The Senate Committee on Finance was called to order by Chair William J. Raggio at 5:20 p.m. on Thursday, May 3, 2007, in Room 2134 of the Legislative Building, Carson City, Nevada. Exhibit A is the Agenda. Exhibit B is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator William J. Raggio, Chair
Senator Bob Beers, Vice Chair
Senator Dean A. Rhoads
Senator Barbara K. Cegavske
Senator Bob Coffin
Senator Dina Titus
Senator Bernice Mathews

GUEST LEGISLATORS PRESENT:

Senator Joe Heck, Clark County Senatorial District No. 5
Senator John J. Lee, Clark County Senatorial District No. 1
Assemblyman John C. Carpenter, Assembly District No. 33

STAFF MEMBERS PRESENT:

Gary L. Ghiggeri, Senate Fiscal Analyst
Larry L. Peri, Principal Deputy Fiscal Analyst
Christopher Trent, Senate Intern
Michael Archer, Committee Secretary

OTHERS PRESENT:

Lawrence Casey, Executive Director, Nevada Commission on Homeland Security
Valerie Sumner, Deputy Director, Office of Homeland Security, Department of Public Safety
David K. Morrow, Administrator, Division of State Parks, Department of Conservation and Natural Resources
Frank A. Bradick
Daniel J. Klaich, Executive Vice Chancellor and Chief Operating Officer, System Administration Office, Nevada System of Higher Education
Mike Franzoia, Mayor, City of Elko
Warren Russell, Board of Commissioners, Elko County Commission
Krys T. Bart, Executive Director and Chief Executive Officer, Reno/Tahoe Airport Authority
Tray Abney, Legislative Director, Office of the Governor
Larry J. Siggelkow, Chief Operating Officer, Vision Airlines
Barry Gold, American Association of Retired Persons of Nevada

CHAIR RAGGIO:
We will open the hearing with Senate Bill (S.B.) 173.
SENATE BILL 173 (1st Reprint): Revises provisions relating to the expenditure of money received from the Federal Government to prevent or respond to acts of terrorism. (BDR 31-224)

SENATOR JOE HECK (Clark County Senatorial District No. 5): I am here to support the amendment to S.B. 173 which eliminates the fiscal note.

SENATOR BEERS: How was the original funding to be used?

SENATOR HECK: It would have been used for administrative support in reviewing grant applications.

CHAIR RAGGIO: It would have been $145,000 in each year of the biennium for two additional staff members for research, review and other document processing.

LAWRENCE CASEY (Executive Director, Nevada Commission on Homeland Security): The Nevada Revised Statutes (NRS) 239C.160 directs the Nevada Commission on Homeland Security to approve authority over agencies requesting grant funds. However, we are an advisory body and not staffed to do this. If we attempted to execute that authority, it would create processing delays.

This amendment proposes using Memorandums of Understanding (MOU) which will require agencies to make quarterly reports to the Commission before they can submit grant requests. Please see my handout entitled “Request to Amend the 1st Reprint of SB 173 from the Nevada Commission on Homeland Security” (Exhibit C) for more detailed information about this proposed amendment.

CHAIR RAGGIO: Would this system be workable?

MR. CASEY: Yes, we feel it would be workable, would allow us to maintain our advisory duties and still meet the intent of the NRS.

CHAIR RAGGIO: What funding is available to the Nevada Commission on Homeland Security? Will you have the capability to act within this proposed amendment without further appropriations?

MR. CASEY: We have a small budget provided by a General Fund appropriation for per diem, travel and office staff. We can operate under the provisions of this amendment without the need for further funding.

VALERIE SUMNER (Deputy Director, Office of Homeland Security, Department of Public Safety): We have the necessary funds to operate under this amended bill without further appropriation.
SENATOR BEERS: Who is providing the grant authority now?

SENATOR HECK: Money from the U.S. Department of Homeland Security comes to the Nevada Commission on Homeland Security for distribution. However, other State agencies receive federal grant monies which the Commission does not always know about. The initial intent of the legislation was to give the Commission knowledge of all federal money coming into the State for the purposes of making grant awards, except that going to National Guard. This was intended to avoid overlapping funds. The amendment would require any State agency applying directly to the federal government for Department of Homeland Security grant money to enter into an MOU with the Commission to give them knowledge of that request.

