

**MINUTES OF THE MEETING
OF THE
LEGISLATIVE COMMISSION=S SUBCOMMITTEE
TO ENCOURAGE CORPORATIONS AND OTHER BUSINESS ENTITIES
TO ORGANIZE AND CONDUCT BUSINESS IN THIS STATE: SUB-SUBCOMMITTEE
TO REVIEW INCENTIVES OFFERED THROUGH
THE OFFICE OF THE SECRETARY OF STATE
FOR BUSINESSES TO LOCATE IN NEVADA
(Senate Concurrent Resolution No. 19, File No. 144, *Statutes of Nevada 1999*)
February 28, 2000
Carson City, Nevada**

The second meeting of the Legislative Commission=s Subcommittee to Encourage Corporations and Other Business Entities to Organize and Conduct Business in this State (S.C.R. 19): Sub-Subcommittee to Review Incentives Offered Through the Office of the Secretary of State for Businesses to Locate in Nevada was held on Monday, February 28, 2000, at 3:30 p.m., at the Legislative Building, 401 South Carson Street, Room 4100, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, 555 East Washington Avenue, Room 4401, Las Vegas, Nevada. Pages 2 and 3 contain the AMeeting Notice and Agenda.@

SUB-SUBCOMMITTEE MEMBERS PRESENT IN CARSON CITY:

Assemblyman David R. Parks, Chairman
Assemblyman Mark A. Manendo
Assemblywoman Bonnie L. Parnell
Scott Anderson, Secretary of State=s Office
John Fowler, State Bar of Nevada

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Allison Combs, Principal Research Analyst
Bradley A. Wilkinson, Principal Deputy Legislative Counsel
Jill E. Lusher, Deputy Legislative Counsel
Roxanne Duer, Senior Research Secretary

MEETING NOTICE AND AGENDA

Name of Organization: Sub-Subcommittee of the Legislative Commission=s Subcommittee to Study Methods to Encourage Corporations and Other Business Entities to Organize and Conduct Business in this State (S.C.R. 19): Review Incentives Offered Through the Office of the Secretary of State for Businesses to Locate in Nevada

Date and Time of Meeting: February 28, 2000
3:30 p.m.

Place of Meeting: Legislative Building

Room 3138
401 South Carson Street
Carson City, Nevada

Note: Some members of the Sub-Subcommittee may be attending the meeting, and other persons may observe the meeting and provide testimony, through a simultaneous video conference conducted at the following location:

Grant Sawyer State Office Building
Room 4401
555 East Washington Avenue
Las Vegas, Nevada

*If you cannot attend the meeting, you can listen to it live over the Internet. The address for the legislative web site is <http://www.leg.state.nv.us>. For audio broadcasts, click on the link *AListen to Meetings Live on the Internet.*@*

AGENDA

I. Opening Remarks and Introductions

Assemblyman David R. Parks, Chairman

*II. Approval of Minutes of January 24, 2000, Meeting

III. Update on Recommendations Regarding the Office of the Secretary of State Presented during the January 24, 2000, Meeting of the Sub-Subcommittee

Scott Anderson, Deputy Secretary of State for the Commercial Recordings Division and Advisory
Member of the S.C.R. 19 Subcommittee

IV. Public Testimony

*V. Discussion of Recommendations

VI. Adjournment

*Denotes items on which the Sub-Subcommittee may take action.

Note: We are pleased to make reasonable accommodations for members of the public who are disabled and wish to attend the meeting. If special arrangements for the meeting are necessary, please notify the Research Division of the Legislative Counsel Bureau, in writing, at the Legislative Building, 401 South Carson Street, Carson City, Nevada 89701-4747, or call Roxanne Duer, at 775-684-6825, as soon as possible.

Notice of this meeting was posted in the following Carson City, Nevada, locations: Blasdel Building, 209 East Musser Street; Capitol Press Corps, Basement, Capitol Building; City Hall, 201 North Carson Street; Legislative Building, 401 South Carson Street; and Nevada State Library, 100 North Stewart Street. Notice of this meeting was faxed for posting to the following Las Vegas, Nevada, locations: Grant Sawyer State Office Building, 555 East Washington Avenue; and Clark County Office, 500 South Grand Central Parkway.

