

THE FIFTIETH DAY

CARSON CITY (Monday), March 28, 2011

Senate called to order at 10:14 a.m.

President Krolicki presiding.

Roll called.

All present.

Prayer by the Chaplain, Ralph Burns.

Creator,

We give thanks for everyone's hard work done in this place.

We ask for the energy needed to bring our State, its entire people and every community out of these very difficult times.

We ask that You give us clear minds and open hearts to work and think together to make the best choices for all the people of this State.

We ask that in Your way You guide them, bless them and keep them.

AMEN.

Pledge of Allegiance to the Flag.

Senator Horsford moved that further reading of the Journal be dispensed with, and the President and Secretary be authorized to make the necessary corrections and additions.

Motion carried.

Senator Horsford moved that the Senate resolve itself into a Committee of the Whole for the purpose of hearing the presentation on Governor Sandoval's budget proposal by Russell Guindon and Mark Krmpotic, with Senator Horsford as Chair and Senator Leslie as Vice Chair of the Committee of the Whole.

Motion carried.

Mr. President announced that if there were no objections, the Senate would recess subject to the call of the Chair.

Senate in recess at 10:19 a.m.

IN COMMITTEE OF THE WHOLE

At 10:20 a.m.

Senator Horsford presiding.

Presentation of Governor Sandoval's budget proposal.

The Committee of the Whole was addressed by Senator Horsford, Chair; Russell Guindon, Principal Deputy Fiscal Analyst; Senator Hardy; Senator Denis; Senator Brower; Mark Krmpotic, Senate Fiscal Analyst; Senator Leslie; Senator McGinness; Senator Schneider; Senator Settlemeyer; Senator Kieckhefer; Senator Cegavske; Senator Copening; Senator Halseth; Senator Breeden; Senator Wiener and Senator Parks.

SENATOR HORSFORD:

In coordination with the Minority Leader, we discussed the need for this Committee of the Whole to bring all the members up to date and to brief all the members on the status of the budget.

Tomorrow, the subcommittees for the Committee on Finance and the Committee on Ways and Means begin work sessions. They will begin to identify points upon which decisions need to be made. This hearing will provide our staff an opportunity to give us an update on the budget and to allow all of us to ask questions to clarify points so there will be a full understanding of the budget as we go forward.

You have a chart before you entitled "The Governor's Budget Approach" This chart will help us understand the full impact of the Governor's budget. The Executive Budget provides for an estimated \$1.1 billion in revenue enhancements through adjustments from revenue being taken, redirected and borrowed. It includes \$1.4 billion in reduction in State appropriations and authorizations compared to the 2009 legislatively approved State budget. When taken together, it is a \$2.5 billion difference from what was discussed two years ago. The graph visually depicts the components in the Governor's budget.

First listed is \$1.7 million in cuts to the "County Participation" component, which is shown on the graph by the elimination of State programs, transferring those expenses for human services and mental health to the counties.

Next, \$585 million is cut in the "Public Employee Wage and Salary Reductions" section under the Governor's proposal with a reduction of State school district and system of higher education salaries by 5 percent as well as freezing step and longevity increases.

Third, the section "Proposed General Fund Reductions" shows cuts of \$709 million. Within the total of the \$709 million there are cuts listed in the handout by budget area with 53 percent of those cuts occurring in K-12 education. The other 36.6 percent is in higher education. There are \$664 million of proposed reductions of \$709 million coming from education, both K-12 and higher education. The remaining percentage of budget cuts is smaller and are to human services, taking into consideration caseload growth and inflation.

Next, we see the "Property Tax Diversion" section, which is the 9 cent portion of the Clark County and Washoe County property taxes the Governor proposes to divert to support the University of Nevada, Las Vegas (UNLV) and the University of Nevada, Reno (UNR).

The next section shows the \$106 million budget shortfall. Approximately 15 minutes ago, we received a new budget amendment proposed by the Governor. We will have to discuss that matter later.

In the next section, the "Reserve Account Sweeps" shows the amount the Governor proposes to take from the Capital School Accounts including the GST portion, which is the new portion, amended recently. That amount is for \$319 million instead of the \$425 million. That amount was reduced.

The last section addresses the "General Fund Revenue Augmentations" section including borrowing against the Securitization Insurance Premium Tax for \$109 million, redirection of I.P. 1 of the 75th Legislative Session Education Funds, \$221 million, and the continuation of Net Proceeds of Mines Prepayment, \$60 million. Next, there is the redirection of Short-Term Car Rental Tax; Court Administrative Fees, the Indigent Account Under Medical Assistance Funds; redirection of slot fees and the restructuring of the Modified Business Tax to account for the sunsets in place. There is a tax cut on the first \$62,500 per quarter of payroll for all employers under the Modified Business Tax section.

Staff will discuss this in more detail. The far right section is the Governor's recommended biennium budget-by-budget category. The section totals the \$5.8 billion that he proposes by category. The bottom section shows where the proposed General Fund reductions will come from in the upcoming biennium.

This graph is a reminder of the difficult choices we have to make going forward. The process is here. The subcommittees will begin making some decisions on these units as early as tomorrow. We have scheduled budget closings in the first week of April. The staff will continue with this discussion.

MR. RUSSELL GUINDON (Principal Deputy Fiscal Analyst):

Senator Horsford's chart does a very good job of laying out the elements and I am hoping "Table 1. General Fund Revenues-Economic Forum December 1, 2010," which I have prepared for use this morning, will add additional detail to the previous chart. The first 8 pages of this document are referred to as the Economic Forum's General Fund Revenue Forecast Tables. We will discuss these 8 pages first to set the stage as to the Economic Forum and its forecast before we discuss the Governor's recommended enhancements with regards to revenues for the Executive Budget.

Tables 1 and 2 are the summary level of the Economic Forum's forecast. Pages 3-5 are the general ledger detail. I will not spend time discussing pages 3-5. Following that are the notes that allow you to follow the Economic Forum's forecast as well as the legislative actions approved throughout the last three or four sessions that may have impacted any revenues on these pages.

The Economic Forum is the statutory body composed of five members required under law to produce the forecast on or before December 1, which they did. These forecasts are displayed in tables for Fiscal Year (FY) 2011, the current biennium, and FY 2012-2013 for the coming biennium, for which this body will have to produce a legislatively approved budget. The Economic Forum will reconsider these forecasts on May 2. They are required to produce a forecast on or before May 1, but because that date falls on a Sunday, we can meet the next business day. These forecasts will be revised May 2 when the Economic Forum reconvenes. That is the set of forecasts that the Legislature will use to develop the legislatively approved budget.

The revenues on this sheet are what we refer to as the unrestricted General Fund revenues. Those are the revenues this body can use to produce the General Fund appropriations budget.

In Table 1, there is a line for total mining taxes and fees. In FY 2012, there is only \$100,000 from penalties and interest. This is the revenue item based on the actions of the legislature taken during the 25th Special Session in December 2008 and the 2009 75th Legislative Session to change the mining tax from being based on the prior year's earnings to being an estimate for the current year's earnings. That action generated an additional payment in FY 2009. With the sunset placed on that tax, and the prospective payment sunset in June 2011, there will be no net proceeds in minerals paid in FY 2012. That sunset is why there is a significant drop off in that revenue source.

The next revenue source affected the MBT-Nonfinancial. This is a Modified Business Tax (MBT). This is a tax on the gross wages paid by an employer to employees less allowable health care deductions. Under current law through FY 2011, the tax is 0.5 percent on wages up to \$62,500 per quarter and 1.17 percent on wages over \$62,000 per quarter. There is a sunset on that rate effective July 1, 2011. The rate will reset to a flat rate of 0.63 percent. The sunset is why you see the significant reduction going from approximately \$351.5 million to \$203.8 million in FY 2012.

For the Room Tax section, there is no revenue in FY 2012 and 2013. This is from the I.P. 1 of the 75th Legislative Session approved by the Legislature in 2009 to impose an additional room tax up to 3 percent but not to exceed 13 percent in Clark County and Washoe County. Under the provisions of I.P. 1 of the 75th Legislative Session as it was approved by the Legislature in 2009, the proceeds from this tax go to the General Fund for FY 2010-2011. Beginning in FY 2012 thereafter, funds go to a State Supplemental Education Fund to support K-12 education with a "no supplant" clause attached. That is why there is a hole in this section.

The Business License Fee was raised from \$100 to \$200 in 2009. That fee sunsets, cutting fees in half in FY 2012-2013.

On page 2, there are several sections where there is money in FY 2011 but not in 2012-2013. The Economic Forum is statutorily required to forecast based on current law. They do not speculate as to what might be included in the Governor's recommended budget or what this body may do during the session. On May 2, they will forecast based on the law, as it exists.

These are some of the revenue elements adopted during the 2009 75th Session to produce additional funding for the biennium. They were the 4 cent operating rate redirection from Clark County and Washoe County; the 5 cent Capital Rate redirection from Clark County and Washoe County; a portion of the State 0.36 of 1 percent Room Tax; the Insurance Verification Fees, the Supplemental Account For Medical Assistance to Indigent Persons; the Clean Water Coalition;

the Lobbyist Registration Fee and the Court Administrative Assessments. These were previous revenues under which there will be no revenues gained in 2012-2013.

This forecast will be revised on May 2 when the Economic Forum reconvenes.

SENATOR HARDY:

Thank you, Mr. Chair. Do we have a total of the sunset bills and the room tax that went to K-12? Is that totaled somewhere in this chart?

MR. GUINDON:

On the next page, some of them have been added back into the Governor's budget. I do not have that number, adding up the 11 totals.

SENATOR HORSFORD:

We will come back to that issue. Senator Hardy, you want the total minus what the Governor has already included in the revenues set to expire June 30. Is that correct?

SENATOR HARDY:

I would like to go back one-step further and get the total that they talked about as well as the total of what the Governor's difference is.

SENATOR DENIS:

Thank you, Mr. Chair. There is nothing listed for petroleum inspection fees. Why is that line item listed, but there is nothing represented there?

MR. GUINDON:

I should remove that line, or hide it. Several sessions ago, that line item was phased out. It no longer goes to the General Fund. It stays with the agency. However, because this table is in an Excel book, there are numbers out there and if that section were deleted it would remove the historical data hidden in that section.

SENATOR BROWER:

The \$100,000 forecast for 2012 for total mining taxes and fees, reflects the prepayment that was made previously? Is that correct?

MR. GUINDON:

On page 3, there is a section with the detail showing the four-digit number to the left. They are the general ledger account numbers that are posted in the controller system. That is how the staff keeps track and forecasts. They are under the Mining Tax and Mining Claims Fee section. The forecast is for \$66.5 million in FY 2011 and there is no forecast for the mining claims fees in FY 2012. The \$100,000 is coming from penalties and centrally assessed penalties that could come from reviewing the industry. There could be penalties paid and due from various mines.

SENATOR BROWER:

I am certain I am not the only one wondering. This table suggests that only the mining tax and mining claims fees forecast for FY 2012 is \$100,000. That cannot be right, am I not understanding this?

MR. GUINDON:

In the 25th Special Session and the 2009 75th Legislative Session, the net proceeds minerals tax was converted from making tax payments based on actual mining activity for the prior calendar year to estimating what a calendar year's mining activity will be for that year and making an estimated payment. You can "true-up" against that in the next fiscal year.

In FY 2011, we had a hearing on this in the Senate Committee on Revenue about the mines. On March 1, based on the estimate for their calendar year 2011 activity, they will be making their estimated payments, which will be booked in FY 2011. In some sense, they have made a tax payment based on their estimate for calendar year 2011. When the sunset occurs, we go back to the old law. However, in FY 2012, they have already made a payment for the calendar year 2011. We discussed this with Legal Counsel. We cannot make them pay again for calendar year 2011-2012. Could there be some "true-up" payments? Yes, but when taxation, the budget

office and your fiscal staff got together they were betting that there will be some estimated payments. That is why they did not put any money in for 2012 based on how the law is going to work. You cannot have the mining industry making double taxation payments on one calendar year's worth of activity.

SENATOR BROWER:

That is what I meant by pre-payment, though not the technically correct term. It looks like we are able to estimate for FY 2013 a number that reflects a number closer to reality, over \$60 million.

MR. GUINDON:

When the sunset occurs, effective July 1, 2011, we will return to the way the tax used to be prior to the 25th Special Session, that in each fiscal year the mines would report their taxes based on the prior calendar year's actual activity. The estimate for FY 2013 is the estimate paid on actual calendar year 2012's mining activity. Under the law, you can look at FY 2013 and say they owe taxes based on their actual calendar year 2012's activity. In FY 2012, under the law, they will be required to make a payment based on their actual 2011 activity. However, they have already made a payment on calendar year 2011.

SENATOR BROWER:

Thank you.

SENATOR HORSFORD:

That is a hole for the next biennium that we will get to if we continue to follow the recommendations in this budget. It creates another hole for the next legislative session to deal with in 2013.

SENATOR HARDY:

In the 2009 75th Session, we worked within the premise that we would have a budget of about \$6.9 billion in the General Fund. In the 25th Special Session, we went down to about a \$6.2 billion budget. The Governor's budget is about \$5.8 billion. This is a difference of about \$400 million. Am I correct?

MARK KRMPOTIC (Senate Fiscal Analyst):

You are correct. The General Fund level for the current biennium as adjusted by the 25th Special Session is approximately \$6.2 billion. The Governor's recommendation for the upcoming biennium totals approximately \$5.8 billion.

SENATOR HORSFORD:

Can we clarify how much of that does not include lost American Recovery and Reinvestment Act (ARRA) funding that was booked in 2009 as non-general fund revenue that was used in place of General Fund support?

MR. KRMPOTIC:

I do not have that exact figure with me, but I think it is around \$700 million to \$800 million.

SENATOR HORSFORD:

In 2009, there was a decision by the prior administration in consultation with the Legislature to reduce General Fund support primarily in grades K-12 because we had one-time State stabilization funding which allowed us to use that money to offset losses that we otherwise would have taken in the General Fund. In 2009, we booked that in the budget while we were here. In higher education, it was booked differently. Now, we are looking at the 2011 budget not taking into account the amount that was lost with one-time stabilization funds, all but \$72 million of which was used to fund K-12 and higher education.

SENATOR HARDY:

ARRA funding counted in the \$6.9 billion and the \$6.2 billion. It was included in the budget.

MR. KRMPOTIC:

The \$6.2 billion, the 25th Special Session total, reflects General Fund's only and not ARRA dollars with it.

SENATOR HARDY:

So, the \$6.2 billion plus the ARRA came back to the \$6.9 billion.

MR. KROMPOTIC:

Yes, approximately.

SENATOR HORSFORD:

Mr. Guindon is going to go through the revenue and the details of the revenue enhancements that are in Governor's proposed budget. We will complete that part of it and then go into how the budget is being spent.

MR. GUINDON:

The exhibits being referenced today are available on the NELIS system.

On page 2, the Economic Forum's current estimate of about \$2.732 billion is about \$9.7 million above the collections in FY 2005 or only about 4/10 of a percent above that. This is a reference point for the reset that has happened to the General Fund revenues.

On page 9 of the handout, we will discuss Table 2. I will first discuss the section entitled "Governor's Recommended General Fund Revenue Enhancements included in the Executive Budget." Some of this information has been discussed in the chart provided by Senator Horsford.

First is listed the Economic Forum's forecast for FY 2012-2013 and the 2011-2013 biennium. There are ten revenue enhancements recommended in the Governor's Executive Budget. The first recommendation is to extend the sunset on net proceeds of minerals for two years. We will pick up \$60 million in FY 2012.

Currently, under law, the \$2 quarterly slot machine fee imposed on restricted and non-restricted slots goes to fund the problem gambling account. The proposal is to allow \$1 to go to that fund and the other \$1 will go back into the General Fund. This is a transitory change. It is only for the 2011-2013 biennium.

The current modified business tax (MBT) is 0.5 percent up to \$62,500 and then 1.17 percent over that. In the Governor's proposal, the 0.5 rate would remain in place on the wages up to \$62,500 and have the rate at 0.63 percent on wages over \$62,500. The Governor is lowering the rate from 0.63 on all wages to 0.5 on a portion of it. That is why it ends up being a negative impact on the General Fund for those two years. Under current law, the I.P. 1 of the 75th Legislative Session, as adopted by the Legislature in 2009, the room tax funds were supposed to go to the State Supplemental School Account. The Governor is recommending that those proceeds be left in the General Fund for FY 2012 and FY 2013.

