The Committee on Ways and Means was called to order by Chair Morse Arberry Jr. at 8:06 a.m., on Thursday, May 17, 2007, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda (Exhibit A), the Attendance Roster (Exhibit B), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature’s website at www.leg.state.nv.us/74th/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau’s Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblyman Morse Arberry Jr., Chair  
Assemblywoman Sheila Leslie, Vice Chair  
Assemblywoman Barbara E. Buckley  
Assemblyman Mo Denis  
Assemblywoman Heidi S. Gansert  
Assemblyman Tom Grady  
Assemblyman Joseph P. (Joe) Hardy  
Assemblyman Joseph M. Hogan  
Assemblywoman Ellen Koivisto  
Assemblyman John W. Marvel  
Assemblywoman Kathy McClain  
Assemblyman David R. Parks  
Assemblywoman Debbie Smith  
Assemblywoman Valerie E. Weber

**STAFF MEMBERS PRESENT:**

Mark W. Stevens, Assembly Fiscal Analyst  
Barron Brooks, Committee Secretary  
Patricia Adams, Committee Assistant
Chairman Arberry opened the hearing on **Assembly Bill (A.B.) 615**.

**Assembly Bill 615:** Makes various changes concerning local financial administration. (BDR 30-1474)

Randy Robison, representing the Nevada Association of School Superintendents, stated he had spoken with Assemblywoman Smith in regard to the bill. The bill was an outgrowth of the school construction issue that was to be addressed by the adequacy study during the interim period. A number of the provisions in the bill dealt with ways to better meet school construction needs in all counties, but in particular, the rural counties.

Martin Johnson, President, JNA Consulting Group, LLC, stated he advised many school districts on capital projects. Mr. Johnson provided **Exhibit C**, a sample cash flow schedule and explained that the first provision of the bill made adjustments to the rollover bond provisions. The rollover provision had been put in place in 1997 which allowed the school district to ask for voter approval to issue bonds for a period of up to ten years so long as it could be demonstrated that the proposed revenues from the debt service tax rate would be sufficient to pay existing and proposed debt service and that a balance be maintained in the debt service fund equal to either the lesser of next year’s debt service or 10 percent of the outstanding and proposed par amount of the bond. Some of the rural school districts did not necessarily have projects sufficient for long-term bonds to be issued; for example, for the replacement of roofs. The provision would allow for the transfer of "available revenue" to capital projects funds to be used on a pay-as-you-go basis. Mr. Johnson referenced the example on **Exhibit C** and stated that as long as the district had paid the debt service for the outstanding bonds and that the fund balance had been maintained, excess revenues would be able to be transferred to the capital projects fund for the smaller capital projects. Currently a bond issue would be required for small capital improvement projects. Nye, Lyon, Storey, Clark, and Washoe counties had this type of authorization in place, and the provision would not be retroactive. Mr. Johnson concluded the provision could significantly benefit school districts such as the Humboldt County school district.

Chairman Arberry questioned what would be classified as a capital project.

Mr. Johnson replied that computers could be included. Typically, capital projects were improvements to school facilities such as improving HVAC systems, building additional classrooms, paving parking lots, or improving facilities for technology.

Chairman Arberry questioned including computers in capital improvements and requested additional information as to what would be funded.

Mr. Johnson stated he would provide staff more information. Providing information on projects would be part of the whole process.

Thomas Ciesynski, Chief Accountant, Washoe County School District, Business & Financial Services, said he supported the bill based on the district’s past experience with guaranteed investment contracts. The district had been using the investment tool since 1998 and was in the process of completing its sixth transaction. Projects ranged from $28,500,000 to $110,000,000. The tool had saved the district countless hours compared to previous laddered investment portfolios. The bill would provide a fixed rate of interest return with flexible draw schedules to better manage construction funds. The bill followed
the language of Chapter 355 of the *Nevada Revised Statutes (NRS)* for the permitted investment instruments. As a comparison, the state pool did the same thing but the guaranteed investment contract provided better returns than the state pool. Mr. Ciesynski closed by saying that the investment tool was very easy to use and included the same financial safety provisions of having a full-time finance officer and outside bond counsel included in this bill. Approval of the legislation would assist large and small entities in the State in the future.

Assemblyman Hogan asked whether there was any significant difference in the cost of using the method outlined in the bill compared to conventional bonding.

Mr. Ciesynski replied that other than the outside legal counsel representation on the contract negotiation, there were no additional costs to manage the program.

Dotty Merrill, representing the Nevada Association of School Boards, registered support for the bill and explained it would benefit all school districts.

Bonnie Duke, Finance Director, Treasurer, City of Fernley, stated the portion of A.B. 615 dealing with the guaranteed interest contracts could be very beneficial. The city had bond proceeds and being able to maximize the returns on invested bond proceeds was attractive.

Vice Chairwoman Leslie closed the hearing on A.B. 615.

Vice Chairwoman Leslie opened the hearing on Assembly Bill (A.B.) 616.

**Assembly Bill 616**: Makes a supplemental appropriation to the Department of Public Safety, Dignitary Protection, for unanticipated shortfalls in Fiscal Year 2006-2007 for dignitary protection. (BDR S-1424)

Mark Teska, Division Administrator, Administrative Services, Nevada Department of Public Safety, stated that based on revised payroll projections and available resources in the current fiscal year, the amount of the supplemental appropriation could be reduced to $50,240.

Mark Stevens, Assembly Fiscal Analyst, wished to confirm the amount of $50,240.

Mr. Teska replied that there was no intent to have any further changes to the bill.

