

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-Seventh Session
June 2, 2013**

The Senate Committee on Finance was called to order by Chair Debbie Smith at 11:10 a.m. on Sunday, June 2, 2013, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Debbie Smith, Chair
Senator Moises (Mo) Denis
Senator David R. Parks
Senator Pete Goicoechea
Senator Ben Kieckhefer
Senator Michael Roberson

COMMITTEE MEMBERS ABSENT:

Senator Joyce Woodhouse, Vice Chair (Excused)

GUEST LEGISLATORS PRESENT:

Senator Justin C. Jones, Senatorial District No. 9
Senator Aaron D. Ford, Senatorial District No. 11

STAFF MEMBERS PRESENT:

Mark Krmptic, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Annette Teixeira, Committee Secretary

OTHERS PRESENT:

Jeff Mohlenkamp, Director, Department of Administration
Marla McDade Williams, B.A., M.P.A., Deputy Administrator, Health Division,
Department of Health and Human Services
Richard Whitley, M.S., Administrator, Health Division, Department of Health and
Human Services
Harry E. Neel, Jr., Senior Vice President for Finance and Administration, Nevada
State College
Constance Brooks, Nevada System of Higher Education
Gerald Gardner, Chief of Staff, Office of the Governor
Rorie Fitzpatrick, Interim Superintendent for Public Instruction, Department of
Education
Dotty Merrill, Ed.D., Nevada Association of School Boards
Craig Stevens, Nevada State Education Association
Joyce Haldeman, Clark County School District
Lindsay Anderson, Washoe County School District
Mary Pierczynski, Ed.D., Nevada Association of School Superintendents
Brian McAnallen, Las Vegas Metro Chamber of Commerce
Warren B. Hardy II, City of Mesquite
Tom Clark, Nevada Alliance for Arts Education

Chair Smith:

I will open the hearing today on Senate Bill (S.B.) 521.

SENATE BILL 521: Authorizes expenditures by agencies of the State
Government for the 2013-2015 biennium. (BDR S-1242)

Mark Krmpotic (Senate Fiscal Analyst):

Senate Bill 521 authorizes the expenditures of sums other than the
General Fund and the Highway Fund for the upcoming biennium. This would
primarily include federal funds, fee and other sources of funding that the State
agencies receive. There are two exceptions to being appropriated through the
Authorizations Act, the State Gaming Control Board, in which General Fund
appropriations are authorized, and the Nevada Department of Transportation
(NDOT), in which Highway Fund appropriations are authorized. The bill contains
back language to allow State government to operate for the next biennium,
including the ability to receive and spend fees within the Nevada System of
Higher Education (NSHE). Agencies may receive advances to operate prior to

receiving fees. This bill also provides authorized amounts for the Department of Health and Human Services (DHHS), Office of the State Public Defender.

Senator Kieckhefer:

Is there anything new in the back language from previous biennia in this bill?

Mr. Krmpotic:

Most of the language has been carried over from prior biennia. Section 15 of S.B. 521 includes language to allow the State Department of Conservation and Natural Resources, Division of Forestry, budget account (B/A) 101-4195 to retain authorized collections which would otherwise revert to the General Fund for the purpose of making repairs to firefighting vehicles. This is not something that the Division currently has the capability of doing. The Division may request additional funding from the Interim Finance Committee (IFC) Contingency Account. This language gives the Division a mechanism to make repairs to their vehicles in the interim.

INFRASTRUCTURE

CONSERVATION AND NATURAL RESOURCES

DCNR - Forestry — Budget Page DCNR-84 (Volume III)
Budget Account 101-4195

Section 16 provides language to fund B/A 101-3190. This account retains fees in lieu of General Fund appropriations in the 2013-2015 biennium, but the language in the statute did not change. The DHHS has not built up any reserves to carry this forward at the beginning of fiscal year (FY) 2013-2014; therefore, the law has been put into sync with the Executive Budget and the DHHS has been able to retain their fees. The fees have now been included in their budget. The language allows for an advance to the DHHS to start up operations in their Division of Public and Behavior Health (DPBH) Office of Vital Records for FY 2013-2014, until sufficient revenue has been built up to carry forward into future years. I would expect this language to disappear from the Authorizations Act in the 2015 Legislative Session.