OPENING REMARKS AND INTRODUCTIONS

Chairman Parks called the meeting to order and roll was called. He stated this meeting was a continuation of the January 24, 2000, meeting with any recommendations that may be chosen by the Sub-Subcommittee to pursue.

APPROVAL OF MINUTES OF JANUARY 24, 2000, MEETING

Scott Anderson, Deputy Secretary of State for the Commercial Recordings Division and Advisory Member of the S.C.R. 19 Subcommittee, requested a change to page seven of the meeting minutes beginning with the text A. . . a Trade Marks Division with a total of 14 FTE . . .@ to reflect nine (9) full- time employees.

Chairman Parks and Sub-Subcommittee members noted the change.

ASSEMBLYMAN MANENDO MADE A MOTION FOR APPROVAL OF MINUTES OF THE SUBCOMMITTEE=S MEETING HELD ON JANUARY 24, 2000, IN CARSON CITY, NEVADA. THE MOTION WAS SECONDED BY ASSEMBLYWOMAN PARNELL AND CARRIED UNANIMOUSLY.

UPDATE ON RECOMMENDATIONS REGARDING THE OFFICE OF THE SECRETARY OF STATE PRESENTED DURING THE JANUARY 24, 2000, MEETING OF THE SUB-SUBCOMMITTEE

Scott W. Anderson

Scott W. Anderson, Deputy Secretary of State for the Commercial Recordings Division and Advisory Member of the S.C.R. 19 Subcommittee, stated he was testifying on behalf on the Secretary of State Dean Heller, and as an advisory member of the Sub-Subcommittee. Mr. Anderson submitted a letter on behalf of the Secretary of State as part of his testimony (Exhibit A). He said his testimony would be limited to the reiteration of the main points he made in the January 24, 2000, meeting and to discussion of any new recommendations to the Sub-Subcommittee.

Mr. Anderson reported the following statistics:

- \$ The Office of the Secretary of State generated revenues of \$33,810,448 during Fiscal Year (FY) 1999.
- \$ Approximately \$26 million was generated by the Commercial Recordings Division and related divisions.
- \$ Revenues in excess of \$38 million are expected for FY 2000 with an estimated \$30 million generated by these divisions.
- \$ The Office of the Secretary of State returns nearly \$5 of every \$6 received to the General Fund, returning \$28,043,776 in FY 1999.
- \$ Revenue generated per FTE has risen from \$103,701 in fiscal year 1987 to \$348,561 in FY 1999.
- \$ These trends are continuing for FY 2000.

Mr. Anderson explained that the following items were discussed in previous hearings, yet it is necessary to discuss them again to reiterate their importance:

- \$ Technology is by far the most important area in which the Office of the Secretary of State can improve efficiency and the accuracy of the filings which are processed. This office can offer services that most states cannot. The following areas of technological advancement will be necessary over the next few years:
 - 11 New database filing application.
 - 12 Imaging.
 - 13 Improvements to hardware.

14 Training of staff.

\$ Staffing

1 Staff levels need to be maintained at a level where adequate training and paid time off can be offered without affecting the turnaround time to the filing process.

2 Funding for adequate staff training in all areas of the office is important.

\$ Space constraints

15 The Carson City historical building location offers constraints to the Secretary of State=s office.

16 The Las Vegas location offers limitations. Future plans to make Las Vegas a full service office, similar to Carson City, will require more space. There are nine staff members with room for approximately ten during a regular shift in the Grant Sawyer State Office Building.

\$ Working hours

17 Extended hours.

18 Extra shifts.

19 Bradley A. Wilkinson, Principal Deputy Legislative Counsel, Legislative Counsel Bureau, has informed Mr. Anderson that a statutory change would not be necessary in order to extend the office hours, add additional shifts, and include holiday and weekend hours. However, there may be a statutory change needed in the opinion of the Office of the Attorney General.