SENATOR MATHEWS: How will that information get to the Legislature?

SENATOR HECK: The Nevada Commission on Homeland Security provides a report to the Governor and Legislature regarding their activities.

MR. CASEY: The Commission needs to communicate better with the Legislature. We are attempting to become part of the quarterly schedule of the Interim Finance Committee (IFC) to provide this information.

CHAIR RAGGIO: If the Committee is satisfied, we will obtain a formal amendment for this measure which would remove the fiscal note.

SENATOR COFFIN MOVED TO RECOMMEND S.B. 173 FOR AMEND AND DO PASS WITH A REQUIREMENT THE COMMITTEE LOOK AT THE FORMAL AMENDMENT BEFORE IT IS SENT TO THE SENATE FLOOR.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO: We will now hear S.B. 402.

SENATE BILL 402: Makes an appropriation to the Division of State Parks of the State Department of Conservation and Natural Resources for the development of a new group picnic area at Spring Mountain Ranch State Park. (BDR S-893)

SENATOR JOHN J. LEE (Clark County Senatorial District No. 1): I am here in support of S.B. 402. I will now read my prepared statement (Exhibit D). Each year, approximately 250,000 people visit the Spring Mountain Ranch State Park. The last expansion project in that park
occurred over 25 years ago. Those facilities no longer meet the public demand. This bill requests $1,151,000 for the development of a new group picnic area.

CHAIR RAGGIO:
How was this dollar figure determined?

DAVID K. MORROW, Administrator, Division of State Parks, Department of Conservation and Natural Resources

I have provided the Committee with a breakout of the costs we used in determining this estimated amount (Exhibit E). As Administrator of the Division of State Parks, I cannot support an appropriation outside the Governor’s budget; however, I do concur with what Senator Lee has said here today. The current facilities cannot accommodate large groups, like the Boy Scouts of America, on an overnight basis. I am also providing a photo of a scenic area in the park (Exhibit F) and a diagram of the proposed group area (Exhibit G).

CHAIR RAGGIO:
Have all the funds appropriated in the past to the Division of State Parks for services been fully obligated?

MR. MORROW:
Yes, they have.

SENATOR MATHEWS:
Is fishing permitted in this park?

MR. MORROW:
There is an endangered species of pupfish living there which prohibits fishing.

SENATOR COFFIN:
Have you explored the possibility of a cooperative effort with Clark County to fund these improvements?

SENATOR LEE:
This being a State park, they cannot help.

MR. MORROW:
Local residents utilize the area, but I do not know of any organized county events held at the park.

FRANK BRADICK:
There are four State parks within 35 miles of Las Vegas. The Spring Mountain Ranch State Park currently has a group picnic area and two non-group areas. Current plans include a proposed group picnic area using $250,000 in funding, from the Conservation and Resource Protection Grant Program, and $90,000 in other funding, including private donations. Consequently, I do not understand why the full $1.5 million is being requested in this bill.

Perhaps Southern Nevada Public Land Management Act funding can be used for this project. On April 9, 2007, Mr. Morrow testified before the State Senate Government Affairs Committee on S.B. 514.
SENATE BILL 514: Establishes Monte Cristo State Park in Esmeralda County, Nevada. (BDR 35-401)

During that testimony, he stated: "It seems inappropriate to add a State park, even if fully funded, when critical budgetary requests go unfunded due to shortfalls in projected State revenues." And yet, S.B. 402 carries more than twice the appropriation of S.B. 514.

CHAIR RAGGIO:
The successful passage of bills like S.B. 402 will depend on several factors, including how the Assembly votes and the amount of revenue available after we meet basic General Fund budget requirements.

We will now close the hearing on S.B. 402 and open the hearing on S.B. 161.

SENATE BILL 161: Exempts hybrid electric vehicles, for a certain period, from the program for the control of emissions from motor vehicles. (BDR 40-252)

There is an additional amendment being processed by the Committee on Natural Resources.

