

**MINUTES OF THE
JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT
OF THE SENATE COMMITTEE ON FINANCE
AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-third Session
March 22, 2005**

The Joint Subcommittee on General Government of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order at 8:00 a.m. on Tuesday, March 22, 2005. Chair Bob Beers presided in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

SENATE COMMITTEE MEMBERS PRESENT:

Senator Bob Beers, Chair
Senator Dean A. Rhoads
Senator Bob Coffin

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Ms. Kathy McClain, Chair
Mr. Morse Arberry Jr.
Mr. Lynn C. Hettrick
Mr. Joseph M. Hogan
Ms. Ellen M. Koivisto
Mr. Bob Seale

STAFF MEMBERS PRESENT:

Joyce Garrett, Program Analyst
Bob Guernsey, Principal Deputy Fiscal Analyst
Sandra Small, Committee Secretary

OTHERS PRESENT:

Gail J. Anderson, Administrator, Real Estate Division, Department of Business and Industry
Nancyann Leeder, Nevada Attorney for Injured Workers, Department of Business and Industry
Michael N. Compston, Executive Director, State Dairy Commission, Department of Business and Industry
David L. Geordge, Management Analyst, State Dairy Commission, Department of Business and Industry
Charles (Chas) L. Horsey III, Administrator, Housing Division, Department of Business and Industry
Lon DeWeese, Chief Financial Officer, Housing Division, Department of Business and Industry
Debra Parra, Grants and Projects Analyst Supervisor, Housing Division, Department of Business and Industry
Arthur C. Thurner, Management Analyst, Housing Division, Department of Business and Industry
Craig W. Davis, Grants and Projects Analyst Supervisor, Housing Division, Department of Business and Industry

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 2

Roger Bremner, Administrator, Division of Industrial Relations, Department of
Business and Industry
Kenneth G. Reynolds, Information Systems Specialist, Directors Office,
Department of Business and Industry
Jan G. Rosenberg, Assistant Administrator, Division of Industrial Relations,
Department of Business and Industry

CHAIR BEERS:

We will begin with the Real Estate Division budget. It looks like you have come up with some proposals to increase your ability to process licenses.

BUSINESS AND INDUSTRY

B&I, Real Estate Administration – Budget Page B&I-69, Volume II
Budget Account 101-3823

GAIL J. ANDERSON (Administrator, Real Estate Division, Department of Business and Industry):

I have provided you with a copy of a memorandum addressed to Ms. Joyce Garrett, Program Analyst, dated March 8, 2005 ([Exhibit C](#)). The Las Vegas licensing office will need seven full-time employees if we add two counter spaces. We currently have four full-time employees. The Governor's budget recommends one administrative assistant I to be located in Las Vegas. If that position is approved, we will need an additional two positions. I would like an administrative assistant II. There is additional information in [Exhibit C](#) regarding these positions, the remodel, licensing workload, fingerprinting and background checks, our Web site and performance indicators.

We received an estimate of \$14,000 from the Buildings and Grounds Division to add two customer service windows in the Bradley Building. Applicants may have to come into the office one-by-one. We are located in a corner and will need to rearrange some things. It will be a close fit. We could not find another option that would work in the building without major remodeling.

CHAIR McCLAIN:

Is the remodel \$14,000 rather than \$40,000?

Ms. ANDERSON:

The \$40,000 is for a telephone system. I am withdrawing that request. When I investigated the options for a telephone system, I found that the telephone system in the Bradley Building is overloaded, outdated and incapable of handling the telephone calls we receive. I have had communications services out many times. They performed an electronic study on our lines and incoming calls and discovered a few problems with ports and lines. Correction of those problems will provide some relief and open incoming lines. Some of the lines we should have coming in are not operational. I am looking for a long-term fix.

I spoke with the Department of Information Technology (DoIT) and found there will be an opportunity for the Bradley Building to go on the state telephone system dependent on the outcome of this budget cycle. The Bradley Building has fewer than 100 users. If there is an opportunity for the Bradley Building to go on the state system, it would be the most advantageous for us. There is no

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 3

in-state long-distance calling charge through DoIT. It is not fiscally sound to spend money to upgrade a system when there is strong potential that within eight to ten months the Bradley Building can be on the DoIT state system.

CHAIR BEERS:

Do you know what DoIT will charge for use of the statewide system? You will need to put an amount in your budget for that.

MS. ANDERSON:

The DoIT has told me there are no up-front charges. The DoIT provides the lines, wiring and telephones, then we pay a monthly lease cost to DoIT. I do not anticipate that charge to be any more than what we are currently paying.

CHAIR McCLAIN:

When do you think the remodel will start, how long will it take and how will you handle business during construction?

MS. ANDERSON:

We will be ready to proceed once the new budget is in effect and Buildings and Grounds can give us a timetable. We have discussed how to handle foot traffic. On the first floor we can use our two single-door entry offices with computer stations. If we are allowed, within fire code, we will set up a sort of triage information desk near the security desk. We would use that triage area to direct applicants and review paperwork. We may even initiate a numbering system. We would assign one or two staff persons to that triage area. This would keep the waiting line at the front lobby of the building as opposed to coming to the back of the building and forming a line that would be in the construction zone. We will have our new computer licensing data system by that time.

CHAIR McCLAIN:

You might consider keeping that triage concept after you have more windows.

CHAIR BEERS:

We will now discuss the budget of the Nevada Attorney for Injured Workers. The DoIT believes the requested funding is adequate since your office will not be able to assist the vendor and will need DoIT for project management, database administration and quality assurance.

B&I, NV Attorney for Injured Workers – Budget Page B&I-189, Volume II
Budget Account 101-1013

NANCYANN LEEDER (Nevada Attorney for Injured Workers, Department of Business and Industry):

The DoIT increased the amount of money we would need and that amount is in the budget. That is why the budget increased to \$303,000 which includes \$93,000 for a Master Services Agreement (MSA) to handle project management and quality control rather than the \$87,000 we had been told to add for DoIT personnel to do that work. There have been substantial changes in our budget since the August 13, 2004, memo you received from DoIT.

We will put in as much effort as needed to get the project going. The original functional requirements definition included merging the basic information

contained in the database with our data processing system. We use about 200 templates to standardize as much as possible. To merge the information contained within our database with our data processing system without retyping, we merge the data and template. The new vendor would tailor the templates and train our staff to tailor any additional documents. With the new system, we will have additional fields giving us access to more data. Our current database was programmed in 1991.

