

# TAXTOPICS

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## REFORMS AND MISSED OPPORTUNITIES

This issue continues, from the last edition of Tax Topics, with a summary of selected legislative enactments during the 2011 session. In September we will publish the final summary of legislative enactments for education, campaigns and elections, and study committees.

### REFORMS

In spite of the pervasive air of partisanship evident during the session, there were a number of reform issues that were addressed and signed into law. While in most cases they did not go as far as reform proponents (including NTA) wanted, they represent a start that hopefully will be built upon in the future. Legislation which implemented spending reforms and efficiencies, and provide greater transparency are identified as such. Among the reforms identified in this issue are budget reforms, including a change in the State budgeting process, changes to public employee benefits, management of State assets, systematic reviews of agencies and departments, and greater transparency in budget and regulatory matters. In fairness it should also be noted that a number of reforms that had been discussed never made it into bill form as there was an up front cost to implement the reform, which in this economy made them non-starters.

### MISSED OPPORTUNITIES

There were quite a few missed opportunities when it came to reforms that could have made a difference. A bill to update the State's expenditure cap (SB 250 - Senator Kieckhefer) was amended; looked like it would go, but as it had not been vetted by fiscal staff, never made it. The promise of construction defect reform (SB 401-Assemblyman Ocegueda) never materialized, because as amended the bill wound up being opposed by the proponents and was subsequently voted down in the Senate.

One of the reforms important to NTA's business members, based on responses to a survey conducted last fall, was the elimination of Nevada's 24 hour overtime law. (See *Tax Topics*, December 2010.) Senator Settlemyer introduced Senate Bill 332 to conform Nevada's law with the federal 40 hour a week overtime law. A hearing was held before the Senate Commerce and Energy Committee where it received broad business support and the expected opposition from the unions. However, it was never even brought up for a vote. NTA members cited Nevada law as a job killer. In a session where creating jobs was touted as a number one priority, passage of this bill should have been a no-brainer.

Another major reform supported by the Association, the unfunded liability faced by local government due to the open-ended provisions of heart-lung disease provided to firefighters and police. Because the benefit is provided for the life-time of the recipient, the potential costs range from just under \$1 billion to considerably more than \$1 billion. Actuarially, it is impossible to determine a specific amount of liability for any Nevada governmental entity. At the request of the Association, Senator Rhoads introduced SB 135 to establish a specific time frame upon retirement to apply for medical treatment. In the Senate Commerce and Energy Committee the bill was briefly heard, assigned to a sub-committee with a chair who never called a meeting. It passed from committee at the last minute with an amendment that restricted the proposed changes only to new hires. (This amendment was based on an opinion by LCB legal division that was subsequently reversed.) In the Assembly Commerce Committee the hearing was longer, but again the bill was assigned to a subcommittee. In anticipation of the subcommittee hearing, proponents met with opponents to try and work out a compromise, with no success, due to demands from the chief firefighter lobbyist. As in the Assembly, the subcommittee chair chose not to have any hearings and the committee chair chose not to bring the bill up for a vote. Unfortunately, it is the taxpayer who suffers, generally because less money is available to provide governmental services.

### LEGISLATIVE ENACTMENTS

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**Note:** To read the full text of the bills go to: [www.leg.state.nv.us](http://www.leg.state.nv.us). Once there click onto "Session Info - 2011" and then on "Bill Information."

## FEES

*Not previously reported . . .*

### **AB 261 - Small Claims: Dollar Threshold and Filing Fee**

Increases the monetary threshold for small claims court to \$7,500. Increases the fee to \$125 for a claim that exceeds \$5,000 but does not exceed \$7,500.

Effective: July 1, 2011

### **SB 323 - Department of Motor Vehicles: Registration Reinstatement Fee**

Establishes a tiered system of fines and fees for the registered owner of a vehicle based on the number of times the owner has allowed his or her vehicle insurance to lapse. The fines range from \$250 to \$1,000 and reinstatement fees range from \$250 to \$500. Also changes the time period for the registration of a vehicle to 30 days from 60 days after a nonresident owner of a vehicle becomes a resident. An exception for the registration provision is made for out-of-state-students, persons on active duty and migrant or seasonal farm workers.

Effective: June 10, 2011 for the purpose of adopting regulations and July 1, 2011 for all other purposes.

## BUSINESS RELATED ISSUES

### **AB 211 - Employment Discrimination**

Adds "gender identity or expression" to prohibited acts of discrimination. Defines "gender identity or expression" to mean the gender-related identity, appearance, expression or behavior of a person, regardless of the person's assigned sex at birth.

