

COMMERCE AND INDUSTRY

Commerce and Industry includes all the divisions within the Department of Business and Industry and the Department of Agriculture, along with the Gaming Control Board, the Public Utilities Commission, the Commission on Economic Development, and the Commission on Tourism. These agencies license, regulate, and promote various businesses and financial activities operating in the state of Nevada.

The Executive Budget recommends General Fund appropriations for Commerce and Industry amounting to \$42.7 million for FY 2002, which is an increase of 10.3 percent from FY 2001. In FY 2003, requests for General Funds are \$44.3 million, which represents a 3.8 percent increase over FY 2002. Budget requests from all funding sources total \$155.0 million in FY 2002, which is a 6.0 percent increase over FY 2001, and \$157.1 million in FY 2003, which is a 1.3 percent increase over FY 2002, after inter-agency transfers are deducted.

DEPARTMENT OF AGRICULTURE

The Department of Agriculture is responsible for encouraging, advancing, and protecting the livestock and agricultural industries of the state. The department attempts to encourage sound resource management through progressive and innovative agricultural practices. The Department of Agriculture consists of the following divisions: the Division of Administration, Division of Plant Industry, Division of Livestock Identification, Division of Animal Industry, Division of Measurement Standards, and Division of Resource Protection.

DIVISION OF ADMINISTRATION

The Executive Budget recommends funding for a new program to patrol highways throughout Nevada and to inspect agricultural materials and livestock at various designated points. The materials would be inspected to ensure that they are free from invasive pests, noxious weeds, and disease. Four positions would be transferred from the department's Livestock Inspection account to the Administrative account to conduct the program. The positions are currently funded entirely with fee revenue. The Executive Budget recommends funding 75 percent of the costs of the positions through a General Fund appropriation and 25 percent of the costs with fee revenue.

DIVISION OF PLANT INDUSTRY

The Executive Budget recommends funding for a new Agricultural Inspector II position and a new Program Assistant I position in the Plant Industry account. The Agricultural Inspector position would be used to conduct routine inspection activities of nurseries and landscaping companies in southern Nevada to ensure the products are not infested with invasive species or infected with diseases. The Program Assistant I position would assist with proctoring tests, processing paperwork, and assisting members of the pesticide industry in southern Nevada with new licensing requirements adopted by the Board of Agriculture. The positions would be funded from a number of fee increases that were adopted by the Board of Agriculture for the Pest Control Operators program and the Nursery Inspection program.

DIVISION OF LIVESTOCK IDENTIFICATION

The Executive Budget recommends funding for a new full-time Microbiologist position to assist with the department's Food Safety and Quality Assurance program in the Livestock Inspection account. The position would be funded through laboratory testing fees. The Executive Budget also recommends funding for a new full-time Program Officer II position in the Livestock Inspection account to collect the livestock head tax, which is one of the revenue sources used to support the account. The head tax is currently collected by the county assessors and transferred to the department. The Executive Budget recommends eliminating a Management Assistant position if the new position is approved.

DIVISION OF ANIMAL INDUSTRY

The Governor recommends funding for an Athletic and Recreation Specialist position in the Veterinary Medical Services account. The position would manage a Wild Horse Gentling program in cooperation with the Nevada Department of Prisons. Approximately 85 percent of the costs for the position would be funded through a General Fund appropriation, while the remaining costs would be funded through the sale of stray horses. The program would be conducted at the Warm Springs Correctional Center. Prison inmates would be used to tame and care for stray horses rounded up from the Virginia Range. The horses would be tamed and then sold to help pay for the costs of the program.

DIVISION OF RESOURCE PROTECTION

The Executive Budget recommends funding for a half-time Management Assistant II position for the Predatory Animal and Rodent Control account. The position would provide clerical support for state-funded positions. The position would be funded through funds transferred from the Nevada Division of Wildlife for predatory animal reduction activities. The department proposes to eliminate some of its current predatory animal reduction expenditures to support the costs of the new position.