SENATOR HORSFORD:

Are there any questions on this, because based on the voter-approved piece of this there is some concern about our ability to move it from its intended purpose. Because the Legislature adopted it in 2009, it was permitted in the language of the I.P. 1 of the 75th Legislative Session that for the first two years it could be used for the General Fund and thereafter it was supposed to go to the State Supplemental School Account. Why is this not being allowed to go to its intended purpose in education and be placed in the General Fund as the Governor recommends?

MR. GUINDON:

There was an initiative petition circulated and received enough signatures for the Legislature to consider during the 2009 75th Session. The Legislature has 40 days to act on it. The Legislature adopted the petition. Since it was adopted, the Legislature can change it in the following session. Senator Horsford is correct that the language in the I.P. 1 of the 75th Legislative Session was that the proceeds from the tax were to be directed to the State General Fund for 2010-2011. In 2012 it would go to the State Supplemental School Support Fund. Because the Legislature adopted it in the first 40 days, under the Constitution, the Legislature can make changes. The Governor's recommendation is that we will make that statutory change to the provisions of the initiative petition that require the proceeds to go to the

General Fund for two more years. Then in FY 2014, it will go to the State Supplemental School Support Fund.

SENATOR HORSFORD:

It requires a statutory change. Will there be a bill in the Governor's budget to change the law from what was approved in 2009 allowing it to be extended for another two years?

MR. GUINDON:

Yes, that would be my understanding that there would have to be a bill draft request that would become a bill and implement the Governor's Executive Budget about this element. It would require statutory change.

SENATOR HORSFORD:

In 2013, what is to prevent them from extending it again and having the funds not go to the intended purpose?

MR. GUINDON:

Nothing. It would require a statutory change again.

Item number 5, in Table 2, is the "Short Term Car Lease." Based on legislative actions in the 2007 74th Session, the Legislature provides funding for transportation projects. One percent of the proceeds from the room tax go to the State Highway Fund. The Governor's recommendation included in the Executive Budget is to divert these proceeds from the State Highway Fund and have them go to the General Fund. It is my understanding that this would be a permanent act. Those proceeds equivalent to the 1 percent on the 10 percent rate would no longer go to the highway fund but would be dedicated to the State General Fund.

Item number 6 is the securitization of a portion of insurance premium taxes. Under the proposal, this would generate \$190 million in FY 2012. You are pledging a portion of the insurance premium tax. The payments would begin in FY 2014 and go on for four years. Under the proposal, the securitization in terms of the Governor's Executive Budget is estimated to generate \$190 million in FY 2012.

SENATOR LESLIE:

Is the \$190 million future tax revenue that we are securitizing, not tax revenue from this fiscal year, this biennium, but from the next biennium? In the other section of this chart, we see \$53 million a year that is interest we will have to pay back in order to securitize.

Since we cannot keep borrowing the same revenue, this creates almost a \$300 million hole in the next biennium. Is that correct?

MR. GUINDON:

Correct. May I defer the explanation until we get to that section?

SENATOR LESLIE:

Yes.

MR. GUINDON:

In item number 7, we discuss the supplemental account for medical assistance to the indigent. This was a proposal done in 2009 to divert those proceeds to the General Fund. The Governor is recommending that we continue to divert those proceeds to the State General Fund for FY 2012-2013. It is equivalent to 2.5 cents of the property tax imposed in all 17 counties.

Item number 8 addresses the court administrative assessments. If the court issues a fine then there can be an assessment that goes along with that fine. The proceeds are allocated in a certain way. A portion can be dedicated to the General Fund. It is the recommendation from the Governor's Executive Budget that this portion of the proceeds go to the General Fund.

We will cover item 9 and 10 under the discussion of the "Estimated General Fund Shortfall in FY 2014-2015" section.

The direct revenue enhancements included in the Governor's Executive Budget is the \$513 million shown in the dark blue section of the chart presented by Senator Horsford. These are called direct revenue enhancements because they are directly going on to the unrestricted General Fund revenue sheets on the Economic Forum sheets.

Indirect General Fund revenue enhancements recommended in the Governor's budget are the transfer of School District Excess Debt Reserve Funds to the State's General Fund for FY 2012-2013. The Governor's original recommendation included in the executive budget was the \$425 million. The \$319.3 million is based on the information provided to the Senate Committee on Revenue on March 3. It is my understanding that they have provided the Fiscal Analysis Division with some updated numbers. I have not had a chance to go through them with the staff in our office. Where you hear the figure of the \$1.6 million hole, this is the hole in the budget on the revenue side that the original proposal in the executive budget was for \$425 million, now it is only \$319.3 million.

SENATOR MCGINNESS:

Mr. Chairman, in the Governor's budget augmentations he provided to us this morning, it was indicated that the hole no longer exists. Are we going to have an opportunity sometime today to hear from the Budget Office?

SENATOR HORSFORD:

Not today, because we received the information at 9:45 a.m., but we will bring it back for a subsequent hearing. I spoke with the Governor before coming into Chambers this morning; he stated that it was an "F" map change in the caseload allocation on "F" map and the increase in the net proceeds of mines which we already knew about. He is booking those two as his budget amendment. We just got the details at 9:45 a.m. this morning. The staff is not in a position to discuss the specifics of this at this time.

SENATOR MCGINNESS:

I appreciate that. I hope that we will be able to obtain that information.

SENATOR HORSFORD:

Yes, absolutely.

SENATOR DENIS:

I would like to discuss the district bond capital monies. We have had this discussion before, but not everyone was able to hear it. How does that impact the school districts?

MR. GUINDON:

That is a difficult question for fiscal staff since I do not work with the school districts. Our understanding of the proposal is that it depends on the different school districts in terms of how the proposal would work to structure the change.

Under current law, school districts are required to hold the equivalent of 12 months worth of the next year's principal and interest on a bond payment. The Governor's proposal is to reduce the amount of reserves on hold, and that frees up and creates excess reserves. The proposal is to not allow them to stay in their debt service fund but to transfer those so that they can be used as local funds available for operating school districts.

The money, as proposed, would provide operating funds, but the risk would be on the debt service by reducing to the level of reserve. It is my understanding that for Clark County and Washoe County the current proposal is to take them to somewhere around a 30 day reserve. For the other 15 school districts, the reserve would be about 90 days. If the reserve is pushed down too much, and projections are being made of what the revenue sources would be, if the revenues do not materialize then there would be the risk that there would not be enough revenue to make their bond payments, thus, as the school districts testified in the Senate Committee on Revenue, there could be the risk of having their rates increased. It is all dependent upon the projections that are used to produce the scenario, how it would actually play out as to what the risk would be, and whether there would be any impact other than the money would be used for operating versus capital.

SENATOR DENIS:

In the Committee, the district testified that they might have to raise property taxes by as much as 20 percent. It depends on what happens at that point. There would be a concern there.

SENATOR HORSFORD:

I know that with the assessed values coming out in the projections, there is some concern. We know property values are declining and that is part of the overall economic downturn. It has hit certain parts of the State disproportionately.

SENATOR SCHNEIDER:

Thank you, Mr. Chair. There is an article in the newspaper this week about declining property values, the appraisers, and how they make appraisals to determine property values. If the property values continue to decline over the next 12-24 months like they have been, and we are down to a 30-day reserve, would that mean we would have to increase property taxes to recoup that money? A 30-day reserve is not very much.

SENATOR HORSFORD:

At the beginning of the Legislative Session when the Governor first presented this concept, I was under the impression that the districts would default and not make their bond payment. As I have learned through testimony in the Senate Committee on Revenue, there is actually a provision in the contract that requires the districts to do either one of two things: extend out the term of the bond, or increase their property tax rate and force them to pass that on to property owners. What we learned last week in the Committee on Revenue is that 10 of the 17 districts are at the \$3.64 rate; therefore, they come first in priority. That would mean other entities would be forced to give up a portion of the property tax in order for it to go to the school district and the school district would have to take money out of their operating account to pay off the difference to whoever had to reduce their rate. There is confusion about the implementation of this, and how it would actually work. People are being optimistic thinking if their property values are met, there will not be this type of hardship. However, in the event those projections do not come in, and those districts get down to that reserve and cannot make their payment, these things are automatically triggered.

SENATOR SCHNEIDER:

There have been stories in the newspaper that in Las Vegas and in Clark County there are groups organizing to have their property taxes lowered because the values of their homes have gone down. I do not know how we can be too optimistic that property taxes will go back up.

SENATOR SETTELMEYER:

Do we have the same reserve issues whether or not it is done through this proposal or the proposal we heard about a few weeks ago? Is it not a bad idea to be touching these reserves under any circumstance or under bill whether we are talking about this one or the bill we passed previously? Do not the same arguments apply?

SENATOR HORSFORD:

You are referring to Assembly Bill No. 183, Assemblywoman Smith's bill to reduce the reserve limit from 10 percent to 5 percent in some counties?

MR. GUINDON:

It is my understanding that Assembly Bill No. 183 does not require the funds to be used for operating; it lowers the reserve so it may be used for capital projects. If they use too much and bond their capital projects, there would be a risk. That bill is not set up to require the funds be used for operating. They could use the funds for capital or they could pay out bonds quicker. The proposal is the same in terms of lowering how much reserve they have to do. They are different. The Governor's proposal requires the funds be used for operating and Assembly Bill No. 183 does not.

SENATOR HORSFORD:

It is enabling to the districts. The point is, the districts would decide whether it is appropriate and would not lower the reserve to the point where it would trigger a property tax. That is the important provision in that bill.

SENATOR SETTELMEYER:

Is there a contingent to pay the reserve account back within the Governor's proposal from the local school support tax?

SENATOR HORSFORD:

There is not and there is not one currently in the Governor's proposal either. I have been asking, but have not received one.

We are not going to revisit Assembly Bill No. 183. We have heard it and voted it out of this body. The point is that it does not have to be repaid because it is going to its intended use for school capital construction. That is where the money was supposed to be used, not for operational uses. There was a voter-approved question for Clark County that said in the question that the money will not be used for operation, for teacher salaries or for administrator salaries. It was only to be used for construction or renovation of schools. There are issues and objections to it, but we have already debated that and that is not in this budget.

SENATOR KIECKHEFER:

Thank you, Mr. Chair. I have not seen the Governor's bill as of yet. I have been told that their language is also permissive. Funds are not being transferred into the General Fund, then being placed into the Distributive School Account (DSA) to be sent out to the districts, but the funds stay within the district and the districts are allowed to utilize the funds for operating if they choose to do so. The way the budget is being presented it is assumed they will be using it for operating expenses. I have not seen the legislation yet and I have not seen the bill draft requests. My understanding is that also permissive in much the same way the other bill was. If that is not the case, I would like to hear more information.

SENATOR HORSFORD:

It begs the question, if it is permissive for one and permissive for the other, why are there so many objections to both? That is another discussion. Just because it is in the Governor's budget does not make it right.

MR. GUINDON:

Item number 12 of Table 2, section, "Governor's Recommended General Fund Revenue Enhancements included in the Executive Budget," addresses the transfer of the 9-cent property tax from Clark County and Washoe County to the Nevada System of Higher Education. Under this proposal, the 4 cents previously referenced as being used for funding in FY 2010-2011 plus the full 5 cents of the capital rate, the Governor recommends diverting the funds from the State Highway Fund to be included in the full 5 cents that would be redirected. Currently, there is a portion of the 5-cent capital rate based on the 2007 legislation that directs those funds to the State Highway Fund for transportation projects. Under this proposal, the redirection of the 9 cents from Clark County would be for use by UNLV and the 9 cents from Washoe County would be for use by UNR. The reason these are both in this item is they are an indirect revenue. By the structure of the budget for item number 11, the School District Excess Debt Reserves, in building the K-12 budget, whether it is permissive or not we are using it as a funding offset so that it reduces the amount of the General Fund that the Legislature would have to appropriate for K-12 education. It becomes an indirect General Fund revenue source by being permissive by not allowing them to use it as local operating funds. The 9 cents is the same. It could have been left in the General Fund as it is now for FY 2010-2011. The recommendation to have it fund the universities is if we took it out and put it in the General Fund, then you would have to give the General Fund back to the university to hold that budget hole. That is why they are listed as indirect revenue enhancements. The total is about \$440.6 million. The direct and indirect revenue from the Governor's recommended budget is about \$6.3 billion.

I would like to address the column entitled, "Estimated General Fund Shortfall in FY 2014 and FY 2015 From Governor's Recommended Budget Based on Status Quo Scenario (Use FY 2013 as Base) [11.]."

If we approve the Governor's recommended budget "as is" with the sunsets, this column shows what would be the potential impact on the budget for FY 2014 and FY 2015. This is done under what is called a "status quo scenario" where we take the current forecast for FY 2013 and

roll it forward into FY 2014 and 2015. If in FY 2014 and FY 2015 the level of revenues expected to be received for FY 2013 were maintained, what would it look like? With the sunset on net proceeds in June 2013, there would be a \$60 million hole for the net proceeds. In FY 2014, the quarterly slot fees would have a reduction in revenues. The recommendation shows that the room tax funds would have to be replaced in FY 2014-2015.

To answer Senator Leslie's question, item 6 shows that because there are the securitized funds in FY 2012 for \$190 million, there would not be those funds available in FY 2014. They would have to be replaced if the level of funding was to be maintained.

Item 9, parallels the point Senator Leslie was making with her question, that under the proposal, to securitize in FY 2012 to get the \$190 million in FY 2012, there would be no principal and interest payments in FY 2013. The State would begin making the payments in FY 2014 and make those payments for 4 years. The information is based on what the budget office provided to the Senate Committee on Revenue when the hearing was held. It is approximately \$53.6 million that would be paid in terms of principal and interest payments in FY 2014-2015. The payments would continue in FY 2016-2017. In some sense, the securitization creates approximately \$300 million that would have to be made up if the level of funding in FY 2011-2013 was to be maintained for FY 2014-2015.

SENATOR HORSFORD:

Let us discuss the securitization.

SENATOR LESLIE:

In essence, we are paying \$53 million a year in interest for four years. To get that \$190 million into the budget for the next biennium we are going to pay over that amount in interest over the next two bienniums.

MR. GUINDON:

That is correct. The principal is \$190 million. If you are paying approximately \$54 million for 4 years, that is \$216 million. The difference between the \$216 million and the \$190 million is the interest plus the issuance cost that is subsumed into the proposal.

SENATOR HORSFORD:

There is \$216 million in interest and administrative costs for the \$190 million of revenue this biennium.

MR. GUINDON:

That is correct. Part of the reason for that is that you are going a year without paying any principal and interest in FY 2013. That has to be picked up in FY 2013, 2014, 2015, 2016 and 2017, just like with any borrowing mechanism where you are borrowing against an asset and the asset is the insurance premium tax. You are pledging those assets to pay off the \$190 million in principal that you are getting. People are going to want interest on the principal that provides you the funding.

SENATOR KIECKHEFER:

Do you know what percentage of the insurance premium tax comes from health insurance policies versus other policies?

MR. GUINDON:

Unfortunately, I do not. That is a big issue with the insurance premium tax. We have the amount of the taxes. We have tried to get information from the Nevada State Insurance Division, but we have a difficult time getting those matched up against the insurance premium tax collections. The Economic Forum members have asked that question and they are as frustrated as you may be. It is hard to get that information.

SENATOR KIECKHEFER:

The reason I asked this question is that as the insurance mandate takes effect in health care reform, if we have 20 percent uninsured, I would expect, as those people become insured, there would be an increase in the premium tax over the next two bienniums. Is it difficult to figure out how much that would be?

SENATOR HORSFORD:

We do not do the projections. The Economic Forum does. To do so would be out of our scope. The Governor has to focus on what is projected by the Economic Forum.

MR. GUINDON:

I would like to point out that the insurance premium taxes are forecast to be about a \$240 million revenue source in FY 2012-2013. That will give you a perspective of what the \$54 million is in relation to and what the base of the insurance premium tax collections are.

