
ASSEMBLY BILL NO. 413—ASSEMBLYMEN KNECHT, HETTRICK, BROWN, BEERS, ANGLE, ANDONOV, CARPENTER, CHRISTENSEN, CLABORN, GIBBONS, GOICOECHEA, GRADY, GRIFFIN, GUSTAVSON, HARDY, MABEY, MARVEL, PARKS, SHERER AND WEBER

MARCH 17, 2003

Referred to Committee on Government Affairs

SUMMARY—Makes various changes relating to state financial administration. (BDR 31-819)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to state financial administration; requiring the Governor to submit with the budget his proposed recommendations for reductions, if required, in the budget; requiring that adopted regulations include a statement of the net benefit to the State from the adoption of the regulation; requiring the Interim Finance Committee to study the process of preparing and analyzing the budget to ensure effective fiscal management of the State; and providing other matters properly relating thereto.

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

1 **Section 1.** NRS 353.230 is hereby amended to read as follows:
2 353.230 1. The Chief shall review the estimates, altering,
3 revising, increasing or decreasing the items of the estimates as he
4 may deem necessary in view of the needs of the various
5 departments, institutions and agencies in the Executive Department
6 of the State Government and the total anticipated income of the
7 State Government and of the various departments, institutions and
8 agencies of the Executive Department during the next fiscal year. In



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1 performing the duties required by this subsection, the Chief shall use
2 the projections and estimates prepared by the Economic Forum
3 pursuant to NRS 353.228.

4 2. The Chief shall meet with a fiscal analyst of the Legislative
5 Counsel Bureau , or his designated representative , and personnel of
6 the various departments, institutions and agencies of the Executive
7 Department to discuss:

8 (a) The budgetary requests of each department, institution and
9 agency; and

10 (b) The budgetary recommendations of the Budget Division *of*
11 *the Department of Administration* for each department, institution
12 and agency,

13 for the next 2 fiscal years. The Chief shall allow the fiscal analyst of
14 the Legislative Counsel Bureau , or his designated representative ,
15 full access to all materials connected with the review.

16 3. The Chief shall then prepare a final version of the proposed
17 budget, in accordance with NRS 353.150 to 353.246, inclusive, and
18 shall deliver it to the Governor. The final version of the proposed
19 budget must include the adjusted base budget for each department,
20 institution and agency of the Executive Department, the costs for
21 continuing each program at the current level of service and the
22 costs, if any, for *any* new programs ~~and~~ *or for* recommended
23 enhancements of existing programs or reductions for the
24 departments, institutions and agencies of the Executive Department
25 for the next 2 fiscal years. All projections of revenue and any other
26 information concerning future state revenue contained in the
27 proposed budget must be based upon the projections and estimates
28 prepared by the Economic Forum pursuant to NRS 353.228.

29 4. The Governor shall, not later than 14 calendar days before
30 the commencement of the regular legislative session, submit the
31 proposed budget to the Director of the Legislative Counsel Bureau
32 for transmittal to the Legislature. The Governor shall simultaneously
33 submit, as ~~a separate document;~~ *separate documents:*

34 (a) An analysis of any new programs or enhancements of
35 existing programs being recommended ~~and~~

36 ~~—(b) Any~~ *and any* increase in or new revenues which are being
37 recommended in the proposed budget. The document must specify
38 the total cost by department, institution or agency of new programs
39 or enhancements, but need not itemize the specific costs. All
40 projections of revenue and any other information concerning future
41 state revenue contained in the document must be based upon the
42 projections and estimates prepared by the Economic Forum pursuant
43 to NRS 353.228.