\$ Fees

110 A plan for increasing fees or modifying the current fee structure is not yet available due to the complexity of the issue. The goal is to devise a fee structure that benefit the State and will be acceptable to the customers. There will be a complete presentation at the next meeting of the full Subcommittee.

\$ A special services account revision is needed to enhance the services of the Office of the Secretary of State. Two options are:

111 Increase the \$2 million cap to allow service enhancements.

112 Make General Fund provisions for ongoing operational expenditures.

\$ Advertising and Promotional Budget

113 Existing entities need to be targeted.

114 New entities need to be targeted.

An informal survey of other offices of Secretaries of State revealed that they did not have a marketing line item. Laura Marble, Delaware, told Mr. Anderson that their contracts indicated approximately \$100,000 in advertising and promotional work through the State of Delaware. Nevada=s Secretary of State will put a similar number to this amount in his future budget.

Mr. Anderson listed the following as recommendations of John Fowler, Business Law Section of the State Bar of Nevada:

\$ Two-hour, four-hour, or same day expedited filing.

- \$ Immediate facsimile or electronically mailed confirmation of a filing or receipt of filing.
- \$ Pre-clearing of documents.
- \$ Extended hours of operation.
- \$ Internet access to documents.
- \$ Replacement of current software system.

Mr. Anderson said the Secretary of State supports the recommendations of Mr. Fowler, as well as those given by Nancy Gaches, PARASEC, Ray Bacon, Nevada Manufacturers Association, and Terry Chilcoat, resident agent in Nevada. However, the only way he can fully support and implement these recommendations, as well as those proposed by his office is through the support of the Legislature. He said the Legislature=s approval of monetary requests, both in the interim and during the regular session, are vital to the advancement of the Office of the Secretary of State and its ability to generate revenue. He reminded the Sub-Subcommittee that passage of proposed legislation is also vital.

Mr. Anderson said the Secretary of State currently has two major items before the Interim Finance Committee to be considered prior to and the commencement of the 2001 Legislative Session. He urged the Sub-Subcommittee, and the full Subcommittee=s support of the following items:

- \$ Funding for the relocation of a large portion of the Office of the Secretary of State currently located in Carson City to the Meyers Annex Building.
- \$ Funding for the new software system.

Mr. Anderson requested a formal recommendation by the Sub-Subcommittee and the full subcommittee to the Interim Finance Committee for approval of these two items. He said a recommendation would be valuable to the efforts to receive the funding necessary to improve services.

Mr. Anderson concluded by reading the following statement:

The Secretary of State strives daily to make his offices more efficient and convenient for our citizens and is dedicated in his efforts to maintain and improve the services provided by his office. Through the support of the subcommittee and the 2001 Legislature, he will continue to make this office one of the easiest and efficient to deal with. We appreciate the support received in the past from the Legislature, both during the regular sessions and in the interim, and look forward to your continued support.

Assemblywoman Parnell asked Mr. Anderson to provide a line item cost for each of the recommendations he listed. Mr. Anderson said he could provide a figure for the move to the Meyers Annex Building, but indicated that bids from software companies were delaying the needs analysis. She asked for an appropriate figure, but Mr. Anderson said the range was too wide. He said the cost for the relocation to the Meyers Annex Building is approximately \$609,000. He said this figure included the relocation of approximately 52 staff members, the retrofit, reconfiguration of existing space, and new ergonomic office equipment.

In response to Chairman Park=s question about software, Mr. Anderson said that the Technology Information Officer, the Administrative Services Director, and he had traveled to the Office of the Nebraska Secretary of State to view the software and were satisfied with its performance. He said Nebraska has a sole-source provider of similar types of information which Nevada also utilizes. Mr. Anderson said representatives from Nevada=s Department of Information Technology have been involved in this process and have indicated the software is acceptable.

