

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

**Seventy-ninth Session  
March 28, 2017**

The Senate Committee on Finance was called to order by Chair Joyce Woodhouse at 8:07 a.m. on Tuesday, March 28, 2017, 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 Joyce Woodhouse, Chair  
Senator David R. Parks, Vice Chair  
Senator Moises Denis  
Senator Aaron D. Ford  
Senator Ben Kieckhefer  
Senator Pete Goicoechea  
Senator Becky Harris

**GUEST LEGISLATORS PRESENT:**

Senator Julia Ratti, Senatorial District No. 13  
Senator Tick Segerblom, Senatorial District No. 3

**STAFF MEMBERS PRESENT:**

Mark Krmpotic, Senate Fiscal Analyst  
Alex Haartz, Principal Deputy Fiscal Analyst  
Sarah Coffman, Principal Deputy Fiscal Analyst  
Cathy Crocket, Program Analyst  
Jay Kriebel, Program Analyst  
Lona Domenici, Committee Manager  
Barbara Williams, Committee Secretary  
Kurt Englehart, Committee Assistant

**OTHERS PRESENT:**

Ruben R. Murillo, Jr., President, Nevada State Education Association

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Chris Daly, Deputy Executive Director of Government Relations, Nevada State Education Association

Natha C. Anderson, President, Washoe Education Association

Dana Greer

Nicolle Larson

Tom Wellman, President, Nevada State Education Association-Retired

Roger M. Rahming, Deputy Superintendent, Business and Support Services, Nevada Department of Education

Brett Barley, Deputy Superintendent, Student Achievement, Nevada Department of Education

John Vellardita, Clark County Education Association

Stephanie Mullen, Executive Director, Public Utilities Commission

CHAIR WOODHOUSE:

We will begin the meeting with the work session on Senate Bill (S.B.) 112.

**SENATE BILL 112**: Requires a course of study in health provided to pupils in certain grade levels in public schools to include certain information on organ and tissue donation. (BDR 34-516)

MARK KRMPOTIC (Senate Fiscal Analyst):

Senate Bill 112 was heard on Monday, March 20, 2017. The bill adds a requirement that an established course of study in health include instruction in organ and tissue donation, including, without limitation: how to register as a donor and rules governing donor gifts in this State, pursuant to the Revised Anatomical Gift Act; the societal and individual benefits of organ and tissue donation; and facts about organ and tissue donation.

The bill was referred to the Senate Finance Committee primarily to address a fiscal note that was submitted by the Department of Education totaling \$10,000. Mr. Roger Rahming, Deputy Superintendent of the Department of Education, testified on the bill and removed the fiscal note. He indicated the additional expense related to the review of the health standards would be absorbed by the Department in the course of a regular review of those health standards over the coming year.

Senator Ratti indicated in her testimony that the organ and tissue donation advocates plan to provide a predesigned curriculum to each high school. Ed Gonzales, Clark County Education Association, and Brad Keating,

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Clark County School District (CCSD), testified in support of the bill. Mr. Keating testified that CCSD would remove their fiscal note in light of the donation of the curriculum.

CHAIR WOODHOUSE:

Because members of the Committee are arriving and leaving to testify in other committees, I will keep the votes open until all members have had a chance to vote.

SENATOR PARKS MOVED TO DO PASS S.B. 112.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY OF THOSE PRESENT.

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CHAIR WOODHOUSE:

Senator Ratti, will you please handle the floor statement?

SENATOR JULIA RATTI (SENATORIAL DISTRICT NO. 13):

It would be my pleasure.

CHAIR WOODHOUSE :

We will now go to the hearing on S.B. 180.

**SENATE BILL 180**: Revises provisions relating to the State Supplemental School Support Account. (BDR 34-461)

SENATOR TICK SEGERBLOM (Senatorial District No. 3):

Senate Bill 180 is a simple bill that seeks to have the Legislature do what we committed to do back in 2008. There was an advisory question on the ballot, and the teacher's union got the required signatures to mandate that the Legislature consider a room tax initiative. Initiative Petition 1 (IP1) of the 75th Session passed that tax which generates approximately \$180 million each year. It was intended as supplemental education funds. The Legislature has since then appropriated that money and used it in the State General Fund.

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This bill seeks to have the Legislature revisit this issue. We have asked for an amendment so that equity funding transfers in Clark County would be a permissible use of the funds.

RUBEN R. MURILLO, JR. (President, Nevada State Education Association):  
The Nevada State Education Association (NSEA) represents over 40,000 educators statewide and strongly supports S.B. 180, which would direct IP1 funds to supplement critical education needs ([Exhibit C](#)).