In item 7 and 8, the "Supplemental Account of Medical Assistance to Indigent" and the "Court Administrative Assessments," the recommendation in the Governor's Executive Budget is to do it for FY 2012-2013. It would be funding that would have to be made up in FY 2014-2015. With those items, it is approximately \$759.7 million in terms of the direct impact on the unrestricted General Fund revenue sources that would have to be made up based on the status quo scenario in the 2013-2015 biennium. The other element is because if you were going to use the excess debt reserve to provide operating funds for K-12 education, then they would be available in FY 2014-2015. If you wanted to maintain the level of funding for K-12 education, it would require General Funds to make those up. Through the indirect revenue enhancements, it is the \$319.3 million, or approximately, \$1.1 billion in funds that would have to be made up in 2013-2015 to keep the level of funding in 2011-2013.

There is another way of thinking about this. On page 11, Table 3 of the handout, it shows the level of growth required in FY 2014-2015 to get to the \$5.85 billion, the direct General Fund revenues from the Governor's recommended budget. In the section "Growth Required in Total General Fund Revenue for FY 2014-2015 to Maintain The Governor's Recommended 2011-2013 Biennium Total General Fund Revenue Amount of \$5,851,489,416 in the 2013-15 Biennium", it would take approximately 8.6 percent growth in both FY 2014-2015 based on the available revenues that would be there in FY 2013 that you could grow off of in FY 2014 to get to the \$5.85 billion. If we include the impact of the excess debt reserves to get to the \$6.17 billion it would require 12.6 percent growth in FY 2014-2015 off of the base that would be estimated to be available to grow off of in FY 2013 to get back to the \$6.17 billion.

That is an approximate level of growth that would be required to get to a hold harmless position in the FY 2013 biennium based on the recommendations included in the Governor's Executive Budget.

The final page of the hand out is a chart showing the historical General Fund revenue.

SENATOR HORSFORD:

The Governor's budget, as proposed with the revenue augmentations and redirects, creates a direct General Fund impact of \$760 million plus the \$319 million in school capital reserves which will, if done, stay in the county of origin to replace DSA support, but that would be lost, thereby creating at least a \$1.1 billion revenue shortfall for the next biennium starting in FY 2013.

MR. GUINDON:

That is correct, based on the status quo scenario. It could be less as the economy recovers and there is growth. That is why I have compiled the information in Table 3. It shows the level of growth. That is a criticism of the analysis on Table 2. In that table, you are not assuming any growth.

SENATOR HORSFORD:

To grow in order to maintain the level of funding in the Governor's 2011 budget which is the reduced rate, including the reduction for K-12, the reduction for higher education and the reduction for mental health, then we would have to grow 12.6 percent per year in order to maintain those levels of support for those budget categories without any new revenue.

MR. GUINDON:

That is how you would interpret the section "Growth Required in Total General Fund Revenue for FY 2014 and FY 2015 to Maintain the Governor's Recommended 2011-2013 Biennium Total General Fund Revenue Amount of \$6,170,789,416 in the 2013-15 Biennium,"

as a 12.6 percent growth in both 2013-2015 to be able to get to a General Fund budget level of \$6.17 billion.

SENATOR HORSFORD:

What has our growth been on the average?

MR. GUINDON:

The last few years it has been atrocious. We have had periods of double-digit growth. Most of those were when we went through major casino expansions and other economic events. To think that we could have 8.6 percent or 12.6 percent growth in FY 2014-2015 in terms of where the economy would be is not attainable based on where the economy is now and where we think it might be. That is my opinion.

SENATOR MCGINNESS:

If we looked out far enough and kept projecting to the next biennium and the next biennium, we could scare ourselves to death. We need to work on the current budget. The Governor has budget adjustments and they seem to have filled in the holes we have been discussing. I know we are all concerned, but it is like asking an unemployed person, "What day do you think you will get your job back with all the benefits you had before?" We all have concerns, but as Mr. Guindon said, "When you are borrowing money like you borrow money on a house or buy a refrigerator you are going to pay more if you put it on time." It is a challenge we are all facing.

SENATOR HORSFORD:

I respect that, Senator. However, we do need to look at things in a multiple-year fashion. That is the problem that has gotten us to the place where we are now. Since we only look at things every two years, we do not think about the long-term consequences of the decisions we make. This securitization of the insurance premium tax, for example, I think of it as a second on my house to pay my bills. We know what problems using their home to pay their bills have created for far too many Nevadans. They had few options other than to do that, but it put them in bankruptcy. I hope we look at this in a long-term fashion and that we do not put band-aids on this budget. We need to think about the consequences of the decisions we make. We should all show some fiscal restraint and some fiscal discipline so that we do not make this budget's burden the burden for future legislatures. What is the next Legislature supposed to do with the \$200 million in lost revenue that was to be used for funding schools? They will walk in the door with a responsibility that they did not choose or commit to, we did. As difficult as they are, these decisions are going to be choices that determine our legacy and whether our legacy is about creating more debt, kicking this down the road and deferring decisions, or whether or not we grapple with the problem in front of us. That is going to require bringing spending in line. It is going to require reform. I hope it does not result in these revenues, because they are not balanced.

SENATOR LESLIE:

Thank you, Mr. Chair. I would like to direct this question to Mr. Guindon about the securitization. I have problems with it for the reasons you just outlined. Has the State ever done this? I think the answer is "no" but I will let him answer. Please contrast what we did do in the past to fill the few hundred million dollars, the line of credit and what the differences are between those two funding mechanisms.

MR. GUINDON:

In regard to the first question, during my tenure with the State of Nevada and the Legislative Counsel Bureau I do not know if we have ever securitized. It has been considered several times during several sessions, but we have never executed a securitization like the tobacco settlement payments or a General Fund revenue source. Senator Leslie is correct. During the 25th Special Session and also during the 2009 75th Session, a line of credit was used as funding as a contingency to make the budget work for the current biennium. The line of credit was for \$160 million by using the local government investment pool where local governments put money into it and it was invested by the State Treasurer as an investment tool for them. If necessary, we would be able to borrow against that. Under that proposal, it sat ready and

available for the Treasurer to use if necessary if the State's cash flow or fund got in a precarious position. We would pay 0.5 percent interest over the rate that was being earned on the asset. Based on the latest information from the Treasurer's office, if we would have had to tap it in this fiscal year, we would have been paying about 1 percent interest on the borrowing.

We can take only what is needed with a line of credit. If the Treasurer realized we needed \$30 million, and then we could take \$30 million versus securitization, you decide how much you are going to securitize for, then you go into the market and securitize for it. There is less flexibility and liquidity in terms of how it can be used. We have not had to use the line of credit in FY 2010 nor in FY 2011. The Governor's recommended budget no longer includes the line of credit in the budget.

SENATOR CEGAVSKE:

Are you assuming there is going to be no revenue growth in the next biennium based on this chart on page 11?

MR. GUINDON:

No, what it would say is that is the growth that is needed to get to "hold harmless." I am not saying there will not be any growth in FY 2014-2015, there well could be growth, but you would need the 8.6 percent to get to the \$5.8 billion or the 12.6 percent per year to get to the \$6.2 billion. There could be growth with additional revenue in FY 2014-2015 over what you have in FY 2012-2013; you would be short of those target amounts I listed. You would not be able to get to the "hold harmless" position if you have less than the growth rates shown in that table.

SENATOR HORSFORD:

We all want to be optimistic. We all want this economy to grow. I would love for it to grow to the 2007 level, but in reality if you talk to any industry leader in gaming, they will tell you we are flat and we are going to grow at modest levels for the near future. Construction is our number two industry. What does it look like? The bottom has fallen out of residential and commercial construction. We cannot be too overly optimistic based on where we are in today's economy and where the economy is likely to go during the next few years. It is part of our responsibility as stewards of the State to make good decisions, to be pragmatic.

Let us discuss the spending side and where the budget, as proposed by the Governor, falls. Ninety-three percent goes to education, health and human services, and public safety. When we make cuts, we, primarily, are making them in those three areas.

MR. KRMPOTIC:

I am going to discuss a handout given to you titled "Table 1, State General Fund Appropriation Comparisons." I will also be reading information from a second handout titled, "Senate Committee of the Whole, March 28, 2011."

The table shows the total biennial General Fund appropriations as approved by the 2009 Legislature for the current 2009-2011 biennium. That totals to \$6.5 billion. Those are General Fund appropriations only and do not include any Federal American Recovery Act funds that were granted to the State in 2009.

The percent of total listed on the table reflects the percentage of funding in each of those functional areas: constitutional agencies, finance and administration, etc. The funding in each of those functional areas is a percent of a total. The subtotal for education includes the combination of the Nevada System of Higher Education, K-12 and other education, which primarily includes the Department of Cultural Affairs up to this biennium.

The "2009-11 to Twenty-sixth Special Session" column reflects the General Fund levels as adjusted by the Twenty-sixth Special Session in February 2010. Those are General Fund appropriations totaling \$6.2 billion. In the last column, the "2011-2013 Governor Recommends" column reflects the total General Fund appropriations as recommended by the Governor for the upcoming 2011-2013 biennium of \$5.8 billion. Next to each of the funding columns are the percent of totals of each of those functional areas to the total funding recommended or approved in each biennium.

The two right-hand columns display the percentage change from the 2009 legislatively approved funding to what the Governor is recommending for the upcoming biennium. This is a decrease of 10.8 percent when you compare the 2011-2013 Governor recommended funding level to the level of 6.5 billion approved by the 2009 legislature for the current biennium.

The far right-hand column shows the change for the Twenty-sixth Special Session amount. It reflects a comparison of the Governor's recommended funding level to the Twenty-sixth Special Session, adjusted funding level for the current biennium, which reflects a decrease of 6 percent.

SENATOR MCGINNESS:

You mentioned the ARRA funds. Were they included in these budgets?

MR. KRMPOTIC:

The amounts displayed in Table 1 do not include any ARRA dollars.

SENATOR MCGINNESS:

Because, they were considered a one-time appropriation!

MR. KRMPOTIC:

This table, as presented, is to display the changes in the General Fund appropriation levels. If I were to present a table that showed overall funding from all sources, the members would see a decline in federal funds from the current biennium of 2009-2011 to the Governor's recommended levels in 2011-2013, which would reflect the expiration of the ARRA funds at the ends of this biennium.

SENATOR HORSFORD:

In 2009, we booked a portion of the \$700 million in K-12 in place of General Fund support. In this current budget, the Nevada System of Higher Education money was actually booked in their budget as ARRA funds. There was an amount allocated to them. There was \$72 million allocated to the Department of Corrections for the prisons. The Governor replaced the amount for prisons. He fully restored the amount they lost for ARRA. He is proposing to take, through the capital reserve, the replenished money lost from the State Stabilization Fund. He makes no adjustment for the money lost in State stabilization funds to the system of higher education. That is why there are such discrepancies in the percentage of reduction that is occurring. We were fortunate in 2009 to have those one-time funding levels. Otherwise, we would have been making the decisions we are making now, in 2009. Since those funds expire June 30 and we do not have them now, those reductions are fully accounted for in this budget with the recommendations as the Governor proposes in the revenue adjustments.

I cannot underscore this enough, for far too long people have thought that somehow this budget included lost ARRA dollars. They do not. In many cases, it ignores the fact that those funding levels were provided for. That is why there is so much disagreement about the level of cuts that are being proposed to education.

MR. KRMPOTIC:

Thank you, Mr. Chair. Under Nevada Revised Statutes (NRS 353.213), the budget recommended by the Governor must provide for a reserve of not less than 5 percent or more than 10 percent of the total proposed appropriations from the State General Fund. The budget proposed by the Governor does provide for a 5 percent reserve and a balance in excess of the 5 percent reserve of approximately \$16.8 million at the end of the 2011-2013 bienniums. As the members may be aware, the budget is subject to an expenditure cap, which is included in NRS 353.213. General Fund appropriations recommended by the Governor, except appropriations recommended for construction, are subject to this cap. The base period for the cap is the 1975-1977 biennium, and the base amount is increased by population growth and the rate of inflation each biennium.

Historically, the expenditure limitation has been higher than the General Fund appropriations and has not been a factor in the budgeting process. In the last decade, the difference between the cap and the recommended level of appropriations narrowed, however, due to the economic downturn. The expenditure limitation exceeds the recommended General Fund appropriations in

the current biennium in the amount of approximately \$1.5 billion and for the upcoming biennium, approximately \$2 billion. That is the expenditure cap as provided for in statute.

SENATOR HORSFORD:

So, we are \$2 billion under what is authorized in the expenditure cap?

MR. KRMPOTIC:

That is correct.

SENATOR HORSFORD:

That is for the upcoming biennium. We have been \$1.5 billion under in the current biennium.

MR. KRMPOTIC:

Yes. The current biennium is outlined in the handout. Since the Governor's recommended supplemental appropriations in the current biennium is to be considered by the 2011 Legislature, that information is outlined for members and reflects the totals with the appropriations compared to the expenditure limitation including the recommendations for appropriations this biennium by the Governor and his budget.

Some of the statewide budget reductions recommended by the Governor include a 5 percent salary reduction for all employees including state, university and school districts. The recommended salary reductions are in lieu of the unpaid one day per month furloughs that was authorized by the 2009 Legislature that resulted in an approximate 4.6 percent reduction for State employees. General Fund reductions associated with the 5-percent pay reduction total \$380 million over the biennium.

The Governor recommends the continued suspension of merit salary increases for FY 2012-13. The Governor recommends the suspension of these for all State employee groups including State employees, university employees and school districts for the up coming biennium. The merit salary increases were suspended in the current biennium for these same employee groups. The General Fund reductions associated with these total \$205 million over the biennium. These are the global expenditure reductions in the Governor's budget.

The continuing suspension of longevity payments totals \$6.9 million over the biennium. A reduction in holiday premium pay for employees who work holidays or are required to work in public safety areas such as in the Department of Corrections or the Nevada Highway Patrol totals \$2.7 million over the biennium. The budget recommendations result in General Fund reductions of \$594 million over the biennium. That differs slightly from the chart presented by the Chair because this includes longevity and the holiday premium pay.

SENATOR MCGINNESS:

Thank you, Mr. Chair. It would be helpful if we could have Mr. Clinger, who is in the building, talk about some of the adjustments they have made to the Executive Branch. It would be helpful for the members to hear some of the new information.

SENATOR HORSFORD:

We are going to do this again, so he will have an opportunity. I have not reviewed it yet and I would like our fiscal staff to do so before we put Mr. Clinger on the spot.

SENATOR HARDY:

On the section titled, "Suspend Merit Salary Increases," is my understanding correct that the merit salary increases are for proactive increases and not those that have been given and have been incorporated into the family budgets?

MR. KRMPOTIC:

You are correct, Senator Hardy. The amount of \$205 million over the biennium is for prospective merit salary increases.

SENATOR COPENING:

In addition to this 5 percent salary reduction, is the Governor's budget also requiring the teachers to pay more for their retirement? If so, what is that going to do to the take home pay for the teachers?

MR. KRMPOTIC:

I will discuss that further under K-12 funding, but you are correct. The Governor recommends the General Fund reduction to the DSA to reflect an equivalent of one-half of the employees' contribution percentage to the Public Employees Retirement System. That total is approximately 5.3 percent and will result in a 5.3 percent reduction in take home pay for the school district employees. If one adds the 5 percent pay reduction to that recommended by the Governor for all employee groups, that would be, approximately, a 10.3 percent reduction. How the school district employees absorb these reductions is up to the collective bargaining agreements and the up coming collective bargaining negotiations that will be taking place between the school districts and the employees.

SENATOR HORSFORD:

The timing of this is of concern. We get into this situation every legislative session at this time. The districts, in their budget process, are now having to project what they think we may or may not do. Based on what they have available to them with the Governor's budget, my understanding is that they are starting to issue notices to teachers. By statute, in April, they have to give them notice. This affects morale more than anything else does. I have heard from teachers in my district who have, or will, be getting lay-off notices. Some of them, with longer tenure, will be redirected to other schools to fill slots. When we finalize our budget, the districts will unwind the whole thing and replenish the positions they can. This is starting to happen in all of our districts. In Fallon, we heard from several of the school district representatives from the rural communities. A representative from White Pine told us they have 100 teachers. They have to lay-off between 10-15 percent. That is 10-15 teachers out of 100. We do not know which one is the science, math or English teacher. This is not a process we control. This process occurs at the local, district level. The uncertainty is part of the reason why there is so much anxiety. People are being notified they may lose their job. This is on top of the federal money that went straight to the districts to cover some portion of those positions. Whether it is the 5 percent pay cut on top of the retirement amount, or the 10 percent reduction in their paycheck, it is on top of the fact that others are receiving lay-off notices. This really affects morale. I do not know how that is affecting our students' learning.

