

Senate

COMMITTEE ON FEDERAL, STATE AND LOCAL GOVERNMENTS

Minutes of Meeting -- February 3, 1971

The fifth meeting of the Committee on Federal, State and Local Governments was held on February 3, 1971 at 3:00 P.M.

Committee members present: James I. Gibson
Warren L. Monroe
Carl F. Dodge
Stan Drakulich
Lee Walker
Chic Hecht

Also present were:

Floyd Lamb, Senator
Boyd Manning, Senator
Grover Swallow, Assemblyman
Jan MacEchern, League of Women Voters
Fola Forst, League of Women Voters
Howard Barrett, State Budget Director
William Hancock, State Planning Board
Keith Whipple
Charles Funk, White Pine County
N. K. Sundrud, County Commissioner, White Pine
Farrell Gale, White Pine County
M. K. Stewart, Alamo, Nevada
J. P. Whitemore, White Pine County, City Councilman
Eli Evasovic, White Pine County Clerk
Curtis Prehner, Lincoln County Road Commission
Phil Carter, Lund, Nevada
Lee Burge, State Department of Agriculture
Fred Dressler, State Board of Agriculture
Charles Frey, State Board of Agriculture
Ray Knisley
James T. McNeely
Ira H. Kent, Nevada State Cattlemen's Association
Don West, Lincoln County
Ray Ergot, White Pine County
John Bawden, State Highway Engineer
Wilson McGowan, State Controller
James Thompson, Deputy Attorney General
Julian Smith, Deputy Attorney General
Daryl Capurro, Nevada Motor Transport Association
Robert F. Guinn, Nevada Motor Transport Association

Press representatives

Chairman Gibson called the meeting to order at 3:00 P.M. Several bills were before the committee for consideration.

SJR-7 Proposes to increase state debt limit.

Mr. Howard Barrett, State Budget Director, and Mr. Bill Hancock, State Planning Board, were asked to appear before the committee and give some background information concerning this bill.

Mr. Barrett testified that the present 1% debt allowance for the state will yield \$20,650,000 based on the evaluation to be certified for the current year. Of that amount the bonds outstanding amount to \$14,304,000. In addition there is a recent opinion that the lease-purchase agreement covering the State Employment Security building and the N.I.C. building have to be included in the debt allowance, and this amounts to \$2,059,301. The state will redeem \$340,000 of bonds this year, leaving a balance uncommitted on July 2, 1971 of \$4,631,699. He further testified that the state evaluation is growing at the rate of approximately 9% per year.

Mr. Hancock testified that the capital improvements authorized in the period of 1957 to 1971 total \$80,208,609. On the average, appropriations from the general fund by bonds has been \$12,000,000 per biennium. This year the executive recommendations total 7½ million dollars out of initial requests of \$62,000,000, and first priority items of \$18,941,000.

He further stated that construction costs are increasing at the rate of about 11% per year; that the capital program for the last biennium totalled \$19,500,000, and that the largest area of unmet needs are for the unfinished Nevada state office buildings in Clark, Washoe and Ormsby counties and facilities for the Department of Health and Welfare.

Mr. Hancock also pointed out that the revenue bond market has been very high and they have been forced to sell close to the 7% limitation, consequently they have had to reduce their terms from a normal 20 or 30 years down to around 15 years in order to sell these bonds. This creates a problem from a construction standpoint from two sides -- one is the limitation of general obligation bond money and the other is the increase in construction costs.

Mr. Hancock then referred to "Capital Improvement Program" schedules. He said the University was at the top of the list

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with the prison and health and welfare agencies next in line. The University has used 62.9% of all capital improvements from '57 to '71, health and welfare, 11.1%, the state in general (all state agencies in state office construction) 12.9%, the prison, 8.1%. Under Priority One the University has dropped to 15%, health and welfare, 17%, state general, 15%. Under Priority Two the University goes back to 65%.

Mr. Barrett said that he would recommend the legislature allow \$2,000,000 out of the park improvement bonds, and that the legislature has to authorize the sale of the bonds.

Mrs. Jan MacEhern, representing the League of Women Voters from Boulder City, gave a statement of their position regarding this bill (copy attached.)

SB-28 Requires consent of county commissioners before construction of state highway in counties.