PUBLIC TESTIMONY

Monte Miller

Monte Miller, President, Nevada Holding Services Incorporated (NHS), Las Vegas, explained NHS is a domicile service provider in Nevada with a client base of 400 companies nationwide that have incorporated in Nevada. He said NHS works closely with the Office of the Secretary of State to attract approximately 100 new business to Nevada each year. Mr. Miller expressed the following:

- \$ Fee schedule changes need to remain attractive to potential companies who are considering incorporating and doing business in Nevada.
- \$ The potential changes should be compared to more than just Delaware. Comparisons with the states of Arizona, California, North Dakota, South Dakota, Utah, and Wyoming should also be made.
- \$ The final result for the proposed business court should include the best fee schedule in the nation while still attracting more revenue to Nevada.
- \$ Nevada should have a large gap in fee schedules from Delaware=s program in order to stay competitive.

Mr. Miller concluded with a suggestion that the resident agent program, the Keene Mines, and the Secretary of State=s Office could be a source of assistance in setting these fees.

DISCUSSION OF RECOMMENDATIONS

Chairman Parks referred to the list the recommendations prepared by LCB staff (Exhibit B). He advised Sub-Subcommittee members that motions would be made on recommendations to be made to the full Subcommittee which meets on March 24, 2000. He asked Allison Combs, Principal Research Analyst, Legislative Counsel Bureau, Research Division, Carson City, to lead a discussion of items for consideration.

Ms. Combs reviewed the following items for possible recommendations:

- \$ The technology item contains:
 - 11 The new database filing application proposal.
 - 12 A proposal to begin imaging all documents.
 - 13 The proposal to change computer hardware within the Office of the Secretary of State to meet the needs of a new network to respond to increased web traffic.
 - 14 The proposal to train the staff who work in the technology-related nontraditional forms of doing business.

Assemblywoman Parnell expressed a desire for additional assurances regarding the ability of the new program to meet and adapt to Nevada=s needs.

Mr. Anderson clarified the point in his testimony that Sterling Software representatives were actively participating in the software discussions and were supportive of the concept of the new database filing applications.

ASSEMBLYMAN PARKS MOVED THAT THE S.C.R. 19 SUBCOMMITTEE SUPPORT THE CONCEPTS OF THE NEW DATABASE FILING APPLICATIONS, IMAGING, ACQUISITION OF SUITABLE HARDWARE FOR THE TECHNICAL

UPGRADES, AND COMPUTER TRAINING OF STAFF. THE MOTION WAS SECONDED BY ASSEMBLYWOMAN PARNELL AND CARRIED UNANIMOUSLY.

Ms. Combs continued with the list of recommendations (Exhibit B).

§ The staffing and training item contains:

- 1 Additional staff to accommodate office growth.
- 2 A proposal for in-house training. The Office of the Secretary of State would like to customize and standardize staff training without the need to rely on the scheduling and availability of State Personnel by utilizing in-house training.

ASSEMBLYMAN PARKS MOVED THAT THE S.C.R. 19 SUBCOMMITTEE SUPPORT THE REQUESTS FOR ADDITIONAL STAFFING AND TRAINING. THE MOTION WAS SECONDED BY ASSEMBLYWOMAN PARNELL AND CARRIED UNANIMOUSLY.

§ The space constraints contains proposals to:

- 1 Relocate the Commercial Recordings Division to its annex.
- 2 Examine the possibility of expanding the operation of the Las Vegas Office to a full service office. @
At this time, the Las Vegas office does not have the physical capacity to accommodate a proposal to expand its operation, which currently provides expedited service on a variety of filings only.

Responding to Chairman Parks' inquiry, Mr. Anderson said the Las Vegas Office planned to incorporate the moving of operations into a budget item request from the Office of the Secretary of State.

John Fowler, Chairman, Business Law Section of the State Bar of Nevada and an Advisory Member of the S.C.R. 19 Subcommittee, commented that a full service Las Vegas Office was necessary to serve the population growth and commercial center there and suggested that it occur in the near future.

ASSEMBLYMAN PARKS MOVED THAT THE S.C.R. 19 SUBCOMMITTEE SUPPORT THE REQUEST TO ADDRESS SPACE CONSTRAINTS INCLUDING THE REALLOCATING OF COMMERCIAL RECORDINGS DIVISION AS WELL AS THE OPERATION OF THE LAS VEGAS OFFICE. THE MOTION WAS SECONDED BY ASSEMBLYWOMAN PARNELL AND CARRIED UNANIMOUSLY.