HUMAN SERVICES

PUBLIC HEALTH

HHS-DPBH - Health Statistics and Planning — Budget Page DHHS-PUBLIC
HEALTH-25 (Volume II)
Budget Account 101-3190

Section 17 includes language to allow the Department of Taxation to request an advance in the event that the voters approve a margins tax initiative in the next biennium. Rather than setting aside General Fund monies that would be tied up for 2 years, especially if the tax does not pass, this language allows the Department to seek an advance and get repayment through an increase in the modified business tax (MBT) and repay the General Fund once the revenue is received. This is allowable up to \$1,399,835 in FY 2014-2015.

Section 22 allows a repayment of Highway Fund appropriations by the Department of Motor Vehicles (DMV). This is new language. The money committees have approved a license plate factory enterprise account concept within the DMV. A Highway Fund appropriation of \$500,000 has been provided for start-up working capital which is intended be repaid by the end of FY 2013-2014.

PUBLIC SAFETY

MOTOR VEHICLES

DMV - License Plate Factory — Budget Page DMV-78 (Volume III)
Budget Account 201-4712

Section 23 is language included for the Department of Administration, Fleet Services Division, renamed from the Motor Pool Division, to repay the General Fund through intergovernmental transfers the sum of \$2.5 million at \$125,000 per year. This 20-year period allows for repayment to the General Fund as they collect revenue each year. This was for the purchase of a new facility in Las Vegas.

Section 24 authorizes the DPBH to receive \$1 million in Tobacco Master Settlement Agreement (MSA) funds for staffing and the opening of beds at the Muri Stein Hospital of the Southern Nevada Adult Mental Health Services. There is also \$3 million set aside in the Contingency Account in the Appropriations Act, accessible to the DHHS for this purpose.

Section 25 excludes NSHE from section 7 of the Authorizations Act. This section requires NSHE, which is funded both through the General Fund and authorization funding that is included in this bill, to revert any unexpended monies to the General Fund.

Jeff Mohlenkamp (Director, Department of Administration):

The Department of Administration has been in close coordination with the Legislative Counsel Bureau (LCB) Fiscal Analysis Division and we are in agreement with the language in this bill.

SENATOR DENIS MOVED TO DO PASS S.B. 521.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Senator Goicoechea:

I would like to reserve my right to change my vote on the Senate Floor if we do not add additional funding for the community colleges.

Chair Smith:

I will now open the hearing on Assembly Bill (A.B.) 488.

ASSEMBLY BILL 488 (1st Reprint): Revises provisions relating to the transfer of duties and consolidation of certain governmental agencies. (BDR 18-1136)

Marla McDade Williams, B.A., M.P.A. (Deputy Administrator, Health Division, Department of Health and Human Services):

Assembly Bill 488 consolidates the DHHS Health Division and the Division of Mental Health and Development Services (MHDS) into the DPBH. The bill moves the developmental services and early intervention services to the Aging and Disability Services Division (ADSD). It also changes the responsibilities of the Commission on Mental Health and Developmental Services by adding substance abuse disorders. It creates a chief medical officer position who also serves as the State Health Officer. The bill carries through technical changes as they relate to regulations and name changes.

Sections 1 through 9 of A.B. 488 make technical changes relating to the organization of the DHHS. This changes the names and establishes the new duties in the newly combined DPBH.

Section 9.3 makes the revisions necessary to transfer duties to the ADSD.

Section 61.5 allows for the changes to the DHHS Health Division statutes.

The effective date of this bill is July 1.

Senator Kieckhefer:

Did the job qualifications for the chief health officer position change?

Richard Whitley, M.S. (Administrator, Health Division, Department of Health and Human Services):

There are no changes in the job qualifications for this position.

Mr. Krmpotic:

This is a budget implementation bill that would rename and reorganize the MHDS and place the developmental services portion of that Division within what is now the ADSD and also place the mental health portion with the Health Division, renamed the Division of Public and Behavioral Health.

Senator Parks:

Does the chief medical officer engage in the practice of medicine?

Mr. Whitley:

The language in section 65 was carried forward from the existing statute in the previous session. The language was changed allowing for the health officer to be a physician, but not licensed in the State. We would have to contract with a physician who was licensed in Nevada if duties such as writing orders or providing medical care was occurring. Typically, the history of the role of the health officer has been an administrative physician.

SENATOR KIECKHEFER MOVED TO DO PASS A.B. 488.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Smith:

I will close the hearing on A.B. 488 and open the hearing on A.B. 502.

