

MINUTES

Meeting called to order at 9:35 a. m. by Chairman Monroe on March 6, 1969.

Committee members present: Chairman Monroe
Senator Swobe
Senator Bunker
Senator Hug
Senator Christensen
Senator Young (In at 10:00 a.m.)

Committee member absent: Senator Dodge

Guests: Mr. George Folsom, Attorney, (Reno)
Mr. George Miller, Welfare Administrati

Legislative Counsel: Frank Daykin.

Chairman Monroe advised he had received the proposed amendments to the Anatomical Act, AB 3, which he read to the committee.

Senator Christensen moved they amend and "do pass".
Senator Swobe seconded the motion.
Motion carried.

Mr. Folsom was present to be heard on SB 204 - Amends Professional Corporations Act to include professional associations.

MR. FOLSOM: Under the present law the members of the Professional Corporations are not entitled to any of the benefits given to the employees working for the firm. The Internal Revenue restricts the profit sharing plans to employees only and not the partnerships. The employer can contribute to the retirement of the employees and this goes into a trust fund and the profit from the trust fund is tax free.

There has been a battle between the professional people and the Internal Revenue since 1950 over an employer can profit from the benefits and are entitled to the benefits. In 1954 from a decision in the 9th Circuit Court of Appeals rules that a doctor would be considered an employer. The IRS formed a new regulation to exempt professional groups. Since that time there have been severam court cases between the IRS and professional men in this area and the IRS has lost all cases.

He stated it was his opinion and that of other attorneys that this would protect the professional men against the IRS. He said he had used the Common Law Association instead of the professional act in many instances. The Supreme Court had been asked to rule on the act as a corporation or association and their ruling was the reason behind this legislation.

He stated the request for SB #217 came from Attorney John McNamee of Las Vegas who represents an architectural firm. He discussed this bill with other attorneys and also the attorney representing the State Board of Architects and they had recommended the following changes: On line 12, page 1, strike "partnerships, firms or associations". Same change on lines 14 and 25 of page 1. On line 1, page 2, add "or persons" after "person" and strike out partnership, firm or association. Line 23, page 2, strike "firms, partnership or association" and on page 26 strike "partnership, firm or corporation" and add "or persons".

In as much as professional corporations are made up of individuals this would not cloud the definition.

CHAIRMAN MONROE asked if there would be any problems having engineers and architects in the same association and not let them do each others work. He was concerned with the language on line 27, page 2. That subsection did not permit a professional engineer to engage in the practice of architecture.

Senator Swobe suggested they should also include that an architect be excluded in the practice of engineering so it would protect both.

Senator Young asked the purpose of #217.

Mr. Folsom stated it would let an engineer and architect work under the same association when a member of the same corporation.

Senator Monroe asked the difference between an association and a corporation in this case.

Mr. Folsom said the professional men feel more ethical about a corporation than they do about an association. There is a national rule against an association forming a corporation. It has been done in many cases and this would protect it. The Supreme Court authorized both an Association and a Corporation. He would be glad to answer any further questions.

Mr. Folsom thanked the committee for the opportunity to speak to them.

Chairman Monroe introduced Mr. George Miller of the Welfare Administration who had a few words to say to the Committee on SB 230 and SB 233.

SB 230 - Clarifies responsibility of district attorneys in pursuing nonsupporting parent.

Mr. Miller stated this was consistent with the federal law and merely spelled out that finding a nonsupporting parent was the responsibility of the district attorney. At the present time they had no support in pursuing a parent who had deserted his family and no way of nailing these people down. In Washoe it had been the responsibility of Mr. Hadley and he had no support from the district attorney. They should be found and forced to meet their obligations. When they couldn't be found there had to be funds used from the Welfare Department that cut down their money considerably.

There was considerable discussion as to how it would be handled if a person were to move from one county to another.

Mr. Miller explained they would start in the county where the person was last known to be and when found would make application in the county he was located.

Chairman Monroe advised that on advice of the bill drafter he would suggest on line 4 and 5 to strike "for receiving assistance."

Senator Young asked what happened to the money they did collect. Would it go to the Welfare department or the person it was collected for.

Mr. Miller advised it did not go to the Welfare direct but payment would go to the person to receive payment, however it was supervised by the Welfare Department.

Mr. Miller also remarked on SB 233 - Requires that value of real property occupied as home is not considered in determining eligibility for old-age assistance and attaches lien to such property for amount of assistance received.

He explained this would permit persons to receive old age assistance who owned their own home but had no means of support. The law is now that if they own property they are not entitled to assistance until they sold that property. The new legislation provides that the Welfare department would take a lien on the property and after the person or persons were deceased they would take reimbursement for what they had paid out from the sale of the property. It was very foolish to make them pay rent on a sub-standard property which would probably be higher than letting them live in their own home.

Senator Swobe suggested on page 1, sub-section 2, line 20 "to any of his children" should be stricken.

Mr. Miller thought this was a good suggestion.

SB #235 - Allows restitution of overpayments made to welfare recipients, creates rebuttable presumption of fraud and provides penalties.

Mr. Miller explained there had been several fraudulent claims made in the past and this pinned down the definition of fraud and gave the Welfare Department help in nailing the fraudulent claimers and made the penalty a misdemeanor. If he failed to report two times to the Welfare Department, they could nail him on the third time. This would apply to all recipients of aid from the Welfare Department.

Senator Hug remarked this put the burden of proof on the recipient.

Mr. Miller thanked the committee and left the meeting.

Senator Monroe asked what the committee wanted to do on SB 204.

Senator Swobe moved "do pass".
Senator Young seconded the motion.
Motion carried.

SB 217 - Permits architects and professional engineers to join in formation of professional corporations.

Senator Young had some doubts about this and would like to hear from an architect and engineer before he made a decision.

SB 233 - Previously discussed by Mr. Miller

Senator Swobe moved to amend and "do pass".
Senator Hug seconded the motion.
Motion carried.

SB 235 - Another Welfare bill discussed.

Senator Young moved this be recommended "do pass".
Senator Christensen Seconded the motion.
Motion carried.

SB 230 - Senator Swobe asked if there was a reason for repeating the second "for or receiving assistance". He could see no reason for it.

Mr. Daykin stated he could see no reason for the duplication.

Senator Swobemoved to amend and do pass.
Senator Young seconded the motion
Motion carried.

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SB 280 - Provides for jury selection and exemption and establishes two grand juries.

Chairman Monroe advised Mr. Daykin the committee had decided to take out the list of exemptions in this bill and have that provided in AB 204, as it was a duplication and not necessary.

He asked Mr. Daykin to prepare the amendments to the various bills.

There being no further business the meeting adjourned at 10:40 a. m.

Respectfully submitted,

Jeanne M. Smith, Secretary.

Approved: _____