

# Journal

OF THE

## ASSEMBLY OF THE STATE OF NEVADA

---

TWENTY-FIFTH SPECIAL SESSION

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**THE FIRST DAY**

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CARSON CITY (Monday), December 8, 2008

Pursuant to the provisions of the Constitution and Statutes, the Assembly was called to order by Secretary of State Ross Miller at 9:07 a.m.

Prayer by the Chaplain, Terry Sullivan.

Let us pray. Thank You, for bringing us all here safely and we ask that You return us home the same way. We ask for Your blessing for this special session and pray for Your wisdom and guidance and especially for the ability to see clearly the issues before us. We ask these things in Whose Name we pray.

AMEN.

Pledge of allegiance to the Flag.

Mr. Secretary of State requested Ms. Susan Furlong Reil to serve as temporary Chief Clerk of the Assembly.

Mr. Secretary of State requested that the temporary Chief Clerk call the roll of the 42 Assemblymen-elect.

Roll called.

Present: Assemblymen Aizley, Anderson, Arberry, Atkinson, Bobzien, Buckley, Carpenter, Christensen, Claborn, Cobb, Conklin, Denis, Dondero

Loop, Gansert, Goedhart, Goicoechea, Grady, Gustavson, Hambrick, Hardy, Hogan, Horne, Kihuen, Kirkpatrick, Koivisto, Leslie, Manendo, Mastroluca, McArthur, McClain, Mortenson, Munford, Ocegüera, Ohrenschall, Parnell, Pierce, Segerblom, Settelmeyer, Smith, Spiegel, Stewart, and Woodbury.

Mr. Secretary of State appointed Assemblymen Koivisto, Mortenson, Conklin, Horne, Kihuen, Munford, Ohrenschall, Segerblom, Smith, Cobb, Gansert, Hambrick, and Settelmeyer as a temporary Committee on Elections, Procedures, Ethics, and Constitutional Amendments.

Assembly in recess at 9:11 a.m.

#### ASSEMBLY IN SESSION

At 9:19 a.m.

Mr. Secretary of State presiding.

Quorum present.

#### REPORTS OF COMMITTEES

*Mr. Secretary of State:*

Your temporary Committee on Elections, Procedures, Ethics, and Constitutional Amendments has had the credentials of the respective Assemblymen-elect under consideration, and begs leave to report that the following persons have been and are duly elected and qualified members of the Assembly of the 25th Special Session of the Legislature of the State of Nevada: Assemblymen Aizley, Anderson, Arberry, Atkinson, Bobzien, Buckley, Carpenter, Christensen, Claborn, Cobb, Conklin, Denis, Dondero Loop, Gansert, Goedhart, Goicoechea, Grady, Gustavson, Hambrick, Hardy, Hogan, Horne, Kihuen, Kirkpatrick, Koivisto, Leslie, Manendo, Mastroluca, McArthur, McClain, Mortenson, Munford, Ocegüera, Ohrenschall, Parnell, Pierce, Segerblom, Settelmeyer, Smith, Spiegel, Stewart, and Woodbury.

ELLEN KOIVISTO, *Chair*

#### MOTIONS, RESOLUTIONS AND NOTICES

Assemblywoman Koivisto moved the adoption of the report.

Motion carried unanimously.

Mr. Secretary of State appointed as a committee Assemblywoman McClain and Assemblyman Manendo to escort Chief Justice James W. Hardesty of the Supreme Court of the State of Nevada to the rostrum to administer the oaths of office to the Assemblymen.

Mr. Secretary of State announced if there were no objections, the Assembly would recess subject to the call of the Chair.

Assembly in recess at 9:21 a.m.

ASSEMBLY IN SESSION

At 9:26 a.m.

Mr. Secretary of State presiding.

Quorum present.

Chief Justice Hardesty administered the oaths of office to the Assemblymen.

Mr. Secretary of State requested the temporary Chief Clerk call the roll of those Assemblymen for whom Certificates of Election had been issued.

Roll called.

Present: Assemblymen Aizley, Anderson, Arberry, Atkinson, Bobzien, Buckley, Carpenter, Christensen, Claborn, Cobb, Conklin, Denis, Dondero Loop, Gansert, Goedhart, Goicoechea, Grady, Gustavson, Hambrick, Hardy, Hogan, Horne, Kihuen, Kirkpatrick, Koivisto, Leslie, Manendo, Mastroluca, McArthur, McClain, Mortenson, Munford, Ocegüera, Ohrenschall, Parnell, Pierce, Segerblom, Settelmeyer, Smith, Spiegel, Stewart, and Woodbury.

Mr. Secretary of State announced that there would be no temporary organization of the Assembly, and that all nominations were in order for permanent appointment.

Mr. Secretary of State declared that nominations were in order for Speaker.

Assemblyman Ocegüera nominated Barbara E. Buckley for Speaker.

Assemblywoman Gansert seconded the nomination.

Assemblywoman Leslie moved that nominations be closed.

Motion carried unanimously.

Mr. Secretary of State declared Barbara E. Buckley to be Speaker of the Assembly.

Mr. Secretary of State appointed Assemblyman Anderson and Assemblywoman Leslie as a committee to escort the Speaker to the rostrum.

Madam Speaker presiding.

Remarks by Madam Speaker.

Assemblyman Ocegüera requested that the following remarks be entered in the Journal.

MADAM SPEAKER:

I want to thank you for the honor of serving as Speaker. I want to let you to know that I will do my best to represent you and the State of Nevada. To the newly elected legislators, I welcome you. The Legislative Branch of government is one of the most important. We enact public policies and a budget to reflect our priorities and the kind of state we want to be. You will learn our traditions—traditions that have been passed on from some of our most wonderful legislators who preceded us. You will bring your own experiences and life views to us. It is the best process utilized in the world.

To our returning legislators, welcome back. We've all been given another opportunity by the people we serve to represent them. Every legislative session and special session is unique, but certain things never change. If we work as problem solvers, together we can create solutions to any problem facing our state.

It is easy to be a leader when times are good. When the economy is healthy, new programs are possible. Parents and business leaders ask you to retrofit high schools, to offer career and technical education programs and you can. Families beg you to set up treatment programs to help their children with autism, and you can. Judges ask you to set up new innovative programs such as mental health courts and drug courts, and you can.

It is not so easy when times are tough. But when they are, you need leadership more than ever. We are facing an unprecedented time here in Nevada and in our country. For months, the pundits were wondering whether our country was in a recession or not. But Nevadans weren't wondering. Nevada leads the nation with 1 out of every 74 homes in foreclosure, the highest rate in the nation for 22 consecutive months. The mortgage industry meltdown has eroded property values. It is estimated that 48 percent of Nevadans owe more on their mortgages than their homes are worth. Construction has screeched to a halt. Many businesses are hanging on by a thread. Visitors across the country and across the world are reeling from the economic downturn and are staying home or spending less, causing our General Fund revenue to dive in a freefall. Our unemployment rate is rising; we are now at 7.5 percent, well above the national average of 6.5 percent. Mounting job losses mean that our locals are spending less. This fiscal year alone, we have our revenue projections get adjusted lower and lower. Just when we think things can't get worse, they do.

Before this special session, we reduced revenue over the biennial budget by \$1.1 billion, and now we're facing an additional revenue loss of \$340 million. Combined with previous reductions, we see an overall drop of more than 21 percent in our state revenue. At the same time, our kids still need schools. The nursing home bills of our seniors still need to be paid. Violent criminals still need to be kept in prison. Highway patrolmen are still needed to patrol roads.

Ninety-three percent of our state funding goes three places: education, health and human services, and public safety. So when we have major declines in our revenue, they hurt the three most important functions of state government—our three most important programs. Thus far, the reductions that have been taken, either by the Governor unilaterally or in the other sessions when we worked collaboratively, have included the following:

- \$173.5 million in cuts to K through 12 while our schools are ranked forty-seventh nationally.
- \$83.8 million in cuts to higher education when our colleges and universities rank forty-ninth in the nation for funding.
- \$26.5 million in cuts to prisons, closing one prison, one conservation camp, and one section of the Nevada State Prison and leaving 20 percent of the positions in the Department of Corrections vacant.
- \$5.6 million in cuts to Parole and Probation, leaving 17 percent of the positions cut in that department, with some caseloads now at 700 when the recommended level is 100.
- \$113 million cut to the Department of Health and Human Services. These cuts have closed mental health clinics, cut Medicaid reimbursements by 5 percent, and created reductions of personal care to our most vulnerable senior citizens. Fifteen percent of all the positions in the Department of Health and Human Services are now vacant at a time when caseloads are soaring.
- We returned \$45 million to the federal government because we no longer had the match available in state funds in Health and Human Services.

- We've drained the Rainy Day Fund. We've stopped every construction project. We've halted maintenance projects, and we've drained just about every reserve account we can find.

Now we are faced with a changed projection in the middle of the fiscal year, and we must balance the budget. Unlike the federal government and California, gridlock is not an option. If we were to implement across-the-board cuts right now in order to balance the budget and had 12 months to do it, it would require a further 10 percent across-the-board cut. But we only have six months of the fiscal year left, and so if we were to adopt across-the-board cuts to balance the budget right now, we would have to enact a 20 percent cut to education, health and human services, and public safety.

Can we reduce funding to education, health and human services, and public safety by 20 percent? The answer is a simple "no," and so the bills that will be introduced today represent an alternative. They include sweeping reserves from every account left and targeted cuts suggested by agency directors. It also includes a line of credit of \$160 million which could be utilized if our existing ending fund balance of \$189 million is not sufficient to provide cash flow through the end of the fiscal year. No one would recommend any of these options if the economic conditions were not so unprecedented. No one would recommend these options at all—except when you consider the alternatives. If we didn't utilize the line of credit, we would be facing alternatives such as closing Summit View, the correctional center for the most violent juvenile offenders; reducing Medicaid payments to nursing homes, physicians, and hospitals around the state, forcing probably some to close their doors; and shifting students in classrooms doubled in size. These aren't scare tactics—these are real scenarios that we considered and rejected as not being feasible.

And our challenges are not over. For the next biennium, the Economic Forum has indicated that our revenues will drop by 34 percent—34 percent. What that means if you look back in the last four years—our General Fund revenues are projected to increase 1.26 percent while the state's population is expected to grow by 4.5 percent. The state's prison population will increase by 24.3 percent. Students enrolled in K through 12 education will increase by 9.4 percent. Higher education enrollment will grow by 9.2 percent. Medicaid caseloads will grow by 13 percent, and at the same time, the Consumer Price Index will increase by 9 percent.

Our work here today is as crisis managers. When we come back, there will be no Band-Aids left. We will have to come back with a clear focus—how to weather this financial storm and how to be less susceptible to the boom and bust cycle that Nevada experiences every ten years. We need to develop solutions that balance two things. Education, health care, and public safety cannot withstand a 34 percent cut, and many Nevada families and businesses are holding on by a thread.

We know that the economy will turn around. Our nation and our state have some of the best and brightest minds, and our potential is limitless. The economy will turn around; it is just a matter of when. If we, as state leaders, create permanent change as a result of this economic downturn—change that includes an examination of spending so that our rankings in critical areas improve, the creation of a forced savings account so that we address boom-and-bust cycles, and ensuring adequate revenue is available to fund our spending priorities so that we meet our goals as a state—we will create a stronger state for the Nevadans who just elected us to meet these challenges.

Thank you for the honor that you have given me here today. Working together, we can create a better Nevada for all those who have placed their trust in us. Thank you.

A committee from the Senate composed of Senators Lee, Breeden, and McGinness appeared before the bar of the Assembly and announced that the Senate was organized and ready for business.

Madam Speaker declared that nominations were in order for Speaker pro Tempore.

Assemblyman Arberry nominated Assemblyman Anderson for Speaker pro Tempore.

Assemblyman Christensen moved that nominations be closed.

Madam Speaker declared Assemblyman Anderson to be Speaker pro Tempore of the Assembly.

Madam Speaker declared that nominations were in order for Chief Clerk.

Assemblyman Conklin nominated Ms. Susan Furlong Reil to be Chief Clerk.

Assemblyman Goicoechea moved that nominations be closed.

Motion carried.

Madam Speaker declared Ms. Susan Furlong Reil to be Chief Clerk of the Assembly.

Madam Speaker appointed Assemblymen Oceguela, Anderson, and Gansert as a committee to inform the Governor that the Assembly was organized and ready for business.

Madam Speaker appointed Assemblymen Leslie, Conklin, and Stewart as a committee to inform the Senate that the Assembly was organized and ready for business.

Madam Speaker announced that if there were no objections, the Assembly would recess subject to the call of the Chair.

Assembly in recess at 10:01 a.m.

#### ASSEMBLY IN SESSION

At 10:05 a.m.

Madam Speaker presiding.

Quorum present.

#### MOTIONS, RESOLUTIONS AND NOTICES

Assemblywoman Leslie reported that her committee had informed the Senate that the Assembly was organized and ready for business.

Madam Speaker announced if there were no objections, the Assembly would recess subject to the call of the Chair.

Assembly in recess at 10:05 a.m.

ASSEMBLY IN SESSION

At 10:11 a.m.  
Madam Speaker presiding.  
Quorum present.

Assemblyman Ocegüera reported that his committee had informed the Governor that the Assembly was organized and ready for business.

MOTIONS, RESOLUTIONS, AND NOTICES

Assemblyman Ocegüera moved that the reading of the Proclamation by the Governor convening the Legislature into a Special Session be dispensed with and that the Proclamation be entered into the Journal.

Motion carried.

COMMUNICATIONS

MESSAGES FROM THE GOVERNOR

STATE OF NEVADA  
OFFICE OF THE GOVERNOR  
EXECUTIVE ORDER

A PROCLAMATION BY THE GOVERNOR:

WHEREAS, Section 9 of Article 5 of the Constitution of the State of Nevada provides that "The Governor may on extraordinary occasions, convene the Legislature by Proclamation and shall state to both houses when organized, the purpose for which they have been convened, and the Legislature shall transact no legislative business, except that for which they were especially convened, or such other legislative business as the Governor may call to the attention of the Legislature while in Session;" and

WHEREAS, the State of Nevada and its citizens are facing perhaps the worst fiscal and economic crisis since statehood; and

WHEREAS, the State unemployment rate is 7.5% and rising; and

WHEREAS, general fund revenues for the current biennium have consistently come in at amounts significantly less than the amounts appropriated by the Legislature at its Seventy-Fourth Session; and

WHEREAS, upon my direction and recommendation and with the approval of the Legislature's Interim Finance Committee and with the approval of the Twenty-Fourth Special Session, general fund spending for the current biennium has already been reduced by over one billion dollars; and

WHEREAS, despite such unprecedented spending reductions, the State continues to face steep declines in general fund revenues; and

WHEREAS, increasing taxes during these economic times would place an additional burden on already struggling Nevada families and businesses and could cause further job losses; and

WHEREAS, the Economic Forum convened on December 1, 2008, and the economic projections from that body establish that the total general fund revenues for the current biennium will continue to decrease, and will be at least another 340 million dollars less than the total general funds appropriated by the Legislature at its Seventy-Fourth Regular Session and at its Twenty- Third and Twenty-Fourth Special Sessions; and

WHEREAS, believing that an extraordinary occasion now exists which requires immediate action by the Legislature in order to preserve the integrity and viability of the General Fund for fiscal year 2009 and thereby allow for the continuation of vital services;

NOW, THEREFORE, I, JIM GIBBONS, GOVERNOR OF THE STATE OF NEVADA, by virtue of the authority vested in me by the Constitution of the State of Nevada, do hereby convene the Legislature into a Special Session to consider the following solutions to the general fund shortfall for the current biennium:

1. Reversion to the general fund of certain amounts in non general fund accounts.
2. Reserve certain general fund appropriations made to fund operating budgets from the Seventy-Fourth Session of the Legislature.
3. Amendments to Chapters 349 and 355 of the Nevada Revised Statutes to establish a line of credit for the State of Nevada from the Local Government Pooled Investment Fund, with the assurance that local government revenue streams will not be impacted by the repayment of the line of credit.
4. Amendments to Nevada Revised Statutes § 362.100 et seq. to accelerate and advance the payment schedule of the net proceeds of minerals tax, with consideration of whether this enactment should be limited by a sunset provision.
5. Redirection to the general fund a portion of the amounts in the Trust Fund for Public Health established by Nevada Revised Statutes § 439.605 et seq. as agreed upon in Assembly Concurrent Resolution No. 2 of the Twenty-Fourth Special Session of the Legislature.
6. Reversion to the general fund a portion of the appropriations made to the Account for Programs for Innovation and the Prevention of Remediation established by Nevada Revised Statutes § 385.379.
7. Any other actions directly related to a solution for the projected general fund revenue shortfall for the current biennium.

The Legislature shall consider no matters other than those matters directly related to addressing the general fund revenue shortfall for the current biennium. During the Special Session, the Legislature may also consider any other matters brought to the attention of the Legislature by the Governor. The Special Session shall begin at 9:00 a.m. (Pacific Standard Time) on Monday, December 8, 2008 and shall end not later than 11:58 p.m. (Pacific Standard Time) on Tuesday, December 9, 2008.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of Nevada to be affixed at the State Capitol in Carson City this 5th day of December, in the year two thousand eight.

Jim Gibbons  
*Governor*

Ross Miller  
*Secretary of State of Nevada*

OFFICE OF THE GOVERNOR

JIM GIBBONS  
GOVERNOR

CARSON CITY, NEVADA, December 5, 2008

The Honorable Barbara Buckley, *SPEAKER OF THE ASSEMBLY*, NEVADA STATE ASSEMBLY,

401 SOUTH CARSON STREET, CARSON CITY, NEVADA 89701

TO THE HONORABLE MEMBERS OF THE NEVADA STATE ASSEMBLY:

The Nevada State Constitution, in Article 5, Section 9, provides that the Governor may on extraordinary occasions convene a special session of the Legislature by proclamation.

As we all know, general fund revenues for the current biennium continue to come in at significantly lower amounts than the general funds appropriated by the Legislature in its Seventy-Fourth regular session. In June, I called the Legislature into special session to respond to decreased revenues. Although we all worked together to address the revenue shortfall at that time, the spending reductions that came out of that special session have proven to be insufficient. On December 1, 2008, the Economic Forum convened and determined that the general fund will be at least another \$340 million short in the current fiscal year. In June I called this a budget crisis of unprecedented magnitude and the severity of this crisis has only increased since that time.

Working together, we have already identified and implemented well over a billion dollars in spending reductions to address our fiscal crisis. However, as the amount of the budget deficit continues to grow, it has become necessary to convene a special session of the Legislature to help find appropriate and responsible solutions.

I have therefore issued a proclamation calling the Legislature into a Special Session. In that proclamation, I identify several options that will not only solve the current revenue shortfall, but will show our citizens that their elected officials are willing to make the tough decisions necessary to maintain a balanced budget in difficult economic times.

Among those options are areas I believe the Legislature should consider, including reductions to state operating budgets, reductions and transfers of funds in nongeneral fund accounts, the establishment of a line of credit, the acceleration of payment for the net proceeds of minerals tax, and a reconsideration of some other budget solutions that were agreed upon by the Legislature earlier this year but have yet to be implemented. I believe the recommendations will resolve the budget deficit for the current fiscal year and will allow the State to focus on an even more significant fiscal challenge—the preparation and enactment of a responsible and balanced budget for the next biennium. Even more importantly, the recommendations provide a solution that does not involve raising taxes on our citizens.

I have not limited the special session to my recommendations, although the scope of the special session has been otherwise defined and limited in the proclamation. Consider only the matters set forth in the proclamation.

All of our citizens are hopeful that your efforts will meet with success.

Sincerely,  
JIM GIBBONS  
*Governor*

MOTIONS, RESOLUTIONS AND NOTICES

By the Committee of the Whole:

Assembly Resolution No. 1—Providing for the appointment of attachés.

RESOLVED BY THE ASSEMBLY OF THE STATE OF NEVADA, That the following persons are elected as attachés of the Assembly for the 25th Special Session of the Legislature of the State of Nevada: Matthew Baker, Robin Bates, Lucinda Benjamin, Katelyn Cantu, Jeanne Douglass, Jason Hataway, Theresa Horgan, Barbara Houger, Diane Keetch, Toshiko McIntosh, Sharon Murphy, Christie Peters and Terry Sullivan.

Assemblyman Ocegüera moved the adoption of the resolution.

Remarks by Assemblyman Ocegüera.

Resolution adopted.

By the Committee of the Whole:

Assembly Resolution No. 2—Providing that no allowances will be paid for the 25th Special Session of the Nevada Legislature for periodicals, stamps, stationery or communications.

Assemblyman Ocegüera moved the adoption of the resolution.

Remarks by Assemblyman Ocegüera.

Resolution adopted.

By the Committee of the Whole:

Assembly Resolution No. 3—Adopting the Rules of the Assembly for the 25th Special Session of the Nevada Legislature.

