

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Eighty-second Session
May 3, 2023**

The Senate Committee on Finance was called to order by Chair Marilyn Dondero Loop at 7:08 p.m. on Wednesday, May 3, 2023, in Room 1214 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 Marilyn Dondero Loop, Chair
Senator Nicole J. Cannizzaro, Vice Chair
Senator Dallas Harris
Senator Dina Neal
Senator Rochelle T. Nguyen
Senator Pete Goicoechea
Senator Heidi Seevers Gansert

COMMITTEE MEMBERS ABSENT:

Senator Robin Titus (Excused)

STAFF MEMBERS PRESENT:

Wayne Thorley, Senate Fiscal Analyst
Cathy Crocket, Chief Principal Deputy Fiscal Analyst
Michael Nakamoto, Chief Principal Deputy Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Paul Breen, Committee Assistant
Joko Cailles, Committee Secretary

OTHERS PRESENT:

Warren Hardy, Nevada Pest Management Association
Misty Grimmer, Cox Communications
Omar Saucedo, AT&T

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Shelly Capurro, Charter Communications
Alexis Motarex, Associated General Contractors of Nevada
Glen Leavitt, Nevada Contractors Association
Kanani Espinoza, Nevada Chapter, American Council of Engineering Companies

CHAIR DONDERO LOOP:
We will hear Senate Bill (S.B.) 159.

SENATE BILL 159 (1st Reprint): Revises provisions relating to pest control.
(BDR 49-608)

WARREN HARDY (Nevada Pest Management Association):
There was a large fiscal note on S.B. 159 as originally drafted. The measure had contemplated creating temporary licensure for pest management applications. Senate Bill 159 was subsequently amended to request that the Nevada Department of Agriculture adopt regulations instead of going through the process of creating a temporary licensure scheme. This change removed the legislation's fiscal note.

CHAIR DONDERO LOOP:
I will close the hearing on S.B. 159 and open the hearing on S.B. 167.

SENATE BILL 167 (1st Reprint): Prohibits the imposition of step therapy under certain circumstances. (BDR 57-81)

WAYNE THORLEY (Senate Fiscal Analyst):
Senate Bill 167 prohibits the imposition of step therapy protocol for drugs prescribed to treat a psychiatric condition in certain circumstances. The Public Employees' Benefits Program (PEBP) submitted a fiscal note, on March 3, 2023, projecting a fiscal impact of \$20,000 per year related to increased costs. The bill was amended and PEBP indicates there is not a fiscal impact from S.B. 167 in its first reprint.

CHAIR DONDERO LOOP:
I will close the hearing on S.B. 167 and open the hearing on S.B. 237.

SENATE BILL 237 (1st Reprint): Revises provisions relating to crisis intervention. (BDR 39-312)

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MR. THORLEY:

Senate Bill 237 requires the Nevada Department of Health and Human Services (DHHS), Division of Public and Behavioral Health to support the implementation of the 988 hotline by supporting the establishment and maintenance of crisis stabilization center hospitals. The measure authorizes the State Board of Health to adjust the 35-cent monthly surcharge on certain communication lines by regulation not more frequently than once every five years. Senate Bill 237 would require telecommunications companies to report certain information to the DHHS.

On March 8, 2023, the Public Utilities Commission of Nevada submitted a fiscal note on S.B. 237 as introduced, projecting a fiscal impact of \$40,000 per year due to position costs. The Senate amended the measure. On April 20, 2023, Commission submitted another fiscal note indicating the fiscal impact was removed on the first reprint of S.B. 237.

SENATOR DALLAS HARRIS (Senatorial District No. 11):

I have submitted a conceptual amendment ([Exhibit C](#)) to S.B. 237 that moves the effective date of fee collection to 30 days after passage and approval. This was done at the request of companies that will be assessed this fee, so they have time to give notice to their customers.

SENATOR SEEVERS GANSERT:

Would the fee escalator be evaluated every five years under S.B. 237?

SENATOR HARRIS:

Yes.

MISTY GRIMMER (Cox Communications):

Cox Communications is opposed to S.B. 237. Cox Communications appreciates Senator Harris' conceptual amendment, [Exhibit C](#), to S.B. 237 as it allows carriers enough time to put the measure's provisions in our billing processes. We remain concerned with the Consumer Price Index rollup portion of the fee. There are concerns this will be a challenge in the budget process.

There is a section in S.B. 237 that references using the fee to build hospitals. Our understanding is this will help build facilities for treatment. Our understanding of the federal 988 hotline approval is the money was not meant

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for facility construction. It was meant to help set up the 988 hotline and the ensuing crisis response. The money was not necessarily for follow-up care.

SENATOR SEEVERS GANSERT:

Is using the fee to build health facilities prohibited by federal guidelines?