Senator Manning explained that he had introduced this bill at the request of the citizens of Caliente and Pioche, Nevada.

Mr. John Bawden, State Highway Engineer, testified before the committee regarding this bill. He stated that the philosophy behind this bill with respect to the Highway Department was cooperating with the county commissioners and local officials. He felt it was desirable legislation. The main thing at stake here is who makes the decision with respect to the primary routes which are integrated and connect a system of highways throughout the state, which is for the good of the state as a whole. If this bill passed, the veto power would be vested in the county.

Mr. Bawden pointed out that we should recognize the federal participation in the primary system to the extent of 90% federal, and 10% state. There may be some ramifications with respect to any particular section of this route that would not receive approval, so there is a good possibility that one section could not be improved. The federal government might not then provide funds for any construction on the remaining sections.

Mr. Bawden then referred to the "Sunnyside" situation where they did not receive permission from the county commissioners of Lincoln County to construct the highway on the proposed

route. It was indicated that although Lincoln county would not use their secondary funds on this highway, White Pine County had said that they would pledge their funds to this use. An injunction has been issued pending a hearing in the Supreme Court on the 12th of February, 1971, which has stopped the completion of the remaining 60 miles of highway through Lincoln county. Considerable funds have already been spent on the construction of this highway to the Sunnyside area. According to Mr. Bawden the Lincoln County Commissioners have requested that consideration be given to construction of this road down Rainbow Canyon, which is a secondary route.

Mr. Eli Evasovic, County Clerk from White Pine County, appeared before the committee to speak against the passage of this legislation. He pointed out to the committee that White Pine County and Elko County have been working for the "Sunnyside Shortcut" since 1954 through four successive administrations. Documents of the public hearings held in regard to this matter are available through the State Highway Department. Mr. Evasovic read a letter written to the editor of the local paper in Ely, Nevada on October 5th, 1970, which he felt generally expresses the attitude of the people living in Elko and White Pine counties.

The committee heard additional testimony on this matter from Mr. N. K. Sundred, County Commissioner from White Pine County, Mr. M. K. Stewart of Alamo, Mr. James Whitmore, from White Pine County, Mr. Ray Ergot, Secretary to the Central Labor Council of White Pine County, and Mr. Phil Carter from Lund, Nevada, who all spoke in opposition to this legislation.

(Recess)

SB-30 Removes executive director and division directors of state department of agriculture from classified service.

Senator Lamb spoke on this bill stating that he felt these two particular positions should be put under the unclassified service. This would enable the chief executive of our state to remove them from their jobs if he felt it was necessary -- presently this is impossible, and this is the whole purpose of this bill. There are very few, if any, other department heads in the state that are under the classified service at the present time.

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For clarification purposes, Chairman Gibson pointed out that the way this bill is drawn the change would require the executive director to be appointed and be responsible to the board in the unclassified service, and then the division directors would be appointed by the executive director with the approval of the board. This retains the responsibility of the board for the executive director.

Mr. Dressler, member of the State Board of Agriculture, stated that he would recommend against the passage of this bill at this time without further investigation.

Mr. Julian Smith, Deputy Attorney General, representing the State Department of Agriculture and the State Board of Agriculture, stated that he reviewed the bill and felt that it would accomplish no worthwhile ends, but would have a negative effect on the effectiveness of the State Department of Agriculture in the function that they are charged with by the statutes.

There was further committee discussion regarding this bill. It was pointed out that the Executive Director serves at the pleasure of the Board, but the legislature sets the salary. Senator Dodge stated that the Secretary of the Dairy Commission and the Director of the Nevada State Library are both under the classified service. Mr. Charles Frey, member of the State Board of Agriculture, said that they had met as a board on February 2nd, and the opposition to this bill was unanimous.

Chairman Gibson then stated that the committee would take this bill under further advisement.

SB-68 Amends Local Government Employee-Management Relations Act to provide procedure to stay submission of fact-finding; provides complementary procedure concerning reemployment of public school teachers.

Chairman Gibson read the proposed amendments to this bill, which were prepared after the February 2nd meeting. Senator Dodge suggested a further amendment adding language to the effect that the executed contract shall be returned within 10 days and if it is not returned within 10 days, the school board may commence recruitment for replacement.