Assemblywoman Parnell asked if staff could be directed to advise the Legislative Committee's Interim Finance Committee that the Sub-Subcommittee is in support of the \$610,000 allocation to the Office of Secretary of State. Chairman Parks agreed, and directed LCB staff to make the notification.

§ The expansion of working hours item addressees: (1) the increased demand of services; (2) decreased space; (3) decreased time constraints; and (4) office hours. According to Brad Wilkinson, Principal Deputy Legislative Counsel, Legislative Counsel Bureau, Legal Division, a statutory change to NRS 281.110 is not necessary.

Mr. Anderson noted concern for a possible interpretation of the statute preclude any extensions of hours on legal holidays, and requested clarification on this issue. Mr. Wilkinson responded that the language states a business has the choice of doing business on weekends and legal holidays.

ASSEMBLYMAN PARKS MOVED TO RECOMMEND TO THE S.C.R. 19 SUBCOMMITTEE THAT AN AMENDMENT TO N.R.S. 281.110 BE CONSIDERED TO ALLOW THE OFFICE OF THE SECRETARY OF STATE TO EXTEND ITS HOURS SHOULD LEGAL COUNSEL DETERMINE THAT STATUTORY CLARIFICATION IS REQUIRED. THE MOTION WAS SECONDED BY ASSEMBLYWOMAN PARNELL AND CARRIED UNANIMOUSLY.

\$ The fee item did not receive any formal recommendations. Although the Sub-Subcommittee received no specific recommendations with regard to increasing fees or modifying the Office of the Secretary of State=s fee structure, testimony indicated that Mr. Anderson, Mr. Fowler, and resident agents in Nevada are working on recommendations regarding fees to be presented at the next meeting of the S.C.R. 19 Subcommittee on March 24, 2000.

Ms. Combs indicated the prior testimony supported the changes in the fees, but not to the level of negatively impacting the State, the income to the State, or to decrease Nevada=s appeal to incorporating businesses.

ASSEMBLYMAN PARKS MOVED FOR A RECOMMENDATION THAT THE S.C.R. 19 SUBCOMMITTEE CONSIDER A SET OF FEES BE DEVELOPED. THE MOTION WAS SECONDED BY ASSEMBLYMAN MANENDO AND CARRIED UNANIMOUSLY.

\$ The Special Services Account item generated the following points:

115The Special Services Account consists of fees collected for expedited services.

116On June 30 of each year, all revenues in excess of \$2 million are moved from this account into the State General Fund. Of the \$2 million over \$1,900,000 is reserved for budgetary items.

117The Office of the Secretary of State would like to use this money for the expansion of services.

Ms. Combs said that any changes to the Special Services Account, under Subsection 3 of NRS 225.140 will require statutory changes. Mr. Anderson suggested two ways to address this:

\$ Increase the \$2 million cap.

\$ Provide operating expenses through the State General Fund and the Special Services Account would be utilized for Acurrent enhancements of service.@

Mr. Anderson added the special revenue account is where the expedite, and additional fees are placed. He explained that in the past, the account contents are depleted every June 30, leaving a \$2 million balance from which \$109,000 is reserved for salaries and the remaining funds are set aside for operating expenses. A raise in the cap will allow more funds to be available to cover the operating expenses, new programs, and enhancements. Mr. Anderson suggested that if a cap increase is not possible, then the proposed items could be paid from the General Fund.

ASSEMBLYMAN PARKS MOVED TO RECOMMEND THAT THE S.C.R. 19 SUBCOMMITTEE CONSIDER REVIEW OF THE STATUTORY LANGUAGE CURRENTLY IN PLACE TO EXAMINE WAYS TO CREATE GREATER FLEXIBILITY REGARDING THE USE OF THE SPECIAL SERVICES ACCOUNT. THE MOTION WAS SECONDED BY ASSEMBLYMAN MANENDO AND CARRIED UNANIMOUSLY.

