

Assembly

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MINUTES - WAYS AND MEANS COMMITTEE
NEVADA STATE LEGISLATURE - 56th SESSION - MARCH 4, 1971

Chairman Young called the meeting to order at 8:00 A.M.

Present: R. Young, Howard, Capurro, Hafen, F. Young,
Brookman, Mello, Schofield, Swackhamer, Hilbrecht,
Lingenfelter

Absent: None

Guests: Mike Medema; Mrs. White, Law Librarian; Mr. Anderson,
State Library; Judge Badger; Mr. Hacock, A.B. 119;
Dr. Young, University of Nevada, A.B. 119; Mr. Wall,
A. B. 119; Mr. Barrett, Dept. Admin; John Dolan, Dept.
Admin; Mr. Wahrenbrock, A.B. 488; Dr. Homer, BDR S-1950.

BDR 38-1287 - Creates services to the blind division
rehabilitation services revolving fund. (A.B. 633)

Mr. F. Young moved Committee introduction.
Mr. Lingenfelter Seconded the motion.
PASSED UNANIMOUSLY

Floor Assignment: Mr. F. Young

BDR 17-1576 - Revises certain duties of fiscal analyst of
Legislative Counsel Bureau. (A.B. 632)

Mr. Lingenfelter moved for Committee introduction.
Mr. F. Young Seconded motion.
PASSED UNANIMOUSLY

BDR S-1950 - V & T.

Mr. Hilbrecht objected to paragraph on second page
- Sec. 2.

No Committee action taken.

Dr. Homer stated that he would introduce this.

A.B. 331 - Places State Law Library under Supreme Court
control.

Mrs. White stated that 32 other states are putting the
State Law Library under the Supreme Court control. She
stated that the Law Library shouldn't be under the control
of people who are not knowledgeable in field of law library
sciences. She stated that presently there are only two
people running the Law collection, in addition, a stock man
downstairs in the State Library assists with the collection.

Mrs. White stated that Mr. Anderson assured her that that stock man would continue assisting the law library as long as they remain in one building. She stated that adventually there would be a separation of the Supreme Court and the State Library, and when the separation occurred, the Law Library would need a change in staffing.

In answer to Mr. Lingenfelter's question whether Sections 2 and 3 of bill would be part of Supreme Court's budget, Mrs. White replied that it would. Mr. Dolan stated that approximately \$60,000 would be transferred to the Supreme Court's budget for the Law Library.

Judge Badger stated that something would have to be done about the physical plant in the near future. He stated that either the Supreme Court would have to move or the State Library would have to move. He told the Committee that the Law Library is needed where the Supreme Court is and where the Attorney General is. He remarked that the Law Library should be in the Supreme Court Budget.

Presently the Law Library and the State Library are on different floors in the same building.

Mr. Anderson recommended that the Law Library be in close proximity to the Supreme Court for convenience. He stated that a separation of the two libraries would be of no difference administratively. Mr. Anderson challenged Mr. Dolan's figure of \$60,000 in regards to transferring this amount to the Supreme Court's budget for support of the Law Library. He stated that if this amount was transferred that it would cripple the State Library. Mr. Anderson stated that in his breakdown of money to be transferred to support the Law Library, a sum of \$41,836 be appropriated in 71-72 and \$42,520 in 72-73 respectively would be needed. These figures include all line items to support the Law Library in the Supreme Court's budget.

Mr. Lingenfelter questioned Mr. Anderson's figures. He stated that \$20,000 would be needed for salaries, \$26,000 would be needed for books, \$12,000 - \$13,000 would be needed for rent, and in addition retirement must be considered. Mr. Anderson stated that differences would be in such items as office and shipping supplies, postage, book binding, telephone expense, etc.

Mrs. White stated that she had previously submitted her figures to State Library.

Chairman Young stated that Mrs. Heyer was very much opposed to this bill. In addition, he remarked that appropriation of funds needed is undecided and that it would be up to the Committee to determine, providing the Committee passed the bill.

Discussion on amount of money that would be needed in Supreme Court's budget to support Law Library.

Mr. Dolan stated that Mrs. White came up with a figure of \$66,000 and his department came up with a figure in the neighborhood of \$64,000. He stated that he had not included postage, freight, etc., in his figures. Mr. Dolan stated that the Budget Division would submit to the Committee a breakdown on these figures. In addition, the Law Library as well as the State Library will submit breakdowns.

A.B. 119 - Makes appropriation to University of Nevada for agricultural and research demonstration in Amargosa Valley.

Mr. Hacock stated that this appropriation would be used to pay University of Nevada for studies of soil and water in Amargosa Valley. Study is requested as crop production has been on the decline in Amargosa Valley.