It was agreed that these monies were to be used to help balance the State budget in the 2009-2011 biennium to avert the worst budget cuts. Since then, the Legislature has used these funds to supplant General Fund dollars, citing the lingering effects of the recession. While IP1 now generates \$365 million in the biennium, public education has not seen a single additional cent from this tax. With the recession behind us, IP1 funds must be put into the classroom where they were promised.

As we have seen in numerous hearings on education, more funding must be provided to meet the needs of a growing and vastly diverse student population. The restoration of IP1 monies into the schools to supplement, not supplant, funding would go a long way towards meeting the unmet needs in public education.

The economic crisis has passed, but we still have a crisis in our classrooms. It is time to do what is right for our kids, by passing S.B. 180, and restoring IP1 room tax monies to their original purpose.

SENATOR KIECKHEFER:

You indicate that IP1 is going to generate \$365 million. Is that in the current biennium or the upcoming biennium?

MR. MURILLO:

That is forecasted for the upcoming biennium.

SENATOR KIECKHEFER:

Are you considering all the additional money that has been put into programs like Zoom Schools, Victory Schools, Nevada Ready 21, teacher incentives and other programs over the last several years?

MR. MURILLO:

Those programs are critical and have been used to help address many needs. However, during the course of this Legislative Session we have heard of the need for additional monies for the weighted funding formula, for example. We have heard discussion of the need for \$200 million. This money would be a really good place to start funding to reach that goal.

SENATOR KIECKHEFER:

Your testimony was that we had not spent any additional money on education, and that is just not true.

MR. MURILLO:

That was not my intention. We were very supportive of the Governor's budget last Session that enhanced revenue aimed at education. We recognize that resources have been used for education, but we know that the full needs have not been met.

SENATOR KIECKHEFER:

This is not really about raising more money; there is no more money in this bill. This is a mechanical issue regarding what part of the budget we use for education spending.

CHRIS DALY (Deputy Executive Director of Government Relations, Nevada State Education Association):

The NSEA has been working for over 100 years to ensure a high-quality public education for every Nevada student ([Exhibit D](#)). We support S.B. 180 to provide direction on the spending of IP1 room tax monies to improve student achievement.

There is no shortage of good ideas about how to improve public education and student achievement. All come with a price tag. The magic of this hearing is not in the details of S.B. 180. It is in the big picture of public education funding.

As has been mentioned, the history of the IP1 tax goes back a long way. Support for the measure was tremendous. But as we know, the recession was deep and lingered for years. And for years, the IP1 monies were diverted to supplant General Fund dollars in the Distributive School Account (DSA), freeing up an equivalent amount of money to help balance the budget.

## EDUCATION

### K-12 EDUCATION

NDE - Distributive School Account — Budget Page K-12 EDUCATION-13  
(Volume I)

Budget Account 101-2610

When it comes to funding education, Nevada has been running in place. We are near the bottom of states in per-pupil spending. Public education in Nevada needs a new infusion of cash. There is no doubt that \$365 million generated by the IP1 room tax should be used to fund our schools, as was initially intended. We ask that you ensure that happens.

I also submit a letter of support for S.B. 180 from NSEA ([Exhibit E](#)).

SENATOR SEGERBLOM:

I understand that this is a lot of money at one time. The Committee might consider addressing 10 percent each year with a future projection of trying to commit these funds to education, as we promised years ago.

NATHA C. ANDERSON (President, Washoe Education Association):

I am here in support of S.B. 180. In reading the testimony from the 2009 Legislative Session, I realize that the same issues exist today as then. We continue to worry about salaries. We continue to worry about attracting and retaining the best educators, especially in the fields of science, technology, engineering and math (STEM). We continue to worry about giving our lower grades the reading skills they will need in life. We continue to worry about professional development.

We continue to need that help and our class size continues to grow. In Washoe County, our average class size will increase by two students. What that really means is that, for some teachers, their class size will grow by six or seven. Schools today are expected to achieve higher standards and meet greater expectations than ever before. The teachers continue to step up. Not because of a law, not because of a budget, but because of the children who we get a chance to work with every day.

The money that was approved by the voters in 2009 has not been utilized in the way it was envisioned and promised. As educators, we understood that during hard times the money was not there. But times are better, and it is time to use the money in the way it was voted on, both by the voters and the Legislature.

