

**THE NINETY-NINTH DAY**

---

CARSON CITY (Monday), May 16, 2011

Senate called to order at 11:20 a.m.

President Pro Tempore Schneider presiding.

Roll called.

All present.

Prayer by the Chaplain, Pastor Christopher Amen.

Lord God, Heavenly Father, You have given us this good land as our heritage. Grant that we remember Your generosity to us and, by Your mercy and grace, bless our leaders and our citizens, that we may serve in the vocations You have called us in order to serve You.

Bless our land with honest industry, trustful education, and an honorable way of life, trusting not in our reason or strength but in Your goodness and mercy towards us, through Jesus Christ, Your Son our Lord, who lives and reigns with You and the Holy Spirit, one God, now and forever.

AMEN.

Pledge of Allegiance to the Flag.

Senator Wiener 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.

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

Senate in recess at 11:22 a.m.

SENATE IN SESSION

At 11:23 a.m.

President Krolicki presiding.

Quorum present.

REPORTS OF COMMITTEES

*Mr. President:*

Your Committee on Education, to which were referred Assembly Bills Nos. 113, 233, 551, 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 were referred Assembly Bills Nos. 39, 40, 290, has had the same under consideration, and begs leave to report the same back with the recommendation: Amend, and do pass as amended.

MO DENIS, *Chair*

*Mr. President:*

Your Committee on Finance, to which was referred Senate Bill No. 442, has had the same under consideration, and begs leave to report the same back with the recommendation: Amend, and do pass as amended.

STEVEN A. HORSFORD, *Chair*

*Mr. President:*

Your Committee on Judiciary, to which were referred Assembly Bills Nos. 196, 249, 282, has had the same under consideration, and begs leave to report the same back with the recommendation: Amend, and do pass as amended.

VALERIE WIENER, *Chair*

*Mr. President:*

Your Committee on Natural Resources, to which were referred Assembly Bills Nos. 306, 368, 451, has had the same under consideration, and begs leave to report the same back with the recommendation: Do pass.

Also, your Committee on Natural Resources, to which was referred Senate Concurrent Resolution No. 1, has had the same under consideration, and begs leave to report the same back with the recommendation: Be adopted.

MARK A. MANENDO, *Chair*

MESSAGES FROM THE GOVERNOR

STATE OF NEVADA  
EXECUTIVE CHAMBER  
CARSON CITY, NEVADA 89701

May 14, 2011

PRESIDENT BRIAN KROLICKI  
NEVADA STATE SENATE

401 South Carson Street, Carson City, Nevada 89701

DEAR SENATOR HORSFORD:

I am herewith forwarding to you, for filing within the constitutional time limit and without my approval, Senate Bill 497, which is entitled:

"AN ACT relating to elections; revising the legislative districts from which the members of the Senate and Assembly are elected; revising the districts from which Representatives in the Congress of the United States are elected; and providing other matters properly relating thereto."

This bill relates to the revision of legislative and Congressional districts in our state. In my State of the State address, I said that legislative and Congressional districts should be drawn for a fair representation of all constituents—and that they be consistent with the law. This bill fails to meet both standards.

In 1965, Congress passed the Voting Rights Act ("the Act"). The Act prohibits states from using the redistricting process to dilute the voting strength of minority communities. In doing so, the Act ensures, consistent with my call at the State of the State, that lines of representation be drawn to afford minority communities equal opportunity to elect representatives of their choice. The central mechanisms by which the Act ensures such outcomes are simple: no fracturing and no packing of such communities.

The redistricting plan reflected in this bill does not comply with the Act. In the last ten years, the Hispanic community in our state has grown significantly. Indeed, recent Census figures reveal that one in four Nevadans are of Hispanic descent. The law—and common sense—requires that we recognize this fact and afford Hispanics an equal opportunity to elect representatives of their choosing.

The plan in this bill, however, does not do so. Of the four Congressional seats it establishes, not one contains a Hispanic majority—though such a district can clearly and simply be drawn, consistent with traditional redistricting principles. The representation of the Hispanic population would be no more fair in the Senate and Assembly plans, where most Hispanics are crowded into as few districts as possible and where those that are not constitute overwhelming minorities in the districts they are in. With Hispanics accounting for 46% of the total population growth in our state over the last ten years, this transparent effort to avoid creating even one additional district where this community would be likely to elect its candidate of choice is simply not acceptable.

This bill's failure to adhere to the letter and spirit of the Act is the most visible evidence of its structural defects. The plan, however, violates more than just the Act. At its core, this bill creates districts that were drawn exclusively for political gain. This plan ensures partisan opportunity

rather than the fair representation of all Nevadans. Partisan gerrymandering is not legal, equitable, or acceptable. Therefore, because this bill fails to comply with the requirements of federal law and because it is fundamentally unfair, I veto it and return it to you without my approval.

Sincerely,  
BRIAN SANDOVAL  
*Governor of Nevada*

MOTIONS, RESOLUTIONS AND NOTICES

By Senators Rhoads, McGinness, Breeden, Brower, Cegavske, Copening, Denis, Gustavson, Halseth, Hardy, Horsford, Kieckhefer, Kihuen, Lee, Leslie, Manendo, Parks, Roberson, Schneider, Settlemeyer, Wiener; Assemblymen Hickey, Aizley, Anderson, Atkinson, Benitez-Thompson, Bobzien, Brooks, Bustamante Adams, Carlton, Carrillo, Conklin, Daly, Diaz, Dondero Loop, Ellison, Flores, Frierson, Goedhart, Goicoechea, Grady, Hambrick, Hammond, Hansen, Hardy, Hogan, Horne, Kirkpatrick, Kirner, Kite, Livermore, Mastroluca, McArthur, Munford, Neal, Oceguela, Ohrenschall, Pierce, Segerblom, Sherwood, Smith, Stewart and Woodbury:

Senate Concurrent Resolution No. 10—Memorializing former state Senator Raymond C. Shaffer.

WHEREAS, The members of the Nevada Legislature are mourning the loss of an exemplary citizen, honorable war veteran and one of their esteemed colleagues, former State Senator Raymond C. Shaffer; and

WHEREAS, Born in 1932 in Wilkes-Barre, Pennsylvania, Ray attended Youngstown College in Ohio before enlisting in the United States Marine Corps; and

WHEREAS, He nobly served his country as a sergeant in the Korean War and was a life member of the Disabled American Veterans; and

WHEREAS, Senator Shaffer worked for the public good as a civilian, in the position of the Building Director of the City of North Las Vegas, until his retirement in 1989; and

WHEREAS, In addition, he was deeply committed to issues he found to be of utmost importance, serving on the Western States Water Policy Committee and as a member of the North Las Vegas Township Democratic Club; and

WHEREAS, This exceptional Nevadan also engaged in volunteering for the betterment of the lives of his neighbors as an active member of the North Las Vegas Host Lions Club, and, in addition to dutifully performing the duties of the President of the Club, was recognized as Lion of the Year in 1996; and

WHEREAS, Senator Shaffer began his impressive career as a State Legislator in 1984 and worked tirelessly for 20 years to pass legislation relating to education, renewable energy, water issues, veterans' rights and senior citizens' issues; and

WHEREAS, This revered statesman's experience and wisdom were invaluable to the numerous committees he served on, including the Legislative Commission, and to his role as Senate Majority Whip in the 1991 Legislative Session; and

WHEREAS, In his leisure time, Ray enjoyed spending time in Coronado, California, and was a member of the Coronado Yacht Club; and

WHEREAS, Senator Shaffer is survived by his wife of 32 years, Sharon, who was active with him in his political career and was by his side throughout his long battle with Lewy Body Dementia, by his children Thomas J. Shaffer, Robin King, Cindy Sipple, James R. Shaffer and Diane Shaffer, by his brothers Frederick Shaffer, Robert Shaffer, Lawrence Shaffer, William Shaffer and Jerry Shaffer, by his sisters Mary Cerami and Ruth Hughes and also by his eight grandchildren and several great-grandchildren; and

WHEREAS, He will be remembered for his admirable career in public service, his status as an honorable veteran and his wonderful sense of humor; now, therefore, be it

RESOLVED BY THE SENATE OF THE STATE OF NEVADA, THE ASSEMBLY CONCURRING, That the members of the 76th Session of the Nevada Legislature hereby extend their sincerest condolences to Senator Shaffer's family and friends; and be it further

RESOLVED, That the Secretary of the Senate prepare and transmit a copy of this resolution to Raymond Shaffer's wife Sharon.

Senator Rhoads moved the adoption of the resolution.

Remarks by Senators Rhoads, Lee, Wiener and McGinness.

Senator Rhoads requested that the following remarks be entered in the Journal.

SENATOR RHOADS:

The resolution before us today covers most of the basics, but it barely scratches the surface about a truly fine man and State Senator, Ray Shaffer. Ray was first elected to the Senate in 1984, and served in this body through 2004. During most of Ray's 20 years in the Senate he was a Democrat. He switched over to the Republican Party for both the 2001 and 2003 Legislative Sessions. But that really did not make a difference in Ray Shaffer, the person and the Senator. He was always a gentleman. He did his homework on the bills before us. He was responsive to his constituents. He also brought us many excellent proposals for new legislation.

I might also add that Ray's wife, Sharron, who is with me today, was always here in the Legislative Building assisting Ray. She also cooked up some of the best lunches ever for us in the Senate Lounge, which really helped us make it through many long sessions.

Senator Ray Shaffer was the primary sponsor of many good pieces of legislation during his years of service. He sponsored a number of bills on topics such as: veterans, land surveyors, licensing of dentists, telecommunications, water resources, building codes, alternative fuels, motor vehicles, funeral homes and industrial insurance.

To better understand what an excellent Legislator Ray was, let me briefly tell you about just four of the important bills he sponsored. Each of these passed and was later signed into law.

In 1987, Ray was the primary sponsor of Senate Bill No. 88. That measure started the system we have today that allows the sentencing of certain violators to residential confinement instead of sending them to jail or prison. House arrest saves the State money and gives violators a better chance to straighten up.

Also in 1987, Ray introduced and gained passage of Senate Bill No. 494. That measure set up a program of annual population estimates for the State and its counties, cities and towns. These estimates are certified by the Governor, and then are used to fairly apportion tax proceeds around the State.

In 1991, Ray sponsored Senate Bill No. 547, which established a pilot program that allowed the DMV to provide for the renewal of motor vehicle registrations at authorized stations. That program continues today and is used by many Nevadans when they go to an authorized inspection station.

Ray was the primary sponsor of Senate Bill No. 119 in 2001, which set up a program requiring the Nevada Taxicab Authority in Clark County to assist the elderly and disabled. Today, the Senior Ride Program allows eligible citizens to buy coupon books for travel by taxi at half price.

SENATOR LEE:

It is my distinct honor to say a few kind words about Senator Ray Shaffer. After arriving here in the Senate for the 2005 73<sup>rd</sup> Session, I realized what very big shoes I had to fill. Ray served the State and his constituents with great skill, compassion and foresight for 20 years.

Senator Shaffer was an expert in commerce and labor issues. He was a member of the Senate Standing Committee on Commerce and Labor during each of the ten regular sessions he served. He also served on the Committee on Natural Resources for seven sessions and the Committee on Transportation for five sessions. I understand that he did a masterful job when he chaired the Senate Committee on Legislative Operations and Operations in 1991 and the Senate Committee on Transportation in 1993.

Ray was particularly busy during the interim period between sessions as a member of many statutory and interim study committees. Because of his broad knowledge in many different subjects, he was appointed to committees on topics as diverse as: the Clark County Flood Control District; the Funding of Cities and Counties; Workers' Compensation; High-Level Radioactive Waste; Health Care; Mobile Home Parks; and Taxation. Because of his expertise and levelheaded and fair approach in committee matters, he was often selected to chair interim committees. Those committees he ably chaired include the studies of the Lake Tahoe Regional Planning Compact; the Southern Nevada Veterans' Cemetery, and the Legislative Committee on Industrial Insurance.

One of the biggest legacies Ray Shaffer left was his primary sponsorship of many important pieces of legislation, including: creation of the Nevada Cultural Fund; updating the building, plumbing, and electrical codes used in Nevada; various education topics; renewable energy programs; water issues; and matters pertaining to veterans and senior citizens.

I understand that Ray also played a pivotal role some 20 years ago in helping to secure a right-of-way through the town of Beatty for the fiber optics cable needed to provide our first teleconferencing link between Clark County and the Legislative Building in Carson City.

Senator Shaffer was always known as the Senator from North Las Vegas and always available to those in City Hall and his district, who needed his help in the Legislature.

In conclusion, Senator Ray Shaffer was both an outstanding statesman and a true gentleman. I hope I am emulating his wonderful example.

SENATOR WIENER:

I sat behind Senator Shaffer. I watched with great respect how Senator Shaffer did his work here. Since I was new to these Chambers, he was a teacher by example. Though soft spoken, he always showed up to do the work. He listened, paid close attention, and was thoughtful about the process and about the people who participated in it. I would like to honor Senator Shaffer and his family. It is nice to see his wife, Sharon, as well.

