

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-Third Session
June 1, 2005**

The Committee on Ways and Means was called to order at 8:24 a.m., on Wednesday, June 1, 2005. Chairman Morse Arberry Jr. presided in Room 3137 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Mr. Morse Arberry Jr., Chairman
Ms. Chris Giunchigliani, Vice Chairwoman
Mr. Mo Denis
Mrs. Heidi S. Gansert
Mr. Lynn Hettrick
Mr. Joseph M. Hogan
Mrs. Ellen Koivisto
Ms. Sheila Leslie
Mr. John Marvel
Ms. Kathy McClain
Mr. Richard Perkins
Mr. Bob Seale
Mrs. Debbie Smith
Ms. Valerie Weber

COMMITTEE MEMBERS ABSENT:

None

STAFF MEMBERS PRESENT:

Mark Stevens, Assembly Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Anne Bowen, Committee Secretary
Connie Davis, Committee Secretary

Senate Bill 34 (2nd Reprint): Decreases fees for issuance and renewal of noncommercial drivers' licenses. (BDR 43-241)

Rhonda Bavaro, DMV Services Manager, Management Services and Programs Division, Department of Motor Vehicles (DMV), identified herself for the record and testified in support of [S.B. 34](#).

Ms. Bavaro stated that currently the fee for an original driver's license or renewal was \$19, or \$14 for persons 65 years or older. In addition to the required license fee, NRS 483.415 required the DMV to collect an additional 50-cent fee for each license issued to support traffic safety and education efforts. Together, those fees created a situation where coin change was involved, according to Ms. Bavaro. Although the kiosks were technologically sophisticated they could not generate coin change. As a result the convenience

offered by the kiosks could not be extended to customers who preferred to use cash to renew their driver's license. Those customers represented approximately 56 percent of the total number of people who visited DMV offices to renew their licenses.

Ms. Bavaro stated that S.B. 34 would allow the DMV to divert approximately 100,000 people per year out of lines and move them to the kiosks where they could complete their transactions and be on their way in a fraction of the time a counter visit would take. Driver's license customers would be afforded the same conveniences as the registration customers who did not face the same limitations.

Assemblywoman Giunchigliani clarified that the fee would be \$19 if S.B. 34 passed. Ms. Bavaro replied that was correct.

Senate Bill 105 (1st Reprint): Makes appropriation to University of Nevada School of Medicine for support of partnership with Nevada Cancer Institute and Center of Excellence. (BDR S-1225)

Exhibit B, a packet of information from the HHV-6 Foundation, and Exhibit C, a packet of information from the Nevada Cancer Institute and the Center of Excellence, were presented to the Committee.

Peter Ernaut, R&R Partners, identified himself for the record and testified in support of S.B. 105. Mr. Ernaut stated that S.B. 105 was part of The Executive Budget as a \$10 million appropriation for a joint project between the University of Nevada, Reno (UNR), School of Medicine and the Nevada Cancer Institute, in order to construct a building on the University of Nevada, Reno (UNR), campus adjacent to the School of Medicine. Over the course of the past few months, that project had grown in scope and stature, mainly through the auspices of Annette Whittemore.

Mr. Ernaut stated that Mrs. Whittemore would testify later regarding the Center of Excellence for the study of chronic fatigue syndrome, which would be the third partner in the building. The building would house the UNR School of Medicine, laboratory facilities, the Nevada Cancer Institute, and the Center of Excellence.

Dan Klaich, Vice-Chancellor, Nevada System of Higher Education (NSHE), introduced himself for the record and testified in support of S.B. 105.

Mr. Klaich stated that he wholeheartedly supported the legislation and thanked the Whittemore family and the Cancer Institute for bringing forward such an incredible public and private partnership for the health care of Nevada's citizens.

Ms. Giunchigliani asked exactly what the Cancer Institute was and where it was currently located.

Mr. Ernaut replied that there were two bills in the session. S.B. 105 constituted the bricks and mortar bill which would represent the face of the Nevada Cancer Institute in conjunction with the Center of Excellence and the Nevada School of Medicine on the University of Nevada, Reno campus.

Mr. Ernaut continued and said that S.B. 370 represented an appropriation request for operating funds for the Nevada Cancer Institute. The Nevada Cancer Institute would open its flagship facility in Las Vegas in approximately 30 days. Mr. Ernaut said that facility was a state-of-the-art cancer research

facility. The Cancer Institute was a success story as the group had gone from zero to bricks and mortar in approximately three years and had raised over \$90 million in the private sector.

S.B. 105 would constitute the "northern face" of the Cancer Institute. Mr. Ernaut said anyone familiar with similar cancer institutes across the country knew, that in almost all instances, the successful ones had some relationship with a university or medical school.

Annette Whittemore, Whittemore Family Foundation, identified herself for the record and read the following testimony in support of S.B. 105 into the record:

Good morning Chairman Arberry, and distinguished members of the Ways and Means Committee.

First, Harvey and I would like to sincerely thank each of you for your time and commitment to this legislative process. We truly appreciate the hard work and many hours of service that you give for the benefit of all Nevadans.

Second, Harvey and I wholeheartedly support S.B. 105 and its appropriation for a new medical building and facility on the campus of the School of Medicine at the University of Nevada, Reno.

I would like to provide a little personal background to help you understand our reasons for this endorsement and the level of proposed financial support and involvement.

Our daughter, Andrea, suffers from a disease currently called chronic fatigue syndrome or CFS. Since 2002 we have been extremely fortunate to witness vast improvements in Andrea's level of health. This is due in great part to her extraordinary doctor, Dr. Daniel Peterson of Incline Village, who understands immune dysfunction diseases and how to treat them with the use of appropriate immune modulators and anti-virals. This treatment protocol is based on the newest scientific knowledge of chronic viral illnesses of the central nervous system.

While Andrea's immune system is still very fragile, she is no longer bedridden or in need of constant care. To date, this type of care is the only long-term treatment available to patients with her kind of immune dysfunction.

Andrea's medical treatment includes the use of an experimental intravenous drug called Ampligen two times a week. It is like chemotherapy that never ends. That is the bad news. The good news is that the medication has allowed her enough stamina and good health to complete a two-year program of study, thus giving her a chance to help others with chronic illnesses, while also helping her to create a self-sufficient lifestyle.

Although Andrea is doing better, thousands of Nevadans and hundreds of thousands of Americans like her are not.

Patients with similar symptoms such as neuro-cognitive problems, sleep disorders, chronic low grade fevers, gastrointestinal disorders, chronic sore throats, severe exercise intolerance, and

drug hyper-sensitivities, continue to suffer through the experience of 20 to 50 different doctor's visits, only to be told that the doctors have no idea as to appropriate treatment.

Incredibly, some patients are told to get more rest while others are told to try counseling or practice pain management skills. When one has a disease with such serious and life-altering symptoms it is devastating to be told "there is no treatment."

Many experts believe that is no longer the case, and we agree with them. Today there are treatments from immune modulators to anti-virals that offer real relief if the patient is appropriately diagnosed. Our daughter is proof. But many of these treatments are experimental and require patients to travel long distances, and many are required to pay huge sums of money from their own pockets for the special care that only a few doctors in the United States are capable of delivering.

This leaves those without the ability to pay, sick and without hope.

The idea of a medical center where patients can go to be accurately diagnosed and treated has been taking shape for years. After seeing thousands of patients and hearing their stories of mistreatment and mismanagement, Dr. Peterson and Dr. Dedra Buchwald of the University of Washington, invited us to help them begin this process several years ago. Just last year, Dr. David Bell of the national CFS advisory committee also made a request of the Secretary of Health to help create these centers of excellence. To this date that call has gone unheeded.

Due to many recent positive events that have occurred in our lives and a continued recognition of the urgent sense of need, Harvey and I now feel we can contribute substantial dollars to a project of this magnitude. This project will involve so many favorable components, including treatment from doctors such as Drs. Peterson and Buchwald, that we could not say no when we were asked to help.

Now with your help and the help of the University, we can make a real change for thousands of Nevadans. We discussed this public/private partnership with Governor Guinn and First Lady Dema Guinn, Chancellor Rogers, the Regents, University of Nevada, Reno President, Dr. John Lilly, the Dean of the Medical School, Dr. John McDonald, and many legislators. All have listened with hopeful enthusiasm, while encouraging us to continue this quest. We are so grateful for the unanimous support that the Senate gave in passing this bill, and appreciate you hearing from me during this last week of the session.

One of the users of the new proposed Center will be research laboratories. Harvey and I have financially supported a new relationship with a research laboratory from Belgium which is now located and operational on the University of Nevada's Stead Campus. This entity would move to the new facility when construction of the Center is finished. This laboratory, known as RED Labs, has developed proprietary tests that help to diagnose CFS as well as other diseases. Its founder is Dr. Kenny DeMeirleir,

a world-renowned physician and researcher who has agreed to spend whatever time it takes to create the research facilities at the University to further a cure for these chronic human illnesses. He knows that the best research will be multidisciplinary, involving experts from multiple areas of experience to derive the most complete picture of causative agents and methods of detection. Thus, RED Labs has already begun the work of studying viruses of the central nervous system such as HHV-6A, a virus with high clinical association with both CFS and multiple sclerosis.

The HHV-6 Foundation, a Nevada-based organization, started and co-chaired by myself and my friend, Kristin Loomis, from Santa Barbara, and its board of scientists from all over the world, have begun the difficult task of developing a new and more sensitive blood test to detect active HHV-6 viremia.

We have already been to Japan where the results of the Foundation's studies were delivered to an international community of uncommonly gifted and committed researchers at the International Conference on Fatigue Science this past February. After meeting in Washington, D.C., this past month, the HHV-6 Scientific Advisory Board (SAB) will hold its next international conference in Barcelona in April 2006 under the direction of Dharam Ablashi, the Foundation's scientific director and co-discoverer of the virus. Dr. Ablashi was coaxed by Kristin and me into a more active role with the Foundation after serving as a coordinator of DNA Virus Studies at the National Cancer Institute and as the Director of Herpesvirus Programs at Advanced Biotechnologies.

Each of the members of the SAB hopes that they will be able to determine the true rate of this virus in various disease states of the brain such as CFS, MS, autism, epilepsy, and even Alzheimers.

As this important and extraordinary work continues, the Foundation is simultaneously supporting a series of in vitro or test tube tests with antiviral compounds to help uncover novel treatments.

The Foundation, as a private, charitable nonprofit enterprise, is committed to find ways to stop the devastating effects of HHV-6A and B. It, too, will have an office in the Center to help organize and support clinical research on the University's campus from its own grants as well as grants from the federal government, individuals, and other private foundations. This research will speed the process of delivery of new treatments to the patients of the Center while continuing to support and encourage other researchers to do the same at other affiliated locations.

I hope that you can see, as we do, that so many pieces of the puzzle are falling into place at this particular time and in this wonderful state. It only seems natural that we would want to lead these efforts and to share this knowledge with the rest of the world. We will, therefore, encourage the Medical School to allow students attending the University's Medical School, who would be experiencing rotations in the many different medical specialties, to include a rotation at the Center, thus giving them new training and an opportunity to meet, discuss, and learn from the many

internationally recognized scientists who will be sharing their science and life skills at the Center. I have included a brochure from the HHV-6 Foundation with a list of the scientists and their office locations for your review.