Since 2009, there has been an emphasis on improving how we teach STEM, special education and English-language learners (ELL). As educators and policymakers, we are finally aware of the diverse needs of our students. The funding has not always followed this awareness.

We need more help, and if the IP1 money was used the way it was intended, we could be getting more help. I ask for your support of S.B. 180.

DANA GREER:

I am the parent of a third-grader attending a Washoe County school. Recently, Washoe County School District (WCSD) announced a \$30 million deficit. This resulted in almost all schools in the district losing allocations. At my daughter's elementary school, there are 380 students. We have lost four core teacher allocations, or 21 percent of teacher staff. Class sizes are going up in the third, fourth and fifth grades, by as many as 16 additional students next year. We have a 53 percent ELL population. One-third of our population is currently considered behind grade level. The school district desperately needs help to give every child the education they deserve. I urge you to support S.B. 180 and direct these IP1 funds back to education.

NICOLLE LARSON:

I am a mother of three children in WCSD. I am also a former educator in Nevada, with more than fifteen years in education. Depending on what day you ask, WCSD announced a \$30 million to \$40 million deficit. I am here to tell you what that means to my children. We are a small school in a large district. We currently have 19 teachers, and we will be losing 4 of them, increasing class sizes tremendously.

As a teacher, I cannot fathom adding 16 students to an already crowded class. I cannot possibly give them the attention that each child deserves. Nevada chooses to insert all of our children into one classroom, leading to a large variety of needs in one class. We might have non-English speaking students in with gifted students. It is impossible, in a class of 36 to 38 students, to give each child the education they need.

I originally supported the IP1 Tax as a teacher. I did not have children at that time. When you ask WCSD why there is a deficit, they say there is a lack of funding. That would appear to be true; we are forty-ninth in per-pupil expenditures. I have my children in public schools because I believe in the public education system. I believe in our amazing teachers and our beautiful community. I believe in your ability to make a decision that will positively affect my children and the education of all children in Nevada.

TOM WELLMAN (President, Nevada State Education Association-Retired):

I am here in support of S.B. 180. I worked and lived through the recession of 2008. I saw teachers do miracles in their classroom with strength, hope and baling wire. I saw them dig deep into their own pockets to supply their students with the tools they needed. I saw parents supplying their children's classrooms with tissues, paper towels and cups because the schools could not afford them. The recession was brutal. It is time that those shared sacrifices were righted.

CHAIR WOODHOUSE:

Does anyone wish to testify in neutral position to the bill?

ROGER M. RAHMING (Deputy Superintendent, Business and Support Services, Nevada Department of Education):

The Department of Education has some questions about the language of S.B. 180. When we first presented our budget, these dollars were to be split into the DSA budget account (B/A) 101-2610 to support special education and B/A 101-2699 to support many of the specific programs such as Zoom and Victory schools, and others.

NDE - Other State Education Programs — Budget Page K-12 EDUCATION-19  
(Volume I)

Budget Account 101-2699

After looking at the legal ramifications, it was decided that these dollars could not be aligned with the appropriate areas. There was a budget amendment that took these dollars and pushed them back to B/A 101-2610. Looking at the proscriptive language of the bill, there is the potential of a hole being left in B/A 101-2610.



BRETT BARLEY (Deputy Superintendent, Student Achievement, Nevada Department of Education):

The bill was originally written in a very broad manner. There was a bucket for school and student improvement and a bucket for teacher quality. Now it is written with some more proscriptive language around STEM, early literacy, ELL, special education and professional development. There are other programs like Zoom and Victory schools, gifted and talented, college and career readiness, and Nevada Ready 21, which are not addressed. We would want to work with the author of the bill to make sure that IP1 funds can be used for these purposes, and there is not an unintentional hole opened up with the transition of the funding resources.

JOHN VELLARDITA (Clark County Education Association):

I represent 18,000 licensed professionals in Clark County. We are here to speak in neutral as regards S.B. 180. Our concern is a possible hole in the DSA. Will a potential transfer of funds to the Supplemental School Support Account leave a gap in the DSA? If so, what is the plan to fill that gap?

NDE - State Supplemental School Support Account — Budget Page K-12  
EDUCATION-38 (Volume I)  
Budget Account 101-2617

A number of the categorical programs currently being funded by the *Executive Budget* are designed for a reason. Money goes to a specific program for a specific outcome, with specific accountability. I am not sure the way the bill is now written addresses that clearly.

