

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-third Session
April 20, 2005**

The Senate Committee on Finance was called to order by Chair William J. Raggio at 8:05 a.m. on Wednesday, April 20, 2005, 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.

COMMITTEE MEMBERS PRESENT:

Senator William J. Raggio, Chair
Senator Bob Beers, Vice Chair
Senator Dean A. Rhoads
Senator Barbara K. Cegavske
Senator Bob Coffin
Senator Dina Titus
Senator Bernice Mathews

GUEST LEGISLATORS PRESENT:

Senator Mike McGinness, Central Nevada Senatorial District
Senator Dennis Nolan, Clark County Senatorial District No. 9

STAFF MEMBERS PRESENT:

Gary L. Ghiggeri, Senate Fiscal Analyst
Bob Guernsey, Principal Deputy Fiscal Analyst
Lora Nay, Committee Secretary

OTHERS PRESENT:

Joan Dyer, President, Historic Reno Preservation Society
Mary Ellen Horan, Executive Director, VSA Arts of Nevada
Richard Morgan, Ph.D., Dean, William S. Boyd School of Law, University of Nevada, Las Vegas
Karen Baggett, Deputy Director, Office of Court Administrator, Nevada Supreme Court
Wayne M. Pressel, Executive Director, Nevada Legal Services
Russ Benzler, Administrator, Management Services and Programs Division, Department of Motor Vehicles
Nancy J. Howard, Nevada League of Cities
Gail J. Anderson, Administrator, Real Estate Division
James F. Nadeau, Nevada Association of Realtors
Bob Cashell, Mayor, City of Reno
Leann McElroy, Chief of Staff, City of Reno
Leeland Hernandez, Chairman, Nevada Commission on Sports; Member, Executive Council of Reno/Tahoe Games Coalition
Bruce Bommarito, Executive Director, Division of Tourism
Harry York, CEO, Reno-Sparks Chamber of Commerce
William A. Douglas Ph.D., Center for Basque Studies, University of Nevada, Reno

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John Echeverria, Chairman, Advisory Board, Center for Basque Studies,
University of Nevada, Reno
Pete Ernaut, Center for Basque Studies
Dan Rosenblatt, Executive Director, Lear Theater
Gail Sande, Volunteer, Lear Theater
Robert A. Ostrovsky, Chairman, Commission for Cultural Affairs
Kenny Dalton, Volunteer, Lear Theater
Mendy Elliott, Wells Fargo Bank
Scott K. Sisco, Interim Director, Department of Cultural Affairs

CHAIR RAGGIO:

We have one request for a bill draft.

JOAN DYER (President, Historic Reno Preservation Society):

I am here on behalf of the Lake Mansion project. We are seeking \$350,000 additional funds to complete the restoration which involved moving the Lake Mansion from the Reno-Sparks Convention Center to downtown Reno.

MARY ELLEN HORAN (Executive Director, VSA Arts of Nevada):

Vision Strength Access Arts (VSA Arts) was established 20 years ago as a nonprofit organization. Our mission is to provide arts programming for people with disabilities, those who are disadvantaged, at risk or underserved by the arts. With the mansion, we also became instant preservationists. On the national level, VSA Arts was founded in 1974 by Ms. Jean Kennedy Smith. Since that time, VSA Arts has had national bipartisan support. There are VSA Arts programs in 50 states and 60 countries. I gave you a packet of information, ([Exhibit C](#)), providing a list of all our statewide programs. The mansion has become our office. With over 3,000 workshops a year, we serve about 15,000 people annually. We conduct ten workshops daily in the State, and this is all coordinated through our Lake Mansion office.

How did VSA Arts, a nonprofit organization, ever get involved with the Lake Mansion? In 1996, Mr. Bruce Scott, the great-great grandson of Myron and Jane Lake, asked us to move into the Lake Mansion. After discussion with our board of directors, we decided to move into the Lake Mansion. We had no idea we would be asked to relocate the mansion from the Reno-Sparks Convention Center in 2000-2001. I am proud of our staff and board of directors who were all involved in relocating the mansion. We moved it back to downtown Reno on July 11, 2004.

It has been a lot of work to move and reconstruct the mansion. We have raised over \$1 million and now we are in our final phase to raise an additional \$350,000. We do not want to continue our fund-raising efforts. We want to get back to our real work of doing arts programming for the people of Nevada.

The Lake Mansion will have several different purposes. Most of the main floor will be used for preservation activities and will have an historic ambiance. We will have a library and a gallery for exhibiting fine arts and crafts. Our offices and meeting room will be located on the second floor. There will be a daylight basement to use for public art workshops. We offer 100-percent scholarships for people who are not able to afford the cost of the workshops. We are open to the public, but we will be focusing on children and adults with special needs.

We have a \$350,000 shortfall to open the mansion. Both visitors and local residents will be able to enjoy this facility.

CHAIR RAGGIO:

The Lake Mansion is the former home of Mr. Myron Lake, the founder of Reno. In the 1800s, Reno was known as Lake's Crossing. Mr. Lake operated a ferryboat across the Truckee River where the Riverside Hotel previously existed. Formerly, the Lake Mansion was about two or three blocks to the south of the present courthouse. Later, as a result of development, it was moved and relocated to the south corner of where Kietzke Lane and South Virginia come together at the Reno-Sparks Convention Center site. As Ms. Horan has indicated, it was recently moved to the corner of Arlington Avenue and Court Street.

The request is for a \$350,000 appropriation to complete the construction work on the Lake Mansion.

SENATOR BEERS MOVED FOR COMMITTEE INTRODUCTION OF A BILL DRAFT REQUEST FOR A \$350,000 APPROPRIATION TO COMPLETE THE CONSTRUCTION WORK ON THE LAKE MANSION.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR RAGGIO:

This action by the Committee is not a commitment for funding. That will depend upon available funding as we get to the end of this session after closing budgets.

We will open the hearing on Senate Bill (S.B.) 57.

SENATE BILL 57 (1st Reprint): Authorizes creation of Nevada Rural and Public Interest Legal Services Corps within William S. Boyd School of Law. (BDR 34-184)

SENATOR MIKE MCGINNESS (Central Nevada Senatorial District):

This bill was developed on behalf of the Interim Study Committee on the Criminal Justice System in Rural Nevada and Transitional Housing for Released Offenders. One of our concerns was the lack of legal representatives in rural Nevada. We learned from court information that sometimes the only attorney in a rural county may be the district attorney. Mr. Richard Morgan, Dean of the William S. Boyd School of Law, University of Nevada, Las Vegas is here. He provided some excellent testimony for our Committee and assisted us by providing ideas on how we could attract more interns or externs to rural Nevada. The bill was amended in the Assembly Committee on Human Resources and Education. We worked with Assemblyman Lynn C. Hettrick to establish this program to attract law interns and externs.

The only concern I have is the statement on page 2, line 25 (a), "In legally underserved areas of rural Nevada." The lack of legal services in rural Nevada was the impetus of this bill. The bill encourages practitioners to practice law in

legally underserved areas of rural Nevada or in a nonprofit organization whose primary purpose is to provide legal services to persons in need which would probably be those services located in the urban counties. I do not want the emphasis on this program to shift from a rural to an urban setting. Dr. Morgan and I have discussed this prior to today's meeting and he has some good ideas.

CHAIR RAGGIO:

Was this the amendment that caused the first reprint of the bill?

SENATOR MCGINNIS:

Yes, and Dr. Morgan was more involved in the amendment.

RICHARD MORGAN, PH.D. (Dean, William S. Boyd School of Law, University of Nevada, Las Vegas):

Thank you, Senator McGinnis, for your work and the Committee's work in initiating this important bill which we wholeheartedly support. The amendments include public interest law offices throughout the State and the group that would be eligible for this loan forgiveness program. I thought, and the Senate Committee on Human Resources and Education agreed, the work done in those urban offices is important. It would be beneficial to raise funds from private foundations and others if this bill included not only underserved rural areas but also public interest law offices throughout the State. I recognize the impetus of this bill was to provide incentives for law graduates to locate in the rural areas and serve in those communities. In the implementation of this bill, we will keep that in the forefront. The bill requires us to frequently report on how the bill is being implemented. We will provide a progress report on the success of its implementation.

As I understand the bill, it is up to the William S. School of Boyd Law to determine how we will operate this program. I suggest we put together an advisory board with members from the judiciary, rural communities and public interest law offices to help with this program. We will have a balanced advisory group and we will not forget the rural communities in the operation of this bill.

CHAIR RAGGIO:

Under section 9 on page 3, the William S. Boyd School of Law would authorize the establishment of the Nevada Rural and Public Interest Legal Services Corps. There is no indication, other than what you have just mentioned, as to the composition of this legal services corps. Would you explain what you believe would be a likely composition of that corps?

DR. MORGAN:

We would want to have a board consisting of people from outside the law school, whether that would be four, five or six members I do not know. Those people would represent the various public interests from rural communities, the judiciary and law school, and would serve as an advisory board to help us define how this program would operate.