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Senator Dodge was asked to have this amendment drawn up and then the bill would again come before the committee for further consideration.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Mary Jean Pondi,
Committee Secretary

LEAGUE OF WOMEN VOTERS NEVADA

February 3, 1971

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STATEMENT TO THE NEVADA STATE SENATE COMMITTEE ON FEDERAL, STATE & LOCAL GOVERNMENTS
re - SJR 7, Proposal to Increase Debt Limit

I am Mrs. Janet MacEachern, representing the League of Women Voters of Nevada. As you on this committee are well aware, the people voted down the amendment increasing the debt limit in November 1968. In the 1969 session we appeared before the Assembly Taxation Committee in support of AJR 39, which provided for state borrowing outside the debt limit.

Now you are again considering a resolution which duplicates the amendment proposed in '68. The League will again support the proposal as a compromise measure, if this is the best the Legislature can offer. We would have liked to see some of the recommendations made in 1969 incorporated at this time. We believe, also, that the Legislature should be given full responsibility in the framing of public debt in the best interests of the State. Toward that end we support removing constitutional debt limitations and making those limitations statutory. The Federal Constitution is the precedent for this, and some states have recognized the fallacy of a constitutional debt limitation. In actuality, the Legislature may NOW borrow ANY amount, at a price. The statute passed in 1969 to set up a Nevada Building Authority is an excellent example of how to circumvent the constitutional debt limitation. There are other states who have gone this route, who boast of "no public debt", when in fact they are obligated for millions of dollars via the authority, non-guaranteed revenue bonding, and lease-purchase agreement methods. All these circumventions are more costly than full-faith and credit debt, and the public remains blissfully ignorant of the true status of its state public debt. We postpone real solutions to our problems by setting up corporations for special purposes to permit non-guaranteed borrowing at higher rates.

Here in Nevada the Supreme Court declared the Nevada Authority invalid, and now we must again try to find a way to fund the capital improvements Nevada so desperately needs.

Restrictive covenants come about through popular distrust of legislators, thus constitutional restrictions on taxes or debts are easy to sell to the public. Our task, then, is to remind the voters of this State that they elected the legislators, that to deny fiscal responsibility to those legislators is to mistrust their own judgment.

If you in the Legislature sincerely believe that it is fiscally sound to raise the debt limit, you must get out and educate your constituents to that effect. Most candidates for office are peculiarly reluctant to take a public stand on this amendment during their campaigns. The LWV cannot fight your battle alone.

As the state chairman the past 4 years of a League study of Nevada's finances, I can tell you we have completed a study showing the need for a change in our public debt policy. We will furnish this committee with information we have gathered and some alternative suggestions for a sound public debt policy if it is interested. I am sorry this cannot be included in this statement as the files are in Boulder City and we first learned of this hearing Monday. Suffice to say at this time that students of public debt and state fiscal policy maintain that a debt limitation, if there is to be one, is financially sound up to 10% of a state's valuation--certainly 3% is a conservative figure to use in Nevada.

A statement of our position on Nevada State Public Debt, reached in April 1968, is attached.

Thank you for the opportunity to appear before this committee.

STATE PUBLIC DEBT Position: We support public borrowing by the State for capital improvements, defined emergencies or disasters. However, we believe the State Legislature should be made fully responsible for structuring state public debt in the best interest of the State, issuing of full faith and credit or revenue bonds as best serves the purpose, controlling borrowing by statutes designating the amount, purpose, and means for repayment. In order to accomplish this, the LNV recommends the following constitutional amendments:

- a) Remove constitutional debt limitations, and make debt limitation statutory.
- b) Remove constitutional specific tax requirement for funding debt repayment and authorize legislature to name the sources for repayment of debt.
- c) Change the constitutional requirement for repayment of public debt in 20 years from passage of law to a more liberal period.
- d) Add a statement denying the State the power to repudiate any legitimate debt.

The League will support selected interim steps toward the above goals.

Comment: We urge introduction of a bill which will begin the process of amending the Constitution regarding public debt limitation. As you can see from our position above, we would favor repealing any constitutional limitation, but will support interim steps toward this goal. Since the last Session, as you know, the Building Authority created by the 1969 Legislature has been declared unconstitutional, further emphasizing the need for revision of the State Constitution if capital improvement needs are to be met.