Harvey and I have many people to thank, including the people with me at the table today. They include the people who day in and day out support us and their loved ones suffering from disease with no cures.

We also commend the vision of Governor Guinn and his staff for recommending such an important new medical building and facility, Jim and Heather Murren, and the rest of the leadership of the Nevada Cancer Institute, and all of the others in support of S.B. 105 here today. A comprehensive research and clinical medical facility at the University is needed, and it is needed now to extend the hopes, dreams, and lives of your friends and constituents. A partnership between the University of Nevada, Reno, the Nevada Cancer Institute, and the Center of Excellence can become an example of world leadership in clinical care and will foster significant cutting edge research similar to the Mayo Clinic and the Dana-Farber Cancer Institute.

In summary, we have a unique opportunity to provide excellent medical care to many more Nevadans and to impact citizens from around the world with new and innovative solutions to cancer, CFS, and other chronic illnesses.

It takes financial commitment, it takes vision, and, of course, it takes hard work. We are willing to do our part.

We have pledged \$2 million more to this effort, we will raise another \$2 million, and we will continue to provide ongoing operational support as needed. We encourage the state of Nevada to adopt and advance this plan and give renewed hope to thousands of Nevadans by supporting Governor Guinn's request for this new facility at the Medical School.

Assemblywoman Leslie asked if there were other Centers of Excellence around the country or if the one planned for the UNR campus had a special focus on CFS.

Mrs. Whittemore replied that there were no other centers like the one planned for northern Nevada. She said the planners' vision was for the Center of Excellence to be a model for others throughout the United States. Mrs. Whittemore stated that she had been contacted by medical groups in Florida and New Jersey regarding the Center.

Ms. Leslie commented that it would be very nice for Nevada to be first in something important like the Center of Excellence.

Mr. Ernaut explained that the term Center of Excellence was a formal designation within the medical community for many different clinical laboratories. The Center of Excellence in northern Nevada would be the first of its kind for CFS, making Nevada the center for CFS research.

Ms. Giunchigliani asked why the project had been included in The Executive Budget and not in the regional Capital Improvement Project (CIP).

Mr. Ernaut replied that it had been the timing of the project. The process had been fluid at the time the Governor was putting the budget together. Mr. Ernaut noted that the Whittemore Family Foundation had personally pledged \$2 million to the project and agreed to raise another \$2 million. All of that partnership had been coming together at the time the budget was being written. The building would cost \$18 million and the request for State funds had been reduced to \$10 million.

Ms. Giunchigliani asked if long term-operating expenses would be included in the UNR Medical School budget. Mr. Klaich replied that was correct.

Ms. Giunchigliani asked if S.B. 370 had anything to do with S.B. 105, or if it was a separate component.

Mr. Ernaut replied that there was a link between the two bills and that was operational money for research fellows and some of that research would be done in the building on the UNR campus.

Assemblyman Denis asked if there would be federal grants available in the future.

Mrs. Whittemore said the planners had already spoken to Senator Harry Reid and begun the process of obtaining federal funding.

Mr. Klaich noted that part of the affiliation agreement between the UNR School of Medicine and the Nevada Cancer Institute involved joint publications, joint research grants, and joint faculty. A growing and transparent relationship was envisioned between the UNR School of Medicine, the Nevada Cancer Institute, and the Center of Excellence, where all parties would participate in those types of grants where there was overlap.

Assemblyman Marvel asked if Mrs. Whittemore or Mr. Ernaut had spoken with Senator Rhoads as he had a daughter who had CFS and she had gone to Virginia for treatment because there was none available in Nevada.

Mr. Ernaut replied that Senator Rhoads had been extremely helpful to the project.

Assemblyman Seale noted that there had been considerable private sector money donated to the project, as well as contemplated State funding. He wondered if the project would be done with the money collected so far or if more money would be required to finish the project.

Mr. Ernaut responded that the plan had been if the project received \$10 million from the State, along with the money pledged by the Whittemore Family Foundation, they could build a \$14 million building. If more money was received they would build more, however, they would not be returning to ask the State for more funding.

Mr. Seale asked if the planners might use the money as a springboard to continue to expand the research center and at some point in time might consider private activity bonds or something like that. Mr. Ernaut replied that all avenues would be contemplated in order to build a very comprehensive center.

Assemblywoman Weber asked what the time line would be for the opening and staffing of the Center of Excellence.

Mr. Ernaut responded that if the project was successful the plan would be to break ground in 12 to 18 months. The UNR School of Medicine would house approximately 50 percent of the facility, 25 percent for the Cancer Institute, and 25 percent for the Center of Excellence. The faculty for the Cancer Institute and the School of Medicine was already in place, and in the time frame of 12 to 18 months the Center of Excellence would be ready to occupy their portion.

Ms. Weber inquired about the specialized people who would be working in the Center of Excellence and whether they were being recruited.

Mrs. Whittemore said there were two physicians who were currently planning to be working at the Center of Excellence. A project director was already working and the plan was that the Center of Excellence would be up and running when the building was ready and the Center could transition into the building at that time. Mrs. Whittemore said that many researchers had indicated a desire to work with the Center of Excellence.

Ms. Weber said she had asked the question because often when researchers were attracted to a new facility there was grant money that followed as well.

Mr. Ernaut commented that as the old saying went "build it and they will come."

Gerald Crum identified himself and read the following testimony into the record:

For the record my name is Gerald Crum. My home is in Carson City. I am testifying in support of S.B. 105, representing myself.

I was diagnosed with Chronic Fatigue Syndrome (CFS) in 1985. Complications associated with this still poorly-understood disease nearly killed me. After living with this disease for over a decade, in December 1977 I was diagnosed with a blood cancer, Mantle Cell Lymphoma—an aggressive type of non-Hodgkin's lymphoma. An irony during this time was that my CFS symptoms were abating. I thought I was getting better. There is no known cure for Mantle Cell Lymphoma. I was told I was in Stage IV of the disease—the last stage. I was given three months to live at that time. I am still in Stage IV after undergoing chemotherapy three times over the years and a bone marrow transplant two years ago.

As a patient, whether you have CFS or cancer, you are looking at two things: what is wrong with me (diagnosis) and how you can be returned to a state of health (treatment). As someone who has suffered with both CFS and a rare cancer, I have had to go out of state for diagnosis and treatment. This creates a considerable financial and physical hardship.

Physicians must have knowledge and tools to diagnose and treat disease in order to return a person to health. These tools come about through research that is translated and applied at a clinical level. Once the research is translated, the findings need to be taught to physicians and those studying to become physicians. The potential to attain this paradigm exists in S.B. 105, the

University of Nevada School of Medicine and the Nevada Cancer Institute. The implementation of these ideas is long overdue in Nevada. I urge you to vote in favor of S.B. 105.

Mr. Crum added, as an example, that he had been positive for HHV-6 at one time and had developed CFS. While he was being treated at the University of California, San Francisco Medical Center for cancer, he had learned there was a researcher there studying HHV-6A as it related to multiple sclerosis. Mr. Crum said he was able to visit that researcher and learn something about what was being accomplished. Later, Mr. Crum learned that there was a researcher in the east that was investigating HHV-6A and the connection between the virus and bone marrow transplants.

Mr. Crum said to his knowledge there was no one researcher or entity that was bringing the various researchers together. That was part of the potential of the Center of Excellence in northern Nevada.

Anita Patton identified herself and read the following testimony into the record:

My life began in 1962. I was a healthy, energetic child, and a high school track star. I had a great college education and a wonderful career. In 1986, at the age of 24, I came down with an unusual virus, which obliterated my immune and energy systems. At that time, I was working as a top-secret classified word processor for the government. It caused me to have an immune deficiency, which requires careful attention to germ exposure and immediate antibiotics for infection. That was the beginning of my chronic fatigue syndrome, at which time I was unable to walk. I had to quit work and became disabled.

In 1997, I began I.V. therapy with an immune modulator, Ampligen, on the AMP-511 Trial, a Phase III, FDA-approved clinical trial for the treatment of chronic fatigue syndrome. It is an immune modulator, which heals the broken link in the immune system, and causes my body to produce interferon which helps heal itself. I have taken Ampligen twice per week for seven and one-half years. Ampligen heals my immune system and energy output so that I can fight infections, use my muscles to walk and exercise, and care for my three children.

Over the past seven years on Ampligen therapy, on three occasions, I have tried to get off the medicine and each time my immune system crashes and I become very ill again. However, when I stay on the medicine my immune system does very well and my exercise capabilities increase. My anaerobic threshold improved from 4 minutes before Ampligen therapy to over 19 minutes at my peak physical performance.

From the years 1997 to 2003, Dr. Daniel Peterson of Sierra Internal Medicine in Incline Village, Nevada, was my primary care provider under Senior Care Plus, until he was no longer a contracted network provider in June of 2003. At that time, I kept Dr. Peterson as my immune specialist physician partly because my insurance company did not have any other qualified immune specialists taking new patients for chronic fatigue syndrome and partly because of the required eight-week physical examinations and lab work oversight due to the Federal Drug Administration

(FDA) specifications of being on a clinical trial. There was no other way for me to continue taking the medicine I needed unless I remained under the partial care of Dr. Peterson.

I was trapped in the sense that I did not have appropriate medical care provided by my insurance company. I continued to get Ampligen infusion therapy at Dr. Peterson's Research Infusion Center at the Sierra Internal Medicine offices in Incline Village, while switching my medical maintenance and treatment of individual infections to Dr. Steven Sundstrom of Washoe Family Care, also an internal medicine physician located in Reno. Both physicians have taken excellent care of my medical health and I have them to thank for the incredible wellness I am currently experiencing.

I must say it was very difficult to find a new physician. I visited several that were quite honestly unacceptable for my situation. They just did not have the expertise required to deal with the immune system abnormalities and it was too detailed and took too much time out of their busy patient loads.

When an infection occurs at a time other than normal office hours I use the Washoe Urgent Care Facility covered by my insurance. It has only been the past couple of years that they have treated me acceptably at that facility, having obtained knowledge of immune deficiency, which enables them to treat me in a timely fashion when I have the need for an antibiotic and am unable to walk.

Having an infection causes my energy system to shut down and I become unable to walk within hours of getting an infection. I do not have the necessary B and T cells to fight infection and it spreads quite rapidly. If I wake up in the morning with a bladder infection, the bacteria will spread so rapidly that by that very afternoon I will be unable to walk. Last year I lost two more teeth. I have lost four teeth in the past four years, due only to slight cracks in the root. That gave a source for infection which resulted in bone infections that were extremely difficult to recover from. Even with the proper antibiotic, which can be difficult to determine, it took many months to recover from such serious infections.

This system is broken. It could be fixed by the very basic tasks of training new physicians and educating health-care providers on the simple biology of understanding lab results and why those patients with immune abnormalities need specialized medical care.

It is not just myself that I am speaking for today. I am here because I was fortunate enough to obtain the medical care and medicine that I needed in order to walk from the car and come down here today. I represent all the patients who do not have the ability to be here today because they are home in bed. And there are many of them. These people want to get better. They want to be able to care for themselves, to cook, to grocery shop, to drive, to exercise, basic needs that are often taken for granted in our society.