I would add that I spoke previously about S.B. 178, the bill for the weighted-funding formula. I know there is no appetite for the \$1.2 billion price tag. We did propose a specific approach to transition categorical programs to a universal weight, and that \$200 million could make a substantial difference for at least 154,000 students in Clark County who are left behind currently by the categorical programs. I would urge that language in S.B. 180 be used to address the potential funding gap.

**SENATE BILL 178**: Revises provisions relating to the funding formula for K-12 public education. (BDR 34-792)

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CHAIR WOODHOUSE:

I see no testimony in opposition to S.B. 180. Senator Segerblom, we have not received the amendment you mentioned. Please provide it to the Committee when it is available.

SENATOR SEGERBLOM:

I am checking with the Legal Division of the Legislative Counsel Bureau. It does contain language addressing the weighted-funding formula criteria.

We all know what we have done. Hopefully, we can figure out a way to put this money where it is supposed to be. I am happy to work with anybody to change language that may need changing.

CHAIR WOODHOUSE:

The hearing on S.B. 180 is closed. We will move on to budget closings.

SARAH COFFMAN (Principal Deputy Fiscal Analyst):

I will be presenting three budgets from the Treasurer's Office. Information can be found on pages 5 through 12 of "Closing List #1" ([Exhibit F](#)). The first is the Municipal Bond Bank Revenue, B/A 745-1086. Staff recommends closing this budget.

## ELECTED OFFICIALS

Treasurer - Municipal Bond Bank Revenue — Budget Page ELECTED-216  
(Volume I)

Budget Account 745-1086

The Bond Bank allows the State to sell general obligation bonds, subject to a statutory limitation of \$1.8 billion. The proceeds from the bonds are used to purchase municipal revenue securities. This mechanism allows the local government entities to benefit from the State's stronger bond rating. The Board of Finance must approve the issuance of State general obligation bonds and revenue securities under the Bond Bank Act.

This budget account receives the principal and interest from the local municipalities that benefit from this program. These funds are then subsequently transferred to B/A 395-1087, Municipal Bond Bank Debt Service, to pay the debt service on the general obligation bonds issued by the Treasurer's Office.

Treasurer - Municipal Bond Bank Debt Service – Budget Page ELECTED-218  
(Volume I)  
Budget Account 395-1087

This budget account has no major issues, and Fiscal Division staff recommend this budget be closed as recommended by the Governor.

SENATOR KIECKHEFER MOVED TO APPROVE B/A 745-1086 AS RECOMMENDED BY THE GOVERNOR.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY OF THOSE PRESENT.

BUDGET CLOSED.

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Ms. COFFMAN:

The second budget account is B/A 395-1087, the Municipal Bond Bank Debt Service. This account correlates with the budget account we just heard. This budget serves as the redemption account. Funds are transferred into this budget from B/A 745-1086 to pay the interest and principal payments on the State-issued general obligation bonds. There are no major closing issues on this account and Staff recommends this budget be closed as recommended by the Governor.

SENATOR DENIS MOVED TO APPROVE B/A 395-1087 AS RECOMMENDED BY THE GOVERNOR.

SENATOR FORD SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY OF THOSE PRESENT.

BUDGET CLOSED.

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Ms. COFFMAN:

The next budget account is B/A 261-1088, the Millennium Scholarship Administration. This account was heard by the Committee previously. The purpose of this budget is to account for the costs related to administering the program. The Administration account is funded with transferred funds from the Endowment Account funds. The Governor recommends \$733,771 over the biennium to support the administrative cost of the Millennium Scholarship Program.

Treasurer - Millennium Scholarship Administration – Budget Page ELECTED-243  
(Volume I)

Budget Account 261-1088

The Governor is recommending a one-shot appropriation to the Millennium Scholarship of \$20 million in fiscal year (FY) 2017-2018. That appropriation does not affect the administration account.

There are no major closing issues on this account. Staff recommends this budget be closed as recommended by the Governor and requests authority to make technical adjustments as necessary.

SENATOR FORD MOVED TO APPROVE B/A 261-1088 AS RECOMMENDED BY THE GOVERNOR AND AUTHORIZING FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY OF THOSE PRESENT.

BUDGET CLOSED.

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CHAIR WOODHOUSE:

Next we will hear the budget for the Lieutenant Governor's Office.

Lieutenant Governor – Budget Page ELECTED-102 (Volume I)  
Budget Account 101-1020

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CATHY CROCKET (Program Analyst):

The Lieutenant Governor's Office, B/A 101-1020, has no major closing issues. There is one other closing item that appears reasonable. Staff recommends the budget be closed and requests authority to make technical adjustments as necessary.