VI. NEVADA STATE PARK SYSTEM Position: We support a well-rounded State Park System of high quality, adequately financed, coordinated with the other land agencies operating in this field.

Comment: We were actively involved in working for passage of Question #9 on November 3 and pleased to find Nevadans favoring issuance of \$5 million in general obligation bonds for acquisition of new state parklands. With increased funding this last biennium, the State Parks System has been able to make substantial improvements in existing parks, such as Valley of Fire and Lake Tahoe State Park. Even more must be done to keep pace with the recreation needs of Nevadans as well as our growing number of visitors. Expansion of tourism, particularly family recreation opportunities, will be greatly enhanced through continuing development of our State Parks.

VII. NEVADA STATE LEGISLATURE Position: We support modernizing measures which will:

- a) Maintain its apportionment on a current population basis
- b) Streamline its internal legislative processes
- c) Reduce its concern over purely local matters

Specifically, we support some form of automatic apportionment, sub-districting large population areas, annual sessions.

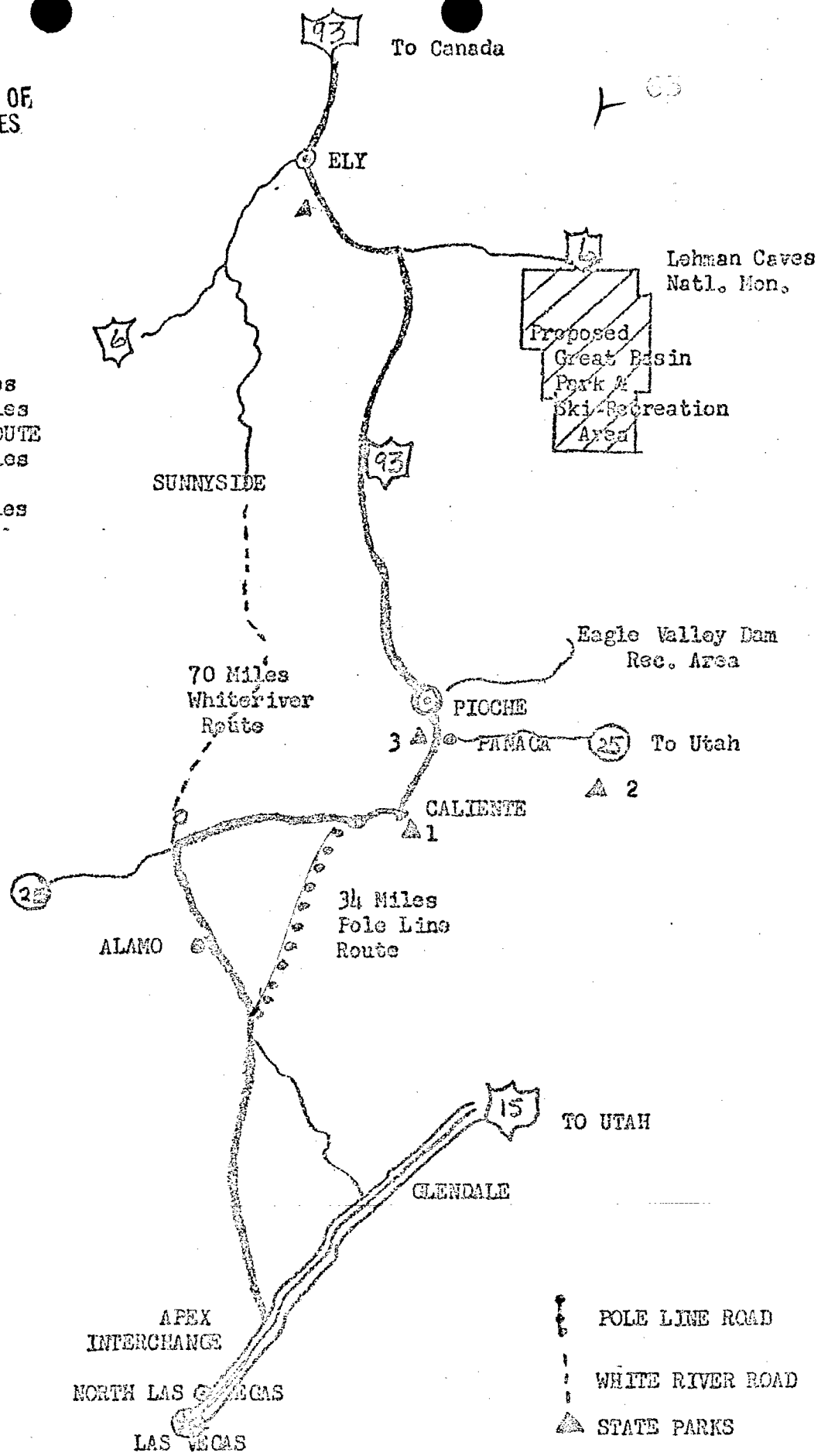
Comment: In spite of the defeat of Question #5 on November 3, we still feel strongly that annual sessions are badly needed in this fast-growing state. We would support a bill which would again begin the process of amending the Constitution to allow for annual sessions, but recommend that it be coupled with a continuing citizen education program to properly tell the reasons why this action would enable the Legislature to be more effective in responding to the needs of the people.