Ms. GRIMMER:

Our interpretation of federal law around the 988 hotline is the funds were intended for establishing the phone line and associated crisis response. Follow-up care facility construction was not necessarily intended for the funds. We do not believe federal guidelines meant for the fee to fund such construction as indicated in the amendment.

SENATOR CANNIZZARO:

Using the fee for follow-up care facility construction is not prohibited. We are speaking of a belief that the fee should be used for the 988 hotline and some crisis response support.

Ms. GRIMMER:

I suppose that is correct, so it would be up to the Legislature to decide how the fee can be used.

SENATOR CANNIZZARO:

We may have to confirm this information with Fiscal staff. As the budget is currently built, the \$28 million that will come as a result of the fee in the Executive Budget is not just for the 988 hotline. It also covers crisis response and crisis response centers. That was determined by the Senate Committee on Finance and Assembly Committee on Ways and Means, Subcommittees on Human Services during their budget closings. Can we confirm the Executive Budget and the recommendation of the Subcommittees was to support, contingent on the passage of S.B. 237, the building of the crisis centers, 988 hotline and crisis response services with the \$28 million?

CATHY CROCKET (Chief Principal Deputy Fiscal Analyst):

Yes. They would collect a lesser amount of revenue and would need to scale back their program significantly if S.B. 237 is not passed.

SENATOR NGUYEN:

Does Cox Communications have any objections to the accelerator provisions in S.B. 237? We have heard testimony that these funds are not enough. There is a greater need in our communities for crisis stabilization centers. In the Division of Public and Behavioral Health budget account 101-3165, the Governor has accounted for \$3,769,136 over the 2023-2025 biennium for crisis stabilization centers. Various agencies and localities testified they would need more money. Would Cox Communications object to giving that ability to collect more money for crisis stabilization centers?

HEALTH AND HUMAN SERVICES

PUBLIC AND BEHAVIORAL HEALTH

HHS - DPBH - Crisis Response — Budget Page DHHS-DPBH-58 (Volume II)
Budget Account 101-3165

Ms. GRIMMER:

When S.B. 237 was heard by the Senate Committee on Health and Human Services, Cox Communications testified in support of the Consumer Price Index rollup. We appreciate that the rollup would provide predictability, with the hope we would not have to revisit the fee issue repeatedly.

Even when a similar measure was proposed during the Eighty-first Session, Cox Communications said a fee on telecommunications customers should be closely related to a telecommunications service. This would be similar to the 911 system and other telecommunications-specific systems. The 988 system rolls into that by providing an access line for people in crisis. Cox Communications supports the idea the fee can be used for people in crisis to use their telecommunications device to seek relief. We question the nexus of the fee to the services provided when funds go beyond telecommunications.

We support the rollup because it provides predictability. We recognize the need. The question is how we fund the need. We support fees on telecommunications needs, but we question whether the funds should be used for the broader need of crisis response.

SENATOR SEEVERS GANSERT:

I still need clarification on the use of the fee from a legal standpoint. My questions do not relate to how the fees are budgeted. I have been told the money can only be used for telecommunications, not buildings. We may need the Legislative Counsel Bureau, Legal Division to answer that. I know the fee is built into the budget at a certain level, producing \$15 million per year, but I do not know whether the federal dollars through this fee are meant to be used for buildings.

SENATOR DONDERO LOOP:

That is a policy question. We will focus on the fiscal issues.

OMAR SAUCEDO (AT&T):

I am here in opposition to S.B. 237. AT&T has worked with Cox Communications and other telecommunication companies on what we believe are moderate proposals as they relate to the 988 hotline. We concur with most of the comments made by Ms. Grimmer.

SENATOR NEAL:

Would you be open to sunseting the provision and not allowing it to continue past a certain period of time?

MR. SAUCEDO:

That is a conversation we are open to having. I do not want to speak for telecommunications companies aside from AT&T on sunseting the provision.

SHELLY CAPURRO (Charter Communications):

We appreciate lawmakers fulfilling our request for giving 30 days beyond passage and approval of S.B. 237 for fee implementation. We still oppose the expansion of fee usage to facility construction.

SENATOR HARRIS:

This is a budget implementation issue. According to the Executive Budget, in order to use these funds for crisis stabilization centers, we need to ensure clear statutory authorization. That is the intent of S.B. 237. As far as the Consumer Price Index adjustment, I hope Committee members have heard the companies that will be assessed this fee find it will create more stability and certainty in the program. This is a better way of making policy. We should have this two-thirds issue one last time so we do not bring 988 crisis funding into the

political fray every time additional funding is needed. Today, the 35-cent fee is not enough. That will definitely not be enough in five years.