ASSEMBLY BILL 502: Authorizes an expenditure from the Estate Tax Account in the Endowment Fund of the Nevada System of Higher Education for the design and construction of buildings on the principal campus of the Nevada State College. (BDR S-1239)

Harry E. Neel, Jr. (Senior Vice President for Finance and Administration, Nevada State College):

This project was discussed at the January IFC meeting. Nevada State College continues to be the fastest growing institution in NSHE. We currently have about 3,400 students enrolled and expect enrollment to increase in the fall. We currently only have one building on our campus. We are leasing space from the City of Henderson to accommodate our current classes. In 2007, we received funding for planning an additional academic building. Since that time, no additional funds have been available. The funding requested in the bill will provide for construction of two buildings on our campus which will add approximately 100,000 square feet. This will enable us to consolidate the campus and also meet the growing demands. This bill allows for a 30-year lease-to-purchase project that will be financed through public certificates of participation. The certificates will be issued through the Office of the State Treasurer. We anticipate the financing will be in place the first week in November. The debt service will come from existing funds, existing student fee revenues and a special building fee that will be levied on our students to help with this project. The special building fee is similar to what is currently in place at both the University of Nevada, Las Vegas and the University of Nevada, Reno. We expect construction to begin no later than January 2014, with full occupancy no later than the fall of 2015.

Assembly Bill 502 authorizes the expenditure of \$1,262,000 in Estate Tax Account funds that are currently available within the NSHE Endowment Fund, with Legislative approval. Every dollar of the \$1,262,000 will go back to the students. We will look at the special building fee. It will either be reduced or

deferred, particularly for those students who will be graduating before they get full use of the building.

Senator Kieckhefer:

Has the NSHE Board of Regents recommended this expenditure? How much will be left in the account after this appropriation?

Mr. Neel:

I do not know if the Board recommended the expenditure. The NSHE has the funds in their budget from this account. Use of the funds requires Legislative approval. The \$1,262,000 would deplete the account.

Chair Smith:

How has the money been spent in the Estate Tax Account? Has the money been sitting in the account for some time?

Mr. Neel:

We used a portion of the funding in this account to help with the planning in 2007.

Chair Smith:

The Committee needs clarification on historically how the money has been spent in this account. It seems that there should be an opinion from NSHE if this is funding that resides in NSHE.

Constance Brooks (Nevada System of Higher Education):

We are in support of the bill. We are concerned about using student fees, so anything that can be done to offset their contribution with respect to the building of new facilities, we would concur.

Chair Smith:

I will close the hearing on A.B. 502. I will open a Work Session on S.B. 172.

SENATE BILL 172 (1st Reprint): Provides a deduction from the payroll tax for newly hired full-time employees under certain circumstances. (BDR 32-537)

Mr. Krmpotic:

Senate Bill 172 provides a deduction from the payroll tax for newly hired employees under certain circumstances. The provisions in sections 1 and 2 of the bill allow for a deduction of 100 percent of wages paid by the employer to the employee for the first 4 full-calendar quarters following the hiring of the employee and a deduction of 50 percent of the wages paid by the employer to the employee during the fifth through twelfth full calendar quarters following the hiring of the employee, so long as certain conditions are met. Those conditions are that the employee is first hired by the employer on or after July 1, and on or before June 30, 2017; the employee has been unemployed for a continuous period of not less than 6 months immediately preceding the date of hire; and the employee has been receiving unemployment compensation continuously for that entire 6-month period immediately preceding the date of hire, or would have been eligible to receive unemployment compensation continuously for the entire 6-month period, if the duration of his or her unemployment compensation had not expired within the 24 months immediately preceding the date of hire. When this bill was heard, the Department of Taxation provided information on revisions to the original fiscal note. The original fiscal note on the bill totaled \$92,000 in the first year and \$110,000 in the second year of the biennium. In further discussions with the Department of Taxation, and based on the amendment to the bill, the Department of Taxation has revised its fiscal note to a total of \$37,000. This includes \$25,000 for the lock box form changes and \$12,000 for contract labor to reprogram their computer system. There were no other fiscal notes submitted on this bill.

Senator Goicoechea:

Is there an impact to the State Unemployment Tax Act (SUTA)?

Chair Smith:

If there is any impact, it would be a positive impact because we will be putting people back to work.

Mr. Krmpotic:

The Department of Taxation has stated there is an estimate for the impact. Fiscal Staff has not seen any information provided by the Department of Employment, Training and Rehabilitation regarding the impact on the Unemployment Insurance Compensation Fund or any reduction in payments to that Fund.

Senator Goicoechea:

During the 3-year time frame outlined, there will be a decline in revenues to the SUTA.