CHAIR RAGGIO:

Are you indicating there would be an emphasis on those who are committed to practice in the rural areas?

DR. MORGAN:

Yes.

CHAIR RAGGIO:

I see there is no money in this bill.

DR. MORGAN:

That is correct.

CHAIR RAGGIO:

Page 3, line 20, states, "Within the limits of available money ... " How would you anticipate funding in the absence of an appropriation?

DR. MORGAN:

In the absence of an appropriation, the program will have to be funded privately from foundations or private philanthropy. I have spoken with one philanthropist about the possibility of doing something in this area. It would be better if there were established funding. In the materials we submitted to the Senate Committee on Human Resources and Education, we suggested an initial appropriation of \$250,000 to attract additional funding. That Committee decided it would be better to omit the funding but indicated, at the conclusion of the hearing, that if funds were available at the end of session, it might be possible to find some funding for this program. At the moment it is unfunded, and it will be up to me, as the fund-raiser at the law school, to generate funds from private or foundation sources.

CHAIR RAGGIO:

The interim chancellor attended our joint subcommittee meeting yesterday and indicated you had a unique and unlimited ability to raise private funding.

DR. MORGAN:

I am pleased he has confidence in me. I am also pleased he contributes substantially to the law school.

CHAIR RAGGIO:

Would the funds you are raising be used to make educational loans to law students?

DR. MORGAN:

No, the funds that would be raised would be used to repay some of the educational debt of the law students. Law students incur substantial amounts of debt in order to pay for their education. A law student who agrees to work in Pioche, Caliente or for Clark County Legal Services would be eligible to have some of their educational debt repaid out of this fund. It is a debt-forgiveness program.

CHAIR RAGGIO:

Is there any debt-forgiveness program at the present time?

DR. MORGAN:

There is none in this State. There are programs of this type around the country, in 14 or 15 states, that authorize loan-forgiveness programs primarily for public interest law graduates, graduates who go to work in public interest law firms. Only about three or four of those states have funded the programs. There is a paucity of funded programs of this type.

CHAIR RAGGIO:

Within the school of law, here in Nevada, are there presently any programs to repay loans in return for a commitment to engage in practice in a specific area.

DR. MORGAN:

There are no programs of this type.

KAREN BAGGETT (Deputy Director, Office of Court Administration, Nevada Supreme Court):

I am here today to speak in favor of S.B. 57. The Supreme Court of Nevada has judicial counseling consisting of the Supreme Court Justices, District Court Justices, Justices of the Peace, and Municipal Justices. In April of 2002, the Judicial Courts of the State of Nevada (JCSN) created the Commission on Rural Courts to address judicial issues facing rural Nevadans. The committee consisted of both limited and general jurisdiction judges, district attorneys, sheriffs, county commissioners, county clerks and court clerks. Commission members were instrumental in helping initiate S.C.R. No. 32 of the 72nd Session. As Senator McGinness indicated, one of the main issues that came out of the interim study is trying to get legal assistance into the rural areas. The courts would be more than happy to work with the Boyd School of Law in getting this program going. We just wanted to make sure that since this is a rural program the rurals would be represented in the selection of candidates for the repayment program.

SENATOR MATHEWS:

Dr. Morgan, you mentioned you could use \$250,000. Is your request for the biennium or are you looking at \$500,000 for the biennium?

DR. MORGAN:

The amount of \$250,000 would be for the biennium. I do not know what this program is going to cost because I do not know how many people we can attract to practice law in the rural communities. It would be helpful to have seed money to begin the program; the \$250,000 is an arbitrary figure that I selected. It might help in the private fund-raising effort to say the State has seeded this program and we need to find significant foundation grants, or other grants, to match what the State has provided.

SENATOR MATHEWS:

If we provide a one-shot appropriation this session, would you need another appropriation next session?

DR. MORGAN:

I do not believe so. However, when we report to the legislature, we will report on a number of things, including the financial condition of the program and the need, if any, for further appropriations. It is not beyond the realm of possibility that I may have to request more money in the future. I hope, if we get seed money, that we can interest a major foundation or foundations in becoming a substantial funding partner. I hope I do not have to come back to you. We are trying to do as much as we can with private/public partnerships with the law school.

CHAIR RAGGIO:

In the event this bill is processed without an appropriation, will it still be useable? Can you implement this program without S.B. 57?

DR. MORGAN:

We could proceed without the bill. This bill came from Senator McGinness. Interim Legislative Commission's Subcommittee to Study the Criminal Justice System in Rural Nevada and Transitional Housing for Released Offenders. I agreed it was a good idea and I wanted to support him and the work of the Committee. But we could do this without the bill.

SENATOR BEERS:

How would this work? If you received funding, would you target a community, such as Austin, and set up an office in order to entice a young attorney to work there?

DR. MORGAN:

No, the way I envision the process working is through notification to our students and students at other law schools. This program will not be limited to Boyd Law School students. There are incentives available now for law graduates who choose to practice law in the rural communities. We would not set up an office, we would encourage our graduates to go to existing offices or set up their own offices in Ely, Pioche, Austin or wherever. If they do this, we will offer the possibility of forgiving some of their law school debt. It is to offer incentives for individual behavior, not for the law school to provide offices for them to practice law.

SENATOR BEERS:

I was under the impression this legislation was for the William S. Boyd School of Law, University of Nevada, Las Vegas to create a place to practice law for the public interest.

DR. MORGAN:

The public interest portion of this bill is to encourage law graduates to work for organizations like Clark County Legal Services, Washoe Legal Services or Nevada Legal Services. Those offices are not law school-sponsored arrangements. They are public interest firms representing low-income people that pay fairly modest salaries to their attorneys. The Law School, through its legal clinics and required community service programs, is involved in providing community service, but that is a separate program. This proposal provides incentives to law school graduates to work either in rural communities or for legal services.

WAYNE M. PRESSEL (Executive Director, Nevada Legal Services):

Nevada Legal Services provides civil representation to low-income Nevadans in all 17 counties. We are a nonprofit corporation with lawyers, paralegals, self-help centers, Web sites and a variety of strategies to provide legal services to all low-income Nevadans. We have offices not only in the urban areas but also in Carson City and Elko. Recently, we have been busy setting up self-help centers that reach into Ely, Lincoln, Eureka and Elko Counties. Recruiting lawyers is difficult for us and recruiting lawyers for rural practice is extraordinarily difficult. The attraction of urban work and urban money is overwhelming. Law school debt is probably the major obstacle we have to recruiting. This legislation is a first step at our resolving that problem.

SENATOR TITUS:

Have the Board of Regents taken a position on this? So many times we get the Regents' plan and then we get other education plans from individuals.

Sometimes they work and sometimes they do not. Rural Nevada also desperately needs dentists and doctors. If we were to pass this incentive for lawyers, why not include those other needed professionals?

DR. MORGAN:

I believe the University of Nevada School of Medicine has a rural incentive program. I am not entirely familiar with its details, but I expect to become more familiar with them as we grapple with how to implement this program. While the Medical School program has some state funding, it is mostly funded by nonstate sources.

Though they are fully aware of this bill, it is fair to say the Regents are not opposed to it although they do not support it either because this bill did not come up through our normal process. Had the Boyd Law School initiated this bill, we would have taken it through our president, chancellor and the Regents; hopefully, the Regents would have supported it. I do not think anyone at the University and Community College System of Nevada (UCCSN) is opposed to the bill, but they have not had an opportunity to take a supportive position.

SENATOR TITUS:

Could I ask staff about the rural medical program and is there one for the dental school as well?

GARY L. GHIGGERI Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

There is one for the medical school. I am not sure if there is one for the dental school at this time.

SENATOR BEERS:

My recollection, from our hearing on the Western Interstate Commission on Higher Education (WICHE) budget in our Subcommittee, was that WICHE does have a program.

CHAIR RAGGIO:

Our concern is the amendment changes the original intent by including nonprofit organizations. This started out as something for the rurals and it could take a different course. We need reassurance that if the bill were processed, it would not change its focus.

We will close the hearing on S.B. 57 and open the hearing on S.B. 34.

SENATE BILL 34 (1st Reprint): Decreases fees for issuance and renewal of noncommercial drivers' licenses. (BDR 43-241)

We have not heard the bill in this Committee; it has been processed out of the Senate Committee on Transportation and Homeland Security. We have a fiscal note of approximately \$167,000 in the first year of the biennium and \$172,000 in the second year. There is a reduction in revenue from the Highway Fund as a result of this bill.

RUSS BENZLER (Administrator, Management Services and Programs Division, Department of Motor Vehicles):

Senate Bill 34, as it was amended in the Transportation Committee, alters the driver's license fee structure found in *Nevada Revised Statutes* (NRS) 483.410 by decreasing the basic license fee by 50 cents. The intent behind the decrease is to create an even-dollar amount so we can expand or offer the usage of kiosk services to a greater number of customers.