It is imperative that the state of Nevada understands that many people could be helped on their journey to wellness if they had the

proper medical care. Chronic Fatigue Syndrome has not been properly understood in the past, but great strides of research have been developed which do work.

I am here today as proof of that fact. I value my life. I value the gift of having renewed health and vitality for living my life, and I want to help other people have the same chance at wellness that I have had.

I consider it a privilege to be here today sharing my story with you because you have the ability to join with me in helping other people. These people are too sick to fight for themselves. There are not enough hours in the day to treat all the infections of the segment of society with immune abnormalities with the amount of qualified physicians we currently have in Reno, or even the state of Nevada.

We must do what we can to set up systems to provide for physician training to help take the burden off of the physicians and researchers who are laboring tirelessly to find successful treatments. Please pass S.B. 105 and partner with the University of Nevada to further develop physician education programs and provide medical care for people like me.

Senate Bill 461 (2nd Reprint): Revises provisions regarding education. (BDR 34-1323)

Dan Bowen, Attorney, representing the Davidson Institute, identified himself for the record and testified in support of S.B. 461.

Mr. Bowen commented that Bob Davidson, who had been planning to be the main speaker for the bill, had shoulder surgery a few days previously and this morning in the lobby had had chest pains and had been transported to the hospital emergency room.

Mr. Bowen introduced Jan Davidson, Ph.D., and Julie Dudley of the Davidson Institute for Talent Development.

Dr. Jan Davidson referred to Exhibit D, a booklet entitled "University School for Profoundly Gifted Pupils," and Exhibit E, a book entitled "Genius Denied" by Jan and Bob Davidson.

Dr. Davidson noted that S.B. 461 had been unanimously endorsed by the Senate and she was appearing before the Committee on Ways and Means to provide information.

Dr. Davidson said she would begin by providing an overview of who she and her husband, Bob Davidson, were, how they became interested in profoundly gifted students, and how they had come to the point where they wanted to partner with the state of Nevada in forming a university school for profoundly gifted young people.

In the early 1980s Jan and Bob Davidson founded an educational software company that was intended to be a small company which was called Davidson Associates. The company became a large educational software company which was quite successful, according to Dr. Davidson.

Davidson Associates was sold in 1996 and the Davidsons decided to use their assets for philanthropic opportunities related to education.

Dr. Davidson said she and her husband had looked for areas to help students be successful learners because that was why they had entered the educational software field. They had determined that the highly gifted students were the ones who were not really learning in school. In 1999, they founded the Davidson Institute for Talent Development. Dr. Davidson stated that from 15 students in the beginning, the Institute was currently serving over 700 profoundly gifted young people.

Dr. Davidson said the Institute had formed a collaboration over the years with the University of Nevada, Reno, with the THINK Summer Institute, an intensive residential summer program for very bright young people. She said it was very difficult for the students, after that type of experience, to return to the regular junior high school curriculum.

Profoundly gifted children needed a different learning program from regular students the same way as special education students did, according to Dr. Davidson. Even gifted classrooms with an accelerated pace were not appropriate for profoundly gifted children because they were so far away from the mean. Those students needed individualized education or programs. Dr. Davidson said that was what she and her husband had planned for the University School for Profoundly Gifted Pupils.

Dr. Davidson stated that she believed that the legislation contained in S.B. 461 would place Nevada at the forefront of the nation with the solution for supporting its brightest students, as well as position the state to reap the benefits that those bright students had to offer. Dr. Davidson said those gifted students were being neglected and she referred to that as a "quiet crisis" in the nation's educational system. The vision for the profoundly gifted pupil would allow Nevada's brightest and most gifted middle and high school students the opportunity to learn to the full extent of their abilities in a supportive environment with intellectual peers of similar age. The school would offer a structured and supervised educational program, individualized to the pace and depth appropriate to each individual student's abilities. The students would have access to university classes, professors, laboratories, and academic mentors in an environment that would be supportive of their social, emotional, and physical development as well as their academic needs.

With the enactment of the legislation, Dr. Davidson said she and her husband were making a commitment to contribute their energy, time, and financial resources into creating the Davidson Academy for Profoundly Gifted Students at the University of Nevada, Reno.

Dr. Davidson stated the fiscal impact was neutral. The amount of State contribution per pupil would be the same amount as if the students were in the regular K-12 system. Dr. Davidson said she and her husband would contribute the additional cost of educating those students by operating the Davidson Academy. She stated they were committed to contributing between \$10 million and \$20 million to the Academy in the first 10 years.

Dr. Davidson said the goal was for the Davidson Academy to be opened in the fall of 2006. The plan was to serve 10 to 15 students the first year and projected growth was for 200 students by the year 2017.

Dr. Davidson said her hope was that the Davidson Academy would provide profoundly gifted students with the opportunity to develop their talents and become highly contributing citizens who would make a positive difference to the state and the nation. Dr. Davidson commented that if the goal was met, she and her husband would make arrangements to support the Davidson Academy in perpetuity.

Ms. Giunchigliani disclosed that as a special education teacher she had used Math Blaster in her classroom.

Ms. Giunchigliani commented that constitutionally she did not believe Distributive School Account (DSA) money could be given to the university for the purposes of the program. She wondered if there had been discussion regarding establishment of a specialized charter at the state level where it could be controlled through the Davidson Foundation in order to receive DSA funds.

Mr. Bowen replied that there had been discussion in that regard and Jan and Bob Davidson had two separate law firms research the charter school aspects to see if the plan would fit within the charter school system. Both law firms told them that it would not work within the charter school system as it was presently organized. Mr. Bowen said that when S.B. 461 had first been drafted, the University had been reporting to the Legislature and the Legislature had the final supervision of the school. Because of concerns of the Washoe County School District regarding the separation of authority between K-12 and the University System the bill was amended to completely remove reporting to the University and the school would report to the State Superintendent of Schools who would report to the Legislature.

Ms. Giunchigliani stated she did not agree with the opinion that had been given to the Davidsons and said she believed they could start immediately under the charter school law because the students were a specialized group of at-risk students.

Mr. Bowen stated that the State Superintendent of Schools had been consulted and he did not think it could be accomplished within the present charter school system. There had been a possibility of amending the entire charter school system law to fit the concept, but because it was a specialized group and a specialized school, with special controls and faculty, the Davidsons had not felt it fit within the charter system as it was presently configured. Mr. Bowen reiterated that both law firms that had been consulted had advised the Davidsons they could attempt extensive amendments to the charter school system, but because of the involvement of the University with K-12 it was seen as a problem.

Ms. Giunchigliani said she saw a problem as well because she did not believe DSA funds could go to the University. She said she did not understand the faculty issue because under charter schools anyone needed could be hired, including having oversight from University faculty.

Mr. Bowen said he thought it was more the Board and the control of the school that did not fit within the charter system rather than hiring faculty. He continued and said it was his understanding that none of the funds would go to the University. The Davidson Academy would be a separate school; it would only be located on the University campus. The DSA funds were only for the participation of the State so that the Davidsons could say it was a State partnership program. Mr. Bowen said any University classes those students would take would have to be paid out of their own pocket. Mr. Bowen

emphasized that none of the money would go to the University and there would be no oversight or supervision of the program by the University.

Ms. Giunchigliani wondered if there had been any discussions regarding dual credit for those students if the intent was for them to take university classes at the same time they were attending the Academy. Dr. Davidson replied that it was her understanding that was possible.

Ms. Giunchigliani commented that perhaps the University would have to change their policy that only 16 and older could take college credit courses. Dr. Davidson responded that it was her understanding that could also be accomplished.

Mr. Bowen commented that he had been informed that they would have to approach the State Superintendent of Education but, because the Academy would be a State-sponsored school, there would be some leeway to change those regulations because the bill mandated that the Superintendent of Education adopt regulations in compliance with the bill.

Ms. Giunchigliani noted the school was using the 99.9 percentile as the basis for determining admission, and asked if any other state used that standard as well.

Dr. Davidson explained that for admission the Academy was using an "out of level test," such as the SAT or ACT at the 99.9 percentile. The profoundly gifted children hit the ceiling on standard IQ tests all the time, according to Dr. Davidson, because they did not test at the level being discussed.

Mr. Denis asked if Dr. Davidson envisioned students coming to the Academy from the entire state of Nevada. Dr. Davidson said she believed they would, because profoundly gifted students were so hungry for an appropriate education that families would send their children from anywhere in Nevada.

Mr. Denis asked if the students would live on campus. Dr. Davidson said they would not; the families would have to move to northern Nevada.

Mr. Bowen commented that some of the students could come from anywhere in the United States, but their families would be required to move to Nevada and become residents.

Mr. Denis asked if there were any projections as to what the makeup of the students would be as to diversity. Dr. Davidson said the program did not intend to turn any qualified student away. Dr. Davidson stated, in her experience, intellectual ability cut across all socioeconomic groups, so she hoped and expected to have a very diverse group of students.

Mr. Denis said his concern was that if a student came from Las Vegas from an "underserved population" could the family just move to northern Nevada and be able to afford to live here while their child went to school. Dr. Davidson said one of the benefits was that the Davidson Foundation had a program to support families with limited means.

Ms. Giunchigliani asked how many students there would be in the beginning, and Dr. Davidson replied 15 to 20. Ms. Giunchigliani asked if Dr. Davidson had any idea of what the need for the specialized education was. Dr. Davidson replied that 1 in 10,000 students were profoundly gifted.

Assemblywoman Smith stated that she had some concerns and would be interested in having Keith Rheault, Superintendent of Public Instruction, testify in order to clarify some of the charter school issues.

Dr. Davidson said she had spent an afternoon with Dr. Rheault discussing the issues in order to determine how to make the concept work. She also remarked that she and her husband had been asked many times why they did not simply fund the school themselves and open it as a private school. Dr. Davidson said they had considered doing that but believed that partnering with the State sent a message that Nevada, as well as the Davidsons, cared about the profoundly gifted students. The school would also be one of the first in the nation and Dr. Davidson said that was also important for Nevada.

Keith Rheault, Superintendent of Public Instruction, Department of Education, said he had met with the Davidsons regarding the possibility of the Davidson Academy being a charter school. Dr. Rheault said there might be some difficulty in placing the Academy under the charter school umbrella, but most of it could probably be worked through. There would be issues such as what was equivalent instruction to 180 days of school. Dr. Rheault pointed out the agency had worked with Nevada State High School, which was a dual credit high school, and it had taken some work, but they were operating and Dr. Rheault had attended their first graduation of 11 students last week.

Dr. Rheault said, as he recalled the main difficulty for the Davidson Academy was the government structure, such as who would be in charge of overseeing the school. There was fairly specific governance for charter schools and the difference was that the Davidsons wanted to be close partners with the school and have input into the day-to-day operations.

Dr. Rheault said another problem was the lack of clarification regarding the authority of the Department of Education over the school. While Dr. Rheault believed it was an interesting concept, he also believed there was work needed. He said he would be willing to work with the Davidsons and their staff.

Mrs. Smith clarified for the record that the students would qualify either under at-risk or special needs.

Dr. Rheault stated that under the charter school law there was even another category, special circumstances, and if the students did not qualify for either at-risk or special needs, they could qualify for special circumstances.