SENATOR HALSETH:

Someone told me there are school districts doing lay-offs, however, I have heard school districts are hiring, too. Could you explain why we are laying off teachers and are ready to hire over 1,000?

SENATOR HORSFORD:

I have not heard the answer to that. Senator Denis do you know anything about this question? We'll see if we can get some information for you on this.

MR. KRMPOTIC:

Under the section on K-12 funding, the DSA is the budget through which the State distributes direct financial assistance to the school districts. The legislature determines the level of State aid for schools. Each district's and charter school's share is developed through a formula called, "The Nevada Plan."

As recommended in the Governor's budget, total required State support of school district expenditures within the DSA totals \$2.2 billion in FY 2012 and \$2.23 billion in FY 2013, respectively. These represent a decrease of 13.6 percent from the amounts approved by the 2009 legislature and an 11.6 percent reduction compared to the adjusted amounts approved the 26th Special Session.

One of the proposals recommended by the Governor was to move a number of categorical funding lines in the DSA to a new Student Accountability Block Grant (SABG). If the Governor's recommended General Fund transfers for various programs historically funded through the DSA are now funded through this SABG and are included, then total decreases in required State support are 7.8 percent and 5.7 percent respectively from the amounts adjusted by the 26th Special Session.

The DSA is largely funded with General Fund appropriations for the upcoming biennium. Those are recommended in the amounts of \$911 million in FY 2012 and \$889 million in FY 2013 totaling \$1.8 billion for the biennium. This is \$668 million less than the \$2.46 billion appropriated for the 2009-2011 biennium, representing a 27.1 percent increase.

If the recommended funding transfers are excluded from the comparison, the change in General Fund support represents a 15 percent decrease when compared to General Fund appropriations. General Funds approved by the 2009 legislature and 9.9 percent when compared to the adjusted levels by the 26th Special Session.

The Governor proposes the SABG. These reflect the funding elements that would be included in the SABG. As of last week, we received a formal budget amendment from the Governor, which would delay the implementation of the SABG, therefore the funding levels as reflected for FY 2012 would be included in the traditional budgets that the funding categories into which they have been included in the past. Those include the DSA and the Remediation Trust Fund. Through amendment, the Governor proposes, to no longer implement a 5.4 percent reduction to the SABG as reflected at the bottom of the table in the handout. That totals \$11.3 million in the first year of the biennium. The SABG includes such items as class-size reduction, at-risk kindergarten (both line item transfers from the DSA), full-day kindergarten and incentives for licensed education personnel. The idea behind the block grant is to shift the category line item funding to the schools through the block grant with the idea of providing greater flexibility and increasing student achievement.

Some of the larger changes in funding for the DSA as previously discussed by Mr. Guindon, are that the Governor proposes to utilize debt reserves. The last information we received from the administration identified debt reserves available to reduce General Funds of \$319.3 million over the biennium.

The Governor's budget also recommends a reduction in basic support of \$238.2 million over the biennium. I have identified the 5 percent equivalent for the school district employee salaries of \$259.2 million. This shows what the reduction in the DSA would be in support if those salaries were not negotiated to be 5 percent less by the collective bargaining units.

There is a reduction of \$142.8 million over the biennium representing savings by suspending the merit pay for school employees.

There is a reduction of \$203.5 million over the biennium representing the 5.3 percent contribution by school district employees to their retirement in the Public Employees Retirement System.

There is reduction of funding for full-day kindergarten totaling \$4.5 million over the biennium. That reduction was recommended by the Governor to try to preserve basic support for the school districts.

There is a recommendation to reduce the SABG by \$18.7 million. The Governor is proposing that reduction in FY 2012 not be implemented against those funding sources.

In total, the Governor's recommended budget provides for average per pupil basic support of \$4,918 per student over the biennium, which is a decrease of \$477 from the average per pupil basic support of \$5,395 approved by the 2009 legislature and decrease of \$274 from the average per pupil basic support as adjusted by the 26th Special Session.

In higher education, the executive budget recommends a decrease of 27.3 percent in government support. Government support compares funding from federal, State and local sources between the current biennium and the upcoming biennium. As previously noted, \$184.8 million in ARRA funding was provided for the Nevada System of Higher Education in the current biennium that will not be available in the next biennium. The Governor recommends property taxes as previously mentioned by Mr. Guindon in total \$121.3 million to be allocated to UNR and UNLV. Approximately \$23 million over the biennium Washoe County tax revenues would be allocated to UNR and \$98.4 million to UNLV would come from Clark County.

The notable recommendation to these budgets includes General Fund reductions totaling \$221.7 million over the biennium.

SENATOR HORSFORD:

Are there questions on K-12 and higher education?

SENATOR DENIS:

As I study the chart in the handout, I would like to ask if there is some flexibility in the SABG? Can you choose any of the items? Is there enough money for the class-size reduction as listed?

MR. KRMPOTIC:

In referring to the chart in the handout, class size reduction, prior to being included in the SABG, was recommended at \$134 million in FY 2012 and at \$136 million in FY 2013. Based on the Governor's proposed budget amendment, class-size reduction funding would remain intact in FY 2012. In FY 2013, the members will note a 5.4 percent reduction against the entire block grant of \$7.3 million. It is the staff's understanding to prioritize and determine whether they wanted to fund class-size reduction at the level previously recommended at \$135 million, or to allocate the funding in other areas. If class-size reduction were funding at \$135.9 million, that would lead to reductions in one of the other categories such as full-day kindergarten or early-childhood education.

SENATOR DENIS:

As they have the ability to make choices on what they want to do, there is an overall reduction so they would not be able to if they wanted to do all of this. That is my concern with this. They are getting flexibility, but less money. I do not like that part of this.

SENATOR CEGAUSKE:

Thank you, Mr. Chair. Would there be an opportunity today for Andrew Clinger to come to Chambers to discuss this budget amendment. I feel that it would be a great opportunity for us to hear this. I know none of us have the opportunity to go through all of it, but if we could have him come, I think it would help with some of the education concerns we have today. We are using information that is not updated as of today.

SENATOR HORSFORD:

It is my understanding this is updated, based on the amendment.

MR. KRMPOTIC:

Not with the amendment that was received today.

SENATOR HORSFORD:

Until our fiscal staff can review what we have received and understand it, so that we can effectively ask questions, I think it is premature. I will check to see what we have and what form it is in. We will welcome the Budget Office, the Governor, or whoever wishes to explain it.

SENATOR BREEDEN:

Thank you, Mr. Chair. Where would the Governor's proposal to reduce basic per-pupil support to the \$4,900 place Nevada nationally among other states?

MR. KRMPOTIC:

Staff has attempted to look at information relating to that and was not able to obtain anything recent regarding Nevada's rank. The information we had dated back to 2008. Nevada's rank was 44th in the nation, I believe. I am not certain where Nevada would be placed with these reductions in basic support or total expenditures for students. Other states are also experiencing tough decisions just as Nevada is and may be looking at their K-12 funding as well. Other states have yet to settle on their budgets for the upcoming fiscal year and next biennium.

SENATOR HORSFORD:

At 44th, it is my understanding that we fund at about \$5,300 per student, legislatively approved in 2009. The Governor's budget would take us down to \$4,918 per student. Whether we are 44th or dead last, I know, based on the information I had when I reviewed it, we would be behind Guam, Puerto Rico and the Northern Marianas.

Other states are also viewing reductions, but it we will not be at the bottom, we will be very close to it. This will result in a significant reduction from two years ago.

SENATOR HALSETH:

Are we comparing us to other states our size? That would make it a more accurate question. Is that \$5,000 per pupil statewide? There are counties that do funding in the tens of thousands of dollars per student.

MR. KRMPOTIC:

The \$5,000 of funding per student is a statewide average. The ranking I indicated earlier is nationwide against all states in the union and is not necessarily a ranking against states of similar size or similar funding or enrollment levels to Nevada.

SENATOR HORSFORD:

Those counties that pay more per student, like Eureka with 1,100 people living in that county, have the net proceeds of mines that go to support that particular county. They do not get the portion of State support because they cover it all plus some through the local level.

SENATOR CEGAVSKE:

Thank you, Mr. Chair. I know this has been an ongoing argument. We debate the funding. We have had reports anywhere from \$5,000, \$7,000 up to \$9,000 what the average is with school construction. There are different numbers available. State funding is at the \$5,000 level. The funding from local resources needs to be added in to have an accurate accounting of what the per-pupil funding is. That is the debate we will always have. Everyone needs to know there is a difference of opinion on that.

SENATOR HORSFORD:

I agree we should not be looking at only State support, but that is our obligation as legislators. We need to understand the level of State support and where the level has been historically and where that level is being recommended. I welcome a discussion where we can look at all the levels of funding and compare them against other states. I have an issue with construction, because the voters, particularly in Clark County and in Washoe County a few years ago, supported a bond question to go specifically to capital construction. If you want to place that in this mix, then you are skewing the numbers. If want to have an apples to apples comparison of operational support State and local, I want to hear it, but let us not include capital construction to skew things because Clark County was the fastest growing district and the voters decided to invest in having facilities where their children would have a safe learning environment. Let us differentiate that. I know you respectfully disagree.

SENATOR SCHNEIDER:

Looking at this through the eyes of a businessperson investing in your business how much are you spending on your business? When you grow, you build another facility. You look at what you spend on employees and investments in the business. This is different from your capital construction.

Senator Halseth asked a question earlier about why they are hiring teachers when they are laying people off. An example would be that there are a lot of teachers retiring right now. More are retiring than normal because they want to give up on education and get out if they are close to retirement. Half of all teachers quit in the first five years. Some teachers obtain a certificate to teach math, some have one to teach science; some have one for physical education. Teachers teach what they are trained to do and what they are certified to do. They do not go back and forth. A district may have to hire a math teacher or a science teacher. Some positions are harder to fill than others are.

SENATOR HORSFORD:

Under higher education it is \$184 million that came from the States Stabilization Fund. Is any of that accounted for in the Governor's recommended budget?

MR. KRMPOTIC:

The Governor does not recommend specifically replacing the ARRA funding of \$184 million with General Funds.

SENATOR HORSFORD:

That is what creates such a big hole under higher education. That affects the community colleges, the research institutions like the Desert Research Institute, UNLV and UNR, proportionally.

MR. KRMPOTIC:

In response to Senator Halseth's question, she may be referring to the education jobs funds, federal funds that were provided for the purpose of hiring or retaining teachers for \$83 million. Those funds are available for the current and the next school year only.

In Health and Human Services, General Fund support for human services functions totals \$962 million in 2012, which is an increase of \$1.9 million compared to FY 2011 and \$952.4 million in FY 2013, which is a slight decrease of less than 1 percent from the amounts recommended in FY 2012.

The table at the top of page 5 of your handout, reflects for the Department of Health and Human Services changes in funding levels comparing the Governor's recommended budget to the legislatively approved budget for major divisions in the Department of Health and Human Services. Under the Health and Human Services functional area, the Department of Employment Training and Rehabilitation is also included.

In the Aging and Disability Services Division, the Governor proposes to redirect funding for the Elder Protective Services Program from the State to the counties for a General Fund savings of \$2.2 million over the biennium. The Governor recommends the elimination of Senior Property Tax Assistance Program for a General Fund savings of \$5.7 million over the upcoming biennium.

In Medicaid, the Governor recommends rate reductions for medical service providers during the 2011-2013 biennium resulting in General Fund reductions of \$25.6 million in FY 2012 and \$24.8 million in FY 2013. These include a 25 percent decrease for dental services, durable medical equipment and disposable medical supplies. These include a 15 percent decrease for home and community based services, non-primary care providers, ambulatory surgical centers, ambulance services and laboratory services. These include a 5 percent reduction for inpatient specialty and psychiatric hospitals and a \$20 per day reduction for skilled nursing facilities.

Also included is the Governor's recommended transfer of financial responsibility for a portion of the Medical Aid for the Aged, Blind and Disabled (MAABD) institutional and waiver population to the County Match Program, resulting in General Fund savings of \$37.2 million for the 2011-2013 biennium.

With Mental Health and Disability Services, the Governor recommends reducing General Fund appropriations totaling \$17.5 million over the biennium by seeking recovery of costs from the counties for the Mental Health Court Program, which totals \$6 million, and for the provision of services to children with developmental disabilities statewide totaling \$11.5 million.

The Governor recommends eliminating 272 community residential support placements statewide for individuals with mental illness and 54 placements for individuals with developmental disabilities in southern Nevada. These recommendations reduce the General Fund by \$9.8 million over the biennium. General Fund appropriations are reduced by \$1.25 million each year for community triage centers in both Clark County and Washoe County.

The Self-Directed Autism Program is recommended for elimination, affecting a total of 61 families who are provided assistance with state-supported funding and an additional 113 families who are provided assistance with Temporary Assistance for Needy Families (TANF), federal funding. General Fund savings for this item totals \$1.66 million over the biennium.

In the Child and Family Services area, the Governor recommends reducing General Funds by \$2.8 million in year of the biennium and avoiding caseload increases totaling \$1.0 million in FY 2012 and \$1.4 million in FY 2013. The Governor also recommends reducing the General Fund by \$1.7 million in 2012 and \$2.6 million in 2013 by providing the State's portion of the Child Welfare Integration funding to Clark County and Washoe County in the form of block grants to each county, rather than the historic model of line-item budgeted appropriations. The Governor recommends eliminating \$1.4 million each year provided to local jurisdictions for youth community programs, outpatient treatment and evaluations of sexual offenders,

\$1.4 million each year provided to Clark County and Douglas counties for youth camps that provide residential treatment programs to children who have been adjudicated delinquent by Nevada courts, and replacing \$6 million each year with county funds for the support of supervising post incarcerated youth and facilitating reintegration processes.

SENATOR HORSFORD:

Those are the major highlights on Health and Human Services. Are there questions?

SENATOR LESLIE:

Thank you, Mr. Chair. As the Chair of this budget subcommittee, I would like to comment that the staff hit some of the highlights, but the body should know there is much more to the cuts than this. Some things not on this list are the cuts in the TANF budget and the welfare budget. Information we heard about last week. These cuts are tremendous.

In mental health, we did not talk about outpatient treatment, but we talked about some of the housing cuts, and when combined, all of those cuts really put our severely mentally ill at risk. We have not talked about the elimination of the PACT Team in Las Vegas, which is an intensive program that makes certain some of our most at-risk mentally ill people take their medication and stay out of trouble.

Even though it looks like this area in the budget is not cut as severely as education, what you do not realize, if you have not sat through the hearings, is that the caseloads are going up. There are many costs we have to cover and as a result, there are many discretionary programs in mental health, which do not receive very much federal money. The money in the Mental Health Budget is primarily State money. The cuts are much deeper than they look. This is the tip of the iceberg. What you are not seeing in this handout is the iceberg.

SENATOR HORSFORD:

In Health and Human Services, there is a lot of recommended impact to the counties and local governments. We need to discuss and review how all of those impacts combined, affect local government. The Governor is recommending to either shift services to make local governments pay the portion or to eliminate services all together. Understanding where each of these services falls is important. We need to have a discussion with local government leaders on what that means to them. It has been our understanding in the budget hearings that while there has been some discussion there has not been enough to formulate an implementation plan if some of these services really are going to go to local government. If it is not transitioned properly, then we will have adverse consequences on some of our most vulnerable citizens. That is something which all of us need to be aware. This is not just an issue that affects us only in the Committee on Finance. It affects Government Affairs, Health and Human Services. We have heard about nursing homes that may be closed in rural communities because of the reimbursement rate going down, or bed capacity being reduced. In some communities, there may be only one nursing home and if that one facility goes away, they will be turning away fragile seniors, and where will they go?

This is, as Senator Leslie says, just the tip of the iceberg. We have to understand the consequences of these decisions. They are not just numbers on a page. Every one of these cuts reflects children, seniors, or low-income families that are struggling based on our fragile social safety net.

SENATOR WIENER:

One of the top three budget lines is public safety. This budget affects public safety because when the proper care is not provided to those with mental health challenges, we have the alternative route to incarceration whether it is through juvenile justice, the local corrections, or the State corrections. If we could ask jurisdictions about populations that have mental health needs in their facilities now, we could predict what kind of an increased demand there would be for those facilities, in the future, as people are turned away from the care they really need.

SENATOR HORSFORD:

Since we have limited time, we will now highlight the areas on public safety.