Effective: October 1, 2011

### **AB 330 - Privatization Contracts as Public Records**

Privatization contracts executed by or on behalf of a governmental entity (State and local) are public records which must be available to the public for inspection during the normal business hours of the governmental entity. Confidential provisions, if declared by law or a balancing test done by the local government, remain confidential. Reports by state agencies and institutions on these contracts must be submitted on or before September 1 of each even numbered year to the administration and Legislature. Local governments must provide the same information while preparing a tentative budget.

Effective: July 1, 2011

### **AB 352 - Trade Practices**

Adds to the list of deceptive trade practices, "*A person who knowingly takes advantage of another person's inability to reasonably protect his or her own rights or interests in a consumer transaction when such an inability is due to illiteracy, or to a mental or physical infirmity or another similar condition which manifests itself as an incapability to understand the language or terms of any agreement.*"

Effective: July 1, 2011

### **AB 449 - Economic Development: Expansion**

Creates a new structure for economic development programs in Nevada. Changes the Commission on Economic Development to the Office of Economic Development and creates an Advisory Council consisting of the Governor, Lt. Governor, Secretary of State, and Senate and Assembly majority and minority leaders. Also, creates a Board of Economic Development. Creates the Office of Economic Development within the Governor's office. Creates the Catalyst Fund to provide grants and loans to regional development authorities and a "Knowledge Fund" to allow UNLV, UNR and the Desert Research Institute to enhance research capabilities. Authority is provided to accept gifts and grants for the funds. Additionally, the State Controller is required to transfer any unexpended balance that might remain in the Nevada Economic Development Account to the Catalyst Fund. Requires the pay back of any economic development abatement of sales or property tax received by a business that ceases to meet eligibility requirements.

Effective: Dates vary from June 17, 2011 to July 1, 2012.

**NTA:** This legislation provides for powers, duties and responsibilities, along with periodic reporting on various aspects of the provisions.

**BUSINESS RELATED ISSUES CONTINUED****AB 564 - Secretary of State: Business Entities**

Allows the Secretary of State (SOS) to adopt regulations to define the terms “meeting,” “writing,” “written” and other terms to allow business entities who are subject to filings with the SOS office to carry out those powers and duties through the use of the most recent technology available, including, without limitation, the use of electronic communications, videoconferencing and telecommunications.

Effective: May 31, 2011 for the purpose of adopting regulations and October 1, 2011 for all other purposes.

**SB 58 - Industrial Insurance: False Statements**

Provides for violations, including civil and criminal actions, if an employer knowingly misrepresents or conceals a material fact relating to a person’s eligibility for industrial insurance benefits. Immunity is granted to persons whom “without malice” disclose information relating to such an employer. Directs the Administrator of the Division of Industrial Relations of the Department of Business and Industry and the Fraud Control Unit for Industrial Insurance of the Office of the Attorney General to establish procedures concerning the reporting, notification of prosecution and sharing of information and authorizes the Attorney General to prosecute criminal and civil actions.

Effective: October 1, 2011.

**SB 63 - Industrial Insurance: Debt Collection**

Provides the Division of Industrial Relations of the Department of Business and Industry may apply for the entry of summary judgment against an employer who fails to pay to the Division an amount owed for payments from the Uninsured Employers’ Claim Accounts which were paid on behalf of that employer and allows a lien to be filed. Provides for an administrative fine of up to \$15,000 for failure to provide and maintain mandatory coverage.

Effective: July 1, 2011.

**SB 75 - Private Equity Funding**

The State Treasurer is permitted to use up to \$50 million from the State Permanent School Fund to be administered by a nonprofit corporation to provide private equity funding to business. The nonprofit in conjunction with a business that provides private equity funding will provide funding to businesses located in or seeking to locate in Nevada that are engaged primarily in: health care and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing and information technology. The Treasurer is prohibited from making investments unless a judicial determination is obtained that such an investment does not violate the provisions of Section 9 of Article 8 of the Nevada Constitution (Restriction on gifts and loans of State money).

(NRS 355.060)

Effective: October 1, 2011.

**SB 81 - Debts Owed to State: Liens**

Establishes four years as the length of time the Controller can lien property. The Controller is also required to make electronic payments, unless a hardship would be caused to the payee.

Effective: May 24, 2011.

**SB 267 - Protection of Personal information**

The Nevada Office of Information Security of the Department of Information Technology is to adopt regulations “. . . Upon receipt of a well-founded petition . . .” for alternate methods of data encryption. Adds a provision to existing statute governing the protection of personal information, that the protection of data storage in a multifunctional device is the responsibility of a person who assumes the obligation of the data collector. A “Multifunctional device” includes, without limitation, a printer, copier, scanner, facsimile machine or electronic mail terminal.

