southern Nevada Water Authority.

SENATOR GOICOECHEA:

Some of my rural constituents were concerned that if they gifted or granted a piece of property to, for example, a Boys and Girls Club or some other nongovernmental organization, it would trigger prevailing wage requirements on that project. Is that still the way it is?

MR. SAAVEDRA:

Depending on the circumstance, the short answer is yes, but it depends on the value of the land. We are trying to close that loophole. If the gift is less than fair market value, the answer is yes. If it is fair market value or above, the answer is no.

SENATOR GOICOECHEA:

I think in most of these scenarios, the value would probably be less than fair market value. For a nongovernmental organization or some other group, they were concerned the bill could hamper them.

You have addressed some of the issues as far as low-income housing, but even senior housing would be in the private sector. Local governments are trying to bring those to the communities. We are afraid this language will be problematic. Land is not as valuable in Elko County as it is in Las Vegas or Reno. Nonprofits and nongovernmental organizations are concerned about having to pay prevailing wages.

Do you think they would still be captured, for the record?

MR. SAAVEDRA:

If that happens, I apologize in advance to the nonprofits.

SENATOR NEAL:

The amendment has single-family residential housing subject to the legally binding agreement. Will you strike out the single-family residence because it has Tier 1 or Tier 2 affordable housing or single-family residential housing?

SENATOR CANNIZZARO:

I see what you are referring to in this language. The intent is that it would not include single-family residential housing. We will clarify that because the intent is four floors and above, which matches Davis-Bacon. It would not include single-family housing. We will clarify that piece of the amendment.

ISAAC HARDY (Urban Consortium):

The Urban Consortium is made up of Reno, Sparks, Henderson, Las Vegas and North Las Vegas. We oppose S.B. 226. The fiscal notes on Nevada Electronic Legislative Information System (NELIS) still stand and some local governments were not able to calculate a fiscal note, but must still acknowledge the fiscal impact. We are still working with the proponents on the policy side.

MR. MORADKHAN:

The Vegas Chamber has concerns about the fiscal and taxpayer impact of S.B. 226. Local government will review the newest amendment to see if it addresses those concerns. If it does, we will notify the bill sponsor.

MS. CROMPTON:

The City of Las Vegas is one of the local governments that has tried to calculate the fiscal impact of S.B. 226. We still have a fiscal note. However, I do not see an amendment on NELIS and have not seen the language. Once it posts, I will send it out to my departments. We hope to contact the bill sponsor.

CHAIR DONDERO LOOP:

We will close the hearing on S.B. 226 and open the hearing on S.B. 281.

SENATE BILL 281 (1st Reprint): Revises provisions governing public utilities.
(BDR 58-693)

SENATOR ROCHELLE T. NGUYEN (Senatorial District No. 3):

Senate Bill 281 establishes a planning process for natural gas utilities. The fiscal note attached to this bill is for the establishment of two positions within the Office of the Attorney General (OAG). We can answer any questions about the need for the expansion of that consumer protection piece.

SENATOR SEEVERS GANSERT:

Gas providers file utility rate cases, but they do not do resource plans. Is that what the electric utilities do?

SENATOR NGUYEN:

It is very similar. Natural gas utilities do an annual informational filing. If this bill were enacted, they would submit their integrated resource plan or their natural gas planning filing once every three years. Any subsequent amendments would need to be submitted throughout the interim period. Instead of having just an informational filing, utilities would have to go through the process. That would necessitate more work on behalf of the OAG through their Bureau of Consumer Protection.

CHAIR DONDERO LOOP:

Does the fiscal note stand?

SENATOR NGUYEN:

Yes, the fiscal note stands. I had the opportunity to speak with the OAG and the Public Utilities Commission of Nevada (PUCN). Their requests are in line with what they need to facilitate this process.

SCOTT LEEDOM (Director, Public Affairs, Southwest Gas Corporation):

We have been working on S.B. 281 for several months with Senator Nguyen, the PUCN, environmental advocacy groups and many others. We think we have come to a very good place on this bill. We support the policy and the fiscal notes that will help State agencies complete the work they need to do.

JESSICA FERRATO (Advanced Energy United):

We supported this bill in the policy committee and are here to support it in the Finance Committee.

NICK SCHNEIDER (Government Affairs Analyst, Vegas Chamber):

We support S.B. 281. We support the bill on the policy and fiscal side.

Senate Committee on Finance
May 17, 2023
Page 10

TERRY GRAVES (Nevada Trucking Association; Nevada Manufacturers Association):

To the extent that trucking uses natural gas for small vehicles and compressed natural gas for fuel and manufacturing, space heating, process heating and feedstock, we support this bill at the Senate and will continue to support it.