MR. KRMPOTIC:

Under public safety, the Governor's budget proposes the closure of the Nevada State Prison and the Wells Conservation Camp. The majority of the inmates currently housed at the Nevada State Prison would be transferred to the High Desert State Prison in the Las Vegas area. These closures would result in General Fund savings of \$18.3 million over the biennium. Within the Division of Parole and Probation of the Department of Public Safety, the Governor recommends a reduction of 45 sworn positions that are directly used for supervising offenders in the community. These areas total General Fund reductions for \$3.9 million in each year. Associated with this is the recommendation to increase the offender to staff ratio for supervision of parolees and probationers. The Governor recommends transferring the pre-sentence investigation function to the district courts resulting in the elimination of 77 positions. Staff received a budget amendment last week from the administration, which proposes to retain the positions but to fund pre-sentence investigations with allocations and reimbursements from the judicial districts that benefit from this service.

The Governor recommends the transfer of responsibility for "all risk" emergency response services from the Division of Forestry to Clark, Elko and Eureka Counties resulting in General Fund reductions of \$1.2 over the 2011-13 biennium.

SENATOR DENIS:

Thank you, Mr. Chair. On the recommended closure of the Wells Conservation Camp in Nevada, how much of that \$18.3 million is represented by its closure?

MR. KRMPOTIC:

The Wells Conservation Camp closure is approximately \$2 million of that total.

SENATOR HORSFORD:

How are the Emergency Medical Services (EMS) services to Elko, Eureka and other counties affected by that decision of transferring the responsibilities of those emergency response services?

MR. KRMPOTIC:

The subcommittee heard this item last week. The last three counties receiving "all risk" emergency support from the State are Clark County, Elko and Eureka. Within Clark County, it affects one fire station in Kyle Canyon in the Mt. Charleston area.

SENATOR HORSFORD:

What about the fire districts? Senator McGinness and I have been getting e-mails about the Mt. Charleston closure.

MR. KRMPOTIC:

The proposal, as I understand it, for Clark County, Elko and Eureka would maintain the fire districts but the State would withdraw from "all risk" which would mean emergency response to accidents on the highway in that county or other incidents that do not fall under the direct fire prevention/fire service function. It is the staff understanding with the State pulling out of these agreements with these counties that the counties would assume that responsibility and, therefore, the expense. Currently, these counties participate in an intergovernmental agreement and contribute to the expense of fighting "all risk," however, with the State pulling out those funds would revert to those counties, and those counties would assume that expense. The savings listed for the Division of Forestry at \$1.2 million or other services the Division has determined could be reduced, such as dispatch services and other support staff that would go toward helping support those shared agreements with those counties.

SENATOR PARKS:

Thank you, Mr. Chair. With regard to the Nevada Division of Forestry (NDF) pulling out of these facilities, are not most of these costs reimbursed by the local counties? While we may show a reduction of \$1.2 million, these counties have funded a majority of those costs.

MR. KRMPOTIC:

That is correct the counties have funded that cost. That funding is transferred to a budget account in the State system that goes toward funding all of the inter-governmental agreements between the counties and NDF, therefore, with the State withdrawing from the "all risk" approach in these three counties, the funding that is allocated by those counties for those shared agreements would go back to the counties.

SENATOR PARKS:

Thank you, Mr. Chair. I have a second question about the closure of the Nevada State Prison. We have had testimony from the Department of Corrections indicating that every month we delay in deciding on the closure of the Nevada State Prison, we incur an additional \$700,000 in costs. We asked for details from the Department as to how they came to those numbers. Last week they gave us some feedback on that, all though it did not specifically give a clear, concise explanation. Has staff been able to look at those numbers to determine the validity of the claim of \$700,000 a month?

MR. KRMPOTIC:

Staff has not received any detailed information to validate that \$700,000 per month. Based on the presentation made by the Agency, the Governor's budget assumed the Legislative decision in April to close the Nevada State Prison which would cause the Department of Corrections to put various process in motions to go towards closing it, beginning in phases starting in August 2011.

It is the staff understanding the Department of Corrections has revisited this issue and has found a way to mitigate the \$700,000 costs by delaying this decision. I believe that it will be heard latter this week in the work session between the Public Safety subcommittee and the Department of Corrections.

SENATOR HORSFORD:

We will close this portion of the meeting. I want to determine whether it is appropriate to bring the Budget Office back later to give us updates on the amendments, both the one received this morning on the budget shortfall as well as the one on key budget areas we just reviewed.

This process is going to dictate that we do things differently this session. The budget subcommittees start work sessions tomorrow morning. This is the list of what we are going to be reviewing. I am not prepared to support the level of reductions that have been proposed. The longer we put off those decisions it affects our inability to close budgets. There is a lot on which we can agree. I have gone through the list of all 443 budget accounts. There are many areas where we agree with this administration on where cuts are going to have to be made. On more than half of the budget, we are going to have to agree, despite how difficult they are. Some of these key budget areas in education, K-12, higher education, health and human services and public safety, will generate a lot of discussion about how that ends. My hope is that as we have this open, transparent, straightforward conversation about the decisions in front of us, we can put ideological views aside, and that we can come together as a body to do what is best on behalf of the State of Nevada. This starts by putting everything on the table. My hope is that we talk about the cuts we will have to make, about the reforms on which we have agreed, and that we will also talk about the revenue that is needed to responsibly balance this budget. If we can do that in a cooperative way, then we should be able to close down the budget in a timely manner. If not, then it is going to mean doing business in a different way than we have done before. We have talked to Leadership on the other side, for both Houses, as well as the Governor and everyone agrees we would like to find agreement.

On the motion of Senator Wiener and second by Senator Schneider, the Committee did rise, and report back to the Senate.

SENATE IN SESSION

At 12:32 p.m.

President Krolicki presiding.

Quorum present.

Mr. President announced that if there were no objections, the Senate would recess subject to the call of the Chair.

Senate in recess at 12:42 p.m.

SENATE IN SESSION

At 1 p.m.

President Krolicki presiding.

Quorum present.

REPORTS OF COMMITTEES

Mr. President:

Your Committee on Government Affairs, to which were referred Assembly Bills Nos. 10, 103, has had the same under consideration, and begs leave to report the same back with the recommendation: Do pass.

JOHN J. LEE, *Chair*

MOTIONS, RESOLUTIONS AND NOTICES

By the Committee on Natural Resources:

Senate Joint Resolution No. 12—Expressing opposition to the designation of certain public lands as Wild Lands and urging the Secretary of the Interior to rescind the order requiring that designation.

Senator Manendo moved that the resolution be referred to the Committee on Natural Resources.

Motion carried.

By the Committee on Government Affairs:

Senate Joint Resolution No. 13—Proposing to amend the *Nevada Constitution* to establish the Trust Fund for State Parks to be used exclusively for the acquisition, preservation and maintenance of state parks for the benefit of the residents of this State.

RESOLVED BY THE SENATE AND ASSEMBLY OF THE STATE OF NEVADA, JOINTLY, That a new section, designated Section 6, be added to Article 9 of the *Nevada Constitution* to read as follows:

Sec. 6. 1. There is hereby created the Trust Fund for State Parks.

2. Money in the Trust Fund for State Parks must be held in trust and used exclusively for the acquisition, improvement, preservation and maintenance of state parks for the benefit of the residents of this State.

3. The Legislature shall provide by law for the investment and administration of the money in the Trust Fund for State Parks and may take such actions as appropriate to encourage endowments, gifts and other donations for the Fund.

4. The Legislature may provide by law for the imposition of an annual registration fee not to exceed \$5 per noncommercial motor vehicle for deposit in the Trust Fund for State Parks.

And be it further

RESOLVED, That Section 5 of Article 9 of the *Nevada Constitution* be amended to read as follows:

~~[Section]~~ **Sec. 5.** The proceeds from the imposition of any license or registration fee and other charge with respect to the operation of any motor vehicle upon any public highway in this State and the proceeds from the imposition of any excise tax on gasoline or other motor vehicle fuel shall, except costs of administration, be used exclusively for the construction, maintenance, and repair of the public highways of this State. The provisions of this section do not apply to the proceeds of any tax imposed

upon motor vehicles by the Legislature in lieu of an ad valorem property tax ~~+~~ *or to the proceeds of any fee imposed by the Legislature for deposit to the Trust Fund for State Parks established pursuant to Section 6 of Article 9.*

Senator Lee moved that the resolution be referred to the Committee on Legislative Operations and Elections.

Motion carried.

INTRODUCTION, FIRST READING AND REFERENCE

By the Committee on Commerce, Labor and Energy:

Senate Bill No. 388—AN ACT relating to health care; authorizing medical assistants to possess and administer dangerous drugs under certain circumstances; establishing provisions concerning the employment and supervision of medical assistants; prescribing requirements for medical assistants; and providing other matters properly relating thereto.

Senator Schneider moved that the bill be referred to the Committee on Commerce, Labor and Energy.

Motion carried.

By the Committee on Natural Resources:

Senate Bill No. 389—AN ACT relating to programs for recycling; enacting provisions requiring the payment of deposits and refunds on certain beverage containers sold in this State; and providing other matters properly relating thereto.

Senator Manendo moved that the bill be referred to the Committee on Natural Resources.

Motion carried.

By the Committee on Legislative Operations and Elections:

Senate Bill No. 390—AN ACT relating to elections; revising provisions relating to the statewide voter registration list; and providing other matters properly relating thereto.

Senator Parks moved that the bill be referred to the Committee on Legislative Operations and Elections.

Motion carried.

By the Committee on Legislative Operations and Elections:

Senate Bill No. 391—AN ACT relating to ethics in government; revising provisions relating to ethics in government and the enforcement of laws relating thereto; transferring certain authority over the enforcement of laws relating to ethics in government from the Commission on Ethics to the Secretary of State; and providing other matters properly relating thereto.

Senator Parks moved that the bill be referred to the Committee on Legislative Operations and Elections.

Motion carried.

By the Committee on Government Affairs:

Senate Bill No. 392—AN ACT relating to governmental administration; creating the Nevada Advisory Committee on Intergovernmental Relations as a statutory committee; setting forth the membership and advisory duties of the Committee; and providing other matters properly relating thereto.

Senator Lee moved that the bill be referred to the Committee on Government Affairs.

Motion carried.

By the Committee on Government Affairs:

Senate Bill No. 393—AN ACT relating to unincorporated towns; providing for the extension of the debts, laws, ordinances, regulations and municipal taxes of an unincorporated town to any territory annexed by the unincorporated town; and providing other matters properly relating thereto.

Senator Lee moved that the bill be referred to the Committee on Government Affairs.

Motion carried.

By the Committee on Government Affairs:

Senate Bill No. 394—AN ACT relating to employment; revising provisions governing the liability of a general contractor or subcontractor for certain benefit payments; and providing other matters properly relating thereto.

Senator Lee moved that the bill be referred to the Committee on Government Affairs.

Motion carried.

By the Committee on Government Affairs:

Senate Bill No. 395—AN ACT relating to economic development; creating the Nevada Research and Business Alliance; prescribing the duties of the governing board of the Alliance; authorizing the State Board of Finance to issue revenue bonds or other securities constituting special obligations of this State to provide funding for certain programs related to the commercialization of research and technology; creating the Research and Business Fund; authorizing the governing board of the Alliance to make grants or loans from the Research and Business Fund to institutions within the Nevada System of Higher Education for certain purposes related to research and the development of technology; creating the Innovation Fund; authorizing the governing board of the Alliance to make grants or loans from the Innovation Fund to local governmental entities which agree to use the grants or loans to provide funding for certain activities related to research and the commercialization of technology by private businesses; and providing other matters properly relating thereto.

Senator Lee moved that the bill be referred to the Select Committee on Economic Growth and Employment.

Motion carried.

By the Committee on Government Affairs:

Senate Bill No. 396—AN ACT relating to motor vehicles; requiring that the additional funds generated by the special license plates for the support of the natural environment of the Mount Charleston area be administered and distributed by the Mount Charleston Town Advisory Board, or its successor, rather than by the Administrator of the Division of State Lands of the State Department of Conservation and Natural Resources; and providing other matters properly relating thereto.

Senator Lee moved that the bill be referred to the Committee on Government Affairs.

Motion carried.

By the Committee on Government Affairs:

Senate Bill No. 397—AN ACT relating to peace officers; revising provisions governing the review by a peace officer of certain administrative or investigative files maintained by a law enforcement agency; revising provisions governing investigations of or hearings concerning peace officers that are conducted by a law enforcement agency; and providing other matters properly relating thereto.

Senator Lee moved that the bill be referred to the Committee on Government Affairs.

Motion carried.

By the Committee on Government Affairs:

Senate Bill No. 398—AN ACT relating to public records; authorizing certain persons to request that personal information contained in the records of a county assessor be kept confidential; and providing other matters properly relating thereto.

Senator Lee moved that the bill be referred to the Committee on Government Affairs.

Motion carried.

By the Committee on Government Affairs:

Senate Bill No. 399—AN ACT relating to townships; revising provisions relating to the formation of a township in certain counties; and providing other matters properly relating thereto.

Senator Lee moved that the bill be referred to the Committee on Government Affairs.

Motion carried.

Senator Wiener moved that the Senate recess until 3 p.m.

Motion carried.

Senate in recess at 1:10 p.m.

SENATE IN SESSION

At 3:13 p.m.

President Krolicki presiding.

Quorum present.

REPORTS OF COMMITTEES

Mr. President:

Your Committee on Education, to which was referred Senate Bill No. 229, has had the same under consideration, and begs leave to report the same back with the recommendation: Do pass.

Also, your Committee on Education, to which was referred Senate Bill No. 216, has had the same under consideration, and begs leave to report the same back with the recommendation: Re-refer to the Committee on Finance.

MO DENIS, *Chair*

Mr. President:

Your Committee on Judiciary, to which were referred Senate Bill No. 282; Assembly Bills Nos. 11, 66, has had the same under consideration, and begs leave to report the same back with the recommendation: Do pass.

VALERIE WIENER, *Chair*

Mr. President:

Your Committee on Natural Resources, to which were referred Senate Bills Nos. 121, 191, has had the same under consideration, and begs leave to report the same back with the recommendation: Do pass.

MARK A. MANENDO, *Chair*

MOTIONS, RESOLUTIONS AND NOTICES

By the Committee on Judiciary:

Senate Joint Resolution No. 14—Proposing to amend the *Nevada Constitution* to create an intermediate appellate court.

RESOLVED BY THE SENATE AND ASSEMBLY OF THE STATE OF NEVADA, JOINTLY, That a new section, designated Section 3A, be added to Article 6 of the *Nevada Constitution* to read as follows:

Sec. 3A. 1. The court of appeals consists of three judges or such greater number as the Legislature may provide by law. If the number of judges is so increased, the Supreme Court must provide by rule for the assignment of each appeal to a panel of three judges for decision.

2. After the initial terms, each judge of the court of appeals must be elected by the qualified electors of this State at the general election for a term of 6 years beginning on the first Monday of January next after the election. The initial three judges of the court of appeals must be appointed by the Governor from among three nominees selected for each individual seat by the permanent Commission on Judicial Selection described in subsection 3 of section 20 of this Article. After the expiration of 30 days from the date on which the permanent Commission on Judicial Selection has delivered to the Governor its list of nominees for the initial judges, if the Governor has not made the appointments required by this Section, the Governor shall make no other appointment to any public office until the Governor has appointed a judge from the list submitted. The term of the initial judges is 2 years beginning on the first Monday of January next after the effective date of this Section, and an initial judge may succeed himself. If there is an increase in the number of judges, each additional judge must be elected by the qualified electors of this State at the first general election following the increase for a term of 6 years beginning on the first Monday of January next after the election.

3. The Chief Justice of the Supreme Court shall appoint one of the judges of the court of appeals to be chief judge. The chief judge serves a term of 4 years, except

that the term of the initial chief judge is 2 years. The chief judge may succeed himself. The chief judge may resign the position of chief judge without resigning from the court of appeals.

4. The Supreme Court shall provide by rule for the assignment of one or more judges of the court of appeals to devote a part of their time to serve as supplemental district judges, where needed.

And be it further

RESOLVED, That Section 1 of Article 6 of the *Nevada Constitution* be amended to read as follows:

Section 1. The judicial power of this State ~~shall be~~ is vested in a court system, comprising a Supreme Court, **a court of appeals**, district courts ~~and~~ and justices of the peace. The Legislature may also establish, as part of the system, courts for municipal purposes only in incorporated cities and towns.