RESOLVED BY THE ASSEMBLY OF THE STATE OF NEVADA, That the following Rules of the Assembly for the 25th Special Session of the Legislature are hereby adopted:

**I. APPLICABILITY**

*Rule No. 1. Generally.*

*The Rules of the Assembly for the 25th Special Session of the Legislature are applicable only during the 25th Special Session of the Legislature.*

**II. OFFICERS AND EMPLOYEES**

*Rule No. 2. Speaker of the Assembly.*

*1. All officers of the Assembly are subordinate to the Speaker in all that relates to the prompt, efficient and correct discharge of their official duties under the Speaker's supervision.*

*2. Possessing the powers and performing the duties described in this rule, the Speaker shall:*

*(a) Take the chair at the hour to which the Assembly will be meeting, call the members to order and, upon the appearance of a quorum, proceed to business.*

*(b) Preserve order and decorum and have general direction of the Chamber of the Assembly and the approaches thereto. In the event of any disturbance or disorderly conduct therein, order the same to be cleared.*

(c) *Decide all questions of order, subject to a member's right to appeal to the Assembly. On appeal from such decisions, the Speaker has the right, in the Speaker's place, to assign the reason for the decision.*

(d) *Have the right to name any member to perform the duties of the chair, but such substitution must not extend beyond one legislative day.*

(e) *Have the power to accredit the persons who act as representatives of the news media and assign them seats.*

(f) *Sign all bills and resolutions passed by the Legislature as provided by law.*

(g) *Sign all subpoenas issued by the Assembly.*

(h) *Receive all messages and communications from other departments of the government and announce them to the Assembly.*

(i) *Represent the Assembly, declare its will and in all things obey its commands.*

(j) *Vote on final passage of a bill or resolution, but the Speaker shall not be required to vote in ordinary legislative proceedings except where the Speaker's vote would be decisive. In all yea and nay votes, the Speaker's name must be called last.*

3. *If a vacancy occurs in the Office of Speaker, through death, resignation or disability of the Speaker, the Speaker pro Tempore shall temporarily and for the period of vacancy or disability conduct the necessary business of the Assembly.*

4. *If a permanent vacancy occurs in the Office of Speaker, the Assembly shall select a new Speaker.*

*Rule No. 3. Chief Clerk.*

1. *The Chief Clerk is elected by the Assembly and is responsible to the Speaker.*

2. *The Chief Clerk shall recruit, select, train and supervise all attaches employed to assist with the work of the Assembly.*

3. *The Chief Clerk shall administer the daily business of the Assembly.*

4. *The Chief Clerk shall adopt such administrative policies as she deems necessary to carry out the business of the Assembly.*

*Rule No. 4. Reserved.*

*Rule No. 5. Reserved.*

*Rule No. 6. Reserved.*

*The next rule is 10.*

### **III. MEETINGS**

*Rule No. 10. Reserved.*

*Rule No. 11. Open Meetings.*

*All meetings of the Assembly and its committees must be open to the public.*

*Rule No. 12. Reserved.*

*The next rule is 20.*

### **IV. DECORUM AND DEBATE**

*Rule No. 20. Points of Order.*

*If any member, in speaking or otherwise, transgresses the rules of the Assembly, the Speaker shall, or any member may, call to order, in which case the member so called to order shall immediately sit down, unless permitted to explain; and if called to order by a member, such member shall immediately state the point of order. If the point of order be sustained by the presiding officer, the member shall not be allowed to proceed; but if it be not sustained,*

*then he shall be permitted to go on. Every such decision from the presiding officer shall be subject to an appeal to the House; but no discussion of the question of order shall be allowed unless an appeal be taken from the decision of the presiding officer.*

*Rule No. 21. Portable electronic communication devices.*

*1. A person who is within the Assembly Chambers shall not engage in a telephone conversation via the use of a portable telephone.*

*2. Before entering the Assembly Chambers, any person who possesses a portable electronic communication device, such as a pager or telephone, that emits an audible alert, such as a ringing or beeping sound, to signal an incoming message or call shall turn the audible alert off. A device that contains a nonaudible alert, such as a silent vibration, may be operated in a nonaudible manner within the Assembly Chambers.*

*Rule No. 22. Reserved.*

*Rule No. 23. Reserved.*

*The next rule is 30.*

#### **V. QUORUM, VOTING, ELECTIONS**

*Rule No. 30. Manner of Voting.*

*1. The presiding officer shall declare all votes, but the yeas and nays must be taken when called for by three members present, and the names of those calling for the yeas and nays must be entered in the Journal by the Chief Clerk.*

*2. The presiding officer shall call for yeas and nays by a division or by a roll call, either electronic or oral.*

*3. When taking the yeas and nays on any question, the electronic roll call system may be used, and when so used shall have the force and effect of any roll call under these rules.*

*4. When taking the yeas and nays by oral roll call, the Chief Clerk shall take the names of members alphabetically, except that the Speaker's name must be called last.*

*5. The electronic roll call system may be used to determine the presence of a quorum.*

*6. The yeas and nays must not be taken with the electronic roll call system until all members present are at their desks. The presiding officer may vote at the rostrum.*

*7. Only a member who is physically present within the Assembly Chambers may cast a vote in the Assembly.*

*8. A member shall not vote for another member on any roll call, either electronic or oral. Any member who votes for another member may be punished in any manner deemed appropriate by the Assembly.*

*Rule No. 31. Reserved.*

*Rule No. 32. Announcement of the Vote.*

*1. A member may change his vote at any time before the announcement of the vote if the voting is by voice, or at any time before the votes are electronically recorded if the voting is conducted electronically.*

*2. The announcement of the result of any vote shall not be postponed.*

*Rule No. 33. Voting by Division.*

*Upon a division and count of the Assembly on any question, no person without the bar shall be counted.*

*The next rule is 40.*

#### **VI. LEGISLATIVE BODIES**

**Rule No. 40. Committee of the Whole.**

1. All bills and resolutions may be referred only to the Committee of the Whole or to such committees as may be appointed by the Speaker pursuant to Rule 41.
2. The Speaker shall preside as Chair of the Committee of the Whole or name a Chair to preside.
3. A member of the Committee of the Whole may speak not more than twice during the consideration of any one question, on the same day, and at the same stage of proceedings, without leave. Members who have once spoken shall not again be entitled to the floor (except for explanation) to the exclusion of others who have not spoken.
4. The Chair may require any vote of the Committee of the Whole to be recorded in the manner designated by the Chair.
5. All amendments proposed by the Committee of the Whole:
  - (a) Must first be approved by the Committee of the Whole.
  - (b) Must be reported by the Chair to the Assembly.
6. The minutes of the meetings of the Committee of the Whole must be entered in the Assembly's final journal.

**Rule No. 40.5. Committees.**

In addition to the Committee of the Whole, the Speaker may appoint such other committees of the Assembly as she determines is necessary.

**Rule No. 41. Appointment of Committees.**

All committees must be appointed by the Speaker, unless otherwise directed by the Assembly. The Speaker shall determine the appropriate number of members for each committee and shall designate the chairman and vice chairman of each committee.

**Rule No. 42. Committee Action.**

1. A committee shall have meetings in accordance with the direction of the Assembly leadership. A quorum of the committee is a majority of its appointed members and may transact business except as limited by this rule.
2. Except as limited by this rule, a simple majority of those present may move, second and pass a motion by voice vote.
3. Definite action on a bill or resolution will require a majority of the entire committee.
4. A majority of the entire committee is required to reconsider action on a bill or resolution.
5. Committee introduction of legislative measures requires concurrence of a majority of the members of the entire committee and requires a commitment from each such concurring member to support final passage. A decision by a committee to request the drafting of an amendment for a bill requires concurrence of a majority of the members of the entire committee and requires a commitment from each such concurring member to support the amendment when it is considered on the floor of the Assembly.
6. The chairman must be present when the committee votes to take any final action regarding bills or resolutions, but the chairman is not required to vote.
7. No member of the committee may vote by proxy under any circumstances.
8. A committee shall not take a vote on the question of whether to exercise its statutory authority to issue a legislative subpoena unless the chairman has informed the Speaker of the intention of the committee to consider such a question.

**Rule No. 43. Subcommittees.**

Subcommittees made up of committee members may be appointed by the chairman to consider and report back on specific subjects or bills.

**Rule No. 44. Reserved.**

**Rule No. 45. Request for Drafting of Bill, Resolution or Amendment.**

*Except as otherwise provided in this Rule, the Legislative Counsel shall not honor a request for the drafting of a bill, resolution or amendment to be introduced in the Assembly, unless it is submitted by the Committee of the Whole, such other committees as the Speaker may appoint, a conference committee or the Governor. The Speaker may request the drafting of one bill for the 25th Special Session without seeking the approval of the Committee of the Whole or any other committee that the Speaker may appoint.*

**Rule No. 46. Committee Action on Reports.**

*Committee reports must be adopted at a committee session actually assembled and meeting as a committee with a quorum present. Every committee vote on a matter pertaining to a bill or resolution must be recorded. The vote may be taken by roll call at the discretion of the chairman.*

**Rule No. 47. Committee Records.**

*The chairman of each committee shall keep, or cause to be kept, a complete record of the committee proceedings in which there must be entered:*

- 1. The time and place of each meeting;*
- 2. The attendance and absence of members;*
- 3. The names of all persons appearing before the committee, with the names of persons, firms, corporations or associations in whose behalf such appearance is made; and*
- 4. The subjects or measures considered and action taken.*

**Rule No. 48. Disposition of Committee Records.**

*All minutes, records and documents in the possession of committees and their chairmen must be filed in the offices of the Legislative Counsel Bureau upon adjournment sine die.*

**Rule No. 49. Committee Hearings.**

*1. The presence of a quorum of the committee is desirable but not required to conduct a public hearing. At the discretion of the chairman, members of the committee may attend, participate in and, if applicable, vote during the hearing via simultaneous telephone or video conference.*

*2. Public hearings are opened by the chairman, who announces the subject under consideration and provides for those wishing to address the committee to be heard. These persons shall rise in an order determined by the chairman, address the chair and furnish their names, addresses and firms or other organizations represented. Committee members may address the chairman for permission to question the witness.*

**Rule No. 50. Reserved.**

**Rule No. 51. Reserved.**

**Rule No. 52. Reserved.**

*The next rule is 60.*

**VII. RULES GOVERNING MOTIONS**

**A. PROCEDURE**

**Rule No. 60. Entertaining.**

*No motion may be debated until it is distinctly announced by the presiding officer. The presiding officer upon his own motion, or at the request of any member, may direct that the motion be reduced to writing and be read by the Chief Clerk before the motion is debated. A motion may be withdrawn by the maker at any time before amendment or before the motion is put to vote.*

*Rule No. 61. Reserved.*

*Rule No. 62. Reserved.*

**B. PARTICULAR MOTIONS**

*Rule No. 63. Reserved.*

*Rule No. 64. Reserved.*

*Rule No. 65. Indefinite Postponement.*

*When a question is postponed indefinitely, the same question must not be considered again during the 25th Special Session of the Legislature and the question is not subject to a motion for reconsideration.*

*Rule No. 66. To Strike Enacting Clause.*

*A motion to strike out the enacting clause of a bill or resolution does not take precedence over any other subsidiary motion. If the motion is carried, it shall be considered equivalent to the rejection of such bill or resolution.*

*Rule No. 67. Division of Question.*

*Any member may call for a division of the question, which shall be divided, if it comprehends propositions in substance so distinct that, one being taken away, a substantive proposition shall remain for the decision of the Assembly. A motion to strike out being lost shall preclude neither amendment nor a motion to strike out and insert. A motion to strike out and insert shall be deemed indivisible.*

*Rule No. 68. To Reconsider.*

*No motion to reconsider a vote is in order.*

*The next rule is 80.*

**VIII. DEBATE**

*Rule No. 80. Speaking on Question.*

*No member shall speak more than twice during the consideration of any one question, on the same day, and at the same stage of proceedings, without leave. Members who have once spoken shall not again be entitled to the floor (except for explanation) to the exclusion of others who have not spoken.*

*Rule No. 81. Previous Question.*

*The previous question shall be put only when demanded by three members. The previous question shall not be moved by the member last speaking on the question.*

*Rule No. 82. Privilege of Closing Debate.*

*The author of a bill, a resolution or a main question shall have the privilege of closing the debate, unless the previous question has been sustained.*

*The next rule is 90.*

**IX. CONDUCT OF BUSINESS**

**A. RULES AND PROCEDURE**

*Rule No. 90. Mason's Manual.*

*The rules of parliamentary practice contained in Mason's Manual of Legislative Procedure shall govern the Assembly in all cases in which they are applicable and in which they are not inconsistent with the Rules and orders of the Assembly for the 25th Special Session of the Legislature, and the Joint Rules of the Senate and Assembly for the 25th Special Session of the Legislature.*

**Rule No. 91. Rescission, Change or Suspension of Rule.**

*No rule or order of the Assembly for the 25th Special Session of the Legislature may be rescinded or changed without a majority vote of the members elected; but a rule or order may be suspended temporarily by a majority vote of the members present.*

**Rule No. 92. Notices of Bills, Topics and Public Hearings.**

*1. Except as otherwise provided in subsection 3, all committees shall provide adequate notice of public hearings on bills, resolutions or other topics which are to come before the committees. The notice must include the date, time, place and agenda to be covered. The notice must be posted conspicuously in the legislative building, appear in the daily history and be made available to the news media. The daily history must include the most current version of the notice that is available at the time the daily history is created and an informational statement informing the public where more current information, if any, regarding such notices may be found.*

*2. The noticing requirements of this rule may be suspended for emergency situations but only after approval by a two-thirds vote of a committee.*

*3. Subsection 1 does not apply to:*

- (a) Meetings of the Committee of the Whole held on the floor of the Assembly;*
- (b) Other committee meetings held on the floor of the Assembly during a recess; or*
- (c) Conference committee meetings.*

**Rule No. 93. Reserved.**

**Rule No. 94. Privilege of the Floor and Lobbying.**

*No person, except Senators, former Assemblymen and state officers, may be admitted at the bar of the Assembly, except by special invitation on the part of some member; but a majority may authorize the Speaker to have the Assembly cleared of all such persons. No person may do any lobbying upon the floor of the Assembly at any time, and it is the duty of the Sergeant at Arms to remove any person violating any of the provisions of this rule.*

**Rule No. 95. Material Placed on Legislators' Desks.**

*All papers, letters, notes, pamphlets and other written material placed upon an Assemblyman's desk shall contain the signature of the Legislator requesting the placement of such material on the desk or shall contain a designation of the origin of such material. This rule does not apply to books containing the legislative bills and resolutions, the legislative daily histories, the legislative daily journals or Legislative Counsel Bureau material.*

**Rule No. 96. Peddling, Begging and Soliciting.**

*1. Peddling, begging and soliciting are strictly forbidden in the Assembly Chamber, and in the lobby, gallery and halls adjacent thereto.*

*2. No part of the Assembly Chamber may be used for or occupied by signs or other devices for any kind of advertising.*

*3. No part of the hallways adjacent to the Assembly Chambers may be used for or occupied by signs or other devices for any kind of advertising for commercial or personal gain. Notices for nonprofit, nonpartisan, civic or special legislative events may be posted in a*

*designated area of the hallways adjacent to the Assembly Chambers with the approval of the Chief Clerk.*

**Rule No. 97. Petitions and Memorials.**

*Petitions, memorials and other papers addressed to the Assembly shall be presented by the Speaker, or by a member in the Speaker's place. A brief statement of the contents thereof shall be made by the introducer. They shall not be debated on the day of their being presented, but shall be on the table, or be referred, as the Assembly shall determine.*

**Rule No. 98. Request of Purpose.**

*A member may request the purpose of a bill or joint resolution upon its introduction.*

**Rule No. 99. Remarks.**

*It shall be in order for members to make remarks and to have such remarks entered in the Journal.*

**Rule No. 100. Precedence of Parliamentary Authority.**

*The precedence of parliamentary authority in the Assembly is:*

- 1. The Constitution of the State of Nevada.*
- 2. The Statutes of the State of Nevada.*
- 3. The Rules of the Assembly for the 25th Special Session of the Legislature and the Joint Rules of the Senate and Assembly for the 25th Special Session of the Legislature.*
- 4. Mason's Manual of Legislative Procedure.*

**Rule No. 101. Reserved.**

**Rule No. 102. Privileged Questions.**

*Privileged questions have precedence of all others in the following order:*

- 1. A call of the House.*
- 2. Motions to adjourn.*
- 3. Recess.*
- 4. Questions relating to the rights and privileges of the Assembly or any of its members.*
- 5. Motions for special orders.*

**Rule No. 103. Reserved.**

**B. BILLS**

**Rule No. 104. Reserved.**

**Rule No. 105. Substitute Bills.**

*A substitute bill shall be deemed and held to be an amendment, and treated in all respects as such. However, a substitute bill may be amended after its adoption, in the same manner as if it were an original bill.*

**Rule No. 106. Skeleton Bills.**

*The introduction of skeleton bills is not authorized.*

**Rule No. 107. Reserved.**

**Rule No. 108. Reserved.**

**Rule No. 109. Reading of Bills.**

*The presiding officer shall announce at each reading of a bill whether it be the first, second or third reading. The first reading of a bill shall be for information. If there is objection, the question shall be, "Shall the bill be rejected?" If the question to reject fails to receive a majority vote by the members present, or if there is no objection, the bill shall take the proper course. No bill shall be referred to a committee until after the first reading, nor amended until after the second reading.*

**Rule No. 110. Second Reading and Amendment of Bills.**

*1. All bills must be read the second time after which they are reported by committee. Upon second reading, Assembly bills reported without amendments shall be placed on the General File and Senate bills reported without amendments shall be placed on the General File. Committee amendments reported with bills shall be considered upon their second reading, and such amendments may be adopted by a majority vote of the members present. Any amendment which is numbered, copied and made available to all members must be moved and voted upon by number. Assembly bills so amended must be reprinted, engrossed and placed on the General File. Senate bills so amended must be reprinted, then engrossed or reengrossed, as applicable, and placed on the General File.*

*2. Only amendments proposed by the Committee of the Whole, such committee as the Speaker may appoint or a conference committee may be considered on the floor of the Assembly. Such a motion to amend may be adopted on the floor of the Assembly by a majority vote of the members present. Any bill so amended upon the General File must be reprinted and then engrossed or reengrossed, as applicable.*

*3. The reprinting of amended bills may be dispensed with by a majority vote of the members present.*

**Rule No. 111. Consent Calendar.**

*1. A committee may by unanimous vote of the members present report a bill with the recommendation that it be placed on the consent calendar. The question of recommending a bill for the consent calendar may be voted upon in committee only after the bill has been recommended for passage and only if no amendment is recommended.*

*2. The Chief Clerk shall maintain a list of bills recommended for the consent calendar. The list must be printed in the daily history and must include the summary of each bill and the date the bill is scheduled for consideration on final passage.*

*3. At any time before the presiding officer calls for a vote on the passage of the consent calendar, a member may give written notice to the Chief Clerk or state orally from the floor of the Assembly in session that he requests the removal of a particular bill from the consent calendar. If a member so requests, the Chief Clerk shall remove the bill from the consent calendar and transfer it to the second reading file. A bill removed from the consent calendar may not be restored to that calendar.*

*4. During floor consideration of the consent calendar, members may ask questions and offer explanations relating to the respective bills.*

*5. When the consent calendar is brought to a vote, the bills remaining on the consent calendar must be read by number and summary and the vote must be taken on their final passage as a group.*

**Rule No. 112. Reserved.**

**Rule No. 113. Reserved.**

**Rule No. 114. Reserved.**

*Rule No. 115. Reserved.*

*Rule No. 116. Vetoed Bills.*

*Bills that have passed both Houses of the Legislature and are transmitted to the Assembly accompanied by a message or statement of the Governor's disapproval or veto of the same must be taken up and considered immediately upon the coming in of the message transmitting the same, or become the subject of a special order. When the message is received, or (if made a special order) when the special order is called, the said message or statement must be read together with the bill or bills so disapproved or vetoed. The message and bill must be read by the Chief Clerk without interruption, consecutively, one following the other, and not upon separate occasions. No such bill or message may be referred to any committee, or otherwise acted upon save as provided by law and custom; that is to say, that immediately following such reading the only question (except as hereinafter stated) which may be put by the Speaker is, "Shall the bill pass, notwithstanding the objections of the Governor?" It shall not be in order, at any time, to vote upon such a vetoed bill unless the same shall first have been read. No motion may be entertained after the Speaker has stated the question, save a motion to adjourn or a motion for the previous question, but the merits of the bill itself may be debated. The message or statement containing the objections of the Governor to the bill must be entered in the Journal of the Assembly. The consideration of a vetoed bill, and the objections of the Governor thereto, shall be a privileged question, and shall take precedence over all others.*

*Rule No. 117. Reserved.*

#### C. RESOLUTIONS

*Rule No. 118. Treated as Bills—Joint Resolutions.*

*The procedure of enacting joint resolutions must be identical to that of enacting bills. However, joint resolutions proposing amendments to the Constitution must be entered in the Journal in their entirety.*

*Rule No. 119. Reserved.*

#### D. ORDER OF BUSINESS

*Rule No. 120. Order of Business.*

*The Order of Business must be as follows:*

- 1. Call to Order.*
- 2. Reading and Approval of Journal.*
- 3. Presentation of Petitions.*
- 4. Reports of the Committee of the Whole and Standing Committees.*
- 5. Reports of Select Committees.*
- 6. Communications.*
- 7. Messages from the Senate.*
- 8. Motions, Resolutions and Notices.*
- 9. Introduction, First Reading and Reference.*
- 10. Consent Calendar.*
- 11. Second Reading and Amendment.*
- 12. General File and Third Reading.*
- 13. Unfinished Business of Preceding Day.*
- 14. Special Orders of the Day.*
- 15. Remarks from the Floor, limited to 10 minutes.*

*Rule No. 121. Reserved.*

*Rule No. 122. Reserved.*

*Rule No. 123. Reserved.*

*Rule No. 124. Reserved.*

*Rule No. 125. Reserved.*

*Rule No. 126. Reserved.*

*Rule No. 127. Reserved.*

*Rule No. 128. Reserved.*

*The next rule is 140.*

#### *X. MISCELLANEOUS*

*Rule No. 140. Reserved.*

*Rule No. 141. Use of the Assembly Chamber.*

*The Assembly Chamber shall not be used for any public or private business other than legislative, except by permission of the Assembly.*

Assemblyman Ocegüera moved the adoption of the resolution.

Resolution adopted.

By the Committee of the Whole:

Assembly Concurrent Resolution No. 1—Adopting the Joint Rules of the Senate and Assembly for the 25th Special Session of the Legislature.