SENATOR MCGINNESS:

Ray was a funny guy, but you had to be paying attention. He was not loud and boisterous; he would sneak the zingers in on you. You had to pay attention all of the time.

Thank you, Mr. President.

Resolution adopted.

Senator Rhoads moved that all necessary rules be suspended and that Senate Concurrent Resolution No. 10 be immediately transmitted to the Assembly.

Motion carried unanimously.

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

Senate in recess at 11:53 a.m.

#### SENATE IN SESSION

At 12:08 p.m.

President Krolicki presiding.

Quorum present.

#### SECOND READING AND AMENDMENT

Senate Bill No. 470.

Bill read second time.

The following amendment was proposed by the Committee on Finance:

Amendment No. 578.

"SUMMARY—Makes 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 state claim.~~ (BDR S-1227)"

"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 state claim.~~ and providing other matters properly relating thereto."

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** There is hereby appropriated from the State General Fund to the Department of Corrections the sum of ~~(\$2,514,081)~~ \$1,768,407 for increased outside medical costs   . ~~and payment of a state claim for Fiscal Year 2009-2010.~~ This appropriation is supplemental to that made in section 23 of chapter 388, Statutes of Nevada 2009, at page 2111.

**Sec. 2.** This act becomes effective upon passage and approval.

Senator Wiener moved the adoption of the amendment.

Remarks by Senator Wiener.

Senator Wiener requested that her remarks be entered in the Journal.

Senate Bill No. 470, as amended, provides a supplemental appropriation in the amount of \$1,768,407 to the Department of Corrections to cover shortfalls due to increased outside medical costs.

Amendment adopted.

Bill ordered reprinted, engrossed and to third reading.

Senate Bill No. 474.

Bill read second time.

The following amendment was proposed by the Committee on Finance:

Amendment No. 579.

"SUMMARY—Makes a supplemental appropriation to the Department of Corrections to offset a reduction in funds for the State Criminal Alien Assistance Program. (BDR S-1229)"

"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."

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** There is hereby appropriated from the State General Fund to the Department of Corrections the sum of ~~(\$1,420,522)~~ \$996,105 to offset a reduction in funds for the State Criminal Alien Assistance Program. This appropriation is supplemental to that made by section 23 of chapter 388, Statutes of Nevada 2009, at page 2111.

**Sec. 2.** This act becomes effective upon passage and approval.

Senator Wiener moved the adoption of the amendment.

Remarks by Senator Wiener.

Senator Wiener requested that her remarks be entered in the Journal.

Senate Bill No. 474, as amended, provides a supplemental appropriation in the amount of \$996,105 to the Department of Corrections. The supplemental appropriation will be used to fund a shortfall in revenue caused by a decrease in State Criminal Alien Assistance Program (SCAAP) grant funds awarded in Fiscal Year 2011.

Amendment adopted.

Bill ordered reprinted, engrossed and to third reading.

Senate Bill No. 478.

Bill read second time.

The following amendment was proposed by the Committee on Finance:

Amendment No. 580.

"SUMMARY—Makes a supplemental appropriation to the Department of Motor Vehicles for an unanticipated shortfall in kiosk vendor payments. (BDR S-1235)"

"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."

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** There is hereby appropriated from the State Highway Fund to the Department of Motor Vehicles, Director's office, the sum of ~~\$630,036~~ **\$583,614** for an unanticipated shortfall in kiosk vendor payments. This appropriation is supplemental to that made by section 32 of chapter 388, Statutes of Nevada 2009, at page 2113.

**Sec. 2.** This act becomes effective upon passage and approval.

Senator Wiener moved the adoption of the amendment.

Remarks by Senator Wiener.

Senator Wiener requested that her remarks be entered in the Journal.

Senate Bill No. 478 as amended provides a supplemental appropriation for the Department of Motor Vehicles, for an unanticipated shortfall in kiosk vendor payments for the amount of \$583,614.

Amendment adopted.

Bill ordered reprinted, engrossed and to third reading.

Senate Bill No. 479.

Bill read second time.

The following amendment was proposed by the Committee on Finance:

Amendment No. 581.

"SUMMARY—Makes a supplemental appropriation to the Department of Motor Vehicles for an unanticipated shortfall in the merchant services fees associated with electronic payments. (BDR S-1236)"

"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."

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** There is hereby appropriated from the State Highway Fund to the Department of Motor Vehicles, Administrative Services Division, the sum of ~~1,948,453~~ \$878,997 for an unanticipated shortfall in the merchant services fees associated with electronic payments. This appropriation is supplemental to that made by section 32 of chapter 388, Statutes of Nevada 2009, at page 2113.

**Sec. 2.** This act becomes effective upon passage and approval.

Senator Wiener moved the adoption of the amendment.

Remarks by Senator Wiener.

Senator Wiener requested that her remarks be entered in the Journal.

Senate Bill No. 479, as amended, provides a supplemental appropriation from the State Highway Fund in the amount of \$878,997 to the Administrative Services Division for an unanticipated shortfall in the merchant services fees associated with electronic payments.

Amendment adopted.

Bill ordered reprinted, engrossed and to third reading.

Senate Bill No. 482.

Bill read second time.

The following amendment was proposed by the Committee on Finance:

Amendment No. 582.

"SUMMARY—Makes a supplemental appropriation to the Department of Corrections for an unanticipated shortfall in revenue at the Casa Grande Transitional Housing Center for Fiscal Year 2010-2011. (BDR S-1232)"

"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."

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** There is hereby appropriated from the State General Fund to the Department of Corrections the sum of ~~1,897,312~~ \$562,626 for an unanticipated shortfall in revenue at the Casa Grande Transitional Housing Center. This appropriation is supplemental to that made by section 23 of chapter 388, Statutes of Nevada 2009, at page 2111.

**Sec. 2.** This act becomes effective upon passage and approval.

Senator Wiener moved the adoption of the amendment.

Remarks by Senator Wiener.



Senator Wiener requested that her remarks be entered in the Journal.

Senate Bill No. 482, as amended, provides for supplemental appropriations of \$562,626 to the Department of Corrections for the unanticipated shortfall in the revenue at the Casa Grande Transitional Housing Center.

Amendment adopted.

Bill ordered reprinted, engrossed and to third reading.

Assembly Bill No. 23.

Bill read second time and ordered to third reading.

Assembly Bill No. 130.

Bill read second time and ordered to third reading.

Assembly Bill No. 141.

Bill read second time and ordered to third reading.

Assembly Bill No. 396.

Bill read second time and ordered to third reading.

Assembly Bill No. 480.

Bill read second time and ordered to third reading.

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

Senate in recess at 12:24 p.m.

#### SENATE IN SESSION

At 7:04 p.m.

President Krolicki presiding.

Quorum present.

#### MESSAGES FROM THE GOVERNOR

STATE OF NEVADA  
EXECUTIVE CHAMBER  
CARSON CITY, NEVADA 89701

May 16, 2011

THE HONORABLE JOHN OCEGUERA, *Speaker of the Assembly*, Legislative Building 401 South Carson Street, Carson City, Nevada. 89701

RE: Assembly Bill No. 568 of the 76th Legislative Session

DEAR SPEAKER OCEGUERA:

I am herewith forwarding to you, for filing within the constitutional time limit and without my approval, Assembly Bill No. 568, which is entitled:

"AN ACT relating to education; ensuring sufficient funding for K-12 public education for the 2011-2013 biennium; apportioning the State Distributive School Account in the State General Fund for the 2011-2013 biennium; authorizing certain expenditures; making appropriations for purposes relating to basic support, class-size reduction and other educational purposes; temporarily diverting the money from the Sate Supplemental School Support Fund to the State Distributive School Account for use in funding operating costs and other expenditures of school districts; and proving other matter properly relating thereto."

I veto and return this bill because it increases state spending by nearly \$660 million above the amount proposed in the Executive Budget, as amended. "Were this bill to be enacted into law, insufficient revenue would be available for the Legislature to meet its obligation to prepare a balanced budget encompassing all areas of state responsibility.

Approval of Assembly Bill No. 568, without corresponding reductions in spending in other parts of the Executive Budget, would violate the requirement of balanced relations between proposed expenditures and anticipated revenues. This bill therefore represents a circuitous attempt to secure a tax increase despite the fact I have been clear since the commencement of the Legislative Session that Nevada's struggling economy must be allowed to fully recover.

Within this context, I have provided the Legislature with a spending plan for K- 12 education, as well as a comprehensive legislative package to ensure educator accountability, parental choice, and other much-needed system reforms. I am committed to improving our education system; I am equally committed to doing so in a fiscally prudent manner. I understand these decisions are difficult, but as leaders we must make them. While all of us would like to have more money to spend, we must also accept that education funding cannot occur in a vacuum. Current economic realities require that we spend only the money we have, while allowing for the additional funding of education as the economy continues to improve.

Indeed, only two weeks ago, the report of Nevada's Economic Forum allowed me to submit a budget amendment that added some \$240 million for the support of K-12 education just four months after the original Executive Budget was presented to the Legislature. I propose that "triggers" be adopted so additional funding can continue to go straight to the support of the classroom as revenue becomes available through economic recovery.

I am compelled to protect the integrity of my office and the Nevada Constitution. Assembly Bill No. 568 was processed in a matter of hours, with the clear intention of casting opponents as somehow "anti-education" while at the same time forcing a tax increase. Such a manipulation of the process undermines the Legislature's obligations to the people of this state.

Much work remains to be done, with only three weeks in which to do it. The people of Nevada have stated clearly their expectation for the Legislature to complete its work and adjourn sine die within 120 days. (Nev. Const. art. 4, § 2.) That deadline is fast approaching, and we have precious little time remaining to conduct the people's business in a responsible and realistic manner.

Sincere regards,  
BRIAN SANDOVAL  
*Governor of Nevada*

#### GENERAL FILE AND THIRD READING

Senate Bill No. 43.

Bill read third time.

Remarks by Senators Kieckhefer and Hardy.

Senator Kieckhefer requested that the following remarks be entered in the Journal.

SENATOR KIECKHEFER:

Thank you, Mr. President. This is a bill that is in relation to the federal stimulus bill rather than the Health Care Reform Act. It creates the regulatory structure for the State to manage electronic health records which is something that will be driven by the private market.

SENATOR HARDY:

Senate Bill No. 43 requires the Department of Health and Human Services to establish a statewide health information exchange system. I am a physician licensed to practice medicine in this State who would be affected by this system and I serve as an unpaid member of the Board of Directors of HealthInsight, which is a nonprofit entity currently involved in the development of a health information exchange system that intends to seek to be the governing entity should such a system be established in Nevada.

I have consulted with legal counsel and though I do not legally have a conflict pursuant to the provisions of Senate Standing Rule No. 23 because I do not have a pecuniary interest in this bill

and will not be affected any differently than any other physician in Nevada, I will be abstaining on this vote to avoid any appearance of impropriety.

Roll call on Senate Bill No. 43:

YEAS—20.

NAYS—None.

NOT VOTING—Hardy.

Senate Bill No. 43 having received a constitutional majority, Mr. President declared it passed, as amended.

Bill ordered transmitted to the Assembly.

Senate Bill No. 75.

Bill read third time.

The following amendment was proposed by Senator Cegavske:

Amendment No. 575.

"SUMMARY—Establishes a program to provide private equity funding to businesses engaged in certain industries in this State. (BDR 31-523)"

"AN ACT relating to public financial administration; establishing a program to provide private equity funding to businesses engaged in certain industries in this State; and providing other matters properly relating thereto."

**Legislative Counsel's Digest:**

Under existing law, the State is prohibited from donating or loaning state money or credit, or subscribing to or being interested in the stock of any company, association or corporation, except a corporation that is formed for educational or charitable purposes. (Nev. Const. Art. 8, § 9) Existing law also requires the State Treasurer to negotiate for the investment of money in the State Permanent School Fund. However, the State Treasurer is prohibited from making certain investments unless he or she obtains a judicial determination that such an investment does not violate the provisions of Section 9 of Article 8 of the Nevada Constitution. (NRS 355.060)

~~Section 5 of this bill requires the State Treasurer to form an independent corporation for public benefit, the purpose of which is to act as a limited partner of limited partnerships or a shareholder or member of limited liability companies that provide private equity funding to businesses that engage in certain industries.~~ **Sections 6 and 8 of this bill authorize** require the State Treasurer ~~to transfer from~~ , at the direction of the Commission on Economic Development, to invest an amount not to exceed \$50 million of the money in the State Permanent School Fund to ~~this corporation an amount not to exceed \$50 million, if the State Treasurer obtains a judicial determination that such a use of that money will not violate Article 8, Section 9 of the Nevada Constitution. Section 6 requires this transfer to be made pursuant to an agreement which requires 70 percent of the~~ provide private equity funding ~~provided by the corporation to be provided~~ to businesses engaged in certain industries that are located or seeking to locate in Nevada.