Vice Chairwoman Leslie closed the hearing on A.B. 616.

Vice Chairwoman Leslie opened the hearing on Assembly Bill (A.B.) 617.

**Assembly Bill 617**: Makes an appropriation to the Fund to Stabilize the Operation of the State Government. (BDR S-1228)

Stephanie Day, Budget Analyst V, Department of Administration, Budget and Planning Division, stated the bill requested an appropriation of $36 million from the General Fund to the Fund to Stabilize the Operation of State Government, also known as the rainy day fund. Ms. Day provided Exhibit D, a proposed amendment. The amendment had been provided to the legal division. The amendment would add language that would be consistent with Senate Bill No. 8 of the 20th Special Session.

Vice Chairwoman Leslie asked for additional explanation of the amendment.
Ms. Day replied that "there was a trigger, and depending on the amount of the General Fund, then additional General Funds would be placed into the rainy day fund."

Assemblyman Parks questioned whether the amount could be made a supplemental appropriation in the current biennium.

Mr. Stevens responded that either the capital improvement program one-shot or the highway construction one-shot, which were funded in the second year of the biennium, could theoretically be reduced to create another $36 million appropriation out of surplus funds.

Vice Chairwoman Leslie closed the hearing on A.B. 617.

Vice Chairwoman Leslie opened the hearing on Assembly Bill (A.B.) 618.

Assembly Bill 618: Makes a contingent appropriation to the Tahoe Regional Planning Agency for replacement of vehicles. (BDR S-1222)

Jim Feeney, Finance Director, Tahoe Regional Planning Agency, stated the request was for Nevada’s one-third share to be matched by a two-third share of the appropriation by the state of California to replace eight fleet vehicles.

Vice Chairwoman Leslie questioned whether California had already approved the funding.

Mr. Feeney replied that the request had not yet been made, but Nevada's one-third would be contingent upon California’s approval of the other two-thirds.

Vice Chairwoman Leslie closed the hearing on A.B. 618.

Chairman Arberry opened the hearing on Senate Bill (S.B.) 182 (1st Reprint).

Senate Bill 182 (1st Reprint): Makes a supplemental appropriation to the Department of Education, and other state education programs, to fund the Counselor National Board Certification Program and teacher signing bonuses. (BDR S-1250)

Jim Wells, Deputy Superintendent, Administrative and Fiscal Services, Department of Education, stated Subsection 1 of the bill provided a supplemental appropriation for the Counselor National Board Certification Program which had been funded with $285,460 per year by Assembly Bill No. 576 of the 73rd Legislative Session. This program included the five percent in supplemental pay for school counselors and psychologists. Unlike the five percent increases for teachers and speech pathologists, the language for the supplemental pay for school counselors and psychologists was not included in NRS 391.160. In Fiscal Year 2006, there were 96 school employees who qualified for the supplemental pay totaling $268,771. In Fiscal Year 2007 there were 136 employees who had qualified at an estimated cost of $401,763. There was a current deficit of approximately $100,000, and because the bonus could be awarded at any time during the year, the Department projected that $125,000 would cover any new additional employees who qualified. Subsection 2 was for newly hired teachers who were eligible for a $2,000 signing bonus after 30 days of employment. Mr. Wells stated there were projected to be 3,679 teachers affected. Teachers must have been on the job 30 days and not had previously received the bonus.
In accordance with the LCB audit report, the Department had established a database of recipients to eliminate any potential duplicate payments. The primary reason for the shortfall in the teacher signing bonus was the addition of approximately 435 teachers for the full-day kindergarten program. For the upcoming biennium, amounts to provide the two benefits had been included in the Governor’s recommended budget and budget amendment.

Chairman Arberry closed the hearing on S.B. 182 (R1).

Chairman Arberry opened the hearing on Senate Bill (S.B.) 187 (R1).

**Senate Bill 187 (1st Reprint):** Makes a supplemental appropriation to the Nevada Highway Patrol Division of the Department of Public Safety to pay the increased costs of vehicle fuel. (BDR S-1264)

Colonel Chris Perry, Highway Patrol, Department of Public Safety, stated the bill requested a supplemental appropriation of $645,946 to the Highway Patrol Division to pay for increased cost of vehicle operation specifically related to the increase in gasoline costs.

Chairman Arberry questioned whether the amount provided to the Committee was correct.

Colonel Perry replied that it was.

Chairman Arberry closed the hearing on S.B. 187 (R1).

Chairman Arberry opened the hearing on Senate Bill (S.B.) 339 (R1).

**Senate Bill 339 (1st Reprint):** Makes supplemental appropriations to the Department of Cultural Affairs for anticipated budgetary shortfalls for Fiscal Year 2006-2007. (BDR S-1248)

Mike Fischer, Director, Department of Cultural Affairs, registered support for the bill.

Chairman Arberry closed the hearing on S.B. 339 (R1).

Chairman Arberry opened the hearing on Senate Bill (S.B.) 340 (R1).

**Senate Bill 340 (1st Reprint):** Makes a supplemental appropriation to the Department of Taxation for outstanding Fiscal Year 2005-2006 information technology costs. (BDR S-1247)

Dino Dicianno, Executive Director, Department of Taxation, stated the Department supported the bill as amended. It was a supplemental appropriation to the Department of Taxation to cover outstanding FY 2006 information technology costs. The original request in the Senate had been for over $700,000, but the Department was able to find certain cost savings in other categories to reduce the amount to $208,573. Mr. Dicianno stated that the amount would not change.

Chairman Arberry closed the hearing on S.B. 340 (R1).