SENATOR COFFIN:
Please refer to my handout entitled "Proposed Amendment 3900 to Senate Bill No. 161" (Exhibit H). This amendment clarifies which vehicles are exempted from emissions testing and the length of time they are exempted.

CHAIR RAGGIO:
Does this amendment change the fiscal impact?

GARY L. GHIGGERI (Senate Fiscal Analyst, Fiscal Division, Legislative Counsel Bureau):
I do not know.

CHAIR RAGGIO:
We will need to learn more about the fiscal impact of this amendment before we process this bill.

SENATOR TITUS:
My bill, S.B. 241, waives certain fees for hybrid vehicles in certain situations.

SENATE BILL 241: Waives certain license plate, title and registration fees for a hybrid vehicle in certain circumstances. (BDR 43-780)

This bill would have the effect of decreasing needed revenues to the Highway Fund. If Senator Coffin will allow my name to be put on S.B. 161 as a cosponsor, I will withdraw S.B. 241.

CHAIR RAGGIO:
We will close the hearing on S.B. 161 and open the hearing on S.B. 400.

SENATE BILL 400 (1st Reprint): Establishes the Program of School Choice for Children in Foster Care. (BDR 34-875)
The Department of Education (NDE) confirmed that the fiscal note has been removed.

SENATOR CEGAVSKE MOVED TO DO PASS S.B. 400.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:
We will now open the hearing on S.B. 404.

SENATE BILL 404 (1st Reprint): Revises provisions governing homeschooled children. (BDR 34-738)

SENATOR CEGAVSKE MOVED TO DO PASS S.B. 404.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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SENATOR MATHEWS:
Was there a fiscal appropriation with S.B. 404?

CHAIR RAGGIO:
The amendment creating the first reprint of that bill transferred the responsibility for operation of the program from the NDE Superintendent of Public Instruction to the school district in which the child resides.

CHAIR RAGGIO:
We will now open the hearing on S.B. 443.

SENATE BILL 443: Makes an appropriation to the Nevada Cancer Institute for research, community outreach and education, and expansion of laboratory and clinical space. (BDR S-1234)

This is a large appropriation to the Nevada Cancer Institute. The Assembly Committee on Ways and Means will be holding further hearings on it.

MR. GHIGGERI:
Staff has determined this bill requires an amendment to section 1, subsection 1, stating it should be effective on passage and approval. The funding request is $10 million for the expansion of laboratory and clinical space. The Governor has recommended this to be funded through surplus funds available in FY 2007. Staff recommends the reversion date be four years for this part of the appropriation instead of two years; thus providing four years for construction. Since this is for a construction project, it would be outside the expenditure cap.

CHAIR RAGGIO:
We will close the hearing on S.B. 443 and open the hearing on S.B. 455.
SENATE BILL 455: Revises provisions governing the issuance of revenue bonds and other obligations by the Nevada System of Higher Education. (BDR 34-273)

Please refer to the fiscal staff memorandum (Exhibit I) dated April 23, 2007, regarding follow-up information about S.B. 455.

MR. GHIGGERI:
The Nevada System of Higher Education (NSHE) has advised us that the amount in section 10 for the University of Nevada, Reno can be reduced from $321,695 to $312,695. In section 12, the amount of bonding authority for the Community College of Southern Nevada (CCSN) can be reduced to $45 million. This is $5 million less than originally proposed in the legislation.

The NSHE has also provided a proposed amendment "Proposed Amendment to SB 455" (Exhibit J). This memorandum contains responses from the NSHE to questions about whether the required bonding could be reduced based upon the estimated costs of the project. There is also an amendment to allow the Board of Regents to delegate authority to the Chancellor and Vice Chancellor for Finance to enter into loans similar to authority currently granted to them for negotiating bond sales.

SENATOR BEERS:
I cannot support this bill as amended. The NSHE often uses this method for building things that do not make sense and levying charges on all students for the projects, whether they use it or not. This harms students by making their education more expensive. If the language in the bill on page 5, section 11, line 34 were changed from "facility" back to "parking lot," I might be able to support the measure.