Mr. K. Grant Reynolds, from the Director's Office of Business and Industry, is here today because he has been of some assistance to us. Yesterday the Committee asked if I could have a DoIT person attend this meeting. The DoIT did not have anyone available. Mr. Reynolds is not available to help us with the project management and quality control which is why DoIT is suggesting an MSA. The DoIT contracts with an expert to perform the needed services which is why we need the \$93,000 in the budget. When the Hearings Division of the Department of Administration changed its system and we changed the way we do business because we went to a private system, we had to make some changes. Mr. Reynolds helped us at that time because DoIT did not have anyone available.

CHAIR BEERS:

We will correspond with DoIT to confirm that Budget Account (B/A) 101-1013 is sufficient. You are requesting two new positions, but the performance indicators reflect a flat caseload.

MS. LEEDER:

The performance indicators reflect a relatively flat caseload at the Appeals office level. The workload has gone up substantially since privatization. The numbers at the district court and supreme court level are substantially higher. The executive branch performed an internal audit last year. The auditor worked daily for six weeks. The audit report recommends the addition of two legal research analysts. The *Executive Budget* recommends the addition of one legal research assistant and one secretary. Last year we replaced our entire secretarial staff in the Carson City office because of the crushing workload. Although the caseload at the appeals level is flat, the workload is not. We win a substantial number of our cases at the higher levels where we have concentrated our research. The auditors felt that if the research was completed sooner, we would have an earlier result and not be required to go to judicial review. To do that we need more researchers.

CHAIR BEERS:

You indicated previously that the legal research assistant II time is used about 20 percent for research and 80 percent for computer systems administration. Since you are seeking to add a research person, would it be prudent to expand the current employee's duties to 100-percent research and hire a computer person that would cost less?

MS. LEEDER:

A computer person would probably cost more. We need more research. We need someone to handle computer administration. Since we are going to provide train the trainer courses, it will take a lot of time, not just from the research assistants, but from anyone else who knows anything about computers.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 5

CHAIR McCLAIN:

What is the breakdown in staff between southern and northern Nevada?

MS. LEEDER:

We have eight full-time attorneys in southern Nevada and five full-time attorneys in Carson City. I have a caseload in both places depending on who leaves when and who can pick up cases. We have a supervising legal assistant and five secretaries in Las Vegas and a supervising legal assistant and three legal secretaries in Carson City. We have one legal researcher in Las Vegas and two in Carson City. We have a legal office manager and an assistant in Carson City.

CHAIR McCLAIN:

Will the new research position go to Las Vegas?

MS. LEEDER:

Yes, it will.

ASSEMBLYMAN SEALE:

Would you discuss the substantial amount in E-811 for unclassified salary increases?

E-811 Unclassified changes – Page B&I-193

MS. LEEDER:

The amount is for attorneys. The increase brings us to a little lower than what the Attorney General's attorneys currently are paid.

ASSEMBLYMAN SEALE:

Is this an attempt to achieve some parity with the Office of the Attorney General?

MS. LEEDER:

Yes, it is. It is hard to get attorneys who are experienced. When I have to hire inexperienced attorneys and train them, it is difficult due to the short response time we have in dealing with workers' compensation law and procedure. To teach an attorney who is just out of law school court evidence rules, how to write legal briefs as well as workers' compensation regulations, is a nightmare.

CHAIR BEERS:

You have requested authority for a security guard, the cost to be shared equally by you and the Hearings Division. How many times were the Capitol Police called for help at the Grant Sawyer State Office Building?

MS. LEEDER:

I estimated ten times each year we have had the Capitol Police sit in our office during the time an irate or psychotic individual was present. To get to our office in the Sawyer Building, a person must pass uniformed Capitol Police. I would think that would be a deterrent. Twice at the Sawyer Building we have asked Capitol Police to forcibly take someone away. Since we are on the side of the worker, you would not expect to have any incidents. The private bar cannot handle a psychotic person. Since the person needs assistance, we continue to

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 6

try to handle the person. At our new office, we are required to wait until an incident happens and then call the Las Vegas Metropolitan Police Department. In discussion with the Hearings Division, we decided we would each request a one-half position so that a uniform is onsite as a deterrent. I had two experiences of calling mental health teams who left with the individual in a straightjacket. There are more things happening at the Hearings Division.

CHAIR BEERS:

We will close this hearing and go to the State Dairy Commission. We have a budget amendment to reduce your staff. What positions will you eliminate?

B&I, Dairy Commission – Budget Page B&I-199 (Volume II)
Budget Account 233-4470

MICHAEL N. COMPSTON (Executive Director, State Dairy Commission, Department of Business and Industry):

I have been the executive director since July 2003. After analyzing the staff needs and workload, I decided we could reduce the staffing level and still enforce the statutes and regulations of the dairy industry and assist the licensees. We have restructured, are cross-training and multitasking. We are now assisting licensees to maintain compliance. Assisting them initially helps prevent violations. The investigators spend time at retail stores and distributors primarily to assist them rather than write enforcement violations.

We will eliminate an auditor in Las Vegas, a compliance auditor/investigator in Reno and an administrative assistant in Las Vegas. We currently have five staff in Las Vegas and nine in the Reno office.

CHAIR BEERS:

Are you seeking to reclassify some of your remaining positions?

MR. COMPSTON:

Yes, we are. We are using auditor/investigators who multitask rather than strictly auditors. There have been many consolidations in the industry. As a result, there are fewer large audits that take a lot of time. If we have audit/investigators, I can make better use of the individual's time and accomplish more.

CHAIR BEERS:

Are the positions to be eliminated vacant?

MR. COMPSTON:

The three positions are vacant. The assistant has been vacant almost two years; the auditor has been vacant about four months; and the audit/investigator about eight months.

CHAIR BEERS:

I thought you were planning on reclassifying three audit positions through the Department of Personnel.

MR. COMPSTON:

It is taking me some time to analyze our responsibilities. My goal is to have fewer well-qualified personnel who are busy rather than larger numbers of staff who are limited by classification in what they can do. In a small agency like the Dairy Commission, it is sometimes necessary, for efficiency sake, to have an environmental specialist assist in a price check investigation at a store. They have the time and the ability, if properly instructed, to do those things rather than the Commission carrying another staff position. That is my approach.