SENATOR GOICOECHEA MOVED TO APPROVE B/A 101-1020 AS RECOMMENDED BY THE GOVERNOR AND AUTHORIZING FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY OF THOSE PRESENT.

BUDGET CLOSED.

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Ms. CROCKET:

The Commission on Ethics, B/A 101-1343, has two major closing issues for your consideration. Information on this budget account can be found on pages 13 through 20 of "Closing List #1" ([Exhibit F](#)). The first issue is a revision to the funding split methodology in decision unit E-225.

SPECIAL PURPOSE AGENCIES

ETHICS

Ethics - Commission on Ethics — Budget Page ETHICS-3 (Volume III)  
Budget Account 101-1343

E-225 Efficient and Responsive State Government — Page ETHICS-5

The *Executive Budget* recommends revising the methodology used to determine the funding split between the State and local governments, which would result in General Fund savings of \$93,840 in FY 2017-2018 and \$95,031 in FY 2018-2019. This would create a corresponding increase in county reimbursement from local governments. Pursuant to *Nevada Revised Statutes* (NRS) 281A.270, counties with a population of 10,000 or more and cities with

a population of 15,000 or more are responsible for contributing funding to the Commission's budget through an assessment. The total amount of the funding contributed by local governments must be determined by the Legislature, but no specific methodology is established in statute. In approving the Agency's budget, the Legislature approves the funding-split methodology. Currently, the funding split is calculated based on the number of requests for opinion (RFO) received by the Commission that relate to State and local government public officers and employees received during the previous two fiscal years.

The Governor recommends calculating the funding split based on the number of State and local government officers and employees. The Agency states this would more accurately align funding sources with its work in support of the State and local governments and provide for greater budgetary consistency across biennia for both the State and local governments.

The Agency has cited four reasons they believe the current funding-split methodology does not accurately reflect the workload. First, RFOs represent only a portion of the Commission's workload, which also includes education, outreach and litigation. Secondly, there are two types of RFOs, advisory and complaint. There is more work associated with a complaint RFO, but there is no weighting involved under the current methodology. Third, although a majority of complaint cases are dismissed due to lack of jurisdiction and require minimal work, all RFOs received by the Agency are included under the current methodology. Fourth, the current methodology does not account for the large workload associated with the few cases that are subject to judicial review each year.

The Agency estimates that 75 percent of their workload relates to interpreting and enforcing the provisions of NRS 281A, which is the Nevada Ethics Law. The remaining 25 percent relates to education and outreach.

The current methodology results in fluctuations in funding by State and local government due to the proportion of RFO. According to the Agency, the proposed methodology based on number of employees would provide for greater budgetary consistency across biennia. On page 16 of [Exhibit F](#), you can see a historical breakdown of General Fund appropriations and county reimbursement percentages allocated to this budget based on RFOs, illustrating the fluctuations. For example, in the current biennium, General Fund appropriations account for 22 percent, and county reimbursements account for 78 percent of

the budget. For the upcoming biennium, under the current methodology, General Fund appropriations would increase to 40 percent and county reimbursements would decrease to 60 percent.

The proposed methodology would be based on the number of public employees. The chart on page 17 displays the breakdown of State and local government employees. It remains fairly consistent over multiple years at roughly 28 percent State employees and 72 percent local government employees.

Although the Agency and the Governor are recommending a revision to the funding-split methodology determining the total amount of county reimbursements, the methodology used to allocate the county reimbursements among the different local jurisdictions would not change. The chart on page 18 displays what each local jurisdiction would be charged under both the existing and revised methodology. The Agency sought feedback from the Nevada Association of Counties and the Nevada League of Cities regarding the recommended revision and have not received any negative feedback at this point.

SENATOR FORD:

Has the Commission received any opposition from the counties with regard to this particular request?

Ms. CROCKET:

According to the Commission, they have not.

SENATOR GOICOECHEA:

It looks like the majority of the increased costs to local governments will be absorbed by Las Vegas and Clark County.

Ms. CROCKET:

That is correct. As I mentioned, the allocation of the total county reimbursement to the local jurisdictions is based on population.

SENATOR GOICOECHEA:

The thing that concerns me is we continue to push against the local governments, and some of them are struggling.

SENATOR FORD:

Is it based on population or caseload?

Ms. CROCKET:

There are two components. There is the total amount of county reimbursements and General Fund appropriations, and that methodology is proposed to be based on the number of local government employees versus State employees, instead of the current method of number of RFOs. Then there is the allocation of the total local government reimbursement, which is based on population.