MR. GHIGGERI:
As indicated in Exhibit I, the bonding money for CCSN would be used for both parking and the student services facilities at the Henderson and Cheyenne campuses.

SENATOR COFFIN:
We will need these facilities in the future. The students who are paying for them now are remarkably positive about the projects, though most will have graduated before the construction is completed.

DANIEL J. KLAICH, Executive Vice Chancellor and Chief Operating Officer, System Administration Office, Nevada System of Higher Education
Certain structures on campus have not been supported by funding from the Legislature. We support these construction projects through alternative streams of revenue. Such projects are given full public hearings and obtain approval from the Board of Regents. I urge the approval of S.B. 455.

SENATOR BEERS:
There are examples where revenue bonds have been beneficial. However, there are also examples where these bonds have been abused to the detriment of students. The gymnasium at the University of Nevada, Las Vegas is an example. All students pay for that facility whether they use it or not. Because of this, I do not want to routinely approve any request the NSHE has for bonding revenue.
CHAIR RAGGIO:
The NSHE is still limited in the amount of bonding authority we provide. Authorization for the parking facility, contained in section 11 of S.B. 455, only applies to the CCSN.

SENATOR BEERS:
I would prefer language in the bill which states precisely what kind of facility they propose to build.

CHAIR RAGGIO:
Mr. Klaich, do you know how the CCSN wants to use this bonding authority?

MR. KLAICH:
The bonding authority for the CCSN would be for parking, student services facilities and classrooms.

SENATOR BEERS:
A student services facility at the CCSN already exists.

MR. KLAICH:
There are student services facilities at CCSN. Our capital improvement list called for a renovation of those facilities. This was denied funding. The renovation is needed due to the growth of the student population.

SENATOR BEERS:
This facility is not deteriorating.

MR. KLAICH:
I agree it is not deteriorating. The flow of students through that facility is not good.

SENATOR CEGAVSKE:
There is space available for the CCSN at Bonanza High School which is just across the street. You should contact the Clark County School District about using it.

SENIOR COFFIN MOVED TO AMEND AND DO PASS AS AMENDED S.B. 455 SUBJECT TO THE COMMITTEE’S FORMAL REVIEW OF THE LANGUAGE IN THE AMENDMENT; TO CHANGE THE AMOUNT IN SECTION 10 FOR THE UNIVERSITY OF NEVADA, RENO FROM $321,695 TO $312,695; TO REDUCE THE AMOUNT OF BONDING AUTHORITY FOR THE CCSN TO $45 MILLION; AND TO PERMIT THE BOARD OF REGENTS TO DELEGATE AUTHORITY TO THE CHANCELLOR AND VICE CHANCELLOR FOR FINANCE TO ENTER INTO LOANS SIMILAR TO AUTHORITY CURRENTLY GRANTED TO THEM FOR NEGOTIATING BOND SALES.

SENIOR RHOADS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS BEERS AND CEGAVSKE VOTED NO.)

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CHAIR RAGGIO: We will now open the hearing on S.B. 463.

**SENATE BILL 463**: Makes an appropriation to the Department of Taxation for continued development and implementation of the Unified Tax System. (BDR S-1238)

MR. GHIGGERI: Please refer to my handout, "Department of Taxation SB 463 Cost Reconciliation," (Exhibit K). Funding of $4,184,557 is recommended in the Executive Budget. Staff has reviewed the estimated costs and recommends the amount be reduced to $3,674,059. Of that, $358,000 is attributable to a budget amendment. Approximately $350,000 was the result of the elimination of contract programmer costs in the amount of $200,000 in the first year of the coming biennium and $150,000 in the second year. Almost $125,000 of the reduction was due to review of updated pricing for equipment. Staff has discussed this with the Department of Taxation, and they concur with the amounts.

SENATOR BEERS MOVED TO AMEND AND DO PASS AS AMENDED S.B. 463 WITH AN APPROPRIATION OF $3,674,059 IN THE UPCOMING BIENNIUM.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO: We will now open the hearing on S.B. 283.