Effective: October 1, 2011

**SB 328 - Minimum Wage: Creative Professional Exemption**

The definition of “professional” is revised to include creative professionals, as described in federal law, who are not employees of a contractor within the kinds of employees who are exempt from the overtime requirement.

Effective: July 1, 2011

**NTA:** SB332 (see page 1) which would have benefitted all employers was never even brought up for a vote!

**BUSINESS RELATED ISSUES CONTINUED****SB 440 - Silver State Health Insurance Exchange**

Creates the Silver State Health Insurance Exchange to provide services relating to the purchase and sale of qualified health plans to assist qualified small employers and individuals obtain coverage in this State on or after January 1, 2014, unless the Federal Act (Pub. L. No. 111-148, Pub. L. No. 111-152 - a.k.a. Obamacare) is repealed or found unconstitutional. The Exchange is governed by an appointed five member Board of Directors. The duties of the Board, including the hiring of an executive director and the director's duties are specified.

Effective: June 16, 2011 for appointing board members and July 1, 2011 for all other purposes.

**STATE & LOCAL GOVERNMENT***Transparency . . .***AB 59 - Open Meeting Law: Clarifications and Violation Penalty**

Clarifies that the meetings of quasi-judicial public bodies are subject to the open meeting law. Identifies the public bodies that are subject to the law. A public body is required to include on the agenda for their next meeting the finding that the Attorney General has found that the body has violated the Open Meeting Law. In addition to the existing criminal penalty, a member of a public body who knowingly participates in a public meeting that violates the open meeting law is subject to a civil penalty of up to \$500.

Effective: Most provisions July 1, 2011.

**AB 257 - Open Meeting Law: Public Comment**

At a minimum, a public body must provide a period for public comment for any action items at the beginning of the meeting and prior to adjournment of the meeting or before the public body takes action on the item. The public body is allowed to take comments by the general public in addition to what is required.

Effective: July 1, 2011.

**SB 7 - Emergency Administrative Regulations**

If practicable, an agency is required to make a copy of the emergency regulation available to the public at least one working day before filed with the Office of the Secretary of State and before any hearing to adopt the regulation. Upon a request from a member of the public, the agency must provide a copy of the emergency regulation that will be considered at the hearing. The regulation must be posted on the agency's website, if one is maintained.

Effective: October 1, 2011

*General Issues . . .***AB 240 - Contract Administration and Cooling off Period - Reform Legislation**

Provides a two-year cooling-off period before former State employees can contract with a State agency, board, commission, etc. to provide goods or services. Requires a person to be in good standing with the Secretary of State before receiving a contract. Approval of exemptions to the cooling off period must be approved by the State Board of Examiners. State agencies and school districts must report quarterly and every six months to the Interim Finance Committee respectively. All State contracts must now be reported as budget items. By February 13, 2013, a report on each contract including a description of the necessity for the contract must be submitted to the Legislature.

Effective: July 1, 2011.

**AB 471 - Use of Enterprise Funds - Taxpayer Protection**

The use of enterprise funds for purposes that are not germane to the fund are restricted. Establishes the conditions under which the funds may be temporarily transferred and specifies the payback provisions. The conditions under which fees may be increased are specified. The Committee on Local Government Finance (CLGF) is required to adopt regulations establishing the extent to which general, overhead, and administrative and similar expenses may be allocated to the fund. Information and reports that will be provided to the CLGF and the Department of Taxation are specified and CLGF is required to submit to the Legislature a biennial report on compliance by local governments.

Effective: July 1, 2011.

**NTA:** NTA Staff worked with Assemblywoman Kirkpatrick to develop the provisions contained in the bill. Until this legislation, some local governments transferred revenue from their enterprise funds to their general funds, and then raised fees for their enterprise funds; while considered to be subterfuge, it was not illegal. This legislation makes it illegal.

**PUBLIC EMPLOYEE WAGES AND BENEFITS*****Spending and Efficiency Recommendations . . .*****AB 80 - Public Employee Benefit Program (PEBP): Adjustments to Program**

Employees hired after January 1, 2010 are not eligible for a PEBP subsidy unless they have at least 15 years of service before retirement, excluding service years purchased. Changes the rules for reinstatement into PEBP for retirees and amends the age limit for coverage of children of police and firefighters who were killed in the line of duty. Coverage for pre-existing conditions is excluded during the first 12 months of reinstatement, except for a person with a disability. The reinstatement of health insurance is prohibited, if the Board adopts regulations, that excludes persons from participation because they are eligible for other specified plans of health coverage.

