

MINUTES OF COMMITTEE ON STATE, COUNTY AND CITY AFFAIRS  
54TH NEVADA ASSEMBLY SESSION - MARCH 17, 1967

Present: Hilbrecht, Smith, Garfinkle, Tyson, Dini, McKissick,  
Bryan Hafen, Wooster

Absent: Roy Young

Chairman Hilbrecht opened the meeting to consideration of AB 277 which had been introduced by Assemblyman Jacobsen and deferred for consideration at this time. This bill abolishes "short terms" of county commissioners. Mr. Smith reported that Roy Young, who was absent, had advised that he had made his investigation and found no objection to the bill.

McKissick moved Do Pass AB 277.  
Smith seconded.  
Motion unanimously passed.

AB 421 which would remove the office of Superintendent of State Printing from an elective to an appointive one was discussed and it was developed that the incumbent favored this change. Bryan Hafen suggested that consideration be given to include the office of State Inspector of Mines. However, Mr. Dini introduced a representative of the Anaconda Mining interests who stated that the mining industry would object to making that office appointive.

Dini moved Do Pass AB 421 without amendment.  
McKissick seconded.  
Motion unanimously passed.

AB 420 which changes the residence requirements for certain state officials was discussed and Mr. Smith indicated that he felt it was not good legislation. Mr. Dini proposed that the bill be postponed indefinitely. However, Mr. McKissick asked that the bill be deferred for consideration at the Saturday meeting. Also AB 205 providing criteria for approval or disapproval of bond issues by general obligation bond commissions was deferred at the suggestion of Mr. McKissick until an amendment could be considered.

Mr. Curt Blyth of the Nevada Municipal Association was introduced to explain to the committee AB 352 that changes procedures for preparation, administration, and audit of local government budgets. He explained that the bill was procedural in nature and made some corrections that were overlooked in the original budget act. In section 1 additional language has been added that would clarify that the bill should cover all local governments. Also two additional members who are C.P.A.'s have been added. It requires property, equipment and inventory records to be kept.

Following discussion it was agreed to place AB 352 on the Saturday agenda and to hear Mr. Etchemendy who would appear at that time.

Mr. Garfinkle reported to the committee on SB 217 stating that it would apply only to Ormsby County township. It would make legal to have the county commissioners to appoint sheriff ex officio constable in counties with a single township.

Smith moved Do Pass SB 217.  
Garfinkle seconded.  
Motion unanimously passed.

Chairman Hilbrecht advised that SB 240 which broadens prison labor projects would be placed on the Saturday agenda.

Mr. Nick Smith, fiscal analyst, was introduced to the committee as an expert for questioning on several bonding pieces of legislation.

AB 348: He advised the committee that the intent of the bill seemed desirable in that it would allow Churchill County to finance its county-owned telephone system on the basis of revenue bonds rather than general obligation bonds. The revenue bonds would have the justification of the utility earnings and the change would enable the utility to operate without referendum thus giving the flexibility and time-saving procedure to them essential to the financing of federal administrative demands placed on utilities.

Garfinkle moved Do Pass AB 348.  
Tyson seconded.  
Motion unanimously passed.

SB 326 was placed on the Saturday meeting agenda along with AB 241 and 242.

Chairman Hilbrecht announced that a public hearing had been requested on AB 470 terminating the terms of office of present members of State Contractors' Board and appointment of the boards' secretary. He set Thursday, March 23 as the date for the hearing to be held in Room 58 if possible or in the Assembly Chambers if necessary.

Mr. Nick Smith continued his comments:

SB 133, AB 404 (identical): "State Securities Law". He outlined the manner this bill was drafted by Mr. Russ McDonald in collaboration with a Denver firm of bonding attorneys. He supported the bill as a whole. Suggestion was made for changing Section 57, subparagraph 2 by inserting a period following the word "securities" on line 6, page 11 of AB 404.