SENATOR DENIS MOVED TO DO PASS AS AMENDED S.B. 172.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Smith:

I will now open the hearing on S.B. 322.

SENATE BILL 322 (2nd Reprint): Revises provisions concerning the membership of the Board of Directors of the Department of Transportation. (BDR 35-1075)

Mr. Krmpotic:

Senate Bill 322 changes the structure of the Board of Directors of the NDOT. The bill increases the size of the Board from 7 to 11 members. There was a fiscal note submitted on this bill in the amount of \$10,000. The Regional Transportation Commission of southern Nevada is in support of the bill and has indicated that they would be willing to pay for the increased cost which would be primarily travel and meeting costs for the Board members. A proposed amendment submitted on this bill ([Exhibit C](#)) would maintain the seven-member Board and include the Governor, Lieutenant Governor, State Controller and four members appointed by the Governor. If one of the four member positions is vacant, the Secretary of State will serve as the *ex officio* on the Board. The amendment keeps the Board intact as it currently exists.

Senator Kieckhefer:

There appears to be a typographical error in the amendment to the bill. We are taking out the Attorney General in subsection 1 of *Nevada Revised Statute* 408.106, but the amendment states if one of four constitutional officers is vacant, the Secretary of State will serve as *ex officio*. That brings us down to three constitutional officers. This wording needs to be corrected.

Gerald Gardner (Chief of Staff, Office of the Governor):

The Governor's Office supports the bill in its amended form. Whether or not there is a disparity between funding to the north or south, the amended form of the Board provides the proper balance between regional representation and statewide representation.

SENATOR ROBERSON MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 322 WITH THE TECHNICAL CORRECTIONS NOTED BY
SENATOR KIECKHEFER.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Smith:

I will now open the hearing on S.B. 357.

SENATE BILL 357 (1st Reprint): Provides for tax credits for certain business entities. (BDR 57-478)

Senator Michael Roberson (Senatorial District No. 20):

There is a proposed amendment to S.B. 357 ([Exhibit D](#)) and I have also prepared an explanation of this proposed amendment ([Exhibit E](#)). The proposed amendment changes where the program will be housed and administered from the Governor's Office of Economic Development to the Department of Business and Industry (B&I). The amendment adds the legislative declaration to encourage partnerships with local qualified community development entities, particularly those that are minority owned, and allows a portion of the allocation to be used by such entities. The amendment drops the total amount of the program from \$250 million to \$200 million. This bill prohibits insurers and affiliates from managing or controlling the investments of a community development entity. It requires that 30 percent of the investments be made in businesses located in "severely" distressed census tracts, rather than only distressed. The bill also establishes minimum and maximum qualified investments for each community development entity that would be no more than \$50 million, and no less than \$5 million, for each community development entity. The amendment limits the type of business that may qualify and

prohibits a business from receiving a qualified investment if it has received other economic development abatements. The amendment requires the Director of the B&I to review the qualified community development entities annually and report to the Director of the LCB for transmittal to the Legislature concerning the impact of the program on the economy and the compliance of the qualified community development entities with the provisions of the bill.

The amendment makes additional technical changes necessitated by the above changes and makes technical changes suggested by the B&I, Division of Insurance.

Please let the amendment reflect the following members of the Legislature as cosponsors of this bill: Senator Kelvin D. Atkinson, Senator Debbie Smith, Assemblyman John Hambrick, Assemblywoman Dina Neal and Assemblyman Lynn D. Stewart.

Mr. Krmpotic:

There was a fiscal note supplied by the Department of Taxation on this bill. It totaled \$226,000 the first year and \$55,000 the second year of the biennium. The fiscal note has been revised to a total of \$153,176 in FY 2013-2014 only. The tax credits would not apply until FY 2015-2016. If this bill were to go into effect, this may have an impact on whatever revenue forecasts are made in preparation for the next biennial budget. Those could range from \$14 million to \$30 million, based on the research the Department has done with other states.

Chair Smith:

The economic benefits greatly outweigh the potential future tax credits.

Senator Roberson:

I concur with Senator Smith.

SENATOR ROBERSON MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 357.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR KIECKHEFER WAS ABSENT FOR THE VOTE.)

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Chair Smith:

I will open the hearing on A.B. 130.