Effective: July 1, 2011 and October 1, 2011.

**NTA:** Subsidy provisions as suggested in SAGE Recommendation #14.

**AB 553 - Public Employee Benefit Program (PEBP): Retirees' Subsidy**

Employees hired after January 1, 2012 will not be eligible to receive a subsidy for the cost of continuing participation in PEBP upon retirement. They may participate in PEBP, but must pay the full program premiums. Employees first hired between January 1, 2010 and January 1, 2012 must have a minimum 15 years of service upon retirement, excluding purchased years of service, to qualify for a PEBP subsidy upon retirement.

Effective: July 1, 2011

**NTA:** This is in line with SAGE Recommendation #13.

**AB 562 - Public Employee Benefit Program: Retirees' Subsidy**

Maintains the full appropriated subsidy for state employees who retired before 1994. For post January 1, 1994 retirees, the years of service multiplier is limited to 20 years. For retirees hired between January 1, 2010 and January 1, 2012, no subsidy is available with less than 15 years of service upon retirement. Years of service used in the computation exclude any service years purchased.

Effective: July 1, 2011

**NTA:** This was suggested in SAGE Recommendation #14.

**SB 286 - State Employees: "Good Government, Great Employees" Award.**

Substantially revises the Merit Award Program. Adds additional criteria for making and qualifying an employee suggestion. A board is created comprising State employee associations and members of the Department of Administration who will review the submitted suggestions. Awards may be submitted by an individual or a work group on a form to be developed by the Legislative Fiscal Analysis division in consultation with the State Budget Division. If a suggestion is rejected, that individual or work group must be advised as to the reason for the rejection. The awards range from 10% of the savings to a maximum of \$25,000. Forty percent of the savings is retained by the agency that employs the employee(s) to use for one-time nonoperational expenses such as training and equipment and 50 percent is transferred to the State General Fund. Requires annual reporting on employee suggestions to the Department of Administration and the Interim Finance Committee.

Effective: May 19 for regulations and October 1, 2011 for all other purposes.

**NTA:** The Association has recommended and supported the enactment of employee incentives for more than 10 years. This legislation is a prime example of two legislators from different parties and different sides of the aisle, Senator Dean Rhoads, (R) and Assemblywoman Debbie Smith, (D) working together in true bipartisan fashion, which not only eliminated the introduction of a duplicate bill (a waste of money and time), but also resulted in a well-thought out bill that passed both houses unanimously.

***Other public employee compensation . . .*****AB 76 - Public Employee Benefits**

With certain exceptions the right of a state or local government employee to biennially reinstate health insurance previously cancelled by the employee or because they are eligible for coverage that is required under a collective bargaining agreement or under certain federal laws is no longer allowed.

Effective: October 1, 2011.

## PUBLIC EMPLOYEE WAGES AND BENEFITS CONTINUED

### **AB 141 - Volunteer Fire Fighters: Worker's Compensation for Heart Lung Disease**

A physical examination is required upon employment, commencement of coverage and once every three years until the volunteer firefighter is 50 years old and once every two years thereafter while employed. The examinations must be paid for by the employer.

Effective: October 1, 2011.

### **AB 365 - Public Employee Benefit Program: Administration**

Allows the Board to participate in the selection process of vendors, and to hire an attorney specializing in health plans and health care law. The purpose for certain contracts to be approved by the Commissioner of Insurance is clarified. Revises the provision governing the authority of groups of 300 employees of leaving the program to obtain other health insurance.

Effective: July 1, 2011.

## STATE BUDGET

### **Major Budget Bills . . .**

*Note: There are five bills that fund the state budget: the appropriations bill, which authorizes General Fund spending; the authorization bill, which identifies authorized spending for self-generated funds (fees, assessments, etc.) and federal funds, the K-12 education funding bill; the capital improvements bill, which identifies spending from the bond interest and redemption fund for specific projects; and the pay bill for classified and unclassified employees. For fiscal year 2011 - 2013 total spending both appropriated and authorized is \$16.9 billion.*

### **SB 503 - State Budget: Authorization Act**

Authorizes expenditures of approximately \$11.7 billion by various officers, departments, boards, agencies, commissions and institutions of the State Government for the fiscal years commencing July 1, 2011, and July 1, 2012. Authorizes the collection from the counties for the use of the services of the State Public Defender their pro rata share of any salary benefit or cost of living increases approved by the 2011 Legislature for employees of the State Public Defender. Revises the provision governing the Secretary of State's General Fund Budget Account and eliminates the provision of guardianship services by Office of Veterans' Services.