RESOLVED BY THE ASSEMBLY OF THE STATE OF NEVADA, THE SENATE CONCURRING, That the following Joint Rules of the Senate and Assembly for the 25th Special Session of the Legislature are hereby adopted:

#### *APPLICABILITY OF JOINT RULES*

*Rule No. 1. Generally.*

*The Joint Rules for the 25th Special Session of the Legislature are applicable only during the 25th Special Session of the Legislature.*

#### *CONFERENCE COMMITTEES*

*Rule No. 2. Procedure Concerning.*

*1. In every case of an amendment of a bill, or joint or concurrent resolution, agreed to in one House, dissented from in the other, and not receded from by the one making the amendment, each House shall appoint a committee to confer with a like committee to be appointed by the other; and the committee so appointed shall meet publicly at a convenient hour to be agreed upon by their respective chairmen and announced publicly, and shall confer upon the differences between the two Houses as indicated by the amendments made in one and rejected in the other and report as early as convenient the result of their conference to their respective Houses. The report shall be made available to all members of both Houses.*

*The whole subject matter embraced in the bill or resolution shall be considered by the committee, and it may recommend recession by either House, new amendments, new bills or resolutions, or other changes as it sees fit. New bills or resolutions so reported shall be treated as amendments unless the bills or resolutions are composed entirely of original matter, in which case they shall receive the treatment required in the respective Houses for original bills, or resolutions, as the case may be.*

*2. The report of a conference committee may be adopted by acclamation, and such action may be considered equivalent to the adoption of amendments embodied therein. The report is not subject to amendment. If either House refuses to adopt the report, or if the first conference committee has so recommended, a second conference committee may be appointed. No member who served on the first committee may be appointed to the second.*

*3. There shall be but two conference committees on any bill or resolution. A majority of the members of a conference committee from each House must be members who voted for the passage of the bill or resolution.*

#### MESSAGES

##### *Rule No. 3. Procedure Concerning.*

*1. Proclamations by the Governor convening the Legislature in extra session shall, by direction of the presiding officer of each House, be read immediately after the convening thereof, filed and entered in full in the Journal of proceedings.*

*2. Whenever a message from the Governor is received, it shall be read and entered in full in the Journal of proceedings.*

*3. Messages from the Senate to the Assembly shall be delivered by the Secretary or Assistant Secretary, and messages from the Assembly to the Senate shall be delivered by the Chief Clerk or Assistant Chief Clerk.*

#### NOTICE OF FINAL ACTION

##### *Rule No. 4. Communications.*

*Each House shall communicate its final action on any bill or resolution, or matter in which the other may be interested, by written notice. Each such notice sent by the Senate must be signed by the Secretary of the Senate, or a person designated by the Secretary. Each such notice sent by the Assembly must be signed by the Chief Clerk of the Assembly, or a person designated by the Chief Clerk.*

#### BILLS AND JOINT RESOLUTIONS

##### *Rule No. 5. Signature.*

*Each enrolled bill or joint resolution shall be presented to the presiding officers of both Houses for signature. They shall, after an announcement of their intention to do so is made in open session, sign the bill or joint resolution and their signatures shall be followed by those of the Secretary of the Senate and Chief Clerk of the Assembly.*

##### *Rule No. 6. Joint Sponsorship.*

*1. A bill or resolution introduced by a committee of the Senate or Assembly may, at the direction of the chairman of the committee, set forth the name of a committee of the other House as a joint sponsor, if a majority of all members appointed to the committee of the other House votes in favor of becoming a joint sponsor of the bill or resolution. The name of the committee joint sponsor must be set forth on the face of the bill or resolution immediately below the date on which the bill or resolution is introduced.*

2. *The Legislative Counsel shall not cause to be printed the name of a committee as a joint sponsor on the face of a bill or resolution unless the chairman of the committee has signed his name next to the name of the committee on the colored back of the introductory copy of the bill or resolution that was submitted to the front desk of the House of origin or the statement required by subsection 4.*

3. *Upon introduction, any bill or resolution that sets forth the names of primary joint sponsors must be numbered in the same numerical sequence as other bills and resolutions of the same House of origin are numbered.*

4. *Once a bill or resolution has been introduced, a primary joint sponsor or nonprimary joint sponsor may only be added or removed by amendment of the bill or resolution. An amendment which proposes to add or remove a primary joint sponsor must not be considered by the House of origin of the amendment unless a statement requesting the addition or removal is attached to the copy of the amendment submitted to the front desk of the House of origin of the amendment. If the amendment proposes to add or remove a committee as a primary joint sponsor, the statement must be signed by the chairman of the committee. A copy of the statement must be transmitted to the Legislative Counsel if the amendment is adopted.*

5. *An amendment that proposes to add or remove a primary joint sponsor may include additional proposals to change the substantive provisions of the bill or resolution or may be limited only to the proposal to add or remove a primary joint sponsor.*

#### PRINTING

##### *Rule No. 7. Ordering and Distribution.*

*Each House may order the printing of bills introduced, reports of its own committees, and other matter pertaining to that House only; but no other printing may be ordered except by a concurrent resolution passed by both Houses. Each Senator is entitled to the free distribution of four copies of each bill introduced in each House, and each Assemblyman to such a distribution of two copies. Additional copies of such bills may be distributed at a charge to the person to whom they are addressed. The amount charged for distribution of the additional copies must be determined by the Director of the Legislative Counsel Bureau to approximate the cost of handling and postage for the entire session.*

#### RESOLUTIONS

##### *Rule No. 8. Types, Usage and Approval.*

1. *A joint resolution must be used to:*

(a) *Propose an amendment to the Nevada Constitution.*

(b) *Ratify a proposed amendment to the United States Constitution.*

(c) *Address the President of the United States, Congress, either House or any committee or member of Congress, any department or agency of the Federal Government, or any other state of the Union.*

2. *A concurrent resolution must be used to:*

(a) *Amend these joint rules.*

(b) *Request the return from the Governor of an enrolled bill for further consideration.*

(c) *Resolve that the return of a bill from one House to the other House is necessary and appropriate.*

(d) *Express facts, principles, opinion and purposes of the Senate and Assembly.*

(e) *Establish a joint committee of the two Houses.*

(f) *Direct the Legislative Commission to conduct an interim study.*

3. *A concurrent resolution or a resolution of one House may be used to:*

(a) *Memorialize a former member of the Legislature or other notable or distinguished person upon his death.*

*(b) Congratulate or commend any person or organization for a significant and meritorious accomplishment.*

#### VETOES

##### *Rule No. 9. Special Order.*

*Bills which have passed a previous Legislature, and which are transmitted to the Legislature next sitting, accompanied by a message or statement of the Governor's disapproval, or veto of the same, shall become the subject of a special order; and when the special order for their consideration is reached and called, the said message or statement shall be read, together with the bill or bills so disposed or vetoed; and the message and bill shall be read in the Senate by the Secretary of the Senate and in the Assembly by the Chief Clerk of the Assembly, without interruption, consecutively, one following the other, and not upon separate occasions; and no such bill or message shall be referred to any committee, or otherwise acted upon, save as provided by law and custom; that is to say, that immediately following such reading the only question (except as hereinafter stated) which shall be put by the Chair is, "Shall the bill pass, notwithstanding the objections of the Governor?" It shall not be in order, at any time, to vote upon such vetoed bill without the same shall have first been read; and no motion shall be entertained after the Chair has stated the question save a motion for "The previous question," but the merits of the bill itself may be debated.*

#### ADJOURNMENT

##### *Rule No. 10. Limitations and Calculation of Duration.*

*1. In calculating the permissible duration of an adjournment for 3 days or less, the day of adjournment must not be counted but the day of the next meeting must be counted, and Sunday must not be counted.*

*2. The Legislature may adjourn for more than 3 days by motion based on mutual consent of the Houses or by concurrent resolution. One or more such adjournments may be taken to permit a committee or the Legislative Counsel Bureau to prepare the matters respectively entrusted to them for the consideration of the Legislature as a whole.*

#### EXPENDITURES FROM THE LEGISLATIVE FUND

##### *Rule No. 11. Manner of authorization.*

*Except for routine salary, travel, equipment and operating expenses, no expenditures shall be made from the Legislative Fund without the authority of a concurrent resolution regularly adopted by the Senate and Assembly.*

#### RECORDS OF COMMITTEE PROCEEDINGS

##### *Rule No. 12. Duties of Secretary of Committees and Director.*

- 1. Each committee shall cause a record to be made of the proceedings of its meetings.*
- 2. The secretary of a committee shall:*
  - (a) Label each record with the date, time and place of the meeting and also indicate on the label the numerical sequence in which the record was made;*
  - (b) Keep the records in chronological order; and*
  - (c) Deposit the records immediately following the final adjournment of the special session of the Legislature with the Director of the Legislative Counsel Bureau.*
- 3. The Director of the Legislative Counsel Bureau shall:*
  - (a) Index the records;*
  - (b) Make the records available for accessing by any person during office hours under such reasonable conditions as he may deem necessary;*
  - (c) Maintain a log as a public record containing the date, time, name and address of any person accessing any of the records and identifying the records accessed; and*

*(d) Retain the records for two bienniums and at the end of that period keep some form or copy of the record in any manner he deems reasonable to ensure access to the record in the foreseeable future.*

**LIMITATIONS ON REQUESTS FOR  
DRAFTING OF LEGISLATIVE MEASURES**

**Rule No. 13. Germaneness Required for Amendments.**

*1. The Legislative Counsel shall not honor a request for the drafting of an amendment to a bill or resolution if the subject matter of the amendment is independent of, and not specifically related and properly connected to, the subject that is expressed in the title of the bill or resolution.*

*2. For the purposes of this Rule, an amendment is independent of, and not specifically related and properly connected to, the subject that is expressed in the title of a bill or resolution if the amendment relates only to the general, single subject that is expressed in that title and not to the specific whole subject matter embraced in the bill or resolution.*

**CONTINUATION OF LEADERSHIP OF THE SENATE  
AND ASSEMBLY DURING THE INTERIM  
BETWEEN SESSIONS**

**Rule No. 14. Tenure and Performance of Statutory Duties.**

*1. Except as otherwise provided in subsections 2 and 3, the tenure of the President Pro Tem, Majority Leader and Minority Leader of the Senate and the Speaker, Speaker Pro Tem, Majority Floor Leader and Minority Floor Leader of the Assembly extends during the interim between regular sessions of the Legislature.*

*2. The Senators designated to be the President Pro Tem, Majority Leader and Minority Leader for the next succeeding regular session shall perform any statutory duty required in the period between the time of their designation after the general election and the organization of the next succeeding regular session of the Legislature if the Senator formerly holding the respective position is no longer a Legislator.*

*3. The Assemblymen designated to be the Speaker, Speaker Pro Tem, Majority Floor Leader and Minority Floor Leader for the next succeeding regular session shall perform any statutory duty required in the period between the time of their designation after the general election and the organization of the next succeeding regular session.*

**POLICY AND PROCEDURES REGARDING  
SEXUAL HARASSMENT**

**Rule No. 15. Maintenance of Working Environment; Procedure for Filing, Investigating and Taking Remedial Action on Complaints.**

*1. The Legislature hereby declares its intention to maintain a working environment which is free from sexual harassment. This policy applies to all Legislators and lobbyists. Each member and lobbyist is responsible to conduct himself or herself in a manner which will ensure that others are able to work in such an environment.*

*2. In accordance with Title VII of the Civil Rights Act, for the purposes of this Rule, "sexual harassment" means unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:*

*(a) Submission to such conduct is made either explicitly or implicitly a term or condition of a person's employment;*

*(b) Submission to or rejection of such conduct by a person is used as the basis for employment decisions affecting the person; or*

*(c) Such conduct has the purpose or effect of unreasonably interfering with a person's work performance or creating an intimidating, hostile or offensive working environment.*

3. Each person subject to these Rules must exercise his own good judgment to avoid engaging in conduct that may be perceived by others as sexual harassment. The following noninclusive list provides illustrations of conduct that the Legislature deems to be inappropriate:

(a) Verbal conduct such as epithets, derogatory comments, slurs or unwanted sexual advances, invitations or comments;

(b) Visual conduct such as derogatory posters, photography, cartoons, drawings or gestures;

(c) Physical conduct such as unwanted touching, blocking normal movement or interfering with the work directed at a person because of his sex;

(d) Threats and demands to submit to sexual requests to keep a person's job or avoid some other loss, and offers of employment benefits in return for sexual favors; and

(e) Retaliation for opposing, reporting or threatening to report sexual harassment, or for participating in an investigation, proceeding or hearing conducted by the Legislature or the Nevada Equal Rights Commission or the federal Equal Employment Opportunity Commission,

↳ when submission to such conduct is made either explicitly or implicitly a term or condition of a person's employment or submission to or rejection of such conduct by a person is used as the basis for employment decisions affecting the person or such conduct has the purpose or effect of unreasonably interfering with a person's work performance or creating an intimidating, hostile or offensive working environment.

4. A person may have a claim of sexual harassment even if he has not lost a job or some other economic benefit. Conduct that impairs a person's ability to work or his emotional well-being at work constitutes sexual harassment.

5. If a Legislator believes he is being sexually harassed on the job, he may file a written complaint with:

(a) The Speaker of the Assembly;

(b) The Majority Leader of the Senate; or

(c) The Director of the Legislative Counsel Bureau, if the complaint involves the conduct of the Speaker of the Assembly or the Majority Leader of the Senate.

↳ The complaint must include the details of the incident or incidents, the names of the persons involved and the names of any witnesses.

6. Except as otherwise provided in subsection 7, the Speaker of the Assembly or the Majority Leader of the Senate, as appropriate, shall refer a complaint received pursuant to subsection 5 to a committee consisting of Legislators of the same House. A complaint against a lobbyist may be referred to a committee in either House.

7. If the complaint involves the conduct of the Speaker of the Assembly or the Majority Leader of the Senate, the Director of the Legislative Counsel Bureau shall refer the complaint to the Committee on Elections, Procedures, Ethics, and Constitutional Amendments of the Assembly or the Committee on Legislative Operations and Elections of the Senate, as appropriate. If the Speaker of the Assembly or the Majority Leader of the Senate is a member of one of these committees, the Speaker or the Majority Leader, as the case may be, shall not participate in the investigation and resolution of the complaint.

8. The committee to which the complaint is referred shall immediately conduct a confidential and discreet investigation of the complaint. As a part of the investigation, the committee shall notify the accused of the allegations. The committee shall facilitate a meeting between the complainant and the accused to allow a discussion of the matter, if both agree. If the parties do not agree to such a meeting, the committee shall request statements regarding the complaint from each of the parties. Either party may request a hearing before the committee. The committee shall make its determination and inform the complainant and the accused of its determination as soon as practicable after it has completed its investigation.

9. *If the investigation reveals that sexual harassment has occurred, the Legislature will take appropriate disciplinary or remedial action, or both. The committee shall inform the complainant of any action taken. The Legislature will also take any action necessary to deter any future harassment.*

10. *The Legislature will not retaliate against a person who files a complaint and will not knowingly permit any retaliation by the person's supervisors or coworkers.*

11. *The Legislature encourages a person to report any incident of sexual harassment immediately so that the complaint can be quickly and fairly resolved.*

12. *Action taken by a complainant pursuant to this Rule does not prohibit the complainant from also filing a complaint of sexual harassment with the Nevada Equal Rights Commission or the federal Equal Employment Opportunity Commission.*

13. *All Legislators and lobbyists are responsible for adhering to the provisions of this policy. The prohibitions against engaging in sexual harassment and the protections against becoming a victim of sexual harassment set forth in this policy apply to employees, Legislators, lobbyists, vendors, contractors, customers and visitors to the Legislature.*

14. *This policy does not create any enforceable legal rights in any person.*

Assemblyman Oceguela moved the adoption of the resolution.

Remarks by Assemblyman Oceguela.

Resolution adopted.

Assemblyman Oceguela moved that all rules be suspended and that the resolution be immediately transmitted to the Senate.

Motion carried unanimously.

Assemblyman Oceguela moved that the reading of the histories on all bills and resolutions be dispensed with for the balance of the 25th Special Session.

Motion carried.

Assemblyman Oceguela moved that the Assembly suspend all rules and dispense with the reprinting of all bills and resolutions for the balance of the 25th Special Session.

Motion carried.

Assemblyman Oceguela moved that all rules be suspended, reading so far had considered second reading, rules further suspended, all bills and resolutions considered engrossed, declared emergency measures under the Constitution and placed on the appropriate reading file for final passage or adoption.

Motion carried.

Assemblyman Oceguela moved that all rules be suspended and that for the balance of the special session all bills and resolutions passed or adopted be immediately transmitted to the Senate.

Motion carried.

Assemblyman Oceguela moved that Standing Rule No. 92, which pertains to notices of bills, topics, and public hearing, be suspended for the balance of the 25th Special Session.

Motion carried.

Assemblyman Ocegüera moved that persons as set forth on the Nevada Legislature's Press Accreditation List of December 8, 2008, be accepted as accredited press representatives, that they be assigned space at the press table in the Assembly Chamber, that they be allowed use of appropriate broadcasting facilities, and the list be included in this day's Journal:

18: NEWS CARSON CITY: David D. Morgan; ASSOCIATED PRESS: Amanda Fehd, Kathleen Hennessey, Joe Mullin, Brendan Riley; CARSON TIMES: Sue Morrow; CBS NEWS: Blake Hottle, Douglas Longhini, Scott Osterman; CITY LIFE: Steve Sebelius; COVEREDGE TELEVISION NEWS SERVICES: Richard Travis; COX COMMUNICATIONS: Steve Schorr, Richard Travis; DAILY SPARKS TRIBUNE/NEVADALABOR.COM: Andrew L. Barbano; HENDERSON HOME NEWS: Derek Olson; HUMBOLDT SUN: Forrest Newton; INDEPENDENT: Gary M.G. Deacon; KJFK-AM: William Puchert; KLAS-TV: Matthew Adams, Matthew Bell, Alex Brauer, Richard Czarny, Jonathan Humbert, George Knapp, Richard Travis; KLVX-TV/IBEX FILMS: Michael Jaymen; KNPB CHANNEL 5: Andrew Cristancho, Dave Santina; KOLO-TV: Edward W. Barnett, Justin Kanno, Ray Kinney, Ed Pearce, Terri Russell; KREN & KAZR Alexandra Limon; KREN 27: Greg Knight; KRNV-TV: Emily Bails, Kausik Bhakta, Victoria Campbell, Hetty Chang, Billy Churchwell, Jeff Deitch, Sarah Johns, Chuck King, Rebecca Little, Matt Scholz, Michael Thompson, Elizabeth Wagner; KTVN-TV: Kent Albrecht, Jack Antonio, Bill Brown, Eric Brown, John E. Cruz, Bryan Evans, Jeffrey Foss, Scott Hargrove, Ozkar Palomo, David Ratto, Charles Brent Richard, Brandon Rittiman, Louis Sierra, Casey Smith, Steve Sonnenburg Vanessa Vancour; KVBC-TV: Steve Crupi, Ian Lash; LAS VEGAS REVIEW-JOURNAL: Lisa Kim Bach, Molly Ball, Henry Brean, K.M. Cannon, Lynette Curtis, John Edwards, Frank Geary, John Gurzinski, Paul Harasim, Brian Haynes, A.D. Hopkins, Mary Hynes, K.C. Howard, Mike Kalil, Clint Karlsen, David Kihara, John Locher, Alan Maimon, Francis McCabe, Margaret Miille, Thomas Mitchell, Craig Moran, Jane Ann Morrison, Lawrence Mower, Erin Neff, Adrienne Packer, Antonio Planas, Glenn Puit, Keith Rogers, Jeff Scheid, David McGrath Schwartz, John L. Smith, Omar Sofradzija, Carri Geer Thevenot, Gary Thompson, Ed Vogel, Annette Wells, Sean Whaley, Joan Whitely, Charles Zobell; LAS VEGAS SUN: Tiffany Brown, J. Patrick Coolican, Christina Littlefield, Cy Ryan, Joe Schoenmann; MINEWEB: Dorothy Y. Kosich; NEVADA APPEAL: Becky Bosshart, Rhonda Costa-Landers, Geoff Dorman, Terri Harber, Brad Horn, Chad Lundquist, Jarid Shipley; NEVADA NEWSMAKERS: Lisa Jansen, Randi Thompson; NEVADA OBSERVER, THE: Johnny Gunn, Dennis Locke; NEVADA PUBLIC RADIO: Brian Bahouth; NEVADA SAGEBRUSH, THE: Brian Duggan, Annie Flanzraich; NEWS 4 RENO/SUNBELT DIGITAL MEDIA: Melissa Sullivan; NEWSTALK 780 KOH: Samantha Stone; PBS LAS VEGAS: Samantha Stone; POLYGRAVITY MEDIA LLC (PolitickerNV.com): Joseph Cooper; RENO GAZETTE-JOURNAL: Martha Bellisle, Anjeanette Damon, Guy Clifton, Bill O'Driscoll, Jaelyn O'Malley, Lisa Tolda.; RENO SPARKS VIDEO PRODUCTIONS: William G. Pearce, Jr.; SEERENO.TV: Todd Bailey; SENIOR SPECTRUM NEWSPAPER: Chris C. McMullen, Connie McMullen, Tara McMullen; SIERRA NEVADA COMMUNITY ACCESS (SNCAT): Don Alexander, Brett Corbin, Tyler Elliott, Steve Goodin, Charlie Moses, Nadzir Nicaupour, Joel Robertson, Les Smith, Earl Spriggs; SUMMERLIN NEWS: Jamie Helmick; Sunbelt Digital Media /KRNV.com: John B. Barrette ; SUN PRODUCTIONS: Sunny Minedew; SUNBELT COMMUNICATIONS: Chase McMullen; TAHOE DAILY TRIBUNE: Dan Thrift, William Ferchland; VOICEBOX/WOLFPACK, THE, RADIO: Donnell Pike-Anuken; WE THE PEOPLE: Shayne

Motion carried.

## INTRODUCTION, FIRST READING AND REFERENCE

By the Committee of the Whole:

Assembly Bill No. 1—AN ACT relating to state financial administration; requiring the transfer of certain money to the State General Fund; and providing other matters properly relating thereto.

Assemblyman Ocegüera moved that the bill be referred to the Committee of the Whole.

Motion carried.

By the Committee of the Whole:

Assembly Bill No. 2—AN ACT relating to state financial administration; authorizing the State Treasurer to establish a line of credit under certain circumstances; reducing certain amounts of money budgeted for the 2008-2009 Fiscal Year; providing for the revisions of certain work programs necessary to carry out and process those reductions; suspending temporarily the administration of norm-referenced examinations in public schools; making various other changes relating to state financial administration; and providing other matters properly relating thereto.

Assemblyman Ocegüera moved that the bill be referred to the Committee on the Whole.

Motion carried.

## REMARKS FROM THE FLOOR

Assemblyman Ocegüera requested that his remarks be entered in the Journal.

ASSEMBLYMAN OCEGÜERA:

A little more than 18 months ago the 2007 Nevada Legislature adjourned *sine die*. As the returning members of this chamber know, it was not an easy session. The state's fiscal condition, though not as grim then as it soon would be, has been challenging. In our closing speeches, we were still able to recognize the good things we had accomplished together. We had increased funding in small but important ways in education, mental health, health care, and other essential services, and we wished we could have done more. Then a year later, we reconvened in Carson City to make some of the most difficult decisions this body has ever had to make. We authorized devastating cuts in many of the same areas we earlier had worked so hard to improve. The actions and speeches in that special session were much more somber. I, myself, expressed a commitment to addressing the larger issues—of which the cuts were but symptoms—when we returned in February of 2009.

I know that none of us wanted to be here today, two months earlier than expected. It is not because it makes it difficult for our staff to prepare for the regular session. It is not because we are putting our homes and businesses in order before moving to Carson City for 120 days. It is not because it detracts, somehow, from that special opening day that our freshmen should have had in their first legislative session. We were elected to represent the people of this state and we all must put aside, in these difficult times, our differences. We all understand and take this duty seriously. Rather, we hope not to be here today because the reason is so incredibly devastating.

After meeting in special session five months ago, our state's fiscal situation has deteriorated even more, such that we cannot even wait two months for the start of the regular session. For

the remainder of this special session, we will have to take immediate, short-term actions to address immediate, short-term problems. But I reaffirm to you, Madam Speaker, and to my colleagues, and to all those we represent, my commitment, when we convene back here in February, to address those long-term problems; to help Nevada emerge stronger and better from adversity.

Madam Speaker, my fellow colleagues, I do not know if I can say it any more plainly or eloquently than what has been said before, so often: we must decide what kind of state we want to be. We need to know what to do to get there. Perhaps some will say that we cannot be expected to make changes in these difficult times. Perhaps some will say that we should do nothing until the economy improves—that now is not the time to address the bigger problems. There is no question that in the last year, Nevada has found itself in economic turmoil. Every day, it seemed, the news from Wall Street, the news from Main Street, and the news, probably, from your own street in which homes were boarded up in foreclosure—was worse. And when we thought it would not get any tougher—it did. Nevada needs something new. Nevada needs something stronger and better. Because what we have right now is not working.

So let us get to the task that confronts us today and let us also collectively reaffirm our commitment to making sure our state emerges stronger and better from this adversity by finding lasting solutions.

Madam Speaker, I think it is time.

Assemblyman Ocegüera moved that the Assembly recess until 10:45 a.m.  
Motion carried.

Assembly in recess at 10:25 a.m.

#### ASSEMBLY IN SESSION

At 11 a.m.

Madam Speaker presiding.

Quorum present.

#### MOTIONS, RESOLUTIONS AND NOTICES

Assemblyman Ocegüera moved that the Assembly resolve itself into a Committee of the Whole for the purpose of considering Assembly Bills Nos. 1 and 2.

Motion carried.

#### IN COMMITTEE OF THE WHOLE

Assemblywoman Buckley presiding.

Quorum present.

Assembly Bill No. 1 considered.

Assemblymen Parnell, Aizley, Hardy, Bobzien, Gansert, Dondero Loop, Anderson, Denis, Horne, McClain, Arberry, Kihuen, Carpenter, Conklin, Mortenson, Ohrenschall, and Woodbury disclosed a potential conflict of interest.

CHAIR BUCKLEY:

At this time, our Legal Counsel has asked for potential conflicts because of the uncertainty with disclosure laws. I think the opinion from our legal counsel is that more is better, no matter how tangential or removed. So at this point I will allow anyone to make any disclosure with regard to their employment or others to whom they are related and their employment.