Chairman Arberry stated the committee would consider the following bills:
Mark Stevens, Assembly Fiscal Analyst, said the bill had a number of technical provisions including changing the asset requirements for captive insurers. The bill had been sent to the Ways and Means committee, because the bill allowed the Commissioner of the Insurance Division to hire an additional unclassified deputy. The Insurance Division currently had two deputies in the unclassified service. The additional deputy would be in charge of the Captive Insurers Program. The question was whether to allow the third deputy within the unclassified service. During the joint subcommittee meetings, the only issue that was noted by staff was that the additional deputy would not supervise as many individuals as the existing deputies. The Committee needed to decide whether to include Section 31 which would allow the Commissioner to appoint the additional deputy.

Assemblyman Marvel questioned if the position was self-funded.

Mr. Stevens replied that the position in the Captive Insurers Program was funded through a portion of the premium tax that was assessed against captive insurers. The position was in the General Fund account; however, the Insurance Division generated more fees for the State than were appropriated back to the Division. Mr. Stevens stated that the Subcommittee had reviewed the issue but had not taken action or given a recommendation.

In response to Chairman Arberry, Mr. Stevens stated that the position in question was an existing position currently responsible for the Captive Insurers Program. The Insurance Commissioner would like to elevate the position to deputy status, because the Division believed additional captive insurers could be drawn to the State by the elevated position.

Assemblywoman McClain said she was skeptical of the motives to elevate the position to deputy status. She questioned how many deputies were needed.

Mr. Stevens responded that it was not extremely unusual to have more than one deputy at a state agency.

Assemblyman Denis questioned what changing the position's title would do.

Assemblyman Hogan replied that there was a serious effort by a number of states to attract captive insurers, because it was a source of considerable revenue. If the impression was made to the insurers that the person with whom they would be dealing was a high-ranking individual, it may have a positive outcome in terms of having the insurer relocate to Nevada.

Mr. Stevens stated the Division indicated the enhancement of the position would enhance the prestige of the position, and the new title would provide better marketing potential for Nevada's Captive Insurers Program; furthermore, the Division indicated that Nevada's top competitors, Vermont and Hawaii, had designated their captive administrators as Deputy Commissioners.

Assemblyman Denis questioned whether there was a salary change.

Mr. Stevens responded that approximately $7,500 would be added to the salary of the position.
ASSEMBLYWOMAN MCCLAIN MOTIONED TO DO PASS AS AMENDED A.B. 161 (R1).

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED. (ASSEMBLYWOMAN BUCKLEY WAS NOT PRESENT FOR THE VOTE.)

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Assembly Bill 275: Makes appropriations to restore the balances in the State Claims Account, Emergency Account and Reserve for Statutory Contingency Account. (BDR S-1267)

Mr. Stevens stated that the Committee had discussed the bill three previous times, and he recommended taking action. The bill provided for the restoration of the State Claims Account, the Emergency Account, and Reserve Statutory Contingency. Mr. Stevens cited a schedule which had been developed by the Budget Director, indicating the projected expense in the Reserve Statutory Contingency Account would be $6.5 million over the biennium. There had been discussion in Committee to add an additional $1.5 million to the bill, because it currently provided $5 million. The Budget Director recommended adding the $1.5 million, but there had been discussion of adding it to the Interim Finance Contingency Fund to be available to replenish the Reserve Statutory Contingency Fund if necessary. If the Committee was unsure on what action to take, a hearing would need to be scheduled.

ASSEMBLYWOMAN LESLIE MOVED TO DO PASS A.B. 275, ADDING THE $1.5 MILLION TO THE INTERIM FINANCE CONTINGENCY FUND.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED. (ASSEMBLYWOMAN BUCKLEY WAS NOT PRESENT FOR THE VOTE.)

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Assembly Bill 291 (1st Reprint): Revises provisions governing the use of money deposited in a fund established to stabilize the operation of a school district. (BDR 31-189)

Mr. Stevens stated the bill had been passed out of Committee with an "Amend and Do Pass" motion; however, there was an additional amendment that needed to be considered. The Committee needed to decide whether to rescind the previous motion. [No action taken.]

Assembly Bill 508 (1st Reprint): Makes various changes to provisions concerning the Advisory Commission on Sentencing. (BDR 14-1378)

Mr. Stevens explained that the bill had been rereferred to the Ways and Means Committee by the Select Committee on Corrections and involved the Sentencing Commission. There was a $50,000 appropriation in Section 4. Testimony in Committee had been that it would be advantageous, from the Sentencing Commission’s point of view, to have the $50,000 retained in the bill.
Assemblyman Parks mentioned the possibility of providing the $50,000 during the interim. There was another recommendation made to include a member of the Board of Parole Commissioners.

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ASSEMBLYMAN PARKS MOVED TO AMEND AND DO PASS AS AMENDED A.B. 508 (R1), WITH THE INCLUSION OF THE REPRESENTATIVE FOR THE BOARD OF PAROLE COMMISSIONERS.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (ASSEMBLYWOMAN BUCKLEY WAS NOT PRESENT FOR THE VOTE.)
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Assembly Bill 579 (1st Reprint): Makes certain changes to provisions relating to sex offenders and certain offenders convicted of a crime against a child. (BDR 14-499)

Mr. Stevens explained that the bill amended the *Nevada Revised Statutes* to comply with the "Adam Walsh Child Protection and Safety Act of 2006." If the State did not pass the bill, federal grant funding of approximately $2.9 million per year may be at risk. Pat Hines, a Yerington resident, wished to move the effective date past the current biennium. There were also technical amendments proposed by the Attorney General which had been provided to the Committee. There had been a question to the Criminal History Repository, whether there was sufficient funding in their budget to comply with the provisions in the bill. The repository had now indicated that they had sufficient funding.