Mr. Russ McDonald was summoned to the committee and the members were given an opportunity to discuss the legislation further with the effect it will have on the state debt limit and how it would be enabling for other trigger bills.

It developed that it would be necessary to go the Supreme

Court for clarification on the state debt limit provisions and clarification of the Attorney General's opinion on this legislation. The bill provides for short term financing which it was presented is a desirable provision.

"This is an extremely important act. About 20 bills depend on this bill and would have to be revised if this bill is not acted upon", it was stated.

Mr. McDonald told the committee that there were some technical changes still necessary in the bill.

Mr. Jacobsen appeared before the committee with the Ormsby County-City Fire Chief who talked to the members on SB 242 that had been requested to permit the building of an Ormsby County fire station. He stated the present limit of \$50,000 would not allow the construction which it is estimated may cost \$250,000. Mr. McKissick inquired whether the fire district could stand a \$250,000 debt load. The Fire Chief stated he did not have the assessed evaluation figures but would obtain them for the committee. They were excused.

Mr. Bob McDonald, Mr. Harold Tiller, and Mr. Ernest A. Wilson were introduced to the committee as appearing in behalf of SB 133 (AB 404). They deferred to Mr. Wilson to make the presentation. Mr. Wilson stated that he appeared in favor of the bill. He outlined in detail the features of the bill he felt were needed and accented the importance of the interim or short term financing that is sometimes necessary. He called attention to the smaller districts (smaller than Reno or Las Vegas) where there is an advantage in offering a discount even in the best issues.

Mr. Russell McDonald said he did not object to deleting the language Mr. Wilson suggested. The committee found that the language objected to was found in other relating bills and Mr. Russell McDonald again stated that the technical amendments would be forthcoming.

Those appearing on SB 133 and AB 404 were thanked and excused.

At the suggestion that SB 242 be postponed indefinitely in that the \$250,000 figure would not be realistic Mr. Wooster proposed that consideration be given to allowing the bonding authority to be granted on a realistic basis. Chairman Hilbrecht asked that Mr. Wooster study the amendment and report to the committee.

Geraldine Tyson moved SB 133 Do Pass with the technical amendments from Mr. Russ McDonald's office. Smith and McKissick seconded. Motion unanimously passed.

Meeting was adjourned until Saturday at morning recess.

ROBERT B. GRIFFITH, CHAIRMAN  
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COLORADO RIVER COMMISSION  
OF NEVADA

P.O. Box 1748

LAS VEGAS, NEVADA 89101

March 14, 1967

The Honorable Paul Laxalt  
Governor of Nevada  
State Capitol  
Carson City, Nevada 89701

Dear Governor:

We have a letter dated March 6 from the Director of Administration, Mr. Barrett, regarding proposed legislation to authorize the Colorado River Commission, on behalf of the State, to issue bonds for the construction of the Southern Nevada Water Project and the treatment facility in connection therewith. Inasmuch as the matters mentioned in Mr. Barrett's letter are of vital concern to your office, we felt that our answer should be addressed to you with a copy to Mr. Barrett.

As you know, the Congress of the United States has approved the construction of the Southern Nevada Water project and has appropriated the initial funds for design. It is anticipated that the current session of Congress will appropriate the money necessary to initiate construction and will thereafter appropriate funds to construct the project on a reasonable construction schedule.

The State Legislature, in its 1963 and 1965 sessions, in amending NRS 538.040 to 538.260, authorized and directed the Commission to request from the United States the water facilities included in the Southern Nevada Water Project and to enter into a contract with the United States for repayment of the investment by the United States in constructing those facilities. The contract with the United States has now been negotiated and approved by the Commission, which in conformance with NRS 538.220, would pledge the faith and credit of the State of Nevada for the performance and observance of all covenants, conditions, limitations, promises and undertakings made or specified to be kept, observed or fulfilled on the part of

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Carson City, Nevada 89701

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the State. Therefore, by entering into the contract as set out in our enabling legislation the faith and credit of the state will be pledged to approximately \$47,000,000.