Mrs. Gansert commented that the Legislature had just created state-sponsored charter schools and she wondered if the Davidson Academy would fit into that category.

Dr. Rheault acknowledged that the Davidson Academy could fit into the category of a state-sponsored school. He noted that the Washoe County School District Trustees had said they would not consider any new charter schools, so the Davidson Academy would probably have to receive State sponsorship.

Mrs. Gansert asked if there were any limits on the number of charter schools that could be sponsored by the State and said that she knew of a number of families frustrated by the lack of facilities for children at the high end of the learning curve.

Dr. Rheault stated he had attended the Rocky Mountain Talent Search for gifted and talented students and there had been several students from the Reno area who had been pulled out of public schools because of the lack of facilities for them.

Mrs. Gansert commented that schooling for gifted and talented students was an area where work was needed and she was pleased there had been some funding made available during the session.

Mr. Klaich commented that there had been a question of whether the University was planning to receive DSA funding from the program and the answer was no.

Ms. Giunchigliani asked if the University had a location on campus for the Davidson Academy.

Mr. Klaich responded that the location had not yet been identified, but the Davidsons were working with the University and the new Science and Mathematics Building was being considered.

Senator Maurice Washington, Washoe County, District No. 2, identified himself for the record and testified in support of S.B. 461.

Senator Washington noted that a large portion of the provisions of S.B. 461 had already been discussed, the University school for the profoundly gifted and talented. Senator Washington stated Marsheilah Lyons would be explaining a portion of the bill as well as a proposed amendment.

Marsheilah Lyons, Senior Research Analyst, Research Division, Legislative Counsel Bureau, read the following testimony into the record:

This measure contains about seven additional provisions in addition to the school for the profoundly gifted.

The first provision. The bill authorizes issuance of special qualification licenses to persons with certain masters' degrees or doctoral degrees and work experience. The bill requires teachers to be tested for proficiency in the subjects they teach. In addition, S.B. 461 modifies provisions related to special qualification licenses for teachers to allow for the issuance of a provisional license to someone who holds a bachelor's degree in the area they wish to teach and has also received certification from the American Board for Certification of Teachers' Excellence. Those provisions can be found in Sections 45 through 49 of the bill.

The second provision. The measure requires teacher training programs at the University and Community College System of Nevada to include training on how to teach fundamental reading skills, including items such as phonics, vocabulary, and comprehension. That provision can be found in Section 50.

The third provision. The measure provides a stipend in lieu of the purchase of service credit for certain teachers at high-risk schools. That can be found in Section 51.

The fourth provision. S.B. 461 requires state, district, and school improvement plans to include the curriculum appropriate to improve

pupil achievement. Those provisions can be found in Sections 11 through 13.

The measure authorizes the reduction of federal education programs to the extent that federal money for the program is reduced or eliminated.

The fifth provision. The act also increases the payment to certain parents for the daily transportation of pupils from \$10 to \$14 per day. That provision can be found in Section 53.

The sixth provision. The measure allows certain charter schools to assume the responsibility of a Title I school, designated as demonstrating needs for improvement for four or more consecutive years for failure to make adequate yearly progress. That provision can be found in Sections 14 and 15 of the bill.

In the seventh provision the bill establishes a scholarship for students with certain special needs to attend a private school. The amount of the scholarship is the per pupil amount recognized by the Legislature for the school district in which the pupil resides, plus other funds the State would be required to pay if the student was in public school, or the amount of the private school's tuition, whichever is less. Parents may request the scholarship if they are dissatisfied with the educational progress that the pupil is making. This measure is effective July 1, 2005.

Senator Washington stated that the portion of S.B. 461 that addressed the special needs scholarship was very important. The scholarship fund would aid the parents of a special needs child to access institutions able to provide for their care and education. The proposal also dealt with the underserved population that Assemblyman Denis had asked about, according to Senator Washington.

Ms. Giunchigliani commented regarding the proposal to increase transportation expenses and said she did not recall the State ever paying for transportation.

Senator Washington replied that the current rate was \$10 per day and it was basically a rural issue.

Ms. Giunchigliani asked in what section that proposal was contained and Ms. Lyons replied Section 53. Ms. Lyons explained that the provision was not for general transportation, it was for special needs students in a rural area and their parents were responsible for transporting them to a school able to meet those needs.

Ms. Giunchigliani said scholarship seemed to be another word for voucher. Senator Washington replied it was actually a scholarship and not a voucher, and the payment could vary from full tuition to partial tuition based on the eligibility of the parent. The scholarship would be available to a very narrow group of students faced with severe disabilities, primarily autism.

Mrs. Smith commented that the language on page 17 of S.B. 461, which stated ". . . if the parent or guardian is dissatisfied with the education progress that the pupil is making," concerned her because it seemed to be a much broader statement about who could access the scholarship.

Senator Washington responded that some of Nevada's public institutions could not provide for the needs of students with severe disabilities. The scholarships would allow parents to access schools with specialized curriculum for those special needs students.

Senator Washington explained the proposed amendment to S.B. 461, which came from one of his colleagues who had been working with Teach for America in Las Vegas. Teach for America was an organization that used college students with a degree in education to teach in at-risk schools. Currently, in Las Vegas in 2004 and 2005 there had been 56 teachers who worked in 30 at-risk or low performing schools. The appropriation for the Teach for America program requested \$983,000 to continue the program in Las Vegas. Senator Washington said the program had been very successful and had reached those students in need.

Mrs. Smith asked what the reasoning was for a charter school to take over the function of another Title I school.

Senator Washington referred to No Child Left Behind and the concept that if a school failed to meet its adequate yearly progress (AYP) three or four consecutive times, and there was a charter school within proximity that was performing well, the charter school would be allowed to take over the function of the public school to make it successful.

Dr. Rheault commented that special education scholarships, as outlined in Section 20 of the bill, required only that the student have an Individual Education Plan (IEP) and there were 47,000 students in Nevada with those. It also required that the parents be dissatisfied with the student's educational progress. He believed that a false premise was being established that if a parent was dissatisfied and the student had an IEP they could request a scholarship to a private school. Dr. Rheault said that to his knowledge there were no private schools in Nevada that could handle those special needs students.

Dr. Rheault said his second observation concerned the American Board for Certification of Teacher Excellence. The Professional Standards Commission had heard the testimony twice and it was a certificate that was sponsored by the federal government to attempt to find different ways to receive the certification. A teacher could receive the certification without any background if they had a bachelor's degree and could pass the test given by the American Board for Certification of Teacher Excellence. Dr. Rheault said the Professional Standards Commission had turned down the request the first time and now the American Board for Certification of Teacher Excellence was requesting reconsideration.

Craig Kadlub, Clark County School District, stated that he would address two provisions in S.B. 461 that were of concern.

Mr. Kadlub said the first issue was in Section 14 and the Clark County School District disagreed with the transfer of school oversight to a charter school. He said that could raise some serious issues for families and students who did not want to be under the oversight of a charter school, as well as involve operational concerns such as transportation, maintenance, food service, and collective bargaining agreements. Mr. Kadlub said the Clark County School District supported what was already in NRS 386.505, which prohibited the conversion of a public school to a charter school.

Mr. Kadlub said the other section that was a concern was Section 20. As had been mentioned, Mr. Kadlub said the Clark County School District also interpreted scholarships to mean vouchers. The Clark County School Board's position had been consistent in that public funds should be reserved for use in public schools, not private schools. From a financial perspective vouchers had an impact on public schools. Mr. Kadlub said that if even a few students left each school that translated to millions of dollars for the district, although they knew they would not be closing any schools or running any fewer buses. Mr. Kadlub believed there would be a financial impact to vouchers in addition to the fundamental, philosophic opposition.

Al Bellister, Nevada State Education Association (NSEA), stated he had concerns in Section 5 as to whether the governing structure as proposed comported with the constitutional requirement of a uniform system of public schools.

Mr. Bellister said he also had concerns regarding Section 14, the conversion of a public school to a charter school for the reasons previously expressed. He indicated that the provision was contrary to the original intent of charter school legislation, which was not to convert public school to charter school status.

Section 20 addressed scholarships, which Mr. Bellister said he believed was a thinly-veiled voucher proposal.

Mr. Bellister indicated the NSEA support for Section 45 of S.B. 461, which would create mentor/teacher programs in the state.

Section 46, the American Board for Certification of Teacher Excellence, concerned the NSEA, according to Mr. Bellister. Mr. Bellister said the program was nothing more than a test that was computer-based. The Board performed a background check after a teacher passed the test and then, as far as they were concerned, a teacher was licensed without any practical experience in the classroom.

In Section 50 the NSEA was concerned about the prescriptive nature of the proposal and Mr. Bellister said it would be best left to those institutions to determine what programs were best designed to serve the needs of the teacher workforce.

Anne Loring, Washoe County School District, stated her organization supported sections of the bill, including two that had appeared in other forms of legislation, special qualification licenses for teachers and various forms of teacher incentives. Ms. Loring explained that the Board of Trustees of the Washoe County School District and Paul Dugan, Superintendent of the Washoe County School District, had had discussions with representatives of the Davidson school, and were supportive of what the school was attempting to accomplish for the specific range of students.

Ms. Loring stated the Washoe County School District shared the concern expressed by various representatives regarding the transfer of a need of improvement school to a charter school and also the scholarships.

Senate Bill 357 (1st Reprint): Creates Advisory Committee on Problem Gambling and authorizes grants of money for programs for prevention and treatment of problem gambling. (BDR 40-1157)

[Exhibit F](#), a brochure entitled "When the Fun Stops," [Exhibit G](#), a letter and Position Statement from Carol O' Hare, Executive Director, Nevada Council on Problem Gambling, to the Committee members, and [Exhibit H](#), the "Nevada Council on Problem Gambling, 2004 Annual Report," were distributed to Committee members.

Bill Bible, President, Nevada Resort Association, identified himself for the record and testified in support of [S.B. 357](#). Mr. Bible introduced Michael J. Willden, Director, Department of Human Resources, and Carol O'Hare, Executive Director, Nevada Council on Problem Gambling.

Mr. Bible said [S.B. 357](#) was the collaborative effort of a number of individuals involved in the treatment, education, and prevention of problem gambling. Members of the industry, including the Nevada Resort Association, the Department of Human Resources, and the Legislature, through the sponsorship of the bill, wanted to commend the Governor for including funds in the budget for the program.

Mr. Bible indicated [S.B. 357](#) was strongly supported by the Nevada Resort Association and its member companies. It was also strongly supported by companies that were not members of the Nevada Resort Association, and the industry as a whole considered [S.B. 357](#) to be an extremely important piece of legislation and recommended it for the Committee's careful consideration.

According to Mr. Bible, the bill was a simple piece of legislation, although fairly lengthy. Section 4 and Section 8 of [S.B. 357](#) created and assigned duties to an Advisory Committee within the Department of Human Resources and would consist of nine members appointed by the Governor. Those members would each serve a two-year term and would serve without compensation, but would receive the same travel and per diem allowances that State officers were allowed. The Advisory Committee's roles were described in Section 8 of the bill, which was to review requests received by the Department of Human Resources from a State agency or other political subdivision, or from any organization or educational institution, for a grant of money or a contract for services to provide programs for the prevention and treatment of problem gaming; made recommendations to the Director; established criteria for determining which State agencies would qualify for those grants; and would have some responsibility for monitoring and evaluating the efficiency of those particular programs.