Currently, the fee for an original driver's license for those under age 65 is \$19 and for those age 65 or over is \$14. In addition to that fee, NRS 483.415 requires the collection of an additional 50-cent fee for each license issued to support traffic safety and education efforts. Together these fees create a situation where coin change is required in order to use a kiosk. Unfortunately, while a kiosk is able to transact registration renewals, insurance suspension reinstatements, and, soon, driver history records, it cannot create or give coin change. As a result, the convenience offered by kiosks cannot be extended to customers who prefer to use cash for their transactions. Those individuals represent about 56 percent of the people who visit our offices.

Senate Bill 34 will allow us to divert approximately 100,000 people per year out of our lines and move them to the kiosks. By doing so, they can complete their license renewal transaction in a fraction of the time of those people who are in our counter lines, giving them the same convenience offered to our registration renewal customers.

We have provided an amended fiscal note to reflect the reduction as per the change from the Transportation Committee. We estimate the fiscal impact to the Highway Fund during the first year of the biennium, fiscal year (FY) 2006, would be approximately \$167,000 and in the second year approximately \$172,000.

CHAIR RAGGIO:

This bill will become effective upon passage and approval. If we do not process it, what is the present fee for renewal?

MS. BENZLER:

The present fee for renewal is \$19 plus the 50-cent fee.

CHAIR RAGGIO:

The renewal fee would be \$19.50 and for those 65 and over the renewal fee would be reduced to \$14.50. If we process this bill, would the total fee be 50 cents less on each of those renewal fees?

MR. BENZLER:

The Department of Motor Vehicles (DMV) fee would be \$13.50, but you have the additional 50-cent fee.

CHAIR RAGGIO:

Is this legislation effective upon passage and approval?

MR. BENZLER:

That is correct.

SENATOR COFFIN:

We must consider the possibility we are going to have to massage these fees more during the session because there are bills which are increasing the DMV's share of the Highway Fund which would probably push them over the statutory limits. Are you aware of those bills?

MR. BENZLER:

There are a number of proposed bills that affect the Highway Fund. When we initially requested this draft, there was an increase to make sure we did not run into a problem with the 22-percent limit on the fees we collect. We feel comfortable that we are under the 22-percent limitation.

SENATOR COFFIN:

What are your reasons?

MR. BENZLER:

One of the reasons we were a little confused was because we only had the first printing of the bill and not the first reprint. We are wondering why the Senate Committee on Transportation and Homeland Security would not want to vote for an increase in fees. They decided to do the easy thing and cut the fees, but we are going to have to raise everything again during this session. We will have a bill in May.

SENATOR COFFIN:

I want to know why you need the change now as opposed to May because this is in the same area where DMV fees are very low. A driver's license is good for how long?

MR. BENZLER:

A license is good for four years.

SENATOR COFFIN:

We are charging Nevada drivers less than \$5 a year for their license. Last session, I proposed we increase this fee substantially which would have removed all of the problems we now have in the DMV fund. If we raised it \$1 a year, we would create a situation where a number of expenses of the DMV would be covered. We ought to consider the possibility.

NANCY J. HOWARD (Nevada League of Cities):

We have Assembly Bill (A.B.) 435 in the Assembly Committee on Ways and Means which actually reduces fees. It would transfer the transaction fees for credit-card collection and process fees to local governments so they are withheld prior to forwarding fees to local government. I certainly do not mind saving 50 cents every four years on my driver's license renewal. You could consider all of these bills together.

ASSEMBLY BILL 435: Revises provisions governing administration and collection of certain fees and taxes by Department of Motor Vehicles. (BDR 43-1028)

CHAIR RAGGIO:

Please provide a list of the bills that need to be considered when we look at this legislation.

We will close the hearing on S.B. 34 and open the hearing on S.B. 315.

SENATE BILL 315 (1st Reprint): Provides for regulation of certain business brokers and revises provisions governing disclosures in certain real estate transactions. (BDR 54-1135)

SENATOR DENNIS NOLAN: (Clark County Senatorial District No. 9)

The fiscal note on this particular bill is insignificant. Senate Bill 315 establishes a new classification of real estate broker titled a business broker. Supplemental information titled Real Estate Licensees is provided in Exhibit D.

I will disclose that I am a real estate broker and this bill will not affect me professionally. I was approached by the Nevada Association of Realtors because I have familiarity in this area. I read the proposal and understand the need to have this type of broker. The business broker, as defined in S.B. 315, would be a new class of real estate broker who deals specifically in selling or buying businesses with regard to their book of business as opposed to selling just the land or a building. Currently, any real estate broker has the ability to hold himself or herself out as a competent business broker.

Anyone who has operated a private business or has tried to sell one understands there is a lot more that goes into that transaction such as evaluating the goodwill, stock on hand, customer base and inventory. Currently, a broker can represent either a buyer or seller and while we always recommend seeking legal counsel, often it is the broker who is being asked to make comments on that particular type of business. When something goes wrong, people get hurt. This business broker classification is a consumer protection bill. It is something that is up and coming in the United States. There are five other states which have instituted similar legislation and it is spreading fast across the country.

CHAIR RAGGIO:

Are other states designating someone specifically as a business broker as indicated under section 5 of S.B. 315? Evidently, real estate brokers who are presently licensed, and want to act as business brokers, would have to obtain a special endorsement in order to be designated as someone who meets the qualifications of a business broker, am I correct?

SENATOR NOLAN:

That is right. An entirely new training procedure will be implemented through the Real Estate Division in conjunction with the State Association of Realtors.

CHAIR RAGGIO:

We should be aware of the fiscal note which is why this measure is before this Committee. Explain the fiscal note if this bill is processed.

MR. GHIGGERI:

The fiscal note proposes to add a 0.5 administrative aide position to implement this program. The Real Estate Division is estimating licensing fees will partially fund the cost, but it appears there is still an additional cost of about \$20,000 in FY 2007 and approximately \$33,000 in future years required for implementation.

SENATOR BEERS:

Without addressing the merit of the policy idea, I am a little concerned that you do not have enough space for additional staff.

GAIL J. ANDERSON (Administrator, Real Estate Division):

The Real Estate Division supports S.B. 315 and I would clarify that the business broker designation is a permit, an endorsement that is added to an existing real estate license. It is patterned after our property management permit program in which an existing real estate licensed broker, broker-salesman, or salesman may meet the qualifications and have a special qualifying permit added to their license. To respond specifically to Senator Beers, I would reply that our budgets have not closed. I have provided information to the joint subcommittee and would certainly work with the Legislative Counsel Bureau (LCB) fiscal analyst to evaluate the overall outcome of our budget closing. This would be considered as part of that closing, not in addition to it.

We have need for additional space for the Real Estate Division in our southern Nevada office and, hopefully, in the Bradley building. We cannot operate separately, and that is an area of concern.

CHAIR RAGGIO:

I am not aware of that issue. Has it been discussed in the subcommittee?

SENATOR BEERS:

Yes, sir. We have talked about expanding the Real Estate Division budget beyond what the Governor recommended to include a couple of new positions and to include remodeling costs. There have been situations in which lines of agents waiting to talk to a clerk extend outside and wind around the bend of the building.

SENATOR COFFIN:

Typically these business regulations are sent to the Senate Committee on Commerce and Labor. Have these regulations been heard in that committee?

SENATOR NOLAN:

Yes, they have. I was approached by members of the industry who had an interest in this bill. I went through this proposal and understood the need.

SENATOR COFFIN:

I was curious how testimony went in that committee. Were there opponents who helped you generate the first reprint from the proposed amendments?

SENATOR NOLAN:

I do not think there was any opposition to this bill in committee, and the reprint came about through discussion with committee members. They provided input that enhanced the bill. The bill received a unanimous vote.

SENATOR COFFIN:

There are people who, through past transgressions of some kind in their background with the law, have become unlicensable in some professions including real estate brokers. Some skilled people have been involved as business brokers. Would these people now be prohibited from pursuing their income?

JAMES F. NADEAU (Nevada Association of Realtors):

You have to be a licensed real estate broker or a sales person to handle any type of real estate transaction. There are some exceptions. Attorneys and accountants are accepted without needing a real estate license, but any other licensee could handle a real estate transaction.

SENATOR COFFIN:

If I wanted to sell a business for someone, and act as a broker and get a commission or finder's fee, can I do that? I am not a business broker now. What happens after passage of this bill?

SENATOR NOLAN:

After the bill's passage, if you are a licensee selling the book of a business, you must have a business broker endorsement. If you are just selling the building or the land, you do not need the endorsement.

SENATOR COFFIN:

If I am a person who might want to make a deal for someone, and am not a real estate broker, and you might want to buy their business, could I be your go-between on that arrangement and pick up a fee for my services?

SENATOR NOLAN:

The answer is yes. There are people who can still sell businesses and conduct business between a buyer and seller without involving a licensed agent. If you have a business, you can still conduct business between a seller and a buyer, but if anybody else engages in the brokerage of it, they have to be a licensee.

MR. NADEAU:

If a transaction involves real estate, then a real estate broker must be involved. If it does not involve the real property element, then I assume other people can become involved. Under this bill, even if the transaction does not involve real estate, they would have to have a business brokerage certification.