COMMISSION ON MINERAL RESOURCES

The Commission on Mineral Resources is composed of seven members appointed by the Governor to terms of four years. The duties of the commission include advising and making recommendations to the Governor and the Legislature concerning the policies of the state relating to minerals. The commission also oversees the Division of Minerals and adopts regulations necessary for carrying out the duties of the division.

DIVISION OF MINERALS

The Division of Minerals is responsible for the regulation of drilling and construction of oil, gas, and geothermal wells, and the promotion of mining interests of the state. The division is funded primarily through the collection of fees imposed on the mining industry. The Executive Budget recommends \$10,264 in FY 2002 and \$11,632 in FY 2003 for the costs of moving its office from the Bradley Building in Las Vegas to non state-owned rental space. The Executive Budget also recommends \$46,405 in FY 2002 and \$18,566 in FY 2003 for two summer interns and equipment and operating supplies to secure abandoned mines throughout the state.

GAMING CONTROL BOARD

The Gaming Control Board budget supports the activities of the Gaming Control Board (three members) and the Gaming Commission (five members). The regulation of Nevada's gaming industry is conducted through a tiered system comprised of the Nevada Gaming Commission, the Gaming Control Board, and the Gaming Policy Committee. The Gaming Commission has final authority on all gaming matters. The Gaming Control Board functions as the enforcement, investigative and regulatory agency. The Gaming Policy Committee (nine members) functions as an advisory body, meeting when required to examine and make recommendations on gaming policy. The Gaming Control Board is organized into the following divisions: Audit, Tax and License, Investigations, Corporate Securities, Enforcement, Electronic Services, and Administration.

The Gaming Control Board is supported primarily from a General Fund appropriation and a transfer from the Gaming Investigative Fund, which pays the investigative costs of those individuals applying for a gaming license through reimbursements from the applicants. The Executive Budget is recommending General Fund appropriations to support the operations of the Gaming Control Board to increase by 14.1 percent during the 2001-03 biennium. No new positions are recommended for the upcoming biennium.

The Governor recommends \$2.1 million in each year of the 2001-03 biennium to fund unclassified salary increases above the recommended salary increases of nine percent in FY 2001-02 and four percent in FY 2002-03, along with "supplemental" funding above the traditional \$177,500 approved by previous legislatures, to provide the full \$5,000 credential payment to qualified employees. The recommended funding is derived from an increase in the amount transferred from the Gaming Control Board's Investigation Fund. The board increased the rates assessed to the gaming industry to cover its investigation costs, ranging from 25 to 309 percent, to generate additional fees, in part to fund the recommended salary adjustment.

The Governor has recommended a new budget account for the Gaming Control Commission to conduct a comprehensive study on internet gaming, funded with General Fund appropriations totaling \$935,966 over the 2001-03 biennium.

PUBLIC UTILITIES COMMISSION

The Public Utilities Commission (PUC) is comprised of three commissioners whose responsibilities are to balance the interests of customers of public utilities to receive safe and adequate service with reasonable rates while providing shareholders of public utilities the opportunity to earn a fair return on their investment. The PUC is also responsible for railroad safety and natural gas pipeline inspection programs.

Assembly Bill 366 (1997) provided the framework for utility deregulation in Nevada. Customers were scheduled to obtain potentially competitive services from alternative sellers no later than December 31, 1999, unless the PUC or the Governor determined that a different date was necessary to protect the public interest. Senate Bill 438 (1999) revised the date customers may begin receiving potentially competitive services from December 31, 1999 to March 1, 2000 and provided a three-year cap on the rates of Nevada's two investor-owned electric utilities. On February 28, 2000, the Governor indefinitely postponed the effective date of deregulation due to

the need to resolve complex problems prior to opening the electric markets to competition. On July 20, 2000, an agreement between the PUC and Nevada's two investor-owned utilities provided for a freeze in general rates until March 1, 2003, allowed rates for Nevada Power to increase, provided for monthly fuel and purchased power capped increases, and established various starting dates for competitive electric markets to open for certain customer classes. Due to ongoing concerns with deregulation problems in California, increasing utility rates in Nevada, and recommendations of the recently formed Nevada Energy Policy Committee, deregulation has been postponed so the issue can be reviewed during the 2001 Legislative Session.