Section 10 of [S.B. 357](#) established a revolving account within the State General Fund. Section 11 created the ability to accept gifts, grants, and donations for the revolving account in addition to monies received from the State.

Mr. Bible said Section 12 gave the Director of Human Resources rule-making authority to implement the act and establish a funding mechanism to provide State funding for the account. The recommendation was that a portion of the existing slot fees that were levied against both nonrestricted and restricted licensees be allocated to fund the account. There was \$1 per quarter, per machine recommended to be allocated in the first year of the biennium, which would provide approximately \$800,000, and \$2 per quarter, per machine recommended to be allocated in the second year of the biennium, which would provide approximately \$1.6 million.

Assemblywoman Leslie requested that someone address why there were two members of the mental health community on the Advisory Board, and no

mention of substance abuse. Ms. Leslie stated she believed both mental health and substance abuse issues were related to gambling problems.

Ms. Leslie continued by asking if the money from the slot fees could also be used for substance abuse treatment or mental health treatment, or did it encompass all those problems since they were so closely related.

Michael J. Willden, Director, Department of Human Resources, addressed the use of the money and said the reason that a specific pot of money had been placed at the Department of Human Resources level was that the Bureau of Alcohol and Drug Abuse (BADA) and the Division of Mental Health had funding streams in place and problem gambling had no specific funding stream through the State budgetary process. Mr. Willden said it was envisioned that there would be a "co-occurring" situation. There would be coordination between BADA, Division of Mental Health, and the Department, but it had been decided to have the funding flow through the Grants Management Unit and not place it in a specific Division because of the needed coordination between the different problems.

Ms. Leslie asked if the Department would be granting money to entities that were treating problem gambling with the understanding that the treatment would very likely encompass substance abuse treatment and/or mental health treatment.

Carol O'Hare, Executive Director, Nevada Council on Problem Gambling, said that what the Council saw was the reverse problem on the issue. There was a good program in Las Vegas through the Salvation Army that was a residential treatment program that the Council could not refer a compulsive gambler to, unless they also had a drug or alcohol problem. There were limitations to the current use of block grant funding available for substance abuse, so when there were no funds that could be allocated specifically to include problem gambling, clients might run into limitations as to how they could access services under those other sources of funding. Ms. O'Hare said she hoped S.B. 357 would close the gap, rather than narrow it.

Ms. Leslie said she believed the case was being made for integrated treatment better than any moment during the session. She said those problems could not continue to be treated in an isolated manner; they had to be treated together.

Ms. Leslie asked why there were two mental health people on the Advisory Committee and no substance abuse expert.

Mr. Willden stated he could not answer that question and he would not mind the addition of a substance abuse expert. Ms. Leslie said she would probably suggest that the makeup of the Advisory Committee be changed to one mental health person and one substance abuse person.

Mr. Willden stated he had a few items he wanted placed in the record. First, Mr. Bible had gone through the funding mechanism and the money that would be generated, but Mr. Willden wanted to remind the Committee that in closing the Governor's budget in the Director's Office, the budget had been closed with a recommendation that \$100,000 of General Fund monies be put into the Director's Office for that purpose. If S.B. 357 passed and created that funding stream, the General Fund would be reduced to administrative costs of approximately \$29,000 the first year and \$20,000 the second year of the biennium. Mr. Willden said he encouraged passage of the legislation, which would take the Department from the \$100,000 level along with looking for

grants, gifts, and donations, to having a funding stream that would provide an effective treatment program.

Mr. Willden said he wanted to remind the Committee of the prevalent studies that had been done. In 1999, the Legislature approved two studies to be performed on problem gambling. Gemini Research produced those studies and they were available on the Department of Human Resources' website. One study had been performed for adults and one had been performed for adolescents. Those studies had been reported in some depth to the 2003 Legislature. Mr. Willden said the adult study indicated that the prevalent rate of probable pathological gambling in Nevada was 6.4 percent of the population. The adolescent study, based on 2000 data, indicated 2.2 percent of adolescents would be classified as problem gamblers and an additional 9.9 percent of adolescents were classified at-risk.

The studies made several recommendations which the Advisory Committee and the Department would be considering, such as treatment; furtherance of statewide prevention programs; establishing cooperative endeavors between government, nonprofits, and gambling operators; refining public education and prevention programs; support industry policies and programs to minimize gambling-related difficulties; and expanded training opportunities to educate professionals.

Ms. Giunchigliani pointed out the slot tax was a General Fund revenue and, while she understood it came from gaming originally, General Fund dollars would fund the Advisory Committee. She also wanted to know what the purpose of the Advisory Committee would be, and why the Department could not just "grant out."

Mr. Willden said the Department could "grant out" but he believed they needed the expertise of an Advisory Committee for the grants, and there had been a minimal cost of \$5,000 to have the Advisory Committee included.

Ms. Leslie asked if the combined Advisory Committee that had been set up during the session could not oversee the function. Mr. Willden said he did not see those individuals as having enough expertise.

Ms. Giunchigliani said there were only a few companies currently that did that type of counseling.

Ms. O'Hare stated there were currently approximately 14 certified problem gambling counselors in Nevada. There was no program certification for problem gambling. Ms. O'Hare said there were people who wanted to provide treatment but it was a Catch-22, if there was no support for treatment services, counselors could not get training and experience and the field would never grow.

Mr. Bible added that many of the employees of the gaming industry were covered with provisions that provided insurance coverage for gambling problems.

Larry Struve, Religious Alliance in Nevada (RAIN), testified in support of S.B. 357. Mr. Struve stated that many of the churches in the RAIN coalition had 12-step groups that met in their churches throughout the state. Many of the 12-step groups involved problem gamblers.

Mr. Struve said the Evangelical Lutheran Church in America had conducted an extensive study on gambling and its impact on families. S.B. 357 was the first bill to specifically address the type of problem at a policy level and put the state's imprint on it as something the people of the state of Nevada wanted to address. Mr. Struve said he believed that was appropriate as gambling was one of Nevada's principal industries.

Mr. Struve noted that in the first reprint of S.B. 357 the category of nonprofit organizations had been deleted as potential recipients for grants that could be awarded. He said it was his understanding that the retention of the word "organization," which could be a potential recipient for the grants, could include faith-based organizations that were involved in helping those with a gambling addiction, or with spreading the word as to where gambling addicts could receive help. Mr. Struve wanted to state as part of the legislative record that faith-based organizations could be part of the statewide effort to provide a more comprehensive approach to treating the gambling problems of some of Nevada's citizens.

Ms. Leslie asked Mr. Willden to point out where nonprofit organizations had been dropped from S.B. 357 and why the Department would not want to provide grants to nonprofit organizations.

Mr. Willden replied that Section 8 was where it had started. He said there had been no intention to drop nonprofit organizations. Nonprofit language had originally been in the bill and there had been questions as to whether they could then contract with "for-profit" counselors. The language had been made more generic to say the Department could contract with State agencies, counties, organizations, and educational institutions. Nonprofits would fit in with the organization category, according to Mr. Willden.

Ms. Giunchigliani commented that the Committee would ensure that the language in the bill was as Mr. Willden had explained.

Mr. Struve said there were members on the RAIN Board who were very sensitive to this matter and they were concerned that if there was no clarification in the legislative history, nonprofits could be construed to mean only secular-based programs for gambling addiction.

Tim Crowley, representing MGM Mirage, testified in support of S.B. 357. Mr. Crowley stated that MGM Mirage devoted significant time and resources to community health issues, including problem gambling awareness and treatment. He said MGM Mirage was pleased the Committee was considering the bill and encouraged its passage.

Senate Bill 392 (4th Reprint): Makes various changes to state financial administration. (BDR 32-683)

Bill Uffelman, President and CEO, Nevada Bankers Association (NBA), identified himself for the record and testified in support of S.B. 392. Mr. Uffelman read the following testimony into the record:

As you may have heard, Nevada Bankers are seeking a return to fairness and equity in Nevada's business tax structure and have been advocating repeal of the \$7,000 branch tax and a reduction of the financial institution payroll tax rate from 2 percent to the .65 percent tax rate paid by other employers.

While we appreciate the efforts of the members of the Senate who added Section 24 to S.B. 392 exempting one branch per bank in each county from the \$7,000 branch tax, in our opinion the bill does not go far enough. While S.B. 392 will reduce branch tax collections by about \$525,000 per year, it still discriminates between banks based on location, whether large or small, and treats the banking industry differently from other Nevada industries. We understand the budget pressures that you were operating under in 2003. Fortunately, the circumstances have changed. We also understand the pressures you are operating under this session, and that budget dollars are at a premium. To restore fairness and equity to Nevada's business tax structure without impacting the 2005-07 biennium, we suggest the following: S.B. 392 be amended by adding a section repealing NRS 363A.120, the branch tax, effective July 1, 2007. The delayed effective date of the repeal means that no dollars are lost this biennium, but future revenue forecasts will not include the \$6 million raised by the tax each biennium. We also ask that effective July 1, 2007, NRS 363A.130 be amended to reduce the financial institution payroll tax rate from 2 percent to .65 percent. This will reduce payroll tax collection from banks and related financial institutions in future bienniums by about \$26 million. I have excluded from this calculation the \$3 million attributed to pawnbrokers and collection agencies under S.B. 391. With these amendments the Nevada Bankers Association will be pleased to support S.B. 392.

Mrs. Smith asked what the other bill was that the Committee heard regarding community banks. Mr. Uffelman replied that it was A.B. 554.

Chairman Arberry requested that Charles Chinnock address the Committee regarding S.B. 392 and the increase of salaries for the Nevada Tax Commission.

Charles Chinnock, Executive Director, Department of Taxation, stated that there had been a recommendation to pay a salary to members of the Nevada Tax Commission because of the amount of work that they accomplished not only with their normal meeting schedule but also the regulations that they oversaw. The original recommended salaries had been \$55,000 for the Chair of the Nevada Tax Commission and \$40,000 for each member. Those salaries had been reduced to half in the amended bill.

Chairman Arberry asked what the reasoning had been to cut the salaries. Mr. Chinnock replied that he did not know what the reasoning was, but assumed the salary amounts had been perceived as too high.

Chairman Arberry asked what the present recommended salary amounts were and Mr. Chinnock stated that the Chair would receive \$27,500 per year and each member would receive \$20,000 per year.

Assemblywoman Gansert asked what Nevada Tax Commission members currently received and Mr. Chinnock replied each member, including the Chair, received the standard \$80 per day.

Carole Vilaro, Nevada Taxpayers Association (NTA), identified herself for the record and testified in support of S.B. 392.

Ms. Vilardo stated that in the 4th reprint of S.B. 392 the bulk of the changes were from the Oversight Committee that was created in S.B. 8 in the 20th Special Session. A number of those recommendations were also recommendations that the Nevada Taxpayers Association had written and they were considered, for the most part, technical corrections. Ms. Vilardo said she could provide some examples.

There was an issue where S.B. 8 required the payment of a \$100 business license fee if any sort of business activity was conducted. That suddenly captured anyone who might rent a house, even one unit. Historically, in statute, if an owner had four or more units then it was considered to be in a business. Ms. Vilardo said S.B. 392 reflected that change.