WHEREAS, NRS 355.060 authorizes the State Treasurer to invest money in the State Permanent School Fund in certain investments; and

WHEREAS, The State Treasurer seeks to invest money in the State Permanent School Fund in accordance with sound and prudent investment principles which include a primary emphasis on the preservation of assets followed by an emphasis on return; and

WHEREAS, A greater return on Permanent School Fund money invested by the State Treasurer will have a direct beneficial impact on Nevada schools and students; and

WHEREAS, The availability of private equity funding for investment in health care and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing, information technology and other industries critical to economic development in this State would assist the State of Nevada in diversifying the economic base of the State; and

WHEREAS, The availability of private equity funding for investment in health care and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing, information technology and other industries critical to economic development in this State would attract new businesses and investment to the State of Nevada, resulting in high-paying, quality jobs; and

WHEREAS, The availability of private equity funding for investment in health care and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing, information technology and other industries critical to economic development in this State would create greater exposure for institutions of the Nevada System of Higher Education through expanded projects designed around health care and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing, information technology and other industries critical to economic development in this State; and

WHEREAS, The availability of private equity funding for investment in health care and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing, information technology and other industries critical to economic development in this State would encourage innovation and cooperation among institutions of the Nevada System of Higher Education and private sector businesses located in the State of Nevada; and

WHEREAS, The availability of private equity funding for investment in health care and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing, information technology other industries critical to economic development in this State would increase the ability of institutions of the Nevada System of Higher Education, businesses in the State of Nevada and nonprofit corporations and organizations in the State of Nevada to compete more successfully for federal and private research and development funding; and

WHEREAS, The availability of private equity funding for investment in health care and life sciences research and development would provide for advanced medical care being available to people living in and visiting the State of Nevada; and

WHEREAS, The State of Nevada, through the establishment of methods to provide private equity funding to businesses in this State, would provide economic growth and world-class medical care and training and would assist in the creation of high-paying, quality jobs for people living in the State of Nevada; now, therefore,

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** Chapter 355 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 7, inclusive, of this act.

**Sec. 2.** *As used in sections 2 to 7, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections ~~3.2~~ 3.5 and 4 of this act have the meanings ascribed to them in those sections.*

**Sec. 3.** ~~"Corporation for public benefit" means a corporation that is recognized as exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, future amendments to that section and the corresponding provisions of future internal revenue laws.~~ **(Deleted by amendment.)**

**Sec. 3.5.** **"Commission" means the Commission on Economic Development or its successor.**

**Sec. 4.** **"Private equity funding" means an investment in or a purchase of securities in operating businesses that are not publicly traded on a stock exchange.**

**Sec. 5.** ~~**H.** The State Treasurer shall cause to be formed in this State an independent corporation for public benefit, the general purpose of which is to act as a limited partner of limited partnerships or a shareholder or member of limited liability companies that provide private equity funding to businesses:~~

- ~~(a) Located in this State or seeking to locate in this State; and~~
- ~~(b) Engaged primarily in one or more of the following industries:~~
  - ~~(1) Health care and life sciences.~~
  - ~~(2) Cyber security.~~
  - ~~(3) Homeland security and defense.~~
  - ~~(4) Alternative energy.~~
  - ~~(5) Advanced materials and manufacturing.~~
  - ~~(6) Information technology.~~
  - ~~(7) Any other industry that the board of directors of the corporation for public benefit determines to be critical to the economic development of this State.~~
- ~~2. The corporation for public benefit created pursuant to subsection 1 may place investments through the use or assistance of:~~
  - ~~(a) External asset managers; or~~
  - ~~(b) Private equity investment firms.~~

~~3. Money received pursuant to section 6 of this act by the corporation for public benefit created pursuant to subsection 1 may not be used to make venture capital investments.~~

~~4. As used in this section, "venture capital" means equity, near equity and seed capital financing, including, without limitation, early stage research and development capital for start-up enterprises, and other equity, near equity or seed capital for growth and expansion of entrepreneurial enterprises.~~ **(Deleted by amendment.)**

~~Sec. 6. If the State Treasurer obtains the judicial determination required by subsection 3 of NRS 355.060,~~

~~1. At the direction of the Commission, the State Treasurer may transfer~~ **shall invest** an amount not to exceed \$50 million from the State Permanent School Fund ~~to the corporation for public benefit created pursuant to section 5 of this act. Such a transfer must be made pursuant to an agreement that requires the corporation for public benefit to~~

~~1. Provide, through the limited partnerships or limited liability companies described in subsection 1 of section 5 of this act, private equity funding; and~~

~~2. Ensure~~ **in limited partnerships or limited-liability companies that provide private equity funding to businesses:**

**(a) Located in this State or seeking to locate in this State; and**

**(b) Engaged primarily in one or more of the following industries:**

**(1) Health care and life sciences.**

**(2) Cyber security.**

**(3) Homeland security and defense.**

**(4) Alternative energy.**

**(5) Advanced materials and manufacturing.**

**(6) Information technology.**

**(7) Any other industry that the Commission determines to be critical to the economic development of this State.**

~~2. The Commission shall ensure that at least 70 percent of all private equity funding provided by the corporation~~ **money invested pursuant to subsection 1 is provided to businesses:**

**(a) Located in this State or seeking to locate in this State; and**

**(b) Engaged primarily in one or more of the following industries:**

**(1) Health care and life sciences.**

**(2) Cyber security.**

**(3) Homeland security and defense.**

**(4) Alternative energy.**

**(5) Advanced materials and manufacturing.**

**(6) Information technology.**

~~7. Any other industry that the board of directors of the corporation for public benefit created pursuant to section 5 of this act~~ **Commission determines to be critical to the economic development of this State.**

3. Investments made pursuant to this section may be placed through the use or assistance of:

(a) External asset managers; or

(b) Private equity investment firms.

4. Money invested pursuant to this section may not be used to make venture capital investments.

5. As used in this section, "venture capital" means equity, near-equity and seed capital financing, including, without limitation, early stage research and development capital for start-up enterprises, and other equity, near-equity or seed capital for growth and expansion of entrepreneurial enterprises

Sec. 7. The State Treasurer shall:

1. Adopt such regulations as he or she deems necessary to carry out the provisions of sections 2 to 7, inclusive, of this act, including, without limitation, the performance of such audits and the submission of such reports as he or she deems appropriate to ensure compliance with the provisions of sections 2 to 7, inclusive, of this act and the regulations adopted pursuant to this section. The regulations may include criteria for determining eligibility for and use of private equity funding, but the ~~corporation for public benefit established pursuant to section 5 of this act~~ Commission must have sole authority for the approval of applications for and the management of private equity funding provided pursuant to sections 2 to 7, inclusive, of this act.

2. Provide the ~~corporation for public benefit created pursuant to section 5 of this act~~ Commission with such assistance as is necessary to carry out the provisions of sections 2 to 7, inclusive, of this act and comply with the regulations adopted pursuant to this section.

Sec. 8. NRS 355.060 is hereby amended to read as follows:

355.060 1. The State Controller shall notify the State Treasurer monthly of the amount of uninvested money in the State Permanent School Fund.

2. Whenever there is a sufficient amount of money for investment in the State Permanent School Fund, the State Treasurer shall proceed to negotiate for the investment of the money in:

(a) United States bonds.

(b) Obligations or certificates of the Federal National Mortgage Association, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit Banks Funding Corporation or the Student Loan Marketing Association, whether or not guaranteed by the United States.

(c) Bonds of this state or of other states.

(d) Bonds of any county of the State of Nevada.

(e) United States treasury notes.

(f) Farm mortgage loans fully insured and guaranteed by the ~~Farmers Home Administration~~ *Farm Service Agency* of the United States Department of Agriculture.

(g) Loans at a rate of interest of not less than 6 percent per annum, secured by mortgage on agricultural lands in this state of not less than three times the value of the amount loaned, exclusive of perishable improvements, of unexceptional title and free from all encumbrances.

(h) Money market mutual funds that:

(1) Are registered with the Securities and Exchange Commission;

(2) Are rated by a nationally recognized rating service as "AAA" or its equivalent; and

(3) Invest only in securities issued or guaranteed as to payment of principal and interest by the Federal Government, or its agencies or instrumentalities, or in repurchase agreements that are fully collateralized by such securities.

(i) Common or preferred stock of a corporation created by or existing under the laws of the United States or of a state, district or territory of the United States, if:

(1) The stock of the corporation is:

(I) Listed on a national stock exchange; or

(II) Traded in the over-the-counter market, if the price quotations for the over-the-counter stock are quoted by the National Association of Securities Dealers Automated Quotations System (NASDAQ);

(2) The outstanding shares of the corporation have a total market value of not less than \$50,000,000;

(3) The maximum investment in stock is not greater than 50 percent of the book value of the total investments of the State Permanent School Fund;

(4) Except for investments made pursuant to paragraph (k), the amount of an investment in a single corporation is not greater than 3 percent of the book value of the assets of the State Permanent School Fund; and

(5) Except for investments made pursuant to paragraph (k), the total amount of shares owned by the State Permanent School Fund is not greater than 5 percent of the outstanding stock of a single corporation.

(j) A pooled or commingled real estate fund or a real estate security that is managed by a corporate trustee or by an investment advisory firm that is registered with the Securities and Exchange Commission, either of which may be retained by the State Treasurer as an investment manager. The shares and the pooled or commingled fund must be held in trust. The total book value of an investment made under this paragraph must not at any time be greater than 5 percent of the total book value of all investments of the State Permanent School Fund.

(k) Mutual funds or common trust funds that consist of any combination of the investments listed in paragraphs (a) to (j), inclusive.

***(l) The limited partnerships or limited-liability companies described in ~~subsection 1 of section 5~~ section 6 of this act.***



3. The State Treasurer shall not invest any money in the State Permanent School Fund pursuant to paragraph (i), (j) ~~or~~ or (k) ~~for (j)~~ of subsection 2 unless the State Treasurer obtains a judicial determination that the proposed investment or category of investments will not violate the provisions of Section 9 of Article 8 of the Constitution of the State of Nevada. The State Treasurer shall contract for the services of independent contractors to manage any investments of the State Treasurer made pursuant to paragraph (i), (j) or (k) of subsection 2. The State Treasurer shall establish such criteria for the qualifications of such an independent contractor as are appropriate to ensure that each independent contractor has expertise in the management of such investments.

4. In addition to the investments authorized by subsection 2, the State Treasurer may make loans of money from the State Permanent School Fund to school districts pursuant to NRS 387.526.

5. No part of the State Permanent School Fund may be invested pursuant to a reverse-repurchase agreement.

Senator Cegavske moved to adopt Amendment No. 575 to Senate Bill No. 75.

Remarks by Senators Cegavske and Kihuen.

Senator Cegavske requested that the following remarks be entered in the Journal.

SENATOR CEGAVSKE:

Amendment No. 575 adds the provisions of Amendment No. 565 to the first reprint of Senate Bill No. 75. The amendment previously adopted by the Senate prohibits money invested under this bill from being used to make venture capital investments. Although the language of the adopted amendment appears to be deleted in section 5, the Legal Division merely moved that language to Subsections 3, 4 and 5 of Section 6 for drafting purposes.

Currently, the first reprint of Senate Bill No. 75 requires the State Treasurer to form an independent corporation for public benefit for the purpose of making private equity investments with up to \$50 million from the State Permanent School Fund. Before making these investments, the State Treasurer must obtain a judicial determination that such investments do not violate Article 8, Section 9 of the Nevada Constitution, which prohibits the State from owning equity in private businesses.

Following the introduction of Senate Bill No. 75, the First Judicial District issued a declaratory order that Article 8, Section 9 of the Nevada Constitution does not apply to the State Permanent School Fund because it is a special fund. Based on this declaratory order, Amendment No. 575 to Senate Bill No. 75 removes the requirement that the State Treasurer form an independent corporation to make these investments. Instead, the amendment requires the Treasurer, at the direction of the Commission on Economic Development or its successor, to make private equity investments in private businesses with up to \$50 million from the State Permanent School Fund.

SENATOR KIHUEN:

The State Treasurer has a fiduciary responsibility to invest the Permanent School Fund (PSF). An attempt to shift the investment function to an economic development committee creates a conflict, and is contrary to the judicial determination the Attorney General and Treasurer recently received. The Nevada Constitution establishes the Permanent School Fund concept in Article 11, Section 3. In part, it states, "are hereby pledged for educational purposes and the money there from must not be transferred to other funds for other uses." How would a body

whose main function would be economic development, as proposed my colleague's amendment, as opposed to "for educational purposes," be constitutional?