Study would involve setting up a small plot of land and allow Univ. of Nevada to do two years of research. Appropriation is needed to cover salary of technician plus the establishment of a station. In second year of study an additional technician would be needed. Dr. Young stated that he had not realized that the bill stated the amounts of money needed for each year of study. He requested that more money should be available in first year of study instead of in second year.

Study would determine if problem is correctable or non-correctable. Dr. Young stated that a little work has already been previously done. Many samples of soil and water have been analyzed. Problems are arising during irrigation. Dr. Young stated that there exists a different type of clay minerology and chemistry in soil which they have not had the opportunity to investigate. Also, other constituents present in water which have not been tested to date, must be tested.

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Dr. Young referred to a USGS bulletin and stated that they estimated recharge of 24,000 acre feet of water and reserves of over two million acre feet. Depth to water varies from 2-3 feet to 250 feet. In answer to Mr. Hilbrecht's question as to how many acre feet 24,000 recharge acre feet would support, Dr. Young replied that it would support five acre feet for each acre of land, but he felt that this should be higher, i.e. 7 acre feet.

Mr. Wall from Amargosa Valley stated that this land is desert land but has been designated as agricultural land. He stated that water is abundant and that the growing season is long, but stated a problem exists. Land owners in this area have spent over \$600,000 investigating this problem. He also stated that production is going down and many farmers are going broke.

Mr. Hilbrecht stated that there were some applications from Merchison using this water. Mr. Wall stated that they would object to them using their water.

Mr. Westergard stated that there is a movement of water from the higher elevations. He did not believe that there was a great underground flow of water in basin.

Chairman Young read a letter from Dr. DeLee who stated that he would offer 20 acres of his land to be used for this purpose as well as water.

S.B. 109 - Provides method of funding emergency aid to livestock and agriculture industries.

Mr. Barrett stated that livestock emergency funding statute has been in the books for many years but there is no money in this fund. He stated that instead of putting monies in this fund, that monies from the Board of Examiner's Emergency Fund would be available.

Mr. Capurro moved a DO PASS
Mr. Howard Seconded the motion.
PASSED UNANIMOUSLY

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A.B. 488 - Creates aging services division in department of health, welfare and rehabilitation.

Mrs. Brookman presented to the Committee a handout stating the purposes of the Older Americans Act, purposes of administrative budget money and projects that need funding.

Mr. Wahrenbrock stated that the new part in the bill is Sec. 5, page 3. Budget presented to Committee called for a State appropriation of \$11,000. \$25,000 would match the federal money of \$75,000, thus making a total budget of \$100,000. Included in the fiscal note on this bill is the total of \$93,000 for projects which do not involve any state money. State money would only be used for administrative purposes.

Bill's purpose is only to create agency. Passage of this bill is necessary to get Federal funding. Refer to budget page 174.

Mr. Schofield stated that the intent of this bill was to utilize the intellect of senior citizens.

Dr. White stated that Page 4 of bill, line 14 was the most important statement in bill. \$93,000 would be used for proposals.

Mr. Howard stated that he objected using so much money for administrative purposes.

Mrs. Brookman moved a DO PASS

Mr. Schofield Seconded motion

Motion did not carry. Nays: Schofield, Mello, Lingenfelter, Capurro, Howard.

HOLD

S. B. 149 - Makes appropriation to state general obligation bond commission fund.

Mr. F. Young moved DO PASS

Mr. Capurro Seconded motion

PASSED UNANIMOUSLY

Floor Assignment: F. Young.

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S.B. 150 - Makes appropriation to various state fund accounts.

Mr. Dolan stated that the Budget Division had done research and this has been amended upward. Refer to page A 22 in Executive budget.

Mr. Swackhamer questioned Mr. Dolan as why \$50,000 was needed to pay off debts from last year. Mr. Dolan stated that \$50,000 is owed presently and then this would leave fund at \$100,000 for rest of this biennium and next biennium.

Mr. Swackhamer suggested that the Committee hold S.B. 150.

HOLD

A.B. 277 - Chairman Young asked Mr. Swackhamer to prepare himself on this bill for floor assignment.

A.B. 93 - Mr. Hilbrecht requested a fiscal note on A.B. 93.

Being no further business, the meeting adjourned at 9:00 A.M.

Chairman Young called the meeting to order at 3:30 P.M.

Present: R. Young, Howard, Hafen, F. Young, Brookman, Mello, Schofield, Swackhamer, Hilbrecht.

Absent: Capurro (Excused), Lingenfelter (Excused)

Guests: Joe Collett, Taxicab Authority; Don Anderson, Public Employees Retirement; Mr. Jacobson, Coates, Herfurth and England Co; Keith Henrikson, Police-Fireman Association; Assemblyman Paul May.