ASSEMBLY BILL 130 (1st Reprint): Revises provisions requiring the Board of Regents of the University of Nevada to pay certain educational fees and expenses for certain dependent children. (BDR 34-187)

Mr. Krmptic:

Assembly Bill 130 expands the provisions requiring the Board of Regents to pay certain fees and expenses associated with undergraduate classes taken by certain dependent children. Those children include children of public safety officers killed in the line of duty. There was a fiscal note with no fiscal impact submitted on the bill by NSHE, indicating the potential impact on NSHE. The Committee has appropriated \$20,000 for existing children of fallen officers in the higher education system to fund those educational expenses. If additional students qualify, NSHE will have access to the Contingency Account. There is no immediate fiscal impact.

SENATOR PARKS MOVED TO DO PASS A.B. 130.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR KIECKHEFER WAS ABSENT FOR THE VOTE.)

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Chair Smith:

I will now reopen the hearing on A.B. 502 for the additional information as requested by this Committee.

Mr. Neel:

No specific committee has dealt with the Estate Tax Account. The agreement that was entered into years ago was that the Board of Regents would

recommend utilization of those funds, but it would have to be authorized by the Legislature. In the past, funds have been used for onetime fund expenditures, primarily over the last 4 to 5 biennia, the funds have been used to supplement capital improvement projects.

Chair Smith:

If the funding will now be depleted with this appropriation, and we have not used a specific committee to appropriate in the past, we should look at a bill for next session that cleans up the statute, possibly removing the committee language.

SENATOR KIECKHEFER MOVED TO DO PASS A.B. 502.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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We will now stand in recess until the call of the Chair.

I call the Senate Committee on Finance back to order at 8:42 p.m. and open the hearing on S.B. 522.

SENATE BILL 522: Ensures sufficient funding for K-12 public education for the 2013-2015 biennium. (BDR S-1244)

Mr. Krmpotic:

Senate Bill 522 includes the education funding bill that we discussed on June 1. There are no changes to the legislation. Sections 1 and 2 contain the basic support guarantee per pupil by county for each fiscal year in the 2013-2015 biennium. Section 3 is the basic support guarantee for each special education program unit at \$41,608 for FY 2013-2014 and \$42,745 for FY 2014-2015. Section 4 includes the appropriations to the Nevada Department of Education (NDE) Distributive School Account (DSA), B/A 101-2610, at \$1.1 billion in each year of the biennium for the support of public kindergarten through Grade 12 education. Section 5 provides for the authorization of non-General fund expenditures in the DSA totaling about \$282 million in FY 2013-2014 and \$294 million in FY 2014-2015. Section 8 includes transfers

from the DSA for additional costs of transportation for any pupil to a school outside of a school district. Section 9 includes transfers from the DSA for the match for the National School Lunch Program. Section 11 begins the language pertaining to class-size reduction (CSR) and includes the mandated class size for the upcoming biennium. Sections 12 and 13 include the appropriations for CSR. This would include \$161.7 million in FY 2013-2014 and \$166.5 million in FY 2014-2015.

EDUCATION

K-12 EDUCATION

NDE - Distributive School Account — Budget Page K-12 EDUCATION-17
(Volume I)
Budget Account 101-2610

Section 16 includes appropriations to the NDE Other State Education Programs B/A 101-2699, for the upcoming biennium. This would include adult high school education. The early childhood education appropriations are in section 17. Section 19 includes appropriations to B/A 101-2699 for Programs for Innovation and the Prevention of Remediation. This appropriation includes \$48.9 million in FY 2013-2014 and \$49.7 million in FY 2014-2015 for the Regional Professional Development Program (RPDP) and also full-day kindergarten (FDK) in the NDE Educator Effectiveness account, B/A 101-2612. Section 21 includes the distribution of the respective school districts for operation of the RPDP. Section 23 includes an appropriation to the NDE Remediation Trust Fund, B/A 101-2615, for the FDK and the CSR. This was a recommendation made by the Governor. Section 24 includes appropriations in each year of the biennium for personnel costs to assist with reporting for the CSR associated with the FDK. Section 26 provides for the expenditure of the room tax money through the State Supplemental School Support Fund, B/A 101-2617.

NDE - Other State Education Programs — Budget Page K-12 EDUCATION-22
(Volume I)
Budget Account 101-2699

NDE - Educator Effectiveness — Budget Page K-12 EDUCATION-33 (Volume I)
Budget Account 101-2612

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NDE - School Remediation Trust Fund — Budget Page K-12 EDUCATION-27
(Volume I)
Budget Account 101-2615

NDE - State Supplemental School Support Fund — Budget Page K-12
EDUCATION-29 (Volume I)
Budget Account 101-2617

Rorie Fitzpatrick (Interim Superintendent for Public Instruction, Department of Education):

This budget represents an increase in education funding of \$489 million from the current biennium. The basic support for education rises by \$189 million, which is an increase of more than \$300 per student. This includes an increase of more than \$13.5 million over the biennium for special education. It is the first time that we have seen an increase in the value of the special education unit in several years. This increase will not fully resolve the impacts of the Budget Control Act of 2011, otherwise known as Sequestration, but it will definitely help mitigate it. This budget bill commits \$30 million for the expansion of the FDK from 124 schools to 201. This bill also commits more than \$50 million over the biennium for the CSR. This is a large step forward for our State.