CHAIR DONDERO LOOP:

We will close the hearing on S.B. 281 and open the hearing on S.B. 380.

SENATE BILL 380 (1st Reprint): Revises provisions relating to the Extended Young Adult Support Services Program. (BDR S-991)

SENATOR ROCHELLE T. NGUYEN (Senatorial District No. 3):

Senate Bill 380 extends the deadline for the State to apply for federal money essential for extended foster care programs.

We took some of the money out of the budget during the budget closing. We need to add this back in since we extended the deadline to 2025.

For the purposes of S.B. 380, we need an appropriation of \$1,727,106 for the second year of the biennium for all entities to establish the infrastructure for full implementation in FY 2024-2025. We would like language included that requires the Division of Child and Family Services to submit a State plan to the Nevada Children's Bureau by January 1, 2024. We would still need the extension of time for implementation, which is at the heart of the bill.

MARLA MCDADE WILLIAMS (Deputy Director, Programs, Nevada Department of Health and Human Services):

We will need \$352,204 in FY 2023-2024 and \$1,374,902 in FY 2024-2025 for a total of \$1,727,106 for full implementation to increase the age for extended foster care, adoption subsidies and other required components if we extend the deadline to January 1, 2025.

We would have to come back during the next Session for a full budget, and we will continue to work with the counties to develop those costs to make sure we are all on the same page. The appropriation in the first year of the biennium is for contract staff; in the second year, it would be for permanent staff.

SENATOR NGUYEN:

When Senator James Ohrenschall brought this bill in 2021, we did not realize you could not just pick foster care or adoptions. It had to be to fund foster care, extended foster care and adoption subsidies through age 21 to maximize and draw down this money for funding this program. These are just some corrections. It buys us more time to be able to do that.

SENATOR SEEVERS GANSERT:

Are these funds just to set the program up? If I look at the other fiscal notes, it is about \$10 million a year to run it. Do you anticipate it would go to the next biennium because the program will not get set up until the end of this biennium or go into the next one?

MS. MCDADE WILLIAMS:

We anticipate the effect on the next biennium is over \$28 million with \$17,333,627 from General Fund appropriations. Then it would be matchable by the federal government from Title IV of the Social Security Act funding. As we spend our money, the federal government will match the money we spend.

SENATOR SEEVERS GANSERT:

The dollars we talked about are to set up the program, but we probably cannot start the program this biennium. Once we start the program, the match is 67 percent. Is the total cost approximately \$28 million, with General Fund appropriations of \$17 million in the future biennium?

MS. MCDADE WILLIAMS:

That is correct.

CADENCE MATIJEVICH (Washoe County):

We support S.B. 380. Our original fiscal note has been removed with the revised version of the bill. A portion of the funds in the overall number would come to Washoe County for our cost to be ready to go live on July 1, 2025.

CHAIR DONDERO LOOP:

We will close the hearing on S.B. 380 and open the hearing on S.B. 301.

SENATE BILL 301 (1st Reprint): Revises provisions governing public works.
(BDR 28-967)

Senate Committee on Finance
May 17, 2023
Page 12

SENATOR ROBERTA LANGE (Senatorial District No. 7):
Senate Bill 301 revises provisions governing public works.

RANDY SOLTERO:

This bill has been amended. The fiscal note from the Department of Business and Industry, Office of the Labor Commissioner is \$184,092 in FY 2023-2024 and \$313,725 in FY 2024-2025. That number will be adjusted because we have amended the bill to narrow the scope of work.

PAUL ENOS (Chief Executive Officer, Nevada Trucking Association):

I oppose S.B. 301. I represent an industry that moves 95.3 percent of all the freight in Nevada. My company does about 9 percent of the miles on our roadways. The industry pays about 40 percent of all State and federal highway taxes.

The cost of doing these public works projects and paying the prevailing wage for truck drivers, who are delivering asphalt and concrete aggregate, will increase costs. At a time when we need more infrastructure, we will get less. We think S.B. 301 will be a big fiscal hit to the State. We know it is a fiscal hit to the small, disadvantaged business enterprises in the private sector. It will have a detrimental impact on our ability to deliver more projects and have more infrastructure.

MR. HARDY:

We oppose S.B. 301. I want to echo the comments I made during my testimony on S.B. 226.

CHAIR DONDERO LOOP:

We will close the hearing on S.B. 301 and open the hearing on S.B. 435.

SENATE BILL 435 (1st Reprint): Revises provisions relating to Medicaid.
(BDR 38-1069)

RICHARD WHITLEY (Director, Nevada Department of Health and Human Services):
Senate Bill 435, as amended, relates to the implementation of a private hospital tax requested by the Nevada Hospital Association on behalf of the hospital members.