PAGE 326 - TAXICAB AUTHORITY

Mr. Collett stated that he understood that the Committee did not look favorably at their budget. He presented the Committee with two proposals which would enable the Taxicab Authority to be on a self funding basis. Following is a summary of proposals (refer to handout):

Proposal #1 - Imposes a gross revenue tax on cab fares of 2.5% on all certificate holders and drivers. Mr. Collett felt that this was not the best proposal because adventually this would result in a rate increase.

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Proposal #2 - A transportation tax of 5¢ per trip would be imposed on all certificate holders. This 5¢ charge would be shown on the meter in the cab; thus, initial charge on meter would be raised from 50¢ to 55¢. Mr. Colett stated that this proposal is the most acceptable to the industry and union.

Mr. Collett referred to A.B. 151 in which they requested an increase of medallion charge to \$200 per cab. He stated that if Proposal # 2 were accepted which would enable them to be self supporting, they could reduce this charge down to \$5.00. In addition \$2.50 would be charged for driver renewal permits each year.

The funding in proposal #2 would result in a surplus and agency requested that these monies be left in authority's control in a contingency fund for emergencies or deficiencies in revenue. He also requested that these funds would not revert to the General Fund.

Chairman Young asked Mr. Collett if the Taxicab Authority wanted the balance in budget of \$25,000. Mr. Collett stated that they would need \$15,000 of this for the balance of the fiscal year.

Mr. Hilbrecht remarked that the Taxicab Authority should be administered by the County Commission or a local entity in Las Vegas in the future.

In answer to Mrs. Brookman's question whether it was wise to give one taxicab company a franchise at the airport, Mr. Collett stated that it was his opinion to have open competition.

PAGE 440 - PUBLIC EMPLOYEES RETIREMENT ADMINISTRATION FUND

Mr. Anderson presented the Committee with a handout from the Public Employees Retirement Board (re:contribution rate increases)

Existing Positions - Higher salaries requested for Executive Secretary and Assistant Executive Secretary.

New Positions - Internal Auditor, Senior Account Clerk and Senior Typist being requested.

Communications Expense - Increase over next biennium is that in addition to \$30,000 people they are in contact with presently, they will be in contact with 3,000 more.

Equipment Repair - Agency requesting restoration of their request being that they have 4 posting machines which are getting older and breaking down.

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Building Rental - Increase is due to additional space required for additional personnel.

Office Furniture - Appropriation depends upon number of new personnel hired.

Contract Service - Appropriation in 72-73 will have to be increased to \$25,000 for the actuarial survey. Survey is mandatory by law.

Mr. Anderson stated that the retirement board has directed an increase of incoming fees from employers and employees to .50¢ per month effective July 1, 1971.

Mr. Stan Jacobsen, representing Coats, Herfurth and England in San Francisco, was present to discuss funding of State's retirement system.

Mr. Jacobsen stated that the method of funding retirement system in Nevada was not customary among other states. Nevada has a nonfunded system in which no interest is being paid; consequently, the unfunded liability keeps increasing. He stated that providing the cost of benefits when they become due is the liability of the system. We must attempt to formulate the amount of money necessary to pay out for benefits of the system. Another consideration is the amount of money coming in from employers and employees. Presently it is 6% from each respectively. He stated that another asset of system is current funds on hand which are being invested.

In June, 1968, the unfunded liability was \$117,000,000. He stated that the interest on this amount was part of necessary funds to pay the benefits. The problem of the system being that State promises future benefits and without interest the State will not have money to pay these benefits.

Mr. Jacobsen's firm recommended an increase in employer-employee contributions in 1969 which was overlooked by Legislature. Presently \$9,000,000 is needed to pay the interest. Present system is doing nothing to liquidate the unfunded liability to pay benefits. Some states amortize this over 30-50 years. He stated that for example if State paid \$2,000,000 a year we would then be in a position to liquidate this liability in 30 years.

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He guaranteed that a Legislature session would have to face the question of where they were going to get the money for this retirement program in the near future. He predicted that this program would ultimately go bankrupt. He questioned the constitutionality of this unfunding.

Mr. Jacobson told the Committee members that if all of the State employees who had paid money into the fund requested their money back, the State would not have the funds to pay them. He felt that contributions were low compared to benefits being received.

\$142,000,000 is presently in fund today; \$53,000,000 of total amount in fund composes contributions of employees.

Discussion on raising employer-employee contributions from 6% to 9% and State contributing \$2,000,000 a year (Jacobson, Schofield, Swackhamer).

Mr. Keith Henrikson challenged Mr. Jacobson's findings and questioned whether or not we were in trouble. He presented the Committee with a letter from Barbanell-Liever, Inc., Pension Fund Advisors, along with a letter from Coates, Herfurth and England.

Mr. Henrikson stated that all reports from Coates, Herfurth, and England have always been in regards to what it would cost to fully fund this system. He didn't believe that any Legislature ever intended to make this a fully funded system.

Being no further business, the meeting was adjourned at 4:45 P.M.