

NEVADA LEGISLATURE - 54TH SESSION

SENATE COMMITTEE ON
FEDERAL, STATE, AND LOCAL GOVERNMENTS

Minutes of Meeting Held
March 17, 1967
1:00 p.m.

The 25th meeting of the Senate Committee on Federal, State, and Local Governments was called to order at 1:05 p.m. on Friday, March 17, 1967, by Chairman Gibson, in Room 56, State Capitol.

All committee members were present except Senators Alleman and Hecht.

Also present was Assemblyman William D. Swackhamer.

The following bills were considered:

A.B. 234: Increases size of counties in which district attorneys may maintain offices away from county seat. Introduced by Mr. Swackhamer.

Mr. Swackhamer explained the background of this bill. He said that 10 or 12 years ago Lander County lost its District Attorney in Austin, the county seat. They couldn't get anyone for the job to live in Austin; so they got the present law passed, which allows the District Attorney of any county to live outside of the county if fewer than 1500 votes were cast in the county at the last election. The problem now, he said, is that at the last election in Lander County, 1442 votes were cast, and the county's population is increasing. So this bill proposes to raise to 2500 the number-of-votes-cast criterion. Eight counties would come under the bill, but only one other county besides Lander would be affected-- Lincoln County; and it is already under the old act.

✓ DISPOSITION: Senator Monroe moved "Do pass"; the motion was seconded by Senator Young and passed unanimously.

✓ A.B. 86: The Chairman stated that Senator Hecht had asked that this bill (on jury lists) be brought back to the committee.

Nothing was done on A.B. 86, as at this time Mr. Frank Daykin of the Legislative Counsel entered the meeting (1:12 p.m.) to discuss other bills with the committee, at the request of the committee.

Senate Committee on Federal, State, and Local Governments
 Minutes of Meeting Held March 17, 1967 - 1:00 p.m.
 Page 2

S.B. 418: Enables political subdivisions entering into cooperative agreements to accept financial grants. Introduced by Clark County Delegation.

Mr. Daykin explained that the present law requires political subdivisions to support their joint creations out of their own budgets. This bill would authorize them to accept federal or private grants, if they are able to obtain same, and, to the extent of the grants, not to budget for it out of their own resources.

Chairman Gibson explained that this bill came out of Clark County, where they do not have regional planning, as does northern Nevada. Mr. Daykin said sometimes the counties can get a federal grant in the area of regional planning. Discussion.

✓ DISPOSITION: Senator Monroe moved "Do pass"; Senator Young seconded; motion passed unanimously.

A.B. 286: Deletes audit requirements of water and sanitation districts superseded by Local Government Budget Act.

Mr. Daykin stated this bill removes conflict with Local Government Budget Act.

✓ DISPOSITION: Senator Young moved "Do pass"; Senator Farr seconded; motion passed unanimously.

A.B. 334: Authorizes installation, use of mechanical watermeters in Carson City. Introduced by Dr. Homer by request.

Mr. Daykin explained that this and A.B. 335 legitimize the Carson City watermeter.

✓ DISPOSITION: Senator Farr moved that A.B. 334 be reported out with a "Do pass" recommendation; Senator Bunker seconded; motion passed unanimously.

A.B. 335: Authorizes use of mechanical watermeters in special charter cities if charters so allow.

✓ DISPOSITION: Senator Farr moved "Do pass"; Senator Bunker seconded the motion; it passed unanimously.

A.B. 354: Abolishes Colorado River Boundary Commission. Introduced by Committee on State, County, and City Affairs.

Mr. Daykin stated the Colorado River Boundary Commission has finished its work in adjusting boundaries.

Senate Committee on Federal, State, and Local Governments
 Minutes of Meeting Held March 17, 1967 - 1:00 p.m.
 Page 3

354 ✓

DISPOSITION: Senator Young moved "Do pass"; Senator Bunker seconded the motion; it passed unanimously.

