Assembly

GOVERNMENT AFFAIRS COMMITTEE
MINUTES OF THE MEETING
MARCH 19, 1971

PRESENT: SMITH, GETTO, LAURI, FRAZZINI, DINI, HAWKINS, BRANCH
ABSENT: BRYAN, RONZONE

ALSO PRESENT: CURT BLYTH, NMA
JACK CUNNINGHAM, COUNTY COMMISSIONERS ASSOCIATION
DICK MORGAN, NSEA

Acting Chairman Getto called the meeting to order.

AB 85 - Authorizes special assessment levies against State and political subdivisions.

Mr. Blyth spoke in favor of this bill and suggested it be amended to allow ing political subdivision to pay in cash or on a contract basis. He explained that in effect the school districts would be treated as any other taxpayer.
Assemblyman Dini asked where the money to pay such levies would come from.
Mr. Blyth answered that the political subdivision could either obtain an emergency loan or if the bill were amended they could enter into a contract to pay the levy in installments.
Chairman Smith asked what the bonding companies thought of the idea.
Mr. Blyth said he could not say, however, it wouldn't be possible to put a lien against a school
Assemblyman Lauri asked it it would work both ways, if the county could put a levy against city property then could the city put a levy against county property that was within its boundary.
Mr. Blyth said as long as the improvements were for the general benefit of all they could.
Chairman Smith assigned Assemblyman Lauri to work with Mr. Blyth to have an amendment drawn to AB 85.

AB 645 - Exempts certain local government from requirements of Local Government Budget Act.
Mr. Blyth said his association did not favor this bill and he felt that to make exceptions was to set a bad policy.
Acting Chairman Getto read a letter from Le Bergstrom favoring the bill.

AB 668 Permits local governments to amend budgets.
Assemblyman Dini moved DO PASS
Assemblyman Getto seconded the motion.
The motion carried.

SB 462 - Requires report from each school district board of trustees showing estimated number of employees, salaries prior to submission of tenative budget.

Mr. Morgan spoke in favor of this bill explaining that it would give the public notice of the number of teachers and administrators and other personnel .
Assemblyman Lauri moved DO PASS.
Assemblyman Frazzini seconded the motion.
The motion carried.

AB 631 - Proposes various amendments to General Improvement District Law.

Mr. Granada, of the Public Service Commission, told the committee that the commission is aware that if the bill is enacted that the commission will have no jurisdiction, however, the Commission has no position on the bill.

SB 290 - Amends Consolidated Local Improvement Law to authorize cities with commission form of government to aquire, operate maintain electrical projects.
Mr. Mac Donald told the committee that this bill would only effect two cities in the State, Carlin and Boulder City, and that he thought that if Boulder City wanted the bill it would be a good thing.
Assemblyman Dini moved DO PASS.
Assemblyman Hawkins seconded the motion.
The motion carried.

SB 386 - Modifies procedure for payment of state group insurance premiums by political subdivision.
Mr. Mac Donald told the committee that he had suggested this bill because in order for Storey County to join a group insurance plan the law had been amended last session and an $8.54 per employee controbution maximum had been established. It was not the intention of the legislature to bind every county to this amount.
Assemblyman Hawkins moved DO PASS.
Assemblyman Dini seconded the motion.
The motion carried.

SB 355 - Reconciles certain preferential bidding provisions relating to public purchasing.
Mr. MacDonald told the committee that in the 1969 Session the Legislature had passed a bill which gave a break to the local bidder for a contract. This bill would also provide for bidding practices where both private and public money is used.
Assemblyman Branch moved DO PASS.
Assemblyman Frazzini seconded the motion.
The motion carried.

SB 119 - Removes requirement that at least 50 per cent of total number of tracts of property to be assessed for improvements contain permanent structure.
Mr. Mac Donald the committee that this bill would remove the restrictions which presently tie the hands of the road builders and other such improvements.
Assemblyman Dini moved DO PASS.
Assemblyman Getto seconded the motion.
The motion carried.

SB 341 - Specifies qualifications for manager, deputy of State Planning Board and State Highway Engineer and deputies.
Assemblyman Branch moved DO PASS.
Assemblyman Dini seconded the motion.
The motion carried.

SB 433 - Creates department of finance in city of Sparks and provides for director thereof; abolishes office of city treasurer.
Mr. Mac Donald told the committee that this is a charter change for the city of Sparks and that he had some amendments to offer. He would prepare the amendments and present them to the committee.

SB 424 - Changes definitions in Local Government Budget Act.
Mr. Mac Donald explained to the committee that this bill would simply make the definitions used in the LGBA comply with the federal manual
Assemblyman Lauri moved DO PASS.
Assemblyman Getto seconded the motion.
The motion carried.