Mr. Anderson said he would provide more detailed recommendations and information regarding this account at the next meeting of the S.C.R. 19 Subcommittee on March 24, 2000.

Continuing, Ms. Combs referred to the issue of advertising and promotion (Exhibit B).

\$ Proposal to add a line item to the budget for the Office of the Secretary of State to provide:

118Advertising.

119Campaigns to attract businesses to Nevada.

Ms. Combs noted that Mr. Anderson suggested \$100,000 as a figure to consider for a line-item budget figure. She said 17 responses from states surveyed revealed that Delaware appears to be the only state with advertising in its budget for the Office of Secretary of State.

Mr. Anderson stated that a line-item of \$100,000 is included in the upcoming budget for marketing and promotion. He said this figure was chosen conservatively, and Nevada may require more.

Assemblywoman Parnell commented that the State of Virginia has a television commercial for economic diversification to attract businesses. She suggested that Mr. Anderson contact the State of Virginia and inquire as to how much a television commercial costs. Mr. Anderson said magazine advertisement in trade publications such as *Forbes* and the *Wall Street Journal* are being considered as well as national campaigns.

Ms. Combs reported states in the survey indicated that marketing promotions are handled through their respective Commission=s on Economic Development.

ASSEMBLYWOMAN PARNELL MOVED TO RECOMMEND THAT THE S.C.R. 19 SUBCOMMITTEE CONSIDER THE CONCEPT OF ADVERTISING AND PROMOTION AND TO IDENTIFY A FUNDING SOURCE, WHETHER IT IS THROUGH THE OFFICE OF THE SECRETARY OF STATE OR ANOTHER ENTITY. THE MOTION WAS SECONDED BY ASSEMBLYMAN MANENDO AND CARRIED UNANIMOUSLY.

Continuing, Ms. Combs referred to the issue of expedited services (Exhibit B).

\$ The expedited services item contained:

- 1 A proposal for same day, or less, services. Nevada should offer two- or four-hour, or at least same day, expedited filings. A statutory change would be required to alter the current maximum \$100 fee for same day, or less, services.
- 2 A written confirmation proposal suggests proof of written confirmation be provided by facsimile, or electronic, of a filed document upon receipt or when paperwork is recorded.
- 3 A proposal of Apre-clearing of documents on the same day.@ This system would Apre-clear@ documents on the same day, or on a two- or four-hour expedited basis, to ensure that complicated articles of merger are in proper order for filing.

Mr. Fowler said that changing the statute to provide for higher fees for the services is an excellent suggestion. Raising the fee from \$100 into the \$200 to \$500 range would provide the Office of the Secretary of State with flexibility to have this type of service self funded. He said that input from various resident agents and their associations would be useful.

Chairman Parks addressed an issue raised by Assemblyman Manendo regarding Nevada Governor Kenny Guinn=s position on not increasing fees. Chairman Parks pointed out that these fees are voluntary.

ASSEMBLYMAN PARKS MOVED TO RECOMMEND THAT THE S.C.R. 19 SUBCOMMITTEE CONSIDER EXPEDITED SERVICES, INCLUDING THE SAME DAY, OR LESS, SERVICES; PROVIDING WRITTEN CONFIRMATIONS; AND THE APRE-CLEARING@ OF DOCUMENTS; AND ALSO TO CONSIDER THE

NECESSARY STAFFING REQUIREMENTS TO PROVIDE THOSE SERVICES AND TO RECOMMEND CHANGING THE STATUTES TO ALLOW HIGHER FEES FOR THESE SERVICES. THE MOTION WAS SECONDED BY ASSEMBLYWOMAN PARNELL AND CARRIED UNANIMOUSLY.

Continuing, Ms. Combs referred to the issue of establishing a contact person (Exhibit B).

\$ The item of establishing a contact person within the Office of the Secretary of State to establish a system under which people filing documents can speak to the person most knowledgeable regarding the requirements involved with the filings they are submitting was discussed.