ASSEMBLYWOMAN PARNELL:

Thank you, Madam Speaker. For the record, I would like to disclose that I am on the Board of Directors of the Northern Nevada Development Authority (NNDA). Section 1 of Assembly Bill 1 transfers money from the Nevada Economic Development Fund administered by the Commission on Economic Development, which provides grants to nonprofit entities in rural areas for economic development. Because the provisions of Section 1 of Assembly Bill 1 affect the budget of the Commission on Economic Development, the funding for the NNDA may be indirectly affected by this reduction to the Commission's budget. I am making this disclosure regarding my position as a member of the Board of Directors of the NNDA. I believe that the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitment and therefore I am not required to abstain, and I will be voting on this bill.

ASSEMBLYMAN AIZLEY:

Thank you, Madam Speaker. For the record, I am a professor of mathematics at the University of Nevada, Las Vegas, which is an institution within the Nevada System of Higher Education. Section 5 of Assembly Bill 1 transfers money from the Estate Tax Account in the Endowment Fund of the Nevada System of Higher Education and Section 12 transfers money from the annual slot receipts deposited in the Special Capital Construction Fund for Higher Education. Because the provisions of Sections 5 and 12 of Assembly Bill 1 affect the financial structure and the budget of the Nevada System of Higher Education, I am making this disclosure regarding my employment with the System. However, because the benefit or detriment accruing to me as a result of the passage of this bill is not greater than that accruing to any other professor at an institution within the Nevada System of Higher Education, I am not required to abstain from voting on this bill.

ASSEMBLYMAN HARDY:

Thank you, Madam Speaker. In way of disclosure on Assembly Bill 1, regarding Section 7, I have a son attending the University of Nevada, Reno (UNR), who is a recipient of a Millennium Scholarship. In the capital construction provision that could affect higher education, in Section 12, I have a son attending the University of Nevada, Las Vegas (UNLV). A son is also a teacher at another one of the institutions of higher learning, which used to be known as a community college; that would potentially be Section 12.

Also, I disclose for any other section that would appertain to anything else I do in medicine, if somebody gets hurt at a clinic there. At any rate, having been handed my statement to read, I do not feel that I have been or will be materially affected differently than anyone else and so I am not required to abstain, and I will be voting on the bill. Thank you.

ASSEMBLYMAN BOBZIEN:

Thank you, Madam Speaker. For the record, I would like to disclose that I am employed by Fuze, LLC, which is a subcontractor on a project for the Northern Nevada Development Authority. Section 1 of Assembly Bill 1 transfers money from the Nevada Economic Development Fund administered by the Commission on Economic Development, which provides grants to nonprofit entities in rural areas for economic development. Because the provisions of Section 1 of Assembly Bill 1 affect the budget of the Commission on Economic Development, the funding available for the NNDA may be indirectly affected by this reduction to the Commission's budget, and therefore I am making this disclosure regarding my position as an employee of Fuze, LLC. I believe that the independence of judgment of a reasonable person

in my situation would not be materially affected by my private commitment, and therefore I am not required to abstain, and I will be voting on this bill.

ASSEMBLYWOMAN GANSERT:

Thank you, Madam Speaker. For the record, I want to disclose that I do contract work for Northern Nevada Emergency Physicians, where my husband is also employed and that Section 10 of this bill may have some effect, but not materially more than anyone else. I did want to disclose that for the record. Thank you. I will be voting.

ASSEMBLYWOMAN DONDERO LOOP:

Thank you, Madam Speaker. For the record, I would like to disclose that my mother is a member of the Board of Regents of the University of Nevada, which governs the Nevada System of Higher Education. Section 5 of Assembly Bill 1 transfers money from the Estate Tax Account in the Endowment Fund of the Nevada System of Higher Education and Section 12 transfers money from the annual slot receipts deposited in the Special Capital Construction Fund for Higher Education. Because the provisions of Sections 5 and 12 of Assembly Bill affect the financial structure and the budget of the Nevada System of Higher Education, I am making this disclosure regarding my mother's position on the Board of Regents, even though these transfers will not have a direct effect on my mother. Because I believe that the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitment, I am not required to abstain and therefore I will be voting on this bill.

I would also like to disclose that my brother and sister-in-law work in and for the tourism industry with the Las Vegas Convention and Visitors Authority (LVCVA). Section 2 of Assembly Bill 1 transfers money from the fund for the promotion of tourism. Because Assembly Bill 1 reduces money in the fund for the promotion of tourism, which may affect the LVCVA, and therefore possibly my brother and sister-in-law, indirectly, I am making this disclosure regarding the employment of my brother and sister-in-law. However, because I believe that the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitment, I am not required to abstain and therefore I will be voting on this bill.

ASSEMBLYMAN ANDERSON:

Thank you, Madam Speaker. I, too, wish to disclose—in the interest of the new regulation—that I do not believe I will be dramatically affected. However, I have a daughter who works for the University of Nevada System and therefore Sections 5 and 12, dealing with higher education, could substantially impact the University System and thus, I believe, that the independence of judgment of a reasonable person in my situation will not preclude me from voting. I will vote on the issues, but I wanted to disclose the fact of employment.

ASSEMBLYMAN DENIS:

Thank you, Madam Speaker. For the record, I would like to disclose that I serve on the Board of North Vista Hospital. Section 10 of Assembly Bill 1 transfers money from the Indigent Accident Account of the Fund for Hospital Care to Indigent Persons. Because Assembly Bill 1 reduces money in the Fund for Hospital Care to Indigent Persons, which may affect the North Vista Hospital, I am making this disclosure regarding my position on the Board of the North Vista Hospital, even though these transfers will not have a direct effect on me.

Because I believe that the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitment, I am not required to abstain and therefore I will be voting on this bill.

I would also like to disclose that I am an employee of the Public Utilities Commission of Nevada. Section 17 of Assembly Bill 1 transfers money from the Public Utilities Commission Regulatory Fund. Because Assembly Bill 1 reduces money for the Public Utilities Commission, I am making this disclosure regarding my employment with the Public Utilities Commission, even though these transfers will not have a direct effect on me. Because I believe that the

independence of judgment of a reasonable person in my situation would not be materially affected by my private commitment, I am not required to abstain and therefore I will be voting on this bill.

ASSEMBLYMAN HORNE:

Thank you, Madam Speaker. This is a disclosure that I serve on the advisory board of the Greenspun College of Urban Affairs at the University of Nevada, Las Vegas. It is not a paid position. I do not believe that the provisions in this chapter would conflict me or preclude me from voting on this measure.

ASSEMBLYWOMAN MCCLAIN:

Thank you, Madam Speaker. I would like to disclose that I am a Clark County employee, and since I work in the Social Services Department, Section 10 may or may not affect that department because they do pay the hospital bills at the University Medical Center for indigent clients. Therefore, it will not affect me materially anymore than anyone else in my class and I will not abstain from voting.

ASSEMBLYMAN ARBERRY:

Thank you, Madam Speaker. I just want to disclose that I do sit on the Valley Hospital Board of Governors.

ASSEMBLYMAN KIHUEN:

Thank you, Madam Speaker. For the record, I work for the College of Southern Nevada, which is an institution within the Nevada System of Higher Education. Section 5 of Assembly Bill 1 transfers money from the Estate Tax County Endowment Fund of the Nevada System of Higher Education and Section 12 transfers money for the annual slot receipts deposited into the Special Capital Construction Fund for Higher Education. Because the provisions of Section 5 and 12 of Assembly Bill 1 affect the financial structure and the budget of the Nevada System of Higher Education, I am making this disclosure regarding my employment within the system. However, because the benefit or detriment accruing to me as result of the passage of this bill is not greater than that accruing to any other professor at the institution within the Nevada System of Higher Education, I am not required to abstain from voting on this bill. Thank you, Madam Speaker.

ASSEMBLYMAN CARPENTER:

Thank you, Madam Speaker. I want to say that I have one or two slot machines in my organization, so I don't think it's going to make or break this fund, so I will be voting.

ASSEMBLYMAN CONKLIN:

Thank you, Madam Speaker. I would like to disclose at this time that I also serve on the advisory board for the Greenspun College at the University of Nevada, Las Vegas. I am an adjunct faculty member at the College of Southern Nevada, and I am also currently a student at UNLV. Therefore, Section 5, Section 7 (I am not getting a Millennium Scholarship, but just in case, to be on the safe side, I will include it), and Section 12 of this bill may affect the budget of the University System in aggregate. I do not believe that it will affect me in any material way, at least beyond any way that it would affect anyone else. I will continue to vote on this bill.

ASSEMBLYMAN MORTENSON:

Thank you, Madam Speaker. I wish, too, to advise that I serve on the advisory board for the College of Sciences at UNLV. I do not think any vote that I take will affect me any more than anyone else.

CHAIR BUCKLEY:

Okay. Let's start our testimony on Assembly Bill 1. I will ask Andrew Clinger from the Budget Office and Mark Stevens from the Legislative Counsel Bureau's Fiscal Analysis

Division to join us. I'll ask that they give a short overview, generally about where we are and how we got here. Then we will begin the specifics of Assembly Bill 1, and then I will take questions from anyone on any provision of the bill. Mr. Clinger, thank you for being with us today. You may proceed.

ANDREW CLINGER, DIRECTOR, DEPARTMENT OF ADMINISTRATION:

Madam Speaker, members of the Assembly, good morning and thank you for having me here today. The Speaker has asked me to give this body an overview of how we got to this point—the cuts that we have made previously and what revenue shortfalls have been previously identified. I am going to go through that and then turn it over to Mr. Stevens.

We began this process last September. The first round of budget cuts were made in January of last year. At that point, in January, we had identified a \$23.1 million shortfall that had carried over from the prior fiscal year. In addition to that, at that point, we were anticipating for Fiscal Years 2008 and 2009 we would be short, on the revenue side, \$395.3 million. In addition to that, we identified a Distributive School Account (DSA) requirement of \$25 million, because the state is required to make up what is called the Local School Support Tax. When we lose sales tax revenue on the state side, we also have to make up the sales tax revenue on the K-12 side, as well. We also identified, at that point, a Medicaid shortfall of \$121.3 million. So, in total, in January, our shortfall was \$564.8 million. Now, at that point, what we did to solve that problem was to take \$232 million from the state's Rainy Day Fund. We did across-the-board budget cuts of 4.5 percent, which is approximately \$257 million. We took \$36 million out of the Capital Improvement Program. Then, again, in April, we identified that the shortfall had grown from \$564 million to \$902 million and, again, the change there is the revenue shortfall, which basically increased from \$395.3 million to \$583.3 million. In addition, we had some other supplementals that were identified and other shortfalls on the expenditure side. Those were in the Welfare Division's Aged and Blind supplemental, as well as in the Division of Child and Family Services—we had identified an additional need for supplemental funding there as well. So, again, as of April, our shortfall had grown from \$564.8 to \$902 million.

What we did to balance the budget, at that point, was to use the Capital Improvement Program. Remember, on the first round of cuts we took \$36 million, in the second round or as of April, we went in and took \$188.5 million. In addition to that, there was \$36 million set aside in the Interim Finance Contingency Fund that was set to transfer to the Rainy Day Fund, so we took that out. We increased the transfer from the Rainy Day Fund from \$232 million to \$267 million, which at that point was essentially the balance of the Rainy Day Fund. We also identified some reserves in the active employees' group insurance and stopped pre-funding the old Public Employees Benefits Program liability or retirees liability for group insurance—that was \$27.5 million. We transferred \$18 million from the Bond Interest and Redemption Account at that point. We also took \$56 million from Assembly Bill 544, which was \$170 million in funding set aside for two transportation projects, I-15 and State Route 160. We took \$56 million out of that. We also, at that point, set aside that we would transfer \$9.5 million from the Public Health Trust Fund, and we would transfer another \$10 million from the Healthy Nevada Fund. So, as of April, we had essentially solved our problem. There are some other smaller things on the list, but I do not want to go through every single one of them. We had solved the \$902 million shortfall at that point.

The next point in time is June 27, which was the 24th Special Session. At that point, we had identified another shortfall. The shortfall had grown from \$902 million to almost \$1.2 billion. Again, on the revenue side, from the April balancing it had grown from a \$583.3 million shortfall to a \$777.9 million shortfall. The DSA supplemental, when comparing April to June, had grown from \$194.1 million to \$275.2 million.

Through the 24th Special Session there were things that we did to help balance the \$1.2 billion shortfall, in addition to the things that had already been done. Through Assembly Concurrent Resolution 2 we did, again, operating budget cuts of \$106 million. On average that ended up to be about a 3.4 percent reduction, so that 3.4 percent reduction was on top of the 4.5

reduction done in January. Also, during the special session, we took \$47.9 million, almost \$48 million, out of the Distributive School Account, which is the account that we use to transfer funds to the school districts. We took almost \$48 million out of that account, which was earmarked for textbooks. We raised the transfer from the Public Health Trust Fund from \$9.5 million to \$36.8 million. We raised the transfer from the Healthy Nevada Fund from \$10 million to \$13 million. The other things that were identified during the special session were to eliminate the transfer to the Millennium Scholarship Program of \$7.6 million, which is the tobacco money that typically flows into the Millennium Scholarship Program. We basically diverted that back to the state. We redirected some other tobacco receipts that were slated to go into the Public Health Trust Fund—\$4.4 million. We transferred money from the Disaster Relief Fund—\$4.2 million. We identified, at that point, that the Tax Amnesty Program would bring in \$4 million. That program has actually brought in, to the state General Fund, significantly more than that. I do not have the numbers.

There were other things we did. We went in and swept various operating reserves: Criminal History, \$4 million; the Fund for the Disposal of Radioactive Wastes, \$4 million; reversion funds from the Homeowner's Disaster Relief Fund, \$3.5 million; transfer from the Mortgage Lending Division of the Department of Business and Industry, \$3.5 million; transfer from the Industrial Development Revenue Bond Program, \$800,000; reversion of Project Challenge funding, \$600,000; and, finally, transfer from the Legislative Committee on Health Care, \$200,000. So, at that point, having made all these transfers and various operating cuts, we had essentially balanced, as of June 27, 2008, our deficit of \$1.2 billion dollars.

With that, Mr. Stevens can pick up from there, on where we are at now.

MARK STEVENS, ASSEMBLY FISCAL ANALYST, LEGISLATIVE COUNSEL BUREAU, FISCAL ANALYSIS DIVISION:

Thank you, Madam Chair. Andrew has just outlined the shortfall up to the special session in June. That shortfall was slightly below \$1.2 billion for both fiscal years of this biennium—Fiscal Year 2008 and Fiscal Year 2009. We currently are projecting a shortfall of approximately \$1.5 billion. Again, that is for both Fiscal Year 2008 and Fiscal Year 2009. How did we get from a \$1.2 billion shortfall to a \$1.5 billion shortfall? Revenues have come in and have continued to come in weaker than we had anticipated in June. For example, we have three months of sales tax collections in Fiscal Year 2009. Currently, collections have come in 3.2 percent lower than the same three months, one year ago. That includes monies that were brought in on the amnesty program that Andrew talked about earlier. If those amnesty funds were not included, which only come in once, the sales tax is actually 6.1 percent lower in the first three months compared to the same three months, one year ago.

In gaming percentage fees, which is the other large major General Fund revenue source, for the first four months of Fiscal Year 2009 that revenue source is down 11.2 percent, compared to the same four month period one year ago. The Economic Forum met on December 1, 2008. It provided the official state revenue forecast that the Governor is bound to use in the Executive Budget that is submitted to this body for review during the 2009 Regular Session.

They have projected, in this Fiscal Year, \$2.777 billion. That would be a 9.1 percent reduction compared to the revenue collections of Fiscal Year 2008. In 2008, the revenue collections were 2.9 percent lower than the collections in Fiscal Year 2007. We have had two years of negative growth in General Fund revenues. By 2011, which is the second year of the upcoming biennium, the Economic Forum has projected \$2.874 billion in revenue. Just to give you an idea of those figures, in Fiscal Year 2005 the state collected \$2.742 billion. The Economic Forum is projecting in Fiscal Year 2011, which is the second year of the upcoming biennium, \$2.874 billion or a 4.8 percent increase over that six-year period. During that same six-year period, the population in Nevada is projected to grow by 21.2 percent, inflation is projected to grow by 15.4 percent, and revenues are projected to grow by 4.8 percent.

The Economic Forum has made projections on the two major revenue sources— sales and gaming. On sales, it is projecting a minus 8.6 percent increase in this fiscal year, a .5 percent

increase next fiscal year and a 3 percent increase in Fiscal Year 2011. In order to get an 8.6 percent increase in this year, the final nine months have to come in negative 10.4 percent compared to the same nine months a year ago. In gaming percentage fees, they're projecting minus 12.1 percent this year, plus 3.2 percent Fiscal Year 2010, and plus 5 percent in Fiscal Year 2011.

The revenue side is the majority of the shortage, compared to where we were at in the June special session, but the supplemental appropriations that the state will be required to provide during the 2009 Session have also increased, both on the K-12 education side to replace the sales tax income that is not coming in as expected, and also in various state programs, the largest of which would be a supplemental to the Medicaid Program.

In June, we estimated \$377.4 million in supplementals. Currently, we are projecting \$408 million will be required in supplemental appropriations to get state agencies and the 17 school districts through Fiscal Year 2009. We are projecting about a \$1.5 billion shortfall. The solution through the special session was, and Andrew went through this, and I will go through this very quickly, again, was taking \$267 million from the Rainy Day Fund; budget reductions were about \$756 million; fund transfers were approximately \$90 million; \$7.6 million was generated by not transferring unclaimed property revenues to the Millennium Scholarship Program; and we had other reductions of approximately \$25 million, which added up to between \$1.15 and \$1.2 billion.

At this special session, in Assembly Bill 1 and Assembly Bill 2, the proposal is for \$76.7 million, in the utilization of non-General Fund revenues; a line of credit of \$160 million; budget reductions of \$72.8 million; and various revenue proposals of \$32.2 million. This totals \$341.7 million, which together with the previous reductions or solutions, totals to just below \$1.5 billion.

That is all I have on this, Madam Chair, I'll be happy to answer any questions, if there are any.

CHAIR BUCKLEY:

Why don't you walk us through the bill, and we will open it up for questions.

MARK STEVENS:

Assembly Bill 1 includes all of the non-General Fund sources of revenue—these are funding sources that have been deemed to be in excess, which could be utilized to assist the General Fund in the shortfall, in this current fiscal year.

Basically, the way this mechanically works is that the budget account amounts will be swept into budget account 101-1091, which is the budget reserve account. That money sits in that account until the end of the fiscal year when it is then reverted to the state's General Fund.

Section 1 would take just over \$1 million from the Nevada Economic Development Fund. Section 2 would take \$2.8 million from the Commission on Tourism. Section 3 takes \$3.5 million from the Low Income Housing Trust Fund. Section 4 takes an additional \$250,000 from the Homeowners Disaster Relief Account. Section 5 takes \$4 million from the Estate Tax Account at the Nevada System of Higher Education. Section 6 takes \$300,000 that had been appropriated previously to the Department of Cultural Affairs. Section 7 takes \$5 million from the Millennium Scholarship Trust Fund. Section 8 takes \$500,000 from the Emergency Assistance sub account within the Disaster Relief Account—those are funds under the control of the Division of Emergency Management for emergencies. Section 9 takes \$800,000 from the account for Services for Persons with Impaired Speech or Hearing. Section 10 takes \$25 million from the Indigent Accident Account, for hospital care of indigent persons. Section 11 takes \$1 million from the Pollution Control Account that is administered by the Department of Motor Vehicles. Section 12 takes \$2.5 million from the Special Capital Construction Fund for Higher Education. Section 13 takes \$14 million from the Insurance Verification Account, administered by the Department of Motor Vehicles. Section 14 takes \$550,000 from the Account for Education Recovery. Section 15 takes \$250,000 from the Manufactured Housing Recovery

Fund; Section 16 takes \$3.5 million from the account for Pensions for Silicosis Diseases Relating to Asbestos; Section 17 takes \$800,000 from the Public Utilities Commission's Regulatory Fund reserve. The other provisions of the bill go in and actually provide for the reversion of those funds to the General Fund at the end of the fiscal period.

I would be happy to answer any questions concerning Assembly Bill No. 1, Madam Chair.

CHAIR BUCKLEY:

Thank you, Andrew and Mark, for your testimony. Are there questions on the bill?

ASSEMBLYWOMAN GANSERT:

Thank you, Madam Chair. Looking at Section 7 and the Millennium Scholarship—we had taken \$7.6 million during one of our earlier budget cut rounds. I think, at that time, we were looking at the fund being solvent until 2017. Is it still solvent until that date? What would the date be, after we take this?

MARK STEVENS:

The latest projections that the Fiscal Analysis Division is reviewing from the Treasurer's Office indicate that the Millennium Scholarship would be solvent through Fiscal Year 2015, if this \$5 million was taken.

ASSEMBLYWOMAN GANSERT:

Thank you. I had questions about Section 10, also, but Mike Willden might need to answer those.

CHAIR BUCKLEY:

Sure, you can keep going. Would you like Mike Willden to talk about Section 10?

ASSEMBLYWOMAN GANSERT:

Yes.

CHAIR BUCKLEY:

Any more questions? Let's see if there are any further questions for Andrew and Mark and then I will ask Mike Willden to come down to talk about that section. Assemblyman Carpenter?

ASSEMBLYMAN CARPENTER:

Thank you, Madam Chair. I would like to ask a question about Section 8, where we are taking \$500,000 from the Emergency Management Agency. Is there anything left there?

MARK STEVENS:

The current balance is between \$1 million and \$1.1 million in that particular account. We felt that \$500,000 was the maximum amount that should be taken from that account. That would leave them \$500,000 to \$600,000 for emergencies that come up.

ASSEMBLYMAN CARPENTER:

The reason I am asking is—maybe you know or do not know—but there was an earthquake in the City of Wells. They have not gotten their money from Emergency Management on the disaster they had there. I just wanted to make sure there is enough to cover that.

MARK STEVENS:

Mr. Carpenter, there are actually two emergency/disaster accounts. One particular account is controlled by the Division of Emergency Management and can be utilized by them on approval of the Governor, immediately. There is also a disaster relief account. If my memory is right, there is about \$6 million left in that account. That account requires certain conditions to be met and also Interim Finance Committee approval. You may be thinking of the larger disaster relief account which has about \$6 million. There is also the Emergency Assistance sub account which can be accessed more quickly and it should have about \$500,000 or \$600,000 left in it.

ASSEMBLYMAN CARPENTER:

Thank you. They have not been able to get any money so maybe that will help me get the Governor on the ball so he can approve that.

CHAIR BUCKLEY:

The Governor's Legal Counsel is behind the bar, so I believe your message about Wells has been heard.

ASSEMBLYMAN GOICOECHEA:

Thank you, Madam Chair. Andrew or Mark, does the \$25 million withdrawal from the Indigent Accident Fund (IAF) completely deplete that account? If so, how is the state going to meet the demands on that account if there was a catastrophic injury accident with an uninsured motorist?

CHAIR BUCKLEY:

Are we going to save that one for Mike Willden, Andrew and Mark? Yes, we are going save that question about the IAF for Mike Willden, who will testify as soon as we are done with these two witnesses.

ASSEMBLYMAN GOICOECHEA:

Thank you. Could they tell me if that zeroes the account?

MARK STEVENS:

I believe that the projection that we have is a little bit more than \$25 million, but it is under \$26 million.