SENATOR DENIS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO REVISE THE FUNDING-SPLIT CALCULATION METHODOLOGY AND ALLOCATE THE AGENCY'S FUNDING BASED ON THE PROPORTION OF STATE AND LOCAL GOVERNMENTAL PUBLIC OFFICERS AND EMPLOYEES, RESULTING IN GENERAL FUND SAVINGS OF \$93,840 IN FY 2017-2018 AND \$95,031 IN FY 2018-2019.

SENATOR FORD SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY OF THOSE PRESENT.

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Ms. CROCKET:

The second major budget closing issue in the budget relates to a case management information system. The Fiscal Analysis Division received a request from the Governor's Finance Office (GFO) to adjust the Agency's budget for the upcoming biennium subsequent to the budget hearings. This request was not previously heard by the Committee.

The GFO advised Staff that the Commission on Ethics submitted a FY 2016-2017 work program, which would not require Interim Finance Committee approval, to utilize savings in the current fiscal year to implement a new case management information system at a cost of \$17,850. The new system would provide for RFO management, an online searchable database of opinions published by the Commission, and allow for the electronic submission of RFOs via the Commission's Website. The Agency indicates the system would provide compliance with the provisions of S.B. No. 236 of the 77th Session which requires State agencies to make electronic versions of forms available



online. The Agency states it launched a new Website in January 2017 which does not provide functionality for users to search published Commission opinions. It has received numerous calls and complaints regarding the limited functionality of the new Website.

The new case management information system will improve functionality and provide the electronic forms required. There would be ongoing annual database hosting and support costs associated with this request that were not included in the *Executive Budget*. These costs are \$7,200 in each year of the upcoming biennium. The GFO advised Fiscal staff that the Agency's work program request would not be processed unless the money committees approve ongoing maintenance costs of \$7,200 in each year of the upcoming biennium. Under the revised funding-split methodology the Committee has approved, the county reimbursement would be \$10,368 and General Fund appropriations of \$4,032 over the 2017-2019 biennium.

Does the Committee wish to approve this proposal?

SENATOR DENIS:

What does the \$7,200 include?

Ms. CROCKET:

It includes database hosting, helpdesk maintenance and support costs.

SENATOR DENIS:

That is an ongoing annual cost. Are we paying \$17,850 for the system and then \$7,200 annually in ongoing costs?

Ms. CROCKET:

That is correct. It is a cloud-based system, and the ongoing costs include maintenance and support.

SENATOR DENIS:

Is Enterprise Information Technology Services hosting the new Website?

Ms. CROCKET:

No, the Agency would use an external vendor.

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SENATOR DENIS:

Part of this is the external vendor's cost for hosting it on their server.

Ms. CROCKET:

Yes, that is my understanding.

SENATOR DENIS MOVED TO APPROVE \$7,200 IN EACH YEAR OF THE UPCOMING BIENNIUM TO SUPPORT ONGOING MAINTENANCE OF A NEW CASE MANAGEMENT INFORMATION SYSTEM.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY OF THOSE PRESENT.

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Ms. CROCKET:

There is one other closing item in this budget that appears reasonable.

Staff notes that S.B. 36 proposes to revise the number of Commission on Ethics members. Technical adjustments to the budget may be necessary if this legislation is approved.

**SENATE BILL 36**: Revises provisions relating to ethics in government.  
(BDR 23-230)

SENATOR GOICOECHEA MOVED TO APPROVE OTHER CLOSING ITEMS IN B/A 101-1343 AS RECOMMENDED BY THE GOVERNOR WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NEEDED, INCLUDING ADJUSTMENTS IF S.B. 36 IS APPROVED AND ADJUSTMENTS FOR DECISIONS REGARDING THE SALARIES OF UNCLASSIFIED POSITIONS IN THE STATE EMPLOYEE SALARY APPROPRIATION ACT.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY OF THOSE PRESENT.

BUDGET CLOSED.

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JAY KRIEBEL (Program Analyst):

I will begin on page 21 of [Exhibit F](#), "Closing List #1", which is B/A 101-1497, the Commission on Judicial Discipline. There is one major closing issue, E-225, judicial training.

LEGISLATIVE – JUDICIAL

JUDICIAL BRANCH

Judicial Discipline – Budget Page JUDICIAL-70 (Volume I)  
Budget Account 101-1497

E-225 Efficient and Responsive State Government – Page JUDICIAL-72

The *Executive Budget* includes General Fund appropriations of \$15,308 in each year of the 2017-2019 biennium for the General Counsel/Executive Director and Associate General Counsel to attend training at the National Judicial College in Reno. The recommendation provides for courses that would allow these individuals to receive the same educational opportunities as Nevada's judges in meeting the Commission's constitutional and statutory mandates.