The Executive Budget recommends the elimination of six positions from the PUC's current 86 FTE authorized as a result of an agency reorganization in August, 2000. For the upcoming biennium, the Governor recommends a total of \$23.1 million to fund the operations of the PUC. Funding is primarily derived from a mill assessment on gross utility operating revenues, statutorily capped at 3.5 mills (one mill = 1/10 of one cent). An additional .75 mill is assessed and transferred to the Attorney General's Bureau of Consumer Protection. The mill assessment was reduced by the PUC on July 1, 2000 from 3.50 to 2.50 mills due to increasing gross utility operating revenues and efforts by the agency to reduce its \$3.9 million reserve level. The PUC's reserve level is projected to decrease to \$1.1 million at the end of FY 2002-03.

DEPARTMENT OF BUSINESS AND INDUSTRY

The Department of Business and Industry consists of eight divisions, four boards and commissions, and six other agencies. The department is responsible for regulating business and agricultural enterprises, the promotion of worker safety, educating the public and businesses regarding their legal rights and responsibilities, and promoting the legal operation of businesses in Nevada. The department is funded through a combination of state General Funds, federal funds, and business licenses and fees.

DIRECTOR'S OFFICE

The Director's Office of the department is responsible for providing administrative and budgetary oversight to the divisions, agencies, and commissions that constitute the department. The office includes the Office of Business, Finance, and Planning, which is responsible for the administration of the Industrial Development Revenue Bond (IDRB) Program. The Executive Budget recommends \$6,846 in FY 2002 and \$18,256 in FY 2003 for increased in-state travel during the 2001-03 biennium. A majority of the increased travel expenditures would be used to promote the IDRB Program.

COMMISSION FOR HOSPITAL PATIENTS

The purpose of the Commission for Hospital Patients is to keep the cost of hospitalization down by insuring that all patients in Nevada's hospitals receive accurate hospital bills within a timely manner. The office is responsible for reviewing and mediating disputes related to charges for care provided to patients of Nevada's hospitals. The office is funded entirely through annual assessments of major Nevada hospitals.

The Executive Budget recommends transferring the Commission for Hospital Patients from the Consumer Affairs Division to the Office of the Ombudsman for Healthcare Services in the Governor's Office. The Governor also recommends the elimination of a .51 FTE Compliance Investigator position that was vacant during the 1999-2001 biennium.

REAL ESTATE DIVISION

The Real Estate Division is responsible for regulating real estate brokers and salesmen, property managers, appraisers, qualified intermediaries, and building inspectors. The division is also responsible for the enforcement of the statutory and regulatory provisions regarding the sale of subdivided lands, time-shares, and campground memberships. The division is funded through a combination of fees and General Funds. The division includes the Office of the Ombudsman for Owners in Common-Interest Communities, which was created by the 1997 Legislature. The ombudsman assists in processing claims related to the residential property within common-interest communities that are submitted for mediation or arbitration. The ombudsman also assists owners in common-interest communities in understanding their rights and responsibilities as set forth in statute and the governing documents of their associations. The Office of the Ombudsman is funded through fees imposed on common-interest communities. The division also administers continuing education programs for real estate licensees in Nevada.

The Executive Budget recommends a "one-time" appropriation of \$321,039 to replace the current licensing system, developed in 1980, with a new automated real estate licensing system. The Governor also recommends funding for new and replacement equipment, including computers, software, and conference room chairs. Due to increased workload, the Governor recommends funding for a half-time clerical support position to become full-time.

DIVISION OF INSURANCE

The Insurance Division is charged with protecting the rights of consumers and the public's interest in dealings with the insurance industry and is responsible under Title 57 of the NRS for regulation of the insurance industry. The division regulates and licenses insurance agents, brokers, and other professionals; sets ethical and financial standards for insurance companies; and reviews rates. The division also reviews programs operated by self-insured employers for workers' compensation and operates the medical-dental legal screening panel for malpractice claims.