Effective: June 14, 2011 and July 1, 2011.

### **SB 504 - State Budget: Capital Improvement Projects**

Authorizes the State Public Works' Board to expend \$58.2 million in bond projects. All projects authorized are only for necessary repairs or maintenance. Continues the property tax levy of 17 cents per \$100 of assessed valuation to be deposited to the Consolidated Bond Interest and Redemption Fund.

Effective: June 14, 2011.

### **SB 505 - State Budget: Employee Pay bill**

Establishes the maximum allowed salaries for employees in the classified and unclassified service of the State. State employees are required to take a 2.5 percent reduction and 6 days (48 hours) of unpaid furlough leave each year during the 2011-2013 biennium. For public safety employees, who cannot take furlough time, their salaries are reduced an additional 2.3 percent. Appropriates the salaries of State employees from the State General Fund and State Highway Fund.

Effective: July 1, 2011.

### **AB 579 - State Budget: K-12 Funding**

Appropriates \$2.2 billion from the State General Fund to the Distributive School Account (DSA); \$15.5 to other State education programs: \$64 million to the account for Programs for Innovation and Prevention of Remediation; and \$29.3 million for the Grant Fund for Licensed Educational Personnel. The basic support guarantee for school districts for operating purposes is an estimated weighted average of \$5,263 per pupil for FY 2011-2012 and \$5,374 for FY 2012-2013. The basic support for each child within each district is specified and ranges from a low of \$100 (due to high local property values) to a high of \$18,403. The per student support amount is formula driven. Other provisions establish the authorized spending from the DSA for special education funding and class-size reduction. Additionally, the transfer of room tax from the State General Fund to the State Supplemental School Support Fund is delayed and the transfer is diverted to the DSA.

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**STATE BUDGET CONTINUED****AB 579 - State Budget: K-12 Funding continued**

Effective: July 1, 2011.

**NTA:** The room tax referred to in this legislation is the result of an initiative petition circulated by the teachers' union. The initiative provided for (up to) a 3 percent rate increase in Clark and Washoe counties. It qualified and was approved by the 2009 Legislature. Under the terms of the initiative, for the first two years of imposition, FY 2010 - FY 2011, the revenue was deposited to the State General Fund. Effective July 1, 2011 the revenue collected was to be distributed to the State Supplemental School Support Fund to be used to "improve student achievement" and increase teachers' salaries.

**AB 580 - State Budget: Appropriations**

Authorizes expenditures of approximately \$6.2 billion for the State's General Fund and \$940 million for the State Highway Fund for the operation of State Government for the fiscal years beginning July 1, 2011 and July 1, 2012. The authority of the State Treasurer to establish a line of credit is extended. Various other changes relating to the financial administration of the State are made.

Effective: June 14, 2011 and July 1, 2011

**NTA:** Within the authorized expenditures for prisons, only enough funding is provided within the system, so that the permanent closure of Nevada State Prison in Carson City will occur April of 2012. The closure of the Prison was recommended by both the SAGE Commission and SAGE Blue-Ribbon Implementation Commission, recommendations 10 and 3 respectively.

***Other Bills Impacting the budget . . .*****AB 484 - Unemployment: Federal Funds Interest Payback**

Conforms Nevada Law to federal law in order to provide an alternate method for determining eligibility for extended unemployment benefits. Makes one appropriation of \$23.9 million and one of \$40.1 million to be used to pay interest on the loan made by the Federal Government to the State to pay unemployment benefits because the State fund was depleted. If the funds are not required, they will revert to the State's General Fund, unless the State Board of Examiners with the approval of the Interim Finance Committee approves another allocation.

Effective: June 17, 2011 and July 1, 2011.

**AB 493 - Education**

Extends the temporary waiver from the minimum expenditure requirements for textbooks, instructional supplies, instructional software and instructional hardware without the requirement to submit a waiver. Also, extends the waiver for the minimum expenditure requirements required to be spent each year by school districts. This expenditure requirement covers library books, software for computers, the purchase of equipment relating to instruction and the maintenance and repair of equipment, vehicles, and buildings and facilities.

Effective: June 15, 2011.

**NTA:** These waivers were first enacted during the February 2010 special session.

**AB 529 - Indigent Fund: Expansion of Use**

Allows the Legislature to use the money in the Fund for Hospital Care for Indigent Persons for any purpose authorized by the legislature. The bill transfers of \$38,331,339 from the supplemental account in the fund to the State's General Fund for fiscal year 2011 and 2012.

Effective: July 1, 2011 and expires by limitation on June 30, 2013.