A.B. 54: Amends Water and Sewer Revenue Bond Law and clarifies and broadens powers concerning fixing, revising, and collection of service charges pertaining to water and sewer systems and the use of such charges. Introduced by Committee on State, County, and City Affairs.

Mr. Daykin said Russ McDonald had drawn this bill and has direct familiarity with it. Discussion by committee members.

DISPOSITION: No action taken by the committee. Will discuss it further with Russ McDonald.

Mr. Nicholas "Nick" Smith, Vice President of Burrows, Smith & Company, Salt Lake City, entered the meeting at this point (1:25 p.m.).

The Chairman told Mr. Smith that the committee has been looking at

S.B. 170: Authorizes counties and cities to issue revenue bonds to finance industrial development. Introduced by Senator Alleman.

He also told Mr. Smith, "This is the bill that puts us in the business of industrial improvement bonds. You have been quoted here a few times, and as long as you were in the neighborhood, we asked you to come in and give us the benefit of your thoughts on it."


Mr. Smith expressed appreciation for the opportunity to discuss the bill, and outlined the history of municipal revenue bonds. He then stated that Investment Bankers Association had a few weeks ago taken a position opposing industrial revenue financing. He handed the committee a copy of a February 17, 1967 letter to him from Marsom B. Pratt, partner in Estabrook & Co. and Chairman of the Investment Bankers Association Committee on Industrial Financing (copy attached hereto). Mr. Smith said that as this type of legislation proliferated, some investment firms have taken up this type of financing (citing as examples - Dean Witter & Blyth & Company). He said his own opposition is based on the fact he depends on selling tax-exempt public bonds for a livelihood, and he fears this type of legislation may force the issue as to the constitutionality of cities' issuing bonds for other than public projects and may cause Congress to pass legislation outlawing tax exemption on any public bonds. Further, he said, in states which have this legislation the pressure on a city council to build an industrial plant can become

Senate Committee on Federal, State, and Local Governments
Minutes of Meeting Held March 17, 1967--1:00 p.m.
Page 4

intolerable, and Mr. Smith suspects that many marginal plants will be built as a result. He also said that in the end the legislation is self-defeating, in that, if ALL states adopt it (33 have already), then no one state has an advantage to offer over the others under the legislation. He also suggested that, if the committee should pass the bill out, it amend into it some safeguards, i.e., require an election by the people in order to issue such bonds. He listed as other opponents of the bill, the AFL-CIO (pirating of plants in fixed locations has caused job losses) and the U.S. Treasury Department. (However, the latter this week withdrew its opposition.) Lengthy discussion about this legislation ensued between Messrs. Smith, Blyth, and Daykin and Senators Gibson, Monroe, and Farr. The committee did not vote on the bill.

The meeting adjourned at 2:00 p.m.

Respectfully submitted,


Louise Glover - Secretary

I certify that the foregoing minutes are correct.

Senator James I. Gibson
Chairman

Submitted to Sen. Com. on
Fed. St. & Local
Gov. on 3/17/67, - 4 pm
by Nick Smith

Estabrook & Co.



P.O. Box 1

15 State Street
Boston, Mass. 02101

Mr. Nicholas C. Smith VP
Burrows, Smith & Company
1003 Kearns Building
Salt Lake City.

February 17, 1967

Dear Mr. Smith:

I am concerned to hear that your state is heading towards municipal industrial financing.

There is no doubt that any volume of this kind of financing in your state will mean that your communities will pay higher interest rates to borrow for schools, hospitals, roads and other proper municipal projects. In other parts of the country extensive tax exempt borrowing by corporations have caused other municipal bond rates to go up.

If a Utah municipal industrial bond issue were to default, in my opinion the credit of the issuing body would be harmed even though technically the issuers' faith and credit were not pledged.

I sincerely trust that Utah will realize that tax exempt financing is not the reason why reasonable industry elects to locate in the state.

With kind regards, I am

Sincerely yours,

Marsom B. Pratt

MSP:alm

NOTE

Marsom B. Pratt is a partner in Estabrook & Company. He is chairman of the Investment Bankers Association Committee on Industrial Aid Financing.