The Agency would work with the Administrative Office of the Courts to develop educational programs that meet the changing needs of Nevada's judges. The Agency would then provide judicial training tailored to close the gaps in the existing educational framework to address emerging trends in judicial misconduct. The number and complexity of cases is projected to increase in the upcoming biennium; however, the Commission is confident that as case volume fluctuates, staff and judicial training would still occur.

It should be noted that this recommendation does not include in-State travel funds for judicial training. The Commission's base budget includes \$25,000 in each year of the biennium for in-State travel. For each year of the biennium, the Agency anticipates spending \$6,521 for in-State travel related to judicial education, with the remainder of the recommended base budget expenditure

allocated for the Standing Committee on Judicial Ethics members and Judicial Discipline staff to attend Commission meetings and public hearings.

Does the Committee wish to approve these recommended appropriations?

SENATOR DENIS MOVED TO APPROVE GENERAL FUND APPROPRIATIONS OF \$15,308 IN EACH YEAR OF THE 2017-2019 BIENNIUM FOR THE GENERAL COUNSEL/EXECUTIVE DIRECTOR AND ASSOCIATE GENERAL COUNSEL TO ATTEND TRAINING AT THE NATIONAL JUDICIAL COLLEGE.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY OF THOSE PRESENT.

\* \* \* \* \*

MR. KRIEBEL:

Fiscal staff recommends other closing items be closed as included in the *Executive Budget* and requests authority to make technical adjustments as needed.

SENATOR FORD MOVED TO APPROVE B/A 101-1497, WITH OTHER CLOSING ITEMS, AS INCLUDED IN THE *EXECUTIVE BUDGET*, WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NEEDED.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY OF THOSE PRESENT.

BUDGET CLOSED.

\* \* \* \* \*

MR. KRIEBEL:

Our last budget is 224-3920, the Public Utilities Commission (PUC), found on page 23 of [Exhibit F](#). There is one major closing issue, E-225, an increase to expert consultant contracts.

COMMERCE AND INDUSTRY

PUBLIC UTILITIES COMMISSION

PUC - Public Utilities Commission — Budget Page PUC-10 (Volume I)  
Budget Account 224-3920

E-225 Efficient and Responsive State Government — Page PUC-12

The Governor recommends reserve funds of \$26,640 in each year of the 2017-2019 biennium to support an increase in costs for expert witness fees of outside legal counsel and depreciation consultants. Outside legal counsel provides expert consultation on matters before federal agencies such as the Federal Energy Regulatory Commission and the Federal Communications Commission. Depreciation consultants assist the PUC staff with developing depreciation schedules of public utilities necessary for processing rate cases.

At the PUC budget hearing, the Agency indicated that NV Energy and Southwest Gas Company are expected to file rate cases during the biennium, which would likely include depreciation studies. These filings are expected in June 2017 and June 2018, and may span multiple years. The PUC states that, while some rate cases are known and projected, other cases occur unexpectedly. The Agency states that it does not have the in-house expertise to conduct depreciation studies and it would require a depreciation consultant to facilitate the studies.

The GFO submitted a budget amendment on February 16, 2017, recommending an additional \$87,500 for outside expert witness fees in each year of the upcoming biennium. They indicate that this decision unit was incorrectly submitted and should have included an annual total of \$114,140 for expert witness fees. The revised amount for this decision unit combined with the base amount of \$73,360 would authorize the PUC to expend a total of \$187,500 for outside legal counsel and depreciation consultant fees in each year of the 2017-2019 biennium. The PUC projects annual costs of \$150,000 for depreciation consultant fees and \$37,500 for outside legal counsel. The table at the top of page 25 shows historical contract expenditures.

SENATOR DENIS:

Were there no expert contract expenditures in FY 2014-2015?

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MR. KRIEBEL:  
That is correct.

SENATOR DENIS:  
Why are the costs so much higher in FY 2013-2014?

STEPHANIE MULLEN (Executive Director, Public Utilities Commission):  
We had a rate case that year, as well as a request from the Legislature for a study of Nevada net energy metering impacts. The study cost approximately \$160,000.

SENATOR DENIS:  
Will the request for \$114,140 each year be enough for your needs in the next biennium?

MS. MULLEN:  
Yes, it will.