Assemblyman Parks agreed with the technical amendments submitted by the Attorney General's Office.

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ASSEMBLYWOMAN LESLIE MOTIONED TO AMEND AND DO PASS AS AMENDED A.B. 579 (R1) WITH THE ATTORNEY GENERAL’S AMENDMENTS.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (ASSEMBLYWOMAN BUCKLEY WAS NOT PRESENT FOR THE VOTE.)
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Assembly Bill 586: Revises certain provisions governing the regulation and taxation of the sales and use of cigarettes and other tobacco products. (BDR 32-515)

Mr. Stevens stated the bill had been submitted by the Attorney General and related to the enforcement of tobacco products. The amendments that had been offered substantially shortened the bill. The bill would still add the language "cigarettes and other tobacco products" to the NRS, to allow for enforcement of "other tobacco products."
ASSEMBLYWOMAN MCCLAIN MOVED TO AMEND AND DO PASS AS AMENDED A.B. 586.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (ASSEMBLYWOMAN BUCKLEY WAS NOT PRESENT FOR THE VOTE.)

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Senate Bill 163: Revises provisions governing improvements constructed, altered, repaired or remodeled pursuant to lease-purchase or installment-purchase agreement. (BDR 31-430)

Mr. Stevens explained that the bill had come out of the interim study on lease-purchase of buildings. The Committee needed to decide whether to take action. The bill provided the State Public Works Board would serve as the building official on lease-purchase projects.

ASSEMBLYWOMAN MCCLAIN MOVED TO DO PASS S.B. 163.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (ASSEMBLYWOMAN BUCKLEY WAS NOT PRESENT FOR THE VOTE.)

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Senate Bill 345 (1st Reprint): Makes an appropriation to the Office of the Attorney General to replenish the balance in the tort claim fund. (BDR S-1204)

Mr. Stevens stated S.B. 345 (R1) was the repayment for the assessment that was made to allow the State to make payment on the arbitration award related to the Southern Nevada Children’s Home. There had been an assessment made against state agencies’ budgets with the recommendation that an appropriation would be made during the session to replenish those amounts. The Senate Finance Committee had reduced the amount, because of the amount that could be expended before June 30, 2007. The remaining portion of the bill would be added to a one-shot appropriation in the Attorney General’s office to allow the tort claims reserves to be brought up to the level needed during the biennium. The $4.2 million included in the first reprint would repay state agencies for the assessment that was made against them to make the arbitration award and also provide for expenses within the tort claim fund through June 30, 2007. Many state agencies needed the money because the assessment was done at the beginning of the current fiscal year. The staff recommended "Do Pass."

ASSEMBLYMAN HARDY MOVED TO DO PASS S.B. 345 (R1).

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

THE MOTION CARRIED. (ASSEMBLYWOMAN BUCKLEY WAS NOT PRESENT FOR THE VOTE.)

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Senate Bill 517 (1st Reprint): Requires that certain payments to the State of Nevada be made electronically. (BDR 31-633)

Mr. Stevens stated the bill would require certain payments made to the State be made electronically. There was one amendment brought forward that would allow credit cards to be used for the payments if the transaction fee were to be paid by the party using the debit or credit card.

Assemblyman Hardy recommended approving the amendment.

Assemblyman Denis stated that most transactions would not be affected by the amendment because it was applicable to transactions of $10,000 or more.

ASSEMBLYMAN DENIS MOVED TO AMEND AND DO PASS AS AMENDED S.B. 517 (R1).

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (ASSEMBLYWOMAN BUCKLEY WAS NOT PRESENT FOR THE VOTE.)

Mr. Stevens clarified that the amendment would be placed on Page 2, Line 17.

Senate Bill 520: Requires the approval of certain changes in the scope of installment-purchase and lease-purchase agreements. (BDR 31-230)

Mr. Stevens explained that the bill also came out of the interim study on lease-purchase of buildings. The bill would require certain changes in the scope of lease-purchase agreements entered into by the State or one of its agencies be approved by the Legislature or Interim Finance Committee (IFC) by defining what constituted a change in the scope of such an agreement.

Assemblywoman Smith stated the importance of the bill because it addressed a lot of questions raised by the IFC in regard to lease-purchase projects.

ASSEMBLYWOMAN SMITH MOVED TO DO PASS S.B. 520.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (ASSEMBLYWOMAN BUCKLEY WAS NOT PRESENT FOR THE VOTE.)

Assembly Bill 291 (1st Reprint): Revises provisions governing the use of money deposited in a fund established to stabilize the operation of a school district. (BDR 31-189)

John Griffin, representing Olympia Land Corporation and Focus Property Group, provided Exhibit E, a proposed amendment to A.B. 291 (R1). He stated the bill provided a financial planning tool for local governments and the State. The proposed amendment would allow the Department of Taxation to have a prospective analysis of some actions of local government. Currently, local jurisdictions that undertook a capital improvement plan submitted a capital improvement plan to the Department of Taxation. The amendment provided a
financial analysis projection for counties under a population of 100,000 when the local jurisdiction restrained its normal revenue growth patterns. It was an opportunity for a county and the Department of Taxation to work side-by-side to project revenue growth for two years when a growth ordinance might have the effect of limiting that revenue.

In response to Assemblywoman Leslie, Mr. Griffin stated he did not know of any counties proposing growth ordinances other than Douglas County. His clients had substantial holdings in Lincoln and Nye counties and were looking at other rural counties, and to his knowledge he did not know about any growth ordinances. The amendment would not prevent any growth ordinances but rather be a safety net.