ASSEMBLYMAN GRADY:

Thank you, Madam Speaker. I had the same question as Mr. Goicoechea asked, so I will wait for Mr. Willden, too.

CHAIR BUCKLEY:

Are there any further questions for these two witnesses concerning Assembly Bill 1? If not, we appreciate your testimony, thank you very much, Andrew and Mark.

Mr. Willden, would you please come forward? Thank you for being here today. Maybe you could speak a little bit about the Indigent Accident Fund, what you think the impact would be and how much money there is.

MICHAEL J. WILLDEN, DIRECTOR, DEPARTMENT OF HEALTH AND HUMAN SERVICES:

Thank you, Madam Chair. The Indigent Accident Fund is a fund that was created, I think, in the 1980s. A penny and a half goes into what they call the Indigent Accident Collection. There is a supplemental payment for a penny, also, so 2.5 cents on property taxes goes into this fund. The fund generates revenue of about \$25 to \$29 million, based on the last three years. The program was administered by the Budget Office. In the 2007 Legislative Session it was transferred to the Department of Health and Human Services.

The fund is used to pay out accident claims and catastrophic claims over \$25,000. I think what is proposed here is to actually sweep the fund one time this year, for Fiscal Year 2009, for \$25 million. What the impact of that would be is, obviously, that health care providers who cover those accidents or those catastrophic claims would not get payment in Fiscal Year 2009. So, of that \$25 million, roughly \$24.5 million would be a hit to Nevada's hospitals in the way of a payment source to those hospitals. The other \$500,000 goes to other providers such as ambulances, physicians, labs, and those types of things.

How we ended up making this recommendation, I think, requires a little bit of history. Many of you probably have read in the press that there has been a move by the Nevada Spending and Government Efficiency (SAGE) Commission to review taking this money and putting it into the Medicaid program. As it is spent now, it currently does not get matched. It is paid out without

any federal matching funds. We have been moving forward to try to find a way to put this revenue into the Medicaid budget in future years, where it could get federal matching dollars. In other words, \$25 million would turn into \$50 million, going forward. In this year, because the Medicaid budget is so far in the hole, we are still facing, with all these various budget reductions and caseload growth, a \$92 million supplemental appropriation is going to be needed in the Medicaid program. That gets offset by several reserves that we used for Fiscal Year 2008 and balance forward and reserves for Fiscal Year 2009. I believe the supplemental we are looking for is somewhere around \$38 million or \$40 million. So, by sweeping the IAF into the General Fund, this \$25 million, in my mind, then becomes part of the offset or where we are going to get the \$40 million dollar supplemental for Medicaid. If we do not sweep the IAF then Health and Human Services, I assume, would be tasked to make additional budget reductions. What that would mean is that without this \$25 million, I would need to make \$50 million worth of cuts in the Medicaid program because of the dollar for dollar match with Medicaid.

I would probably be remiss not to say this is a huge, if you will, insurance fund for the hospitals and the counties. These are catastrophic events and all the counties pay in, though all the counties do not necessarily benefit in a given year. By sweeping the fund we would be without this catastrophic coverage for the year we are in, which is Fiscal Year 2009.

CHAIR BUCKLEY:

Mr. Willden, could you explain why this was recommended, as opposed to a further cut in the Medicaid level or some of the other difficult things that were on the list?

MIKE WILLDEN:

Yes, Madam Chair. When we prepared the cut list at 4 percent, 7 percent, and 11 percent, and when we were dealing with this fourth round of cuts, the ones we are discussing today, we had a lot of "ugly scenarios" on the list. Many of you may recall that in the earlier rounds we reduced hospital payments by 5 percent. We would have had to reduce hospital payments again with a deeper cut. We have been able to not cut our long-term care nursing facilities. With the 4 percent, 7 percent, and 11 percent cut list we would have had to do a rate reduction to our nursing facilities. The other scenario was that we may have had to restrict eligibility to our nursing homes and, with that scenario; we may have had to not cover as many as 1,200 clients in nursing facilities. The other option we considered was reducing optional services that Medicaid pays for. There are not very many optional services, but we would have to go in and just basically restrict anything that was not absolutely mandatory. The last thing is, as you know, we were on a health care program called Nevada Check-Up. Currently, we have about 24,000 children enrolled, which is down from almost 30,000 several months ago. We would have to look at eliminating the Nevada Check-Up program going forward. So, given those options, the recommendation to sweep the IAF was the alternative.

CHAIR BUCKLEY:

Thank you, Mr. Willden. Assemblyman Goicoechea?

ASSEMBLYMAN GOICOECHEA:

Thank you, Madam Chair. Mike, I am struggling to figure out something. What is the county *ad valorem* rate that is paid for indigent services combined with the IAF? You said the IAF was at 2.5 cents. I thought it was 1.5 cents, but there is another rate?

MIKE WILLDEN:

Mr. Goicoechea, the IAF is 1.5 cents, and the supplemental is one cent. Combined, 2.5 cents goes into the fund.

ASSEMBLYMAN GOICOECHEA:

All right. Isn't there also another *ad valorem* rate that is for indigent services, that is imposed on the counties?

MIKE WILLDEN:

Yes. I do not recall the statute but the counties, to run their own indigent programs, can levy up to 8 cents, I think, for their indigent programs.

ASSEMBLYMAN GOICOECHEA:

I was just trying to get those numbers. I thought it was around 11 cents. Thank you.

CHAIR BUCKLEY:

Assemblywoman Gansert?

ASSEMBLYWOMAN GANSERT:

Thank you, Madam Chair. Mike, when you were going over your numbers, you talked about the \$92 million supplemental that was going to be required—but then you had some reserves to offset it. You spoke about the net, net being \$38 to \$40 million. Now, when you take this money, the \$25 million becomes \$50 million. What about that other \$10 million that is left? Also, what is the proportion of the \$25 million that goes to the small rural hospitals? Because I think we all recognize that amounts that may seem inconsequential to larger facilities, or larger counties, can make or break a small county hospital. So, with that \$10 million, is there anything that we can do to try to offset some of what they are going to lose in that \$25 million? How much, historically, have the smaller entities received of the \$25 to \$29 million that comes in a year?

MIKE WILLDEN:

Maybe I could answer that, in reverse. I have provided a handout to the Legislative staff—and I am not sure who all has seen it—but in Fiscal Year 2008, again, we paid out about \$24.6 million to the hospitals. \$13.5 million of that \$24.6 million went to University Medical Center (UMC). Next in line, following that, was Renown Hospital with about \$2.9 million coming from the fund. They were followed by Sunrise Hospital, with \$2.2 million, and then Valley Hospital with about \$1 million.

In rural Nevada they actually get very little of this money. You think about when there is a trauma or catastrophic event, the rural hospital's role is basically to triage and ship the patient to one of the larger hospitals where there is a trauma center. So, primarily, Renown and UMC benefit from the payments. You will see small payments to some of the smaller hospitals. They really do not go over \$50,000, typically, to the small rural hospitals, because they basically pick up an accident victim, then there is ambulance service from the accident to the hospital, and then Care Flight to one of the larger hospitals is used. That is the answer for the small rural hospitals.

Backing up, again, I think it is sort of confusing to the matching situation. This money does not create new matching dollars or have new funding coming into the program, which is sort of the SAGE Commission concept. What this basically is creating is the non-federal share, the General Fund share to match existing or projected expenditures for Fiscal Year 2009. If we don't have this \$25 million, then the \$40 million shortfall, that we have to have, the supplemental that we need, has to come from some other source. If there is no other source, then I would have no choice but to further reduce expenditures in the Medicaid Program by those options that I listed before.

ASSEMBLYWOMAN GANSERT:

I added up the numbers you gave me and it still leaves about \$4 million. Do you think in total that the other entities in the state get about \$4 million? Other than the ones you named off. University Medical Center, Renown, Sunrise, Valley—if you add those together you get about \$19.6 million. You had about \$24.5 million.

MIKE WILLDEN:

There are two more I would add to the list. Desert Springs and North Vista each get about a \$1 million apiece. If you take that money off the list, the other \$2 million goes to the smaller hospitals.

ASSEMBLYWOMAN GANSERT:

Now, if you need \$40 million for the whole, can you take \$20 million instead of \$25 million out of the Indigent Accident Fund? Is there any way to take less of that money? The other thought I had was that the Speaker tried to start up a new insurance program with an employer match and a state match of a \$100. Eventually, it did not work because it wasn't a new program as defined by the federal government. Is there any way that we can create something that is new, where we still get the match, but we try to get the money to the hospitals that are taking care of these critical patients?

CHAIR BUCKLEY:

I will answer that. If we cap Nevada Check-Up and tell children they cannot enroll, even though they need health insurance, then all the pregnant women currently on that waiver program, who are pregnant working women whose employers do not offer health insurance, will be cut off their health insurance. Once you cap Nevada Check-Up and that waiver program, you are no longer eligible for it.

It has taken the state four years to get the feds to approve that. If we capped it, we would be cut off and those women throughout the state would no longer have their hospital bills covered. Additionally, on the small business piece, where we tried to set up the match, we capped that program to keep it on the books but stop advertising it. The advertising dollars were reverted. It exists so that when we turn things around we can help more small businesses again; but, last time I looked, I think we had five families or so enrolled in it. It is very difficult because if you cap Nevada Check-up you have that as a consequence and that will hurt the hospitals. You will no longer have both children and pregnant women, especially, covered by health insurance, which means they will be going to the emergency rooms.

ASSEMBLYWOMAN GANSERT:

Just to clarify. So, the \$40 million kind of gets us to where we are, but then we have to cap it. Is that what you are saying? You have to cap it? That is why we are leaving the other \$10 million, the other \$5 million matched to \$10 million? I am thinking these are two different pools of funds we are talking about.

MIKE WILLDEN:

There has been a series of reductions and cuts. Let me try and walk through this. What has been done to date is that the Health Insurance Flexibility and Accountability (HIFA) waiver has been capped. The HIFA waiver is not to be confused with the State Children's Health Insurance Program (SCHIP). The HIFA waiver is capped at a \$100. It is employer supported; that is the \$100 subsidy to low income employers. It has been capped at a \$100. Speaker Buckley is correct. We have half a dozen or so enrollees in that and we have stopped all outreach on everything.

The pregnant women waiver was capped at \$200. I don't know today's count but we have had and I have seen around 100-120 pregnant women in that program. Nevada Check-up is currently not capped, but, because of staffing and resources and no outreach and things like that, we have seen declining enrollment from 30,000 to the 24,000. We are trying to keep those programs going forward as well as we can with the revenue available.

Everything is built in building blocks. You can cut the HIFA waiver and keep the SCHIP program, but you cannot keep the SCHIP program and keep the HIFA program. They build on each. If we get rid of the HIFA program we only save about \$205,000 General Fund money. It would not offset the IAF. It is a small place holder program so that we can keep the waiver in place, so we do not have to renegotiate with the feds when the economy improves. Again, let us

go back to taking \$5 million, \$20 million, \$25 million from the Medicaid Program. From our perspective, we just need to know that the \$38-\$40 million supplemental is going to be there, or we will need to reduce expenditures beyond what we are. Again, we would go to the list of cuts that we have proposed in the 4 percent, 7 percent, and 11 percent scenario. The Governor's office, legislative leadership, and this body would need to pick which cut that they would want us to implement.

ASSEMBLYWOMAN GANSERT:

So, part of this plan is that you are counting on all of it, and we do not change anything else.

MIKE WILLDEN:

If we do not change anything else, we are counting on the whole \$25 million.

CHAIR BUCKLEY:

Assemblyman Grady?

ASSEMBLYMAN GRADY:

Thank you, Madam Chair. Mr. Willden, thank you for all the work that you have done and the many scenarios that you have put forward. I have two questions and I wish to thank my colleague from District 27 for giving me a short course in some of these figures this morning. I guess the first question is about clarification. You said that once the patient is transferred from a rural hospital to an urban hospital, if you will, that the small hospital no longer has any responsibility. I thought they were still billed back from the urban hospital.

MIKE WILLDEN:

Mr. Grady, that is correct. Again what happens on a multiple hospital trauma or accident, the victims will go to a small hospital and then be transported to a large hospital. The large hospital aggregates all the costs. The fund will make a payment to the large hospital, then the large hospital will make a payment back to the small hospital. They are reimbursed for the costs they incurred in the intake trauma process.

ASSEMBLYMAN GRADY:

Thank you. My second question, if I may, Madam Chair. We are betting that in the next six to seven months we are not going to have a catastrophic claim in the rural areas. If something were to happen, say along I-80, and they had to go to Pershing County Hospital, which everyone knows is having some problems right now, is there any chance that the Pershing County Hospital could then go to the Interim Finance Committee for some assistance?

MIKE WILLDEN:

I am not betting that there would be accidents, because there are accidents every day and every week. This process simply would say that when there is an accident and those hospitals incur that situation and those people in those accidents have no other pay source other than the IAF, they would not be able to come to this fund this year. Accidents will occur, those hospitals will treat the people, and it will be just unpaid debt—unpaid, uncompensated services. As for whether they can go to Interim Finance Committee, I do not know the answer to that. I would have to leave it to Legal staff to say if they could have an entrée there or not.

CHAIR BUCKLEY:

Mike, explain please what the time frame is. Let's say there is a catastrophic accident on May 25, and we are sweeping this money now for this fiscal year. What is the time frame for when someone could submit a claim for reimbursement?

MIKE WILLDEN:

I couldn't give you a hard time frame but actually the claims are paid, probably, a couple of years in arrears. What happens is there is an accident and lots of work goes on by the hospitals

and various types of eligibility staff. They have to see if the victims have private insurance, whether they have vehicle insurance, whether Medicaid will pay, and whether any other pay source will pay. There is a lengthy process of going through those applications, getting denials, and those types of things. Only after they have gone through all pay sources are they able to access the IAF. So, it would be unlikely in Fiscal Year 2009 that we are paying anybody that was in an accident in Fiscal Year 2009. We are probably picking up Fiscal Year 2008 and Fiscal Year 2007 and maybe even beyond that. So, it is a lengthy process before we actually make a payment out of this fund.

CHAIR BUCKLEY:

So, certainly a hospital, then, could submit a claim. If there is no money now but after next session, during the later half of 2009, if this money is replenished, then that could be taken into consideration with the claims that are submitted?

MIKE WILLDEN:

Yes, we could pay prior year claims. In fact, I have had discussions with Jeff Fontaine of the Nevada Association of Counties (NACO) and that was one of the questions. We have a \$140,000 contract with NACO to collect the claims information and pool them. I would intend, and I hope it would be this body's intent, that we continue that contract, and that all these claims continued to be pooled and eligibility processes continue so if we can turn back on some future time that those claims would still exist.

CHAIR BUCKLEY:

Thank you for that clarification.

ASSEMBLYWOMAN LESLIE:

Thank you, Madam Chair. You know we are faced with horrible choices here, but it seems like if we didn't do this the next choice would be to further reduce Medicaid reimbursements to the hospitals. I know we already did it by 5 percent but what percentage would we have to cut to make up the \$25 million plus the other \$25 million match? So, to make up the \$50 million, how much would we have to cut? What impact would that have on the rural hospitals, in particular?

MIKE WILLDEN:

The alternatives that we proposed, other than doing this, was cutting an additional 5 percent to hospitals. That would probably be another \$5.5 to \$6 million General Fund hit. Then you have to double that, because of the federal match, so there is an 11 to 12 percent hit there. Again, as has been reported, many other payers pay off the Medicaid rate and so that snowballs.

I believe that the Hospital Association indicated, in recent conversations that we have had, that our \$5.5 million cut in the first round caused them somewhere around \$18 million in lost revenue, on a 5 percent cut. So, you basically would be doubling all that. The other proposal was a \$20 to \$40 a day rate reduction to the long term care industry. That would save between \$4 and \$6 million in the General Fund, but, again, there would be the loss of the federal participation. Between those two is where you largely get the \$25 million offset, and on top of that was the eligibility restrictions.

As many of you know, we are not a generous state when it comes to eligibility for Medicaid. There is a lot of optional eligibility we do not do, and so to make any kind of real money, you would have to restrict eligibility, and the other place that you would have to look is in our long-term care program where we would no longer cover what we call the special income groups, which means that basically if someone was not on very low income, Social Security income, of \$700 or \$800 a month, we would not cover nursing home needs. We would eliminate that coverage group, and that's how ugly the list looks at this cut level. They are all ugly. I am not sitting here saying the Indigent Accident Fund isn't ugly. It is ugly. It will have impact on the hospitals.

ASSEMBLYWOMAN LESLIE:

Aren't there at least a few rural hospitals that are on the verge of closing if we were to further reduce Medicaid in the ways that you just outlined?

MIKE WILLDEN:

Yes, there are a number of hospitals that we work with frequently with the Rural Hospital Association and the Nevada Hospital Association. Several of them are on the edge. They are on the edge if you look at their cost reports. And, by the way, rural hospitals are reimbursed differently than urban hospitals. They are cost reimbursed, so this would have less impact on rural hospitals. It is sort of a cash flow issue, but they are cost reimbursed once we audit their costs. But, yes, there are a number of them. Pershing and Grover C. Dills are two that come to my mind, also Mount Grant. Rural hospitals are always on the edge, and we are always trying to pay special attention to keeping them cash flow.

CHAIR BUCKLEY:

Assemblyman Goicoechea?

ASSEMBLYMAN GOICOECHEA:

Thank you, Madam Chair, and I don't want to belabor this, because I know where we are headed, but I am just concerned and I want to make sure the protection is in place for local government in the absence of the IAF, because I believe that in the absence of the IAF, the jurisdiction where the accident occurred is on the hook for that accident. I mean that is how it was before we had the Indigent Accident Fund. One more clarification. I do not know when it changed, but when I was a commissioner, we only had to pay the first \$3,000, and now you're saying \$25,000?

MIKE WILLDEN:

There are, and someone can correct me if I'm wrong, \$3,000 on an accident, I believe, and \$25,000 on a catastrophic claim.

ASSEMBLYMAN GOICOECHEA:

Thank you and I think that is the real issue that I am trying to get at.

CHAIR BUCKLEY:

You can save it for the argument or the vote. It is just questions right now. Thank you. Assemblyman Carpenter?

ASSEMBLYMAN CARPENTER:

Mike, what about the situation where a lot of these people that get injured along I-80, close to Elko, and then they go to Salt Lake. You must have some claims for most facilities in Salt Lake, and they will not be getting any of this money back. I hope that there is some way that we can pay those hospitals so that they do not cut off service to us, which could be a real problem.

MIKE WILLDEN:

Mr. Carpenter, Salt Lake is not on the list of any payments that we have made and so I am not sure how that would work, whether the Elko hospital has to deal with that or what. Somebody from the county would have to answer that, but we make no payments to any out-of-state hospitals.

ASSEMBLYMAN CARPENTER:

Thank you.

CHAIR BUCKLEY:

We cannot afford to pay our own. Assemblywoman Gansert.

ASSEMBLYWOMAN GANSERT:

Thank you and I apologize because I was negligent in thanking you, Mike, for all your work. You have done so much through these various rounds. The last question I have is, since we are taking this \$25 million, we are multiplying it and we are going to patch the hole in Medicaid, how much money do you think the hospitals are going to receive on the back end? We are not paying it on the front end through these trauma bills, but on the back end they are going to be getting more because they are not going to be facing the 5 percent cut and the amount that is available for reimbursement is greater. Do you have any idea how much we could actually make up through that system?

MIKE WILLDEN:

They are not going to gain out of this. What this does is stop the bleeding. Again, the hospitals already took a 5 percent cut that we implemented in September of 2008. That 5 percent cut is moving forward. This alternative stopped us going to the other alternatives of an additional 5 percent, the nursing home reductions, and those other types of things. I couldn't say they are going to benefit. They are going to benefit by not having to take an additional rate cut, if there is a benefit to them, but I don't really view that as a benefit to them.

CHAIR BUCKLEY:

Any other questions? Mr. Willden, thank you very much for your testimony. Is there any one else that would like to provide testimony on Assembly Bill 1? Seeing none, I will close the public hearing on Assembly Bill 1. Is there anyone else that would like to make an additional disclosure or correct any disclosures?

ASSEMBLYMAN BOBZIEN:

Thank you, Madam Chair. For the record, I would like to disclose that my wife is an employee of the Nevada System of Higher Education. Section 5 of Assembly Bill 1 transfers money from the Estate Tax Account in the Endowment Fund of the Nevada System of Higher Education and Section 12 transfers money from the annual slot receipts deposited in the Special Capital Construction Fund for Higher Education. Because the provisions of Sections 5 and 12 of Assembly Bill 1 affect the budget of the Nevada System of Higher Education, I am making this disclosure regarding my wife's position with the Nevada System of Higher Education even though these transfers will not have a direct effect on my wife. Because I believe that the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitment, I am not required to abstain and therefore I will be voting on this bill.

ASSEMBLYMAN HARDY:

Thank you, Madam Chair. In way of further disclosure, my son Ryan has a part-time job at the University of Nevada, Reno and this situation will not materially affect my private commitment and I will be voting. Thank you.

CHAIR BUCKLEY:

Are there any further disclosures? Seeing none, I will close the hearing on Assembly Bill 1 and open the hearing on Assembly Bill 2.

I believe we have Mark Stevens, and John O. Swendseid, Bond Counsel, will be coming down as well. I think we will have Bond Counsel discuss Sections 1 and 3, and then Mr. Stevens will discuss the remaining portions of the bill.

Assembly Bill No. 2 considered.

Assemblymen Bobzien, Hardy, Parnell, Anderson, Aizley, Settlemeyer, Denis, Dondero Loop, Conklin, Horne, Kihuen, Ohrenschall, Woodbury, and Gustavson disclosed a potential conflict of interest.

ASSEMBLYMAN OCEGUERA:

Would you like to do disclosures on Assembly Bill 2?

CHAIR BUCKLEY:

Sure. We can do those at this time. Assemblyman Bobzien.

ASSEMBLYMAN BOBZIEN:

This is kind of like Groundhog Day. Thank you, Madam Chair. For the record, I would like to disclose that my wife is an employee of the Nevada System of Higher Education. Subsection 4 of Section 4 of Assembly Bill 2 transfers money from the workers' compensation assessments of the various departments of the Nevada System of Higher Education. Because one of the provisions of Assembly Bill 2 affects the Nevada System of Higher Education, I am making this disclosure regarding my wife's position with the Nevada System of Higher Education although I do not believe that this provision will affect my wife. I believe that the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitment therefore I am not required to abstain, and I will be voting on this bill.

And, additionally, for the record, I would like to disclose that I am employed by Fuze LLC, which is a subcontractor on a project for the Northern Nevada Development Authority. Subsection 1 of Section 4 of Assembly Bill 2 transfers money from the Commission on Economic Development, which provides grants of money to nonprofit, private entities for the purpose of economic development in rural areas. Because the provisions of subsection 1 of Section 4 of Assembly Bill 2 affect the budget of the Commission on Economic Development, the funding availability for the Northern Nevada Development Authority (NNDA) may be indirectly affected by this reduction to the Commission's budget. I am making this disclosure regarding my position as an employee of Fuze LLC. I believe that the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitment and therefore I am not required to abstain, and I will be voting on this bill.