There were also a number of issues raised relative to the live entertainment tax, including what was included in the bill. At one point, because the language was so general, there was discussion about whether a food demonstration at a Costco store would constitute live entertainment. There was a great deal of regulatory work done by the Tax Commission to try to identify the problems. Ms. Vilardo explained that section now set out what constituted an exhibition.

Ms. Vilardo noted there had been a problem with live entertainment for nonprofits. When a nonprofit such as the American Association of Retired Persons (AARP) hosted a convention there were issues relative to conventions, as it required every individual exhibitor to be licensed. Currently, a convention authority could choose to pay \$5,000 per year, or \$1.12 per each employee, per convention day, rather than \$100.

Another issue in the bill was the definition of business. Ms. Vilardo said it was generally accepted to be a business tax, however, it was never defined as a business tax. What that created was if a caregiver was employed to take care of your children, you became subject to the business tax. Now there was a definition in the bill that stated someone had to be providing a service or goods for profit in order to qualify as a business.

Ms. Vilardo urged the passage of S.B. 392. She also stated that the Tax Commission members should probably receive the pay increase that had been initially proposed. She stated that currently with the bills passed this session not only would there be regulatory changes, but the Tax Commission had already had two emergency meetings and four workshops just to deal with the first part of the property tax changes that had been made.

Mr. Bible noted that amendments to the live entertainment tax had been discussed in the Committee recently and said that [Exhibit I](#), a document entitled "Proposed Live Entertainment Tax Amendments," had been provided to the Committee.

Alfredo Alonso, Lionel Sawyer and Collins, representing the MGM Mirage, introduced himself for the record and testified in support of S.B. 392.

Chairman Arberry interjected and asked if most of the proposed amendments were already in regulation. Mr. Alonso replied that they were.

Chairman Arberry asked why those amendments needed to be placed in statute. Mr. Alonso replied that was because of the confusion that had arisen from S.B. 8 from the 2003 Session. He continued and said that it had been decided it was appropriate to do so and there had been new issues that had arisen since the Tax Commission had determined the proposed amendments in [Exhibit I](#).

Assemblyman Hettrick said he was concerned about Section 5, subsection 2 of [Exhibit I](#), which stated that live entertainment included “dancing performed by one or more professional or amateur dancers or performers.” Mr. Hettrick said the subsection had to be very carefully worded because the “magical hula dancers” would be placed back into live entertainment and the Legislature would have the same problem again.

Mr. Bible responded that it was his understanding that the “live hula girls” appeared in almost all the rule making that went on between the Gaming Control Board, the Department of Taxation, and the Tax Commission. Mr. Bible said the “live hula girls” would be covered by one of the existing exemptions.

Mr. Bible said the Nevada Resort Association was interested in codifying a number of the existing regulations to ensure that they were locked into statute. There had been a lot of rule making that followed the enactment of [S.B. 8](#), which had not been a perfect piece of legislation as it related to the live entertainment tax, according to Mr. Bible.

Mr. Bible acknowledged that there were some areas in the proposed amendment where additional language had been added. For instance, in an outdoor event there had to be an admission charge as a “triggering event.” There had been much discussion because in Laughlin and Sparks there were outdoor events such as the Rib Cook Off and Hot August Nights, which did not charge an admission fee.

Mr. Hettrick said that while he was in absolute agreement with what Mr. Bible was attempting to do, he was concerned about what the proposed amendments would actually do. He said when he read Section 5, subsection 1 of [Exhibit I](#), it said “live entertainment” included dancing; he did not see how a regulation could now be written to remove dancing.

Mr. Bible replied that the dancing referred to in [Exhibit I](#) meant dancing in an enclosed environment where there could be dancers on a stage. Other provisions and exemptions concerned dancing used to create an ambiance, or as a background.

Dennis K. Neilander, Chairman, Gaming Control Board, stated that Section 10 of [Exhibit I](#) made it clear that gaming licensees could choose between the accrual method of accounting or modified accrual accounting. Section 10 made it clear that licensees could also do that with the entertainment tax.

The other issue was addressed in Section 9 of [Exhibit I](#), and was part of the Board’s amendment. Mr. Neilander said that if [S.B. 392](#) was processed, Section 9 would not be needed because NRS 368A.210 was being repealed.

Jim Nadeau, Government Affairs Director, Nevada Association of Realtors, stated that his organization supported Section 11, subsection 2(d) of [S.B. 392](#), which was the exemption on the rental of four or fewer dwelling units.

Scott Scherer, representing Paramount Parks, Inc., stated his support of [S.B. 392](#).

[Senate Bill 515](#): Revises various provisions governing sales and use taxes for clarification and consistency and to carry out Streamlined Sales and Use Tax Agreement. (BDR 32-1342)

Dino DiCianno, Deputy Executive Director Compliance, Department of Taxation, identified himself for the record and testified in support of S.B. 515.

Mr. DiCianno stated he was before the Committee to present S.B. 515, not in his official capacity with the Department of Taxation, but as the voting member for the State of Nevada for the Streamlined Sales and Use Tax Agreement.

Mr. DiCianno stated S.B. 515 revised various provisions governing sales and use taxes for clarification and consistency, and to carry out the Streamlined Sales and Use Tax Agreement. Basically, S.B. 515 updated the language that was amended in the Agreement by all the participating states between 2003 and 2005.

Mr. DiCianno referred to Exhibit J, the "Streamlined Sales and Use Tax Agreement – 2003-2004," and requested the Committee's serious consideration for S.B. 515. Mr. DiCianno stated that the bill would allow Nevada to become a Governing Board member. He said he would rather see Nevada sit on the Governing Board, which made the rules, than be required to follow some other state's rules. Mr. DiCianno stated that was the key issue.

What had occurred between 2003 and 2005 was that New York and California had become participating members. Mr. DiCianno said it was critical to have Nevada's voice on the Governing Board.

There was a fiscal note request that would not be an impact upon current revenues if S.B. 515 was adopted. Mr. DiCianno said all states would petition Congress for permission to tax Internet sales. The amount of revenue that would be afforded the state of Nevada in future biennia would be between \$50 million and \$100 million each fiscal year, according to Mr. DiCianno.

Assemblyman Marvel asked how many states belonged to the Streamlined Sales and Use Tax Agreement. Mr. DiCianno replied there were over 40 states participating. Mr. DiCianno added that Congress had specifically directed the states that if the sales and use tax was not streamlined, the states would never be allowed to tax Internet sales. The process had been going on for five years and had industry support, according to Mr. DiCianno.

Mr. Hettrick stated that he had been receiving a lot of email and had heard on the radio that the Nevada Legislature was going to tax the Internet. He said that was not true, the Legislature was discussing taxing products purchased via the Internet. Currently, in the state of Nevada, everyone was required to pay a sales tax on most purchases according to law. S.B. 515 had no impact on that tax other than requiring an Internet seller to collect sales tax on goods purchased from and shipped to Nevada.

Mr. Hettrick said he wanted to make it very clear that a tax was not being added.

Mr. Marvel asked if the Department of Taxation would be able to catch people who did not pay the tax due on sales made over the Internet. Mr. DiCianno replied that they would.

Ms. Vilardo stated that the Nevada Taxpayers Association supported S.B. 515.

Ray Bacon, Nevada Manufacturer's Association, introduced himself for the record and testified in support of S.B. 515. Mr. Bacon commented that the Streamlined Sales and Use Tax Agreement forced all the states to examine

Internet sales. Definitions of products would be the same from state to state and that would make taxation from every state easier and make collections easier as well, according to Mr. Bacon.

Samuel P. McMullen, representing the Retail Association of Nevada and the Las Vegas Chamber of Commerce, stated that he and the organizations he represented strongly supported S.B. 515.

Senate Bill 517: Makes various changes to provisions providing funding for state parks. (BDR S-1473)

David K. Morrow, Administrator, Division of State Parks, Department of Conservation and Natural Resources, identified himself for the record and testified in support of S.B. 517.

Mr. Morrow read the following testimony into the record:

The Division of State Parks is requesting permission to carry forward appropriations from previous sessions for three projects that could not be completed during the FY2003-05 biennium. The carry over funds are needed to complete projects at Fort Churchill, Buckland Station, and Sand Harbor, Lake Tahoe, and are necessary to fully complete the original projects. The Division is requesting that funding be carried forward to FY2005-07 with provisions to allow the Interim Finance Committee (IFC) to authorize the reallocation of funds to other projects, if the need arises.

Budget Account 4164, the Fort Churchill-Buckland Station Phase II has a current balance of \$4,470. The Division is requesting the remaining funds be carried forward to the FY2005-07 biennium. These funds are obligated as part of a required 5 percent match for an approved Federal Highway Administration TEA-21 project allocation. The project is being administered by the Nevada Department of Transportation (NDOT) and was expected to be completed this biennium. However, NDOT encountered a number of problems, including the discovery of an archaeological site within the project boundary. The site was uncovered during the project construction and required mitigation between the Federal Highway Administration and the Nevada State Historic Preservation Office (SHPO). NDOT had indicated they have resolved the problem and are prepared to rebid the remaining portion of the project later this calendar year. The project is now anticipated to be completed by June 30, 2006.

Budget Account 4168, the Lake Tahoe-Sand Harbor Maintenance Building Renovation project has a balance of \$165,104. The Division is requesting the remaining funds be carried forward to the FY2005-07 biennium. Due to problems the State Public Works Board (SPWB) encountered with staffing, they decided to hire a consultant to assist with the project and just recently received contract approval. Due to the delay, the project could not be completed within the approved Tahoe Regional Planning Agency (TRPA) construction period of May 1 to June 30. Reduction in one of the funding sources, the Land and Water Conservation Fund (L&WCF), by 33 percent in the federal FY2003, also impacted the project requiring the use of Question 1 bond funds to help offset the loss of federal funding. The Division is requesting

permission to carry forward the entire \$165,104 balance so the project can be completed.

Budget Account 4168, the Lake Tahoe Sand Harbor Roadway/Parking Renovation and Improvement Projects has a current balance of \$261,947. The Division is requesting the remaining funds be carried forward to the FY2005-07 biennium. The transferred funds, if approved, will be matched with an FY2004 Land and Water Conservation Grant. The project was delayed until the National Park Service approved the L&WCF grant request. It was also delayed to allow the completion of a project to upgrade the current Sand Harbor utilities.

It is our understanding that additional legislation to the Division's FY2005-07 budget appropriation bill is required since there will be no FY2005-07 Park Improvements bill.

Senate Bill 518: Replaces Interstate Civil Defense and Disaster Compact with Emergency Management Assistance Compact. (BDR 36-1439)

Glade Myler, Senior Deputy Attorney General, Attorney General's Office, introduced himself for the record and testified in support of S.B. 518.

Mr. Myler stated the purpose of S.B. 518 was to cleanup some questions that had been raised regarding the Emergency Management Assistance Compact (EMAC) that had been adopted in 1998. Mr. Myler said the EMAC was a result of an alliance between 11 southern states to provide mutual assistance in an emergency or disaster across state lines. The EMAC had been adopted by 48 and one-half states, and the one-half state was Nevada.