The industry is continuing to change. We are auditing large corporations with offices in Cincinnati, New York City and Chicago. We have people writing advertisements at district levels that may infringe on our state laws and regulations. We have many of the small licensees that submit small assessments and handle limited amounts of product. These licensees who think they can make a living distributing one type of ice cream sandwich door-to-door or to small markets, for instance, go out of business rapidly. It does not make sense to spend \$500 to audit that licensee who has probably paid \$6 in assessments.

ASSEMBLYMAN SEALE:

I am delighted that you are here. Not often does someone actually suggest shrinking an agency. Could you discuss the Commission's growing reserve?

MR. COMPSTON:

It is a concern to the Commission. The reserve is more than we need. We reduced our fluid milk assessment fees by one-third in November. We will look at reducing our assessments on ice cream and yogurt next month. If the reserve drops to an uncomfortable amount, we can then raise the fees.

I do not want to eliminate fees completely because the methodology used provides us with information about the amount of specific product sold and marketed in the state. We see strong strategic alliances being formed in the retail and processing industry. We are concerned about those alliances gaining an inappropriate share of the market and that the market power may threaten our own Nevada industry. We have large retail stores making national contracts for supplies with national processors. They, in turn, make contracts with national farm/milk cooperatives. When you take the largest retailer, combined with the largest processor, combined with the largest producer cooperative in the United States, it starts to smell a little bad. We are watching it closely. At the present time, there is vicious competition in the fluid milk market. One of our challenges is to make sure the costs and prices these companies are filing with us are in fact true. Your concern with auditors is valid in the fact that we need to go not only to local dairies where all the books and records are on site, but now we go to a processing facility that may be in Utah, the division headquarters may be in California and the corporate headquarters may be in the Midwest. For us to determine if the corporate allocations, the return on investment and all the different real costs that go into packaging a product are all being reported to us, is a challenge.

ASSEMBLYMAN SEALE:

Are the number of dairy herds increasing or decreasing in Nevada?

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 8

MR. COMPSTON:

The number of herds is relatively stable. The cattle numbers are increasing. The dairies are becoming larger. It is necessary to have 1,000 or more cows to be economically feasible.

ASSEMBLYMAN SEALE:

The FY 2005 work program has \$10,203 in the treasurer's interest distribution, but FY 2004 actual has \$7,421. Can you explain this to the Subcommittee?

DAVID L. GEORGE (Management Analyst, State Dairy Commission, Department of Business and Industry):

The interest is calculated on the balance in the General Fund. The amount earned has been less than in previous years.

ASSEMBLYMAN SEALE:

Yes, and that has to do with the interest rate environment. If the reserve is increasing and we are in an environment now where the interest rates are increasing, would you anticipate the interest payments to increase.

MR. COMPSTON:

I cannot answer that question.

CHAIR BEERS:

Would you provide the following information: gallons of fluid milk sales, number of audits performed and the number of those licensees found out of compliance with Nevada law; the number of inspections and the number of inspections completed within federal time frames. Provide the information for the last two years.

ASSEMBLYMAN HETTRICK:

You could provide better performance indicators to tell us the kind of work you are doing. Next session you should request a name change. What you really regulate is dairy products and the industry to make sure we are seeing appropriate costs and business practices.

MR. COMPSTON:

I agree that the performance indicators should address the things we do. I plan to change the performance indicators and to indicate the amount of time spent in educating and training by our staff. We represent not only the dairy producer but primarily the consumer.

The Nevada dairy industry is challenged to expand within the resources available. Water has become extremely expensive. We have had a large international cheese company express interest in locating in Nevada. The price for water and sewer hookups are not competitive with any of the surrounding areas. The same thing is happening on the producer's side. There is an interest by out-of-state producers to relocate to Nevada away from high-density populations. The rural counties could expand their economic base by providing a market for hay, grain, jobs and waste material composting for use at mine sites. Any ideas or assistance you may offer would be appreciated.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 9

CHAIR BEERS:

We will close the hearing on the Dairy Commission and go to the Housing Division.

B&I, Housing Division – Budget Page B&I-115 (Volume II)
Budget Account 503-3841

CHARLES (CHAS) L. HORSEY III (Administrator, Housing Division, Department of Business and Industry):

The Nevada Housing Division (NHD) was created in 1975. Our mandate from 1975 to 1993 was to get people into home ownership earlier than their economic circumstance would normally allow. We did that by offering low mortgage rates. The NHD's debt is exempt from federal income taxes so that savings is passed on to first-time home buyers. In about 1993, we altered course as the Nevada population skyrocketed. We began major financings of rental properties primarily for senior citizens. We have financed more senior citizen rental units than any other financial institution in Nevada. About 36,000 families live in a home or apartment unit NHD financed. The escalation of prices and historically low mortgage rates have been close to shutting down our single-family lending program.

We continue to have demand on the multifamily side. The multifamily program is in jeopardy due to over-inflated land prices. The Governor has proposed that the NHD get into the land ownership business via the acquisition of land from the Bureau of Land Management (BLM). The land ownership proposal is not in the NHD's budget. We do not know what the costs will be. We may know the costs by the second year of the biennium. The costs will be determined in large part by the price we pay for land and the improvements required to develop the land. We are negotiating with BLM to acquire specific land at a price as close to zero as possible. We have met with HUD and local governmental offices in Clark County to identify possible sites. Once sites are identified, we would put out a request for proposal (RFP) from the private sector to build on those sites.

I will give you an example of how the program might work. If the land cost is zero and that resulted in a savings of \$40,000 per home, we would make sure the people fortunate enough to buy a home would not be able to sell the home and pocket that \$40,000 gain. We want the funds recycled so the next Nevada family can participate. We must have the local government's cooperation. We cannot put anything into their jurisdiction they do not support. This week we will meet with the Southern Nevada Home Builders Association (SNHBA) because we will need them to produce the housing. No General Fund monies will be used in this program.

We are in the process of structuring our newest bond issue for our single-family program which we hope to issue in the next three or four months.

CHAIR BEERS:

I can get one of these properties, save \$40,000, hang on to the property for three years, sell it, pay you \$40,000 and walk away with a gain.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 10

MR. HORSEY:

All of our programs are designated for certain income groups. Current law has a provision that persons eligible for these homes must be at 80 percent of medium income. We have asked for an eligibility requirement of 100 percent of medium income which would be about \$48,000 for a family of two in Clark County.