We will carefully follow all bills relating to reapportionment of the Legislature and support a further sub-districting of large population areas.

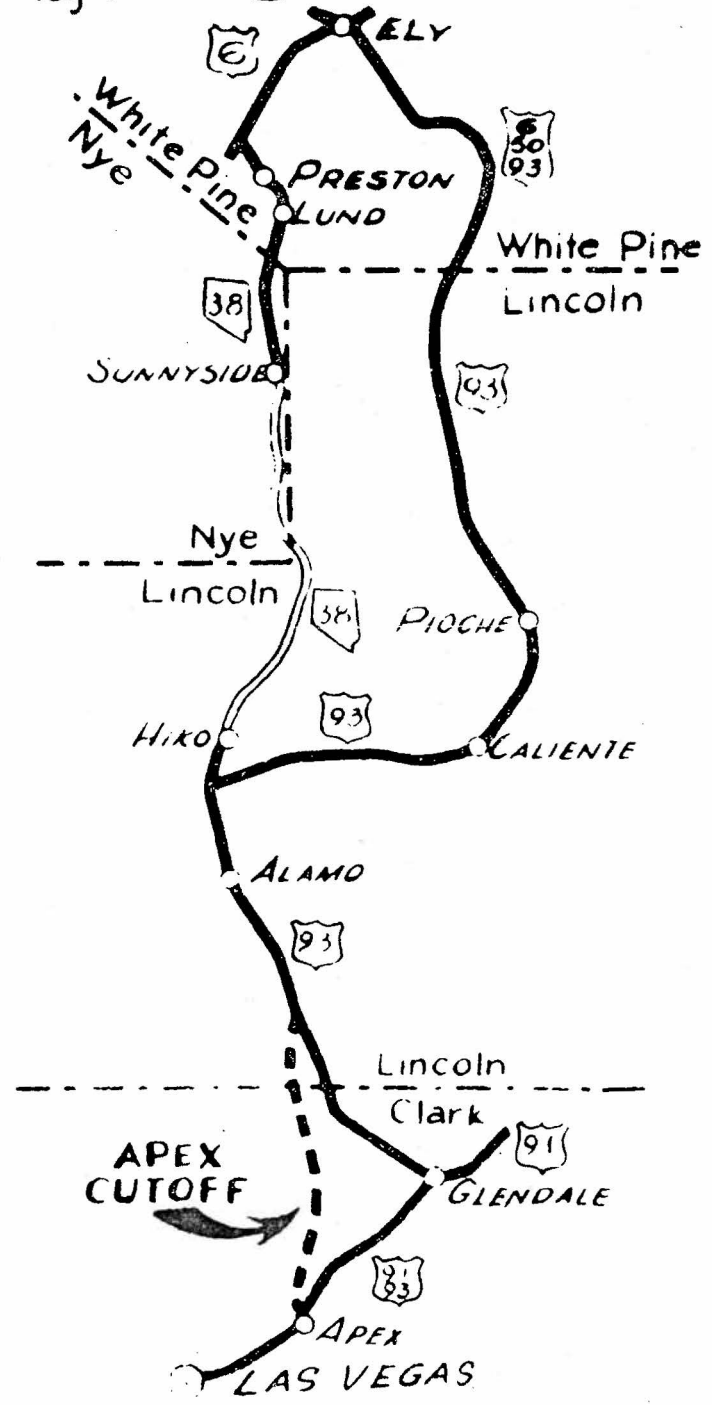
We urge that the Report on Legislative Techniques prepared for the 1969 Legislative Commission be carefully studied and any of its recommendations for streamlining procedures be implemented.