And be it further

RESOLVED, That Section 4 of Article 6 of the *Nevada Constitution* be amended to read as follows:

Sec. 4. *1.* The Supreme Court ~~shall~~ **and the court of appeals** have appellate jurisdiction in all civil cases arising in district courts, and also on questions of law alone in all criminal cases in which the offense charged is within the original jurisdiction of the district courts. **The Supreme Court shall fix by rule the jurisdiction of the court of appeals and shall provide for the review, where appropriate, of appeals decided by the court of appeals.** The ~~court shall also~~ **Supreme Court and the court of appeals** have power to issue writs of mandamus, certiorari, prohibition, quo warranto ~~and~~ and habeas corpus and also all writs necessary or proper to the complete exercise of ~~its appellate~~ **their** jurisdiction. Each ~~of the justices shall have power to~~ **justice of the Supreme Court and judge of the court of appeals may** issue writs of habeas corpus to any part of the State, upon petition by, or on behalf of, any person held in actual custody ~~and~~ **in this State** and may make such writs returnable ~~and~~ before ~~himself~~ **the issuing justice or judge** or the ~~Supreme Court~~ **court of which the justice or judge is a member**, or before any district court in the State or ~~before~~ any judge of ~~said courts~~ **a district court**.

2. In case of the disability or disqualification, for any cause, of ~~the Chief Justice or one of the associate justices~~ **a justice** of the Supreme Court, ~~for any two of them,~~ the Governor ~~is authorized and empowered to~~ **may designate any a judge of the court of appeals or a district judge** ~~for judges~~ to sit in the place ~~for places~~ of ~~such~~ the disqualified or disabled justice . ~~for justices, and said judge or judges so designated shall receive their~~ **The judge designated by the Governor is entitled to receive his actual expense of travel and otherwise while sitting in the Supreme Court.**

3. **In the case of the disability or disqualification, for any cause, of a judge of the court of appeals, the Governor may designate a district judge to sit in the place of the disabled or disqualified judge. The judge whom the Governor designates is entitled to receive his actual expense of travel and otherwise while sitting in the court of appeals.**

And be it further

RESOLVED, That Section 7 of Article 6 of the *Nevada Constitution* be amended to read as follows:

Sec. 7. The times of holding the Supreme Court, **the court of appeals** and **the** district courts ~~shall~~ **must** be as fixed by law. The terms of the Supreme Court ~~shall~~ **must** be held at the seat of government unless the Legislature otherwise provides by law, except that the Supreme Court may hear oral argument at other places in the State. **The terms of the court of appeals must be held at the place provided by law.** The terms of the district courts ~~shall~~ **must** be held at the county seats of their respective counties unless the Legislature otherwise provides by law.

And be it further

RESOLVED, That Section 8 of Article 6 of the *Nevada Constitution* be amended to read as follows:

Sec. 8. *I.* The Legislature shall determine the number of justices of the peace to be elected in each city and township of the State ~~{ }~~ and shall fix by law their qualifications, their terms of office and the limits of their civil and criminal jurisdiction, according to the amount in controversy, the nature of the case, the penalty provided ~~{ }~~ or any combination of these.

2. The provisions of this section affecting the number, qualifications, terms of office and jurisdiction of justices of the peace become effective on the first Monday of January, 1979.

3. The Legislature shall also prescribe by law the manner, and determine the cases, in which appeals may be taken from justices and other courts. The Supreme Court, **the court of appeals**, the district courts ~~{ }~~ and such other courts ~~{ }~~ as the Legislature ~~{ shall designate, shall be }~~ **designates are** courts of record.

And be it further

RESOLVED, That Section 11 of Article 6 of the *Nevada Constitution* be amended to read as follows:

Sec. 11. The justices of the Supreme Court, **the judges of the court of appeals** and the district judges ~~{ shall be }~~ **are** ineligible to any office, other than a judicial office, during the term for which they ~~{ shall }~~ have been elected or appointed. ~~{ and all }~~ **All** elections or appointments of any such judges by the people, Legislature ~~{ }~~ or otherwise ~~{ }~~ during said period ~~{ }~~ to any office other than judicial ~~{ shall be }~~ **are** void.

And be it further

RESOLVED, That Section 15 of Article 6 of the *Nevada Constitution* be amended to read as follows:

Sec. 15. The justices of the Supreme Court, **the judges of the court of appeals** and **the** district judges ~~{ shall }~~ **are** each **entitled to** receive for their services a compensation to be fixed by law and paid in the manner provided by law, which ~~{ shall }~~ **must** not be increased or diminished during the term for which they ~~{ shall }~~ have been elected, unless a vacancy occurs, in which case the successor of the former incumbent ~~{ shall }~~ **is entitled to** receive only such salary as may be provided by law at the time of his election or appointment. ~~{ and provision shall }~~ **A provision must** be made by law for setting apart from each year's revenue a sufficient amount of money ~~{ }~~ to pay such compensation.

And be it further

RESOLVED, That Section 20 of Article 6 of the *Nevada Constitution* be amended to read as follows:

Sec. 20. 1. When a vacancy occurs before the expiration of any term of office in the Supreme Court **or the court of appeals** or among the district judges, the Governor shall appoint a justice or judge from among three nominees selected for such individual vacancy by the Commission on Judicial Selection.

2. The term of office of any justice or judge so appointed expires on the first Monday of January following the next general election.

3. Each nomination for the Supreme Court ~~{ shall }~~ **or the court of appeals must** be made by the permanent Commission, composed of:

- (a) The Chief Justice or an associate justice designated by him;
- (b) Three members of the State Bar of Nevada, a public corporation created by statute, appointed by its Board of Governors; and
- (c) Three persons, not members of the legal profession, appointed by the Governor.

4. Each nomination for the district court ~~{ shall }~~ **must** be made by a temporary commission composed of:

- (a) The permanent Commission;
- (b) A member of the State Bar of Nevada resident in the judicial district in which the vacancy occurs, appointed by the Board of Governors of the State Bar of Nevada; and
- (c) A resident of such judicial district, not a member of the legal profession, appointed by the Governor.

5. If at any time the State Bar of Nevada ceases to exist as a public corporation or ceases to include all attorneys admitted to practice before the courts of this State, the

Legislature shall provide by law, or if it fails to do so the *Supreme* Court shall provide by rule, for the appointment of attorneys at law to the positions designated in this Section to be occupied by members of the State Bar of Nevada.

6. The term of office of each appointive member of the permanent Commission, except the first members, is 4 years. Each appointing authority shall appoint one of the members first appointed for a term of 2 years. If a vacancy occurs, the appointing authority shall fill the vacancy for the unexpired term. The additional members of a temporary commission ~~shall~~ **must** be appointed when a vacancy occurs, and their terms ~~shall~~ expire when the nominations for such vacancy have been transmitted to the Governor.

7. An appointing authority shall not appoint to the permanent Commission more than:

- (a) One resident of any county.
- (b) Two members of the same political party.

No member of the permanent Commission may be a member of ~~the~~ **the** Commission on Judicial Discipline.

8. After the expiration of 30 days from the date on which the Commission on Judicial Selection has delivered to him its list of nominees for any vacancy, if the Governor has not made the appointment required by this Section, he shall make no other appointment to any public office until he has appointed a justice or judge from the list submitted.

~~[[If a commission on judicial selection is established by another section of this Constitution to nominate persons to fill vacancies on the Supreme Court, such commission shall serve as the permanent Commission established by subsection 3 of this Section.]]~~

And be it further

RESOLVED, That Section 21 of Article 6 of the *Nevada Constitution* be amended to read as follows:

Sec. 21. 1. A justice of the Supreme Court, **a judge of the court of appeals**, a district judge, a justice of the peace or a municipal judge may, in addition to the provision of Article 7 for impeachment, be censured, retired, removed or otherwise disciplined by the Commission on Judicial Discipline. Pursuant to rules governing appeals adopted by the Supreme Court, a justice or judge may appeal from the action of the Commission to the Supreme Court, which may reverse such action or take any alternative action provided in this subsection.

2. The Commission is composed of:

- (a) Two justices or judges appointed by the Supreme Court;
- (b) Two members of the State Bar of Nevada, a public corporation created by statute, appointed by its Board of Governors; and
- (c) Three persons, not members of the legal profession, appointed by the Governor.

The Commission shall elect a Chairman from among its three lay members.

3. If at any time the State Bar of Nevada ceases to exist as a public corporation or ceases to include all attorneys admitted to practice before the courts of this State, the Legislature shall provide by law, or if it fails to do so the *Supreme* Court shall provide by rule, for the appointment of attorneys at law to the positions designated in this Section to be occupied by members of the State Bar of Nevada.

4. The term of office of each appointive member of the Commission, except the first members, is 4 years. Each appointing authority shall appoint one of the members first appointed for a term of 2 years. If a vacancy occurs, the appointing authority shall fill the vacancy for the unexpired term. An appointing authority shall not appoint more than one resident of any county. The Governor shall not appoint more than two members of the same political party. No member may be a member of a commission on judicial selection.

5. The Legislature shall establish:

- (a) In addition to censure, retirement and removal, the other forms of disciplinary action that the Commission may impose;

(b) The grounds for censure and other disciplinary action that the Commission may impose, including, but not limited to, violations of the provisions of the Code of Judicial Conduct;

(c) The standards for the investigation of matters relating to the fitness of a justice or judge; and

(d) The confidentiality or nonconfidentiality, as appropriate, of proceedings before the Commission, except that, in any event, a decision to censure, retire or remove a justice or judge must be made public.

6. The Supreme Court shall adopt a Code of Judicial Conduct.

7. The Commission shall adopt rules of procedure for the conduct of its hearings and any other procedural rules it deems necessary to carry out its duties.

8. No justice or judge may by virtue of this Section be:

a) Removed except for willful misconduct, willful or persistent failure to perform the duties of his office or habitual intemperance; or

(b) Retired except for advanced age which interferes with the proper performance of his judicial duties, or for mental or physical disability which prevents the proper performance of his judicial duties and which is likely to be permanent in nature.

9. Any matter relating to the fitness of a justice or judge may be brought to the attention of the Commission by any person or on the motion of the Commission. The Commission shall, after preliminary investigation, dismiss the matter or order a hearing to be held before it. If a hearing is ordered, a statement of the matter ~~shall~~ **must** be served upon the justice or judge against whom the proceeding is brought. The Commission in its discretion may suspend a justice or judge from the exercise of his office pending the determination of the proceedings before the Commission. Any justice or judge whose removal is sought is liable to indictment and punishment according to law. A justice or judge retired for disability in accordance with this Section is entitled thereafter to receive such compensation as the Legislature may provide.

10. If a proceeding is brought against a justice of the Supreme Court, no justice of the Supreme Court may sit on the Commission for that proceeding. ***If a proceeding is brought against a judge of the court of appeals, no judge of the court of appeals may sit on the Commission for that proceeding.*** If a proceeding is brought against a district judge, no district judge from the same judicial district may sit on the Commission for that proceeding. If a proceeding is brought against a justice of the peace, no justice of the peace from the same township may sit on the Commission for that proceeding. If a proceeding is brought against a municipal judge, no municipal judge from the same city may sit on the Commission for that proceeding. If an appeal is taken from an action of the Commission to the Supreme Court, any justice who sat on the Commission for that proceeding is disqualified from participating in the consideration or decision of the appeal. When any member of the Commission is disqualified by this subsection, the Supreme Court shall appoint a substitute from among the eligible judges.

11. The Commission may:

(a) Designate for each hearing an attorney or attorneys at law to act as counsel to conduct the proceeding;

(b) Summon witnesses to appear and testify under oath and compel the production of books, papers, documents and records;

(c) Grant immunity from prosecution or punishment when the Commission deems it necessary and proper in order to compel the giving of testimony under oath and the production of books, papers, documents and records; and

(d) Exercise such further powers as the Legislature may from time to time confer upon it.

And be it further

RESOLVED, That Section 3 of Article 7 of the *Nevada Constitution* be amended to read as follows:

~~Sec.~~ **Sec. 3.** For any reasonable cause to be entered on the journals of each House, which may ~~be~~ or may not be sufficient grounds for impeachment, the ~~Chief Justice and associate~~ justices of the Supreme Court, **the judges of the court of appeals and the** judges of the district courts ~~shall~~ **must** be removed from office on the vote of two thirds of the members elected to each branch of the Legislature. ~~and the~~ **The** justice or judge complained of ~~shall~~ **must** be served with a copy of the complaint against him, and ~~shall~~ have an opportunity of being heard in person or by counsel in his defense. ~~provided, that no~~ **No** member of either branch of the Legislature ~~shall be~~ **is** eligible to fill the vacancy occasioned by such removal.

And be it further

RESOLVED, That Section 8 of Article 15 of the *Nevada Constitution* be amended to read as follows:

~~Sec.~~ **Sec. 8.** The Legislature shall provide for the speedy publication of all statute laws of a general nature ~~and~~ and such decisions of the Supreme Court ~~and the court of appeals~~ as it may deem expedient. ~~and all~~ **All** laws and judicial decisions ~~shall~~ **must** be free for publication by any person. ~~provided, that no~~ **No** judgment of the Supreme Court **or the court of appeals** shall take effect and be operative until the opinion of the court in such case ~~shall be~~ **is** filed with the clerk of said court.

Senator Wiener moved that the resolution be referred to the Committee on Judiciary.

Motion Carried.

Senator Wiener moved that Senate Bill No. 216 be re-referred to the Committee on Finance.

Motion carried.

INTRODUCTION, FIRST READING AND REFERENCE

By the Select Committee on Economic Growth and Employment:

Senate Bill No. 400—AN ACT relating to records; establishing a process by which a state agency may obtain certain county records at no charge for the purpose of economic development and population estimate research; prohibiting certain uses of confidential information contained in such county records; providing civil and criminal penalties; and providing other matters properly relating thereto.

Senator Kihuen moved that the bill be referred to the Committee Government Affairs.

Motion carried.

By the Select Committee on Economic Growth and Employment:

Senate Bill No. 401—AN ACT relating to public works; requiring certain public bodies to award a contract for certain public works based on the bid that provides the best value to the public body; requiring contracts for certain public works to be awarded individually; and providing other matters properly relating thereto.

Senator Kihuen moved that the bill be referred to the Select Committee on Economic Growth and Development.

Motion carried.

By the Committee on Judiciary:

Senate Bill No. 402—AN ACT relating to real property; revising provisions relating to covenants that may be adopted by reference in a deed of trust; providing methods by which assumption fees for a change of parties in a deed of trust may be set; requiring a foreclosure sale of commercial property to be held in a location specified in certain recorded documents; revising provisions relating to accounting for impound accounts for the payment of certain obligations relating to certain real property; providing a civil penalty; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Judiciary.

Motion carried.

By the Committee on Judiciary:

Senate Bill No. 403—AN ACT relating to common-interest communities; revising provisions relating to the information which must be provided by a unit's owner in a resale transaction; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Judiciary.

Motion carried.

By the Committee on Judiciary:

Senate Bill No. 404—AN ACT relating to gaming; revising provisions concerning information that a gaming applicant or licensee must provide; requiring the Nevada Gaming Commission to adopt regulations prescribing the information to be provided by a gaming applicant or licensee regarding any discrimination in employment by such applicant or licensee; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Judiciary.

Motion carried.

By the Committee on Judiciary:

Senate Bill No. 405—AN ACT relating to business entities; revising provisions governing the manner in which business entities send and receive notices and communications; providing that certain nonprofit entities are exempt from the requirement to obtain a state business license; revising provisions governing the information included in a certificate of change in the number of an authorized class or series of shares; revising provisions governing restrictions on transfers of stock; authorizing a stockholder of a corporation to designate a proxy to consent or dissent in writing to a corporate action; revising provisions governing notice of a meeting of stockholders of a corporation, certain transactions between certain domestic corporations and interested stockholders and the dissolution of a corporation; revising provisions governing indemnification and advancement of expenses

by a corporation under certain circumstances; reducing the maximum amount of the fee for filing with the Secretary of State certain instruments authorizing an increase in the stock of a corporation; revising provisions governing corporate records; revising provisions governing corporations organized under the law of a different jurisdiction; revising provisions governing the rights of a judgment creditor to satisfy a judgment out of the debtor's ownership interest in certain business entities; revising provisions governing mergers, conversions and domestications of certain business entities; revising provisions related to the right of dissent to certain corporate actions; revising provisions governing the time at which certain documents filed with the Secretary of State become effective; revising provisions governing business trusts; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Judiciary.