Dotty Merrill, Ed.D. (Nevada Association of School Boards):

We are in support of S.B. 522.

Craig Stevens (Nevada State Education Association):

We are in support of S.B. 522.

Joyce Haldeman (Clark County School District):

We are in support of S.B. 522.

Lindsay Anderson (Washoe County School District):

We are in support of S.B. 522.

Mary Pierczynski, Ed.D. (Nevada Association of School Superintendents):

We are in support of S.B. 522.

Brian McAnallen (Las Vegas Metro Chamber of Commerce):

We are in support of S.B. 522.

SENATOR DENIS MOVED TO DO PASS S.B. 522.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Smith:

We will now hear S.B. 475.

SENATE BILL 475 (1st Reprint): Makes various changes concerning governmental financial administration. (BDR 32-1124)

Mr. Krmpotic:

Senate Bill 475 extends the 1.17 percent rate of the MBT and increases the threshold from \$62,500 to \$85,000. The bill provides for the extension of the State's Supplemental School Support language. This language has also been included in the DSA. Section 3 of the bill delays the requirement for the advance payment of proceeds from minerals. Section 4 delays the change to the State business license fee from \$200 to \$100 for the 2013-2015 biennium. Section 5 delays the expiration of the increase in the Local School Support Tax from 2.6 percent to 2.25 percent for the upcoming biennium. Section 6 provides for conforming changes to the calculation of net proceeds from minerals. Section 7 continues the elimination of the deduction of health and industrial insurance on the calculation of net proceeds from minerals. Section 9 provides for the conforming changes for transitory provisions of the bill. Fiscal Staff suggests the Committee amend and do pass the legislation with the elimination of section 2, for B/A 101-2617, since it is included in the DSA account, B/A 101-2610. A proposed amendment submitted by the Nevada State Education Association clarifies this change ([Exhibit F](#)).

Chair Smith:

I realize that this bill is important to balance our budget and, particularly, to fund education in our State. However, I have personal concerns about continuing to do some of things in this bill. We could make the business license fee that is still temporary, permanent. We have been in this situation now for a few years and this would be a reasonable thing to do. At a time when we are emptying the Account to Stabilize the Operation of State Government and taking money

out of the Highway Fund to reduce the MBT for all businesses, this makes no sense to me. This is \$25 million over the biennium that we could use to fund some infrastructure or do some other things. However, in the spirit of needing to balance the budget, I will support this bill. We need to be fiscally responsible and this is not it.

Senator Goicoechea:

I will be supporting the bill, but take issue with the appropriation language and the shortfall when it comes to higher education funding.

Senator Kieckhefer:

Is the recommendation in [Exhibit F](#) to delete section 2 of [S.B. 475](#)?

Mr. Krmpotic:

Yes. Section 2 in this bill is duplicated in section 27 of [S.B. 522](#). We will consult with the LCB Legal Division to see if we can amend or pass this bill as written.

Chair Smith:

Senator Justin C. Jones will now give us his update on the Subcommittee on [S.B. 501](#) assigned by the Senate Committee on Finance.

[SENATE BILL 501 \(1st Reprint\)](#): Makes various changes concerning substance abuse prevention and treatment. (BDR 40-1141)

Senator Justin C. Jones (Senatorial District No. 9):

We convened a Subcommittee on [S.B. 501](#) of the Senate Committee on Finance. We heard testimony from Marla McDade Williams, from the Health Division who submitted an amendment to address concerns raised by Barry W. Lovgren, private citizen. We heard the testimony and made a recommendation to unanimously adopt the amendment.

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED [S.B. 501](#).

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Smith:

Senator Aaron D. Ford will now give us a report on the Subcommittees that were held on A.B. 224 and A.B. 260 assigned by the Senate Committee on Finance.