SENATOR COFFIN:

Is that the status quo?

MR. NADEAU:

That is correct. If your concern is that we are bringing in people who currently are not licensed, we are not. Those people currently conducting transactions outside the real estate element would still be able to do the same thing they are currently doing.

CHAIR RAGGIO:

As I understand it, for any real estate broker to engage in any activity, it would require an endorsement on the broker's license.

SENATOR NOLAN:

Mr. Nadeau is indicating this does not affect accountants, attorneys or the banking industry as the statutes currently stand.

SENATOR BEERS:

If S.B. 315 passes, could a non-real estate salesperson list a business for sale? Could they be engaged as a business broker on a large-scale basis as long as there was no real estate component involved in the deal?

MR. NADEAU:

If they do not need a real estate license today, they would not be affected by this bill. They would be able to continue as they have been.

CHAIR RAGGIO:

The legislative intent is clear. If this measure is processed, it only applies to real estate brokers who engage in the sale of a business apart from the sale of the land or physical structure. Its intent will not impact those who otherwise have the opportunity to broker the sale of business assets.

SENATOR BEERS:

Page 5, lines 25 to 32, would appear to prohibit any person or company to engage in the business broker industry.

CHAIR RAGGIO:

You are referring to NRS 645.230, section 9, and the new additions are designated as subsection 1, paragraphs (d) and (e). That is a valid question because it appears to be contrary to what was just indicated as legislative intent.

MS. ANDERSON:

The business broker is defined, in section 2, as a person who is "acting as a real estate broker, real estate broker-salesman, or real estate salesman for another and for compensation or with the intention or expectation of receiving compensation."

CHAIR RAGGIO:

The Senator's question is still valid and I am going to suggest we have legal counsel review that to make sure your issue is addressed properly.

We will close the hearing on S.B. 315 and open the hearing on S.B. 361.

SENATE BILL 361: Makes appropriation to City of Reno to assist in construction of Community Assistance Center. (BDR S-1248)

ROBERT CASHELL (Mayor, City of Reno):

As you may have read in the newspaper today, Reno is the No. 1 place to do business in the United States. This was from an article in *Inc. Magazine*. We outpolled everyone.

SENATOR RAGGIO:

Congratulations.

MAYOR CASHELL:

I am here to ask you to support S.B. 361 which will provide a \$5 million appropriation to the City of Reno to complete construction of our Community Assistance Center. This is a project our citizens and City Council have been working on for over 20 years. Because of the Reno Transportation Rail Access Corridor (ReTRAC) program going on in Reno, we were able to acquire approximately three acres of land and centralize our facilities into a four-campus building to provide social services for temporarily displaced men, women and children. Because of the financial support of the E.L. Wiegand Foundation, Redfield Foundation and E.L. Cord Foundation, we have started construction of Phase I which includes the relocation of the St. Vincent's Dining Room,

Reno-Sparks Gospel Mission and Men's Drop-in Center. These facilities will be completed in early December. The Men's Drop-in Center also includes extra space we will be able to use for a triage center. We may also consider building a clinic.

Phase II will be a women's and family shelter that will house a resource center with life skills training, counseling, employment resources and the Clothes Closet which provides clothing and other items to the women and their families. This total project is going to cost about \$19 million, and we have raised about \$9 million so far. The appropriations in S.B. 361 will allow us to begin Phase II and complete the campus much sooner than we thought we could.

CHAIR RAGGIO:

You have a Master Site Plan for the Reno Community Assistance Center that has been distributed to the Committee and we will make this a part of the record, ([Exhibit E](#)). Can you orient us on this plan?

LEANN MCELROY (Chief of Staff, City of Reno):

The Community Assistance Center is located to the east of Virginia Street. As you know, 4th Street used to be the old Highway 40 and goes all the way across town. You would turn east from Virginia Street to Record Street then about three blocks to the east. The St. Vincent's Dining Room will be on the east side of the complex with the other buildings to the west.

SENATOR RAGGIO:

What portion is now under construction or completed?

MAYOR CASHELL:

The dark blue area, as illustrated in [Exhibit E](#), and the black with green area is under construction at this time. The Men's Drop-In Center, in yellow, is also under construction at this time.

SENATOR RAGGIO:

What would the \$5 million request pertain to?

MAYOR CASHELL:

We will use the \$5 million to begin the women and children's shelter, for the clinic, the Clothes Closet, and for counseling and job service. This part is indicated in red.

CHAIR RAGGIO:

What is the purpose of the proposed triage portion for emergency patients?

MAYOR CASHELL:

Currently our police officers have to transport mentally ill people or whoever needs help to Washoe Medical Center. Sometimes we monopolize a police officer's time for a couple of hours as well as the emergency rooms at Washoe Medical Center. The triage center will relieve some of the pressure.

CHAIR RAGGIO:

It is a problem, less intense, but similar to what is being experienced in southern Nevada. What is the total amount of this project?

MAYOR CASHELL:

The total amount of the project would be approximately \$19 million. So far we have raised a little over \$9 million.

CHAIR RAGGIO:

We will close the hearing on S.B. 361 and open the hearing on S.B. 374.

SENATE BILL 374: Makes appropriation to Nevada Commission on Sports for costs relating to submission of application to host Winter Olympic Games in 2014. (BDR S-1097)

We have S.B. 374 before us which provides an appropriation of \$200,000 for costs associated with the submission of an application to host the winter Olympic games in the Reno-Tahoe area in 2014. The Governor has \$150,000 allocated for this in his budget. There is also an Assembly bill that would provide funding to the Nevada Commission on Sports for approximately \$400,000. Is that correct?

LEELAND HERNANDEZ (Chairman, Nevada Commission on Sports; Member, Executive Council of Reno/Tahoe Winter Games Coalition):

There is \$400,000 a year allocated for the Sports Commission, but that is not for the Olympic Games. That is to fund staff and build the division.

CHAIR RAGGIO:

Let us talk about the issue of the costs association with the submission of an application to host the winter Olympic Games in the year 2014. This Committee would be interested in hearing the feasibility and the potential impact to this area. In 1960 the winter Olympic games were hosted at Squaw Valley and there was significant economic impact.

BRUCE BOMMARITO (Executive Director, Division of Tourism):

The Olympics' impact on tourism would be magnificent. In fact, the only reason the Olympics is wanted is for its impact on tourism. People, to this day, remember the 1960 Olympics. The Commission on Tourism supports this wholeheartedly. We have \$75,000 in our budget to proceed to work with the coalition. The coalition and the Nevada Commission on Sports are two different things. I sit on the board of the Coalition for the Reno-Tahoe 2014 winter games. These gentlemen sit on the board of the Nevada Commission on Sports which is the entity in the position to move forward, and have been working for four years toward getting the bid process in place for the winter Olympics.

HARRY YORK (CEO, Reno-Sparks Chamber of Commerce):

It is called the Reno/Tahoe Winter Games Coalition, Inc., a nonprofit corporation.

MR. BOMMARITO:

The Commission on Tourism would be the entity we support and would have the best opportunity to complete this mission.

CHAIR RAGGIO:

The bill we are looking at, S.B. 374, specifies Reno/Tahoe Winter Games Organizing Committee, Inc.

MR. BOMMARITO:

That is the old committee from about ten years ago.

CHAIR RAGGIO:

If the bill were processed, it should include the coalition name you identified. Is that coalition still in good standing and within the time limit for making such an application? When does the application have to be made?

MR. BOMMARITO:

It is my understanding the opportunity to submit a bid was originally on May 5.

MR. HERNANDEZ:

The application for the 2014 Olympics has been held up until such time as the International Olympic Committee (IOC) makes a decision relative to the 2012 New York bid. We have kept the application in abeyance until we find out what is going to happen to the New York bid.

MR. YORK:

They should pick the location of the summer games for 2012 on July 6.

MR. BOMMARITO:

We support this application. The one change we suggest concerns the \$75,000 a year we already have in our budget which we designated for this coalition. We will be monitoring this funding. If additional funds are raised, it would be advisable to process them through our agency so the monitoring of all funds would come from one source and duplicity of actions and spending would not be a problem.

CHAIR RAGGIO:

What is the feasibility the winter Olympics could be held in the United States in 2014? Give us some of the reasons we should be pursuing them.

MR. YORK:

Reno, as part of the Reno-Tahoe area, is at the top of the list. There are probably a couple of other opportunities the IOC is considering. The northern New York State site may have an opportunity, but they are trying to cohost with Canada and they have been told that cannot be done. The other competition might come from Denver, but Denver turned down the games some years ago. It does not look like the IOC would go back to a city that previously turned down their games.

CHAIR RAGGIO:

Were they held in Salt Lake City?

MR. YORK:

Yes, they were.

CHAIR RAGGIO:

What is the likelihood the games would be awarded to a site in the United States so soon after the games in Salt Lake City?

MR. YORK:

The likelihood is good because the Olympic Committee still looks at where the funding and the sponsorships come from for the Olympic Games. Half of the

dollars come from U.S. companies who want the games to be in a market where they are televised in the daytime and evening. It is not good to be sponsoring an event that has already gone onto the Internet and people find out who won the event the night before.