Assemblywoman Leslie stated she did not see a need for the amendment.

Barbara Smith Campbell, representing McDonald Carano Wilson, LLP, registered her support for the amendment. The local government finance unit was an excellent area within the Department of Taxation to help monitor the smaller counties. Nine counties had populations under 15,000. Counties had the authority to do what they wanted within their zoning and ordinances, but they "never act as an island alone." The amendment would give the Department of Taxation another tool to help monitor those counties to prevent severe financial emergencies or provide needed technical assistance. Ms. Smith concluded that the amendment would allow Taxation to look prospectively for two years to make sure that everything was stable.

Assemblywoman Smith questioned why the amendment was retroactive to January, 1997.

Mr. Griffin stated that Boulder City and Carson City had growth ordinances that had been successful. This "carved them out of the reporting requirement to the state."

In response to Assemblywoman Leslie’s earlier comments, Mr. Griffin stated that Storey County was currently reviewing a project to build approximately 15,000 homes in the area. The housing project would be an attempt to address the fact that Storey County had a very large industrial park but did not house or educate any of the people that worked there. There were citizens discussing how to weigh in, because they did not want housing in the area.

Assemblywoman Leslie stated she did not want to get in the way of the citizens. Assemblywoman Leslie asked Mr. Griffin to clarify his answer to Assemblywoman Smith.

Mr. Griffin stated that Boulder City’s and Carson City’s ordinances were adopted before 1997, and after 1997 there had not been any ordinance. The amendment could read "if a county enacts" instead of having the retroactive date. Mr. Griffin explained that the amendment did not get in the way of citizens’ rights to do anything. The amendment allowed the county and the state to project financial growth when a growth ordinance was enacted.

Assemblywoman Leslie stated that the amendment was not needed.

In response to Assemblyman Hardy, Ms. Campbell stated the intent was for the two-year prospective look in coordination with the Department of Taxation. There were ten counties that had guaranteed income through the consolidated
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tax distribution, and if a county moved into a pattern of restricting growth within their revenue streams, it was important for the State to review the effects. The bill was not intended to prevent growth management by the counties. The state ultimately paid if the counties got into financial troubles.

Assemblyman Hardy stated he supported the bill and the amendment because of the ability to look prospectively and it excluded Carson City and Boulder City.

Assemblyman Grady stated that the bill was important to Eureka and Lander counties. He questioned what the sponsor of the bill thought of the amendment.

Mr. Griffin stated that the sponsor of the bill supported the amendment.

In response to a question from Assemblyman Denis concerning the Department of Taxation’s duties, Ms. Campbell stated certain criteria were looked at when looking at financial statements or the conduct of a county or local government. One or more of the criteria could take a county or local government into technical assistance, or the Nevada Tax Commission could declare a severe financial emergency, because that had been recommended by the Committee on Local Government Finance. White Pine County was currently in that situation. Changing the hardship criteria to 3 percent would produce a 6 percent cumulative decline in the ending fund balance, because the regulation right now allowed it to go to 10 percent per year, which would be a 20 percent decline over a biennium. "If we tighten that up again, it would give [Taxation] another tool to help some of the smaller counties."

BUDGET CLOSINGS:

Assemblywoman Kathy McClain, Assembly District No. 15, Chairwoman of the Joint Subcommittee on General Government, read the following closing report into the record:


ISSUES AFFECTING MULTIPLE ACCOUNTS

THE BUDGET SUBMITTED BY THE JUDICIAL BRANCH REQUESTED FUNDING OF $98.1 MILLION OVER THE 2007-09 BIENNIUM, WHICH WAS A 31.7 PERCENT INCREASE OVER THE AMOUNT OF $74.4 MILLION APPROVED BY THE 2005 LEGISLATURE. STATE GENERAL FUND WAS REQUESTED AT $60.1 MILLION, WHICH WAS A 38.2 PERCENT INCREASE OVER THE $43.5 MILLION APPROVED BY THE 2005 LEGISLATURE.

THE BUDGET REQUEST SUBMITTED BY THE JUDICIAL BRANCH PROJECTED A FOUR PERCENT GROWTH IN ADMINISTRATIVE ASSESSMENT REVENUE IN EACH FISCAL YEAR OF THE 2007-09 BIENNIUM. HOWEVER, BASED UPON RE-PROJECTIONS FROM THE JUDICIAL BRANCH, AN EIGHT PERCENT INCREASE IN THE NUMBER OF ADMINISTRATIVE ASSESSMENTS IN EACH FISCAL YEAR OF THE 2007-09 BIENNIUM WAS APPROVED BY

IN ADDITION TO THE PROJECTED INCREASE IN ADMINISTRATIVE ASSESSMENT REVENUE, THE SUBCOMMITTEE APPROVED AUTHORITY FOR THE JUDICIAL BRANCH TO COLLECT $1.62 MILLION IN OUTSTANDING ADMINISTRATIVE ASSESSMENTS AND FINE DELINQUENCIES THAT WERE RECENTLY DISCOVERED BY THE LAS VEGAS JUSTICE COURT. THESE ADDITIONAL OUTSTANDING ADMINISTRATIVE ASSESSMENT REVENUES FURTHER DECREASED STATE GENERAL FUND NEED OF $1.62 MILLION OVER THE 2007-09 BIENNIUM.