44 (b) *The Governor's recommendations for accomplishing a*
45 *reduction of 3 percent of the total amount appropriated and 10*



1 *percent of the total amount appropriated in each fiscal year from*
2 *the State General Fund, if such reductions are deemed necessary*
3 *by the Legislature.*

4 5. On or before the 19th calendar day of the regular legislative
5 session, the Governor shall submit to the Legislative Counsel
6 recommendations for each legislative measure which will be
7 necessary to carry out the final version of the proposed budget or to
8 carry out the Governor's legislative agenda. These
9 recommendations must contain sufficient detailed information to
10 enable the Legislative Counsel to prepare the necessary legislative
11 measures.

12 6. During the consideration of the general appropriation bill
13 and any special appropriation bills and bills authorizing budgeted
14 expenditures by the departments, institutions and agencies operating
15 on money designated for specific purposes by the *Nevada*
16 Constitution or otherwise, drafted at the request of the Legislature
17 upon the recommendations submitted by the Governor with the
18 proposed budget, the Governor or his representative have the right
19 to appear before and be heard by the appropriation committees of
20 the Legislature in connection with the appropriation bill or bills, and
21 to render any testimony, explanation or assistance required of him.

22 **Sec. 2.** NRS 233B.066 is hereby amended to read as follows:

23 233B.066 1. Except as otherwise provided in subsection 2,
24 each adopted regulation which is submitted to the Legislative
25 Counsel Bureau pursuant to NRS 233B.067 or filed with the
26 Secretary of State pursuant to subsection 2 of NRS 233B.070 must
27 be accompanied by a statement concerning the regulation which
28 contains the following information:

29 (a) A description of how public comment was solicited, a
30 summary of the public response **[H]** and an explanation *of* how other
31 interested persons may obtain a copy of the summary.

32 (b) The number of persons who:

- 33 (1) Attended each hearing;
- 34 (2) Testified at each hearing; and
- 35 (3) Submitted to the agency written statements.

36 (c) A description of how comment was solicited from affected
37 businesses, a summary of their response **[H]** and an explanation *of*
38 how other interested persons may obtain a copy of the summary.

39 (d) If the regulation was adopted without changing any part of
40 the proposed regulation, a summary of the reasons for adopting the
41 regulation without change.

42 (e) The estimated economic effect of the regulation on the
43 business which it is to regulate and on the public. These must be
44 stated separately **[H]** and in each case must include:

- 45 (1) Both adverse and beneficial effects; and



1 (2) Both immediate and long-term effects.
2 (f) The estimated cost to the agency for enforcement of the
3 proposed regulation.
4 (g) *An analysis of the social and economic benefit of the*
5 *regulation as compared to the cost and negative impact of the*
6 *regulation, and a determination of whether such an analysis*
7 *demonstrates that there is a net benefit to the people and economy*
8 *of the State from the adoption of the regulation. If the agency*
9 *determines that there is a net benefit to the people and economy of*
10 *the State, the analysis must include findings of fact and*
11 *conclusions of law showing that the benefit to the people and*
12 *economy of the State exceeds the cost to and negative impact upon*
13 *the people and economy of the State, and a statement of whether*
14 *the approach taken in the adopted regulation is the most cost-*
15 *effective way of accomplishing the desired regulatory goal. If the*
16 *agency determines that there is not a net benefit to the people and*
17 *economy of the State, the analysis must indicate the reason that*
18 *there is not a net benefit and the rationale for adopting the*
19 *regulation notwithstanding the lack of a net benefit.*
20 (h) A description of any regulations of other state or government
21 agencies which the proposed regulation overlaps or duplicates and a
22 statement explaining why the duplication or overlapping is
23 necessary. If the regulation overlaps or duplicates a federal
24 regulation, the *explanation must include the* name of the regulating
25 federal agency.
26 ~~(i)~~ (i) If the regulation includes provisions which are more
27 stringent than a federal regulation which regulates the same activity,
28 a summary of such provisions.
29 ~~(j)~~ (j) If the regulation provides a new fee or increases an
30 existing fee, the total annual amount the agency expects to collect
31 and the manner in which the money will be used.
32 2. The requirements of paragraphs (a) to (d), inclusive, of
33 subsection 1 do not apply to emergency regulations.
34 **Sec. 3.** NRS 233B.067 is hereby amended to read as follows:
35 233B.067 1. After adopting a permanent regulation, the
36 agency shall submit the informational statement prepared pursuant
37 to NRS 233B.066 and one copy of each regulation adopted to the
38 Legislative Counsel for review by the Legislative Commission,
39 which may refer it to a joint interim committee, to determine
40 whether the regulation conforms to the statutory authority pursuant
41 to which it was adopted and whether the regulation carries out the
42 intent of the Legislature in granting that authority. *If the*
43 *informational statement prepared pursuant to NRS 233B.066*
44 *includes a determination pursuant to paragraph (g) of subsection*
45 *1 of that section that there is not a net benefit to the people and*