As Governor Bob Miller was leaving office he had the EMAC written into a declaration. The intent of the National Emergency Management Association was to make the Compact part of legislation.

S.B. 518 proposed replacing the old Interstate Civil Defense and Disaster Compact with the Emergency Management Assistance Compact. The Compact provided the rules for mutual assistance across state lines.

Chairman Arberry recessed the meeting at 10:57 a.m. and reconvened the meeting at 11:04 a.m.

Chairman Arberry asked the Committee to consider introduction of the following bill draft request:

- BDR 18-1479 - Revises provisions relating to economic development and tourism.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED FOR COMMITTEE INTRODUCTION OF BDR 18-1479.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins was not present for the vote.)

Chairman Arberry stated that the Committee needed to take action on several budget accounts that had been discussed by the Assembly Committee on Ways and Means and the Senate Committee on Finance in an effort to resolve differences.

NEVADA STATE LIBRARY (101-2891)

Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that the difference in the budget closing for Budget Account 101-2891 between the Senate and the Assembly was that the Assembly added \$1.2 million for library development funding and the Senate did not. The Assembly had made the same technical adjustments as the Senate, according to Mr. Stevens.

Ms. Giunchigliani commented that it was pretty clear that the Senate supported the concept of the funding.

Mr. Denis pointed out that if \$1.2 million was placed in the Nevada State Library budget, \$1.7 million in federal funds would be available, and if the State did not give any funding for library development, the federal government would provide \$300,000.

ASSEMBLYMAN SEALE MOVED THAT THE ASSEMBLY
COMMITTEE ON WAYS AND MEANS CONCUR WITH THE
SENATE COMMITTEE ON FINANCE IN THE CLOSURE OF BUDGET
ACCOUNT 101-2891.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins was not present
for the vote.)

ECONOMIC DEVELOPMENT (101-1526)

Mr. Stevens explained that in Budget Account 1526 there were a few disagreements between the Senate and Assembly.

The Assembly approved increased funding for advertising contingent upon receipt of matching funding from the Regional Development Authorities (RDAs). The Assembly had not approved the additional \$5 million in General Fund in each year of the upcoming biennium for transfer to the RDAs. The Assembly eliminated the increased travel and training funds of \$11,266 per year, and the Senate approved an increase of \$800 per year for training and reduced the increased travel by one-half from what had been recommended in the budget.

Mr. Stevens said there had been some discussion in the area of the \$10 million that had been recommended by the Governor to be transferred to the RDAs. The discussions had considered reserving \$500,000 in each year for economic development activities in the inner city and providing funding through the Urban Chamber of Commerce and the Latin Chamber of Commerce to initiate that process. Mr. Stevens said if the plan was accepted the Chambers would be required to submit a detailed plan to the Nevada Development Authority that would have to be approved before those activities could begin.

ASSEMBLYMAN MARVEL MOVED THAT THE ASSEMBLY COMMITTEE ON WAYS AND MEANS CONCUR WITH THE SENATE COMMITTEE ON FINANCE IN CLOSURE OF BUDGET ACCOUNT 101-1526.

ASSEMBLYWOMAN WEBER SECONDED THE MOTION.

Chairman Arberry asked if concurring with the Senate would replace the \$10 million in new funding for the RDAs. Mr. Stevens replied that it would be replaced but \$500,000 per year would be reserved for economic development activities involving inner city areas.

THE MOTION CARRIED. (Assemblyman Perkins was not present for the vote.)

NEVADA SYSTEM OF HIGHER EDUCATION (NSHE) CLOSING DIFFERENCES FORMERLY THE UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF NEVADA (UCCSN) (101-2986)

Merit Beyond Maximum Salary Scale:

Mr. Stevens said the first issue was funding the merit pool for positions at, or above, the maximum salary scale. The Senate approved professional merit increase funding in the merit pool as recommended by the Governor. The Assembly Committee on Ways and Means approved full merit exclusion on those salaries at or above the maximum on the salary scale, which resulted in General Fund savings from the Governor's recommendation of \$800,000 in the first year of the biennium and \$1.7 million in the second year of the biennium. There had been discussion as to whether there was middle ground between the Assembly position and the Senate position and it had been proposed that for professional faculty above the maximum salary scale, those salaries would be included for the calculation in the merit pool. For a non-faculty professional position at the maximum salary scale, those salaries would not be included in the calculations for the merit pool, according to Mr. Stevens. Staff was calculating those numbers but did not have the final figures available at the present time.

Ms. Giunchigliani commented that Mr. Stevens had portrayed the issue accurately.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED THAT THE MERIT POOL APPLY TO THE FACULTY BUT NOT TO THE PROFESSIONAL ADMINISTRATIVE STAFF.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins was not present for the vote.)

Dental School Enrollments:

Mr. Stevens commented that the Committee on Ways and Means had initially not approved the decision unit in subcommittee. The full committee had approved the average between what had been provided when the second-year

and third-year dental students had been added. The Senate closed the decision unit as recommended by the Governor.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED THAT THE ASSEMBLY COMMITTEE ON WAYS AND MEANS CONCUR WITH THE SENATE COMMITTEE ON FINANCE IN CLOSURE OF THE DENTAL SCHOOL ENROLLMENT PORTION OF BUDGET ACCOUNT 101-2986.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins was not present for the vote.)

Professional Cost-of-Living Adjustment (COLA):

Mr. Stevens explained that in the past COLAs for professional positions at the University and Community College System of Nevada (UCCSN) were funded at 100 percent of the calculation and provided to the Board of Regents.

The Executive Budget recommended a 2 percent salary increase and recommended funding at 80 percent instead of the 100 percent that had typically been provided for University professionals. Mr. Stevens said the Senate Finance Committee had not approved the 100 percent funding, but had approved over 80 percent and added appropriations of under \$1 million the first year of the biennium and over \$2 million the second year of the biennium. Those amounts would fund approximately 95 percent of the full COLA costs and that appropriation would remain under the control of the Board of Regents.

Mr. Stevens said the Assembly closing would retain funding at 80 percent of the full COLA costs for professional positions at the University and transfer funding to the Board of Examiners, which would allow the UCCSN to access up to 100 percent of justified need.

Mr. Stevens stated that 100 percent of the entire amount needed for salary increases was not usually appropriated because there were salary savings and other items that occurred. Mr. Stevens said 80 percent funding was probably the correct amount. The key item in the Assembly closing was that the University would be allowed to apply for 100 percent of the funding if they were able to justify the need for payment of salary increases.

Ms. Giunchigliani explained that the Senate would be concurring with the Assembly regarding the vote for the professional cost-of-living adjustments.

ASSEMBLYMAN MARVEL MOVED THAT THE SENATE COMMITTEE ON FINANCE CONCUR WITH THE ASSEMBLY COMMITTEE ON WAYS AND MEANS IN CLOSURE OF THE PROFESSIONAL COST-OF-LIVING ADJUSTMENTS PORTION OF BUDGET ACCOUNT 101-2986.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins was not present for the vote.)

Indirect Cost Recovery Revenue Replacement:

Mr. Stevens explained that The Executive Budget recommended transfer of the remaining 25 percent of the indirect cost that was currently being retained to offset General Fund support in the Nevada System of Higher Education (NSHE) budgets to the University to allow the retention of 100 percent of Indirect Cost Recoveries (ICR). After replacing \$5.09 million per year, ICR revenues remaining in the Governor's budgets totaled \$913,954 in FY2005-06 and \$1.26 million in FY2006-07.

Senate Finance concurred with the Governor's recommendation to allow the NSHE to retain 100 percent of ICR. Mr. Stevens said the Senate did not add the funding necessary to fully remove ICR revenues from the NSHE state-supported budget.

The Assembly had not approved the Governor's recommendation to allow the NSHE to retain 100 percent of ICR revenues.

ASSEMBLYMAN MARVEL MOVED THAT THE ASSEMBLY COMMITTEE ON WAYS AND MEANS CONCUR WITH THE SENATE COMMITTEE ON FINANCE WITH THE CLOSURE OF THE INDIRECT COST RECOVERY REVENUE REPLACEMENT PORTION OF BUDGET ACCOUNT 101-2986.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins was not present for the vote.)

Community College of Southern Nevada (CCSN) Faculty Salaries:

Mr. Stevens explained that currently the Community College of Southern Nevada (CCSN) full-time instructional faculty was being paid less than the faculty of other community colleges. The difference in salaries probably resulted from periods when CCSN enrollments significantly exceeded budgeted levels.

Mr. Stevens stated that the Senate had taken no action on the issue, but the Assembly had recommended funding in the amount of \$3.09 million in FY2005-06 and \$6.17 million in FY2006-07 to bring CCSN instructional faculty to the weighted average of the other Nevada community colleges.

Mr. Stevens noted that the middle ground position that had been discussed regarding the issue was to extend the salary funding equity over a four- to six-year period rather than a two-year period.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO PROVIDE SALARY FUNDING EQUITY FOR THE COMMUNITY COLLEGE OF SOUTHERN NEVADA OVER A SIX-YEAR PERIOD.

ASSEMBLYMAN SEALE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins was not present for the vote.)

Formula Funding:

Mr. Stevens explained that once the spring enrollment figures had been received the number of FTE students had been lowered. The Assembly action took that reduction into account and retained the Governor's recommended percentage formula funding at 84.09 percent, which reduced funding in the budget by \$9.97 million in the first year of the biennium and \$13.59 million in the second year of the biennium.

The Senate Finance Committee had not restored the entire \$23.5 million over the 2005-07 biennium, but restored approximately \$10 million of the \$23.5 million recommended for reduction by the Assembly Committee on Ways and Means.

The Committee chose to take no action regarding Formula Funding.

Special Consideration Items:

Mr. Stevens explained that the items for special consideration had been reviewed by a subcommittee, but no action had been taken. The Assembly closing took no action on unfunded items in Budget Account 101-2986. The Senate Finance Committee closing removed some items from the unfunded list and recommended funding for those items.

ASSEMBLYMAN HETTRICK MOVED THAT THE ASSEMBLY COMMITTEE ON WAYS AND MEANS CONCUR WITH THE SENATE COMMITTEE ON FINANCE REGARDING THE CLOSURE OF SPECIAL CONSIDERATION ITEMS IN BUDGET ACCOUNT 101-2986.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins was not present for the vote.)

DISTRIBUTIVE SCHOOL ACCOUNT (DSA) (101-2610)

Mr. Stevens indicated there were a few differences contained in Budget Account 101-2610.

Group Insurance:

Under group insurance the Senate had approved an additional \$4 million to be appropriated to the Interim Finance Committee (IFC). School districts with a need for additional group insurance funds could appear before the Board of Examiners and then before the IFC to request an allocation from those funds.

The Assembly action added \$14.3 million in the second year of the biennium. A budget amendment had been submitted early in the 2005 Session that would have reduced the amount of funding that had been recommended by the Governor for group insurance within the Distributive School Account (DSA).

The joint subcommittee had not accepted that budget amendment and retained the original amount that had been recommended by the Governor.

Salary Increases:

Mr. Stevens said the Assembly had recommended and approved a 5 percent salary increase in each year of the biennium, which would be an additional 3 percent per year over the amount recommended in The Executive Budget.

Staff recommended that the decision regarding salary increases be made after available funding had been determined.