CHAIR BEERS:

You said the first-time home buyer would be required to pay back the initial value of the land. With land prices appreciating, almost doubling every three years, if the home owner sells after three years, NHD would have half as much money to put into replacement land.

MR. HORSEY:

The Governor wants to make sure that price appreciation benefits people. We have not determined a specific number of years for a recapture provision.

LON DEWEESE (Chief Financial Officer, Housing Division, Department of Business and Industry):

We have tight antispeculative language in the deed restrictions as well as in the mortgage on the property. If the house is sold, there will be an instant recapture of the difference between the purchase and current market price. In addition, because these properties are being financed through the use of tax-exempt mortgage revenue bonds, Section 143 of the Internal Revenue Code is very specific with regard to short-term gains. The IRS will frown on anyone who attempts to make a windfall gain.

CHAIR BEERS:

Have you contemplated manufactured homes rather than stick homes to achieve affordability?

MR. DEWEESE:

It is up to the local jurisdiction to approve the type of building.

MR. HORSEY:

We may be looking at condominiums to reduce the costs.

CHAIR BEERS:

Would the state hire the contractor and in the end Nevada owns the building?

MR. DEWEESE:

The land will be held by the state. The dwelling will be owned by the occupant or by private enterprise in the case of an apartment building.

CHAIR BEERS:

Are you talking about the construction phase? The state does not have a strong record for building things.

MR. DEWEESE:

The Division will be the financing arm as shown in the handout, Nevada's Affordable Housing ([Exhibit D](#)). The dwellings will be produced by private

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 11

enterprise which will act as the clerk of the works to make sure things are done to specifications and architectural drawings.

CHAIR BEERS:

Will the contractor sell the building to the home buyer?

MR. DEWEESE:

As the idea is currently designed, that is correct.

CHAIR BEERS:

Will the contractor own the project during construction?

MR. DEWEESE:

The banks will hold the deed and title during the construction phase with a construction note. The contractor will be responsible for producing the project. The project will be turned over and long-term financing will be put in place by a bond program.

CHAIR BEERS:

Turned over to whom?

MR. DEWEESE:

The project will be turned over to the developer.

SENATOR RHOADS:

Have you taken advantage of the Southern Nevada Public Land Management Act (SNPLMA) to acquire land?

MR. HORSEY:

That is exactly what we are doing. We have had a number of meetings to identify parcels.

SENATOR RHOADS:

Will it take an amendment through the U.S. Congress to do this?

MR. DEWEESE:

The legal analysis is that we will not need an amendment for the agreement we have drafted. The BLM has taken about five years to produce interim guidance which requires expenditures on the part of potential developers. The agreement we have drafted is to take advantage of the SNPLMA, Section 7(b), and streamline the procedures outlined in the interim guidance. Once this drafted agreement is accepted, we will be able to enter into immediate direct purchases for production of work force housing.

MR. HORSEY:

That agreement is currently in the hands of the Office of the Solicitor, U.S. Department of the Interior, which has supervisory review powers over the BLM.

SENATOR RHOADS:

Would you provide me with more information, including what the Division is doing and Section 7b of the SNPLMA?

ASSEMBLYMAN HETTRICK:

I understand that any gain in the value of the land would go to the state to be reinvested in other property. Are the people buying single-family dwellings gaining the profit from the residence? I think that would be a good idea because it gives the first-time homeowner the ability to buy their next home and gives them incentive to maintain the value of the home.

MR. DEWEESE:

You are correct. Shared appreciation is an important ingredient in the Governor's proposal.

ASSEMBLYMAN HETTRICK:

How will the construction proceed? You are going to get the land, sell bonds for the money and you are talking to SNHB about building the homes.

MR. DEWEESE:

The flowchart in [Exhibit D](#) may help you. Local jurisdictions will select the land and decide whether the land is suitable for single-family dwellings, clustered homes such as condominiums, duplexes, triplexes or multifamily development. The NHD will then look at contracts for laying out the properties and preparing the offsites. Except in the case of a multifamily property, the entire process will then be turned over to the private sector for build-out, development and sale of the dwelling units.

MR. HORSEY:

The NHD will probably lend 51 percent and private financial institutions in Nevada will also participate in the construction loan. We will make sure we participate with a local financial institution that has voucher control capabilities because the NHD does not.

ASSEMBLYMAN HETTRICK:

The NHD is providing part of the funding. The builder will provide the balance of the funding and be involved in the marketing and sale of the home. You will have to control what gets done without getting into the construction business.

MR. DEWEESE:

The NHD owns the land and is providing mortgage funds. The developer will only be able to sell a home within the tax-exempt bond rules. The benefit to the builder is they do not have capital invested in land and they will have construction loans at below market rates.

ASSEMBLYMAN SEALE:

The NHD has two line items for Cost of Issuance. How does that work?

MR. DEWEESE:

The allocation of expenses in Categories 01, 04, 14 and money related to paying lawyers, tax accountants and investment bankers offset the revenue numbers.

ASSEMBLYMAN SEALE:

How does the cost of issuance become a line item in resources? What is the source of those funds?

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 13

MR. DEWEESE:

The state, under the Internal Revenue Code (IRC), is allowed to allocate up to, but not greater than, 2 percent of the actual amount of the bond proceeds.

ASSEMBLYMAN HOGAN:

I would like to know more about the fourth step in your flowchart in [Exhibit D](#). There may be significant amounts of predevelopment work on raw land. Your flowchart shows the predevelopment work occurring before construction financing. How will the predevelopment work be done and how will it be financed?

MR. DEWEESE:

The land financing may be done through the use of NHD's taxable or tax-exempt bonding authority. We will hold bond funds in trust and buy the land from the BLM with the concurrence of local jurisdictions. The cost of building out the land or preparing the land for offsites is to be done through the construction lending mechanisms NHD has in its bonding authority. We will have shared participation with the local state banks.

ASSEMBLYMAN HOGAN:

[Exhibit D](#) shows a rapid increase in the unfavorable ratio of home ownership cost to income. Is there any projection on the number of units NHD hopes to produce?

MR. DEWEESE:

The NHD is looking at 3,000 dwelling units consisting of single family, clustered homes and multifamily apartment units. The development cycle is charted out between 18 and 24 months.

ASSEMBLYMAN SEALE:

The NHD's reserve is increasing rapidly.

MR. DEWEESE:

That amount is not large in proportion to a multibillion-dollar operation. The rating agencies are concerned that our reserves are decreasing relative to the amount of debt NHD carries.