**AB 560 - State Employees: Suspension of Longevity and Merit Pay**

Continues the suspension of longevity pay and merit pay for State employees through this biennium. Also eliminates overtime (premium) pay for working on a holiday.

Effective: July 1, 2011.

**NTA:** The suspension of longevity and merit pay was approved in the 2009 Legislative session and was to end June 30, 2011.

**STATE BUDGET CONTINUED****SB 97 - Medicaid: Generic Prescription Drugs - Reform**

Extends to June 30, 2013, the July 1, 2011 sunset on the use of generic antipsychotic, anticonvulsant and antidiabetic medications for an additional four years. These drugs are on the list of preferred drugs for Medicaid patients.

Effective: June 2, 2011.

**NTA:** This provision was temporarily enacted during the February 2010 special session. The SAGE Commission recommended that the use of these generic drugs be made permanent (Recommendation 44) as the use of generic drugs proved to be effective.

**SB 443 - Parole and Probation: Redirection of Expenses**

Seventy percent of the expense of any presentence or general investigation and report made by the Division of Parole and Probation, other than the expense of a psychosexual evaluation, is to be paid by the county in which the indictment was found or the information filed. The Division must establish a payment schedule.

Effective: June 15, 2011 for the purpose of regulations and July 1, 2011 for all other purposes.

**SB 423 - Senior Citizens Tax Relief: Elimination of Program**

Eliminates the Senior Citizens' Property Tax Rebate program.

Effective: July 1, 2011

**NTA:** SAGE Recommendation #16 had suggested transferring the funding of the program to the counties as all but 17 cents per \$100 of assessed valuation of the combined tax rate is a major revenue source for local governments including schools.

**SB 473 - Consumer Affairs: Continues Temporary Transfer of Responsibility.**

Continues until June 30, 2013, the temporary elimination of the Consumer Affairs Division of the Department of Business and Industry and the Commissioner of Consumer Affairs. Continues the transference of the powers and duties of the Division and the Commissioner to the Office of the Attorney General.

Effective: June 16, 2011.

**NTA:** This temporary transfer was enacted during the 2009 Legislative session and was due to expire June 30, 2011. (Chapter 475, Statutes of Nevada 2009, pp. 2695-2733) This bill continues for the 2011-2013 biennium the temporary elimination of the Division and the Commissioner and the transfer of the powers and duties of the Division and the Commissioner to the Office of the Attorney General.

***Budget related . . .*****AB 248 - Performance-Based Budget - Spending & Efficiency Recommendation**

Modifies the current state budget process, known as "cost to continue" to include performance-based goals, objectives and measurements. The existing mission statement and measurement indications ". . . to articulate the intermediate objective and long-term performance goals . . . in sufficient detail to assist the Legislature in performing an analysis of the relative costs and benefits of program budgets and in determining priorities for expenditures . . ." are modified. The information in the proposed budget is to be posted on the website of the "Governor, Department of Administration and Budget Division as soon as practicable." The Governor may also authorize or direct an agency to hold hearings submitted on the budget anytime after October 15 of an even-numbered year.

Effective: October 1, 2011

**NTA:** Performance-based budgeting, the establishment of objectives and priorities was recommended by the Association in the March 2005 report "Recommendations for a Sound Fiscal Policy" and again in *Nevada Issues*, "Spending Reforms for Nevada" published in June 2010. SAGE Recommendation 42 suggested a pilot project of performance-based budgeting for one or more agencies to illustrate the advantages over the current cost to continue approach.

**AB 276 - State Budget Information - Transparency**

Requires the State Controller to make data concerning all expenditures and revenue accounts available to the public on a website to be created and maintained by the Controller's office. A table must display all revenues received and expenditures received each month. Additionally a graph, by month, must display the cumulative expenditures, by category for the prior

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**STATE BUDGET CONTINUED****AB 276 - State Budget Information continued**

and current bienniums and for each source of revenue totaling more than \$100 million projected to be received during the biennium and that was received in the prior biennium.

Effective: May 29, 2011 for regulations and administrative tasks and July 1, 2012.

**AB332 - Economic Forum Meetings**

Changes the existing December 1 meeting to December 3 and clarifies that the current December and May meetings are held in the even number year and odd number year respectively. Additional meetings are added in each even-numbered and odd-numbered year, to be held on or before June 10 and December 10 respectively, for the purpose of updating revenue estimates. These updates must be provided to the Legislature and posted on the Legislative website. A state agency is required to testify and provide information as requested to the Forum.

Effective: July 1, 2011.

