

SENATE COMMITTEE ON COMMERCEMEETING MINUTES

Date: Tuesday, April 15, 1969

Committee Members Present: Senator White, Chairman
 Senator Lamb
 Senator Hecht
 Senator Swobe

Committee Members Absent: Senator Titlow

Others Present (Part-time): Mr. Paul R. Laiolo, President, Nevada Bankers Ass'n
 President, Pioneer Citizens Bank
 Mr. Ernest Martinelli, First National Bank of Nevada
 Mr. F. R. Breen, Attorney, representing Nevada
 Bankers Ass'n
 Mr. C. W. Lingenfelter, Assemblyman
 Mr. Austin H. Bowler, Assemblyman
 Mr. Robert E. Bruce, Fiscal Analyst, State of Nevada

Chairman White called the meeting to order at 12:10 P.M. and announced testimony would first be heard on A.B. 235.

A.B. 235 Introduced by Messrs. Hilbrecht, Dini, Mello, Branch, Glaser, Mrs. Brookman, Messrs. Bryan, Espinoza, Bryan Hafen, Mrs. Tyson, Messrs. Reid, Bowler, May, Miss Foote, Messrs. Swackhamer, Viani Close, Ashworth and Prince.

Requires fiscal analyst to prepare study of cash flow of public moneys to minimize amount in active deposits.

The chairman noted that Messrs. Breen, Laiolo, and Martinelli were present and asked if they would like to speak on this bill.

Mr. Laiolo, who said he was speaking for both the state and national banks of Nevada, distributed copies of the attached "Memorandum Re A.B. 235" to members of the committee. (He mentioned that representatives of the various banking institutions had caucused this morning and named him as their spokesman.) His remarks were confined to speaking on, and enlarging a bit on, the three points itemized in the memorandum. The industry believes the bill to be good legislation and it would operate to the benefit of the state.

As far as the "pledging" mechanics are concerned, Mr. Laiolo said the present system is a little cumbersome, to both the State Treasurer's office and to the banks. Giving the State Treasurer authority to make substitutions once the pledge arrangement had been worked out would permit substitutions being made solely through contact with the State Treasurer's office. With this substitution authority being given to the State Treasurer, benefits would accrue to the State and implementation would be easier for both the State

Treasurer and the banks. Oftentimes the market fluctuations are such that restriction to the present cumbersome method is responsible for losing a good opportunity for financial gain.

Senator Lamb pointed out to Senator Swobe that the summary of the bill refers to a fiscal analyst, but that nowhere in the bill is a fiscal analyst mentioned and asked if this would present a conflict. Senator Swobe said that the fiscal analyst had probably been amended out (the summary of the bill does not change with reprinting), but this presents no problem in that the summary is not part of legislation.

In response to Senator White's inquiry, Mr. Laiolo said that the provisions of this proposed bill would benefit the State in that the return on time deposits is geared to conditions in the money market and an increase in interest rates would give a greater return to the State.

Senator Lamb asked if it was anticipated this plan would alleviate the tight money situation in the State, and Mr. Laiolo responded that this would make more money available for development of the economy of the state by reducing the pledging from 110% of the deposit to 100%.

Mr. Bruce spoke briefly regarding the adoption of par value vs. actual value, noting that if the State Treasurer were required to accept state or local securities at actual value, it would probably be impossible to know the actual value as of any given date.

At this point in the meeting, Messrs. Laiolo, Breen and Martinelli departed.

Attention of the committee was directed to A.B. 397.

A.B. 397 Introduced by Messrs. Lingenfelter, Espinoza, Fry and Capurro.
Exempts real estate broker from certain business license requirements.

Mr. Lingenfelter was invited to speak on this bill. The gist of his remarks was that he thought real estate brokers should be allowed the same privilege enjoyed by attorneys and other professional men in being required to have only one license which permits them to practice at any place in the state. Under present legislation, the real estate broker is required to have a business license in each area in which he does business.

After the brief presentation of his bill, Mr. Lingenfelter left the meeting.

The next order of business was A.B. 404.

A.B. 404 Introduced by Mr. Reid.
Provides for arbitration with respect to uninsured motorist coverage.

The chairman read amendments suggested by Senator Young. Briefly, the bill allows for arbitration in uninsured motorist cases.

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The committee took no positive action on any of the bills discussed. The chairman said he still had some questions on A.B. 235 and Senator Swobe said he thought action on the bills should be delayed until Senator Titlow could be present and join in the discussion of them.

Meeting adjourned at 12:35 P.M.

Approved:

Marvin L. White

MEMORANDUM RE A.B. 235

Representing the Nevada Bankers Association: Paul Laiolo, President, Pioneer Citizens Bank of Nevada; Ernest Martinelli, First National Bank of Nevada.

1. Interest rate of 75 basis points below the preceding two week average for Treasury Bills.

This provision is of benefit to both the State and the banks, in that it makes the rate to be paid for Time Certificates of Deposit on State moneys much more responsive to fluctuating market conditions by setting up a formula which is automatically tied to market conditions.

2. Changing the determination of the amount of pledging from actual to par value and reducing the pledging from 110% of the deposit to 100%.

This makes Nevada bonds more attractive to the banks as purchasers and avoids a difficult accounting problem on the part of the State and the banks. For many Nevada bonds, it is difficult to determine the actual market value.

3. Modifying the method of substituting pledging.

This is preferred by the Fiscal Analyst, improves the method of auditing, and protects the values of pledged deposits.