

Senate

JUDICIARY COMMITTEE

MINUTES OF MEETING HELD

April 4, 1967

A meeting of the Judiciary Committee was held at 3:37 P.M., Tuesday, April 4, 1967 in Committee Room 56, State Capitol, Chairman Monroe presiding.

Members present: Warren L. Monroe, Chairman
Vernon E. Bunker
M. J. Christensen
Carl F. Dodge
Procter R. Hug
Coe Swobe
C. Clifton Young

Also present: Joe Jackson, Reno Newspapers Inc.
Russ McDonald, Legislative Counsel
Bureau; Steve Minor, Carson City
High School student; Senator Fisher.

Mr. McDonald introduced Steve Minor, who works in his office and wanted to observe proceedings of the Committee.

Mr. McDonald was in to discuss S. B. 408 amendments.

S. B. 408 - "Reorganizes corporate local improvement and service districts."

Russ McDonald passed out sheets with the proposed amendments which he said he would go through one by one.

Amendment S.4, p. 3, Delete line 18 and insert "a special district means any water district," knocking out reference to "local improvement district." O.K. Delete lines 24 and 25 and insert language. This puts 309 back in action. Mr. McDonald said 309 is active, the amendment is a question of policy. The number of new districts being created can now be limited. O.K.

Amendment S. 10, p. 7, delete line 12 and insert language. This discusses service plan and compliance with district. Discussion of unreasonable departure, under this amendment the county can enjoin. Mr. McDonald said we could say "by a district court or any board of county commissioners," striking line 15 prior to this. Line 4-16, 67 - 3 mile and 7 mile limit, are going to run into trouble on annexation - look back on page 5, line 24. Talking about service plan on page 5. More reason to have 3 miles in isolated district. In 318 it does not have to be contiguous. Page 7, line 40 -

Mr. McDonald said they are here talking about organization district. He felt a reprint should be made now and it can be straightened out later when the point is defined. He feels there is no problem with the 3 and 7 mile thing when analyzed from the district angle. Amend by deleting portion on construction contract. O.K.

Sec. 14, p. 9, delete line 34. This was pointed out by Ernie Wilson, not less than \$10,000 would put little ones out of business. On Line 37, larger one, not more than \$50,000 would be the limit. Four and 5 go together, to put limit on bond and give elasticity. O.K. Additional language, line 37, the word "director" on the 3rd line should be stricken out with "trustee." O.K. Amend bill as a whole by insert on Page 9. O.K.

Sec. 15, p. 10, delete lines 1-3 and insert language. They will now know there is going to be a meeting and the records are open. O.K.

Sec. 21, p. 13, delete line 29 and insert. O.K. This brings back 309, which was taken out before. Page 13, d. line 37, and insert. o.k.

Sec. 24, p. 15, - line 1, delete "public." O.K. Referring to recreational facilities.

Sec. 28, p. 18, delete line 46, and insert. Mr. McDonald said he "bought" this just to satisfy Mr. Wilson. He read from the bill concerning the right to acquire real property. O.K.

Sec. 30, p. 19, delete line 31 and insert. Re snow removal. Discussion. There was no objection to emergency if this language is not getting into some foreign to improvement district service. Chairman Monroe said if they have authority, they can always make an emergency of it. Russ McDonald thinks they have the authority now, the word he missed is "dedicated." If the street is a dedicated street, then it would be a county obligation. O.K.

Sec. 37, p. 26, delete line 10 and insert. This is also to set the debt limit of these districts as far as general obligation bonds are concerned. It is pretty close to 30% on real value. No limit on special assessment bonds; 50% of the actual market value. Mr. McDonald said it should be increased, not decreased. He thought this a realistic debt limit, as it is geared to one subdivider. O.K.

Sec. 39, page 26, delete line 48 and insert. Mr. McDonald said bond counsel wrote him a letter suggesting the word "maximum" be added. O.K.

Sec. 42, p. 28, line 14, delete "95" and insert "94." Mr. McDonald said Senator Hug's S.B. 6 caused this amendment. Mr. Wilson has been opposing the limitation of 6% on interest rate in S.B. 6. He wanted it raised to 7%. This is actually a policy amendment. Mr. McDonald said revenue bonds are the most unmarketable of all bonds. Section 9. He proposes on revenue bonds, p. 28, insert between lines 37 & 38, any not be sold for less than 94%. O.K.

Sec. 53, p. 31, delete line 33 and insert. Mr. McDonald said this takes low rate and sets it against special assessment value, doesn't change the law. He thinks it has protected a lot of people. Two years ago there wasn't any limit. It came in 1965. Page 31, delete line 40 and insert. O.K.

Sec. 54, p. 32, insert between lines 31 & 32. Concerns 311 districts, what Dick Hannah was talking about at the hearing. Have other money, grant from health service, and floated some notes. Actually language of previous subsection would allow them to carry on. They may be apprehensive that having made application under 311, suddenly they are under 318 and may lose money. On page 26, also suggested that word "short" term note be knocked out. This Mr. McDonald said he couldn't buy. He doesn't know what was done in 311, but he may have violated the law. He must have had an election to incur a long term debt. They should go to general obligation bond at this point. Can't say strike the short-term note, it is just an interim financing device. Mr. McDonald suggested we go on and see what he has to say later. O.K.

Sec. 55, p. 32, delete line 36 and insert. This is in reference to 309. Same with line 48, delete and insert. O.K.

Sec. 58, p. 33, delete line 32 and insert. The Nevada Annexation law is 242a. Mr. McDonald said we could run into trouble on some of these bills. This is just putting 309 back. O.K.

Sec. 59, p. 33, delete lines 42 & 43 and insert. Same as above. Putting 309 back in act. O.K.