ASSEMBLYMAN SEALE:

The reserve was under \$200,000 and now it is projected at \$2.1 million.

MR. DEWEESE:

The amount of revenue and percentage of revenue tied up in reserves is modest. It has been in excess of \$3 million in past years.

MR. HORSEY:

With little single-family loan demand, you may be wondering what NHD's employees have been doing. We are now allowed by law to do refinancing. One of the offshoots of price appreciation throughout Nevada is that people have been refinancing. The NHD's portfolio has been reduced by 4,000 loans. Every week we process payoffs. Employees from our single-family loan department have been working on our backlog of monitoring and compliance requirements.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 14

CHAIR BEERS:

Where do the funds go when someone pays off a loan?

MR. HORSEY:

Payments go to NHD's trustee for payment to bond holders. The trustee redeems bonds twice each year.

MR. DEWEESE:

The proceeds from loan payoffs, by contract, can be used for new loans if the rates are competitive. If not, they must be used to redeem bonds at the earliest available payment date. The NHD has brought its debt down in excess of \$600 million in the last two years.

CHAIR BEERS:

Will the Committee see a bill on this plan?

MR. HORSEY:

The NHD has statutory authority to acquire land. When NHD knows what the cost of acquiring the land and improvements will be, we will come to you or the Interim Finance Committee (IFC).

MR. DEWEESE:

Cost of issuance will need to be adjusted. Loans do not flow through the budget. They never have. Expanding lending authority increases both the cost of issuance revenue line and issuance expense line. The 2 percent of bond proceeds referred to earlier flows through NHD's budget.

ASSEMBLYMAN ARBERRY:

Once the house is built, who owns the land?

MR. DEWEESE:

The land will be held in the NHD's land trust in perpetuity or until the state decides to sell. A minimum for the multifamily projects would be the IRC 30-year compliance period before it could be turned over for potential resale with the proceeds going to expand the amount of additional properties we would acquire from the BLM.

ASSEMBLYMAN ARBERRY:

Is it necessary for an individual to own the land in order to refinance? Can a borrower use home equity to finance college or any other need if the home owner does not own the land?

MR. DEWEESE:

The land under a private dwelling will be on a land lease. Land leases are common under FHA-type lending programs, the type NHD uses. We are trying to change our single-family lending to a more conventional program. We will be working with the banks on that. Home owners can draw out equity for college or health care types of things. Refinancing an NHD loan will be an issue which we will have to work out to determine what constitutes the security interest for the bank choosing to refinance the property.

ASSEMBLYMAN ARBERRY:

Are you saying there might be a refinancing problem?

MR. DEWEESE:

If the home owner chooses to abandon the NHD's first mortgage and go with an alternative form of lending, it could be a problem.

MR. HORSEY:

The NHD is spending 97 percent of its time acquiring land. The deal points of interest to everyone have not been determined yet. If NHD is paid off, the trust must be reimbursed a certain amount, either the value of the land or the value of the land plus a shared appreciation, so the funds can be recycled to the next borrower.

ASSEMBLYMAN ARBERRY:

For example, the home owner elects to streamline the loan. No cash is paid out, but a lower interest rate is secured. Would NHD have to subordinate in order to streamline this loan?

MR. DEWEESE:

You are referring to a current refunding of a loan. If no equity comes out, there would be no reason for NHD to change its security interest in the land. If the home owner wants to sell the dwelling, then NHD could negotiate whether or not there is an appropriate amount of recapture in the payoff process. They will be allowed to sell their property subject to the antispeculative provisions. The idea is to stabilize the community and get people to live in their dwellings. If the owner wants to hold on through the maturity of their loan, the chances are NHD will sell at the market price for the dirt under their home and they can use that for security interest in future land.

ASSEMBLYMAN ARBERRY:

What will be NHD's turnaround time when a home owner wants to either refinance or sell? There is usually a small window of opportunity to get the lower interest rate or the right purchaser. What happens if NHD ties up the deal resulting in loss of the sale or refinancing rate.

MR. HORSEY:

We are sensitive to your concerns. The NHD will have all these deal points in place. The NHD tries to turn around payoffs in a week.

CHAIR McCLAIN:

Is the home owner liable for the property taxes on the land, or is the land exempt because the state owns it?

MR. DEWEESE:

The land will be held in trust by the state. The value of the land will be exempt, but the improvements will not.

CHAIR McCLAIN:

The home owner will get a break by not having to pay taxes on the land value.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 16

MR. HORSEY:

That break would probably be a 20-percent savings of the total value of structure and land.

CHAIR McCLAIN:

I think the savings would be more than that.

MR. HORSEY:

It used to be much less, but these are unusual times. In 1966, it was 15 percent, then went to 20 percent, and then 25 percent.

CHAIR McCLAIN:

The break helps the affordability of the home.

B&I, Low Income Housing Trust Fund – Budget Page B&I-131, (Volume II)
Budget Account 101-3838

MR. HORSEY:

In 1993, the Legislature placed the Low-Income Housing Trust Fund (LIHTF) in the Housing Division. This account receives federal HOME funds and matching state funds from a ten-cent increase in the real estate property transfer tax. The LIHTF is the only state contribution to affordable housing. Developers throughout Nevada would rather receive LIHTF dollars than federal funds because it is easier to utilize. Funds from this account must be utilized by persons at 60 percent of medium income and distributed by local governments. The funds are generally used for tenant-based assistance. The LIHTF keeps a reserve of 10 to 15 percent of its funds for special needs projects. About six weeks ago, in northern Nevada, a community homeless center broke ground. All the funding was in place except for substantial cost overruns. The LIHTF was able to pledge funds to that cause. In southern Nevada, an assisted living project received \$800,000 from the LIHTF.

The reserve balance has been increasing for two reasons. The fund collects more and has a five-year expenditure limitation. The funds are allocated to local governments that have five years to disperse the funds.

CHAIR BEERS:

Will the proceeds for FY 2005 be \$11.5 million?

DEBRA PARRA (Grants and Projects Analyst Supervisor, Housing Division, Department of Business and Industry):

I show that we have collected, to date, approximately \$7 million. I do not think we are projecting \$11 million.

CHAIR BEERS:

We have a work program tomorrow in IFC to increase your property tax authority from \$4 million to \$11 million.