The division currently has 66 FTE positions and is comprised of five operating and regulatory units: Insurance Regulations, Insurance Examiners Fund, National Association of Insurance Commissioners, Insurance Cost Stabilization, and Self-Insured Workers' Compensation.

The operations of the Division of Insurance are funded in large part through an appropriation from the General Fund and through a transfer from the Examination Fund, which includes examiner fees charged to insurers to cover the cost of conducting financial examinations. The Governor recommends \$4.1 million in FY 2001-02, an increase of 8.9 percent compared to FY 2000-01, to finance the division's operational budget. An additional 4.8 percent increase is recommended in FY 2002-03.

The Executive Budget recommends four new positions for the division: an Administrative Aide; a Management Analyst position to assist existing staff in conducting required oversight of domestic insurers; a Compliance Investigator to assist in investigation of licensing applicants; and an Insurance Examiner position to perform annual conduct exams on all title agents. The total cost to the General Fund for the recommended positions is \$180,969 over the biennium.

MANUFACTURED HOUSING DIVISION

The Manufactured Housing Division is responsible for ensuring that manufactured and mobile homes, travel trailers, commercial coaches and manufactured buildings are constructed and installed in a safe and structurally sound manner. The Executive Budget is not recommending any new programs or major program changes for the division. In 1999 the agency received funding for four new positions, including two Program Assistants, an Auditor II, and a Compliance Investigator in the division's Administrative account. The division had projected sufficient growth in the industry to warrant the new positions requested; however, that growth never materialized. The industry has actually experienced a sharp decline in demand. Since the division's regulatory operations are entirely dependent on fees generated by the industry it regulates, the market downfall has had a significant impact on the agency's operating revenues. The Governor approved the fee increases proposed by the division and incorporated those changes into The Executive Budget and is recommending total funding for the division of \$3.0 million in FY 2001-02 and \$2.8 million in FY 2002-03. The Governor recommends funding for the 2001-03 biennium to remain flat from the \$2.9 million authorized in FY 2000-01.

HOUSING DIVISION

The Housing Division promotes the creation and maintenance of affordable housing in the state by administering federal programs to encourage private and governmental entities to construct and remodel affordable housing units in Nevada. The division also administers the Low Income Housing Trust Fund and the Department of Energy Weatherization Program, which assists low-income families in improving the energy efficiency of their homes.

The Executive Budget includes funding for the second phase of a study on the need for specialty housing, including affordable housing for the senior population, disabled and chronic disease populations (HIV, Alzheimer's, etc.), and others. A total of \$600,000 is recommended in each year of the biennium for the cost of issuing "specialty population" revenue bonds to support a new program designed to assist school districts in recruiting and retaining teachers in critically short areas. As described, it would be an incentive-laden home loan program with full payback requirements. In addition, as a result of the fundamental review process, the Governor is recommending that the Homeless Grant (BA 3227) be transferred from the Welfare Division to the Housing Division on July 1, 2001.

DIVISION OF FINANCIAL INSTITUTIONS

The Division of Financial Institutions is responsible for the licensure and regulation of all state-chartered financial institutions, including banks, savings and loans, credit unions, and mortgage companies. The division's Financial Institutions account is funded through an appropriation from the state General Fund, but the division collects examination and license fees that are

deposited to the General Fund. Historically, the division has collected fees in an amount that is sufficient to reimburse the General Fund for the appropriation made to the division.

The Investigations account provides a means to perform investigations of licensees. This account has no General Fund appropriations. There are certain rates/fees that are required by statute to be credited to this account. These fees are primarily for applications for new licensees and changes of control of existing licensees. The Executive Budget recommends eliminating an existing Financial Examiner position, which has been vacant since July 1, 2000. The budget includes funding for two additional Program Assistant IIs in each year of the 2001-03 biennium. The Governor also recommends funding of \$503,787 from the Financial Institutions Investigations budget account Reserve for replacement computer equipment for the division.