SENATOR GOICOECHEA:  
Is the Commission expecting rate cases from both NV Energy and Southwest Gas Company in the next few years?

MS. MULLEN:  
Yes, that is correct.

SENATOR GOICOECHEA:  
I know the reality is rate cases can really drive up your costs. Was the amendment for \$87,500 requested by the GFO?

MR. KRIEBEL:  
The original budget amendment was for \$26,640, which was incorrect. It should have been a total of \$114,140. When combined with the base budget amount of \$73,360, it totals \$187,500 for each year of the biennium.

SENATOR DENIS:  
Where do these funds come from?

MR. KRIEBEL:  
The funds come out of reserves, not the General Fund.

SENATOR GOICOECHEA MOVED TO APPROVE RESERVE FUNDS OF \$114,140 FOR INCREASED OUTSIDE LEGAL COUNSEL AND DEPRECIATION CONSULTANT COSTS AND EXPERT WITNESS FEES IN EACH YEAR OF THE 2017-2019 BIENNIUM AS AMENDED.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY OF THOSE PRESENT.

\* \* \* \* \*

MR. KRIEBEL:

Other Closing Item 1 is decision unit E-671, salary adjustment for information technology (IT) positions. This provides a one-grade salary increase for three IT professionals in the PUC. This decision will be considered by the money committees when all other statewide decision units are discussed.

E-671 Salary Adjustment For 2017-2019 Biennium — Page PUC-13

Other Closing Item 2, computer replacement, E-710, provides for the replacement of 49 desktop computers, 17 laptop computers, 10 servers and 9 printers with reserve reductions of \$208,263 over the biennium. This decision unit appears reasonable to Staff.

E-710 Equipment Replacement — Page PUC-13

Other Closing Item 3 is the unclassified position salary increase. The GFO submitted a budget amendment on March 14, 2017, to correct an error in the *Executive Budget*. The chairman of the PUC was given a salary increase in the base budget. To correct this error, a technical adjustment is included in the closing documents to eliminate the base funding of \$4,828 for the proposed salary increase in each year of the 2017-2019 biennium and the creation of a E-815 decision unit for the recommended salary increase for the unclassified chairman position. Decisions pertaining to unclassified salaries and position changes will be determined by the money committees when the State Employee Salary Appropriation Act is considered. Staff requests authority to make any adjustments subsequently required.

SENATOR FORD MOVED TO APPROVE B/A 224-3920, WITH OTHER CLOSING ITEM 2, AS RECOMMENDED IN THE *EXECUTIVE BUDGET*, WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NEEDED.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY OF THOSE PRESENT.

BUDGET CLOSED.

\* \* \* \* \*

CHAIR WOODHOUSE:

That concludes our budget closings for today. Is there anyone wishing to make public comment? Seeing none, we will recess the Committee at 9:22 a.m. and call the meeting back to order on the Senate Floor to allow absent Senators to record their votes on these issues.

The Senate Committee on Finance is reconvened at 11:47 a.m. on Tuesday, March 28, 2017, on the Senate Floor of the Legislative Building, Carson City, Nevada. All Committee members are present.

I want to give all Committee members the opportunity to record their votes on motions from our earlier meeting. In the committee room, a motion was approved to do pass S.B. 112.

All Senators have indicated their agreement with the previous do pass motion.

Motions were also made and approved for Fiscal staff recommendations on the budgets in "Closing List #1", [Exhibit F](#). These budgets were: Lieutenant Governor's Office, Municipal Bond Bank Revenue, Municipal Bond Bank Debt Service, Millennium Scholarship Administration, Commission on Ethics, Commission on Judicial Discipline and Public Utilities Commission.

All Senators have indicated their agreement with the previous budget motions.



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As there is no further business to come before the Committee, this meeting is adjourned at 11:50 a.m.

RESPECTFULLY SUBMITTED:

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Barbara Williams,  
Committee Secretary

APPROVED BY:

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Senator Joyce Woodhouse, Chair

DATE: \_\_\_\_\_

<b>EXHIBIT SUMMARY</b>				
<b>Bill</b>	<b>Exhibit / # of pages</b>		<b>Witness / Entity</b>	<b>Description</b>
	A	2		Agenda
	B	5		Attendance Roster
S.B. 180	C	3	Ruben Murillo	Testimony in support
S.B. 180	D	3	Chris Daly	Testimony in support
S.B. 180	E	1	Nevada State Education Association	Testimony in support
	F	26	Fiscal Analysis Division, Legislative Counsel Bureau	Closing List #1