MR. DEWEESE:

I believe it is less than \$11 million. It is a direct result of the number of units being sold in Clark County and the selling price of those units. The LIHTF requires authority to receive these funds.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 17

CHAIR BEERS:

Do you believe the \$11 million is a high estimate?

MR. DEWEESE:

That is correct. We have seen a tempering in the rate of growth of housing prices. In the last quarter, the median price in Clark County has gone from \$279,000 to \$299,000.

CHAIR BEERS:

Has the volume also slowed?

MR. DEWEESE:

The volume of sales needs to be seasonably adjusted. Last year was the largest number of unit sales in Clark County history. We do not know if this year is equal to or below that rate.

MR. HORSEY:

We have informed all local governments of the amount of trust funds allocated to them.

MS. PARRA:

One of the reasons the reserve looks high is because we do not allocate in the future. We collect for a year and then allocate those funds. There is probably \$8 million in reserves through June 30 which have not been allocated.

CHAIR McCLAIN:

Do you only allocate funds to local governments for rental assistance?

MS. PARRA:

Clark County uses some of its money for tenant-based rental assistance, but the trust fund can be used for multifamily construction, rehabilitation, home ownership, whatever the local government chooses.

CHAIR McCLAIN:

Do you have a breakdown of the funds going into each of those areas?

MS. PARRA:

I can provide that information.

CHAIR McCLAIN:

Who administers the funds at the local level?

MS. PARRA:

The Community Development in Clark County, City of Henderson Community Development, Reno Home Consortium, Western Nevada Home Consortium and NHD administers the funds for the seven rural counties.

CHAIR McCLAIN:

How is the rental assistance marketed to the public? The property tax problem is going to increase rents. There will be more people needing assistance.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 18

MS. PARRA:

Clark County contracts with Clark County Housing Authority. For example, Clark County will give the Housing Authority \$500,000 for increasing the voucher program. Clark County does not use all of its money for rental assistance because once the rent is paid, the money is gone. If the money is recycled, there is more money to use.

CHAIR MCCLAIN:

The NHD is receives the money to give to the local governments who disburse the money to someone else. Why do we need the middleman?

MS. PARRA:

The local governments want control of their money.

CHAIR BEERS:

The work program for real estate property tax revenue brings your authority to \$11.5 million. Your projected revenue for the biennium is down.

MR. DEWEESE:

The interest rate projections show that there ought to be, based on historical cycles, a lessening in the turnover of housing and production of new housing as interest rates increase. Long-term mortgage rates are projected to continue up for each of the next two years. Based on that and historical ratios, it is believed there will be a decline in the amount of unit sales. As a consequence, we are projecting a decrease from the rates seen in FY 2004.

MR. HORSEY:

The difficulty in this hyperinflated arena we operate in is that all bets are being hedged. We are in territories we have never been in before. Mortgage rates this year and last year are at the same levels or lower than they were when I started in 1966. We use the best data we have.

CHAIR BEERS:

What can you do with your reserve?

MR. DEWEESE:

The reserve is increasing as a function of the real estate property tax acceleration. In theory, that acceleration should decline. The local governments are not spending the funds rapidly.

MR. HORSEY:

The local governments have expended almost all of the 2003 funds and are starting to work on the 2004 funds.

CHAIR BEERS:

Should we look at reducing the assessment rate?

MR. HORSEY:

We do not make that decision. Special needs projects have used LIHTF reserves.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 19

CHAIR BEERS:

We have had problems in the past with accounts having huge reserves with federal components.

MS. PARRA:

There is no connection to the federal laws; it is money we use as a match. There is no tie-in to the fiscal years. The reserves are totally separate.

CHAIR BEERS:

Can we get into trouble with the federal government over this reserve?

MS. PARRA:

No, we cannot.

MR. DEWEESE:

These funds are allocated to local government. Almost all of the reserve has been allocated.

CHAIR McCLAIN:

I would like to know how that money is being spent and why it takes so long to spend it.

MS. PARRA:

I can get you that information. I believe all the counties have the funds allocated to projects, but some projects take three years to build. The tenant-based rental assistance is a two-year program because once you give someone a voucher, you have to hold the funds for two years until it is expended.

CHAIR McCLAIN:

Is the rental voucher for two years? What is the average amount?

MS. PARRA:

The average is \$11,000 per year per family.

CHAIR BEERS:

Staff has had discussions with NHD regarding the allocations in B/A 3838 and B/A 3841.

ASSEMBLYMAN SEALE:

Is the interest distribution in the General Fund?

MR. DEWEESE:

The funds sit in the State Treasurer's common earning fund.

B&I, Weatherization – Budget Page B&I-135 (Volume II)
Budget Account 101-4865

MR. HORSEY:

The responsibility of the Weatherization program is to ensure homes and mobile homes are energy efficient.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 20

CHAIR McCLAIN:

Weatherization gives money to the Welfare Division. The Welfare Division gives it to contractors. Why do we have the middleman?

MR. DEWEESE:

The utility transfer tax is split 75:25. We do not give funds to the Welfare Division. Welfare receives 75 percent and this budget account receives 25 percent.

CHAIR McCLAIN:

What do you know about Senate Bill (S.B.) 123? Does S.B. 123 affect you?

SENATE BILL 123: Revises provisions governing energy assistance. (BDR 58-238)

MR. DEWEESE:

It would redistribute the split. We do not know the outcome.

ARTHUR C. THURNER, (Management Analyst, Housing Division, Department of Business and Industry):

It is a proposal to give flexibility to increase the percentage for weatherization.

CHAIR BEERS:

I am concerned about your performance indicators. The projected number of units weatherized is decreasing.

MR. DEWEESE:

The amount spent per dwelling unit is going up materially. We are also now handling health and safety measures as they are discovered.

CRAIG W. DAVIS (Grants and Projects Analyst Supervisor, Housing Division, Department of Business and Industry):

There are a couple of reasons for the reduction. We are spending 20 percent of the weatherization funds on health and safety issues. We are seeing homes with a high combustion appliance or inoperable heating and/or cooling systems. We will replace or repair all heating, ventilating and air-conditioning (HVAC) equipment.

CHAIR BEERS:

Do you consider replacing HVAC equipment a weatherization process?

MR. DAVIS:

Yes, we do. Our program targets primarily the elderly, disabled and families with small children. In fact, if you are a senior in Ely and the furnace goes out, we have the ability to repair or replace the primary source of heat.