WHITE PINE CHAMBER OF
 COMMERCE AND MINES
 P. O. BOX 229
 ELY, NEVADA

Ely to Caliente 131 Miles
 Caliente to Apex 103 Miles
 by proposed POLE LINE ROUTE
 From Ely to Apex 226 miles
 via Sunnyside cut-off
 From Ely to Apex 234 miles
 via Caliente-Fole Line



Sunnyside Shortcut - logical north-south route



S. J. R. 7

SENATE JOINT RESOLUTION NO. 7—SENATORS GIBSON,
BROWN, LAMB, HUG, HARRIS, YOUNG, HECHT, POZZI
AND DRAKULICH

JANUARY 26, 1971

Referred to Committee on Federal, State and Local Governments

SUMMARY—Proposes to increase state debt limit. (BDR C-617)

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

SENATE JOINT RESOLUTION—Proposing to amend section 3 of article 9 of the constitution of the State of Nevada, relating to state indebtedness, by increasing the maximum allowance for the state public debt to 3 percent of the state's assessed valuation; and by providing a flexible method of determining such valuation.

- 1 *Resolved by the Senate and Assembly of the State of Nevada, jointly,*
2 That section 3 of article 9 of the constitution of the State of Nevada be
3 amended to read as follows:
4 Sec. 3. The state may contract public debts; but such debts shall
5 never, in the aggregate, exclusive of interest, exceed the sum of [one]
6 three percent of the assessed valuation of the state, as [shown by the
7 reports of the county assessors to the state controller,] *determined by the*
8 *state controller in the manner provided by law*, except for the purpose of
9 defraying extraordinary expenses, as hereinafter mentioned. Every such
10 debt shall be authorized by law for some purpose or purposes, to be
11 distinctly specified therein; and every such law shall provide for levying
12 an annual tax sufficient to pay the interest semiannually, and the principal
13 within twenty years from the passage of such law, and shall specially
14 appropriate the proceeds of said taxes to the payment of said principal
15 and interest; and such appropriation shall not be repealed nor the taxes
16 postponed or diminished until the principal and interest of said debts
17 shall have been wholly paid. Every contract of indebtedness entered into
18 or assumed by or on behalf of the state, when all its debts and liabilities
19 amount to said sum before mentioned, shall be void and of no effect,
20 except in cases of money borrowed to repel invasion, suppress insurrec-
21 tion, defend the state in time of war, or, if hostilities be threatened, pro-
22 vide for the public defense.
23 The state, notwithstanding the foregoing limitations, may, pursuant
24 to authority of the legislature, make and enter into any and all contracts

Original bill is 2 pages long.
Contact the Research Library for
a copy of the complete bill.

SENATE BILL NO. 28—SENATOR MANNING

JANUARY 21, 1971

Referred to Committee on Federal, State and Local Governments

SUMMARY—Requires consent of county commissioners before construction of state highway in counties. Fiscal Note: No. (BDR 35-360)

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to highways; requiring consent of the board of county commissioners of a county before state highways are constructed in such county; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

- 1 SECTION 1. NRS 408.285 is hereby amended to read as follows:
- 2 408.285 1. The highways which are constructed, reconstructed,
- 3 improved and maintained by the department in accordance with the
- 4 provisions of this chapter shall be state highways, and the department
- 5 shall be charged with the responsibility of such construction, reconstruc-
- 6 tion, improvement and maintenance, provided:
- 7 (a) That the funds available to the state through the Acts of Congress
- 8 described in NRS 408.245 or any other federal acts may be used therefor;
- 9 and
- 10 (b) That when such federal funds are made available under federal
- 11 acts authorizing the use of federal funds to build roads in the national
- 12 forests, the board is authorized to set aside for that purpose and to
- 13 expend highway funds on state highways built by the Federal Govern-
- 14 ment.
- 15 2. *The department shall not construct any primary and secondary*
- 16 *highway funded in whole or in part by federal funds without the consent*
- 17 *of the board of county commissioners of the county in which such high-*
- 18 *way is to be constructed.*
- 19 3. For department administrative purposes all highways not already
- 20 or hereafter designated and assigned route numbers by the legislature
- 21 may be selected, designated and assigned route numbers by the engineer.
- 22 **[3.]** 4. All roads connecting state parks with state or county high-
- 23 ways or city streets, where the title thereto is in the state, are parts of the

Original bill is 2 pages long.
Contact the Research Library for
a copy of the complete bill.