THE BUDGET REQUEST SUBMITTED BY THE JUDICIAL BRANCH INCLUDED STATE GENERAL FUND OF $2.54 MILLION IN FY 2008-09 TO FUND AN INCREASE IN THE BASE SALARIES FOR JUSTICES AND JUDGES, AUGMENTED PAY FOR CHIEF JUSTICES AND CHIEF JUDGES, AND AN INCREASE IN THE MAXIMUM LONGEVITY PERCENTAGE FOR JUSTICES AND JUDGES. THE SALARY AND LONGEVITY INCREASES WOULD GO INTO EFFECT DURING THE LAST SIX MONTHS OF FY 2008-09.

BASED UPON THE REQUEST OF THE JUDICIAL BRANCH, THE SUBCOMMITTEE DID NOT APPROVE THE LONGEVITY INCREASE OR THE AUGMENTED SALARY INCREASES FOR THE CHIEF SUPREME COURT JUSTICE AND CHIEF DISTRICT COURT JUDGES; THIS REDUCED STATE GENERAL FUND BY $278,355 IN FY 2008-09. IN ADDITION, BASED UPON RECALCULATED SALARIES FOR NEWLY ELECTED JUSTICES AND JUDGES, THE STATE GENERAL FUND WAS FURTHER REDUCED $290,868 OVER THE BIENNIUM.

WITH REGARD TO THE INCREASE IN THE BASE SALARIES FOR SUPREME COURT JUSTICES AND DISTRICT COURT JUDGES, THE SUBCOMMITTEE APPROVED THE REMOVAL OF THIS DECISION UNIT FROM THE JUDICIAL BRANCH BUDGET ACCOUNTS AND RECOMMENDED THE FUNDING FOR AN INCREASE IN JUDICIAL SALARIES BE INCLUDED IN SENATE BILL 248, WHICH IS CURRENTLY IN THE SENATE COMMITTEE ON FINANCE. THE BUDGET ACCOUNTS AFFECTED BY THESE DECISIONS INCLUDE: THE SUPREME COURT, DISTRICT JUDGES SALARY, AND THE RETIRED JUSTICE DUTY FUND.

IN ORDER TO OBTAIN ADDITIONAL INFORMATION ON THE IMPORTANCE OF EACH REQUESTED ENHANCEMENT DECISION UNIT, THE SUBCOMMITTEE REQUESTED THE JUDICIAL BRANCH TO PRIORITIZE ALL DECISION UNITS INCLUDED IN THE
EXECUTIVE BUDGET, EXCEPT BASE, INFLATION, FRINGE BENEFIT RATE ADJUSTMENTS, AND COST-OF-LIVING ADJUSTMENTS. THE PRIORITIZATION OF THE REMAINING DECISION UNITS PROVIDED BY THE JUDICIAL BRANCH WAS DIVIDED INTO THREE PRIORITY GROUPINGS: HIGH, MEDIUM, AND LOW. THE SUBCOMMITTEE APPROVED THE ELIMINATION OF FUNDING FOR ALL LOW PRIORITY ITEMS.

SUPREME COURT (101-1494)


THE SUBCOMMITTEE APPROVED THE AMENDED REQUEST OF THE JUDICIAL BRANCH TO INCREASE THE AMOUNT PAYABLE TO SETTLEMENT CONFERENCE JUDGES FROM $67.71 PER HOUR, WITH A MAXIMUM PER CASE AMOUNT OF $650, TO $85.00 PER HOUR, WITH A MAXIMUM PER CASE AMOUNT OF $850.


WITH REGARD TO THE NEW CASE MANAGEMENT SYSTEM, THE SUBCOMMITTEE APPROVED $250,000 TO REMAIN IN THE BUDGET ACCOUNT FOR THE SUPREME COURT FOR USE BY THE COURT TO OBTAIN CONTRACTUAL SERVICES FOR FORMAL PLANNING OF THE SYSTEM. THE REMAINING $619,764 WAS APPROVED BY THE SUBCOMMITTEE TO BE TRANSFERRED TO THE INTERIM FINANCE COMMITTEE TO HOLD UNTIL A FORMAL PLAN AND BUDGET FOR THE NEW CASE MANAGEMENT SYSTEM IS APPROVED BY THE COMMITTEE.

SPECIALTY COURT (101-1495)

FOR THE 2007-09 BIENNUM, THE JUDICIAL BRANCH REQUESTED STATE GENERAL FUND OF $1.83 MILLION IN FY 2007-08 AND $3.30 MILLION IN FY 2008-09 TO EXPAND SPECIALTY COURTS, INCLUDING HIRING A NEW SPECIALTY COURT PROGRAM COORDINATOR. SINCE 2003, WHEN THE
$7 Specialty Court Administrative Assessment was authorized by the Legislature to support this program. State general fund has not been included in this budget account. Because of this, the Subcommittee did not approve state general fund to be included in this budget account. Instead, the Subcommittee approved the expansion of Specialty Courts to be funded with Administrative Assessment revenue currently received by the Supreme Court. The Administrative Assessment revenue redirected from the Supreme Court would be funded with State General Fund.

For FY 2007-08, the Subcommittee approved $5.27 million in Administrative Assessment expenditure authority for the Specialty Court program. This amount, less reserve, represents a 27.6 percent increase over the anticipated FY 2006-07 expenditures of $3.84 million. For FY 2008-09, the Subcommittee approved $6.27 million, which is $1.0 million more than authorized in FY 2007-08. These decisions require funding of $1.69 million in FY 2008-09 to be redirected from the budget of the Supreme Court to the Specialty Court program and $1.69 million in State General Fund to be included in the budget account for the Supreme Court. This decision requires a revision to NRS 176.059 to reduce the percent of Administrative Assessment revenue that is currently directed to the Supreme Court from 60 percent to 48 percent, effective July 1, 2008.