DIVISION OF INDUSTRIAL RELATIONS

The mission of the Division of Industrial Relations is to promote the health and safety of Nevada's working men and women and to ensure injured workers receive all benefits to which they are entitled. The division regulates workers' compensation insurance programs to assure compliance with the mandatory coverage provisions required by the Nevada Industrial Insurance Act, enforces health and safety standards required by the Nevada Occupational Safety and Health Act, assists employers in identifying and correcting unsafe working conditions, and provides safety training and inspections for all operating mine properties in the state.

The programs of the division are funded primarily from assessments of workers' compensation insurers. The division also receives federal grants from the U.S. Department of Labor's Occupational Safety and Health Administration and Mine Safety and Health Administration to support a portion of Nevada's safety programs. The Executive Budget recommends \$15.6 million in FY 2001-02 to finance the division, an increase of 6.8 percent from funds authorized in FY 2000-01. An additional 3.0 percent increase is recommended in FY 2002-03.

The Division transitioned to the three-way workers' compensation program effective July 1, 1999, giving Nevada employers a choice in obtaining coverage through either the Employers Insurance Company of Nevada (EICON), a program of self-insurance, or a licensed private insurance company. The Executive Budget recommends eliminating two Management Assistant positions from the division's 211 existing positions. Also recommended is a decrease of \$325,000 in each year of the biennium as a result of eliminating the division's wide-based multimedia campaign due to its inability to quantify the impact and effectiveness of the program.

NEVADA ATTORNEY FOR INJURED WORKERS

The Nevada Attorney for Injured Workers (NAIW) represents injured workers through the administrative Appeals Officer, District Court and Supreme Court levels in their efforts to obtain workers' compensation benefits. The NAIW also provides advice to claimants regarding their rights before the Hearings Officer and with vocational rehabilitation "buy out" offers. The budget of the NAIW is funded through a transfer from the Workers' Compensation and Safety Fund supported by assessments of workers' compensation insurers. Due to the potential need for additional staff during the interim, the 1999 Legislature also authorized the NAIW access to the Workers' Compensation Hearings Reserve account; two positions were funded through this account during the 1999-2001 biennium.

The Executive Budget does not recommend continued reserve funding for the NAIW through the Workers' Compensation Hearing Reserve account. The Executive Budget recommends funding for replacement equipment, including computers, fax machines, and a transcriber. The Governor also recommends funding for new equipment, including a System Enhancement Project to update the current database for the agency's case management system, as well as for software licenses and telephone units. Two half-time positions are recommended to be combined into one full-time supervisory level position to reflect the current status and duties of the position.

TAXICAB AUTHORITY

The Taxicab Authority regulates the taxicab industry in Clark County. The agency determines the number of taxicabs authorized for each certified company, manages the driver permitting program, ensures taxicab safety and operating standards, determines the fares to be charged, and participates in criminal investigations in conjunction with other law enforcement agencies. Operations are 100 percent self-funded through the driver's permits and licensing fees collected from the taxicab industry, and through the collection of a 15-cent charge on every taxicab trip. The Executive Budget recommends \$5.2 million in FY 2001-02 to fund the Taxicab Authority, an increase of 5.8 percent compared to FY 2000-01. Only \$4.5 million in funding is recommended in FY 2002-03. The reduced funding is the result of a reduction in the agency's reserve category.

For the upcoming biennium, the Governor recommends eight additional positions: a Senior Investigator, three Investigators (one per shift), two Vehicle Inspectors, and two Program Assistants. The positions are requested to maintain the agency's responsibilities in the expanding Las Vegas taxicab industry. The Governor also recommends additional office space, three new vehicles, and office and equipment to support the requested positions.

The 1999 Legislature issued a letter of intent requesting the Taxicab Authority to review its financial position periodically in an effort to increase funding for the Division for Aging Services Senior Ride Program. As a result, the Taxicab Authority provided, as approved by the Interim Finance Committee, additional funding to Aging Services in both years of the 1999-2001 biennium. This increased funding provided the Senior Ride Program up to an additional 4,000 rides for eligible senior citizens. The Governor recommends continuation of the increased level of support approved by IFC in the next biennium.