Sec. 63, p. 36, delete lines 6-9, and insert, taking out section 63, deletes word "public" in this section. O.K.

Sec. 64, p. 36, delete line 10 and insert. Russ said this is one Bob McDonald made a pitch on at the last meeting. He can't understand it and thinks the language is inarticulate - "and the use or right of use of improvements for any basic power or purpose." Decided it wouldn't hurt to write it in. O.K.

Sec. 65, Chapter 318 of NRS "is hereby amended by adding thereto the provisions set forth as sections 66 to 69, inclusive, of this act." Mr. McDonald read Ernie Wilson's letter of March 27 re this. Russ said he felt the property owner is protected, this is from the California statute. O.K.

Sec. 67, Page 24. Mr. McDonald said Senator Swobe suggested this, a new section. O.K.

Sec. 68, Page 25. Conflict of interest sections. Mr. McDonald said this is copied in part from A.B. 71 and from Chapter 244 on County Commissioners. Russ reminded the Committee that Bob McDonald had said he wanted to go on record as favoring this type of legislation and it is in our minutes for that day. O.K.

Sec. 69, Page 26. A counterpart. Chairman Monroe asked what affect this would have on Incline. Mr. McDonald said something was going to have to be worked out not particularly directed at them. He said this is a pretty tough law, and as far as existing districts are concerned, it may cause a shuffling of officers. O.K.

Sec. 70, Page 27. Proposes to add chapter to 309 which is the local improvement district law. Douglas County No. 1 and the one at Crystal Bay are the only 2 in existence. Mr. McDonald said he couldn't agree with Attorney Manoukian when he said he had no debt, they had just sold bonds. Senator Dodge said he felt they should bend every effort to develop an act to include all. O.K.

Sec. 71, Page 28. Counterpart of revenue bonds and discount from Ernie Wilson. Has to do with special assessment bonds; the other had to do with revenue bonds. He now proposes to add "may be sold for not less than 90%," etc. Chairman Monroe said he couldn't sit still for this, Mr. McDonald can't see it. Kill.

Sec. 72, Sec. 1 of Chapter 137. Back to uniform commercial code. Wiping out power district. Cleans up under 318.020. Page 29. O.K.

Sec. 73, Page 30, Section 2 of Chapter 137, Statutes of Nevada, 1967, purely mechanical. Requirement that vote of 4 out of 5 is necessary for trustees to borrow money. Senator Swobe asked if it could ever be done on assessment bonds by swinging around to use assessment money to purchase or is it only possible on short term loans or revenue bonds? He also wondered if indirect benefit could mean recreation. Mr. McDonald said he thought not. Senator Swobe asked

whether there would be anything wrong with getting 4 votes instead of a majority. Mr. McDonald read headings of special assessment safeguards from laws on general improvement districts. Senator Coe said 3 could still authorize. Mr. McDonald said all that has to be said is that any action by the Board shall be by a vote of 4 out of 5. Any special assessment property owner is protected. Four of you started, this is just the start but thereafter once committed everybody goes along. Senator Dodge asked Mr. McDonald to check this out.

Sec. 74, 1. Chapters 310, 311, 312, 313, 314, 316, and 317 of NRS hereby repealed. O.K.

Sec. 75. Act shall become effective May 1, 1967. O.K.

Amend title, delete last two lines and insert. O.K.

A.B. 206

"Extends requirement of approval of local government bond issues by county bond commission."

Chairman Monroe said this amends the bonding act to give surveillance of revenue bonds and approval on merit, etc. He said he would not sit still for putting in that kind of provision; might put in 408. Mr. McDonald said the only way would be to limit to revenue bonds of Chapter 309 and 318 districts, still include cities, counties and districts, with safeguards built in as far as County Commissioners not approving the program of the first instance. Discussion. Senator Young went after Frank Daykin. Senator Young had said he didn't see why it shouldn't apply to other than improvement districts and he felt we should go with the bill the way it is. Mr. Daykin discussed it.

Disposition: Mr. McDonald said he would have it reprinted and re-referred.

S.B. 470

"Establishes procedures to issue gaming licenses to corporations."

Amendments to be considered on above. First mechanical because of changing, adding more new sections. Page 2, Section 4 - insert between lines 24 and 25. Would amend, "public offering means any sale or offer to sell," etc.

Section 5, Page 2, delete lines 43 and 44 and insert new language.

Section 6, Page 3, Line 17. "Certified or registered in the State of Nevada." Mr. Daykin said he thought

it should be limited to Senior Grade accountants. Senator Swobe said he would move to delete the words "or registered." Another amendment on sheet. Mr. Daykin said he could use the same amendment by correcting it, cut "certified in Nevada."

Section 8, Line 37 & 38. After Line 38, add "borrowed money for corporation use..." This will be more stringent than the bill is now. For renewing loan for a shorter term more than once. On page 4 would insert new section, No. 11, to read "holding company means," etc. - "holds 10% or more of a Nevada corporation." Section 11, changed the first line - "Nevada corporation is subsidiary."

Lines 23 through 30, new language. Take out Line 33 and insert language. Discussion of stockholders. No way to look behind the street names. Senator Swobe asked if it could be put in the law that the broker would have to divulge names. Answer in the negative.

Section 12, page 4. Delete "corporation" and insert "holding company" or "intermediary company."

Section 13, make same change.

New section, Section 15. To give them some immunity in court.

Disposition: ON MOTION of Senator **Dodge**, seconded by Senator Bunker it was agreed to Amend and Do Pass S.B. 470. Senators Swobe and Hug not voting, wanted to study it over.

Meeting adjourned at 5:37 P.M.