Motion carried.

By the Committee on Transportation:

Senate Bill No. 406—AN ACT relating to motor vehicles; requiring the Department of Motor vehicles to waive any fees that would otherwise be imposed against a person for the late renewal of a driver's license or the registration of a vehicle, if the late renewal resulted from the person being on military deployment; and providing other matters properly relating thereto.

Senator Breeden moved that the bill be referred to the Committee on Transportation.

Motion carried.

By the Committee on Transportation:

Senate Bill No. 407—AN ACT relating to tow cars; authorizing an insurance company to designate certain vehicle storage lots to which certain vehicles must be towed under certain circumstances; providing penalties; and providing other matters properly relating thereto.

Senator Breeden moved that the bill be referred to the Committee on Transportation.

Motion carried.

By the Committee on Transportation:

Senate Bill No. 408—AN ACT relating to motor vehicles; revising provisions governing the issuance of special license plates; and providing other matters properly relating thereto.

Senator Breeden moved that the bill be referred to the Committee on Transportation.

Motion carried.

By the Committee on Government Affairs:

Senate Bill No. 409—AN ACT relating to state financial administration; revising provisions relating to the lease of office space for use by state agencies; and providing other matters properly relating thereto.

Senator Lee moved that the bill be referred to the Committee on Government Affairs.

Motion carried.

By the Committee on Commerce, Labor and Energy:

Senate Bill No. 410—AN ACT relating to alcoholic beverages; clarifying provisions governing a franchise agreement between a supplier and a wholesaler of alcoholic beverages; and providing other matters properly relating thereto.

Senator Schneider moved that the bill be referred to the Committee on Commerce, Labor and Energy.

Motion carried.

By the Committee on Commerce, Labor and Energy:

Senate Bill No. 411—AN ACT relating to nursing; providing for the certification by the State Board of Nursing of nursing assistants as certified medication aides; prescribing the acts a certified medication aide may perform; authorizing a certified medication aide to possess and administer certain drugs and medications in certain medical facilities; authorizing the Board to establish certain fees and charges; prohibiting certain acts relating to certified medication aides; providing a penalty; and providing other matters properly relating thereto.

Senator Schneider moved that the bill be referred to the Committee on Commerce, Labor and Energy.

Motion carried.

By the Committee on Commerce, Labor and Energy:

Senate Bill No. 412—AN ACT relating to complementary integrative medicine; providing for the regulation of the practice of complementary integrative medicine; creating the Board of Complementary Integrative Medicine; providing for the organization, powers and duties of the Board; authorizing the Board to license or certify qualified persons to engage in the practice of complementary integrative medicine; authorizing the Board to discipline a person who is licensed or certified by the Board for certain actions; authorizing certain persons licensed by the Board to prescribe and possess dangerous drugs and controlled substances under certain circumstances; providing a penalty; and providing other matters properly relating thereto.

Senator Schneider moved that the bill be referred to the Committee on Commerce, Labor and Energy.

Motion carried.

By the Committee on Commerce, Labor and Energy:

Senate Bill No. 413—AN ACT relating to real estate; repealing certain provisions governing certain licenses issued by the Real Estate Division of the Department of Business and Industry; and providing other matters properly relating thereto.

Senator Schneider moved that the bill be referred to the Committee on Commerce, Labor and Energy.

Motion carried.

By the Committee on Commerce, Labor and Energy:

Senate Bill No. 414—AN ACT relating to banks; prohibiting a bank from demanding the repayment of the principal of a commercial mortgage loan unless a person fails to pay the loan as agreed; prohibiting a bank from unreasonably delaying a response to an offer for a short sale on real property secured by a residential mortgage loan; prohibiting a financial institution from obtaining a deficiency judgment in certain circumstances; and providing other matters properly relating thereto.

Senator Schneider moved that the bill be referred to the Committee on Commerce, Labor and Energy.

Motion carried.

By the Committee on Commerce, Labor and Energy:

Senate Bill No. 415—AN ACT relating to Medicaid; revising provisions governing the recovery by the Department of Health and Human Services of Medicaid benefits paid on behalf of a beneficiary of certain qualified trusts; and providing other matters properly relating thereto.

Senator Schneider moved that the bill be referred to the Committee on Health and Human Services.

Motion carried.

By the Committee on Commerce, Labor and Energy:

Senate Bill No. 416—AN ACT relating to liquor; providing for the licensing of liquor marketing companies in this State and imposing a fee for such licensure; prohibiting certain persons from having any ownership interest in such a company; providing for the regulation of certain marketing programs or promotions of liquor in retail establishments; repealing the provision authorizing a grocery store to serve samples of alcoholic beverages; providing a penalty; and providing other matters properly relating thereto.

Senator Schneider moved that the bill be referred to the Committee on Revenue.

Motion carried.

By the Committee on Natural Resources:

Senate Bill No. 417—AN ACT relating to recycling; providing for the placement of recycling containers on the premises of certain apartment

complexes and condominiums; and providing other matters properly relating thereto.

Senator Manendo moved that the bill be referred to the Committee on Natural Resources.

Motion carried.

Senator Horsford moved that the Senate recess until 6 p.m.

Motion carried.

Senate in recess at 3:29 p.m.

SENATE IN SESSION

At 6:33 p.m.

President Krolicki presiding.

Quorum present.

REPORTS OF COMMITTEES

Mr. President:

Your Committee on Health and Human Services, to which was referred Senate Bill No. 336, has had the same under consideration, and begs leave to report the same back with the recommendation: Re-refer to the Committee on Commerce, Labor and Energy.

ALLISON COPENING, *Chair*

MOTIONS, RESOLUTIONS AND NOTICES

By the Committee on Revenue:

Senate Joint Resolution No. 15—Proposing to amend the *Nevada Constitution* to repeal the provision establishing a separate tax rate and providing for assessing and disbursing the tax on the net proceeds of mines.

RESOLVED BY THE SENATE AND ASSEMBLY OF THE STATE OF NEVADA, JOINTLY, That Section 1 of Article 10 of the *Nevada Constitution* be amended to read as follows:

Section 1. 1. The Legislature shall provide by law for a uniform and equal rate of assessment and taxation, and shall prescribe such regulations as shall secure a just valuation for taxation of all property, real, personal and possessory . ~~except mines and mining claims, which shall be assessed and taxed only as provided in Section 5 of this Article.]~~

2. Shares of stock, bonds, mortgages, notes, bank deposits, book accounts and credits, and securities and chooses in action of like character are deemed to represent interest in property already assessed and taxed, either in Nevada or elsewhere, and shall be exempt.

3. The Legislature may constitute agricultural and open-space real property having a greater value for another use than that for which it is being used, as a separate class for taxation purposes and may provide a separate uniform plan for appraisal and valuation of such property for assessment purposes. If such plan is provided, the Legislature shall also provide for retroactive assessment for a period of not less than 7 years when agricultural and open-space real property is converted to a higher use conforming to the use for which other nearby property is used.

4. Personal property which is moving in interstate commerce through or over the territory of the State of Nevada, or which was consigned to a warehouse, public or private, within the State of Nevada from outside the State of Nevada for storage in transit to a final destination outside the State of Nevada, whether specified when transportation begins or afterward, shall be deemed to have acquired no situs in Nevada for purposes of taxation and shall be exempt from taxation. Such property shall not be deprived of such exemption because while in the warehouse the property is assembled,

bound, joined, processed, disassembled, divided, cut, broken in bulk, relabeled or repackaged.

5. The Legislature may exempt motor vehicles from the provisions of the tax required by this Section, and in lieu thereof, if such exemption is granted, shall provide for a uniform and equal rate of assessment and taxation of motor vehicles, which rate shall not exceed five cents on one dollar of assessed valuation.

6. The Legislature shall provide by law for a progressive reduction in the tax upon business inventories by 20 percent in each year following the adoption of this provision, and after the expiration of the 4th year such inventories are exempt from taxation. The Legislature may exempt any other personal property, including livestock.

7. No inheritance tax shall ever be levied.

8. The Legislature may exempt by law property used for municipal, educational, literary, scientific or other charitable purposes, or to encourage the conservation of energy or the substitution of other sources for fossil sources of energy.

9. No income tax shall be levied upon the wages or personal income of natural persons. Notwithstanding the foregoing provision, and except as otherwise provided in subsection 1 of this Section, taxes may be levied upon the income or revenue of any business in whatever form it may be conducted for profit in the State.

10. The Legislature may provide by law for an abatement of the tax upon or an exemption of part of the assessed value of a single-family residence occupied by the owner to the extent necessary to avoid severe economic hardship to the owner of the residence.

And be it further

RESOLVED, That Section 5 of Article 10 of the *Nevada Constitution* is hereby repealed.

TEXT OF REPEALED SECTION

Sec. 5. Tax on proceeds of minerals; appropriation to counties; apportionment; assessment and taxation of mines.

1. The legislature shall provide by law for a tax upon the net proceeds of all minerals, including oil, gas and other hydrocarbons, extracted in this state, at a rate not to exceed 5 percent of the net proceeds. No other tax may be imposed upon a mineral or its proceeds until the identity of the proceeds as such is lost.

2. The legislature shall appropriate to each county that sum which would be produced by levying a tax upon the entire amount of the net proceeds taxed in each taxing district in the county at the rate levied in that district upon the assessed valuation of real property. The total amount so appropriated to each county must be apportioned among the respective governmental units and districts within it, including the county itself and the school district, in the same proportion as they share in the total taxes collected on property according to value.

3. Each patented mine or mining claim must be assessed and taxed as other real property is assessed and taxed, except that no value may be attributed to any mineral known or believed to underlie it, and no value may be attributed to the surface of a mine or claim if one hundred dollars' worth of labor has been actually performed on the mine or claim during the year preceding the assessment.

Senator Leslie moved that the resolution be referred to the Committee on Revenue.

Motion carried.

Senator Copening moved that Senate Bill No. 336 be re-referred to the Committee on Commerce, Labor and Energy.

Motion carried.

INTRODUCTION, FIRST READING AND REFERENCE

By the Committee on Health and Human Services:

Senate Bill No. 418—AN ACT relating to health care; creating a subcommittee of the Legislative Committee on Health Care to oversee the

implementation of federal health care reform in this State; prescribing the composition, powers and duties of the subcommittee; requiring state agencies to cooperate with and provide periodic reports to the subcommittee; and providing other matters properly relating thereto.

Senator Copening moved that the bill be referred to the Committee on Legislative Operations and Elections.

Motion carried.

By the Committee on Health and Human Services:

Senate Bill No. 419—AN ACT relating to public health; requiring certain persons who administer controlled substances or dangerous drugs to complete annual training concerning safe injection practices; requiring the Health Division of the Department of Health and Human Services to approve or establish a training program concerning safe injection practices; requiring certain boards which license health care professionals to approve continuing education courses concerning safe infection practices; providing a penalty; and providing other matters properly relating thereto.

Senator Copening moved that the bill be referred to the Committee on Health and Human Services.

Motion carried.

By the Committee on Health and Human Services:

Senate Bill No. 420—AN ACT relating to facilities for long-term care; requiring the State Board of Health to establish a uniform procedure for the comprehensive assessment of patients or residents of certain facilities that provide long-term care; requiring certain facilities that provide long-term care to establish certain policies concerning the readmission to the facility after a patient is transferred out of the facility; making various changes relating to the staffing levels of certain facilities that provide long-term care; requiring certain facilities that provide long-term care to post certain information about persons or entities that have ownership or control over the facility; and providing other matters properly relating thereto.

Senator Copening moved that the bill be referred to the Committee on Health and Human Services.

Motion carried.

By the Committee on Finance:

Senate Bill No. 421—AN ACT relating to public health; increasing the percentage of certain money received by the State to be allocated to the Fund for a Healthy Nevada; revising provisions relating to the allocation of money in the Fund for a Healthy Nevada; eliminating the Trust Fund for Public Health; providing for the transfer of money remaining in the Trust Fund for Public Health; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 422—AN ACT relating to the Aging and Disability Services Division of the Department of Health and Human Services; requiring counties to pay for the use of services offered by the Aging and Disability Services Division; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 423—AN ACT relating to assistance to certain persons; revising provisions concerning intermediary service organizations; revising provisions concerning financial assistance for certain persons with physical disabilities; eliminating the Senior Citizens Property Tax Assistance Program; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Health and Human Services.

Motion carried.

By the Committee on Finance:

Senate Bill No. 424—AN ACT relating to the state governmental administration; creating the Department of Tourism and Cultural Affairs; restructuring certain divisions of the existing Department of Cultural Affairs into the Department of Tourism and Cultural Affairs, and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 425—AN ACT making an appropriation to the Department of Motor Vehicles for the replacement of computers and other associated equipment; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 426—AN ACT relating to energy; eliminating the Renewable Energy and Energy Efficiency Authority and the position of Nevada Energy Commissioner; requiring the Office of Energy and its Director to assume certain responsibilities of the repealed entities; transferring authority for the program to track the use of energy in buildings occupied by state agencies to the Office of Energy; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 427—AN ACT relating to state governmental administration; providing for the merger of various state agencies into the Department of Administration; creating new divisions of the Department of Administration; providing for the dissolution of the Department of Cultural Affairs and several of its constituent parts; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 428—AN ACT making an appropriation to the State Gaming Control Board to replace computer and technology hardware; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 429—AN ACT relating to the Children's Health Insurance Program; revising provisions relating to the authority of the Department of Health and Human Services to contract for transportation services for the recipients of services under the Program; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Health and Human Services.

Motion carried.

By the Committee on Finance:

Senate Bill No. 430—AN ACT relating to children; transferring the authority to regulate and oversee certain child care facilities to the Health Division of the Department of Health and Human Services; eliminating the Bureau of Services for Child Care of the Division of Child and Family Services of the Department; repealing provisions relating to the Chief of the Bureau; eliminating the Board for Child Care; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 431—AN ACT relating to securities; authorizing the Secretary of State, with the approval of the Interim Finance Committee, to use money received from the enforcement of securities laws for other purposes; providing that such money does not decrease amounts appropriated to the Secretary of State; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 432—AN ACT relating to governmental financing; authorizing regional transportation commissions in certain counties to issue revenue bonds and other securities to finance certain projects under certain circumstances; deleting certain limitations on the issuance of such bonds and other securities by certain counties under certain circumstances; extending the period within which the repayment of certain bonds or other securities must commence; extending the period within which certain general obligation bonds issued for a water facility or wastewater facility must mature; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Revenue.

Motion carried.

By the Committee on Finance:

Senate Bill No. 433—AN ACT relating to the Nevada Transportation Authority; eliminating the position of Deputy Commissioner of the Nevada Transportation Authority; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 434—AN ACT relating to the Nevada System of Higher Education; creating the Nevada System of Higher Education Stabilization Account; requiring the preparation of a separate budget for certain fees imposed by the System; revising provisions governing the retention and use of certain appropriations to the System; temporarily redirecting a portion of the taxes ad valorem levied in Clark and Washoe Counties to the System; revising provisions related to capital improvements constructed by or on behalf of the System; requiring the adoption of certain standards for measuring the preparation of pupils for college; requiring certain annual reports; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 435—AN ACT relating to the Office of Historic Preservation of the Department of Cultural Affairs; transferring the Office from the Department of Cultural Affairs to the State Department of Conservation and Natural Resources; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 436—AN ACT relating to judicial retirement; transferring the responsibility to deposit certain money for the purpose of paying pension benefits to justices of the Supreme Court or district judges from the State of Nevada to the Court Administrator; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 437—AN ACT relating to public assistance; revising provisions governing assistance provided to parents and relatives caring for certain persons with mental retardation or related conditions or children with certain developmental delays; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Health and Human Services.

Motion carried.

By the Committee on Finance:

Senate Bill No. 438—AN ACT relating to the Lake Tahoe Basin; requiring the issuance of general obligation bonds to carry out certain environmental improvement projects included in the second phase of the Environmental Improvement Program for the Lake Tahoe Basin; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Government Affairs.

Motion carried.

By the Committee on Finance:

Senate Bill No. 439—AN ACT relating to fire protection; amending the membership and duties of the State Board of Fire Services; eliminating the

Fire Service Standards and Training Committee; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Government Affairs.