**SENATE BILL 283**: Makes various changes related to recruiting, retaining, stabilizing and expanding regional commercial air service in the State. (BDR 18-885)

SENATOR RHOADS: Please see my handout entitled "Proposed Amendment to Senate Bill 283" (Exhibit L). In the interest of time, I will not read my prepared statement to the Committee regarding S.B. 283 (Exhibit M), but will submit it for inclusion in the record.

SENATOR MATHEWS: I am a cosponsor of this legislation and wish to disclose I have regular business dealings with the Reno-Tahoe Airport Authority. This will not affect my decision on this matter.

CHAIR RAGGIO: We have received many written comments in favor of S.B. 283 which we will include in a folder (Exhibit N, original is on file in the Research Library).
CHRISTOPHER TRENT (Intern, Office of Senator Dean A. Rhoads, Legislative Counsel Bureau):

Please refer to my handout (Exhibit O) which provides background information and analysis of air travel to Elko. I am also providing a Memorandum dated November 30, 2006, (Exhibit P) which contains the results of research conducted by the Legislative Counsel Bureau addressing methods of attracting regular airline service to the Elko Airport. In addition, I am providing a press clipping from the March 28, 2007, edition of the Elko Daily Free Press (Exhibit Q) which reports on Governor Gibbons' support for this project.

Senate Bill 283 would create the Nevada Air Service Development Commission and the Nevada Air Service Development Fund which would receive a General Fund appropriation of $1 million in each year of the upcoming biennium. The amendment described in Exhibit L would streamline the Nevada Air Service Development Commission by removing the members who also sit on the Nevada Commission on Economic Development.

The Nevada Air Service Development Commission would have the authority to approve grants to a small “hub” airport to provide incentives such as profit guarantees, revenue-per-flight guarantees or a reduction in ticket prices. Eighty percent of the cost would come from the State. The remaining 20 percent would come from the locality destination airport in the form of in-kind support such as free space rent to the airline.

CHAIR RAGGIO:
Would the Elko airport qualify under this plan?

MR. TRENT:
Yes, it would.

MIKE FRANZOIA (Mayor, City of Elko):
I support S.B. 283. In the interest of time, I will forego reading my prepared comments (Exhibit R) but request they be included in the record of this meeting.

CHAIR RAGGIO:
Is anyone here today to testify in opposition to S.B. 283? Let the record show there is no one present in opposition to this bill.

MR. TRENT:
In addition to the inconvenience, the cost of flying to Elko, by way of Salt Lake City, UT, has increased dramatically. To illustrate this point, we have provided a sample list of air fares to fly from Reno to Elko (Exhibit S).

WARREN RUSSELL (Board of Commissioners, Elko County Commission):
The Elko County Commissioners unanimously support S.B. 283. There are so few flights to and from Elko that travelers are often forced to drive across Nevada. This is a waste of valuable time. When State employees are involved, it increases costs to all Nevadans. Our tourism business is also dependent on air travel.
KRYS T. BART (Executive Director and Chief Executive Officer, Reno/Tahoe Airport Authority):
I support S.B. 283. The airline industry has had financial difficulties in recent years and now requires communities to share the economic risk. To gain air service to smaller cities like Elko, we must have a program in place offering airlines incentives.

As Executive Director of the Reno/Tahoe Airport Authority, I have the option of waiving landing fees and space rental fees for up to one year to a new market that has not been served. We have offered Elko this option. I request the dollar value of this incentive be used to offset Elko’s 20-percent in-kind contribution toward this incentive.

TRAY ABNEY (Legislative Director, Office of the Governor):
The Governor supports S.B. 283.

SENATOR TITUS:
Is this appropriation in the Governor’s budget?

MR. ABNEY:
No, it is not.

SENATOR TITUS:
Where does he expect us to find the money for this program?

MR. ABNEY:
The Governor is willing to work with the Committee on that issue.

ASSEMBLYMAN JOHN C. CARPENTER (Assembly District No. 33):
I support S.B. 283.

MR. TRENT:
Northeastern Nevada has surpassed the national growth average for over three decades. Consequently, providing this air service would not be to a “backwater” area, but rather to a vibrant and growing market for air travel.