TRANSPORTATION SERVICES AUTHORITY

The 1997 Legislature approved Assembly Bill 366 (utility deregulation) that assigned the transportation-related functions of the former Public Service Commission (now Public Utilities Commission) to a new agency, the Transportation Services Authority (TSA). The TSA has statewide responsibility for the safe, adequate, economic and efficient transportation services by operators of limousines, charter buses, tow trucks, taxicabs (except Clark County), and household goods movers. The TSA has 20 FTE authorized positions, with no new positions requested in The Executive Budget.

The Highway Fund provides approximately 97 percent of the funding requirements for the TSA. The Executive Budget recommends total Highway Fund appropriations of \$3.8 million for the 2001-03 biennium, a 4.7 percent increase over the appropriations for the 1999-2001 biennium. The increase is primarily driven by the cost of living and pay-grade step increase, along with the cost allocation to the Department of Business and Industry's Director's Office. The TSA also maintains an Administrative Fines account that is utilized for funding enforcement staff overtime and equipment expenses.

OFFICE OF LABOR COMMISSIONER

The Office of Labor Commissioner is responsible for enforcing claims for wages, and is funded entirely through an appropriation from the state General Fund. The Executive Budget recommends significant increases in the salaries for the Labor Commissioner, Deputy Labor Commissioner, and Chief Assistant Labor Commissioner positions, which are in the unclassified service of the state.

ECONOMIC DEVELOPMENT AND TOURISM

The 1983 Legislature expanded economic development efforts in Nevada by creating the Commissions on Tourism and Economic Development. The Commission on Economic Development includes the Division of Motion Pictures, the Rural Community Development Program, and the Procurement Outreach Program. The Commission on Tourism includes the *Nevada Magazine*.

COMMISSION ON ECONOMIC DEVELOPMENT

The Commission on Economic Development is organized to promote Nevada's business opportunities and to assist companies interested in relocating and expanding their operations in Nevada. The Commission on Economic Development is funded primarily with General Fund appropriations. The Executive Budget recommends no new positions in any of the commission's budgets.

The Executive Budget recommends total General Fund appropriations of \$6.95 million during the 2001-03 biennium, an increase of 4.3 percent over the legislatively approved 1999-2001 biennium appropriation of \$6.67 million. The Governor recommends continued funding of \$995,000 per year for matching grants to local economic development authorities, and continued funding of \$500,000 per year for the Train Employees Now (TEN) program.

COMMISSION ON TOURISM

The Tourism Commission is responsible for developing and implementing a domestic and international marketing and advertising campaign to promote Nevada as a tourism and business travel destination. Tourism is funded by a 3/8 share of the one percent statewide room tax established by the 1983 Legislature. Room tax receipts are projected at \$11.9 million in FY 2001-02 and \$12.5 million in FY 2002-03, increases of 9.2 and 14.1 percent, respectively, over FY 1999-2000 actual room tax collections of \$10.9 million.

The Governor's budget recommends funding three additional Development Specialist positions in an effort to mitigate the effects of Indian gaming on the state and diversify Nevada's tourism base to be less dependent on gaming visitors. The Executive Budget increases funding amounts transferred to support the Motion Pictures budget recommendations and a new transfer to *Nevada Magazine* for design and production of future agency publications. The Governor's budget recommends transfers of room tax funds to the Department of Museums, the Department of Wildlife, State Lands, the Council on the Arts, Cultural Affairs, and the Washington, D.C. office to support activities related to the promotion of tourism in Nevada.

NEVADA MAGAZINE

Nevada Magazine is the major publication of the Commission on Tourism. *Nevada Magazine* is financed through subscriptions, advertising revenue, and newsstand sales, as well as calendar and other merchandise sales. The budget anticipates distribution of approximately 81,000 copies per month of the magazine in each year of the biennium. The Executive Budget recommends total funding of \$5.34 million during the 2001-03 biennium, a slight decrease of 0.1 percent from the legislatively approved 1999-2001 biennium amount of \$5.38 million. The base budget reflects the elimination of two positions as the result of long-term vacancies. The Governor recommends funding from the Commission on Tourism to partner in the design and production of tourism publications.