CHAIR BEERS:

Is that done at the expense of helping more families?

MR. DAVIS:

This is not common, but it does occur. The weatherization funds are distributed as grant awards to nonprofit agencies located in Ely, Reno, Carson City,

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 21

Las Vegas and the City of Henderson. Not having a source of heat or air-conditioning can be a health issue.

CHAIR BEERS:

Is this a policy change? This program was set up to weatherproof homes.

MR. DAVIS:

The majority of the funds do that. The projected reduction in the number of units weatherized for the upcoming biennium relates to the number completed during the last biennium. We had a balance forward during this biennium which allowed the increased activity.

CHAIR BEERS:

Have you exhausted the reserve because you have been purchasing appliances?

MR. DAVIS:

We have spent a tremendous amount of time training contractors and our sub-grantees. We cut back on the amount of funds available in FY 2005. We also had a large increase in multifamily unit projects. The dollar investment is greater for multifamily units.

ASSEMBLYMAN HETTRICK:

Do we reach a point where it would be cheaper to supplement the bill than weatherize the facility? Do we spend a lot of money to rehabilitate an old home when it may be more economical to supplement the gas or electric bill?

MR. THURNER:

A local sub-grantee completes an on-site analysis of the situation. Once the weatherization is completed, the savings continues for 10 to 15 years, depending on the type of work done on the housing unit. That represents savings over an ongoing period and is more productive than continuous payments for utilities.

ASSEMBLYMAN HETTRICK:

How do you find homes needing weatherization?

MR. DAVIS:

The Welfare Division's field assistance program is the primary contact. We use the same income guidelines which is 150 percent of the federal poverty level.

ASSEMBLYMAN HETTRICK:

How do you determine who the contractor will be?

MR. DAVIS:

The referral goes to the appropriate sub-grantee. We have two sub-grantees in Clark County, Neighborhood Services with the City of Henderson and the HELP Center of Southern Nevada. In Washoe County we use Community Services Agency. The balance of Nevada is covered by the Rural Nevada Development Corporation located in Ely. Each year the sub-grantees issue a request for proposal. We do not get many bids.

ASSEMBLYMAN HETTRICK:
Do you get more than one bid?

MR. DAVIS:
At times we have not. The weatherization program is specialized, not a typical building trade. A lot of training is involved because we ask them to test all gas appliances; they perform blower door tests to determine the air infiltration lost through the building shell as well as the duct system and they do an assessment to determine which measures are cost effective. We have developed priority lists by building type, by region and by HVAC type. The training is extensive and expensive.

ASSEMBLYMAN HETTRICK:
The fact that the cost-per-unit is rising and the work is single-sourced bothers me. Do we have an independent determination of what work needs to be done then have another party do the work?

MR. DAVIS:
Many of the measures we install in a home are cost tested. We have a private consultant with energy audit software that looks at the investments based on the heating and cooling type, heating and cooling days and reviews the cost of utilities in a specific area of Nevada. That information develops a priority list of cost-effective measures. We always address the health and safety issues of a client.

MR. DEWEESE:
We have a request you will see tomorrow at IFC for an additional inspector position to keep track of the sub-grantee's activities.

CHAIR BEERS:
How does the federal match work?

MR. THURNER:
We have a Department of Energy (DOE) grant and the Fund for Energy Assistance and Conservation. These are two separate funding sources with no match requirement.

CHAIR BEERS:
Does the DOE grant allow the purchase of appliances?

MR. DAVIS:
The DOE allows us to replace gas appliances that have excessive carbon monoxide (CO) problems that cannot be repaired.

CHAIR BEERS:
You stated that if there is a nonoperable unit, you will buy a new one.

MR. DAVIS:
If there is a high CO or if it is inoperable, we will replace it.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 23

CHAIR BEERS:

Will the federal government pay for the replacement only if there is a CO problem?

MR. DAVIS:

No, they also allow the replacement if the unit is inoperable.

CHAIR BEERS:

I understand you were building up a reserve and made a policy change to move from weatherization to appliance replacement. Now the reserve is low enough you are required to cut the number of people serviced by this program by 40 percent.

MR. DAVIS:

The weatherization program does more than replace appliances. The priority list includes mobile home roof insulation, attic insulation and window replacement.

CHAIR BEERS:

Something has changed causing your program to reduce the number of people being served.

MR. THURNER:

We had a buildup of funds when the legislation passed. We were in a position of ramping up. We had an increase in units and are now having a leveling off of funding which lowers the number of units.

CHAIR BEERS:

The Universal Energy Credit (UEC) should be going up every year because more kilowatts are sold.

MR. THURNER:

That part is true. We were not able to use the original installments of UEC funds immediately. It was six or nine months before we were able to produce activity. We had nothing, the UEC funds came in and two years later we spent the reserve.

CHAIR BEERS:

In FY 2004 you helped 1,500 families at about \$2,000 each family. Now you are saying you will help 900 families at \$2,700 each family.

MR. THURNER:

That is true. During FY 2004, we were spending reserves built up over the prior two years.

CHAIR BEERS:

You had an unusually large number of units you were able to get to in FY 2004. The fact that the cost-per-unit is going up has nothing to do with the policy change. If you continue for the next two years doing what you did in FY 2004, you would be able to help more families.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 24

MR. THURNER:

The cost-per-unit for the entire program is about \$2,500. There was an abundance of multifamily units assisted at an average cost of \$1,000 and single-family units with a higher average cost. The type of housing units in the mix affects the average.

CHAIR MCCLAIN:

I am on the board of trustees for HELP of Southern Nevada.

Why are you requesting \$6,000 to make 2 trips to Las Vegas, 2 trips to Reno and 2 trips to Ely?

MR. DAVIS:

We spent a lot of time in the last two years monitoring and looking at the sub-grantees' performance. We are required to monitor 10 percent of the homes weatherized. We hope the travel will decrease if we get the additional position to be located in Las Vegas.

CHAIR BEERS:

I am struggling with this 40-percent decrease in weatherization. Provide information to me about how you can increase the number of people helped.

MR. DAVIS:

The production you saw in FY 2004 was the result of funds being carried forward.

CHAIR BEERS:

The reserve went down \$500,000.

B&I, Industrial Relations – Budget Page B&I-163 (Volume II)
Budget Account 210-4680

CHAIR BEERS:

Are the two positions you are transferring to the Director's office vacant?