Motion carried.

By the Committee on Finance:

Senate Bill No. 440—AN ACT relating to health insurance; creating the Silver State Health Insurance Exchange; setting forth the purposes of the Exchange; providing for the composition, appointment and terms of members and powers and duties of the Board of Directors of the Exchange; providing for the appointment and powers and duties of the Executive Director of the Exchange; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Commerce, Labor and Energy.

Motion carried.

By the Committee on Finance:

Senate Bill No. 441—AN ACT relating to the Department of Motor Vehicles; providing for the imposition of certain fees for the processing by a supplier of self-service terminals or kiosks of certain transactions with the Department; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Transportation.

Motion carried.

By the Committee on Finance:

Senate Bill No. 442—AN ACT relating to state parks; creating the Fund for State Park Interpretative and Educational Programs and Operation of Concessions; authorizing the Administrator of the Division of State Parks of the State Department of Conservation and Natural Resources to establish certain concessions within state parks; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 443—AN ACT relating to probation; requiring counties to pay the expense of presentence or general investigations and reports made by the Division of Parole and Probation of the Department of Public Safety; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 444—AN ACT relating to the Department of Public Safety; eliminating the Administrative Services Division of the Department; revising the duties of the Director of the Department; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 445—AN ACT relating to the state militia; authorizing the rental of facilities of the Office of the Military; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Government Affairs.

Motion carried.

By the Committee on Finance:

Senate Bill No. 446—AN ACT relating to governmental administration; revising provisions governing the composition of the State Department of Conservation and Natural Resources; eliminating the Advisory Board on Natural Resources, the Division of Conservation Districts, the State Conservation Commission and the Commission for the Preservation of Wild Horses; transferring the duties of the State Conservation Commission to the State Environmental Commission; revising certain provisions governing the administration of conservation districts; repealing certain provisions governing those districts; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Natural Resources.

Motion carried.

By the Committee on Finance:

Senate Bill No. 447—AN ACT relating to protection of children; revising provisions governing the corrective actions that are required when an agency which provides child welfare services is not in compliance with certain laws, plans or policies; providing for the Division of Child and Family Services of the Department of Health and Human Services to award block grants and to administer a program to award incentive payments to an agency which provides child welfare services in larger counties; requiring the Division to submit an annual report to the Governor and the Legislature concerning the block grants and the program to award incentive payments; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Health and Human Services.

Motion carried.

By the Committee on Finance:

Senate Bill No. 448—AN ACT relating to mental health; creating the Children's Behavioral Health Policy and Accountability Board as a subcommittee of the Commission on Mental Health and Developmental Services; designating the Division of Child and Family Services of the Department of Health and Human Services as the mental health authority for children in this State and establishing the duties thereof; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Health and Human Services.

Motion carried.

By the Committee on Finance:

Senate Bill No. 449—AN ACT relating to the Nevada System of Higher Education; authorizing the Board of Regents of the University of Nevada to fix tuition charges and assess registration fees and other fees based on the demand for or the costs of providing the academic program or major for which the tuition charges are fixed or the registration fees are assessed; requiring the Board of Regents to establish a program authorizing scholarships, reduced fees and tuition and forgiveness of student loans for students who are economically disadvantaged under certain circumstances; requiring the Board of Regents to make certain reports to the Legislature under certain circumstances; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Education.

Motion carried.

By the Committee on Finance:

Senate Bill No. 450—AN ACT making an appropriation to the Interim Finance Committee for allocation to the State Treasurer for a consultant to assist with the development of a request for proposals for the E-payment and Merchant Services contracts; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 451—AN ACT relating to the Nevada System of Higher Education; providing that any tuition charge, registration fee or other fee assessed against a student by a university, state college or community college within the System must be retained by that institution and used to support academic programs and other services, activities and uses which advance the educational needs of the students enrolled at the institution and the educational goals of the institution or which otherwise benefit such students;

requiring the Board of Regents of the University of Nevada to submit an annual report to the Director of the Legislative Counsel Bureau for transmittal to the Legislature or the Legislative Commission concerning the use of money collected from tuition charges, registration fees and other fees; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Education.

Motion carried.

By the Committee on Finance:

Senate Bill No. 452—AN ACT relating to public welfare; eliminating the requirement that the Director of the Department of Health and Human Services apply for a Medicaid waiver pursuant to the Health Insurance Flexibility and Accountability demonstration initiative; requiring the transfer of certain money that is set aside for the costs of carrying out the program established pursuant to the waiver; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Health and Human Services.

Motion carried.

By the Committee on Finance:

Senate Bill No. 453—AN ACT making an appropriation to the Department of Motor Vehicles for computers and other associated equipment; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 454—AN ACT making an appropriation to the Department of Motor Vehicles for the replacement of office equipment; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 455—AN ACT making an appropriation to the Motor Carrier Division of the Department of Motor Vehicles for the replacement of a vehicle and office equipment; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 456—AN ACT making an appropriation to the Department of Motor Vehicles for the replacement of computers and other associated equipment; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 457—AN ACT making an appropriation to the Department of Motor Vehicles for the replacement of vehicles and other equipment; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 458—AN ACT making an appropriation to the Department of Motor Vehicles for the replacement of computers and other associated equipment; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 459—AN ACT making an appropriation to the Department of Motor Vehicles for the replacement of computers and other associated equipment; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 460—AN ACT making an appropriation to the Department of Motor Vehicles for the replacement of office equipment and a vehicle; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 461—AN ACT making an appropriation to the Department of Motor Vehicles for replacement of a forklift, mail scanners, telephones, headsets and office equipment; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 462—AN ACT making an appropriation to the Motor Carrier Division of the Department of Motor Vehicles for the replacement of computers and other associated equipment; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 463—AN ACT making an appropriation to the Department of Motor Vehicles for the replacement of computers and other associated equipment; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 464—AN ACT making an appropriation to the Department of Motor Vehicles for the replacement of office equipment; and other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 465—AN ACT making an appropriation to the Department of Motor Vehicles for the replacement of office equipment; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 466—AN ACT making an appropriation to the Department of Motor Vehicles for the replacement of computers and other associated equipment; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 467—AN ACT making an appropriation to the Department of Motor Vehicles for the replacement of computers and other associated equipment; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 468—AN ACT relating to the Department of Motor Vehicles; transferring certain duties of the State Department of Agriculture to the Department of Motor Vehicles and its Director; renaming certain divisions of the Department of Motor Vehicles; creating a new account in the State Highway Fund; making the Director of the Department of Motor Vehicles the ex officio State Sealer of Weights and Measures; transferring certain duties of the State Sealer of Weights and Measures to the State Department of Agriculture; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Natural Resources.

Motion carried.

By the Committee on Finance:

Senate Bill No. 469—AN ACT relating to mental health; revising provisions relating to programs for the treatment of mental illness or mental retardation; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Judiciary.

Motion carried.

By the Committee on Finance:

Senate Bill No. 470—AN ACT making a supplemental appropriation to the Department of Corrections for an unanticipated shortfall in Fiscal Year 2010-2011 for increased outside medical costs and payment of a related stale claim; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 471—AN ACT relating to public health; requiring counties to reimburse the Health Division of the Department of Health and Human Services for various services; transferring the powers and duties of the Health Division regarding communicable diseases to a health authority in a county; authorizing the Health Division to impose administrative penalties for

violations of certain provisions governing emergency medical services; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Health and Human Services.

Motion carried.

By the Committee on Finance:

Senate Bill No. 472—AN ACT making a supplemental appropriation to the Department of Corrections to cover state claims for prison medical care for Fiscal Year 2007-2008; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 473—AN ACT relating to the reorganization of State Government; eliminating the Office of Ombudsman of Consumer Affairs for Minorities; making permanent the transfer of the powers and duties of the Consumer Affairs Division of the Department of Business and Industry and the Commissioner of Consumer Affairs to the Office of the Attorney General; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 474—AN ACT making a supplemental appropriation to the Department of Corrections to offset a reduction in funds for the State Criminal Alien Assistance Program; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 475—AN ACT relating to transportation; revising various provisions governing the administrative authority of the Department of Transportation concerning bicycle and pedestrian safety; revising the authorized uses of money in the Highway and Safety Administrative Account in the State Highway Fund; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Transportation.

Motion carried.

By the Committee on Finance:

Senate Bill No. 476—AN ACT relating to juvenile justice; requiring each county to pay an assessment to the State for the activities of the Youth Parole Bureau of the Division of Child and Family Services of the Department of Health and Human Services; prohibiting a juvenile court from committing a delinquent child to a private institution; revising the manner in which a determination is made about where to commit a delinquent child; revising provisions relating to a juvenile who is held in a detention facility pending a hearing concerning a violation of parole; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Judiciary.

Motion carried.

By the Committee on Finance:

Senate Bill No. 477—AN ACT relating to public welfare; authorizing the Administrator of the Division of Health Care Financing and Policy of the Department of Health and Human Services to administer oaths, take testimony and issue subpoenas for the purposes of recovering Medicaid benefits paid on behalf of certain recipients; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Health and Human Services.

Motion carried.

By the Committee on Finance:

Senate Bill No. 478—AN ACT making a supplemental appropriation to the Department of Motor Vehicles for an unanticipated shortfall in kiosk vendor payments; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 479—AN ACT making a supplemental appropriation to the Department of Motor Vehicles for an unanticipated shortfall in the merchant services fees associated with electronic payments; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 480—AN ACT relating to the protection of children; requiring certain less populated counties to reimburse the Division of Child and Family Services of the Department of Health and Human Services for the

costs of providing child protective services; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Health and Human Services.

Motion carried.

By the Committee on Finance:

Senate Bill No. 481—AN ACT making an appropriation to the Interim Finance Committee for allocation to the State Treasurer; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 482—AN ACT making a supplemental appropriation to the Department of Corrections for an unanticipated shortfall in revenue at the Casa Grande Transitional Housing Center; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 483—AN ACT relating to the Department of Motor Vehicles; authorizing the Department to enter into certain agreements relating to advertising; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Transportation.

Motion carried.

By the Committee on Finance:

Senate Bill No. 484—AN ACT making a supplemental appropriation to the Department of Public Safety for an unanticipated shortfall in personnel services; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 485—AN ACT relating to public welfare; revising provisions governing payment by the State for certain care provided under the State Plan for Medicaid; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Finance:

Senate Bill No. 486—AN ACT making an appropriation to the Office of the State Treasurer for the Millennium Scholarship Program; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Government Affairs:

Senate Bill No. 487—AN ACT relating to public works; revising provisions relating to the award of a contract for a public work to a specialty contractor; and providing other matters properly relating thereto.

Senator Lee moved that the bill be referred to the Committee on Government Affairs.

Motion carried.

By the Committee on Commerce, Labor and Energy:

Senate Bill No. 488—AN ACT relating to energy; revising provisions relating to a plan certain utilities must submit to the Public Utilities Commission of Nevada; and providing other matters properly relating thereto.

Senator Schneider moved that the bill be referred to the Committee on Commerce, Labor and Energy.

Motion carried.

By the Committee on Transportation:

Senate Bill No. 489—AN ACT relating to documents used for identification; revising certain provisions governing the issuance and renewal of drivers' licenses and identification cards; and providing other matters properly relating thereto.

Senator Breeden moved that the bill be referred to the Committee on Finance.

Motion carried.

By the Committee on Revenue:

Senate Bill No. 490—AN ACT relating to taxation; authorizing certain counties to impose additional taxes on fuels for motor vehicles; providing for the administration, allocation, disbursement and use of the additional taxes; imposing certain requirements on the sale of revenue bonds secured by county fuel taxes; and providing other matters properly relating thereto.

Senator Leslie moved that the bill be referred to the Committee on Revenue.

Motion carried.

By the Committee on Revenue:

Senate Bill No. 491—AN ACT relating to public financial administration; repealing the prospective expiration of certain provisions regarding the

imposition, advance payment and allocation of certain fees and taxes; temporarily redirecting to the State General Fund a portion of the revenue from certain administrative assessments and taxes ad valorem; repealing the prospective reduction in the fees for state business licenses; and providing other matters properly relating thereto.

Senator Leslie moved that the bill be referred to the Committee on Revenue.

Motion carried.

By the Committee on Revenue:

Senate Bill No. 492—AN ACT relating to mining; amending the amount of and requirements for paying certain additional annual fees imposed on a person upon filing an affidavit to hold a mining claim; authorizing the Division of Environmental Protection of the State Department of Conservation and Natural Resources to suspend a permit for a mining operation or exploration project for failure to pay the additional fee; requiring an operator of a mining operation or exploration project to include in an annual report filed with the Administrator of the Division the number of mining claims within the mining operation or exploration project for which a certain filing was made during the preceding calendar year; and providing other matters properly relating thereto.

Senator Leslie moved that the bill be referred to the Committee on Revenue.

Motion carried.

By the Committee on Revenue:

Senate Bill No. 493—AN ACT relating to mining; creating the Mining Oversight and Accountability Commission and establishing its membership, powers and duties; and providing other matters properly relating thereto.

Senator Leslie moved that the bill be referred to the Committee on Revenue.

Motion carried.

By the Committee on Finance:

Senate Bill No. 494—AN ACT relating to protection from fire; requiring the State Forester Firewarden to take certain actions to protect wildlands against wildfire; creating the Emergency Fire Suppression Account; prohibiting a county from seeking money from the Emergency Fire Suppression Account, the Disaster Relief Account or the Emergency Account unless the county has entered into an agreement with the Division of Forestry of the State Department of Conservation and Natural Resources to establish a wildfire protection program; authorizing the State Forester Firewarden to restrict certain activities in a participating county; repealing provisions relating to fire protection districts; applying to participating counties certain provisions that previously applied to fire protection districts; transitioning

certain fire protection districts into County Fire Protection Districts; providing a penalty; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Government Affairs.

Motion carried.

Mr. President announced that if there were no objections, the Senate would recess subject to the call of the Chair.

Senate in recess at 7:17 p.m.

SENATE IN SESSION

At 7:40 p.m.

President Krolicki presiding.

Quorum present.

By the Committee on Revenue:

Senate Bill No. 495—AN ACT relating to taxation; proposing a competing measure to Initiative Petition No. 1 by requiring a uniform and equal rate of sales and use tax in a county and prohibiting the creation of special districts in which a higher sales and use tax rate applies in a certain portion of the county; and providing other matters properly relating thereto.

Senator Leslie moved that the bill be referred to the Committee on Revenue.

Motion carried.

UNFINISHED BUSINESS

SIGNING OF BILLS AND RESOLUTIONS

There being no objections, the President and Secretary signed Assembly Bills Nos. 7, 134; Assembly Concurrent Resolution No. 7.

GUESTS EXTENDED PRIVILEGE OF SENATE FLOOR

On request of Senator Breeden, the privilege of the Floor of the Senate Chamber for this day was extended to Andrew Davey.

On request of Senator Brower, the privilege of the Floor of the Senate Chamber for this day was extended to Allison Welling.

On request of Senator Cegavske, the privilege of the Floor of the Senate Chamber for this day was extended to Benjamin Reed and Cassia Reed.

On request of Senator Copenig, the privilege of the Floor of the Senate Chamber for this day was extended to Katherine Combs.

On request of Senator Gustavson, the privilege of the Floor of the Senate Chamber for this day was extended to Megan Campbell.

On request of Senator Halseth, the privilege of the Floor of the Senate Chamber for this day was extended to Celestina Cubio-Torres and Ryan Huskins.

On request of Senator Hardy, the privilege of the Floor of the Senate Chamber for this day was extended to Georgie Zielinski.

On request of Senator McGinness, the privilege of the Floor of the Senate Chamber for this day was extended to Andrea Eiseman and Sarah Greber.

On request of Senator Parks, the privilege of the Floor of the Senate Chamber for this day was extended to David McGaw.

On request of Senator Rhoads, the privilege of the Floor of the Senate Chamber for this day was extended to Courtney Bellander, Jared Cumming and Katrina Cumming.

On request of Senator Settelmeyer, the privilege of the Floor of the Senate Chamber for this day was extended to Caitlyn Morton and Abby Williams.

Senator Horsford moved that the Senate adjourn until Tuesday, March 29, 2011, at 11 a.m.

Motion carried.

Senate adjourned at 7:44 p.m.

Approved:

BRIAN K. KROLICKI
President of the Senate

Attest: DAVID A. BYERMAN
Secretary of the Senate