ASSEMBLYMAN HARDY:

Thank you, Madam Chair. As explained above, my son Ryan attends the University of Nevada, Reno and has a part-time job with the University. My son Dane attends the University of Nevada, Las Vegas. My son Jack is a part-time instructor at the College of Southern Nevada. Subsection 4 of Section 4 of Assembly Bill 2 transfers money from the workers' compensation assessments of the various departments of the Nevada System of Higher Education. Because one of the provisions of Assembly Bill 2 affects the Nevada System of Higher Education, I am making this disclosure regarding my sons' attendance and/or employment by the System, although I do not believe this transfer has any direct affect on my sons. I believe that the independence of judgment of any reasonable person in my situation would not be materially affected by my private commitment therefore I am not required to abstain, and I will be voting on this bill.

ASSEMBLYWOMAN PARNELL:

I would like to disclose that I am on the Board of Directors of the NNDA. Subsection 1 of Section 4 of Assembly Bill 2 transfers money from the Commission on Economic Development, which provides grants money to nonprofit, private entities for the purpose of Economic Development. Because the provisions of subsection 1 affect the budget of the Commission on Economic Development, the funding available for NNDA may be indirectly affected by this reduction, therefore I am making this disclosure regarding my position as a member of the Board of Directors of NNDA. I believe the independence of judgment of a reasonable person in my situation would not be materially affected and therefore I will be voting on this bill.

ASSEMBLYMAN ANDERSON:

I have two family members affected by Assembly Bill 2, both of my daughters. One works for the University System and would be affected by Section 4, subsection 4 of the bill,

potentially. My other daughter that works for the school district would be affected by the same section, but in subsection 2 of that section. I believe that the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitment and therefore I am not required to abstain from voting and will participate fully in the discussion and the vote.

ASSEMBLYMAN AIZLEY:

Thank you, Madam Chair. For the record, I am still a professor of mathematics at the University of Nevada, Las Vegas, which is an institution within the Nevada System of Higher Education. Subsection 4 of Section 4 of Assembly Bill 2 transfers money from the workers' compensation assessments of the various departments of the Nevada System of Higher Education. Because provisions of subsection 4 of Section 4 of Assembly Bill 2 affect the budget of the Nevada System of Higher Education, I am making this disclosure regarding my employment within the System. However, because the benefit or detriment accruing to me as result of the passage of this bill is not greater than that accruing to any other professor at an institution within the Nevada System of Higher Education, I am not required to abstain from voting on this bill.

ASSEMBLYMAN SETTELMAYER:

Thank you, Madam Chair. In Section 4, subsection 25, it discusses conservation districts or conservation of natural resources. I am a chairman of a conservation district. I also have a brother-in-law who serves on the board with me, who is also on the Nevada State Conservation Commission and this affects the budget accounts. However, I do not feel it will affect me any differently than anyone else, therefore I will be voting on this bill.

ASSEMBLYMAN DENIS:

Thank you, Madam Chair. For the record I would like to disclose that I am president of the Nevada Parent Teacher Association. Subsection 2 and 3 of Section 4 of Assembly Bill 2 transfers money from the accounts in the Department of Education for proficiency testing and other state education programs. Because Assembly Bill 2 reduces money for the Department of Education I am making the disclosure regarding my position as the president of the Nevada Parent Teachers Association, even though these transfers will not have direct affect on me. But I believe that the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitment I am not required to abstain and therefore I will be voting on this bill.

ASSEMBLYWOMAN DONDERO LOOP:

For the record, I would like to disclose that I work for Pearson Education as a sales representative for its secondary curriculum textbooks. Pearson Education also owns Pearson Assessments, which produces assessments focused on specialized education needs. Subsection 2 of Section 1 of Assembly Bill 2 reduces the funding for proficiency testing and Section 7 cancels the norm-referenced tests for the spring of the 2008-2009 school year. Because Assembly Bill 2 reduces the budget for the norm-referenced tests for grades 4, 7, and 10 for the 2008-2009 school year, I am making this disclosure regarding my employer, although I do not believe that this legislation will have any effect on Pearson Education or Pearson Assessments. I believe that the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitment therefore I am not required to abstain, and I will be voting on this bill.

In addition, I would like to disclose that my mother is a member of the Board of Regents of the University of Nevada, which governs the Nevada System of Higher Education. Subsection 4 of Section 4 of Assembly Bill 2 transfers money from the workers' compensation assessments of the various departments of the Nevada System of Higher Education. Because one of the provisions of Assembly Bill 2 affects the Nevada System of Higher Education, I am making this disclosure regarding my mother's position on the Board of Regents although I do not believe

that this position will affect my mother. I believe that the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitment therefore I am not required to abstain, and I will be voting on this bill.

ASSEMBLYMAN CONKLIN:

Thank you, Madam Chair. For the record, my situation has not changed in 30 minutes. I would like to disclose that I am a graduate student at the University of Nevada, Las Vegas, and an adjunct faculty member at the College of Southern Nevada and a member of the Greenspun College of Urban Affairs Advisory Board with the Nevada System of Higher Education. Subsection 4 of Section 4 of Assembly Bill 2 transfers money from the workers' compensation assessment of the various departments of the Nevada System of Higher Education. Because one of the provisions of Assembly Bill 2 affects the Nevada System of Higher Education, I am making this disclosure regarding my status as a graduate student and faculty member and member of the Advisory Board. Because I believe that the detriment accruing to me as a result of the passage of this bill is not greater than that accruing to any other student and the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitments I am not required to abstain and therefore will be voting on this bill. Thank you.

ASSEMBLYMAN HORNE:

Thank you, Madam Chair. For the record, I would like to disclose that I am a member of the Greenspun College of Urban Affairs Advisory Board with the Nevada System of Higher Education. Subsection 4 of Section 4 of Assembly Bill 2 transfers money from the workers compensation assessments of the various departments of the Nevada System of Higher Education. Because one of the provisions of Assembly Bill 2 affects the Nevada System of Higher Education, I am making this disclosure regarding my membership on the Advisory Board. I believe the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitment. Therefore, I am not required to abstain, and I will be voting on this bill.

ASSEMBLYMAN KIHUEN:

Thank you, Madam Chair. For the record, I am an employee of the College of Southern Nevada, which is an institution within the Nevada System of Higher Education. Subsection 4 of Section 4 of Assembly Bill 2 transfers money from the workers' compensation assessment of the various departments of the Nevada System of Higher Education. Because the provisions of subsection 4 of Section 4 of Assembly Bill 2 affect the budget of the Nevada System of Higher Education, I am making the disclosure regarding my employment with the system. However, because the benefit or detriment accruing to me as a result of the passage of this bill is not greater than that occurring to any other employee of an institution within the Nevada System of Higher Education, I am not required to abstain from voting on this bill.

CHAIR BUCKLEY:

Anyone else? Okay. Witnesses, we are ready for your testimony.

JOHN SWENDSEID, SHERMAN AND HOWARD, LLC, BOND COUNSEL FOR THE STATE OF NEVADA:

Thank you very much, Madam Chair. I serve as bond counsel to the state and many political subdivisions of the state. Bond counsel is a lawyer whose primary practice consists of structuring and preparing bond issues for the bond market, for government borrowing in a way that complies with the law so that bond counsel can give a legal opinion, both to the government that is borrowing the bonds, and to the people who are investing in those bonds, that the investment is legal, enforceable, and valid under the *Nevada Constitution* and laws of the state.

I am here to review with you the technicalities of legality, of a portion of Assembly Bill 2, Sections 1 and 3, which deal with the "so called" line of credit. As I think has been explained to

you earlier, in the next eight months, the state may have a need of money to pay its costs of operations. And it might not have the source of cash with which to pay those. One way to obtain the cash necessary to pay those costs is to borrow the money. That is what Sections 1 and 3 of Assembly Bill 2 authorize.

Borrowing of this type is authorized by our constitution, specifically Article IX, Section 3, subject to certain limits. The *Nevada Constitution* limits what the legislature can do. It contains three primary limits on the circumstances under which the state can borrow. First, it requires that all borrowing by the state be authorized by a law that specifically authorized the purpose of the borrowing. Secondly, the *Nevada Constitution* requires that the total amount borrowed by the state, subject to certain exceptions, cannot exceed 2 percent of the assessed value of the state. Thirdly, the *Nevada Constitution* requires that the law authorizing the borrowing must provide for its repayment within not more than 20 years.

Sections 1 and 3 of Assembly Bill 2, we believe, meet the requirements of this provision of the *Nevada Constitution*. The bill authorized the borrowing of a maximum of \$160 million, to fund operations of the state. So it is a law in itself which authorizes the borrowing, and it specifies the purpose of the borrowing. The \$160 million, we are informed, does not, as of now, exceed, when added to all other debt of the state, more than 2 percent of the assessed value of the state. However, at the time of any actual borrowing this will be verified again. The bill requires that the debt be paid back over a period of approximately five years, much less than the 20 years required by the *Nevada Constitution*.

Section 3 of Article IX has some other minor technical points that are required for state debt to be incurred. However, we believe these points have been covered. The Supreme Court of the State of Nevada has indicated that Article IX, Section 3 is the source of authority for and the limitation on the State of Nevada borrowing money and that the Legislature need not look at other provisions of the *Nevada Constitution* in determining whether it can authorize a legal borrowing. We believe this to be the case and believe Assembly Bill 2 and borrowing incurred under the provisions of Assembly Bill 2 will be legal and constitutional under the *Nevada Constitution* and laws of the State of Nevada. In addition to our opinion, I believe there has been furnished to the Chief Clerk of the Assembly copies of opinions from the Attorney General and the Legislative Counsel Bureau that, in summary, state what I have just explained to you, which is the borrowing under Assembly Bill 2 would be legal and constitutional under the laws of the state.

I wanted to mention a little bit about how the bill works technically. As has been mentioned, this bill authorizes a line of credit. It authorizes a maximum borrowing in the amount of \$160 million. It is not a situation where the state would just go out and issue a bond or a note for \$160 million. Rather, instead, the State Treasurer would borrow money under this authorization only as needed. So, if it turns out the state only needs to borrow \$10 million or does not need to borrow anything, nothing would be borrowed under this bill. It is as needed borrowing, much like a line of credit. Second, it is contemplated that the borrowing would be from the Local Government Pooled Investment Fund. The Local Government Pooled Investment Fund is a fund administered by the State Treasurer that contains money that local governments have decided to allow the State Treasurer to invest for them, to achieve economies of scale and other advantages they might receive by investing through the State Treasurer. Local governments are not required to invest through the Local Government Investment Pool and can withdraw their money from that pool if they so desire. Nothing in this bill changes that situation.

The maximum amount that can be borrowed, as I mentioned earlier, is \$160 million. There is another limit, however, on the maximum amount which can be borrowed, that is tied to the amount of money in the Local Government Pooled Investment Fund. That is the maximum amount that can be borrowed from that fund, which cannot exceed 25 percent of the book value of the fund, determined at the time of the borrowing. So, each time the state borrowed money, under this authority, we would look to see what the book value of investments in the Local Government Pooled Investment Fund is, and make sure the total amount the state

has borrowed under this bill, at the time of each borrowing, does not exceed 25 percent of the book value of amounts in the Local Government Pooled Investment Fund. The money borrowed is to bear interest at a rate which is by this law required to be .25 percent above the average monthly rate that is paid on investments in the Local Government Pooled Investment Fund, excluding this investment. So, the LGPIF will receive a slightly higher return on this investment, than it does on other investments in the Pooled Investment Fund.

The amount borrowed under this bill must be paid back at least as fast as 25 percent of the amount paid back by August 31 of 2010, 2011, 2012, and 2013. It can be paid back sooner than that but it has to be at least paid back in accordance with 25 percent of the principal amount being paid back by August 31 of each of those four years. All of it must be paid back by August 31, 2013.

Under the bill, if local governments need to withdraw money from the LGPIF, and as a result of this particular investment, the notes issued under this bill need to be sold in the market. The act authorizes the Treasurer to take the necessary steps to sell the notes into the market, to generate enough funds to provide local governments with the money that they have invested in the LGPIF.

That briefly summarizes Section 1 of the bill. Section 3 of the bill, the only other section that I will speak to you about, makes a conforming change to the provision of Nevada Revised Statutes (NRS), authorizing the LGPIF to make it clear that investment in this note is a legal investment for amounts in the LGPIF. Madam Chair, this completes my testimony on this bill.

Thank you for very much for taking the time to listen.

MARK STEVENS, ASSEMBLY FISCAL ANALYST, LEGISLATIVE COUNSEL BUREAU, FISCAL ANALYSIS DIVISION:

I will discuss Section 2 of the bill. It is on page 4 and 5. It amends NRS 353.185. This is the section that directs the budget director to include certain items in the Executive Budget that is submitted for review by the Legislature each session. Under Section 2, subsection 6, paragraph 2(c), it requires the budget director include the charges for interest in debt redemption during the upcoming two-year period. The amendment would include that the interest in redemption for the notes that are borrowed would also be included in the Executive Budget which is going to be reviewed by the 2009 Legislature. The bill also indicates that the budget director will utilize or assume the notes were issued in the amounts necessary to comply with the minimum reserve requirements in NRS 353.213. There is a statutory provision that the state must maintain a minimum 5 percent fund balance. As we look at this in the Fiscal Analysis Division and the Budget Division, we list the revenues that come into the state, the expenditures or the appropriations, and then at the end of that, there must be at least a 5 percent surplus or a minimum fund balance is required. What this provision will require the budget director to do, is to assume a certain amount of the notes have been issued in an amount that will at least maintain a minimum 5 percent fund balance at the end of June 30, 2009, and into the next biennium.

That is my testimony, Madam Chair. I will be happy to answer any questions.

CHAIR BUCKLEY:

Thank you, for your testimony. Questions from members? Assemblywoman Gansert?

ASSEMBLYWOMAN GANSERT:

Thank you, Madam Chair. In this bill it does not define the revenue stream to pay these back. There was some talk earlier that we were going to dedicate *ad valorem* to guarantee any notes that would be issued. So, I have a number of questions. Should I ask them all at once?

CHAIR BUCKLEY:

Why don't we do them one at a time?

ASSEMBLYWOMAN GANSERT:

Okay. So, we do not have a revenue stream defined, we just have a time period defined. Is there something in here that I am missing, where we do have a pledge of at least *ad valorem* or something against the notes?

JOHN SWENDSEID:

The bill cross references into the state's securities law. Notes issued under this bill would be issued under the state's securities law which is typically the way the state authorizes borrowing. The state's securities law does require that the state levy a tax sufficient to pay the principal and interest on all general obligations of the state—and these would be a general obligation of the state—sufficient to pay those, when due, except to the extent other revenues of the state are available to make that payment.

The decision on exactly what revenues would go to make the payment would be made in each biennium, by you. You might decide to pay this back with an *ad valorem* tax or you might decide to pay it back with something else. But the state securities law requires that if you do not provide for something else you do provide for the *ad valorem* tax.

ASSEMBLYWOMAN GANSERT:

So, no matter what, the *ad valorem* is the backup tax which would be used to pay these off? The *ad valorem* would be the stream if it is not defined?

JOHN SWENDSEID:

If the Legislature does not provide anything else in the budget, which is what Steve spoke about earlier, *ad valorem* is what the state securities law would require be used to pay it back. That is correct.

ASSEMBLYWOMAN GANSERT:

I know in talking to the State Treasurer, one of the reasons we were looking at this is the interest rate was substantially lower and also the cost to go to market. Now, if we have to sell any of these notes because some of the local entities want their money back, what does it cost to sell a note like this, to get the funds?

JOHN SWENDSEID:

The State Treasurer would probably be a better person to ask that.

ASSEMBLYWOMAN GANSERT:

Thank you. My other questions may be for the State Treasurer, also.

MARK STEVENS:

The only point I would make is that the amount of the notes is limited to 25 percent of the balance within that account. So, I think that is designed to make sure that there are adequate funds for the local governments to take out any money they need to take out, any time that they like. So, at any one time, not more than 25 percent of the fund can be invested in these notes.

ASSEMBLYMAN STEWART:

Thank you, Madam Chair. Could you tell me the total amount in the fund at the present time? Has there been a run by the entities that have funds in the account, since this solution has come up?

JOHN SWENDSEID:

Madam Chair, if I may, I cannot answer that question. I think, perhaps, that is a question for the State Treasurer.

CHAIR BUCKLEY:

Questions for these witnesses?

ASSEMBLYMAN CARPENTER:

Thank you, Madam Chair. Could you point out what section of the bill refers to the situation you spoke about, where there were no other funds available, *ad valorem* taxes would kick in and pay this off?

JOHN SWENDSEID:

Section 1(a) requires that the State Treasurer issue these notes pursuant to the provisions of the state securities law. It is the state securities law which has a provision in it. I can look that up to give you the NRS cite that requires that state debt be paid back with an *ad valorem* property tax to the extent other funds are not budgeted for the repayment. It is Section 1(a) of this bill which refers to the procedures in the state securities law.

ASSEMBLYMAN CARPENTER:

Would there have to be something else added to make sure that the monies from *ad valorem* would be available?

JOHN SWENDSEID:

Madam Chair, if I may. No. This is the way the state has typically authorized state debt, for as long as I can remember. I have been practicing in this area since 1977. The court has held that it is an adequate way for the State Legislature to authorize debt, that is to authorize the debt by a statute like this and refer to the state securities law for procedural details of the debt, including procedural details of repayment. In each biennium, you are faced with how you want to fund debt for that biennium. You make decisions. Sometimes you decide to pay back with *ad valorem*, sometimes you decide to use *ad valorem* and other things. That is basically a decision you make in each biennium. The fall back in the state securities law is *ad valorem* taxation, however.

CHAIR BUCKLEY:

Thank you. Are there any further questions for these witnesses? Assemblyman Hardy.

ASSEMBLYMAN HARDY:

Thank you, Madam Chair. If a person was to take a revolving account and borrow \$160 million over a four year period—if we ended up using that—with the first payment being due at least by August, 2010, what would be the interest payment on that and what would be the total interest that we would end up paying on it?

MARK STEVENS:

The Treasurer's office can probably answer this better than I, but I think the current interest rate is around 2 to 2.5 percent which is being earned. Now there is a 25 basis point premium or a .25 percent premium that is paid on that. I think that this has been discussed with the Treasurer's office. The interest payments in Fiscal Year 2009 will come from some additional funds which are within the bond interest and redemption account. That is for Fiscal Year 2009 only. In Fiscal Year 2010, going forward, it will be up to the Governor and the Executive Budget that comes before this body, and ultimately, the Legislature to approve how that money is going to be repaid, the principal and the interest payments.

CHAIR BUCKLEY:

I will ask a representative from the State Treasurer's Office to come down and answer those specific questions which were raised before, Dr. Hardy, unless you have anything further.

ASSEMBLYMAN HARDY:

I have a follow-up, if I can understand the *ad valorem* a little better. We are discussing a budget issue right now and if we identify the *ad valorem* as the tax, is that not selling the same cow twice?

MARK STEVENS:

Well, I believe that the Legislature can choose whichever revenues it wants to use to redeem or to pay back the notes. The bill acts as a backstop. The *ad valorem* would be used in the event the Legislature did not identify a funding source. *Ad valorem* is currently used to pay off bonds which are sold for the capital improvement program. So, if you chose *ad valorem* to repay the notes, that would impact the capital improvement program and what could be approved by the 2009 Legislature for the next biennium.

ASSEMBLYMAN STEWART:

All of the capital improvement things that we took off the shelf, as one-shots, are not dependent on an *ad valorem*, obviously, because we took them off. So, is there money in the *ad valorem* that is not dedicated to a debt source?

MARK STEVENS:

Each year, we take a look at how much 17 cents in ad valorem will generate, which is the rate that is used to redo the principal and interest payments on general obligation debt. I have not taken a look at that, for the next biennium. So, I cannot answer that completely. What the bill does is provide the backstop of *ad valorem*, which will be used if there are no other sources identified to repay the notes that are borrowed.

ASSEMBLYMAN HARDY:

Thank you, Madam Chair.

CHAIR BUCKLEY:

Assemblyman Carpenter.

ASSEMBLYMAN CARPENTER:

Thank you, Madam Chair. Are the Question I bond monies also subject to that 17 cents *ad valorem*?

MARK STEVENS:

Currently, they are within the 17 cent *ad valorem*. I think they actually do not have to be contained within the \$3.64 statutory property tax rate. The state currently pays for the Question I bonds within that 17 cent rate.

CHAIR BUCKLEY:

It does not appear that we have any more questions. Thank you very much for your testimony. I would like to ask a representative from the State Treasurer's office to come down, as well as Paul Dugan. There were a couple of questions raised which I would appreciate your addressing. What is the current status of the fund? Then we will open it up to the questions. How do some of the fund recipients feel about what happened in the last week? So, thank you for being here today and providing some testimony for us. Whoever would like to proceed can begin.

KATE MARSHALL, NEVADA STATE TREASURER:

I greatly appreciate you allowing me to speak before you. With me, to my left, is my Chief Deputy Treasurer, Mark Winebarger. Also, I wanted to thank Assemblyman Goicoechea and Assemblyman Carpenter for inviting me to Winnemucca on Friday, where I had the opportunity to speak to a number of participants of the Local Government Investment Pool. I appreciated their support in that.

The questions?

CHAIR BUCKLEY:

Whoever had a question, if you would state it, then the Treasurer would be happy to answer them. Let us start with Assemblywoman Gansert.

ASSEMBLYWOMAN GANSERT:

Thank you, Madam Chair. Some of the questions which were asked included how much money is in the fund right now? How much has been pulled out of the fund? Also, if we were to sell these notes in the market, because we had to liquidate to provide money to certain entities, what would that cost us? And then we had some questions about how much interest it would cost as we go, moving forward.

CHAIR BUCKLEY:

Let's start with those.

KATE MARSHALL:

To answer your first question on how much money is currently in the fund—as of Friday, there is \$724.8 million. Twenty-five percent of that would be \$181.2 million. Regarding the second question, has money been withdrawn from the fund recently? The answer to that question is “yes.” How much? There has been \$34.7 million in withdrawals. The third question regarded interest. Interest on any line of credit that we might seek to draw from the fund, is, of course, a difficult question to answer because you are asking me to project into the future, not knowing when we would withdraw or how much we would withdraw. I will assure you I do not read tea leaves. But I can give you some idea, based on what we are doing today. So, today the fund is currently getting 1.97 percent interest. If you added a quarter of a percent to that, you would get a little under 2.25 percent interest that the state would pay and that the LGIP participants would make. As you can imagine, the interest rate that the LGIP has been making has been trending down. So, over its history, it can get anywhere from 1 percent interest up to 5 percent interest, with 5 percent not being an unlikely scenario in this market. As the interest rates trend down, of course, that quarter of a percent that the state would pay extra becomes a larger proportion and the LGIP participants would benefit more so at that time.

Let us say we had a worst case scenario and everyone decided to withdraw all their money, so we were handing out \$724.8 million, the state had borrowed \$100 million and I needed to liquidate that. I think your question was what would happen in the market? I am going to suggest that the market would not be a very pretty place under that scenario for anyone if that is what the LGIP participants were being forced to do. I can tell you that, today, if we issued in the market, we would pay, assuming we still have the very high credit rating the state currently has, AA+, it would cost us over 5.5 percent interest. The issuance costs on \$150 million would be over \$500,000. I believe my staff calculated it at \$640,000 in issuing costs. Now, any time you go to market, those numbers change. So, I cannot project for you what it would be at that moment. I can tell you what it would look like, perhaps, with a reasonable statement today, assuming the credit rating I told you and assuming the market looks like it does today.