Chairman Parks asked if the software being used in Nebraska had the capacity to handle a similar type of situation. Mr. Anderson responded that an automated inquiry desk might include an application status function.

Mr. Anderson noted that a problem with the current computerized system is the inability to locate files or respond to inquiries within a reasonable period. He said the new system would be integrated and easier for the customer service staff to locate and relay information to the customer. He suggested that this item falls under the training issue, as an adequately trained staff will resolve this problem.

Mr. Fowler said the issue originally addressed attorneys being helped by the most knowledgeable person involved with the filings they are submitting. He said that scope was too narrow and all callers should receive the best assistance possible. He pointed out that this item was a staffing issue and that additional personnel may be trained to this level of responsibility. The goal should be to provide the customer with an experience in which: (1) their questions were heard; (2) their questions were intelligently answered; (3) the problems were addressed; and (4) solutions were found. He said, A happy customer will return.@

ASSEMBLYMAN PARKS MOVED TO RECOMMEND THAT THE S.C.R. 19 SUBCOMMITTEE CONSIDER AS PART OF ITS EARLIER RECOMMENDATION REGARDING TRAINING, A CONTACT PERSON AND/OR SOFTWARE DEVELOPMENT THAT WOULD KEEP THE PERSON WHO FILES DOCUMENTS INFORMED. THE MOTION WAS SECONDED BY ASSEMBLYWOMAN PARNELL AND CARRIED UNANIMOUSLY.

Continuing, Ms. Combs referred to the list of items for consideration (Exhibit B).

\$ The item of office hours including the proposal to extend office hours was agreed upon by the Subcommittee as redundant to the working hours item.

\$ The item of establishing a program for Internet access was also agreed upon by the Subcommittee as redundant to the technology item.

\$ The salaries for Deputies in the Office of the Secretary of State item was not a formal recommendation, and noted as an informational issue.

Chairman Parks said it was his understanding that the State of Nevada performs periodic evaluations of classifications and compensation within state agencies. He asked if this disparity in salaries was requested for analysis? Mr. Anderson said there is no request for analysis on record. He said the analysis currently being conducted by the Department of Personnel is for the classified positions. The unclassified positions have not been analyzed, and there is some speculation about a practice of Abumping up the pay rates@ of unclassified employees. He stated that the Secretary of State expressed a need for an even salary scale between the offices, and regarding the Chief Deputy, and the Deputy positions.

Assemblywoman Parnell pointed out that it is the Governor=s prerogative to determine the salaries. She said she has experienced random increases in salaries, where some positions experience a \$25,000 increase and other positions remain the same. She said there has never been any clear cut rationale and asked if the legislative body has any jurisdiction in this matter.

Chairman Parks responded that the Governor does have control over state departments that are not supervised by a constitutional officer. He said the item today involved the salary inequities in departments which are headed by a constitutional officer. He said he wanted to see further analysis and information from the Department of Personnel regarding their actions in this area, and comparative analyses which examine discrepancies between these types of jobs in other states.

ASSEMBLYMAN PARKS MOVED TO RECOMMEND THAT THE S.C.R. 19 SUBCOMMITTEE CONSIDER AN EVALUATION OF THE CHIEF DEPUTY=S POSITION IN THE STATE TREASURER=S OFFICE IN COMPARISON TO THE SAME POSITION IN THE OFFICE OF THE SECRETARY OF STATE FOR COMPARISON OF DUTIES WITH OTHER STATE POSITIONS FOR POSSIBLE RECOMMENDATION AT A FUTURE TIME FOR ALLEVIATING ANY DISCREPANCIES IN SALARIES. THE MOTION WAS SECONDED BY ASSEMBLYWOMAN PARNELL AND CARRIED UNANIMOUSLY

\$ The item of establishing a marketing budget item was agreed upon by the Sub- subcommittee as redundant to the advertising and promotion item.

Chairman Parks asked the Sub-subcommittee members for additional recommendations or areas for further analysis and consideration.

Assemblywoman Parnell stated that as a freshman legislator she would like to make several comments from what she has learned in the past several meetings:

\$ She is very impressed with the work done by the Office of the Secretary of State.