One of the lessons learned from other states' experiences is that states' private equity programs must be de-politicized. When there is political influence in the investment process, programs fail. In the definitive book on the subject of states and countries entering the private equity investment field entitled, "Boulevard of Broken Dreams," published in 2010, author Josh Lerner lists as one of the biggest reasons why such ventures fail is when decision making boards are comprised of politicians rather than investment professionals. The proposed amendment would either place those decisions in the hands of members of the Economic Development Commission, who are not investment professionals and would simply replace one constitutional officer with another, a constitutional officer to whom they all report, or it would place those decisions in the hands of elected officials created in Assembly Bill No. 449. In either case, that is most assuredly one of the biggest errors that other states and countries have made. Senate Bill No. 75 as introduced places those decisions in the hands of investment professionals appointed by elected officials who are independent of the State Treasurer's influence.

Many states have already successfully run similar programs which Senate Bill No. 75 mirrors. Without Nevada putting its money where it economic development mouth is, we will continue to watch businesses select other states to locate their thriving operations, to the detriment of diversifying our economy and eliminating the opportunity to create good paying jobs at a time of record unemployment.

During our Select Committee hearings, countless economic development task forces have continually stated that they need money to attract businesses to Nevada. Senate Bill No. 75 provides that ability to stable companies, which seek to relocate to Nevada and thereby create jobs in our State. Of course, we can choose to continue to just take photo ops of these groups without actually doing anything, which is what has occurred in this State for some time.

Senate Bill No. 75 provides additional funding to K-12 education and was fully supported by Department of Education and the Nevada State Teachers Association during our hearing in my committee. In addition, the business community, economic development agencies, and the Lieutenant Governor spoke in support of the bill in committee.

Governor Sandoval said in his State of the State address, "Innovation will drive tomorrow's economy, and so it must drive our decision making as we rebuild our economic development infrastructure." Senate Bill No. 75 is the appropriate vehicle to drive innovation, and move Nevada forward.

With record unemployment and the need to actually do something to create economic development instead of simply pay it lip service, now is the time to put party politics aside and vote for the people of Nevada.

I urge my colleagues to oppose this amendment.

Motion carried on a division of the house.

Amendment adopted.

Bill ordered reprinted, re-engrossed and to third reading.

Senate Bill No. 97.

Bill read third time.

Roll call on Senate Bill No. 97:

YEAS—21.

NAYS—None.

Senate Bill No. 97 having received a constitutional majority, Mr. President declared it passed, as amended.

Bill ordered transmitted to the Assembly.

Senate Bill No. 113.

Bill read third time.

Roll call on Senate Bill No. 113:

YEAS—20.

NAYS—Gustavson.

Senate Bill No. 113 having received a constitutional majority,  
Mr. President declared it passed, as amended.

Bill ordered transmitted to the Assembly.

Senate Bill No. 244.

Bill read third time.

Roll call on Senate Bill No. 244:

YEAS—21.

NAYS—None.

Senate Bill No. 244 having received a constitutional majority,  
Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Senate Bill No. 430.

Bill read third time.

Roll call on Senate Bill No. 430:

YEAS—21.

NAYS—None.

Senate Bill No. 430 having received a constitutional majority,  
Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Senate Bill No. 441.

Bill read third time.

Roll call on Senate Bill No. 441:

YEAS—21.

NAYS—None.

Senate Bill No. 441 having received a constitutional majority,  
Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Senate Bill No. 444.

Bill read third time.

Roll call on Senate Bill No. 444:

YEAS—21.

NAYS—None.

Senate Bill No. 444 having received a constitutional majority,  
Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Senate Bill No. 475.

Bill read third time.

Roll call on Senate Bill No. 475:

YEAS—21.

NAYS—None.

Senate Bill No. 475 having received a constitutional majority, Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Senate Bill No. 483.

Bill read third time.

Roll call on Senate Bill No. 483:

YEAS—20.

NAYS—Gustavson.

Senate Bill No. 483 having received a two-thirds majority, Mr. President declared it passed, as amended.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 1.

Bill read third time.

Roll call on Assembly Bill No. 1:

YEAS—21.

NAYS—None.

Assembly Bill No. 1 having received a constitutional majority, Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 37.

Bill read third time.

Roll call on Assembly Bill No. 37:

YEAS—21.

NAYS—None.

Assembly Bill No. 37 having received a constitutional majority, Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 42.

Bill read third time.

Roll call on Assembly Bill No. 42:

YEAS—21.

NAYS—None.

Assembly Bill No. 42 having received a constitutional majority, Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 45.

Bill read third time.

Roll call on Assembly Bill No. 45:

YEAS—21.

NAYS—None.

Assembly Bill No. 45 having received a constitutional majority,  
Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 46.

Bill read third time.

Roll call on Assembly Bill No. 46:

YEAS—21.

NAYS—None.

Assembly Bill No. 46 having received a constitutional majority,  
Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

MOTIONS, RESOLUTIONS AND NOTICES

Senator Wiener moved to suspend rules and dispense with reading the  
histories of all bills and joint resolutions for this legislative day.

Motion carried.

GENERAL FILE AND THIRD READING

Assembly Bill No. 50.

Bill read third time.

Roll call on Assembly Bill No. 50:

YEAS—21.

NAYS—None.

Assembly Bill No. 50 having received a two-thirds majority, Mr. President  
declared it passed.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 61.

Bill read third time.

Roll call on Assembly Bill No. 61:

YEAS—21.

NAYS—None.

Assembly Bill No. 61 having received a constitutional majority,  
Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 63.

Bill read third time.

Roll call on Assembly Bill No. 63:

YEAS—21.

NAYS—None.

Assembly Bill No. 63 having received a constitutional majority, Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 68.

Bill read third time.

Roll call on Assembly Bill No. 68:

YEAS—21.

NAYS—None.

Assembly Bill No. 68 having received a constitutional majority, Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 73.

Bill read third time.

Roll call on Assembly Bill No. 73:

YEAS—21.

NAYS—None.

Assembly Bill No. 73 having received a constitutional majority, Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 82.

Bill read third time.

Remarks by Senators Parks, Brower and Hardy.

Senator Parks requested that the following remarks be entered in the Journal.

SENATOR PARKS:

Assembly Bill No. 82 provides that the Secretary of State will prescribe procedural and system requirements to be used for any system of on-line voter registration offered by a county clerk. A county clerk who offers on-line voter registration may verify how many registered voters have signed a petition using the same indicia as approved by the Secretary of State to verify new voter registrations. A person who registers by computer must vote in person at the first election after they register and must cast a provisional ballot if they do not provide acceptable proof of identity.

The measure adds military recruiting offices to the list of voter registration agencies, and increases certain penalties concerning voter intimidation, vote tampering, and voter registration fraud. A voter registration agency shall not employ as a field registrar any person who has been convicted of a felony involving theft or fraud. The Secretary of State may pursue action against violators of this provision. The Secretary of State may also charge a fee covering the cost of printing to any group or person that requests more than 50 voter registration forms in one year.

Assembly Bill No. 82 removes requirements for certain persons and groups who advocate the passage or defeat of a ballot measure to register with the Secretary of State. Instead, these persons or groups are subject to the same registration and reporting requirements as political action committees and must report contributions and expenditures in excess of \$100. Political action committees must register with the Secretary of State annually.

The bill allows a candidate, including one who withdrew before an election, and an office holder who does not run again, to dispose of unspent campaign contributions by contributing to another campaign, political party, governmental entity, or any combination thereof, and provides that the candidate or office holder may request that the money be used for a specific purpose. A

person may also use unspent campaign funds in a future election under certain circumstances. A legal defense fund must be dissolved approximately 45 days after the close of all legal proceedings and remaining funds may be returned to donors, donated to a tax-exempt nonprofit entity, or a combination thereof.

Finally, Assembly Bill No. 82 makes several technical revisions regarding the creation of mailing precincts, the information that is to be included on public notices posted at polling places, and requires "Incumbent" to appear on a ballot in an election if two or more candidates have the same name and one is the incumbent.

The bill prohibits a foreign national from contributing to a person or group involved in campaigns and elections. These individuals or groups are prohibited from knowingly receiving such contributions. Under these circumstances, such contributions must be returned. A violation is a gross misdemeanor. The measure is effective on July 1, 2011.

SENATOR BROWER:

Thank you, Mr. President. I rise in support of this bill. This contains some real common sense reforms to our election laws. I want to thank the Chair of the Committee for allowing the adoption of the amendment that was proposed to include a ban on foreign contributions to the *Nevada Revised Statutes* (NRS).

SENATOR HARDY:

I rise in support of Assembly Bill No. 82 and appreciate the work of the Committee and the Chair to do such a comprehensive look at voting and registration. I would like to make certain that this is on the record. It is my understanding that the first time you show up to vote after you have had a registration by mail or by computer, however it may be, that there is an identification or utility bill or attestation required that you are who you are and you live where you are registered. That is a request for clarification. It is my understanding that the same deadlines for registering to vote will exist along with the other rules the counties would implement based on what the Secretary of State's guidelines will be.

SENATOR PARKS:

Thank you, Mr. President. Yes, the provision requires that a person who registers to vote by computer must, when they go to vote for the first time after registering, provide acceptable identification to the election department or if it is not deemed acceptable, they will accept a provisional ballot that may be reviewed and subsequently counted if it is proven that they are properly registered. As for the second part of the question, yes, that is correct.

Roll call on Assembly Bill No. 82:

YEAS—20.

NAYS—Gustavson.

Assembly Bill No. 82 having received a constitutional majority, Mr. President declared it passed, as amended.

Bill ordered transmitted to the Assembly.

#### MOTIONS, RESOLUTIONS AND NOTICES

Senator Wiener moved that Assembly Bills Nos. 110, 115, 145, 146, 182, 200, 237, 280, 395, 420, 422, 454, 472, 544; Assembly Joint Resolution No. 1, be taken from the General File and placed on the General File for the next legislative day.

Motion carried.

#### UNFINISHED BUSINESS

##### CONSIDERATION OF ASSEMBLY AMENDMENTS

Senate Bill No. 31.

Amendment No. 121.

"SUMMARY—Makes various changes to provisions governing administration of taxes. (BDR 32-434)"

"AN ACT relating to the administration of taxes; clarifying provisions governing the determination and certification of population for apportionment purposes and requiring additional projections of population; revising provisions governing joint and several liability of certain responsible persons for taxes and certain waivers of penalties and interest; extending the period for the Department of Taxation or a county to bring an action in a court of competent jurisdiction for summary judgment against a person owing a delinquent tax or deficiency determination; extending the period for the Department or a county to record a tax lien; extending the period for the Department or a county to issue a warrant for the enforcement of a lien and collect a delinquent tax; temporarily extending the deadline for submitting cooperative agreements altering the formula for the distribution of money from the Local Government Tax Distribution Account; and providing other matters properly relating thereto."

**Legislative Counsel's Digest:**

Existing law requires the Department of Taxation to determine, and the Governor to certify, the annual population of each town, township, city and county in this State for purposes of the apportionment of taxes during the next fiscal year. (NRS 360.283, 360.285) **Sections 2 and 3** of this bill clarify that this determination and certification is of the relevant population as of July 1 of the immediately preceding year. **Section 1** of this bill additionally requires the Department to issue annual reports containing 5-year and 20 year projections of the population of each county.

The provisions of title 32 of NRS require the Department of Taxation to collect certain taxes imposed on property of an interstate or intercounty nature, the net proceeds of minerals, financial institutions and other businesses, live entertainment, liquor, tobacco, controlled substances, estates and generation-skipping transfers, and various sales and use taxes. (Chapters 361, 362, 363A, 363B, 368A, 369, 370, 372, 372A, 374, 374A, 375A-377B of NRS) Existing law imposes joint and several liability upon certain responsible persons who fail to collect or pay to the Department some of these taxes or any pertinent fees. (NRS 360.297) **Section 4** of this bill limits this liability to the willful failure to pay or collect an applicable tax or fee and applies this liability to all of the taxes and fees required to be paid to the Department under title 32 of NRS.

Under existing law, the Department of Taxation is authorized to waive or reduce the interest and penalties imposed on a person whose failure to timely file a return or pay certain taxes collected by the Department is the result of circumstances beyond the person's control and occurred despite the exercise of ordinary care and without intent. (NRS 360.419) **Section 5** of this bill extends that authority to all of the taxes and fees required to be paid to the Department under title 32 of NRS and to certain fees imposed on the lease of a passenger car by a short-term lessor.



If a person owes delinquent taxes or has a deficiency determination against him or her with respect to any tax administered by the Department of Taxation, existing law authorizes the Department to attempt collection of the tax or deficiency in certain ways. The Department may: (1) file an action in any court of competent jurisdiction for summary judgment for the amount due; (2) file a certificate in the office of any county recorder, at which time the amount due becomes a lien upon all real and personal property the person owns or acquires in the county before the lien expires or is discharged; and (3) issue a warrant for the enforcement of a lien and for the collection of any delinquent tax or fee. (NRS 360.420, 360.473, 360.483) Existing law also allows a county to take such actions when any tax is delinquent on a transfer of real property in the county. (NRS 375.160, 375.170, 375.200) Such actions must occur within 3 years after the date the tax, fee or deficiency determination was due. Existing law allows the State Controller to take certain actions with respect to unpaid debts to the State within 4 years after the debt becomes due. (NRS 353C.140, 353C.150) **Sections ~~6-11~~ 6-8 and 10-12** of this bill similarly extend the time by which the Department or county may take action to collect delinquent taxes, fees or deficiencies to within 4 years after payment was due.