Textbook Inflation:

Mr. Stevens noted that no funding for textbook inflation had been included in The Executive Budget. The Assembly had approved an inflation factor of 4.66 percent for textbooks in each year of the biennium, which had been based upon the consumer price index specifically for books.

Mr. Marvel asked if the textbook inflation funding would be "fenced off" and Mr. Stevens replied that it would.

Ms. Giunchigliani inquired about a possible formula problem that had surfaced that would mean the school districts would not get the actual money that had been allocated. She wondered if the problem had been resolved.

Mr. Stevens replied that it had not been resolved, but correspondence had been received that indicated at least one school district believed it would be shorted in funding based on information that was being provided by the Department of Taxation.

Ms. Giunchigliani noted for the record that an adjustment could be required if the Local School Support Tax (LSST) funding was not accurate, or the school districts could have a shortfall.

Ms. Giunchigliani asked if the salary increase issue would be dealt with separately, and Chairman Arberry replied that it would.

Assemblywoman Weber asked if the Committee approved the textbook inflation issue would it be considered a maintenance decision unit in the next budget cycle.

Mr. Stevens replied that it would not be considered a maintenance decision unit if the school districts spent the funding. Whatever was spent for textbooks in the first year of the biennium would be continued to the next budget as a base item.

Mr. Marvel asked if the hold harmless issue had been discussed. Mr. Stevens stated there had been a brief discussion regarding hold harmless and that would be handled in separate legislation and was not included in the DSA.

Chairman Arberry informed the Committee that discussions were being held between the Assembly and the Senate regarding salary increases that would favor adding an additional 2 percent increase in the second year of the biennium, making the increase 2 percent in the first year of the biennium and 4 percent in the second year of the biennium.

Mr. Seale asked why not consider a salary increase of 3 percent in each year of the biennium instead of 2 percent in the first year and 4 percent in the second year.

Ms. Giunchigliani responded that the impact on the General Fund was lessened by making the increase less in the first year of the biennium.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED THAT THE ASSEMBLY COMMITTEE ON WAYS AND MEANS CONCUR WITH THE SENATE COMMITTEE ON FINANCE REGARDING GROUP INSURANCE AND THAT THE SALARY INCREASE BE AN ADDITIONAL TWO PERCENT IN THE SECOND YEAR OF THE BIENNIUM.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins was not present for the vote.)

Mr. Stevens explained that discussions had been held over the past few days regarding full-day kindergarten. While a number of different dollar amounts had been mentioned in those meetings, Mr. Stevens said he had been utilizing the figure of \$22 million for full-day kindergarten in the second year of the biennium. That amount of funding would provide full-day kindergarten for schools that had 55 percent, or more, students at-risk. The funding would come from the \$50 million that had been recommended for remediation and innovative education programs, according to Mr. Stevens. There had also been discussion about allowing schools to opt out of providing full-day kindergarten.

Mr. Stevens said there would be no action required for budget closings regarding full-day kindergarten.

Mr. Hettrick commented that he believed the "opt out" provision had been a good idea that could save classroom space in some areas.

Chairman Arberry commented that the bottom line was about the children. He was in favor of starting early with their education and not waiting until they were lost in the education process. Chairman Arberry said he believed full-day kindergarten could be a great mechanism for improving education in Nevada.

Ms. Giunchigliani said she believed full-day kindergarten would be a "win-win" for everyone.

Mr. Stevens explained the allocation of Department of Tourism funds and stated the room tax revenues had been reprojected and expenditures recommended in The Executive Budget had been reduced. No decisions had been made regarding that funding except that \$400,000 per year had been added to the Department of Wildlife budget.

There was approximately \$1.4 million in room tax funds available in the first year of the biennium and \$577,000 in the second year of the biennium, according to Mr. Stevens. The option for the Committee would be to place those funds in budgets that had been deemed tourism-related and free-up General Funds for other priorities.

Mr. Stevens said if the Committee was so inclined, staff had worked out some budgets where those transfers could work. There was some deferred maintenance in the Division of State Parks and the Railroad Museum budgets in the amount of approximately \$1.4 million. In the first year of the biennium, A.B. 289, the stewardship program, could utilize \$60,000 to \$70,000. In the second year of the biennium, the Division of State Parks had approximately \$450,000 in deferred maintenance, and the balance of approximately \$49,000 could be added to their operating budget to save General Funds.

Mr. Stevens said that if the Committee did not want to disburse the funds in that manner, it would remain in the Department of Tourism budget as reserve funds.

Ms. Giunchigliani requested clarification of the possible appropriation of Department of Tourism funds to the Division of State Parks.

Mr. Stevens said staff had taken a look at budgets that had historically received room tax dollars. The Division of State Parks was one of those budgets. Staff had chosen deferred maintenance because those costs would not reoccur and there was no guarantee that those room tax dollars would be available in the following biennium.

Ms. Giunchigliani said placing the room tax dollars in deferred maintenance for the Division of State Parks would be acceptable and asked Mr. Stevens to reiterate the suggested allocation of tourism funds.

Mr. Stevens said there was approximately \$1.4 million in room tax dollars that could be allocated if the Committee desired in the first year of the biennium, and there was approximately \$500,000 available in the second year of the biennium.

Mr. Stevens said the choices were to leave that funding in the Tourism budget in reserve, or place that funding in budgets that had historically been deemed tourism-related and in that process free-up General Funds to be used for other priorities.

Chairman Arberry recessed the meeting at 11:39 a.m. and reconvened the meeting at 3:34 p.m.

Mr. Stevens explained to the Committee that there was \$2.9 million in the first year of the biennium and \$1.2 million in the second year of the biennium in available room tax dollars. The Committee could choose to leave those dollars in the Tourism budget or to allocate the dollars to other tourism-related activities.

Mr. Stevens noted that A.B. 289 had already been processed with room tax dollars for financing. There were a number of deferred maintenance projects in the Division of State Parks budget and the Railroad Museum. There was an additional \$49,000 in room tax funds recommended to be placed in the Division of State Parks operating budget.

ASSEMBLYMAN MARVEL MOVED TO APPROVE THE
ALLOCATION OF TOURISM FUNDS AS RECOMMENDED BY
STAFF.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins was not present for the vote.)

Assembly Bill 47 (1st Reprint): Requires certain children referred to system of juvenile justice to be screened for mental health and substance abuse problems. (BDR 5-194)

Assemblywoman Leslie explained that A.B. 47 had been a recommendation from the interim study on juvenile justice. The bill contained a requirement that any youth who was detained in a county detention center be screened for substance abuse and mental health issues. Ms. Leslie said that the bill had a large fiscal note in the original bill, but in the first reprint the fiscal note was only \$4,870 for regulations and to hold hearings.

ASSEMBLYWOMAN LESLIE MOVED DO PASS AS AMENDED A.B. 47.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins was not present for the vote.)

Assembly Bill 422 (1st Reprint): Increases compensation of members of boards of trustees of school districts. (BDR 34-1173)

Mr. Stevens explained that A.B. 422 increased compensation of members of board of trustees of school districts.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED DO PASS A.B. 422.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

Mrs. Smith asked if the language would remain in the bill that required the rural boards to vote on their increased compensation.

Ms. Giunchigliani indicated she would change the motion to strike the language on page 2, lines 5 and 6, in A.B. 422.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED AMEND AND DO PASS A.B. 422.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED WITH ASSEMBLYWOMAN McCLAIN AND ASSEMBLYWOMAN KOIVISTO VOTING NO. (Assemblyman Perkins was not present for the vote.)

Assembly Bill 462: Increases salaries of certain constitutional officers. (BDR 18-847)

Mr. Stevens explained that A.B. 462 provided for additional compensation for Executive Branch constitutional officers. Mr. Stevens noted that it had been eight years since the constitutional officers had received a raise and in the 2001 Legislature similar legislation had not passed. The bill would provide for newly elected constitutional officers from the election of 2006 to be eligible to receive compensation.

Ms. Giunchigliani commented that it was time that a consumer price index (CPI) was built-in for the constitutional officers to prevent the Legislature from being faced with a large increase in the future. She also recommended that the \$130 per day for legislative officers also be tied to a CPI not to be effective until the 2007 Session when people ran for reelection.

Mr. Hettrick stated he agreed with the concept but had a problem with the CPI. He would rather have the increases tied to any increases given to State workers, because that would be fair and equal.

ASSEMBLYWOMAN LESLIE MOVED AMEND AND DO PASS
A.B. 462 AND THE SALARY INCREASES FOR CONSTITUTIONAL
OFFICERS AND THE \$130 PER DAY FOR LEGISLATIVE OFFICERS
BE TIED TO THE INCREASES FOR STATE EMPLOYEES.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

Mrs. Gansert asked if the \$130 per day legislative salary had been included in the motion and Ms. Giunchigliani replied that it had.

THE MOTION CARRIED. (Assemblyman Perkins was not present
for the vote.)

**Assembly Bill 562: Revises provisions regarding implementation of No Child
Left Behind Act. (BDR 34-1459)**

Mr. Stevens stated A.B. 562 revised provisions regarding implementation of the No Child Left Behind Act.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED DO PASS A.B. 562.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins was not present
for the vote.)

**Assembly Bill 534: Expands authority of Board of Regents of University of
Nevada to issue revenue bonds. (BDR S-162)**

Mr. Stevens explained that A.B. 534, the revenue bond bill, had been in Committee pending the outcome of the Joint Subcommittee on Capital Improvement Projects (CIP) recommendations. Mr. Stevens said he had received information that the University System would like to add an additional project to the bill.

Chairman Arberry said the University representatives would have to appear before the Committee with their request.

Senate Bill 512: Makes supplemental appropriation to Department of Human Resources for support of Nevada Medicaid Health Care Financing and Policy and Nevada Check-up Program (BDR S-1467)

Mr. Stevens stated that S.B. 512 was the \$23 million Medicaid and Nevada Check-up supplemental appropriation.

ASSEMBLYWOMAN LESLIE MOVED DO PASS S.B. 512.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Perkins was not present for the vote.)

Chairman Arberry adjourned the meeting at 3:45 p.m.

RESPECTFULLY SUBMITTED:

Anne Bowen
Committee Secretary

APPROVED BY:

Assemblyman Morse Arberry Jr., Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Ways and Means

Date: June 1, 2005

Time of Meeting: 8:00 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
S.B. 105	B	Annette Whittemore	Packet of information from the HHV-6 Foundation
S.B. 105	C	Peter Ernaut	Packet of information from the Nevada Cancer Institute and The Center of Excellence
S.B. 461	D	Dr. Jan Davidson	University School for Profoundly Gifted Pupils
S.B. 461	E	Dr. Jan Davidson	Book entitled "Genius Denied"
S.B. 357	F	Nevada Council on Problem Gambling	Brochure entitled "When the Fun Stops"
S.B. 357	G	Nevada Council on Problem Gambling	Letter to Committee and Position Statement
S.B. 357	H	Nevada Council on Problem Gambling	2004 Annual Report
S.B. 392	I	Bill Bible, Nevada Resort Association	Proposed Live Entertainment Tax Amendments
S.B. 515	J	Department of Taxation	Streamlined Sales and Use Tax Agreement-2003-2004