Division of Planning and Analysis (101-1484)

Through Senate Bill 77 of the 2005 Legislative Session, the Courts are authorized to allow a person convicted of domestic violence battery to participate in counseling sessions on a biweekly basis instead of a weekly basis if the person lives more than 70 miles from the nearest location for counseling services. The Court Administrator is required to submit annual reports on the effectiveness of the program; the Domestic Violence Study sunsets June 30, 2009.

The Judicial Branch requested state general fund of $217,844 in FY 2007-08 and $207,506 in FY 2008-09 to fund the costs associated with the study on domestic violence, including a new senior court research analyst, a new clerical position, contract services, statistical software, and in-state travel. The Subcommittee did not approve funding as requested by the Judicial Branch to support the study. Instead, the Subcommittee approved a bill draft request that would sunset the Domestic Violence Program on June 30, 2007 instead of June 30, 2009.
THE SUBCOMMITTEE APPROVED THE REMAINING BUDGET REQUESTS OF THE JUDICIAL BRANCH INCLUDING A NEW COURT IMPROVEMENT PROGRAM COORDINATOR, TRAINING, AND REPLACEMENT EQUIPMENT. THE SUBCOMMITTEE DID NOT APPROVE THE TRANSFER OF TRAINING COSTS FROM JUDICIAL EDUCATION.

ADMINISTRATIVE OFFICE OF THE COURTS (101-1483)


JUDICIAL EDUCATION (101-1487)

THE SUBCOMMITTEE APPROVED THE REQUEST OF THE JUDICIAL BRANCH FOR TRAINING ENHANCEMENTS TOTALING $229,392 OVER THE 2007-09 BIENNium. THE SUBCOMMITTEE DID NOT APPROVE THE REQUEST OF THE JUDICIAL BRANCH TO TRANSFER THE COSTS OF TRAINING CERTAIN EMPLOYEES FROM THIS BUDGET ACCOUNT FUNDED WITH ADMINISTRATIVE ASSESSMENT REVENUES TO THE BUDGET ACCOUNT OF THE SUPREME COURT AND THE DIVISION OF PLANNING AND ANALYSIS TO BE FUNDED WITH STATE GENERAL FUND. THESE DECISIONS REDUCED THE NEED FOR STATE GENERAL FUND IN THOSE OTHER ACCOUNTS BY $156,378 OVER THE BIENNium. IN ADDITION, THE SUBCOMMITTEE DID NOT APPROVE A NEW ADMINISTRATIVE ASSISTANT IN THIS ACCOUNT SINCE THERE IS ALREADY ONE ADMINISTRATIVE ASSISTANT TO SUPPORT THREE PROGRAM STAFF IN THE ACCOUNT.

OTHER JUDICIAL BRANCH BUDGET ACCOUNTS WITH NO MAJOR CLOSING ISSUES

THE SUBCOMMITTEE ALSO REVIEWED THE BUDGETS FOR THE FOLLOWING ACCOUNTS: UNIFORM SYSTEM OF JUDICIAL RECORDS, DISTRICT JUDGE/SURVIVING SPOUSE RETIREMENT, LAW LIBRARY, JUDICIAL TRAVEL AND SUPPORT, AND JUDICIAL SELECTION. THE SUBCOMMITTEE RECOMMENDED THAT THESE ACCOUNTS BE CLOSED AS PRESENTED IN THE EXECUTIVE BUDGET, WITH MINOR TECHNICAL ADJUSTMENTS BY STAFF. REGARDING THE BUDGET ACCOUNTS FOR THE SENIOR JUSTICE AND SENIOR JUDGE PROGRAM AND THE DISTRICT JUDGES’ SALARY PROGRAM, EXCEPT FOR THE REQUESTED SALARY INCREASES THAT WERE REMOVED TO BE CONSIDERED THROUGH SENATE BILL 248, THESE ACCOUNTS WERE ALSO CLOSED AS PRESENTED IN THE EXECUTIVE BUDGET.

Assemblywoman Leslie stated she worked in the specialty court system for the Washoe County District Court but had not participated or engaged herself with
the Subcommittee in any way. She did not have a conflict of interest.

Assemblyman Parks explained the importance of specialty courts and agreed with an increased level of funding for the specialty courts and alternative treatment programs.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE CLOSING REPORT FOR THE JUDICIAL BRANCH.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED.

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Assemblyman David Parks, Assembly District No. 41, Chairman of the Joint Subcommittee on Public Safety, Natural Resources, and Transportation read the following closing report into the record:


OFFICE OF THE MILITARY (BA 3650)

IN CLOSING THIS BUDGET, THE ASSEMBLY SUBCOMMITTEE DID NOT APPROVE FUNDING AS RECOMMENDED BY THE GOVERNOR FOR IMPLEMENTATION OF A NEW PROJECT CHALLENGE PROGRAM IN THE STATE OF NEVADA. INSTEAD, THE ASSEMBLY SUBCOMMITTEE APPROVED THE GOVERNOR RECOMMENDED FUNDING OF $135,865 IN FY 2007-08 AND $135,878 IN FY 2008-09 TO CONTINUE AN AGREEMENT WITH THE ARIZONA NATIONAL GUARD TO SEND 24 NEVADA STUDENTS TO THE PROGRAM EACH FISCAL YEAR OF THE 2007-09 BIENNIUM. THESE ACTIONS REDUCED STATE GENERAL FUND IN THE AMOUNT OF $500,000 IN FY 2007-08 AND $1.2 MILLION IN FY 2008-09.