**Existing law requires the deposit of certain proceeds from liquor taxes, cigarette taxes, real property transfer taxes, city-county relief taxes and governmental services taxes into the Local Government Tax Distribution Account. (NRS 369.173, 370.260, 375.070, 377.055, 377.057, 482.181) Under existing law, the Executive Director of the Department of Taxation is required to allocate the money in the Account each fiscal year to local governments, special districts and enterprise districts in accordance with a mathematical formula, except that a county clerk may, not later than December 31 of the immediately preceding year, submit to the Executive Director a local cooperative agreement which provides for the allocation of that money under an alternative formula that commences the next fiscal year. (NRS 360.680, 360.690, 360.730) Section 9 of this bill extends until May 31, 2011, the deadline for submitting such a cooperative agreement for an alternative formula that would commence with the fiscal year beginning on July 1, 2011.**

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** Chapter 360 of NRS is hereby amended by adding thereto a new section to read as follows:

**1. The Department shall:**

**(a) On or before March 1 of each calendar year, issue an annual report of the projected population of each ~~town, township, city and~~ county in this State as of July 1 of that year and the next succeeding 4 years; and**

**(b) On or before October 1 of each calendar year, issue an annual report of the projected population, as classified by age, sex, race and**

*Hispanic origin, of each ~~town, township, city and~~ county in this State as of July 1 of that year and the next succeeding 19 years.*

**2.** *The Department shall post the annual reports required by subsection 1 on an Internet website maintained by the Department and, if the demographer employed pursuant to NRS 360.283 maintains a separate Internet website, require the demographer to post the annual reports required by subsection 1 on an Internet website maintained by the demographer.*

**Sec. 2.** NRS 360.283 is hereby amended to read as follows:

360.283 1. The Department shall adopt regulations to establish a method of determining annually the population of each town, township, city and county in this State and estimate the population of each town, township, city and county pursuant to those regulations.

2. The Department shall, *on or after July 1 of each year*, issue an annual report of the estimated population of each town, township, city and county in this State ~~+~~ *as of July 1 of that year*.

3. Any town, city or county in this State may petition the Department to revise the estimated population of that town, city or county. No such petition may be filed on behalf of a township. The Department shall by regulation establish a procedure to review each petition and to appeal the decision on review.

4. The Department shall, upon the completion of any review and appeal thereon pursuant to subsection 3, determine the population of each town, township, city and county in this State, and submit its determination to the Governor.

5. The Department shall employ a demographer to assist in the determination of population pursuant to this section *and the projection of population pursuant to section 1 of this act*, and to cooperate with the Federal Government in the conduct of each decennial census as it relates to this State.

**Sec. 3.** NRS 360.285 is hereby amended to read as follows:

360.285 1. For the purposes of this title, the Governor shall, on or before March 1 of each year, certify the population of each town, township, city and county in this state *as of the immediately preceding July 1* from the determination submitted to the Governor by the Department ~~+~~ *pursuant to subsection 4 of NRS 360.283*.

2. Where any tax is collected by the Department for apportionment in whole or in part to any political subdivision and the basis of the apportionment is the population of the political subdivision, the Department shall use the populations certified by the Governor. The transition from one such certification to the next must be made on July 1 following the certification for use in the fiscal year beginning then. Every payment before that date must be based upon the earlier certification and every payment on or after that date must be based upon the later certification.

**Sec. 4.** NRS 360.297 is hereby amended to read as follows:

360.297 1. A responsible person who *willfully* fails to collect or pay to the Department any tax or fee ~~imposed by this chapter, chapter 363A, 363B, 368A, 369, 370, 372 or 374 of NRS,~~ **required to be paid to the Department pursuant to this title**, NRS 444A.090 or 482.313, or chapter 680B of NRS, or who attempts to evade the payment of any such tax or fee, is jointly and severally liable with any other person who is required to pay such a tax or fee for the tax or fee owed plus interest and all applicable penalties. The responsible person shall pay the tax or fee upon notice from the Department that it is due.

2. As used in this section, "responsible person" includes:

- (a) An officer or employee of a corporation; and
- (b) A member or employee of a partnership or limited-liability company, ↪ whose job or duty it is to collect, account for or pay to the Department any tax or fee ~~imposed by this chapter, chapter 363A, 363B, 368A, 369, 370, 372 or 374 of NRS,~~ **required to be paid to the Department pursuant to this title**, NRS 444A.090 or 482.313, or chapter 680B of NRS.

**Sec. 5.** NRS 360.419 is hereby amended to read as follows:

360.419 1. If the Executive Director or a designated hearing officer finds that the failure of a person to make a timely return or payment of ~~a tax imposed pursuant to NRS 361.320 or chapter 361A, 362, 363A, 363B, 369, 370, 372, 372A, 374, 375A, 375B, 376A, 377 or 377A of NRS,~~ **any tax or fee required to be paid to the Department pursuant to this title or NRS 482.313** is the result of circumstances beyond his or her control and occurred despite the exercise of ordinary care and without intent, the Department may relieve the person of all or part of any interest or penalty, or both.

2. A person seeking relief must file with the Department a statement under oath setting forth the facts upon which the person bases his or her claim.

3. The Department shall disclose, upon the request of any person:

- (a) The name of the person to whom relief was granted; and
- (b) The amount of the relief.

4. The Executive Director or a designated hearing officer shall act upon the request of a taxpayer seeking relief pursuant to NRS 361.4835 which is deferred by a county treasurer or county assessor.

**Sec. 6.** NRS 360.420 is hereby amended to read as follows:

360.420 1. If, with respect to any tax or fee administered by the Department, a person:

- (a) Fails to pay the tax or fee when due according to his or her own return filed with the Department;
- (b) Fails to pay a deficiency determination when due; or
- (c) Defaults on a payment pursuant to a written agreement with the Department,

↪ the Department may, within ~~3~~ 4 years after the amount is due, file in the office of the clerk of any court of competent jurisdiction an application for the entry of a summary judgment for the amount due.

2. The application must be accompanied by a certificate specifying:

(a) The amount required to be paid, including any interest and penalties due;

(b) The name and address of the person liable for the payment, as they appear on the records of the Department;

(c) The basis for the determination of the Department of the amount due; and

(d) That the Department has complied with the applicable provisions of law in relation to the determination of the amount required to be paid.

3. The application must include a request that judgment be entered against the person in the amount required to be paid, including any interest and penalties due, as set forth in the certificate.

**Sec. 7.** NRS 360.473 is hereby amended to read as follows:

360.473 1. If any tax or fee administered by the Department is not paid when due, the Department may, within ~~3~~ 4 years after the date that the tax or fee was due, file for record a certificate in the office of any county recorder which states:

(a) The amount of the tax or fee and any interest or penalties due;

(b) The name and address of the person who is liable for the amount due as they appear on the records of the Department; and

(c) That the Department has complied with all procedures required by law for determining the amount due.

2. From the time of the filing of the certificate, the amount due, including interest and penalties, constitutes a lien upon all real and personal property in the county owned by the person or acquired by the person afterwards and before the lien expires. The lien has the effect and priority of a judgment lien and continues for 5 years after the time of the filing of the certificate unless sooner released or otherwise discharged.

3. Within 5 years after the date of the filing of the certificate or within 5 years after the date of the last extension of the lien pursuant to this subsection, the lien may be extended by filing for record a new certificate in the office of the county recorder of any county. From the time of filing, the lien is extended to all real and personal property in the county owned by the person or acquired by the person afterwards for 5 years, unless sooner released or otherwise discharged.

**Sec. 8.** NRS 360.483 is hereby amended to read as follows:

360.483 1. The Department or its authorized representative may issue a warrant for the enforcement of a lien and for the collection of any delinquent tax or fee which is administered by the Department:

(a) Within ~~3~~ 4 years after the person is delinquent in the payment of the tax or fee; or

(b) Within 5 years after the last recording of an abstract of judgment or of a certificate constituting a lien for the tax or fee.

2. The warrant must be directed to a sheriff or constable and has the same effect as a writ of execution.

3. The warrant must be levied and sale made pursuant to the warrant in the same manner and with the same effect as a levy of and a sale pursuant to a writ of execution.

**Sec. 9. NRS 360.730 is hereby amended to read as follows:**

360.730 1. The governing bodies of two or more local governments or special districts, or any combination thereof, may, pursuant to the provisions of NRS 277.045, enter into a cooperative agreement that sets forth an alternative formula for the distribution of the taxes included in the Account to the local governments or special districts which are parties to the agreement. The governing bodies of each local government or special district that is a party to the agreement must approve the alternative formula by majority vote.

2. The county clerk of a county in which a local government or special district that is a party to a cooperative agreement pursuant to subsection 1 is located shall transmit a copy of the cooperative agreement to the Executive Director:

(a) Within 10 days after the agreement is approved by each of the governing bodies of the local governments or special districts that are parties to the agreement; and

(b) Not later than ~~December 31 of the year~~ **May 31** immediately preceding the initial year of distribution that will be governed by the cooperative agreement.

3. The governing bodies of two or more local governments or special districts shall not enter into more than one cooperative agreement pursuant to subsection 1 that involves the same local governments or special districts.

4. If at least two cooperative agreements exist among the local governments and special districts that are located in the same county, the Executive Director shall ensure that the terms of those cooperative agreements do not conflict.

5. Any local government or special district that is not a party to a cooperative agreement pursuant to subsection 1 must continue to receive money from the Account pursuant to the provisions of NRS 360.680 and 360.690.

6. The governing bodies of the local governments and special districts that have entered into a cooperative agreement pursuant to subsection 1 may, by majority vote, amend the terms of the agreement. The governing bodies shall not amend the terms of a cooperative agreement more than once during the first 2 years after the cooperative agreement is effective and once every year thereafter, unless the Committee on Local Government Finance approves the amendment. The provisions of this subsection do not apply to any interlocal agreements for the consolidation of governmental services entered into by local governments or special districts pursuant to the

provisions of NRS 277.080 to 277.180, inclusive, that do not relate to the distribution of taxes included in the Account.

7. A cooperative agreement executed pursuant to this section may not be terminated unless the governing body of each local government or special district that is a party to a cooperative agreement pursuant to subsection 1 agrees to terminate the agreement.

8. For each fiscal year the cooperative agreement is in effect, the Executive Director shall continue to calculate the amount each local government or special district that is a party to a cooperative agreement pursuant to subsection 1 would receive pursuant to the provisions of NRS 360.680 and 360.690.

9. If the governing bodies of the local governments or special districts that are parties to a cooperative agreement terminate the agreement pursuant to subsection 7, the Executive Director must distribute to those local governments or special districts an amount equal to the amount the local government or special district would have received pursuant to the provisions of NRS 360.680 and 360.690 according to the calculations performed pursuant to subsection 8.

~~Sec. 9.~~ **Sec. 10.** NRS 375.160 is hereby amended to read as follows:  
375.160 1. If any tax imposed pursuant to this chapter is not paid when due, the county may, within ~~3~~ 4 years after the date that the tax was due, record a certificate in the office of the county recorder which states:

- (a) The amount of the tax and any interest or penalties due;
- (b) The name and address of the person who is liable for the amount due as they appear on the records of the county; and
- (c) That the county recorder has complied with all procedures required by law for determining the amount due.

2. From the time of the recording of the certificate, the amount due, including interest and penalties, constitutes:

- (a) A lien upon the real property for which the tax was due if the person who owes the tax still owns the property; or
- (b) A demand for payment if the property has been sold or otherwise transferred to another person.

3. The lien has the effect and priority of a judgment lien and continues for 5 years after the time of the recording of the certificate unless sooner released or otherwise discharged.

4. Within 5 years after the date of recording the certificate or within 5 years after the date of the last extension of the lien pursuant to this subsection, the lien may be extended by recording a new certificate in the office of the county recorder. From the time of recording the new certificate, the lien is extended for 5 years, unless sooner released or otherwise discharged.

~~Sec. 10.~~ **Sec. 11.** NRS 375.170 is hereby amended to read as follows:

375.170 1. If a person is delinquent in the payment of any tax imposed by this chapter or has not paid the amount of a deficiency determination, the county may bring an action in a court of this state, a court of any other state or a court of the United States that has competent jurisdiction to collect the delinquent or deficient amount, penalties and interest. The action:

(a) May not be brought if the decision that the payment is delinquent or that there is a deficiency determination is on appeal to a hearing officer pursuant to NRS 375.320.