AB 8 - Designates use of former legislative chambers and creates Capitol Artists Commission.
Hawkins told the committee that she had been in touch with the Director of the State Museum and he had stated that his staff could take on the project of restoration.
Assemblyman Getto moved the committee reconsider AB 8.
Assemblyman Frazzini seconded the motion.
The motion carried.
Assemblyman Frazzini and Hawkins will work with Mr. Mac Donald to amend the bill.

Incidentally, I believe the Retirement Board fits into your committee. Last fall when we were doing some work for New Ntl Bank, we wrote Floyd a letter (copy attached) concerning the effect of Government picking up 100% of the retirement contribution. We didn't get any response – but we still think it makes sense – particularly since it could very easily solve the funding problem at the same time (to the extent that forfeitures upon resignation would remain in the system). If it makes sense to you, we would be glad to discuss it further.

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KAFOURY, ARMSTRONG, BERNARD & BERGSTROM
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November 11, 1970

Floyd Lamb, President
Nevada National Bank
Administrative Offices
Fourth Street and Bridger Avenue
Las Vegas, Nevada 89101

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Dear Floyd:

In observing the State Employees' Retirement Plan, a number of thoughts have occurred to us and we wish to pass them on for your consideration as State Senator.

An employee's present contribution is made with after tax dollars. A single employee making $12,000 a year is paying around $230 in income tax on his mandatory contribution. In effect, he contributes $720 to the State and $230 to the Federal government, a total of $950 or eight percent of his gross salary.

I

It may be possible to restructure the law governing the employees' contribution in such a way that it would not qualify as current taxable income, thus saving the employee in our above example $230 in current income tax.

II

Another possibility would be for the State and local governments to pay the six percent employee contribution rather than raising salaries. In our above example, this would cost the State or local government $720, or six percent, but would increase the employee's disposable income by $720. If you gave him an increase of six percent in salary under the present system, he would pay $43 of it to the State for retirement and $230 to the Federal government in income taxe, with a net increase of only $447 in disposable income. The "take home pay" increase under this procedure would be equivalent to a ten percent salary increase, but would cost the State's taxpayers only six percent.

III

The tax law provides an option for certain employees, such as school teachers, to voluntarily defer portions of their current salary or nontaxable income. We feel it may be possible to use the State Employees' Retirement Fund as a vehicle to manage these contributions, thus facilitating a voluntary employee savings program and also increasing the eventual benefits through administrative savings.

We would be pleased to discuss these comments in further detail if you feel they have merit.

With kindest personal regards, we are

Very truly yours,

KAFOURY, ARMSTRONG, BERNARD & BERGSTROM

By______________________________

DEMcG:ks

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February 3, 1971

Senator Floyd Lamb, Chairman
Senate Finance Committee
Legislative Office Building
Carson City, Nevada 89701

COPY

Dear Floyd:

In November, we wrote you concerning some thoughts to take advantage of the tax laws and in doing so, save the State and local governments a considerable amount of money.

A comparison between a 10% salary increase and the State giving a single employee a 6% raise by paying all of his retirement can be shown as follows:

	10% Raise	6% Retirement
Base salary	$12,000	$12,000
Salary increase	1,200	-
Gross Salary	$13,200	$12,000
State retirement	792	-
	$12,408	$12,000
Income tax	2,374	2,053
Take Home Pay	$10,034	$ 9,947

The difference in take home pay is only $87 to the employee. The cost to the State for the raise is $1,272 or $720 for the retirement, a difference of $552.

Because of the progression in tax rates and the variations in income, i.e., wife working, the actual effect on different situations would fall in a range of 8% to 25%. That is, the payment of the 6% retirement would be equal to a raise of 8% to as high as 25%, depending on each individual's taxable income.

If we assume that the State has a total payroll of $45,000,000, the difference in cost between these alternatives would be $2,070,000 per year. Taken on a State-wide basis and assuming that the total State and local government payroll is $185,000,000, the difference in cost would be $8,510,000.

Senator Floyd [illegible], Chairman
Senate Finance Committee
Carson City, Nevada

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Another advantage would be that the base payroll would be held at its present level. Assuming a 10% salary raise was given to all employees in 1974, the additional cost would be $4,770,000 as compared to $5,275,000, a saving of $505,000.

Based on the above assumptions, over a four year period, the savings would amount to $5,150,000 to the State.

We would be pleased to discuss this concept in further detail.

With kindest regards,

Very truly yours,

KAFOURY, ARMSTRONG, BERNARD & BERGSTROM

By_______________________________

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