In discussing the amendments to NRS 538.040 to 538.250 with the Deputy Solicitor of the Department of the Interior, the Attorney General stated that this contract will fall under the exemption relating to the debt limit of the State under the Constitution. The Deputy Solicitor requested provisions now being placed into the contract for validation by a court of competent jurisdiction to judicially determine that the contract being entered into between the United States and the Commission creates an obligation under the constitution to the natural resources exception.

Of course, it is not intended that any of the State's obligation for repayment of the Southern Nevada Water Project will be met from tax revenues. Rather, contractual arrangements are being entered into concurrently with the execution of the Federal contract which will pass on to the local water users the total obligation of the State for repayment to the Federal Government and also to the retirement of any bonds issued to finance the construction of the treatment facilities.

We have not seen Mr. Dickerson's opinion referred to in Mr. Barrett's letter of March 6. We are advised, however, that the Director of the Legislative Counsel Bureau, and also the bond counsel for the Commission, are not in accord with the Attorney General's opinion. It appears to us that the constitutional exception to the debt limit in favor of the creation of indebtedness for the "...protection and preservation of...natural resources" properly applies to the obligations being undertaken by the Colorado River Commission on behalf of the State. At any rate, this question would have to be passed on by the Supreme Court of the State of Nevada before any bonds could be issued. It is admitted that if the State Supreme Court upholds the opinion of our Attorney General, we could not issue General Obligation Bonds to finance the Southern Nevada Water Project and/or the treatment facility.

*Handwritten signature/initials*

Our fiscal counsel advised us that the most economical route to take in financing this project, so vital to southern Nevada, appears to be the so called "double barrel" route providing for the issuance of General Obligation Bonds, additionally secured by a pledge of revenues from the water user agencies. Fiscal counsel advocates that we obtain legislation permitting one of two approaches: (a) General Obligation plus revenue bonds (b) revenue bonds. If and when the Supreme Court decrees that we cannot issue General Obligation Bonds because of the constitutional limitation provisions, we will, at that time, explore

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the possibility of financing this project solely out of revenues. If, at that time, the latter route appears more economical, we would issue bonds supported by revenue only. At this time, however, we desire the flexibility of proceeding under either alternative.

Double barrel bonds being serviced from revenue would have no effect on the State's bond rate according to our fiscal counsel. We can assure you that the Commission would never exercise its authority to issue General Obligation Bonds if they felt there was any possibility these bonds would have to be serviced out of tax revenue.

The responsibility imposed upon the Commission by the 1963 and 1965 legislative sessions is a major one. The growth and economy of the entire southern section of Nevada is dependent upon the achievement of the water project. The local water users have requested the Commission to make the water deliver system complete and adequate by the construction of a central water treatment facility. The Commission needs broad legislative authority to give the Commission the power to do the job. This requires not only confidence in the Commission but confidence in the economy of southern Nevada and the potential for growth of this vital area. A certain amount of vision and courage is necessary to obtain the legislative authority the Commission needs.

The Southern Nevada Water Project and the treatment facility will be financed substantially in the same manner as Hoover Dam was and is being financed, i.e., with the Federal Government furnishing construction funds to be reimbursed at a low rate of interest over an extended period of years by the people to be directly benefited from the project. Our fiscal obligation to the United States for the construction of Hoover Dam and power plant is at the present time \$41,500,000 including amortization, replacement, operation and maintenance costs for which we are also obligated. This is not considered part of the debt limitation of the State. The new proposed obligation is in the same category.

We hope that this information will assist you in understanding the Commission's views with reference to the legislation now being considered on our behalf by the legislature.

Sincerely,



Ivan P. Head  
Administrator

cc: Mr. Howard E. Barrett  
Director of Administration  
Department of Administration  
Carson City, Nevada 89701