I am open to an amendment that makes it clear the first fee adjustment cannot happen for five years. The goal is to ensure the numbers do not change for companies in less than five years. This will go through the rulemaking process under *Nevada Revised Statutes* 233B. The people the fee is assessed on will have the opportunity to comment. The regulation will have to be approved by the Legislative Commission before it is finalized. We should not think short term. We should fund this long term.

CHAIR DONDERO LOOP:

I will close the hearing on S.B. 237 and open the hearing on S.B. 275.

SENATE BILL 275 (1st Reprint): Revises provisions relating to manufactured home parks. (BDR 10-958)

MR. THORLEY:

Among other provisions, Senate Bill 275 requires the Nevada Department of Business and Industry, Housing Division, to calculate and publish the maximum annual rent increase percentage for a manufactured home park for the following fiscal year on or before August 1 of each year.

As introduced, the measure had a fiscal note from the Department of Business and Industry for position costs. The Senate subsequently amended S.B. 275, and the Department indicated, on April 22, 2023, the fiscal impact had been eliminated.

CHAIR DONDERO LOOP:

I will close the hearing on S.B. 275 and open the hearing on S.B. 452.

SENATE BILL 452: Revises provisions governing the allocation of the proceeds of the basic governmental services tax. (BDR 43-1204)

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst):

Senate Bill 452 deals with a portion of the Governmental Services Tax (GST) that is currently dedicated to the General Fund. Senate Bill No. 256 of the 52nd Session in 1963 created the GST exclusively as a local government revenue source. The GST was intended as a replacement for the personal

property tax on vehicles, and the only recipients of the revenue were counties, localities, cities and school districts.

The GST has a 4 percent rate and is based on the manufacturer's suggested retail price at the time a vehicle was introduced for sale in Nevada without any additional options. The rate is then multiplied by 35 percent, and then a depreciation factor is applied. As the depreciation factor continued for several decades after introduction, new vehicles came to have a depreciation factor of 100 percent. There was no reduction. There was a minimum of 5 percent for vehicles nine years old or older. For buses, trucks or tractor trailers with a weight of 10,000 pounds or greater, there was a similar structure where new vehicles were at 100 percent with no depreciation. Vehicles in these classes which were ten years old or older had a depreciation rate of 13 percent.

Senate Bill No. 429 of the 75th Session in 2009 increased the depreciation factor on all types and ages of vehicles at least one year old all the way down the depreciation schedules. There was no effect on new vehicles, which remained at 100 percent. All vehicles one year old or more had their depreciation factors increased by 10 percent. The increment from that 10 percent piece was dedicated to the General Fund, effective September 1, 2009. The decision by legislators in S.B. No. 429 of the 75th Session was to have the incremental amount dedicated to the General Fund for FY 2009-2010, FY 2010-2011, FY 2011-2012 and FY 2012-2013. Beginning in FY 2013-2014 and for all future fiscal years, the revenue was to be dedicated to the Highway Fund.

In 2013, the Legislature decided to extend the distribution of these proceeds to the General Fund for FY 2013-2014 and FY 2014-2015 through the passage of A.B. No. 491 of the 77th Session. Beginning in FY 2015-2016 under A.B. No. 491 of the 77th Session, the proceeds would go to the Highway Fund. In S.B. No. 483 of the 78th Session, the Legislature changed distribution again, deciding to keep the proceeds 100 percent in the General Fund in FY 2015-2016. In FY 2016-2017, the distribution was to be a 50/50 split. Half of the proceeds would go to the Highway Fund, and the other half would go to the General Fund. In FY 2017-2018 and for future fiscal years, 100 percent of the proceeds were to go to the Highway Fund.

In A.B. No. 486 of the 79th Session, the Legislature once again extended the provisions and changed the distribution, beginning in FY 2017-2018. Of the

proceeds, 25 percent went to the General Fund, and 75 percent went to the Highway Fund in FY 2017-2018 and FY 2018-2019. In FY 2019-2020, 100 percent of the proceeds were to go to the Highway Fund.

In S.B. No. 541 of the 80th Session, the Legislature made the distribution of the proceeds outlined for FY 2018-2019 permanent, with 25 percent for the General Fund and 75 percent for the Highway Fund. This became permanent starting in FY 2019-2020. This has been the distribution every year since, with the exception of FY 2020-2021. Senate Bill No. 3 of the 31st Special Session distributed 100 percent of the proceeds to the General Fund in that fiscal year to address the effects of the COVID-19 pandemic. This was to be reverted to the current distribution of 25 percent to the General Fund and 75 percent to the Highway Fund beginning in FY 2021-2022.

Senate Bill 452 takes the 25 percent currently dedicated to the General Fund and moves it to the Highway Fund beginning in FY 2023-2024. All proceeds from the GST would be dedicated to the Highway Fund beginning July 1, 2023.