LARRY J. SIGGELKOW (Chief Operating Officer, Vision Airlines):
I support S.B. 283. Please refer to my handout (Exhibit T). Vision Airlines is the only Nevada-based airline. Approving this service to Elko would create jobs and be an economic boon for the local economy.

SENATOR MATHEWS:
Where does your airline currently fly?

MR. SIGGELKOW:
The majority of our flights are out of North Las Vegas. We routinely fly to the Grand Canyon, Mesa, Arizona, and Carlsbad, California. We also provide charter service.

SENATOR COFFIN:
What do other States do to provide incentives for airlines to provide service to smaller communities?
MR. SIGGELKOW:
There are still many federal subsidies for essential air service contracts. Elko does not qualify for this federal funding because they have air service into Salt Lake City. In addition, some communities undertake advertising campaigns to encourage members of the community to use air travel rather than other means of transportation.

SENATOR COFFIN:
If you added an additional Nevada town to the route, one currently without air service, would this allow you to qualify for the federal grant?

MR. SIGGELKOW:
Ely would qualify for those federal funds. If we stopped in Ely as part of a service to Elko, part of that flight would be covered by the grant.

SENATOR COFFIN:
We should check with our Congressional delegation. We need air service between Elko and Las Vegas as well.

MR. TRENT:
In March 2007, the Boyd Group prepared a summary of their "Market Demand Analysis & Risk Abatement Program, Elko - Air Service" (Exhibit U). The Airline Deregulation Act of 1978 established the federal Essential Air Service program. This provides small communities with federal grant money to provide air service to "hub" airports. Neither Reno nor Las Vegas qualifies as a "hub." Minnesota and Illinois have programs which do essentially what S.B. 283 proposes.

MS. BART:
The U.S. Congress is currently in discussion with the Federal Aviation Administration regarding funding for small community air service. We do not know what the outcome will be and so should not rely on that.

Air service in Nevada translates into economic development and I would ask this Committee to look into economic development funding for this program. I would encourage Elko to look into greater local business involvement in this issue.

CHAIR RAGGIO:
We will close the hearing on S.B. 283 and open the hearing on S.B. 385.

SENATE BILL 385 (1st Reprint): Revises certain provisions relating to voter identification. (BDR 24-447)

BARRY GOLD (American Association of Retired Persons of Nevada):
Please refer to my prepared statement (Exhibit V). The American Association of Retired Persons (AARP) of Nevada opposes passage of S.B. 385. Over 125,000 senior citizens in Nevada could be negatively impacted by this legislation.

CHAIR RAGGIO:
What kind of identification do you suggest should be required by a person to vote in lieu of the photo identification card proposed in this bill?
SENATE COMMITTEE ON FINANCE
May 3, 2007
Page 13

MR. GOLD:
Anything that has their address on it should suffice such as a bill from the power company.

CHAIR RAGGIO:
Is this the position of the AARP?

MR. GOLD:
Yes, it is.

CHAIR RAGGIO:
We will also include in the record a message (Exhibit W) sent to the Committee by the League of Women Voters opposing passage of S.B. 385.

SENATOR BEERS:
Taxicabs in Nevada will increase the number of coupon books from two to three a month. This may alleviate some of the transportation problems for senior citizens, who do not drive, in getting to the local Department of Motor Vehicles office to obtain a photo identification card.

SENATOR MATHEWS:
If the taxicab drivers believe you are traveling on a coupon, they will be unlikely to give you a ride.

CHAIR RAGGIO:
We will close the hearing on S.B. 385.

We will reschedule S.B. 421 and S.B. 422 for a hearing next week.

SENATE BILL 421: Makes various changes relating to facilities for transitional living for released offenders. (BDR 16-1307)

SENATE BILL 422 (1st Reprint): Requires the creation of a registry and inventory of greenhouse gases emitted in this State. (BDR 40-678)
CHAIR RAGGIO: There being no other business before the Committee, this meeting is adjourned at 6:31 p.m.

RESPECTFULLY SUBMITTED:

Michael Archer,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE: ________________________________