ASSEMBLY BILL 224 (1st Reprint): Revises provisions governing the collection and maintenance of certain data relating to public education. (BDR 34-269)

ASSEMBLY BILL 260 (1st Reprint): Revises provisions governing tuition charges assessed against certain students within the Nevada System of Higher Education. (BDR 34-226)

Senator Aaron D. Ford (Senatorial District No. 11):

Assembly Bill 224 is an education-based bill that requests schools to maintain records on children of veterans. I have provided a summarized report of the Subcommittee findings (Exhibit G). The Subcommittee recommends the full Committee do pass A.B. 224, sponsored by Assemblyman Elliot T. Anderson.

The Subcommittee also heard A.B. 260, sponsored by Assemblyman Anderson, which allows for in-state tuition for veterans who are within 2 years of their honorable discharge. I have provided a summary of the Subcommittee findings (Exhibit H). Proposed Amendment No. 9320 (Exhibit I) was submitted. The Subcommittee unanimously recommended A.B. 260 be amended and passed.

SENATOR KIECKHEFER MOVED TO DO PASS A.B. 224.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED A.B. 260.

SENATOR PARKS SECONDED THE MOTION.

Senator Kieckhefer:

The fiscal note attached to A.B. 260 did not adequately reflect the revenue that will be coming from the Servicemen's Readjustment Act of 1944, known as the G.I. Bill. That revenue will be coming into the State and the actual institution at which this fee revenue will be generated. The fiscal note relates to the amount of loss of out-of-state tuition that can occur.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Smith:

I will now open the hearing on S.B. 50. There is no one here to present S.B. 50. I will take the testimony now from Warren B. Hardy II representing the City of Mesquite.

SENATE BILL 50: Revises provisions governing the annual determination of population of towns, townships, cities and counties. (BDR 32-257)

Warren B. Hardy II (City of Mesquite):

I will review the proposed amendment to S.B. 50 ([Exhibit J](#)). The consolidated tax formula (C-Tax) distribution anticipated that when the tax passed there would need to be a "trailer bill" to take care of one specific issue relating to the population estimates, so that the base for each of the local governments going into the new base year for the C-Tax formula would be correct.

For the City of Mesquite, there was an additional issue. Because of an anomaly in the old formula, part of the City's base was calculated through a memorandum of understanding (MOU). Just addressing the population base issue would resolve our concerns with our base going forward in 2014. At this late date in the Session, however, there is not going to be time to address the population.

This issue impacts the City of Mesquite and no one else. The old formula did not contemplate a downturn in the economy. As a result it created an anomaly in FY 2010-2011 because Mesquite was the only entity growing and thus, under the old formula, was entitled to about \$21 million in excess revenue.

Mesquite recognized this unintended consequence and entered into a MOU with our second-tier partners providing the City would get an additional \$435,000 of excess for 2 years. Because some of our revenue was generated by the MOU, which expires in 2013, unless this amendment is adopted and passed, the City of Mesquite will be the only entity in the State under the new formula experiencing a decrease in their base. This amendment is designed to have the \$435,000 in the MOU moved forward in FY 2013-2014 to bring the City on par with the other entities in the State for the new C-Tax formula.

Senator Parks:

Where did the \$435,000 amount in this bill come from?

Mr. Hardy:

I was not involved in the MOU discussions.

Senator Parks:

Are the other participants in the MOU in support of this bill?

Mr. Hardy:

I have not heard any concerns about the bill.

Chair Smith:

I will close the hearing on S.B. 50 and we will reopen the hearing on S.B. 475. We do need to amend the language, per advice from the Legal Division.

SENATOR KIECKHEFER MOVED TO AMEND AND DO PASS AS AMENDED S.B. 475.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Tom Clark (Nevada Alliance for Arts Education):

The arts community would like to thank this Committee for the support that you have given to the arts. To have a Committee and a Legislature that recognizes the public benefit that the arts have both from a youth perspective and an economic perspective is very beneficial.

Chair Smith:

We will now open the hearing on S.B. 504.

SENATE BILL 504 (1st Reprint): Enacts provisions providing English Language Learning for Our Students. (BDR 34-1099)

Senator Moises (Mo) Denis (Senatorial District No. 2):

This Committee has already heard the original proposed conceptual amendment to S.B. 504 ([Exhibit K](#)). We have amended a few of the pieces of the program including the English Mastery Council that came from Assemblywoman Olivia Diaz's bill. This will help teachers in these English-language learners (ELL) schools. We have provided Proposed Amendment No. 9478 to S.B. 504 ([Exhibit L](#)).