Pursuant to *Nevada Revised Statutes* 422.3794, the bill implements the provider tax by permitting the Nevada Department of Health and Human Services (DHHS) to share a portion of the revenue from an assessment with operators not subject to paying the assessment, if such use is supported in a poll by the majority of operators who must pay the assessment.

The provision changes the supplemental payments to private hospitals in the State and may result in the Centers for Medicare and Medicaid Services evaluating our supplemental payment programs supporting the rural critical access hospitals. Although the risk is low, it is here, and the majority of hospitals have to support this voluntary tax. This bill would protect or hold harmless those hospitals.

The second part of S.B. 435 sets aside up to 15 percent of revenues collected from the tax for two purposes. The first purpose is to cover the State share of the premium tax and the cost to administer the program. The second purpose is to improve access to community-based behavioral health services, reduce the burden on emergency rooms and intervene early to reduce facility-based care.

In October 2022, the U.S. Department of Justice (DOJ) substantiated a complaint about the overutilization of children's behavioral health care in a residential setting. Working with the OAG's office, we are having weekly negotiations with the DOJ on improvements to children's behavioral health services within Medicaid to reach a settlement.

We know we will need to add services and raise rates for some of the community-based services to resolve this complaint. This will require an evaluation to show community-based services are preventing crisis care in emergency rooms and the use of facility-based care.

It will also require us to continue to have attorney oversight for compliance with the agreement. We would bring this 15 percent set-aside to the Interim Finance Committee in the Interim. We do not have a firm figure from our consultants on the amount of funding this tax will bring in for supplemental payments to the hospitals.

This is a voluntary tax that has been in statute for some time. The hospitals are the first provider group to take advantage of it. It must have 67 percent approval within the group.

We do not oppose the Nevada Hospital Association's proposed amendment ([Exhibit D](#)). It is on NELIS, and it has a minor change, but I think it is more of a protection for their members. Providers made a commitment to their members. If anything is altered, we would need to go back and poll the providers again. They agree with the use of the 15 percent for the cost of administering the program and for the behavioral health piece. They need to agree on how we spend these resources.

JESSE WADHAMS (Nevada Hospital Association):

I represent the Nevada Hospital Association. With the provider tax, Nevada hospitals will become partners with the State in serving our Medicaid population. We are looking for some level of stability and ongoing commitment to this program.

Our amendment states if the program is changed, it becomes a new program. That would require another vote of the hospitals to move forward with a new program. It is intended to create another vote for any new program change.

PATRICK KELLY (Chief Executive Officer, Nevada Hospital Association):

We support this bill. We have been working with the director and DHHS Division of Health Care Financing and Policy to develop this private hospital Medicaid provider agreement. Medicaid does not cover all the costs of care they provide to Medicaid patients. Hospitals only receive approximately 51 percent of the total cost. This program will help defray some of those costs but will not cover them all.

In developing the program, some public hospitals expressed concern and will not be part of the Medicaid provider fee program. They are worried their supplemental payment programs might be adversely affected. While we do not believe that will happen, we are happy to support the protections in this bill.

BLAYNE OSBORNE (President, Nevada Rural Hospital Partners):

Yesterday, you heard a great bill that will help rural critical access hospitals. Today, you are hearing a great bill that will ensure we do not accidentally harm the rural critical access hospitals. If we can do that, while ensuring we get the votes from the operator group to get a provider assessment, and at the same time, increase access to health care in the State, then that is a good thing. We strongly support this bill.

Senate Committee on Finance
May 17, 2023
Page 15

DAN MUSGROVE (Valley Health System of Hospitals):
Ditto.

CHRIS BOSSE (Vice President, Renown Health):
I appreciate all the collaborative work with Medicaid, the GFO and stakeholders in paying attention to the details in S.B. 435 and in ensuring we can implement this important program.

CONNOR CAIN (Sunrise Hospital and Medical Center; Sunrise Children's Hospital):
On behalf of Sunrise Hospital and Sunrise Children's Hospital, we are also in support. We think this is an important investment, not only in services, but in our Medicaid recipients and their well-being.

MS. RYAN:
We support S.B. 435.

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Senate Committee on Finance
May 17, 2023
Page 16

CHAIR DONDERO LOOP:

I will close the hearing on S.B. 435. Seeing no public comment, this meeting is adjourned at 7:23 p.m.

RESPECTFULLY SUBMITTED:

Helen Wood,
Committee Secretary

APPROVED BY:

Senator Marilyn Dondero Loop, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Introduced on Minute Report Page No.	Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster
S.B. 226	C	5	Senator Nicole J. Cannizzaro	Proposed Amendment
S.B. 435	D	14	Richard Whitley, Director, DHHS	Proposed Amendment