CHAIR BUCKLEY:

Mr. Dugan, did you want to provide any comment?

PAUL DUGAN, SUPERINTENDENT, WASHOE COUNTY SCHOOL DISTRICT:

Thank you, Madam Chair. Sitting to my right is Gary Kramer, our chief financial officer. As Washoe County School District is the largest single contributor of approximately \$150 million to the LGIP, our school board of trustees met in open meeting last Friday to discuss this area of concern, pertinent to the special session. The trustees voted unanimously to support the recommended use of these pool funds to help address the current budget challenges. They believe, as I do, that the alternative of additional cuts to K-12 and other state agencies would have dire consequences far worse than what we consider the minimal risk of participating in this recommended program of using the pool funds. Thank you.

CHAIR BUCKLEY:

Thank you, for your testimony. Are there any further questions of the witnesses?

ASSEMBLYMAN CARPENTER:

Thank you, Madam Chair. Could you give me the balance of the fund from the 17 cents *ad valorem* tax? What might that possibly be, going into our regular session?

KATE MARSHALL:

Those are revenues which are collected. It is not a fund. I can get you what the balance is today. I do not have it here with me today. Would that be okay?

ASSEMBLYMAN CARPENTER:

That would be fine. I thought you were talking about \$545 million in Winnemucca the other day.

KATE MARSHALL:

Each fiscal biennium, we make projections and assumptions for the Legislative Counsel Bureau fiscal analysts to use in determining how much money would be available for capital improvement projects. We did make such an assessment. They also have to make their assessment. Our assessment was \$545 million.

CHAIR BUCKLEY:

Further questions of the witnesses? Assemblyman Stewart?

ASSEMBLYMAN STEWART:

Thank you, Madam Chair. I had a conversation with one of the mayors and another government official, and they were concerned they were given such little notice. One of them got a letter just last Thursday, December 4, 2008. I wonder, if in the future, are we going to have better communication with the people who have contributed to the fund, to keep them better informed of what is happening? He was very concerned that he had not been informed until just a few days before this special session took place.

KATE MARSHALL:

Yes. And I appreciate your input.

CHAIR BUCKLEY:

Assemblyman Hardy.

ASSEMBLYMAN HARDY:

Thank you, Madam Chair. Regarding the amount of interest, the actual interest calculated at 2.5 percent or 2.5 plus a quarter, do we have a figure for what that would be if you borrowed the whole \$160 million? Did I miss that part of the answer?

KATE MARSHALL:

At this point, we cannot predict what it will be because it will be a variable rate that will change monthly. Whatever the LGIP interest rate is getting on any given month, the state, if it borrows money, will pay a quarter of a percent interest higher.

ASSEMBLYMAN HARDY:

In a theoretical sense, if I may, if we do what we are discussing now at a quarter or another rate of interest, and if we had a snapshot picture of today, what would our payment be in August, 2010, August 2011, and August 2012? What would that payment be?

KATE MARSHALL:

I can get you that information. Would you like me to calculate . . . you need to tell me how much you are expecting to borrow and what date, and then I can get you that information.

ASSEMBLYMAN HARDY:

Looking at the projections, economically, I expect to borrow \$160 million before the end of this fiscal year and expect to see the interest rate as it is right now, in addition to a quarter of a percent increase. That will give you some idea. You have a better calculator than I do. Thank you.

KATE MARSHALL:

We will calculate that for you. We will do it today. Is that good enough?

ASSEMBLYMAN HARDY:

I would prefer it before the vote.

CHAIR BUCKLEY:

Okay. Get your calculator out now. Let us come up with some assumptions, just to give you a sense. Pick any assumptions you want. But assume today's investment rate and interest rate, just to give some sort of idea. That is the question. Assemblyman Grady.

ASSEMBLYMAN GRADY:

Thank you, Madam Speaker. Currently, the investment pool pays the interest, monthly. Would there be any changes, since the payment would be made August 31st of each year? Would there be any change of when the participants would be paid their interest or would it still remain on a monthly basis?

KATE MARSHALL:

Under the current bill, as I understand it, the interest would continue to be paid monthly and immediately upon borrowing. The principal would be paid in four installments, at the least. It could be paid quicker but at the least it would be paid in four installments. So, all participants would get their interest monthly, allocated proportionately, as they do today. So, there would be no changes.

CHAIR BUCKLEY:

Assemblywoman Gansert.

ASSEMBLYWOMAN GANSERT:

Thank you, Madam Chair. I appreciate that Superintendent Dugan came to lend his support today. Do you have letters or have other individuals already agreed that they will be remaining in this fund? That was one question. And then, you and I had talked the other day about you having extra resources to pay interest through fiscal year 2009, in the interest and bond redemption account. I thought maybe you could go over that, that we have enough funds available right now to cover interest until we get to the next biennium's budget. Thank you.

KATE MARSHALL:

In answer to your first question, my staff and I have called every treasurer that is a participant in the LGIP and there was substantial support. As you know, I went to Winnemucca on Friday because there were questions to be asked, which is fair when anything new comes up.

Can you repeat the second question? I am sorry.

ASSEMBLYWOMAN GANSERT:

We discussed a while ago that we had money in the interest and bond redemption account to fund ten months worth of interest.

KATE MARSHALL:

We have the ability to pay interest only through Fiscal Year 2009, from the bond interest and redemption fund. Currently, that fund has the ability to pay our debt for 10 months by itself. It is like a savings account. Best practices would say that you had six months of reserves, so we have extra money in that account. We have built up that account,

which makes Nevada look good. We can certainly pay the interest out of any money we borrow through June 30, 2009.

CHAIR BUCKLEY:  
Assemblyman Christensen.

ASSEMBLYMAN CHRISTENSEN:  
Thank you, Madam Chair. I have a question for the Treasurer. You mentioned in your opening remarks that there was a 5 percent withdrawal, probably between 4 to 5 percent, according to my calculations, which were all recently withdrawn. Is that a standard practice? Did you see a deviation from what you would consider to be standard or was it more connected to the dialog we are having now?

KATE MARSHALL:  
Well, I would say of the five participants who withdrew money, one of them looks relatively standard and of the other four, three of them thought they would wait and see how the Legislature handled this bill.

CHAIR BUCKLEY:  
Are there further questions from members? Seeing none, thank you very much for your testimony.

How long is it going to take you to run the scenario given by Assemblyman Hardy? A couple of minutes? Okay. I will call you back. Thank you.

Is there anyone from the public who would like to provide testimony on Assembly Bill 2?

We will go over the remainder of the bill not related to the line of credit. Then we will ask for the explanation on the calculations on the line of credit. Okay. Mr. Stevens.

MARK STEVENS:  
Thank you, Madam Chair. The remaining portion of the bill begins in Section 4, on page 7. These involve a number of potential reversions of state funds within a number of different budget accounts, within the state budget. Starting with subsection 1 and ending with subsection 28, there are 28 different areas where reversions would take place to cover a portion of the shortfall. All those funds would be put in Category 93, which is the reserve for the reversion category. If you get back to Section 5, then the monies in Category 3 would be transferred to Budget Account 101-9081, which is the Budget Reserve account. Those monies would then be reverted to the state General Fund at the close of the Fiscal Year.

Section 6 includes two additional amounts that would be reserved. The first is in the Remediation Trust Account, which has \$240,000. And also there is \$450,000 within the Senior Citizen's Property Tax Assistance Program. There is statutory language which prevents those funds from being reverted. They balance forward. So, those amounts would only be placed in Category 93, not in Budget Account 101-9081.

Earlier, under Assembly No. 2, in Section 4, monies were being reserved in the Proficiency Testing budget at the Department of Education. In Section 7 of the bill, needed savings would eliminate the norm-referenced tests, the NRTs, in this school year. That section basically indicates that the norm-referenced examinations would not be required in this calendar year. That is transitory language so that the NRS provision would remain going forward, but in this school year the norm-referenced tests would not be given.

That is all I have, Madam Chair. I would be happy to go over any of the individual items which are listed in AB 2, which are being reserved for reversion.

CHAIR BUCKLEY:  
Does anyone have any questions on the other portions of the bill? I do not see any. Thank you for your testimony. Mark, would you like to come down with those numbers?

MARK WINEBARGER, CHIEF DEPUTY TREASURER:

Thank you, Madam Chair. Based on a full borrowing of \$160 million, on an annual basis at 2.25 percent, the interest payment would be \$3.6 million each year, based on \$300,000 per month. So, depending on when we start that borrowing, obviously, it would take \$300,000 at that highest interest rate.

CHAIR BUCKLEY:

Questions or comments? Thank you very much.

Assemblyman Ocegüera moved that the Committee of the Whole recess until 1:30 p.m.

Motion carried.

Committee of the Whole in recess at 12:56 p.m.

#### IN COMMITTEE OF THE WHOLE

1:44 p.m.

Assemblywoman Buckley presiding.

Quorum present.

Assembly Bill No. 1. considered.

Gustavson disclosed a potential conflict of interest.

Assemblyman Arberry moved to do pass Assembly Bill No. 1.

Assemblywoman Leslie seconded the motion.

CHAIR BUCKLEY:

We have had testimony on Assembly Bill 1 and Assembly Bill 2. First, I will ask before we proceed in voting in committee on those bills, whether there are any additional disclosures that anyone would like to make. Assemblyman Ohrenschall.

ASSEMBLYMAN OHRENSCHALL:

For the record, I would like to disclose that I attend the University of Nevada, Las Vegas Boyd School of Law, which is within the Nevada System of Higher Education. Section 5 of Assembly Bill 1 transfers money from the Estate Tax Account in the Endowment Fund of the Nevada System of Higher Education. Section 12 of Assembly Bill 1 transfers money from the annual slot receipts deposited in the Special Capital Construction Fund for Higher Education. Because the provisions of Sections 5 and 12 of Assembly Bill 1 affect the financial structure and the budget of the Nevada System of Higher Education, I am making this disclosure regarding my attendance at the Boyd School of Law. Because I believe the independence of judgment of a reasonable person in my situation would not materially be affected by my private commitment to the Boyd School of Law, I am not required to abstain and therefore I will be voting on this bill.

As to Assembly Bill 2, Subsection 4 of Section 4, pretty much the same disclosure.

ASSEMBLYWOMAN WOODBURY:

Thank you, Madam Chair. For the record, I would like to disclose that my father serves on the Clark County Commission and my brother-in-law is employed by the Regional Transportation Commission in Clark County. Section 10 of Assembly Bill 1 transfers money from the Indigent Accident Account of the Fund for Hospital Care to Indigent Persons. Because Assembly Bill 1 reduces money in the Fund for Hospital Care to Indigent Persons, which affects

funding for counties, I am making these disclosures regarding my father and my brother-in-law even though this bill will not have a direct effect on my father or brother-in-law. Because I believe that the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitments, I am not required to abstain and I will be voting on this bill.

I would also like to disclose that my brother-in-law attends the University of Nevada, Las Vegas Boyd School of Law. Because the provisions of Section 5 of 12 of Assembly Bill 1 affect the financial structure and the budget of the Nevada System of Higher Education, I am making this disclosure regarding my brother-in-law who attends a school in the Nevada System of Higher Education. Even though the transfers set forth in Assembly Bill 1 will not have a direct effect on my brother-in-law. Because I believe that the independence of judgment of a reasonable person in my situation would not materially be affected by my private commitment, I am not required to abstain and therefore I will be voting on this bill.

Also, I am employed as an elementary school special education teacher with the Clark County School District. Subsections 2 and 3 of Section 4 of Assembly Bill 2, transfer money from the accounts in the Department of Education for Proficiency Testing and other state education programs. Because Assembly Bill 2 affects the budget of the Department of Education, I am making this disclosure regarding my employment with the Clark County School District. However, because the benefit or detriment accruing to me as a result of the passage of this bill is not greater than that accruing to any other employee of the school district, I am not required to abstain from voting on this bill. Thank you.

ASSEMBLYMAN ANDERSON:

Thank you, Madam Chair. In light of the disclosure of Mr. Ohrenschaal, it reminded me of the fact that I serve on the Advisory Board of the Boyd School of Law and one of the particular sections of that board. I need to disclose that fact. While I believe the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitment, I am not required to abstain from voting.

ASSEMBLYWOMAN GANSERT:

Thank you, Madam Chair. For the record, I would like to disclose that I work as a medical practice consultant on a contract basis for Northern Nevada Emergency Physicians and my husband is employed as a physician for Northern Nevada Emergency Physicians. The physicians of Northern Nevada Emergency Physicians potentially work with indigent patients in hospitals in Nevada. My father is also chairman of Hometown Health Providers (HHP) which is a subsidiary of Renown. Section 10 of Assembly Bill 1 transfers money from the Indigent Accident Account in the Fund for Hospital Care to Indigent Persons. Because the provisions of Section 10 of Assembly Bill 1 reduce money in the Indigent Accident Account in the Fund for Hospital Care to Indigent Persons, it may affect Northern Nevada Emergency Physicians and HHP and therefore, possibly, myself, my husband, and my father. I am making this disclosure regarding my work on a contract basis, my husband's work for Northern Nevada Emergency Physicians, and my father's position with HHP. Because the benefit or detriment occurring to Northern Nevada Emergency Physicians and HHP as a result of the passage of this bill is not greater than that occurring to any other physician or group of physicians or health care providers who may work with indigent patients, I am required to make this disclosure but I am not required to abstain from voting on this bill.

ASSEMBLYMAN DENIS:

Thank you, Madam Chair. I know I have previously disclosed but since then I have heard many other disclosures, and I have an additional disclosure. I would like to also disclose that my wife is employed as a part-time substitute teacher by the Clark County School District. Subsections 2 and 3 of Section 4 of Assembly Bill 2 transfer money from accounts in the Department of Education for proficiency testing and other state education programs. Because

Assembly Bill 2 affects the budget of the Department of Education, I am making this disclosure regarding my wife's employment with the School District. I believe that the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitment, therefore, I am not required to abstain and I will be voting on this bill. In addition, I would like to disclose that my wife is a student at Nevada State College. Subsection 4 of Section 4 of Assembly Bill 2 transfers money from the workers' compensation assessment of the various departments of the Nevada System of Higher Education. Because one of the provisions of Assembly Bill 2 affects the Nevada System of Higher Education, I am making this disclosure regarding my wife's status as a student of Nevada State College. Although I do not believe this provision will affect my wife, I believe the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitment, therefore I am not required to abstain and will be voting on this bill.

ASSEMBLYWOMAN PARNELL:

Thank you, Madam Chair. As was previously said, I would like to disclose I am on the board of directors of NNDA. Section 1 of Assembly Bill 1 transfers money from the Nevada Economic Development Fund administered by the Commission on Economic Development, which provides grants to nonprofit entities and rural areas for economic development. Because the provisions of Section 1 of Assembly Bill 1 affect the budget of the Commission on Economic Development the funding available for NNDA may be indirectly affected by this reduction to the Commission's budget. I am making this disclosure regarding my position as the member of the board of directors of NNDA. I believe that the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitment and therefore I am not required to abstain, and I will be voting on the bill. I will be voting on the bill.

ASSEMBLYMAN GUSTAVSON:

Thank you, Madam Chair. I would like to disclose that I have three children, all of which work for Washoe County, and one does work for the Washoe County School District. I would like to disclose that I do not believe, pursuant to the sections of this bill that may or may not affect their budget, that it will affect my children in any way, any more than any one else.

CHAIR BUCKLEY:

The Committee needs to consider Assembly Bill 1. The Chair will entertain a motion.

Assemblyman Arberry moved to do pass Assembly Bill No. 1  
Assemblywoman Leslie seconded the motion.

CHAIR BUCKLEY:

Assemblyman Goicoechea.

ASSEMBLYMAN GOICOECHEA:

Thank you, Madam Chair. I am still concerned and I want to make sure that everyone understands that as a bill comes down from a hospital, the way it is presently structured, it will go to the county that has jurisdiction over that accident site. I just want some assurance that everyone understands that if we deplete this \$25 million, the state will still be on the hook for the payment of those services which are rendered by the hospital district and the local jurisdiction will not be on the hook. I need that assurance from someone.

CHAIR BUCKLEY:

We are in the middle of voting. Your question is if there is an accident and there is a catastrophic bill incurred, is the county still liable for that bill under state statute? Is that your question?

ASSEMBLYMAN GOICOECHEA:

Yes. Presently, the way it is structured is that those bills go to the Indigent Accident Fund. But now, with no fund in place, but that money was paid in from the local jurisdictions to the state as an *ad valorem* tax. We are sweeping that account. I just want to make sure the legislative intent of this body is that if there is a catastrophic accident in a jurisdiction and that county has been paying into the IAF, they will not be held liable for the costs incurred. Is that the intent of the Legislature? Is the state on the hook?

CHAIR BUCKLEY:

I will take a stab at it, and I will ask Mike Willden to correct me if I'm wrong. If there is no money available in the IAF to pay a hospital, the county is not liable to pay that bill, nor will the state be liable to pay that bill. Is that right?

MIKE WILLDEN:

If there is no money in the fund in Fiscal Year 2009, with this action to sweep the fund, the claims would carry forward to the next year and be available to be paid out of the next year's fund, but that just means the pool of claims get bigger. I don't see anything in the legislation here that puts the state, if you will, on the hook for the liability, or takes the county off the hook for the liability. This simply sweeps the fund. There would be a one-year period of time where claims couldn't be paid and the loss of the \$25 million. The statute and historical precedence would still have the counties liable for accidents and catastrophic claims that occur in their counties and go to their hospitals. The state is simply the payer out of the fund, so the money would be gone for a one-year period of time, the claims would carry forward to the next year.

Motion carried.

Assembly Bill No. 2 considered.

Assemblyman Arberry moved to do pass Assembly Bill No. 2.

Assemblywoman Leslie seconded the motion.

Motion carried.

On motion of Assemblyman Oceguera, the Committee did rise and report back to the Assembly.

#### ASSEMBLY IN SESSION

At 1:58 p.m.

Madam Speaker presiding.

Quorum present.

#### REPORTS OF COMMITTEES

*Madam Speaker:*

Your Committee of the Whole, to which was referred Assembly Bills Nos. 1 and 2, has had the same under consideration, and begs leave to report the same back with the recommendation: Do pass.

BARBARA E. BUCKLEY, *Chair*

## MESSAGES FROM THE SENATE

SENATE CHAMBER, Carson City, December 8, 2008

*To the Honorable the Assembly:*

I have the honor to inform your honorable body that the Senate on this day adopted Assembly Concurrent Resolution No. 1.

SHERRY L. RODRIGUEZ  
*Assistant Secretary of the Senate*

## GENERAL FILE AND THIRD READING

Assembly Bill No. 1.

Bill read third time.

Potential conflict of interest declared by Assemblymen Conklin, Bobzien, Hardy, McClain, Goicoechea, Anderson, Parnell, Aizley, Denis, Dondero Loop, Gansert, Kihuen, Ohrenschall, Horne, and Woodbury.

Remarks by Assemblymen Gustavson and Gansert.

Roll call on Assembly Bill No. 1:

YEAS—42.

NAYS—None.

Assembly Bill No. 1 having received a constitutional majority, Madam Speaker declared it passed.

Bill ordered transmitted to the Senate.

Assembly Bill No. 2.

Bill read third time.

Potential conflict of interest declared by Assemblymen Hardy, Bobzien, Kihuen, Parnell, Anderson, Settlemeyer, Aizley, Denis, Dondero Loop, Conklin, Gustavson, Ohrenschall, Horne, and Woodbury.

Remarks by Assemblymen Goicoechea, Gansert, Hardy, Arberry, Settlemeyer, and Christensen.

Assemblyman Ocegüera requested that the following remarks be entered in the Journal.

ASSEMBLYMAN GOICOECHEA:

I rise, reluctantly, in opposition to Assembly Bill 2. Although I do support the line of credit, and I recognize the need, unfortunately I think we are doing a terrible disservice to the taxpayers of this state by not moving further ahead. We have to make at least a 10 percent reduction in salary or hours or we are going to create a hole. We are talking about being back here in 90 days. The hole we are going to create is going to be \$250 million hole just starting in. The bottom is I cannot support the bill because I think we need to do more. I think we are doing a terrible disservice to the taxpayers of the state by not making some cuts, now. Thank you.

ASSEMBLYWOMAN GANSERT:

Thank you, Madam Speaker. I agree with the Assemblyman from Eureka, and that we need to make some major changes. In working in a bipartisan manner with the leadership, we just couldn't find a way to manage a lot of the different issues that we need to do during the regular session which are critically important. This floating line is going to allow us to bridge to the regular session. I did ask for the impact on the rurals, as I was mentioning earlier, because it seems like sometimes they are the last to get services and the first to lose them. Money in those

rurals—a small amount goes a long way. If we were going to have to go from 4 percent to 11 percent cuts, we would have potential closures of rural service offices in Winnemucca, Hawthorne, Yerington, and potentially, Ely. As far as rural regional centers, those would be closed at a cost of about \$1.2 million. The rural clinics in Caliente and Moapa, Tonopah, Hawthorne, Silver Springs, Wendover, Battle Mountain, and Lovelock would be closed. We would also be looking at closing all the conservation camps. Those are critical to hold our prisoners in a cost effective way, but also to help fight fires in the vast landscape that we have here in Nevada. So, although I voted no in committee, I felt I needed to make a statement that we have to address some of these large issues that are fiscal problems for the state. I am voting yes now because I want to work with the other members of this body to move forward for Nevada and to make sure that we can make thoughtful choices during the regular session. Thank you.

ASSEMBLYMAN HARDY:

Thank you, Madam Speaker. Inasmuch as every government is affected and we are in the proverbial hole, I think one of the challenges when you are in a hole is to figure out when to stop digging. When we look at the line of credit that is involved here, without a dedicated revenue source, I do have problems; problems with the *ad valorem* tax being dedicated to that, inasmuch as we are in a hole and that's part of the taxes that we are already using. So, I have a problem with the line of credit. I would think there was a danger in that, eventually, we may do something to take local governments' resources in some way. We would find ourselves in the position of paying the Local Government Pooled Investment Fund back with their own money. I would hope that those willing to vote for this line of credit would insist on an independent commitment to a dedicated, specific additional source of revenue, such as a .25 percent sales tax, for instance, to pay off the loan within two years, so as not be binding of another legislative body and have that loan paid back with a mere \$7 million in interest instead of \$14 million. In addition, I would like to see us try to figure out how we can continue to have the cooperation that we have seen thus far in this particular session, so that we can still talk to each other when this is all over. Thank you, Madam Speaker.

ASSEMBLYMAN ARBERRY:

Thank you, Madam Speaker. To this body, this has been the one of the hardest things we have ever had to do. This is a hole, as the Assemblyman from Boulder City mentioned. It is a big, big hole. It is a big, black hole. We have to fill that void. When you run for office, you have to think outside of the box. We don't like the idea that we have to depend on and borrow \$160 million. We don't like that. But you have to think outside of the box because we do not have much time. Time is very sensitive. So, we had to do what we could, to bring to this body in the shortest time the amount of money we could gather, so we could have you vote on it, to represent your constituency. So when you stand up and feel what you feel, we feel the same way. We do not like what we have to do. We didn't like the idea that we had to cut. We didn't like the cuts we had to perform, but today we have to bite the bullet and just deal with it. I don't like it, but, Madam Speaker; it is something that we have to do today to carry this state because if we don't, everyone is going to be standing outdoors.