THE SUBCOMMITTEE APPROVED FUNDING OF $812,900 FOR FACILITY MAINTENANCE PROJECTS DURING THE 2007-09 BIENNIUM. OF THIS AMOUNT, STATE GENERAL FUND OF $225,020 WAS APPROVED TO SUPPORT CARPET REPLACEMENT, CAULKING AND SEALING, AND ROOF REPAIRS. IN ADDITION, THE SUBCOMMITTEE AUTHORIZED THE OFFICE TO ACCEPT $587,880 IN FEDERAL FUNDS TO SUPPORT ADDITIONAL FACILITY MAINTENANCE AND DEFERRED MAINTENANCE PROJECTS IN MILITARY FACILITIES ACROSS THE STATE. THE SUBCOMMITTEE REDUCED GENERAL FUNDS IN THE AMOUNT OF $18,000 OVER THE BIENNIUM FOR PROJECTS THAT SHOULD BE FUNDED WITH FEDERAL FUNDS. IN ADDITION, THE SUBCOMMITTEE APPROVED THE REDUCTION OF GENERAL FUNDS IN THE AMOUNT OF $20,000 FOR REVISED VENDOR ESTIMATES FOR CARPET REPLACEMENT AND AN ADDITIONAL $72,000 FOR CARPET REPLACEMENT THAT COULD BE DEFERRED UNTIL THE 2009-11 BIENNIUM

ADJUTANT GENERAL CONSTRUCTION FUND (BA 3652)


NATIONAL GUARD BENEFITS (BA 3653)

THE SUBCOMMITTEE APPROVED $20,000 IN EACH FISCAL YEAR TO CONTINUE TO PROVIDE TUITION REIMBURSEMENT TO NATIONAL GUARDSMEN WHO ATTEND SUMMER SCHOOL AS RECOMMENDED BY THE GOVERNOR. IN ADDITION, THE SUBCOMMITTEE APPROVED THE GOVERNOR’S RECOMMENDATION OF $5,250 IN EACH FISCAL YEAR TO CONTINUE THE NEVADA WAR ON TERRORISM MEDAL PROGRAM.

PATRIOT RELIEF FUND (BA 3654)

ASSEMBLY BILL 580 AS APPROVED BY THE 2005 LEGISLATURE CREATED THE PATRIOT RELIEF ACCOUNT (NRS 412.1435) AS A SPECIAL ACCOUNT IN THE STATE GENERAL FUND AND APPROPRIATED $500,000 IN EACH FISCAL YEAR OF THE 2005-07 BIENNIUM TO THE ACCOUNT. AS CREATED, THE FUNDS IN THIS ACCOUNT WOULD EARN INTEREST AND WOULD NOT REVERT TO THE GENERAL FUND AT THE END OF ANY FISCAL YEAR. THE FUNDING IN THE ACCOUNT IS UTILIZED TO PAY PREMIUMS ON GROUP LIFE INSURANCE, TO FUND TEXTBOOKS FOR COURSES OF STUDY IN HIGHER EDUCATION, AND TO PROVIDE MONETARY RELIEF FROM ECONOMIC HARDSHIPS EXPERIENCED BY MEMBERS OF THE NEVADA NATIONAL GUARD WHO HAVE BEEN CALLED INTO ACTIVE SERVICE.

BECAUSE THE PATRIOT RELIEF FUND HAS NOT YET BEEN CREDITED WITH INTEREST, THE SUBCOMMITTEE APPROVED A LETTER OF INTENT TO THE TREASURER’S OFFICE NOTING THAT IT IS THE INTENT OF THE MONEY COMMITTEES THAT THIS FUND RECEIVE INTEREST ON THE REALIZED FUNDING AVAILABLE IN THE ACCOUNT.

ASSEMBLYMAN HARDY MOVED TO APPROVE THE CLOSING REPORT FOR THE DEPARTMENT OF THE MILITARY.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

*****

Major General Cindy Kirkland, State Adjutant General, provided Exhibit F, a comprehensive plan of how the Project ChalleNGe Program could be implemented over the course of the biennium. The exhibit included breakdowns of possible budgets for the program. The Governor’s requested budget was for $3 million.

**Assembly Bill 598:** Authorizes the creation of tax increment areas in certain cities for theme park projects. (BDR 22-1457)

Alfredo Alonso, representing Olympia Group, LLP, supported an amendment to Assembly Bill 598 (Exhibit G) that had been discussed at a previous Committee meeting. He noted the amendment would allow for an event center to be created in the Las Vegas area in a manner similar to that used by the city of Sparks for its new baseball park. Mr. Alonso pointed out that the bill allowed for bonding to be used and that prevailing wage would be paid on any such project. He said the district would have to be self-sustaining and that this would have to be proved before any project was undertaken.
ASSEMBLYMAN HARDY MOVED TO AMEND AND DO PASS AS AMENDED A.B. 598.

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

THE MOTION CARRIED.

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Chairman Arberry adjourned the meeting at 10:45 a.m.

RESPECTFULLY SUBMITTED:

Barron Brooks
Committee Secretary

APPROVED BY:

Assemblyman Morse Arberry Jr., Chair

DATE: ___________________________
## EXHIBITS

**Committee Name:** Committee on Ways and Means  
**Date:** May 17, 2007  
**Time of Meeting:** 8:06 a.m.

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<td>Martin Johnson</td>
<td>Sample Cashflow Schedule</td>
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<td>A.B. 617</td>
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<td>A.B. 291</td>
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