CHAIR RAGGIO:

It is my understanding the Olympic Games in Salt Lake City resulted in excess revenue. They did not lose money on those games. In the past, that has not always been the case. What kind of a financial/economic impact is there to this area? What do you envision would be the sites of these games? In 1960, they were held in California at Squaw Valley even though the Reno area benefited greatly. Do you have some of that kind of information?

MR. YORK:

The economic impact for Salt Lake City was \$6 billion and it was spread over a four-year period. Of course, the impact still continues. The impact began the year before the event and continued two years after. Salt Lake City holds that legacy and they still hold legacy events because they have the facilities to do that.

To become a designated U.S. city, you have to prove you can hold an international event not just winter game events.

Some events could be held at California ski resorts. Inside events would be held in the Reno-Sparks area.

MR. BOMMARITO:

I worked extensively with the tourism director from Utah. Their program was run through their tourism department and they foresee impact for an additional ten years. The value to the area is extreme. The other thing worthy of mention is demonstrating the ability to hold other events in the area. The Nevada Commission on Tourism is quiet, but we have an extensive international and domestic sports event program. We are already bringing many international athletes to various events throughout the State. We have proposals in China to bring a regional swimming event to Nevada. We have a two-time Olympian on our staff and have had a significant long-term effort in cultivating sports events in Nevada on an international level.

MR. HERNANDEZ:

The impact on Las Vegas from the Salt Lake City Olympics should also be noted. The importance of becoming a designated is priceless. If we become the appointed city, it will bring the Olympic rings to Reno. The important thing about going by Squaw Valley is seeing those Olympic rings. The Commission on Sports is in the process of trying to develop a high-altitude training center which would be sanctioned by the IOC. The tourism impact is tremendous once those Olympic rings arrive in northern Nevada.

CHAIR RAGGIO:

What is the current status of funding for this purpose? Have other funds been raised?

MR. BOMMARITO:

There is a fund-raising program and a time line in which we can officially raise funds. I have worked on the program with the coalition. There has been limited

funding, but it is feasible to raise the necessary funds to bring in the Olympics. The Commission on Tourism has helped with time and assets but we are not budgeted to do much in that area. An additional \$100,000 would be of value as the process is going to cost that much.

CHAIR RAGGIO:

What is the time limit in which you can raise funds?

MR. BOMMARITO:

We cannot begin to raise funds until we reach a certain status with the Olympic Committee.

CHAIR RAGGIO:

How can we make an appropriation outside the time limit?

MR. HERNANDEZ:

Until we are a declared city, we cannot raise certain funds. At this point we are approaching that declaration.

CHAIR RAGGIO:

Insofar as the Olympic rules are concerned, is it legal to authorize funds at this time? How would you utilize this initial funding?

MR. BOMMARITO:

The initial funding would go for a consultant with experience. We have been using one in the past, mostly on a volunteer basis, but he will be moving away. We would need to do some traveling to visit venues.

MR. YORK:

We would travel to Colorado Springs, Colorado, to meet with the U.S. Olympic Committee but, for the most part, the money would be used for planning and staffing efforts to generate other dollars. We have submitted a plan by the Reno-Sparks Chamber of Commerce, ([Exhibit F, original is on file at the Research Library](#)), to generate both public and private money from the region in an expanding circle because more than just the Reno-Tahoe area would benefit from this effort.

CHAIR RAGGIO:

Has your Chamber of Commerce endorsed this project?

MR. YORK:

Yes, we were one of the lead organizations to endorse this project about two years ago.

SENATOR COFFIN:

I supported the appropriations we provided in the 1980s, but we lost the Olympic bid that time. It is good to see you try again. From the southern Nevada point of view, it is good for us. What is the real chance, so soon after the Salt Lake City Olympic Games, we would be considered?

MR. HERNANDEZ:

One of the main concerns is continental rotation. That may be your concern relative to the Salt Lake City Olympics and, of course, Vancouver in 2010. The IOC has declared the continental rotation will not be in effect any longer as

there are few venues that can actually support a winter Olympics. Denver is in a precarious position because they turned down the 1976 Olympics. Lake Placid is small and joint venturing with Quebec turns out to be multinational which the Olympic committee will not accept.

MR. YORK:

If we are named but not selected for 2014, our application continues on for the 2018 games. That puts a lot of stress on keeping a package together, keeping a committee together and keeping the people together. However, we would still be under consideration and continue to be the No. 1 designee from the United States as they move forward to the next games.

CHAIR RAGGIO:

We will close the hearing on S.B. 374.

We have a bill draft request (BDR) for introduction by this Committee providing for an appropriation of \$250,000 to fund the Nevada's Safe Place project that will be divided equally between northern and southern Nevada.

BILL DRAFT REQUEST S-1427: Makes appropriation to Nevada's Safe Place continuation of outreach programs for youth under 21 years of age. (Later introduced as S.B. 507.)

SENATOR BEERS MOVED FOR COMMITTEE INTRODUCTION OF BDR S-1427.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

We will open the hearing on S.B. 494.

SENATE BILL 494: Makes appropriation to University of Nevada, Reno, for creation of Basque Genealogy Center. (BDR S-1403)

WILLIAM DOUGLASS, PH.D. (Center for Basque Studies, University of Nevada, Reno):

The Center for Basque Studies at the University of Nevada, Reno (UNR) is the only one of its kind outside the Basque homeland and has an international reputation. The Center was founded in 1967 at the Desert Research Institute. Initially, the Center was strictly a research effort designed to document the roll of Basques as one of the prime architects of the history of Nevada and the American West. The Center was transferred to UNR's library in the late 1970s.

Among the highlights of the Center's accomplishments are several publication series of more than 80 books which constitute 90 percent of the literature on Basques available in the English language. The Center has more than ten Basque-related courses offered worldwide via the Internet. The Center maintains extensive links with other Basque communities and resources located on five continents. The Center receives considerable annual support for a variety of its projects from the Ministries of Culture and Education of the Basque government. The Center, founded and continues to support, the University Studies Abroad

Consortium (USAC) which currently includes about 24 American universities and sends 2,000 American exchange students and faculty to university campuses in more than 20 countries. The Center currently has five professional staff members and an annual budget of about \$600,000.

CHAIR RAGGIO:

We will recognize Mr. Echeverria and note that his father, Mr. Pete Echeverria, was a former State Senator representing Washoe County.

JOHN ECHEVERRIA (Chairman, Advisory Board, Center for Basque Studies, University of Nevada, Reno):

Dr. Douglass retired in 2000, and during that time of transition a group of professors from Harvard University and other institutions was brought to the UNR to analyze the Center. They recommended that UNR highlight the Basque studies as one of its premier entities within the institution because of its uniqueness to the Basque worldwide community. In conjunction, they suggested an advisory board be created to assist the Center, not only to make the transition, but also to identify future projects and events.

People involved with the center have put together an international advisory board and I would like to highlight a few of the members. One of the members is Mr. Pete T. Cenarrusa, Secretary of State of Idaho, and the longest serving Secretary of State in the United States. The international flavor includes a man named Mr. Pello Salaburu, former president of the University of the Basque Country, who attends virtually every meeting. We have a lady named Ms. Anjeles Iztueta, Minister of Education for the autonomous Basque government in the Basque country. We also have Mr. Jose M. (Joe) Goicoechea from Australia who owns a large construction company. We have individuals from Mexico, several educators from the university system of New York and the provost from Fresno State who advises us on academic matters. We also have five members from the local area including Mr. Pete Ernaut, Ms. Michonne Ascuaga, Dr. Douglass and myself.

We were asked to describe some of the projects and programs the Center could institute. The Center has expanded its activities by undertaking the translations of new works. The creation of a genealogy center is identified as our major project. Mr. Pete Ernaut has done most of the work in terms of conceptualizing this center. The board for the Center for Basque Studies supports this major project.

PETE ERNAUT (Center for Basque Studies):

We have presented to you a request for an appropriation to create the foundation for our Basque Genealogy Center. Referring to *CBS Basque Diaspora Initiative* ([Exhibit G](#)), you will notice the Genealogy Center is the center of many other affiliate type studies. Understanding clearly the immigration of the Basque people is a great and unique issue in the history of this State. You can see this has really matured into a diaspora and immigration from the Basque country.

The Basque county, from both Spanish and French sides, has entered into an agreement to digitize the parish birth, marriage and death records from all the churches in the Basque country. By 2008, we will have all of this information digitized. We intend to be the international center of genealogical studies for the Basque people much like Salt Lake City, Utah, is the genealogical center for the Church of Jesus Christ of Latter-Day Saints (Mormon) which has matured into a

genealogical center that is used virtually by the entire world. We see our center as the same type of institution.

The Basque government has pledged to support this project if we are able to implement it. The appropriation requested today is tantamount to seed money and will provide for the initial consultants, computers and work stations. With the new construction of the library at the UNR campus, we have been afforded the opportunity to expand the space of our Center.