ASSEMBLYMAN SETTELMEYER:

I agree with the previous speaker from rural Nevada. I agree with the concept of the bridge cap, with borrowing money from locals. However, I feel that we have not gone far enough. As you indicated, we have to stop the bleeding, but to me, that is not enough. We must also look at the disease itself, not just the symptoms. We have to try and save more money in the future and we are not doing that in any way, to put the money aside to pay this debt. I would have preferred to have looked at prevailing wage and other aspects to try and save some serious money.

ASSEMBLYMAN CHRISTENSEN:

Thank you, Madam Speaker. To keep this brief, my colleagues have expressed already, quite a bit, of my concern that I have had with this bill. In short, I had a lengthy conversation with a constituent who asked, "Chad, are you going to go and pay a mortgage with a credit card?" When I heard that, I just felt like, as my colleague from Eureka said, that this goes far deeper. I realize that this is a shove in the right direction but I don't feel . . . I think we need to be doing considerably more. Right now, urgently, and that's why I will be a no.

Roll call on Assembly Bill No. 2:

YEAS—32.

NAYS—Christensen, Cobb, Goedhart, Goicoechea, Gustavson, Hambrick, Hardy, McArthur, Pierce, Settlemeyer—10.

Assembly Bill No. 2 having received a constitutional majority, Madam Speaker declared it passed.

Bill ordered transmitted to the Senate.

Madam Speaker announced if there were no objections, the Assembly would recess subject to the call of the Chair.

Assembly in recess at 2:26 p.m.

#### ASSEMBLY IN SESSION

At 3:16 p.m.

Madam Speaker presiding.

Quorum present.

SENATE CHAMBER, Carson City, December 8, 2008

*To the Honorable the Assembly:*

I have the honor to inform your honorable body that the Senate on this day passed Senate Bill No. 1.

Also, I have the honor to inform your honorable body that the Senate on this day passed, as amended, Senate Bill No. 2.

SHERRY L. RODRIGUEZ  
*Assistant Secretary of the Senate*

#### INTRODUCTION, FIRST READING AND REFERENCE

Senate Bill No. 1.

Assemblyman Ocegüera moved that the bill be referred to the Committee of the Whole.

Motion carried.

Senate Bill No. 2.

Assemblyman Ocegüera moved that the bill be referred to the Committee of the Whole.

Motion carried.

## MOTIONS, RESOLUTIONS AND NOTICES

Assemblyman Oceguera moved that the Assembly resolve itself into a Committee of the Whole for the purpose of considering Senate Bills No. 1 and 2.

Motion carried.

## IN COMMITTEE OF THE WHOLE

Assemblywoman Buckley presiding.

Quorum present.

Senate Bill No. 1 considered.

Potential conflict of interest disclosed by Assemblymen Gustavson, Anderson, Woodbury, and Denis.

CHAIR BUCKLEY:

Thank you for being here to provide testimony on Senate Bill 1.

BRENDA ERDOES, LEGISLATIVE COUNSEL, LEGISLATIVE COUNSEL BUREAU:

Thank you, Madam Chair. Senate Bill 1 temporarily revises the provisions governing the disposition of revenue received by the state from lease of federal mines and lands. The bill is effective just for the period between the passage and approval of this bill and June 30, 2009, so next June 30 right after session, the funds will go . . . instead of the \$7 million threshold, they will all go into the Distributive School Account. Then, on July 1, 2009, the next fiscal year, these hold provisions are reversed and it goes back to these accounts. The account comes back into being and the \$7 million threshold comes back as well. So, it is just for this brief period that the money will be put into the Distributive School Account and disseminated from there. Because there is a federal law which specifies how this money must be used, there is also a provision in subsection 2 that says that the money deposited, pursuant to subsection 1, must be used in a manner consistent with applicable federal provisions of federal law. What we believe is that the money distributed currently from the Distributive School Account does deal just with education but it does meet that requirement for plans, facilities, and public buildings. I think in a lot of places the actual effect of having these lands in your county is people come and bring children in, so it makes an addition to your schools. That is the manner in which we believe it would work. I will be happy to answer any questions.

CHAIR BUCKLEY:

Questions from the committee on Senate Bill 1? Assemblyman Carpenter.

ASSEMBLYMAN CARPENTER:

Thank you, Madam Chair. I was wondering how much money is this going to involve? How much money will be taken from the counties themselves?

MARK STEVENS, ASSEMBLY FISCAL ANALYST, LEGISLATIVE COUNSEL BUREAU, FISCAL ANALYSIS DIVISION,:

We are estimating the total amount that would come in from the mineral land lease this fiscal year is being in the \$23 to \$24 million range.

ASSEMBLYMAN CARPENTER:

The state has always gotten \$7 million and that would go to the Distributive School Account and then the other portion goes to the counties, but the counties then have to give 25 percent of that to the school fund. What does that mean for the counties themselves? What will they lose?

MARK STEVENS:

Under current law, after the \$7 million, 25 percent goes to the Distributive School Account, just like the \$7 million does. And the other 75 percent goes to the counties, of which 25 percent has to go to the school districts, if my memory is right. Within the DSA, under existing law, we were estimating around \$12 million going into the DSA, under existing law. This would bring the entire amount into the Distributive School Account.

ASSEMBLYMAN CARPENTER:

It looks to me like you take 25 percent of the \$24 million, which is about \$6 million, so the counties would be losing about \$18 million, if my math is right.

CHAIR BUCKLEY:

Assemblywoman Gansert.

ASSEMBLYWOMAN GANSERT:

Thank you, Madam Chair. When I was listening to the numbers that you were providing, it seems that we are budgeted to try and pick up another \$12 million after the first \$7 million. I am not sure why we do not have a threshold if we set the threshold at \$19 million, instead. Would we get the first \$7 million, the second \$12 million, and then could we revert back to the counties?

MARK STEVENS:

The bill could be drafted that way. I believe counsel believes this was a better way to draft the bill.

CHAIR BUCKLEY:

Brenda, do you want to address that?

BRENDA ERDOES:

Thank you. I have a great deal of concern about increasing the threshold. You can certainly increase it some; I don't know how far you could go with that because, again, federal law requires that priority be given to the areas where these monies come from and the reason that I think this will work is because we do distribute DSA money to all of these counties. If you begin to shift that into the General Fund in a different way, then I think that makes it more subject to challenge.

ASSEMBLYWOMAN GANSERT:

I still am trying to figure that out. If we have a threshold in existence and it is \$7 million, what is the difference for one year having it at \$19 million versus the \$7 million? Aren't we using the same methodology when we have the \$7 million threshold?

BRENDA ERDOES:

We are. It is just that in the past, when we have done the research on this, it is the level of the threshold that then tells you what the additional money is that would be given priority. The Legislature, again, is required to give priority to these areas where there is an impact. If you put it into statute at a certain level that is really high, we are worried that the smaller amount will then be found by the court to not be giving priority whereas if we put it all into the DSA, the Legislature can give that priority in the spending dollars that you allocate. If you lock that threshold in at too high of a rate, then I believe it makes it more subject to a challenge to the federal law.

ASSEMBLYWOMAN GANSERT:

Thank you.

CHAIR BUCKLEY:

Thank you. Further questions? I don't see any. Thank you very much for your testimony.

We have two other gentlemen coming down. To our staff, we thank you for providing your testimony.

BJORN SELINDER:

Madam Chair, members of the Committee, for the record, my name is Bjorn Selinder. I am a registered lobbyist, representing Churchill and Eureka Counties. With me today, I would like to introduce Alan Kalt. Mr. Kalt is the comptroller for Churchill County and is quite familiar with the way in which the distribution method works for this particular revenue source.

ALAN KALT, CHURCHILL COUNTY COMPTROLLER:

Thank you, Madam Chair and members of the Committee. Thank you for the opportunity to speak on this bill. You know, the question comes up of priority for those areas that have the impacts. Let me assure you, currently, Churchill County has spent the last four years focusing on the development of geothermal industry. We are doing everything we can to get geothermal to reside in the State of Nevada, to reside in Churchill County. Churchill County is blessed to have an abundant geothermal resource. We want to be a team player. We are taking, as a county, several hits to help this state. We want to carry our fair share. Again, we want to carry our fair share in this time of need. Geothermal is so big in Churchill County that the amount of that excess of approximately 50 percent, in the past year and what we projected for the most recent August sale of geothermal leases, would come back to Churchill County. So when you speak of the economic impact and the priority of where those services are, it is in Churchill County. We have the services, such as the roads that these folks need to get out to those hinterlands where those resources are. The public safety, the schools, the projects—as they are being developed, they affect our community. It is my feeling that this bill disproportionately negatively impacts Churchill County, as we are one of the primary counties of origin of the revenue resource. We would respectfully request an amendment which would allow a split of that amount above \$7 million or above a threshold that this committee would feel would be appropriate. We are using this resource to pay down debt to bond for capital projects to address those needs that we have in our community.

Next, I would like to quickly state the double whammy which we have. As these geothermal projects are moving forward, there is legislation that allows for sales and use tax abatement to these providers. When they can go to the Nevada Commission on Economic Development, get an abatement of the Sales and Use Tax and for the development of Churchill County, that is 5.25 percent of an economic incentive, of local government revenue that we do not get. We have enjoyed cooperation from the geothermal industry, where they have negotiated Payment in Lieu of Taxes arrangements, to help our community. We would respectfully request, at some point, that we eliminate the Sales and Use Tax abatement in the same way that it is not provided to the mining industry. It is not provided to the casino industry. Geothermal development in Churchill County is our number one economic development. It has been what we have been focusing on and it has a significant impact on us.

The proposals in this bill would negatively impact Churchill County. I would argue in a disproportionate share. We are willing to be part of “One Nevada.” We are willing to carry our fair share. But we would gratefully ask for your assistance. I would be happy to answer any questions.

CHAIR BUCKLEY:

Thank you very much for your testimony. Questions for the witnesses? Assemblyman Goicoechea.

ASSEMBLYMAN GOICOECHEA:

Alan, can you tell me how big an impact this will be to the Churchill County School District? Have you got the numbers broken down?

ALAN KALT:

Madam Chair, through you to Assemblyman Goicoechea, I do not have those numbers. The money is going to the Local School Distributive Account. What happens is the amount that is above that \$7 million, they receive 25 percent of the 75 percent that is remitted to Churchill County. They have statutory restrictions on how they can use that money and that money, in my understanding, is used for repair and maintenance in facilities of the district. They badly need those funds in Churchill County.

CHAIR BUCKLEY:

Further questions of the witnesses? There are none. Thank you very much for coming and providing your testimony. Is there anyone else that would like to provide testimony on Senate Bill 1? Seeing none I will close the hearing on Senate Bill 1 and open the hearing on Senate Bill 2.

Senate Bill No. 2 considered.

Potential conflict of interest declared by Assemblymen Carpenter, Conklin and Settlemeyer.

BRENDA ERDOES, LEGISLATIVE COUNSEL, LEGISLATIVE COUNSEL BUREAU:

Senate Bill 2 is basically the taxation bill this session. It has three different taxes in it. The first one contained in the first reprint temporarily accelerates the collection of the net proceeds of mines. The way that this will work, with the provisions currently in the bill, is that this spring, when the annual payment for the net proceeds of mines would be due for Fiscal Year 2008, you will also be collecting the estimated taxes for Fiscal Year 2009, so that you will actually be getting two payments this spring on net proceeds of mines. After that, next year in the spring, you will be getting an estimated payment for one year, and then continues until it sunsets on June 30, 2011. At some point, if you don't go back and make some changes to this, you will have a year where you don't have net proceeds to skip back to annually. But that is something you will have another session to deal with. Would you like to take these by topic or go through the whole bill?

CHAIR BUCKLEY:

Whatever is easiest for you.

BRENDA ERDOES:

Are there any questions on net proceeds before we go forward?

CHAIR BUCKLEY:

Are there any questions on net proceeds before we move on to the other provisions of the bill? Why don't you keep going and at the end we will take questions on any topic.

BRENDA ERDOES:

The next portion of the bill, which is Sections 6 through 11, reduce the collection allowances applicable to taxes on intoxicating liquor, cigarettes, and other products made from tobacco as well as sales and use taxes. It is the collection allowance that is allowed for retailers. It is currently at .5 percent. It goes down, upon passage and approval of this bill until June 30, 2009, to .25 percent of the taxes otherwise due.

The third portion of this bill is in Section 12, which basically requires a short term lessor of a passenger car to collect a recovery surcharge and pay one quarter of that to the state General Fund for, approximately, the next six months. It is also effective from the passage of this bill through the end of this fiscal year. I will be happy to answer any questions.

CHAIR BUCKLEY:

Questions from anyone, on the bill? Assemblyman Goicoechea.

ASSEMBLYMAN GOICOECHEA:

Thank you. I would like some clarification on the net proceeds. In the original handout we were looking at \$28 million. Now, because we have extended that timeframe to 2011, does that increase that amount?

MARK STEVENS, ASSEMBLY FISCAL ANALYST, FISCAL ANALYSIS DIVISION, LEGISLATIVE COUNSEL BUREAU:

No. The amount would remain the same for this fiscal year. The only difference would be when the provisions sunset. When that happens, there will be a year that net proceeds would not be collected to the General Fund. There would be a missing year.

CHAIR BUCKLEY:

The savings were for just this fiscal year, on the sheet. Because it continues through this fiscal year, there wasn't a change.

ASSEMBLYMAN GOICOECHEA:

And that year, Mark, we would not receive net proceeds? Would that be \$14 million or \$28 million? If all things were the same?

MARK STEVENS:

That would be \$28 million; whatever the value was in that year. For next year, we are estimating \$28 million.

ASSEMBLYMAN GOICOECHEA:

Thank you.

CHAIR BUCKLEY:

Assemblyman Anderson.

ASSEMBLYMAN ANDERSON:

In Section 1 of the bill, were lines 20 through 24 where the amendment took place for this reprint? I am trying to understand what the nature of the amendment was and what the net effect is on the bill, as a whole. Specifically, why the removal of the "royalty" reference?

BRENDA ERDOES:

That's part of the fix to a problem that we created when we accelerated the taxes because there's net proceeds on royalties, as well. So the way we worked things out to fix this is to actually . . . the mine operator or owner will pay the net proceeds due on the royalties and then subtract it from the royalty check rather than the way it happens now, which is that they pay the royalty directly to the person who is entitled to the royalty, then that person pays the net proceeds. But we were afraid that when you accelerated this, and did it on an estimated basis, the person who received the royalty wouldn't have a really good idea of what they were going to get in the next year. For example, the mine operator would know if they are increasing production or reducing it. Part of that is just to take out the royalty part and make it different. We provide in another section where the mine owner actually pays the royalty.

ASSEMBLYMAN ANDERSON:

In Section 3, at line 35, where it says, "recipient of the loyalty," is that where that is all about?

BRENDA ERDOES:

Yes, it is actually Section 2, that next section, at the bottom. It starts on page 29. That last section says, "shall pay the tax upon the net proceeds and upon the royalties so estimated."

ASSEMBLYMAN ANDERSON:

And that is the nature of the Senate's amendment?

BRENDA ERDOES:

The amendment was to simply sunset it. The way the bill originally came out, the estimated taxes would go on into perpetuity, but they are now sunseting.

ASSEMBLYMAN ANDERSON:

Thank you.

CHAIR BUCKLEY:

Further questions on Senate Bill 2? Seeing none, thank you very much for your testimony. Is there anyone else that would like to provide testimony on Senate Bill 2? Seeing none, I will close the public hearing on Senate Bill 2 and bring both bills back to the committee.

Anyone have a disclosure?

ASSEMBLYMAN ANDERSON:

For the record, I would like to disclose that my daughter is an employee of the Washoe County School District. Senate Bill 1 affects the amount of money available for the System of Public Education in the state, therefore I am making this disclosure regarding my daughter's employment with the school district. Because I believe the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitment, I am not required to abstain and therefore I will be voting on the bill.

ASSEMBLYMAN DENIS:

For the record, I would like to disclose that I am president of the Nevada Parent Teacher Association. Senate Bill 1 affects the amount of money available for the System of Public Education in the state. Therefore, I am making this disclosure regarding my position as the president of the Nevada Parent Teacher Association. Even though these transfers will not have a direct effect on me because I believe the independence of judgment of a reasonable person in my situation will not be materially affected by my private commitment, I am not required to abstain and therefore I will be voting on this bill.

I would also like to disclose that my wife is employed as a substitute teacher by the Clark County School District. Senate Bill 1 affects the amount of money available for the System of Public Education in the state, therefore I am making this disclosure regarding my wife's employment with the school district. Because I believe the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitment, I am not required to abstain and therefore I will be voting on this bill.

ASSEMBLYMAN CONKLIN:

Just for ease of disclosures, assuming that both Senate Bill 1 and 2 are on the agenda now, can I disclose for Senate Bill 2?

Thank you. For the record I would like to disclose that my wife works for a retailer. Sections 6 through 11 of Senate Bill 2 reduces the amount that retailers can retain from the taxes of collection allowance from the taxes collected on liquor, cigarettes, and other tobacco products for a period of six months. The benefit or detriment accruing to my wife's employer as a result of the passage of this bill is not greater than that occurring to any other retailer. Because I believe that the independence of judgment of a reasonable person in my situation would not be affected by my private commitment, I am not required to abstain and I will be voting on this bill.

ASSEMBLYMAN GUSTAVSON:

For the record, I would like to disclose that my child is employed by the Washoe County School District. Senate Bill 1 affects the amount of money available to the System of Public Education in this state; therefore, I am making this disclosure regarding my child's employment with the Washoe County School District. Because I believe that the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitment, I am not required to abstain and therefore I will be voting on this bill.

ASSEMBLYWOMAN WOODBURY:

For the record, I would like to disclose that I am employed as an elementary school special education teacher with the Clark County School District. Senate Bill 1 affects the amount of money available for the System of Public Education in the state. Therefore, I am making this disclosure regarding my employment with the Clark County School District. Because I believe that the independence of judgment of a reasonable person in my situation would not be materially affected by my private commitment, I am not required to abstain and therefore I will be voting on this bill.

ASSEMBLYMAN CARPENTER:

My business collects liquor, cigarette, and sales tax. My wife is not at all going to be reasonable when she finds out she is going to get less money to collect all of these taxes.

CHAIR BUCKLEY:

So what are you going to do about that?

ASSEMBLYMAN CARPENTER:

Well, I don't know what to do about that. I guess I could vote against it and keep my wife; or I could vote for it and maybe my wife would leave and you guys would have to take care of me forever.

CHAIR BUCKLEY:

Assemblyman Grady.

ASSEMBLYMAN GRADY:

I did not think this would affect me, but I will disclose that I have two daughters and a daughter-in-law, all teachers, and I don't feel it will affect me any differently than anyone else and I will be voting.

ASSEMBLYMAN SETTELMAYER:

My wife owns a retail business and so its product is retail and therefore it will be affected. However, I do not feel this will affect me materially any differently than any one else.

ASSEMBLYMAN GOICOECHEA:

My son has a retail business. It will not affect him any differently than it does anyone else.

Assemblyman Oceguela moved to do pass Senate Bill No. 1.

Assemblyman Conklin seconded the motion.

Motion carried.

Assemblyman Oceguela moved to do pass Senate Bill No. 2.

Assemblyman Conklin seconded the motion.

Motion carried.

On motion of Assemblyman Oceguela, the Committee did rise and report back to the Assembly.

#### ASSEMBLY IN SESSION

At 3:45 p.m.

Madam Speaker presiding.

Quorum present.

## REPORTS OF COMMITTEES

*Madam Speaker:*

Your Committee of the Whole, to which was referred Senate Bills Nos. 1 and 2, has had the same under consideration, and begs leave to report the same back with the recommendation: Do pass.

BARBARA E. BUCKLEY, *Chair*

Assemblywoman Gansert moved that the Assembly recess until 4 p.m.  
Motion carried.

Assembly in recess at 3:46 p.m.

## ASSEMBLY IN SESSION

At 4:25 p.m.

Madam Speaker presiding.

Quorum present.

## GENERAL FILE AND THIRD READING

Senate Bill No. 1.

Bill read third time.

Remarks by Assemblyman Goicoechea.

Potential conflict of interest declared by Assemblymen Anderson, Denis, Gustavson, and Woodbury.

Roll call on Senate Bill No. 1:

YEAS—28.

NAYS—Carpenter, Christensen, Cobb, Gansert, Goedhart, Goicoechea, Grady, Gustavson, Hambrick, Hardy, McArthur, Settlemeyer, Stewart, Woodbury—14.

Senate Bill No. 1 having received a constitutional majority, Madam Speaker declared it passed.

Bill ordered transmitted to the Senate.

Senate Bill No. 2.

Bill read third time.

Remarks by Assemblymen Gansert, Settlemeyer, Carpenter, and Leslie.

Potential conflict of interest declared by Assemblymen Carpenter, Conklin and Settlemeyer.

Roll call on Senate Bill No. 2:

YEAS—28.

NAYS—Carpenter, Christensen, Cobb, Gansert, Goedhart, Goicoechea, Grady, Gustavson, Hambrick, Hardy, McArthur, Settlemeyer, Stewart, Woodbury—14.

Senate Bill No. 2 having received a constitutional majority, Madam Speaker declared it passed.

Bill ordered transmitted to the Senate.

Madam Speaker announced if there were no objections, the Assembly would recess subject to the call of the Chair.

Assembly in recess at 4:34 p.m.

#### ASSEMBLY IN SESSION

At 5:40 p.m.

Madam Speaker presiding.

Quorum present.

#### MESSAGES FROM THE SENATE

SENATE CHAMBER, Carson City, December 8, 2008

*To the Honorable the Assembly:*

I have the honor to inform your honorable body that the Senate on this day passed Assembly Bills Nos. 1, 2.

SHERRY L. RODRIGUEZ  
*Assistant Secretary of the Senate*

#### REMARKS FROM THE FLOOR

Assemblyman Ocegüera requested that his remarks be entered in the Journal.

Thank you, Madam Speaker. I think we would be remiss if we did not thank all of the people that have made this special session possible, such as the Chief Clerk and her staff, as well as all the other divisions—Fiscal, Legal, the Grounds crew, and the people who got all of our offices ready ahead of time. There was a lot of work put in by a lot of hard working folks. I just wanted to take this time to thank them very much for all their service.

Madam Speaker appointed Assemblymen Ocegüera, Arberry, and Gansert as a committee to wait upon His Excellency, Jim Gibbons, Governor of the State of Nevada, to inform him that the Assembly was ready to adjourn *sine die*.

Madam Speaker appointed Assemblymen Anderson, Leslie, and Christensen as a committee to wait upon the Senate to inform that honorable body that the Assembly was ready to adjourn *sine die*.

A committee from the Senate, consisting of Senators Carlton, Breeden, and Washington appeared before the bar of the Assembly and announced that the Senate was ready to adjourn *sine die*.

Assemblyman Anderson reported that his committee had informed the Senate that the Assembly was ready to adjourn *sine die*.

Assemblyman Ocegüera reported that his committee had informed the Governor that the Assembly was ready to adjourn *sine die*.

Assemblyman Ocegüera moved that the Twenty-Fifth Special Session of the Assembly of the Legislature of the State of Nevada adjourn *sine die*.

Motion carried.

Assembly adjourned at 5:54 p.m.

Approved:

BARBARA E. BUCKLEY  
*Speaker of the Assembly*

Attest: SUSAN FURLONG REIL

*Chief Clerk of the Assembly*