SENATOR SEEVERS GANSERT:

Is the fiscal note on S.B. 452 about \$25 million per year, with about \$50 million being redirected from the General Fund to the Highway Fund?

MR. NAKAMOTO:

At its meeting on May 1, 2023, the Economic Forum projected the relevant portion of the GST being \$27,572,000 in FY 2023-2024 and \$28,256,000 in FY 2024-2025. This would be the amount of revenue transferred from the General Fund to the Highway Fund if S.B. 452 passes.

SENATOR NEAL:

The situation helps explain my opposition to tax abatements.

ALEXIS MOTAREX (Associated General Contractors of Nevada):

The Associated General Contractors of Nevada represents commercial construction in northern Nevada and supports S.B. 452. This has been a long time coming.

GLEN LEAVITT (Nevada Contractors Association):

The Nevada Contractors Association supports S.B. 452.

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KANANI ESPINOZA (Nevada Chapter, American Council of Engineering Companies):
The Nevada Chapter of American Council of Engineering Companies supports S.B. 452.

CHAIR DONDERO LOOP:

I will close the hearing on S.B. 452. We will now hold a work session on previously heard bills.

MR. THORLEY:

Senate Bill 159 requires the director of the Nevada Department of Agriculture to adopt regulations to authorize a person to train as an applicator to engage in pest control activities for a period of not less than 90 days without holding a license as an applicator. With the amendment adopted by the Senate, there is no longer a fiscal impact on the Nevada Department of Agriculture.

SENATOR CANNIZZARO MOVED TO DO PASS AS AMENDED S.B. 159.

SENATOR HARRIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. THORLEY:

Senate Bill 167 prohibits the imposition of step therapy protocol for drugs prescribed to treat a psychiatric condition in certain circumstances. There is no longer a fiscal impact on the measure as amended by the Senate.

SENATOR CANNIZZARO MOVED TO DO PASS AS AMENDED S.B. 167.

SENATOR HARRIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. THORLEY:

Senate Bill 237 requires the DHHS Division of Public and Behavioral Health to support the implementation of the 988 hotline by supporting the establishment

and maintenance of crisis stabilization center hospitals. The measure authorizes the State Board of Health to adjust the 35-cent monthly surcharge on certain communication lines by regulation not more frequently than once every five years. It requires telecommunications companies to report certain information to the DHHS. As amended, the bill no longer contains a fiscal impact from the Public Utilities Commission of Nevada. Senator Harris presented a conceptual amendment, [Exhibit C](#), to provide that all provisions of S.B. 237, other than the report described in section 4, subsection 2, become effective 30 days after passage and approval. Testimony in opposition was provided by Cox Communications, AT&T and Charter Communications.

SENATOR CANNIZZARO MOVED TO AMEND AND DO PASS S.B. 237 AS AMENDED WITH THE CONCEPTUAL AMENDMENT IN [EXHIBIT C](#).

SENATOR HARRIS SECONDED THE MOTION.

SENATOR SEEVERS GANSERT:

I will vote no on S.B. 237 based on concerns about the escalator and a lack of clarification on whether federal law allows the funds to be used for crisis centers.

THE MOTION CARRIED. (SENATORS GOICOECHEA AND SEEVERS GANSERT VOTED NO.)

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MR. THORLEY:

Senate Bill 275 requires the Nevada Department of Business and Industry, Housing Division to calculate and publish, on or before August 1 of each year, the maximum annual rent increase percentage for a manufactured home park for the following fiscal year. The measure no longer has a fiscal impact on the Department of Business and Industry as amended by the Senate.

SENATOR CANNIZZARO MOVED TO DO PASS AS AMENDED S.B. 275.

SENATOR HARRIS SECONDED THE MOTION.

SENATOR SEEVERS GANSERT:

I will vote no on S.B. 275.

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SENATOR GOICOECHEA:

I will vote no as S.B. 275 constitutes rent control.

THE MOTION CARRIED. (SENATORS GOICOECHEA AND
SEEVERS GANSERT VOTED NO.)

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MR. THORLEY:

Senate Bill 452 would allocate all proceeds from the GST imposed on vehicles into the Highway Fund. Under current law, 25 percent of the proceeds from the GST is allocated to the General Fund, and the remaining 75 percent is allocated to the Highway Fund. Testimony in support was provided by the Associated General Contractors of Nevada, Nevada Contractors Association and others.

SENATOR NGUYEN MOVED TO DO PASS S.B. 452.

SENATOR NEAL SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR DONDERO LOOP:

Seeing no public comment, I adjourn this meeting at 7:53 p.m.

RESPECTFULLY SUBMITTED:

Spencer Jones,
Committee Secretary

APPROVED BY:

Senator Marilyn Dondero Loop, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Introduced on Minute Report Page No.	Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster
S.B. 237	C	3	Senator Dallas Harris	Conceptual Amendment