(b) Must be brought not later than ~~3~~ 4 years after the payment became delinquent or the determination became final.

2. The district attorney shall prosecute the action. The provisions of the Nevada Revised Statutes, Nevada Rules of Civil Procedure and Nevada Rules of Appellate Procedure relating to service of summons, pleadings, proofs, trials and appeals are applicable to the proceedings. In the action, a writ of attachment may issue. A bond or affidavit is not required before an attachment may be issued.

3. In an action, a certificate by the county recorder showing the delinquency is prima facie evidence of:

(a) The determination of the tax or the amount of the tax;

(b) The delinquency of the amounts; and

(c) The compliance by the county recorder with all the procedures required by law relating to the computation and determination of the amounts.

~~Sec. 11.~~ **Sec. 12.** NRS 375.200 is hereby amended to read as follows:

375.200 1. The county or its authorized representative may issue a warrant for the enforcement of a lien and for the collection of any delinquent tax that is administered pursuant to this chapter:

(a) Within ~~3~~ 4 years after the person is delinquent in the payment of the tax; or

(b) Within 5 years after the last recording of a certificate copy constituting a lien for the tax.

2. The warrant must be directed to a sheriff or constable and has the same effect as a writ of execution.

3. The warrant must be levied and sale made pursuant to the warrant in the same manner and with the same effect as a levy of and a sale pursuant to a writ of execution.

~~Sec. 12.~~ **Sec. 13.** NRS 4.065 is hereby amended to read as follows:

4.065 1. The justice of the peace shall, on the commencement of any action or proceeding in the justice court for which a fee is required, and on the answer or appearance of any defendant in any such action or proceeding for which a fee is required, charge and collect a fee of \$1 from the party commencing, answering or appearing in the action or proceeding. These fees are in addition to any other fee required by law.

2. On or before the first Monday of each month, the justice of the peace shall pay over to the county treasurer the amount of all fees collected by the justice of the peace pursuant to subsection 1 for credit to the State General Fund. Quarterly, the county treasurer shall remit all money so collected to the State Controller, who shall place the money in an account in the State General Fund for use by the Executive Director of the Department of Taxation to administer the provisions of NRS 360.283 ~~+~~ *and section 1 of this act.*

~~Sec. 13.~~ *Sec. 14.* ~~This act becomes~~

- 1. This section becomes effective upon passage and approval.**
- 2. Section 9 of this act becomes effective upon passage and approval and expires by limitation on June 30, 2011.**
- 3. Sections 1 to 8, inclusive, and 10 to 13, inclusive, of this act become effective on July 1, 2011.**

Senator Leslie moved that the Senate concur in the Assembly amendment to Senate Bill No. 31.

Remarks by Senator Leslie.

Senator Leslie requested that her remarks be entered in the Journal.

Thank you, Mr. President. This amendment clarifies that the 5-year and 20-year population projections that are required to be performed by the State Demographer be done for each county in the State and does not require projections to be made for towns, townships or cities. The amendment also extends the period for which local governments may enter into an interlocal agreement to revise distributions of revenue from the local government tax distributions from December 31 to May 31 for an agreement that would begin in Fiscal Year 2012. These are technical adjustments. There had been some questions on our Committee, but those have all been cleared up.

Motion carried by a constitutional majority.  
Bill ordered enrolled.

#### SIGNING OF BILLS AND RESOLUTIONS

There being no objections, the President and Secretary signed Senate Bills Nos. 49, 84, 408; Senate Joint Resolution No. 14.

#### REMARKS FROM THE FLOOR

Senator Wiener requested that her remarks be entered in the Journal.

Thank you, Mr. President. We heard earlier this evening the message from the Governor regarding the budget we sent him for education. To say I am disappointed is an understatement. On my desk is a picture of me listening to students at Wiener Elementary School. I have placed it near my voting button so that I can see the faces of children before each vote I cast.

As you will recall, I spoke to you the other day about the thousands of grade school students I visit each year, 20 to 30 schools annually, not just in my district but throughout southern Nevada. I visit as many schools as will have me because I believe it is important to let the voices of the children become part of the message I bring to these Chambers. Their message is what I am going to share with you right now. They have shared with me, their words, and their feelings each time I visit a school. They want to know what is happening to their education. They want to know what we are going to do to ensure that they get the best education possible.

They get it. They know less money means a significant impact on the opportunities they have as students and beyond. They know it means their teachers will have to spend more money out of their own pockets to pay for classroom supplies and worse, that teachers will have less money



in their pockets if the governor's education budget stands. They know it means not just sharing textbooks, but hoping there is one textbook set in their classroom. They know that under current conditions and current proposals in the Governor's budget there will not be texts in the classroom and they will not be able to take them home. They know that many of the classes they need in order to learn and move forward with their education, because of the tests we conduct and the standards we set in classes like science, are not going to be available. They will not have the opportunity to experience maximum learning because the classes are too large. Often, the teachers do not get to know anything about their students because there are too many. They get it.

Governor Sandoval has said he visited dozens of schools during his campaign and since then. I do not know what students told him. But, I do know what thousands of children told me. They want enough money invested in their education so that they can have the best opportunity to learn. They do not want so many children in a classroom that they feel lost and anonymous. They want to have the opportunity to get to know their teachers and their classmates and most importantly, the subject matter. They know that too many students in the classroom means the teachers cannot teach and they cannot learn. They want their own textbooks. They need to have the vital tools to learn. All they ask is that we listen to their pleas, to really listen to their pleas when they speak from their heads and their hearts.

It is my hope that somehow we members of the Senate can find the common ground to work together, because we know how to do that. Now is the time to work together and to find a way to work for the children. We love the children and we must find the common ground to give our children what they are asking to have, the opportunity to travel the path with the tools, with the support system, and with those teachers who love them as much as we do. This is not just what the children are asking, it is what they deserve. I encourage all of my colleagues to listen one more time to what the children are saying so that we can support education in a way they deserve and that will enrich this State. By knowing more, children will have the opportunity to do more.

**Senator Lee requested that his remarks be entered in the Journal.**

Mr. President and members of this body, I have made it a point this Session to stress the importance of our community colleges in redirecting and rebuilding our economy. Those colleges can be the bedrock for educating and retraining Nevadans for the new economy we want to build.

But, community colleges cannot be successful in that new role unless the students enrolling in them have the basic skills they need to succeed. Our community colleges have to devote much of their resources to remediation, just getting students up to par on what they should have learned in high school. I have to admit that.

That will not change if resources are pulled back for K-12 education.

We need to graduate more students from high school who are ready for higher education. We do not accomplish that by putting our high school students in larger classes, with less opportunity for the individual attention they need to avoid having to take remediation classes in community college.

Our education system is a continuum, and you cannot short one part without shorting another. You cannot cut K-12 education, and expect our community colleges to deliver better results.

Mr. President, I value my relationship with Governor Sandoval and I respect him and I respect his positions and his reasons for this veto, however, I have to differ with my good friend on this portion of the State Budget. I do hope to be able to continue to work with Governor Sandoval to solve my concerns with the unfair funding of the community colleges and my request to change the funding formula in the near future.

Thank you, Mr. President.

**Senator Denis requested that his remarks be entered in the Journal.**

Mr. President and members of this body, I rise to point out something interesting that has transpired in the last few days. Just prior to vetoing the K-12 education-funding bill, the Governor vetoed redistricting legislation, partly on the grounds that it was a disservice to the Hispanic population in this State, giving them less opportunity for political participation.

While I disagree with the Governor on that, and said so publicly, I want to point out what does deny opportunity to Hispanics in this State and that is an underfunded education system.

We want more of our growing Hispanic population to graduate from high school, and go on to college. We want to make that possible by helping students with language and reading skills in the early grades when they need it. The Governor's K-12 budget ensures that will not happen. More of our students will struggle, and fewer of them will succeed.

I am asking the members of this body to consider this if you really want to help the Hispanic population of this State; do more for K-12 education, not less. Give them the same opportunity for a good education you say you want for them politically.

Senator Breeden requested that her remarks be entered in the Journal.

The Governor stated in his veto message that we need to reform education. We can talk about cuts. We can talk about reform. We have been doing it for months. One point no one has been able to answer for me is, how can we improve our schools in any way if we defund them? How do you keep the school doors open when we underpay teachers and let schools that are falling apart continue to deteriorate?

With this veto, the schools that are failing will continue to fail. The schools that are performing well, will become factories of underachievement. You cannot cut your way to reform when you have already cut to the bone.

Our proposed K-12 budget has less spending appropriated than in 2009. We are not increasing funds to schools, we do not have a spending problem, and we are just trying to make sure that our schools stay afloat.

But the Governor is sinking our schools instead of saving them. This veto demonstrates that there is no forward-looking strategy from the Governor. As legislators and stewards of this State, we have the obligation to fund education in the good times and the bad. There is no time when it is appropriate to put our children's future on the chopping block. Students and parents rely on us to give their families a fighting chance, and if we do not fund education now, we will be paying for it for decades. There is no good for our State in making education such a low priority. I would ask this body, when you are deliberating in either caucus, remember what we are here for. Thank you, Mr. President.

Senator Kieckhefer requested that his remarks be entered in the Journal.

Thank you, Mr. President. I would like to respond to what I have heard so far.

When the Governor vetoed the Distributive School Account budget, I think there was a reason to his decision. My frustration on this point is that when the Economic Forum told us how much money we had to spend, we had an opportunity to reinvest that money. Republicans put forth a plan that would have reinvested \$232 million of that into the K-12 school system. That would have taken up all but \$15 million of unallocated General Fund reduction in the K-12 education budget, which would be \$15 million statewide.

When the K-12 budget was passed out of Senate Finance and Assembly Ways and Means, it was done so by adding back \$660 million that was targeted reductions within the Governor's budget proposal that was specific to salary and benefit reductions for K-12 school district employees, 45 percent who are teachers and 55 percent who are not teachers. Those proposals were, with one exception, rejected. Those are the same proposals, for the most part, that were requested from the Executive Branch State employees. When we closed the statewide allocations for Executive Branch State employees, we kept those in. We said Executive Branch State employees can take this, but we are not expecting the same out of the school districts.

I understand the school districts have to go through the collective bargaining process, but we are not even asking. Does that mean we have gotten to the point that we do not even ask?

I believe that if we had followed through on that proposal we could have fully funded full-day kindergarten as it is in our budget right now, as it is this biennium. We could have funded class-size reduction as it is in this budget right now. We would have had \$15 million statewide for the K-12 system to deal with as a reduction. Is it realistic that they would have received every concession that was listed? Probably not. But we did not even ask. I find it frustrating to say it is okay to ask for that concession from the Executive Branch State worker who works for us, but not expect to ask it of employees of other branches of government.

Senator Copenig requested that her remarks be entered in the Journal.

Thank you, Mr. President and the members of the body. I am standing in support of funding education adequately. The Governor's veto of K-12 funding puts every school and every child at risk. Often, our focus in this Chamber is on the schools that are failing, and for good reason. But, we can't forget that we have successful students, teachers, and schools throughout our State.

The children who are succeeding, and they are in every school in Nevada, are going to suffer if we let the Governor's veto stand. For the teachers who can reach the middle of the road student, teetering between success and failure, we pack more kids in their classroom. This will make their school day less about teaching and more about crowd control.

For the students with families in dire financial situations and few resources at home, for the students who rely on school funding to keep them afloat, we take away their textbooks and close their libraries.

Our State cannot afford to neglect education. We are short-changing everyone in the State: the students who need help, the students who are succeeding, and everyone in between.

I would like to read an e-mail from a constituent a few days ago.

He says, "Hello, I am the father of a high school junior and I am outraged because of the imminent budget cuts that threaten my son's education. The Governor's proposed budget will eliminate classes crucial to students such as my son who are pursuing careers in engineering. In fact, these cuts will significantly hurt my son's chance of being accepted to the university of his choice. His high school will not be able to offer Advanced Placement (AP) Calculus, AP Chemistry and AP Physics because of staffing cuts. How can my son compete for a spot in an engineering program if he cannot take these prerequisite classes his senior year? Unfortunately, budget cuts will also decimate some programs and diminish others at the University of Nevada Las Vegas (UNLV) and the University of Nevada Reno (UNR). This is why my son and most of his classmates do not want to attend our own universities. I urge you to show backbone and do the right thing. Demand and vote for adequate funding for education. Stop blaming our students and our teachers for the economic woes we are currently suffering. Neither caused the problem." Colleagues, I ask you to please take these words seriously and consider funding our education system properly.

Senator Kihuen requested that his remarks be entered in the Journal.

Mr. President and members of this body, I have chaired the new Select Committee on Economic Growth and Employment during this Session.

Virtually every company that has come before this Committee to talk about economic development has talked in the same breath about the importance of education. It is often their first consideration in deciding whether to set up business in a state.