S. B. 30

SENATE BILL NO. 30—SENATORS LAMB AND GIBSON

JANUARY 25, 1971

Referred to Committee on Federal, State and Local Governments

SUMMARY—Removes executive director and division directors of state department of agriculture from classified service. Fiscal Note: No. (BDR 50-913)

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT placing the executive director and the division directors of the state department of agriculture in the unclassified service of the state; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

- 1 SECTION 1. NRS 284.140 is hereby amended to read as follows:
- 2 284.140 The unclassified service of the State of Nevada shall be com-
- 3 prised of positions held by state officers or employees in the executive
- 4 department of the state government as follows:
- 5 1. Persons chosen by election or appointment to fill an elective office.
- 6 2. Members of boards and commissions, and heads of department,
- 7 agencies and institutions required by law to be appointed.
- 8 3. At the discretion of the elective officer or head of each department,
- 9 agency or institution, one deputy and one chief assistant in such depart-
- 10 ment, agency or institution.
- 11 4. All employees in the office of the governor and all persons required
- 12 by law to be appointed by the governor or heads of departments or
- 13 agencies appointed by the governor or by boards.
- 14 5. All employees other than clerical in the office of the attorney
- 15 general required by law to be appointed by the attorney general.
- 16 6. Officers and members of the teaching staff and the agricultural
- 17 extension department and experiment station staffs of the University of
- 18 Nevada System, or any other state institution of learning, and student
- 19 employees of such institutions; but custodial, clerical or maintenance
- 20 employees of such institutions shall be in the classified service. The board
- 21 of regents shall assist the chief in carrying out the provisions of this
- 22 chapter applicable to the University of Nevada System.
- 23 7. Officers and members of the Nevada National Guard.

Original bill is 3 pages long.
Contact the Research Library for
a copy of the complete bill.

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SENATE

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S. B. 68

SENATE BILL NO. 68—COMMITTEE ON FEDERAL,
STATE AND LOCAL GOVERNMENTS

JANUARY 28, 1971

Referred to Committee on Federal, State and Local Governments

SUMMARY—Amends Local Government Employee-Management Relations Act to provide procedure to stay submission of factfinding; provides complementary procedure concerning reemployment of public school teachers. Fiscal Note: No. (BDR 23-1008)

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT amending the Local Government Employee-Management Relations Act to establish a procedure to stay submission of factfinding in disputes between parties to negotiation in years when the legislature meets; providing complementary procedures with respect to the reemployment of public school teachers represented by recognized employee organizations; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

- 1 SECTION 1. NRS 288.200 is hereby amended to read as follows:
- 2 288.200 1. If at the expiration of 75 days from the date of service
- 3 of the notice required by NRS 288.180, the parties have not reached
- 4 agreement, the mediator is discharged of his responsibility, and the parties
- 5 shall submit their dispute to a factfinding panel. Within 5 days, the local
- 6 government employer shall select one member of the panel, and the
- 7 employee organization or organizations shall select one member. The
- 8 members so selected shall select the third member, or if within 5 days
- 9 they fail to do so, the board shall select him within 5 days thereafter.
- 10 The third member shall act as chairman.
- 11 2. The local government employer shall pay one-half of the costs of
- 12 factfinding, and the employee organization or organizations shall pay one-
- 13 half.
- 14 3. The factfinding panel shall report its findings and recommendations
- 15 to the parties to the dispute within 25 days after its selection is complete.
- 16 These findings are not binding upon the parties, but if within 5 days after
- 17 the panel has so reported the parties have not reached an agreement, the
- 18 panel shall make its findings public.

Original bill is 2 pages long.
Contact the Research Library for
a copy of the complete bill.