Those from the university system may be compelled to talk about their priorities, and this Center is not among them. Understand, the opportunity we had to bring this forward was based on the Basque government's participation, and our conversations with them came well after the development of the budget for the university system. However, if we wait until the next budget cycle, we would likely lose the opportunity of receiving funds from the Basque country.

CHAIR RAGGIO:

How would the proposed funding of \$135,000 and \$114,000, respectively, be utilized?

MR. ERNAUT:

On the last page of our handout, titled *Budget for the Basque Genealogy Center (Exhibit H)*, the budget is divided into contract personnel, work stations and travel. These are not ongoing expenses, so we will not be back to request additional funding for these items.

CHAIR RAGGIO:

Is there a two-year period on these projects?

MR. ERNAUT:

Yes, sir. This two-year start-up period will get us off and running, and then we can seek funds from entities other than the State. The travel budget is straightforward.

CHAIR RAGGIO:

What level of funding has been indicated from the Basque government? Are they going to cooperate?

MR. ERNAUT:

The Basque government has pledged approximately \$4 million for the entire worldwide project. Our portion of that amount should be substantial, although it is not definitive at this point. They are committed to us becoming the center for this type of study.

CHAIR RAGGIO:

Would the new site for your Center be located in the new Knowledge Center building at UNR?

MR. ERNAUT:

Yes, and within the Knowledge Center we will have a prominent space affording us the opportunity to acquire new projects instead of our focus being solely on literature.

SENATOR TITUS:

Dr. Douglass has an outstanding international reputation. This Center is unique. I have been fortunate to teach in the USAC program. I support this bill.

CHAIR RAGGIO:

I would like to introduce Ms. Michonne Ascuaga, a member of the Advisory Board for the Center on Basque Studies, who is here to support the request.

We will close the hearing on S.B. 494 and open the hearing on S.B. 503.

SENATE BILL 503: Makes appropriation for restoration and preservation of exterior of Lear Theater in Reno. (BDR S-1382)

This Committee heard testimony when the bill draft was requested. The Lear Theater is the building located on Riverside Drive in Reno and is the former site of the First Christian Science Church.

DAN ROSENBLATT (Executive Director, Lear Theater):

We have over 30 supporters in the audience who have come here to support the Lear Theater as a vital and important component of the City of Reno.

I have learned the Lear Theater Project ([Exhibit I](#)) represents three important links to the City of Reno. It represents Reno past, Reno present and Reno future. Reno past is illustrated by its architecture style. It is a wonderful example of neoclassical architecture and was designed by architect Mr. Paul R. Williams, who was one of the first of the major Black architects to succeed in the United States. The building is also referred to as Reno's jewel on the Truckee. Most important is its location. I have been involved with the restoration and reconstruction of theaters all over the world, and the Lear Theater has one of the most unique theater locations with which I have been associated.

It is amazing that a city such as Reno present has chosen to define itself in terms of its culture with events like ArtTown and Hot August Nights. Now, the Lear Theater is included as a vital lynchpin in the City of Reno in terms of culture and arts.

Reno future is part of the vision we have for the Lear Theater which is to complement the Reno Philharmonic Association, Inc., Nevada Museum of Art and Nevada Opera. It will house a professional theater company. We plan to create an outreach program, children's theater, Black theater coalition, Hispanic theater coalition and a new playwright's program. In addition, we are hoping for the Lear Theater to reach out to local community groups and provide a home for those groups who are ready to move out of smaller venues to perform in a larger venue. When you consider S.B. 503, please think of it as something that represents Reno's past, present and future.

CHAIR RAGGIO:

In subsection 2, of section 1 of the bill, the requested appropriation is a match for a federal grant from Save America's Treasures and Heritage Preservation Services, of the National Park Service. Is that still the function of the bill?

MR. ROSENBLATT:

The Save America's Treasure's grant is to be used on the exterior of the building such as roofing, concrete, painting and restoring the stained-glass windows.

CHAIR RAGGIO:

There has already been substantial remodeling on this building.

MR. ROSENBLATT:

You are correct, but primarily from an interior standpoint. For example, in the first phase we built a stage where the pulpit had been. There was no fly space in the theater, so we needed to provide wing space in order to move scenery on and off the stage.

CHAIR RAGGIO:

Has the interior restoration been completed or is it underway?

MR. ROSENBLATT:

That has been completed. There is more work needed to complete the interior, but there is a functioning stage space.

CHAIR RAGGIO:

What is the anticipated capacity of the theater portion of the building?

MR. ROSENBLATT:

The main theater will house 425 people. Additionally, there is a downstairs space where we are exploring possible uses such as a meeting hall, private club or restaurant. Adjacent to the theater, in what we refer to as the "west wing," will be a rehearsal space and/or additional performing space.

GAIL SANDE (Volunteer, Lear Theater):

I first joined Lear Theater's board last summer due of my interest in theater. However, my primary motivation was because of my interest and excitement in downtown redevelopment. Since the Lear Theater is an important and integral part of downtown redevelopment, I wanted to be a part of that process. The theater is a beautiful historic building that deserves to be preserved.

We had a study conducted by the Small Business Administration which determined we could contribute about \$5 million, annually, to the City of Reno's economy.

CHAIR RAGGIO:

We do not have the opportunity for everyone to testify, but you are welcome to identify your supporters.

Ms. SANDE:

Some are here to testify, but most of those in the audience are board members, contributors and supporters. I have presented a signed list of supporters, ([Exhibit J](#)), for your records.

To date, we have raised \$8.2 million. With the rising costs of construction, our initial project estimates of \$11.6 million have now risen to \$15 million, a 30-percent increase.

CHAIR RAGGIO:

Is that increase because of the cost of materials?

Ms. SANDE:

Exactly, so we are here asking for your support. We would like \$1 million with \$400,000 going toward the Save America's Treasures and Heritage Preservation Services grant which would provide matching funds. We would match that \$1 million by our own fund-raising efforts. The remaining \$600,000 would go toward the rehabilitation and restoration of the building.

CHAIR RAGGIO:

Is this still the exterior of the building or otherwise?

Ms. SANDE:

Otherwise, the \$400,000 must go toward the exterior, but the \$600,000 would help us with the rest of our expenses, including the interior.

CHAIR RAGGIO:

Mr. Rosenblatt, will you submit an additional budget for the utilization of the \$1 million you are now requesting as indicated in the testimony? Submit that in written form to the Committee, and, though you have stated it, reiterate the usages and purposes for the funds you are requesting.

MR. ROSENBLATT:

It will be my pleasure.

CHAIR RAGGIO:

If you were only given the money to match the Save America's Treasures and Heritage Preservation Services grant, you would still have to raise additional money. Is that feasible?

Ms. SANDE:

Yes, we would need additional funding, and it is feasible we could raise it.

MR. ROSENBLATT:

We have been exploring the Federal Historic Preservation Tax Incentives program and the New Market Tax Credit for which we are eligible. Once we have evaluated the extent of our eligibility, we will attempt to secure a bridge loan to help complete the project. In addition, we have been talking with developers concerning our adjacent property to determine if there is interest in development of either retail space or condominiums to surround the Lear Theater.

CHAIR RAGGIO:

Do you have parking issues?

MR. ROSENBLATT:

According to studies that have been conducted, parking spaces and a parking lot within one block will address any parking concerns.

CHAIR RAGGIO:

Is there a time limit on the availability of the federal grant from Save America's Treasures and Heritage Preservation Services grant?

MR. ROSENBLATT:

We have a two-year period which ends June 2007.

SENATOR TITUS:

Would this project qualify for any of the funds given out through the Cultural foundation dollars?

MR. ROSENBLATT:

Yes, we have received grants in the past, and we will be continuing to apply for those.

CHAIR RAGGIO:

For what reason did you miss the target date?

MR. ROSENBLATT:

We missed the target date because I had not been brought on board. Because of the transition, we were not able to apply in a timely fashion.

ROBERT A. OSTROVSKY (Chairman, Nevada Commission for Cultural Affairs):

The Lear Theater has been supported by the Commission for Cultural Affairs with approximately \$1.13 million invested in this building over a number of years.

For this funding cycle, the Lear Theater, for administrative reasons, did not meet the application deadlines. If they had applied, they would have been given consideration. This is a project that is good for the community and has an excellent support group. We have spent hours going over the details of blueprints and plans and the entire process. The Commission feels this is a well-managed project that will provide a service to the community.

The largest grant we awarded this year was almost \$250,000. There were 30 requests and stiff competition for the available funds. The Lear Theater is always going to be in need of additional funds either from direct appropriations or from other sources. Ms. Moya Lear pledged \$1 million to start this project. We would love to see the Lear Theater completed in the next couple of years as these types of projects usually take a long time.

CHAIR RAGGIO:

When is the next opportunity for application?

MR. OSTROVSKY:

The next application deadline will be in October 2005. We will then determine the distribution for the following year.

CHAIR RAGGIO:

Did the Senate recently process a measure that would increase the appropriation authority from \$20 to \$30 million?