\$ She emphasized to the Sub-subcommittee members that the revenue generated by this office is impressive and their requests should be seriously considered.

Mr. Anderson said he agreed with Assemblywoman Parnell=s observations. He said that an opportunity to spend a few dollars to attract additional revenue should be realized. He pointed out that Atying the hands@ of the Office of the Secretary of State with statutory regulations would not benefit the state or its residents therein.

Chairman Parks said it was his understanding that the Office of the Secretary of State would utilize both the recommending committees and the budget process for funding resolution. Mr. Anderson said that was correct.

Chairman Parks then called for additional comment from the public.

Nancy Gaches

Nancy Gaches, Branch Manager, PARASEC, reiterated the comments made by Assemblywoman Parnell regarding the opportunity to help the Office of the Secretary of State generate more revenue through favorable marketing, staffing, and technology recommendations.

ADJOURNMENT

There being no other business to conduct, Chairman Parks entertained a motion for adjournment.

ASSEMBLYWOMAN PARNELL MOVED TO ADJOURN. THE MOTION WAS SECONDED BY ASSEMBLYMAN MANENDO AND CARRIED

UNANIMOUSLY.

The meeting was adjourned at 5:30 p.m.

Respectfully submitted,

Sally Kennedy
Senior Research Secretary

Allison Combs
Principal Research Analyst

Approved By:

Assemblyman David R. Parks, Chairman

Date

LIST OF EXHIBITS

Exhibit A is a three page letter dated February 28, 2000 from Secretary of State Dean Heller, and Scott W. Anderson, Commercial Recording Division, Carson City, to Assemblyman David R. Parks, Chairman, regarding items for recommendation.

Exhibit B is a packet of information submitted by Allison Combs, Principal Research Analyst, Legislative Counsel Bureau, Carson City, Nevada, containing the following:

- \$ A four-page document titled AList of Suggested Recommendations, S.C.R. 19 Sub-Subcommittee to Review Incentives Offered Through the Office of the Secretary of State,@ dated February 28, 2000, by Allison Combs.
- \$ A seven-page letter dated January 24, 2000, from Secretary of State Dean Heller, to Senator Mark James, Chairman, Legislative Commission=s Subcommittee on S.C.R. 19. with attachments A and B:
 - < Attachment A is an undated one page spreadsheet titled ASecretary of State - Analysis of Combined Revenues and Expenditures for the 13 years ended 6/30/99.@
 - < Attachment B is an undated two page spreadsheet titled ASecretary of State - Filing Statistics - All New Filings - Calendar Years 1994 through 1997.@
- \$ A one-page copy of NRS 378.070 (*Nevada Revised Statutes 1999*).
- \$ A six-page copy of information from web site www.state.de.us/corp/cfeestxt.htm titled ADelaware

Division of Corporations Fee Schedule July 31, 1997.@

- \$ A two-page copy of information from Web site www.state.de.us/cuc/corp/sch-fee.htm titled A Delaware Division of Corporations, Document Fee Calculation.@
- \$ A four-page copy of information from a Web site http://sos.state.nv.us/comm_rec/fees.htm titled A Dean Heller Nevada Secretary of State - Commercial Recording Fee Schedule.@
- \$ A two-page copy of information from a Web site http://sos.state.nv.us/comm_rec/copy_fees.htm titled A Dean Heller Nevada Secretary of State - Copies & Certification Services Fee Schedule,@ printed out on February 14, 2000.
- \$ A two-page copy of NRS 225.140 (*Nevada Revised Statutes 1999*).
- \$ A one-page copy of information from a Web site www.state.de.us/corp/special.htm titled A Delaware Division of Corporations, Expedited Services.@
- \$ An undated one-page copy of a table titled A Positions Listed in the 1999 Unclassified Pay Bill (Senate Bill 554, Chapter 558, *Statutes of Nevada 1999*).@

Exhibit C is the A Attendance Record@ for this meeting.

Copies of the materials distributed during the meeting are on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. You may contact the library at (775) 684-6827.