ROGER BREMNER (Administrator, Division of Industrial Relations, Department of Business and Industry):

These positions are filled and the employees will go to the Director's office.

CHAIR BEERS:

Do you have federal funds in this budget?

MR. BREMNER:

Yes, we have funds for Nevada's occupational safety and health program and the safety consultation and training program.

CHAIR BEERS:

Do you also have a federal labor statistics grant?

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 25

MR. BREMNER:

Yes, the federal labor statistics grant is included in B/A 4680. They develop required labor statistics for the U.S. Department of Labor. The two positions moved from B/A 4682.

CHAIR BEERS:

Have you completed a work program for that change?

MR. BREMNER:

We will do that.

CHAIR BEERS:

The performance indicator for number of insurer compliance audits completed increases considerably in the next biennium.

MR. BREMNER:

Two years ago the audit cycle requirement was changed from three years to five years and our workload went down 40 percent. We initiated a proactive program. When a hearings or appeals officer gives a remand or rescission to a third party administrator or insurer, if the remand or rescission involves benefits that would accrue to an injured worker, we audit the business as soon as the time to comply or appeal has ended to ensure compliance. The benefit gets to the worker sooner and the business knows we will be looking. We are hoping this proactive procedure will increase compliance. We are not performing full audits, but we are doing more reviews.

CHAIR BEERS:

The Department of Taxation implemented a similar procedure two years ago.

MR. BREMNER:

This program will pay off. It will help the people handling the claims and the injured worker.

CHAIR BEERS:

The health care compliance investigation completed performance indicator is being reduced.

MR. BREMNER:

We are still doing those, but we are doing them in a different way. Sometimes an employee does not know with whom an employer is insured. We are constantly working on performance indicators that are more meaningful.

CHAIR BEERS:

Will the statewide and Attorney General cost allocations be finalized later?

MR. BREMNER:

That is correct.

ASSEMBLYMAN HOGAN:

The growth in the number of investigations is the result of a follow-up procedure. I am concerned that we view a follow-up and a complete investigation in the same manner.

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 26

MR. BREMNER:

We have changed our schedule from a three-year full audit to a five-year audit. The follow-ups are in addition to the audits. Often we get a better picture of an operation by doing a concentrated one-issue follow-up.

ASSEMBLYMAN HOGAN:

Does the large number of investigations, shown in the performance indicator, include both the audit and the follow-up?

MR. BREMNER:

Yes, it does.

B&I, Occupational Safety & Health Enforcement – Budget Page B&I-169
(Volume II)
Budget Account 210-4682

CHAIR BEERS:

The major issue in this account is the mechanical data system. We have correspondence from DoIT regarding the degree the accounting system will be built into the mechanical system. Will it do invoicing, payment tracking, permit issuance and eliminate duplicate entry? The DoIT indicates they are not writing an accounting program. The DoIT is bringing information in from your stand-alone accounting package.

KENNETH G. REYNOLDS (Information Systems Specialist, Directors Office,
Department of Business and Industry):

The DoIT appears to be saying they are not going to build an accounting system and DoIT is not going to fully integrate the package they bought with the current system. The DoIT must be doing some type of interface to transfer data.

CHAIR BEERS:

Will that eliminate duplicate data entry?

MR. REYNOLDS:

That is correct.

CHAIR BEERS:

There appears to be a large drop of about \$500,000 in federal funding.

MR. BREMNER:

I believe that figure is in error. We are still getting the same amount of money from the federal government. There is a \$9,000 reduction.

CHAIR BEERS:

Could that be a onetime hazmat grant and the three positions transferred to the Director's office?

MR. BREMNER:

Those are the labor statistics people.

B&I, Safety Consultation and Training – Budget Page B&I-176 (Volume II)
Budget Account 210-4685

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 27

MR. BREMNER:

This program provides workplace training and employer surveys. We have safety consultants and industrial hygienists and are proactive to eliminate unsafe working conditions. There are various bilingual training programs throughout the state.

CHAIR BEERS:

You are requesting funds for a media campaign. Can you describe it?

MR. BREMNER:

We are requesting reinstatement of funds to allow the type of outreach previously done.

CHAIR BEERS:

The performance indicator for employees viewing videos is going down during the biennium.

MR. BREMNER:

That is a number we do not control. We do not show the videos; the employer does.

JAN G. ROSENBERG (Assistant Administrator, Division of Industrial Relations, Department of Business and Industry):

The receptionists at each of our offices checks the videos out to businesses. When the video is returned, the employer lets the receptionist know how many employees have seen the video.

CHAIR BEERS:

Will some of the media funds requested be used for additional videos?

MR. ROSENBERG:

We supplement our library and videos at the end of the fiscal year with funds available.

ASSEMBLYMAN HOGAN:

How do you select the organizations who receive instruction? Some organizations might prefer you do not come to their premises. Do employees or others trigger your visits about health and safety problems, or do you have a schedule?

MR. ROSENBERG:

Everything is voluntary in my section. We set up a schedule and anyone can attend those classes. Consultation visits must be requested. If I get a complaint, it is turned over to the enforcement section. I cannot do anything with it.

SENATOR RHOADS:

You have stated that Nevada is divided into five districts with one mine inspector for each district. Each district has 100 mines. That would be 500 mines. Is that correct?

Joint Subcommittee on General Government
Senate Committee on Finance
Assembly Committee on Ways and Means
March 22, 2005
Page 28

MR. BREMNER:

There are between 400 and 500 active mines in Nevada. I will get you the exact number.

SENATOR RHOADS:

Are most of them in my district?

MR. BREMNER:

We have offices in Elko, Winnemucca, Tonopah and Carson City. There is a lot of mining activity in northern and eastern Nevada. We had two fatalities last year. Last year mine deaths were down throughout the country. We also look at sand and gravel operations.

We administer B/A 6025, the uninsured claim fund. It is a permanent fund. Because we have become so good at enforcement, the fund has built up to the point that we intend to suspend the assessment, about \$2 million a year, for the next two years.

CHAIR BEERS:

I want to disclose that I am employed by an employee leasing company that is regulated by the Division of Industrial Relations.

There being no further business to discuss at this time, the meeting is adjourned at 10:47 p.m.

RESPECTFULLY SUBMITTED:

Sandra Small,
Committee Secretary

APPROVED BY:

Senator Bob Beers, Chair

DATE: _____

Assemblyman Kathy McClain, Chair

DATE: _____