**STATE GOVERNMENT*****Spending and efficiency recommendations . . .*****AB 212 - Department of Transportation: Design Build Thresholds**

Decreases the design-build threshold to \$10 million (from \$20 million) and authorizes the Department of Transportation to enter into two smaller projects a year and reduces the upper limit to \$10 million. Smaller projects are those from \$5 million to \$10 million.

Effective: July 1, 2011.

**NTA:** SAGE Recommendation 29 and Recommendation 7 from the Blue-Ribbon Implementation Panel suggested increasing the number of allowable projects and lowering the cost ceiling. The thresholds recommended by the panel were increased.

**AB 374 - Department of Transportation: Mobile Fleet Study**

Requires the submission of a report to the Legislature and Governor that identifies all mobile equipment eliminated by outsourcing or purchased or leased in the prior two years. A cost benefit analysis is required to be shown for each piece of equipment listed in the report. Additionally, a cost benefit analysis must be prepared to justify the purchase or lease of mobile equipment. If a cost benefit analysis and justification is not provided to the Transportation Board on equipment \$50,000 or more, the purchase may not be approved. The report must be submitted on or before February 1 of each odd-numbered year.

Effective: July 1, 2011

**NTA:** The review and evaluation of all equipment including mobile equipment were recommended by the Association in the report published March 2005, "Recommendations for a Sound Fiscal Policy" and again in *Nevada Issues*, "Spending Reforms for Nevada," published in June 2010.

**AB 404 - Inventory of Property Owned and Leased by the State**

Places exclusive authority for leasing or purchase of property by all state officers, departments, agencies, commissions and boards under the Chief of Buildings and Grounds, including those agencies previously exempted. In addition, all state entities are to supply the Chief with an inventory and lease details of all property leased by the State. Except when designated as a public safety concern, details of all leases will be published on a public website by the Chief. Effective: July 1, 2011

**NTA:** SAGE Recommendation 19, and SAGE Blue Ribbon Implementation Panel Recommendation 12 suggested a detailed inventory of all state-owned and leased property and a portfolio optimization review of all leased space be conducted to ensure assets are being maximized. Similar recommendations (# 38 and #39) were made by NTA in *Nevada Issues*, "Spending Reforms for Nevada" published in 2010.

**SB 233 - Grants Procurement & Interim Finance Approval Thresholds**

Establishes a grants office in the Department of Administration and provides for a Chief of the office and two grant writer positions. The Office is to research and identify grant opportunities for state agencies, provide grant-writing services to state agencies and keep track of all grant requests and awards. Also gives authority to Executive Branch departments to begin preparing to carry out a grant before approval, if required, is received from the Interim Finance Committee (IFC). In addition,

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**STATE GOVERNMENT CONTINUED****SB 233 - Grants Procurement & Interim Finance Approval Thresholds continued**

the thresholds at which IFC approval must be secured for changes are increased. Increases the monetary threshold to an amount of more than \$30,000 if the revision will increase by 10 percent or \$75,000, whichever is less. Legislatively-approved program expenditures or acceptance of governmental grants increases to \$150,000 from \$100,000. Non-governmental grants and gifts increase to \$20,000 from \$10,000.

Effective: July 1, 2011

**NTA:** The coordination of grants was recommended by the Association in the March 2005 report "Recommendations for a Sound Fiscal Policy" and again in *Nevada Issues*, "Spending Reforms for Nevada" published in June 2010. The grants procurement office was suggested in SAGE Recommendation 41. This is an important step toward needed coordination of grant procurement efforts. Increases in IFC thresholds were contained in SAGE Recommendation 33. The Commission had suggested even higher thresholds with a review of the thresholds every six years.

**AB 37 - State Office Hours**

Deletes various statutory provisions, which specify the days and hours state offices must be open, if at least 30 days before the change becomes effective: (1) it is posted at the office; (2) posted on the website of the office, if any; and (3) or otherwise noticed publicly. The days and hours the office is open must be posted at the office.

Effective: May 20, 2011 and July 1, 2011.

**NTA:** The temporary change authorized by the 2009 Legislature is made permanent. Offices are still required to ". . . maintain not less than a 40-hour workweek."

**LOCAL GOVERNMENT****AB 68 - Appraisal of Government Property**

A city or county is permitted to lease real property without obtaining two appraisals if the property is less than 25,000 square feet and the governing body adopts a resolution stating that the lease is in the best interest of the county or city.

Effective: May 24, 2011.

**AB 168 - General Improvement Districts (GID)**

Adds a fifth condition under which a board of county commissioners can begin the organization of a GID. Allows the organization of a GID that includes real property within 7 miles from the boundary of an unincorporated town with a town advisory board or citizens' advisory council.