MR. OSTROVSKY:

We give \$2 million a year. Under the proposed bill, passed by this committee and the full Senate, that amount would go to \$2 million.

KENNY DALTON (Volunteer, Lear Theater):

I am chairman of *Our Story*, the African American Archival Project of Northern Nevada. I am also a volunteer member of the Paul Revere Williams Awareness Committee of the Lear Theater. We have a unique treasure in the Lear Theater. Soon to be a tourism attraction and a first-class performing arts revenue-generating venue, the Lear Theater was designed by Mr. Williams, the first African American to be a member of the American Institute of Architects. Known as the architect of the stars, Mr. Williams designed homes for Mr. Frank Sinatra, Ms. Lucille Ball and others in the entertainment world. Mr. Baron Hilton lives in a Paul Williams design today. His legacy ties together many disparate components of Nevada's entertainment and hospitality heritage from Las Vegas to Reno.

This project is also distinct as it honors the intent of the 1961 Nevada civil rights bill, subsection 4, of *NRS 233.140* to:

Secure the cooperation of various racial, religious, disabled, nationality and ethnic groups, veterans' organizations, labor organizations, business and industry organizations and fraternal, benevolent and service groups, in educational campaigns devoted to the need for eliminating group prejudice, racial or area tensions, intolerance or discrimination.

Architecture is a performing art available to all. It educates and provides a physical form under which people can learn and enjoy the best of human creativity. The continuance of this initiative will be done under the roof of an ethnic pioneer whose legacy to Nevada is reflected throughout the world. It has my support and I seek yours.

MAYOR CASHELL:

The Lear Theater project is a key element of the City's arts and cultural development along the Truckee River. It will be one of the main anchors of the whole project in developing our downtown area. With everything happening in downtown Reno, this gives us a real jewel along the river and in our community to bring in other people. It will bring in midsized touring companies to help with the local theater.

Can you imagine, our high school drama classes will be able to use this theater to perform instead of going into a gymnasium. With the white-water rafting, new condos, new restaurants and Lear Theater, Ms. Moya Lear was correct to predict this venue will be one of the jewels in Reno to attract new tourism and people to our community.

MENDY ELLIOTT (Wells Fargo Bank):

I am here in support of S.B. 503 which will appropriate funding for the Lear Theater. The young African American architect, Mr. Williams, designed this incredible building which unto itself has historical relevance. Wells Fargo is and has been a supporter of the Lear Theater for several years. We have provided grants for the capital campaign as well as for programming for the children in our community.

Wells Fargo is approached for money by a multitude of organizations for support. We thoughtfully and carefully review all requests and contribute to those organizations that have broad, positive, economic community impact and,

more importantly, accountability. This organization continues to deserve consideration, but, more importantly, this building is rich in history and is a monument to our past. With your support, this facility will create a new history of vibrancy and will celebrate and enrich the lives of young and old in northern Nevada.

MS. SANDE:

Sixty percent of the funds raised came from the community and 40 percent were from local foundations and grants. We receive a lot of community support for this project.

CHAIR RAGGIO:

If there are other written statements in support of this measure, we will make them part of the record and distribute them to the Committee.

We will close the hearing on S.B. 503 and begin budget closings from the Senate Committee on Finance Closing List #3 ([Exhibit K](#), original is on file at the Research Library).

BOB GUERNSEY (Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

We are closing the budget for the Department of Cultural Affairs. There are 15 budget accounts contained within this *Executive Budget*.

SENATOR RAGGIO:

We will begin with the Cultural Affairs Administration budget.

CULTURAL AFFAIRS

Cultural Affairs Administration — Budget Page CULTURAL-1 (Volume I)
Budget Account 101-2892

E-250 Working environment and Wage — Page CULTURAL-3

MR. GUERNSEY:

The only adjustments made to this budget are technical adjustments in reference to updating computer prices. There are a number of decisions before the Committee. In decision unit E-250, the department has requested two new positions, a management analyst II and a computer system technician. The department currently has one computer technician who has statewide responsibility. The management analyst is requested to assist the agency with the growing number of demands placed by other agencies such as the Department of Information Technology (DoIT) personnel, several of the support agencies and state government.

CHAIR RAGGIO:

Are two positions really needed? This increases the General Fund significantly. You had a \$200,000 balance forward according to the information staff has provided in the 2005 budget.

SCOTT K. SISCO (Interim Director, Department of Cultural Affairs):

That \$200,000 included \$100,000 from the special supplemental appropriation for the Nevada Online Encyclopedia and \$100,000 for the Southern Nevada Office of Humanities Committee.

CHAIR RAGGIO:
Are those funds still available?

MR. SISCO:
No, the Humanities was a one-shot appropriation contained in A.B. No. 15 of the 20th Special Session and it was just moved forward from 2003 to 2004.

CHAIR RAGGIO:
We also included \$158,984 for some computer equipment. What is the difference in this budget?

MR. SISCO:
Computer equipment has always been consolidated into each department's budget because we only have one person to manage coordination of the purchases, installations and related expenses. It is the most effective method for us versus spreading those costs through all 15 budgets.

The main issue is the two additional positions we requested. You asked if I needed two positions and the answer is no. I really need six, one for each division. To try to come close to meeting the requirements, within the *State Administrative Manual* and internal controls requirement, we asked for one position to be housed in the Director's office. We are not close to meeting the requirements from DoIT regarding our computer usage.

E-710 Replacement Equipment — Page CULTURAL-4

CHAIR RAGGIO:
You are saying you need both of these positions. What about the computer equipment in decision unit E-710?

MR. SISCO:
We combined the entire Department's computer purchases into a single budget, at least for all of the General Funded agencies, so that the one position we have can coordinate purchases in the most cost-effective and efficient manner possible.

CHAIR RAGGIO:
How do we deal with the Nevada Humanities, Inc. (formerly Nevada Humanities Committee) issue?

MR. GUERNSEY:
This budget has closed in the Assembly Committee on Ways and Means. There has been discussion in our Committee, as there was in the Assembly Committee on Ways and Means, about the possibility of creating a new budget for ongoing support for the Humanities as proposed in A.B. 102.

ASSEMBLY BILL 102: Makes appropriation to Department of Administration for allocation to Nevada Humanities Committee. (BDR S-1215)

CHAIR RAGGIO:
That testimony was presented to us previously in this Committee. Dr. Joseph N. Crowley, a member of the Board of Trustees of Nevada Humanities, and Mr. Michael J. Willden, Director, Department of Human Resources, were here on this matter and requested a separate budget.

MR. GUERNSEY:

The proposed budget is attached to your closing packet under page 4 of [Exhibit K](#), as a possibility. The Assembly Committee on Ways and Means chose that option. In reference to the Holocaust Education, the Governor is recommending a \$75,000 General Fund appropriation with any unused portion carried forward into the second year of the biennium.

CHAIR RAGGIO:

What was the action of the Assembly Committee on Ways and Means?

MR. GUERNSEY:

The Governor recommended \$100,000 each year for the Humanities in the new separate budget. The Assembly Committee on Ways and Means chose to add an additional \$75,000 for holocaust education.

CHAIR RAGGIO:

The Governor was recommending \$75,000 over the biennium and the Assembly Committee on Ways and Means included an additional \$75,000. What is the justification for an appropriation in excess of the Governor's recommendation?

MR. GUERNSEY:

I am not aware of the justification.

CHAIR RAGGIO:

Historically, what has been the amount for that budget appropriation?

MR. SISCO:

It has been \$75,000 for the biennium in a special appropriations bill and the Governor asked that it be moved to a Base Budget item for the biennium. We requested the unspent funds in the first year to be carried forward to the second year of the biennium.

CHAIR RAGGIO:

We have already heard testimony on the Nevada Online Encyclopedia. Is that in this budget?

MR. GUERNSEY:

If the appropriation were processed, they would probably be placed in a separate category.

CHAIR RAGGIO:

Are there other issues to deal with other than the unclassified salary?

MR. GUERNSEY:

No, I understand a subcommittee will be looking at the unclassified salaries.

CHAIR RAGGIO:

The Chair's suggestion is that if we close this budget, we do so if the Committee is in agreement to include the two new positions and decision unit E-710 which is the replacement of the computer equipment. We will create a separate budget for the Nevada Humanities, Inc. with an appropriation of \$100,000 each year of the biennium with the opportunity to move any unused funds from year-to-year and to include the Holocaust amount of \$75,000, which is recommended by the Governor over the biennium, be retained. We

differ from the Assembly Committee on Ways and Means on the amount recommended for the Holocaust.

SENATOR CEGAVSKE:

The only item I would like to have changed is to approve one position instead of two.

CHAIR RAGGIO:

I will ask Mr. Sisco to address why they are both essential.

MR. SISCO

Both positions are needed. We are at a point, and the Budget Division and the Governor's Office agreed with us, that we cannot keep up with the *State Administrative Manual* requirements and the increasing internal control requirements. Without a management analyst a computer technician person, we will be far behind the rest of the State in regard to maintaining our computer security requirements.