These companies think about their employees and where the children of those employees will be going to school, and the kind of education they will receive. These companies also know they will not be able to attract top-notch new employees if they are in a state without a good education system. Companies such as IKEA who last year refused to come to Nevada bringing 800 jobs to our State because they said we do not have enough college graduates to fill those jobs and those positions. They know they will not find the trained employees within a state unless there is a solid education system.

The Governor's veto of Assembly Bill No. 568 sends exactly the wrong message to these businesses who want to come to our State. The Governor wants us to believe our economy will recover dramatically in the next two years. But then he shortchanges education, the very thing that can make this happen. That makes no sense, and I hope all members of this body will see this contradiction when it comes time to vote on overriding the Governor's veto. A vote to override this veto is really a vote in support of strengthening the economic development and diversification we so desperately need in this State.

Senator Manendo requested that his remarks be entered in the Journal.

My friend, the Governor's veto today sends a message that he is willing to put politics and ideology ahead of finding real solutions for our struggling schools. At least that was my interpretation. Moments after he vetoed funding for our classrooms, he and his advisors began declaring all options to fund education dead on arrival. They essentially said, "Time's up!"

The last I checked, we still have three weeks of work left in Session. We have a lot of work to do and a lot of time to do it in. I am frustrated that we keep hearing that there are no solutions to our education funding. I think there is. We are only here for a short period of time and we cannot stall. We need to keep moving. We have the option to work together or to hold steadfast in our positions. If we work together, I think we can find solutions. If we choose to draw lines in the sand, then we have decided to run out the clock on our children's futures for political purposes. I do not think that is right.

I just ask all the Legislators in this Chamber to remember that none of us would be here today if it was not for our great teachers and mentors. None of us would be here today if our schools were defunded. We owe our children at least the same opportunities we were afforded in life. How can anyone stand here in this privileged Chamber and stomp on the hopes and dreams of those who have so little? For so many kids, education is the only opportunity they have to improve their standing in life, we cannot close that door on them.

We cannot take their one hope away from them. They cannot afford it. We need to get back to work and get it done fast.

**Senator Parks requested that his remarks be entered in the Journal.**

Thank you, Mr. President, and members of this body. We have heard a lot this Session that the silver bullet for student success is education reform. We have also heard that every state is making cuts, so we have to cut too. But, other states were far exceeding us in their investments in education before the recession began, and now we are falling even farther behind.

We are told that Florida has reformed their education system. That is true. However, they spend more per pupil. They have class-size reduction and early childhood education enshrined in their Constitution. They are making the right investments. We, simply, are not.

Reform is necessary, but we cannot reform our way out of crumbling classrooms. States that are models for reform fund their schools adequately. We cannot attract the talented teachers that reform demands if we continue to cut their pay. It just does not add up.

If we cannot meet our obligations as lawmakers to adequately fund education, I am afraid our State will continue a downward spiral of student achievement. This is not just another budget debate about numbers on spreadsheets. There will be real consequences. Businesses will not move here. Good teachers will not sign up to teach. Students will not learn, and their futures will be limited by our choices. We will have once again kicked the can down the road. We cannot let that happen.

**Senator Leslie requested that her remarks be entered in the Journal.**

The Governor said in his veto message that he wants to fund education in a "fiscally prudent" manner, but his plan for defunding education is anything but.

Creating a \$1.1 billion dollar budget hole is not fiscally prudent. Raiding bond reserves that may force school districts to refinance their debt is not fiscally prudent. Mortgaging our future by securitizing the insurance premium tax is not fiscally prudent. That is paying for today's groceries with your credit card. Misusing voter approved funds is not fiscally prudent. Hoping for sustained 12 percent economic growth is not fiscally prudent and is pure fantasy. None of these gimmicks in the Governor's budget are strategic. There is no vision for the future. There are only shortsighted tricks. Not only is this a disaster for our kids, it is a disaster for our State.

We heard testimony this morning from big companies and small businesses. The CFO of Zappos said that they rely on a workforce that is educated and innovative. We also heard testimony from small businesses. They all said the same thing. You cannot have an educated workforce if students do not make it through grade school. That message has been reinforced for weeks by the leaders of the business community. Undermining our schools undermines our economy. That is not fiscally prudent, either.

We need a long term vision for our State. Unfortunately, the Governor's budget continues what we are used to here in Nevada. It is a plan for our State, poorly constructed, that does not look beyond the upcoming biennium. I hope we can find compromise in this Legislative Body, but the Governor's budget for education is one I cannot and will not support. We sent him an alternative and he rejected it. Our only hope now is to work together to come up with a solution

that ensures the future of our State for ourselves and even more importantly, for our children. Let us do it.

Senator Brower requested that his remarks be entered in the Journal.

Thank you, Mr. President. I think that the rhetoric and hyperbole around this issue has become overheated and exaggerated since the beginning of the Session. We had, with the Economic Forum projection, a positive development with respect to the budget. Most of us do not seem to understand that. The rhetoric has ramped up, even from that point. We keep saying that we have a terrible K-12 education system in this State. If we continue to say that, it will become the reality. If we continue to say that businesses will not come to Nevada because of the education system here, that is what we will get.

We all know that our system is not as bad as those who would like to make the case for more funding would have us believe it is. Most of us are products of this system. Many of us have done pretty well in this system. We all meet people every day who are graduates of our high schools, and from what many may not consider to be the best high schools, but they finish, graduate, go on to college, they do very well. We must be doing something right.

We can improve; there is no doubt about that. We all know, and I have said this before, that we have for the last 40 years continuously put more money into per pupil spending and we have continuously received results that do not reflect that. How can it be that the high school graduation rate has steadily declined over the last four decades while spending has gone up? That tells me it is not simply a money issue. We do not have the extra money to continue to do that.

My colleague from Clark County read an e-mail earlier. We all receive e-mails. I have not heard an e-mail read this Session on the other side of this issue. I will read one tonight.

"My wife is a public school teacher at an elementary school. I am an instructor at a community college. We are old enough to retire, but have kept working as our retirement will not keep up with the cost of living. If money solved the education problem, no child in the United States would be left behind. The teachers with their powerful union are holding the children of Nevada hostage. A class size of 16 is unrealistic in today's economy."

I would like to point out that none of us had a class size of 16. I certainly did not in the public schools in Clark County.

"Even teachers under the age of 40 can remember the days of 25 to 30 in the classroom. Learning did occur. A teacher's dedication and skill are what makes the difference. If the State income is down, then all employees that are paid directly or indirectly with State funds need to have their income cut by the same percentage. For example, a highway maintenance man should not have to take a cut in salary and benefits while his children's teacher gets a raise. We are willing to take a pay cut and pay some of our own benefits. Some income is better than no income."

I know that is just one e-mail, but I have received many e-mails like that from people all around our State. We need to bridge the differences and resolve this debate.

I think the rhetoric has been overblown and is not helping to bring us together. It is not as bad as some would make it out to be.

Yes, education can be improved in this State. Yes, we would like to fund education more than we will be able to in this biennium. Let us come together and agree on what is good about our system. Let us do what we can to improve it within the means we have for this next biennium. Let us start talking about the positive things that our system provides to our children. Thank you, Mr. President.

Senator Schneider requested that his remarks be entered in the Journal.

Mr. President and members of this body, I just want to reiterate my remarks of the other day, when I spoke about what it would take just to get Nevada to the middle in funding education. I said that to just get us to mediocre, just to the middle of the 50 states it would take \$1.7 billion. I spoke against our funding bill because I wanted \$1.7 billion which would only get us to mediocre. We sent a funding budget to the Governor that was only 35 percent short of that number. He vetoed that. He has put us back into the cellar. We are in the cellar right now. He has put us further in the cellar with what he did today.

In my ten sessions here, we have gone backwards. To my friend from Washoe District No. 3, if you think that a 50 percent drop out rate is good, and our education system is doing just fine. I am shocked. I know you went to Bonanza High School in Las Vegas. The drop out rates were not at that level then.

We have had explosive growth for two decades in this State. The people who have moved to this State were service industry workers. English was not their first language. It costs more to educate the students we have today. It is fine to be macho and say I am not raising taxes. I am drawing the line. I am not going to waffle. I am going to be macho, but that does not get the job done.

We are failing. We have cut teacher pay 10 percent. We have loaded the classrooms with more students, and then told them to go into those rooms and do a better job. The good teachers are leaving. Last session, I spoke about a Yale educated professor at the University of Nevada Las Vegas (UNLV) who left because he saw there was no commitment to education. He is at Holyoake College in Massachusetts as a department chair of environmental studies. He got that job in two weeks. That is what is happening to our good professors, our good teachers. We are losing them.

I encourage all us to try to negotiate a compromise. I will sit down with anyone. You want reform, let us talk about reform. Let us get serious about it. But, let us get serious about what we are going to invest in our students. The Governor sends his children to Bishop Manogue. He does not send them there for \$5,000 a year. You have to be kidding. In Las Vegas, where you have about 75 percent of the students, if you want to go to one of the better schools in Las Vegas, go to the Meadows where tuition is \$15,000 plus expenses. At Bishop Gorman, tuition is \$12,500 plus expenses. All of the schools are like that. If you want a good education, you have to pay for it. We are trying to get by on the cheap. We are trying to be macho. "We will not raise taxes. We are going backwards."

I have been here in the Senate for 20 years. Let us talk about the children who were born when I was elected. Half of them have dropped out of school. That is not a successful education story. That is a failure. We can do better. We can ask our businesses to participate. I can participate. The ranchers and farmers can participate. We all must participate. We can do better. Thank you, Mr. President.

**Senator Horsford requested that his remarks be entered in the Journal.**

Thank you, Mr. President. I will try not to give a lecture, though I do not know any other way to force a discussion than to bring it to the Floor of the Senate. I am appreciative of my colleagues from Washoe District No. 4 as well as Washoe District No. 3 and in discussions with the representative from Clark District No. 12. I know that there is a great deal of concern on both sides of the aisle about how we can best address the budget issues and deal with these complex problems. I also feel that there is a sense that the alternative is just to follow the Governor and his budget plan regardless of the implications that were discussed by my colleague, the Chair of Revenue, and the negative non-recurring revenues that are in the Governor's budget. She discussed the sweeping of the capital reserve money that is supposed to go to providing safe schools for our children, and how it is not fiscally prudent. Regardless of party, you cannot in good conscience say that we should borrow \$250 million to pay off our bills today, and then mortgage the future for the next four years. It is not fiscally prudent.

Each of us makes our own decisions in different ways. I try to come to my decisions from a motivation point. Anyone who knows me knows that I make decisions based on core principles and values. When it comes to education, the core principle and value for me is about my children, their generation, and their ability to have an opportunity to do better in their generation than I had in mine, than my parents and grandparents had in theirs.

There are many of us here who are parents. Some of us are grandparents. Think about that moment in the delivery room when your child takes its first breath. That is what motivates me. When each of my children was born, it was God's gift to me to have them come into the world. When I looked at them, there was nothing that I would not do to make their life better or to honor the promise that I made, that I would do everything humanly possible to give them every opportunity to succeed in life.

My colleague from Washoe District No. 3 rightfully says that we cannot just put this in black and white boxes. This is not that all of our schools are poor. You are right. We have many great successes. There are schools that are performing. There are students and teachers who are doing their job. But, the Governor's budget as originally proposed and the veto message that he delivered today short changes those schools, too. It is not just in the underperforming schools where change needs to occur.

We have debated as a body, not just during this Session, but also in previous sessions, that we do want to see reform. I have advocated for legislation since before I was a Legislator to improve our schools, whether through charter schools, empowerment schools, where I co-sponsored the legislation with the former Governor. We brought forward, what was then the most comprehensive reform bill last session, S.B. No. 330 of the 75th Legislative Session. It passed this body unanimously.

Twice, there have been members from the other side who have said that the majority party is beholden to public employees or that the teachers' union is somehow the root cause of the problem.

Do you know what the problem is? It is all of us, as adults. We are all the problem. We need to share in the responsibility that we are not doing right by our children. We are not, not in this State. Not in the schools, that many of colleagues represent that are from poor neighborhoods. These are the schools with low-income children who come to school having never seen a dentist. Many of them have not had breakfast. Some of them do not have the basic language skills and are not even proficient in their own native language, let alone in English. When we ask why the graduation rates are not what we want them to be, let us look at all of us as a society.

I also received an e-mail from a constituent. All of us have been getting many e-mails lately. This e-mail was from a teacher. The teacher said, "I spend 10 percent of my time actually being able to instruct the students." Ten percent of that student's day is with the teacher.

I agree with the Minority Leader. In many cases, we put many burdens on our teachers. We have put many mandates on them. We have told teachers how to do their do their jobs from everything about how to pick up a pencil and how to write on the chalkboard. We have told them how to do every part of their job as if we are the experts and as if we know the answer. We do not. This teacher said, "If I only get 10 percent of the child's day to actually teach them, who is accountable for the other 90 percent? Where are the parents? Where are the community members? Where are the business leaders? Where are all of us as a society and what is our accountability toward that child?"