Effective: October 1, 2011.

**SB 92 - Redevelopment**

A redevelopment agency must submit an initial report upon the adoption of a redevelopment plan and an annual report for the prior fiscal year on the redevelopment plan to the Legislature and City Council or County Commission for a redevelopment area. Specifies the information required to be in the report and requires the Committee on Local Government Finance to design the forms for the reports. A city whose population is more than 300,000 (Las Vegas) shall establish a revolving fund after October 1, 2011. The use of money in the fund, which is 18 percent of the increment, is expanded from improving and preserving low-income residences in the area to also include education facilities within the area.

Effective: July 1, 2011

**SB 98 - Collective Bargaining - Reform**

Creates two categories of supervisory employees and prohibits supervisory employees who make budget or collective bargaining decisions in addition to doctors and physicians employed by a local government and attorneys within the civil division of a department or agency from collectively bargaining for the duration of the agreement. (Does not apply to an attorney who is covered by a collective bargaining agreement as of July 1, 2011.) Adds to the subjects of mandatory bargaining (NRS 288.150) "*Procedures and requirements for the reopening of collective bargaining agreements that exceed 1 year in duration for additional, further, new or supplementary negotiations during periods of fiscal emergency. The requirements for the reopening of a collective bargaining agreement must include, without limitation, measures of revenue shortfalls or reductions relative to economic indicators such as the Consumer Price Index, as agreed upon by both parties.*"

Effective: July 1, 2011

**LOCAL GOVERNMENT CONTINUED****SB 110 - Central Business Licensing: Clark County**

Clark county (counties over 700,000) and the cities of Henderson, Las Vegas and North Las Vegas (cities located in that county with a population over 150,000) are required to establish, by agreement, a consolidated license to allow a licensed contractor to contract within any of these entities. Boulder City and Mesquite may choose to enter into the agreement. By ordinance, the county and cities must establish the requirements and fees for the issuance and renewal of the license. Also, provides for an alternate procedure of providing a physical signature for an application submitted electronically and contains a provision to allow a license to be issued to a food establishment, contingent upon a person obtaining a permit from the required health authority.

Effective: June 17, 2011.

**SB 151 - Regional Rapid Transit System: Clark County**

The regional transportation commission in Clark County (population 700,000 or more) is required to establish a regional rapid transit authority under its auspices. The authority, comprising 9 members representing both the largest governmental entities in the county and representatives in the private sector, is to analyze various aspects of such a plan from environmental concerns to funding. They must submit a written report to the Director of the Legislative Counsel Bureau for transmittal to the appropriate committee or committees of the Legislature on or before February 1 of each year.

Effective: June 15, 2011

**SB 262 - Incorporation of Laughlin**

Provides for a charter of the City of Laughlin contingent upon: (1) a report submitted by December 31, 2011 to the Clark County Commission and the Legislative Commission, by the Committee on Local Government Finance, regarding the fiscal feasibility of the incorporation; (2) Approval of the County Commission or Legislative Commission that the incorporation is financially feasible; (3) if approved as feasible, an election on the question of incorporation and a consolidated primary election for Mayor and City Council candidates; (4) and if incorporation is approved by the voters at a general election for Mayor and City Council members.

Effective: June 16, 2011 and if approved by the voters, July 1, 2013.

**SB 381 - County Office Hours**

The temporary authority for counties to deviate for the statutorily required hours of operation is made permanent. Also makes a number of changes to the hours of operation of marriage license bureaus and to commercial wedding chapels.

Effective: June 13, 2011 and expires by limitation June 30, 2013.

**SB 506 - Local Improvement Districts and Toll-Road Demonstration Project**

*Note: This bill contains three distinct provisions: Changes to the amount of school district bond reserves; changes to local improvement districts; and the Boulder City toll-road demonstration project. The provisions of SB 506 that deal with education will appear in the September issue of Tax Topics.*

Local Improvement Districts created prior to July 1, 2011 are authorized to make modifications to the project and assessments. Various conditions are imposed and requirements must be met before the modifications can be made. Some of the requirements include, but are not limited to, when a modification will be allowed; notification of residents; notice for hearings and judicial review, etc.

The Regional Transportation Commission (RTC) of Southern Nevada is required to establish a demonstration toll road project for Boulder City Bypass. The conditions for entering into a public-private partnership, including the funding, bonding, ownership, bidding requirements are established. The project is required to remain a public highway. The RTC is to file an annual report on the demonstration project in even numbered and odd number years with the Legislative Commission and Legislature respectively.

Effective: June 16, 2011 and July 1, 2011.

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