CHAIR RAGGIO:

Senator Cegavske, which position do you feel is not essential?

SENATOR CEGAVSKE:

Let them make the decision.

CHAIR RAGGIO:

They have one computer technician now. We need to determine which position we are talking about.

SENATOR BEERS:

I can agree on the computer technician, but I am a little skeptical on the management analyst as you have been doing a good job.

MR. SISCO:

All I can say is we will be before the Legislative Audit Committee. They have auditors in all five of my agencies now, including the director's office, and they are all saying the same thing; we do not have enough staff to keep up with internal control requirements of state government. To solve my problem, I need you to put one management analyst position in each one of my four divisions. The proposed single position will provide a stopgap measure to at least get by and meet audit requirements.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 101-2892 TO INCLUDE THE ADDITION OF ONE MANAGEMENT ANALYST AND ONE COMPUTER TECHNICIAN POSITION, TO INCLUDE REPLACEMENT OF COMPUTER EQUIPMENT, TO APPROPRIATE \$100,000 EACH YEAR IN A SEPARATE BUDGET FOR NEVADA HUMANITIES, INC., TO APPROVE THE \$75,000 ALLOCATION RELATED TO HOLOCAUST EDUCATION AND CARRY FORWARD ANY UNUSED APPROPRIATION TO THE NEXT YEAR OF THE BIENNIUM AND AUTHORIZE STAFF TO MAKE NECESSARY TECHNICAL CORRECTIONS.

CHAIR RAGGIO:

Does everyone understand the motion? It includes the two positions, it includes decision unit E-710, the computer equipment, it appropriates \$100,000 each

year in a separate budget for Nevada Humanities, Inc. and appropriates the \$75,000 presently allocated for education related to the Holocaust. Both of those being available to carry forward any unused appropriation throughout the biennium.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR RAGGIO:

We will review the budget for the Comstock Historic District.

Comstock Historic District — Budget Page CULTURAL-7 (Volume I)
Budget Account 101-5030

MR. GUERNSEY:

Information on this budget account is found in [Exhibit K](#) on page 5. Staff has made some technical adjustments to the computer hardware and software costs and has included additional funding in the second year of the biennium. The Comstock Historic District will probably be moving sometime this summer.

CHAIR RAGGIO:

Is the Comstock Historic District located in both Storey and Lyon Counties?

MR. SISCO:

Yes, it oversees both counties. We are replacing the 300-square-foot building with a new interpretive center to include Railroad Engine No. 27 that Governor Bob Miller promised to return to Virginia City.

CHAIR RAGGIO:

What is the status of Railroad Engine No. 27?

MR. SISCO:

Engine No. 27 has been restored and is currently located in the Nevada State Railroad Museum. This train has been a concern for many years. We have had discussions with people in Virginia City, and they may be more interested in the Dayton Engine which is more relevant to them. They just want to get one of the engines back to Virginia City. We are still negotiating with them.

CHAIR RAGGIO:

Is there no argument, currently, over who owns the engine? We do not want to have a big argument again.

MR. SISCO:

I am not sure the argument is forever solved. The Comstock people are thrilled, as they did not have the money to build an interpretive center, to put this engine back into the Virginia City area. This keeps the engine under the protection of the State. We will maintain the engine, whichever one it may be.

CHAIR RAGGIO:

What is the status of the building we approved?

MR. SISCO:

The building is about two months behind schedule. It has a quick construction process. We originally hoped the interpretive center was going to be completed in May or June. We are still hoping to get moved into the new building by the first of July.

CHAIR RAGGIO:

The only real issue is you are looking for a part-time position to staff this expanded facility.

MR. SISCO:

The part-time position will coordinate the volunteers needed to keep the building open so people can come to Virginia City to see the train.

CHAIR RAGGIO:

Other than technical adjustments, is there anything else in this budget to review?

MR. GUERNSEY:

No, there is not.

SENATOR BEERS MOVED TO CLOSE THE COMSTOCK HISTORIC DISTRICT BUDGET (101-4205) WITH ONE NEW HALF-TIME POSITION CONTINGENT UPON THE ACTUAL OPENING OF THE NEW FACILITY AND STAFF TECHNICAL ADJUSTMENTS.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR RAGGIO:

The budget will be closed with the adjustments indicated and the position authorized at the time the facility is available.

We will open the Historic Preservation Office budget as it relates to S.B. 4.

SENATE BILL 4: Makes various changes relating to Commission for Cultural Affairs. (BDR 18-398)

State Historic Preservation Office — Budget Page CULTURAL-11 (Volume I)
Budget Account 101-4205

E-252 Working Environment and Wage — Page CULTURAL-14

MR. GUERNSEY:

This office helps manage the cultural resource bonds distribution along with the director and the separate commission. There is a recommendation for a new historic preservation specialist II position contained in decision unit E-252. This position is expected to be funded jointly from federal funds and the state General Fund. The Committee had some questions in reference to the new position. Could a portion of the cost of the position be partially offset from other revenues including charging fees for services? Could we charge for services

where access to their database on mining companies and other groups would be important for them to utilize? I contacted the department and advised them of the federal regulations precluding them from charging for these provided services, other than minor expenses, such as copying or items of that nature.

SENATOR RAGGIO:

Is there a restriction from the federal government mandating that fees for services for historic preservation cannot be charged?

MR. GUERNSEY:

Exactly, that is my understanding.

MR. SISCO:

We did a fair amount of research into this and it is my understanding we would risk losing our federal grant which is 60 percent of the budget.

SENATOR RAGGIO:

Why is the position needed?

MR. SISCO:

The need for historic preservation guidance and oversight throughout the State is growing and growing and we have reached a point, within this agency, where Las Vegas is getting almost none of our attention. This position will help handle the increasing workload as a result of the State growing and aging.

CHAIR RAGGIO:

On a scale of one to ten how essential is this new position?

MR. SISCO:

This probably would have been my lowest priority. With the federal funds providing 60 percent of the funding, the position could certainly make a difference to those in the State who need our services.

CHAIR RAGGIO:

Is the funding split between interest earned from the bonds and a federal grant? Would there be no impact to the General Fund.

MR. SISCO:

The position had been fully funded from interest earned on the cultural resource bonds, but the State Treasurer's Office mandated, with a new ruling, that we had to spend those interest funds within 18 months. As a result, we started earning substantially less interest. There is a proposal to change that ruling.

CHAIR RAGGIO:

What is the impact on the General Fund, if any, by adding this new position? If you cannot use the interest fees, the General Fund support will be \$16,000 in FY 2006 and \$24,000 in FY 2007 with the rest of the expense covered by federal funding.

MR. GUERNSEY:

The historical marker program is funded jointly between the General Fund and a transfer from the Department of Transportation. In the past, we have utilized funding from the tourism room tax money.

CHAIR RAGGIO:

Where is the funding in this budget for the historical marker program?

MR. GUERNSEY:

There is no tourism money in this budget. It is contained in a separate category and is approximately \$31,000 a year. The Highway Funds of \$25,000 are transferred from the Nevada Department of Transportation and can only be utilized for work on the historical markers located along the highways. The General Fund is utilized for other markers.

CHAIR RAGGIO:

Is it in this budget?

MR. GUERNSEY:

Yes, it is.

SENATOR BEERS MOVED TO EXTEND THE UTILIZATION OF THE AUTHORITY FOR THE ISSUANCE OF THE ANNUAL GRANT FUNDING FOR 10 YEARS CONTINGENT UPON THE PASSAGE OF S.B. 4; ADD THE HISTORIC PRESERVATION SPECIALIST II POSITION; ACCEPT STAFF RECOMMENDED ADJUSTMENT FOR THE FUNDING FOR THE EXISTING HISTORIC PRESERVATION SPECIALIST I POSITION; AND APPROVE STAFF TECHNICAL ADJUSTMENTS.

THE MOTION WAS SECONDED BY SENATOR RHOADS.

SENATOR COFFIN:

What about changing the administrator position from classified to unclassified?

CHAIR RAGGIO:

That is reserved.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR RAGGIO:

The budget will be closed accordingly.

SENATOR COFFIN:

In the past, little money has been budgeted for acquisitions, though sometimes we have funded special appropriations. Nearly all of the cultural affairs budgets need to include funding for acquisitions, yet I am not aware of any requests coming before us this session. I know there are items these agencies would want to acquire before they disappear into private hands all over the world. Why are these budget requests missing?

MR. SISCO:

There is no question nor argument concerning the flat budgets we have been building for the last six or eight years. With the budget cuts, what little flexibility we allocated for collections and marketing programs have slowly been eroded by rent increases and uncontrolled salary increases. More of the State's history is for sale on e-Bay than we could buy in a decade.

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SENATOR COFFIN:

Ask your administrators to provide a list of things they feel are necessary to acquire and the amount necessary for each.

CHAIR RAGGIO:

There being no further business to come before the Committee, we are adjourned at 10:36 a.m.

RESPECTFULLY SUBMITTED:

Lora Nay,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE: _____