1 *economy of the State from the adoption of the regulation, the*
2 *Legislative Counsel shall specifically notify the Legislative*
3 *Commission of that determination.* The Legislative Counsel shall
4 endorse on the original and the copy of each adopted regulation the
5 date of their receipt. The Legislative Counsel shall maintain the
6 copy of the regulation in a file and make the copy available for
7 public inspection for 2 years.

8 2. If an agency submits an adopted regulation to the Legislative
9 Counsel pursuant to subsection 1 that:

10 (a) The agency is required to adopt pursuant to a federal statute
11 or regulation; and

12 (b) Exceeds the specific statutory authority of the agency or sets
13 forth requirements that are more stringent than a statute of this
14 state,

15 ~~the~~ *the agency* shall include a statement that adoption of the
16 regulation is required by a federal statute or regulation. The
17 statement must include the specific citation of the federal statute or
18 regulation requiring such adoption.

19 3. The Legislative Commission, or the joint interim committee
20 if the Commission has referred it to such a committee, shall review
21 the regulation at its next regularly scheduled meeting if the
22 regulation is received more than 10 working days before the
23 meeting and a regular meeting is held within 35 days after receipt of
24 the regulation. The Commission may appoint a committee
25 composed of three or more members of the Commission or any joint
26 interim committee to examine proposed regulations received more
27 than 35 days before a regular meeting is scheduled to be held.

28 4. The Legislative Commission shall notify the Legislative
29 Counsel of the results of its review within 30 days after receipt of
30 the regulation from the agency. If the Commission does not object
31 to the regulation, the Legislative Counsel shall file it with the
32 Secretary of State within 35 days after receipt from the agency and
33 notify the agency of the filing. If the Commission objects to the
34 regulation after determining that:

35 (a) If subsection 2 is applicable, the regulation is not required
36 pursuant to a federal statute or regulation;

37 (b) The regulation does not conform to statutory authority; or

38 (c) The regulation does not carry out legislative intent,

39 the Legislative Counsel shall attach to the regulation a written notice
40 of the objection of the Commission, including a statement of the
41 reasons for its objection, and shall promptly return the regulation to
42 the agency.

43 **Sec. 4.** 1. The Interim Finance Committee shall review the
44 executive budget and the process of preparing and analyzing the
45 budget to determine ways to improve the ability of the Legislature,



1 through the budget process, to ensure effective fiscal management
2 of the State. The review must include, without limitation, an
3 analysis of:

4 (a) The historic information compiled and maintained with
5 respect to the budget;

6 (b) The performance indicators used by state agencies;

7 (c) The manner in which caseload increases and other
8 adjustments to the budget are determined;

9 (d) Projections or other statistical information that would be
10 helpful to the Legislature in reviewing the budget; and

11 (e) The adequacy of the information being collected and
12 transmitted to the Legislature,
13 and of how improvements in these areas can assist the Legislature in
14 ensuring effective fiscal management of the State.

15 2. The Interim Finance Committee shall submit a report with
16 its recommendations for improving the budget process to ensure
17 effective fiscal management of the State to the 73rd Session of the
18 Legislature.

19 **Sec. 5.** This act becomes effective on July 1, 2003.