Public education is about an opportunity, not for some children. Not for the haves, not for those who come from one side of the tracks or the other. It is for every child. I agree with my colleague from Washoe District No. 3 when he talks about the fact that there are good schools. Let me talk about some of those good schools.

From Green Valley High School in the south to Carson Valley Middle School in the north, from elementary schools like Lamping to Hunsberger, these are schools that are changing lives, growing young brains and creating that bright future that is so important. We have exemplary schools in this State, some of which are nationally ranked. Booker Elementary Empowerment School in my district is a Title 1 school. Most of the students are low income. I was proud to send my child there for kindergarten because I knew they would get a great start in their education. That is an exemplary school. This budget by the Governor cuts funding to exemplary schools, to gifted students, to teachers who are performing just as much as it cuts funding to those schools who need extra help through early childhood education, through full-day kindergarten, through early language learning, through career and tech. It is not just to the low performing or the underperforming schools. This budget cuts even deeper.

I agree accountability and reform should be part of an educational equation, but the Governor today has issued a blanket veto. The teachers will have to do much more with much less. Unfortunately, the losers in that equation are not the teachers, but the children who need us to believe in them the most. To my colleague from Washoe District No. 4, he talked about the decisions the Finance and Ways and Means Committees made where we voted to close the budget at the Governor's recommended level to require teachers to pay 5.3 percent of their take home pay toward their Public Employee's Retirement System (PERS) contribution. That is something that has not been done in decades. He then compared that and said that we did not

treat them fairly compared to other State workers who were asked to take a 2.5 percent cut plus 6 days of furlough which equals a 4.8 percent overall reduction in take home pay. We ask teachers to do 5.3 percent. We ask State workers to do 4.8 percent.

The Governor's budget has \$700 million of reduced State spending, \$660 million of which is to education. Where is the shared sacrifice in that? We all say that education is the priority and that education should be first, and we all campaign on how important education is, yet \$660 million out of the \$700 million of proposed reduction is to education, K-12 and higher education?

The message the Governor sent today in this veto is that we do not care about our children's future. I disagree. I do care. I think many of us care. The business community cares. Teachers care. Most of all, parents and our children care. With this veto, the Governor sends the message that education is not the priority. I do not know how anyone can look into the eyes of a child and not want to do the best for them. Yes, there are cuts to be made. We will make the cuts. We have agreed to more than \$1 billion in reduced spending. But, we have also asked for a more balanced approach, a compromise, to consider continuing the existing revenues currently in place that are not a detriment to the economic recovery. The Revenue Committee learned this week that under the Governor's budget the gaming industry would receive a \$50 million tax cut. The mining industry would receive a \$9 million tax cut. We asked the representatives from the mining industry, "Is this something you asked for? Do you need this \$9 million?" Tourists will be paying \$67 million less in the upcoming biennium by just not continuing the existing revenues that are in place. The average Nevadan will get an \$88 tax cut. Those of us who make a little more in revenue like my wife and I with our joint income will receive \$232 tax cut. We do not want the tax cut. The mining industry did not ask for the tax cut. I do not think the gaming industry expects to get \$50 million back or to pay \$50 million less so that our teachers have to take a 10 to 15 percent pay cut, so that we have to reduce spending on full-day kindergarten, so that we eliminate ELL programs or career and technical programs. I do not think that was the equation that people were considering. But, those are now the choices that are before us.

It is time for us to take a stand for our children and their futures. To do anything less will be to break the promise that we made from the moment that they were born. My message tonight, to the Governor and to those who support his budget is a quote by Margaret Mead:

"Never doubt that a small group of thoughtful, committed people can change the world. Indeed it is the only thing that ever has."

I am prepared to consider reforms. We have had open and transparent debate on this Floor and in the Committee of the Whole on the budget hearings. We will continue to discuss and take votes on policy reforms from everything from education to public employee to budget reform. It should include revenue reform as well. For the Governor to say in his message or in the follow-up message from his staff, that they will not consider revenue reform that is revenue neutral is to say your ideas do not matter. It is to say that the Modified Business Tax that we currently have in place that is regressive on small businesses can remain. That we do not want to provide for a fairer, equitable, and more stable revenue source. That is not what this process is about. The Governor has staked out his position of "no new revenue." There are those of us who have staked out a position of "we cannot cut education anymore." The truth of the matter, the compromise, the cooperation is in the middle of that. We both have to give. Both sides have to give and we have to be willing to work together and listen and find that common ground. I hope for the sake of our children that we will do it together.

**Senator Hardy requested that his remarks be entered in the Journal.**

Thank you, Mr. President. I appreciate the eloquence of the comments we have heard here tonight. I appreciate the Majority Leader's comments amongst others.

The Economic Forum in December looked at the projection for the Governor's Budget. The Governor used that Economic Forum to predict that were going to receive \$5.33 billion in this next biennium. In April 2010, I took the opportunity to talk to the previous administration's financial advisors about what the projection was going to be in the biennium. They said we would receive \$5.3 billion. That amount included the sunsetted taxes.

I was stunned when the Economic Forum in December of last year came out with a projection that we would have \$5.33 billion. How can we do that without the sunsetted taxes? If I do the



math, without the sunsetted taxes of over \$600 million, we are anticipating getting increased revenue of \$627 million. I was surprised on May 2 of this year when the Economic Forum projected an increase above that. The December estimate was probably on target.

I prepared a graph that showed the economic growth as it has been in the past. During this great recession, we are actually on the uphill side of our economy in spite of being in a recession. The worst is behind us. The future is ahead of us. We are climbing up the slope in our economy.

In 2003, I admit I voted for the largest tax increase in Nevada history. We wanted to use that for education. I told people that I was voting for education. We funded education and that vote for taxes has carried us through until this great recession. We gave \$300 million back to the people of this State in 2005.

I have served on the Education Committee. We made several observations. We said we should mentor. We should get parents involved. We did all of the things Education Committees are still doing and still talking about. With the increased money and with the increased awareness of what we are going to do to reform education, we still decreased in our graduation rate. We still had challenges. There is more to education than just the school and the money involved.

When we look at the pie chart of the budget, 55 percent of the budget goes to education, rightfully so. Then 30 percent goes to the human and health services and 20 percent to prisons and programs. When we started cutting in 2008-2009, we took the greatest percentage of those cuts from other areas instead of education. Now we are faced with, what else can we cut? That is the dilemma of how we treat education.

In the last six months, we received \$200 million more than we thought we would and have added that back into the education budget. If you look at the next 12 months, that could be an extra \$400 million which would be \$800 million in the biennium. The Governor suggested that we do add-backs. If we looked at doing the 5 percent pay cut, the merit pay and the Public Employees Retirement System (PERS) sharing, we would add back and fully restore class size reduction, full-day kindergarten etc. With those add-backs going forward we can anticipate that the economy, if we do not make any mistakes, will still be going up. If we create a trigger within that climb up the economic slope, we will be able to say this is the priority. My priority is add-backs. On that economic slope, we will be able to add back \$20 million to the Nevada State Higher Education System into this biennium and to move forward the \$20 million the Governor put in the next year of the biennium. If you shift those out, you will get the smoothing that Chancellor Klaich talked about.

On that slope, you will be able to trigger when Medicaid and Medicare come in. This is the approach I am looking at. We have a system where we give a barrel of money to the school district and they decide where to put it. If we could take that barrel of money and put it into buckets, we would probably be able to have some control over those expenses and be able to do the add-backs in a triggering way that would be more under our control as to our projections in money.

I must pay homage to my wife who is here, tonight. Mothers are where our children get their education. That is one of the challenges we have in this State. We are trying to figure out how to allow our parents to be involved with the education of our children. It is a challenge.

We are on the upslope and I would be very positive telling the university professors, Desert Research Institute (DRI) and the teachers not to worry, we will get there. You will still have a job. We are still going to teach children and we still love them.

**Senator McGinness requested that his remarks be entered in the Journal.**

Thank you, Mr. President. The Governor was true to his word. I will not try to defend him. He is a big boy. His office is just across the mall and we can talk to him.

He added additional funding to the K-12 budget after the Economic Forum. He has provided us with a spending plan, which treated K-12 employees the same as our State employees. He provided a comprehensive legislative package to ensure educator accountability, parental choice and other much needed system reforms.

We support critically needed education reform that emphasizes students over bureaucracy, more education dollars in the classroom and decision-making ability and accountability at the local level.

We all wish the current economic realities were different and there was a light at the end of the tunnel, however, our current realities require that we spend only the money that we have while allowing for the additional funding of education as the economy continues to improve. I believe it will.

Senator Kieckhefer requested that his remarks be entered in the Journal.

Thank you, Mr. President. I would like to respond to the comments made by the Majority Leader regarding the pay issues. It is true that the committees did vote to ask school district employees to contribute 25 percent of their retirement contribution. The public still makes up the other 75 percent. State employees pay half. As a part of the collective bargaining process decades ago, the districts decided to pay fully for the retirement benefits for their employees for the year. That has lasted for 30 years. It is called PERS equalization, but in the end, the district employees will be paying half of what State employees pay. That is already taken out of their check.

I appreciate the Majority Leader's comments. I do think about my children as we go through this process. I was planning on reading *"Where the Sidewalk Ends"* to my children. You should hear them laugh when the boa constrictor eats that man. They go crazy.

But the question we are asking is what is the balance? It is not just balancing revenue versus cuts for education. It is balancing what this State needs to be as we emerge from this economic recession. The e-mails I receive from parents and the letters I receive from students I assume that all of them want a good, strong, solid and robust economy so that everyone could have a job. We have heard a lot about the need for education to drive the economy. Under our current system we had the most robust and vibrant economy in this country for a decade. We had people flocking to Nevada to take advantage of economic opportunity. A strong economy is what we need to be focusing on so that not only can students get an education, they will have a job available to them when they do graduate. It is not just balancing revenues versus cuts. It is not just balancing K-12 versus higher education, but it is looking at the entirety of our State and how we get to where we want to be. All of us recognize that we are not there right now. We all have hope, belief and faith as Nevadans that we will get there.

#### 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 Robinette Bacon, Jennifer Hadayia, Stacey Rice and Gwen Taylor.

On request of Senator Copening, the privilege of the Floor of the Senate Chamber for this day was extended to Sarina Grant and Toni Richard.

On request of Senator Denis, the privilege of the Floor of the Senate Chamber for this day was extended to Antonio Quiroz.

On request of Senator Hardy, the privilege of the Floor of the Senate Chamber for this day was extended to Jill Hardy and Lynda Tache.

On request of Senator Kieckhefer, the privilege of the Floor of the Senate Chamber for this day was extended to Michelle Lewett, Ralph Toddre, Mahin Daneshi, Fereydon Arya, Sepideh Arya and Michelle Scott-Lewing.

On request of Senator Kihuen, the privilege of the Floor of the Senate Chamber for this day was extended to Erik Lovass.

On request of Senator Lee, the privilege of the Floor of the Senate Chamber for this day was extended to Philip E. Hacker, Martha Sumpter, Ross Barnett, Philip C. Hacker, Shannon Sumpter, Charles Sumpter and Sharon Bowman.

On request of Senator Leslie, the privilege of the Floor of the Senate Chamber for this day was extended to Ralph Toddre.

On request of Senator McGinness, the privilege of the Floor of the Senate Chamber for this day was extended to Herah Osborne and Jackie Ulrey.

On request of Senator Rhoads, the privilege of the Floor of the Senate Chamber for this day was extended to Cory Ward, Derrick Ward and Sharon Shaffer.

On request of Senator Settlemeyer, the privilege of the Floor of the Senate Chamber for this day was extended to the following students from the Grace Community Homeschool: John Milby, Kate Milby, Nathanael Milby, Calvin Milby, Emma Milby, Katie Lynch, Dakota Lynch, Megan Clark, Mikaela Clark, Blake Clark, Ethan Clark, Trina Taylor, Levi Taylor, KatyRuth Taylor, Seth Taylor, Jude Taylor, Estella Taylor, Enoch Taylor, Ingrid Jarrett, Isaiah Jerrett, Sarah Jerrett, Mindy Funk, Sterling Funk, Haley Funk, Audrey Funk, Margo Wilhelm, Katlyn Wilhelm, Megan Wilhelm, Vicki Shepard, Grace Shepard, Erica Riley, Andrew Riley, Jackson Riley and Sean Riley.

On request of Senator Wiener, the privilege of the Floor of the Senate Chamber for this day was extended to former Senator Joe Neal, Caroline Byerman, Amanda Byerman and Will Byerman.

Senator Horsford moved that the Senate adjourn until Wednesday, May 18, 2011, at 11:30 a.m.

Motion carried.

Senate adjourned at 8:56 p.m.

Approved:

BRIAN K. KROLICKI  
*President of the Senate*

Attest: DAVID A. BYERMAN  
*Secretary of the Senate*