Ms. Fitzpatrick:

Governor Brian Sandoval provided \$50 million to embrace the needs of our ELL students in Nevada, representing the first statewide program of support for their learning. From there a strong collaborative effort was undertaken to bring forward S.B. 504, making a strong statement about the support for ELL students. All of the content from various bills came together through a collaboration of school district experts, legislative leadership, Fiscal and Legal Staff at the LCB and the NDE staff. We have developed a new package. For the Clark County School District (CCSD) and the Washoe County School District (WCSD), S.B. 504 provides a system of comprehensive support for ELL students in the early grades to include the following components: preschool programming at no cost; expansion of FDK; operation of the Reading Skills Development Centers; summer school and Intersession programming at no cost.

The schools supported through this system in the CCSD and the WCSD shall be designated as "zoom" schools. The schools will be chosen based on their ELL population and the performance of the ELL students in those "zoom" schools. For rural school districts, it offers a noncompetitive grant program to access funding to provide targeted supports for ELL students, including assessment, technology and other options, such as building teacher capacity to meet the needs of the ELL students. Appropriations are based on the ELL student enrollment in kindergarten through Grade 3.

The bill will appropriate \$19,710,500, for the CCSD in each year of the 2013-2015 biennium. The WCSD will receive \$3,742,500 for the same period.

The rural school districts will receive allocations in a noncompetitive fashion based on the ELL population in each of the rural districts for a total of \$1,497,000 in each year of the 2013-2015 biennium. Reporting requirements are in place for “zoom” schools and rural districts to ensure accountability that makes clear the return on investment. Senate Bill 504 now establishes the English Mastery Council to provide guidance on policies regarding professional development, teacher licensure and other programming needs for the ELL students. The Council will be a relevant partner in moving forward the outcomes of the “zoom” schools and the rural school districts efforts. An appropriation of \$100,000 was made across the biennium for the operation of the Council, which will be administered by the NDE.

Senator Denis:

This is the first time we are debuting the name “zoom” school, indicating that it is something that will move quickly and the students will learn as quickly as they can.

Senator Kieckhefer:

This plan is comprehensive and provides a lot of wraparound services. It is a major investment for the first time for a new program in the ELL. The estimated potential needs for the ELL are more than this, but the accountability requirements that are in this bill are strong.

Senator Denis:

This bill incorporates the preschool component that Senator Roberson had in his bill.

Ms. Haldeman:

We support this bill. It appears there will 15 schools in the CCSD that will be able to benefit and become “zoom” schools.

Ms. Anderson:

We are in support and appreciate being part of the working group that put this legislation together. Based on the way this bill is written, we anticipate four to six schools in the WCSD that will benefit from the program.

Dr. Pierczynski:

We are in support of the bill.

Mr. Stevens:

We are in support of this bill. There is no mention of professional development when it comes to the Reading Skills Development Centers. It is not in the bill language. We hope this will be addressed.

Chair Smith:

We added the English Mastery Council language in this bill from Assemblywoman Diaz's other bill. It does focus on the issue of professional development.

Senator Denis:

The Reading Skills Development Center concept has been in a pilot phase for the last 2 years and that component has teacher training. There is no intent to change this part of the program.

Mr. McAnallen:

We are in support of the bill.

SENATOR DENIS MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 504 WITH PROPOSED AMENDMENT NO. 9478.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Smith:

Hearing no further comment, I will adjourn this meeting at 10:25 p.m.

RESPECTFULLY SUBMITTED:

Annette Teixeira,
Committee Secretary

APPROVED BY:

Senator Debbie Smith, Chair

DATE: _____

<u>EXHIBITS</u>				
Bill	Exhibit		Witness / Agency	Description
	A	2		Agenda
	B	1		Attendance Roster
S.B. 322	C	3		Proposed Amendment
S.B. 357	D	12		Proposed Amendment
S.B. 357	E	2	Senator Michael Roberson	Explanation of Proposed Amendment
S.B. 475	F	2	Nevada State Education Association	NSEA Proposed Amendment
A.B. 224	G	1	Senator Aaron D. Ford	Report of the Subcommittee on A.B. 224
A.B. 260	H	1	Senator Aaron D. Ford	Report of the Subcommittee on A.B. 260
A.B. 260	I	2	Assemblyman Elliot T. Anderson	Proposed Amendment No. 9320
S.B. 50	J	1	Warren B. Hardy II	Proposed Amendment
S.B. 504	K	2	Senator Moises (Mo) Denis	Proposed Conceptual Amendment
S.B. 504	L	36	Senator Moises (Mo) Denis	Proposed Amendment No. 9478