

## MINUTES

## Assembly

WAYS AND MEANS COMMITTEE - NEVADA STATE LEGISLATURE - 57th SESSION

February 22, 1973

Meeting called to order at 9:20 AM by Chairman Mello in the Ways and Means Committee Room.

Present: Chairman Mello, Vice-Chairman Schofield, Messrs. Prince, Robinson, Howard, Smith, Hafen, Dreyer and Capurro.

Also Present: John Dolan, Randy Webb and Ron Sparks.

Motion to approve the Minutes of February 15 & 16 made by Mr. Capurro. Second by Mr. Schofield. Passed.

John Sheehan and James Lien: Give to the Committee the underlying rationale or philosophy employed in the preparation of the budget. Geared the budget in every facet that we had control over, operating expenses, travel, etc., to the number of employees (114). We asked for a total of 23 individuals and listed them according to our priorities. The balance of our budget requests is predicated upon the cost of expenses incurred due to these additional 9 employees.

All of these 9 employees will be employed in our Division of Assessment Standards except for one. We felt this was our highest priority due to all the controversy over property assessment.

The next item of priority was our auditors, because these are revenue producing positions. The Governor has recommended one, I don't need even that, but he will be a revenue producer. Our average last year was \$42,000 in recoveries. Money that we would not have gotten if it hadn't been for the auditors.

Question re EDP system/program: Cost of approximately \$875 per day. This isn't just an increase in on-going programs. Built into this are new and more sophisticated procedures and designs. Part of this also represents developmental costs to put onto the computer taxes that we administer that are not now on the computer. Most of this will be a one-shot until the programs are established on the computer. Programs on computer: sales and use tax, gasoline, cigarettes and liquor. Presently transferring over from the key punch system to the terminal system. This requires, for a period of about three months, the operation of both systems. We are also experimenting with property tax assessments on the computer. This is just in the talking stage. Hopefully if computerized this will keep the property tax assessments on a current basis rather than relying solely on the County Assessors and our staff in the assessment of property.

The Audit Division is also included in this figure, in the area of audit selection.

According to the latest figures available it costs \$1.28 for each \$100 collected, for administration costs.

Administration costs have not increased because no new taxes have been added. Where we have been experiencing additional costs it is due to the growth of the State and the amount of taxes collected.

Commission is presently using the accounting system set up by the Controller's office, but is running a parallel system of their own.

We are updating our bonding system. As of now the maximum bond that we can require is \$20,000. We have many taxpayers that become indebted to the State in excess of \$20,000 each month.

Item 10 represents the amount spent on out-of-state audits.

Item 12 is the Multi State Tax Commission.

Introduction of Don Paff, Administrator of the Colorado River Commission.

The budget is essentially the same as the last two years and is based on operating experience. There are both increases and decreases in line items. All expenditures are funded through administrative charge applied to sales of power and energy and Colorado Rive water in Southern Nevada.

This budget does not included the Southern Nevada Water System as it did last year. This account is not included because it is not subject to normal budget control but is limited by revenue. The System officially went into operation on November 1, 1972.

Question asked by Mr. Schofield regarding what has been heard about litigation instituted by the Commission against the Controller's office.

The entire situation started back in August of 1972, when our original correspondence went to the Controller's office on September 14,. On February, 1973, we received the first response to our inquiries. On the basis of that response which we interpreted as saying, indeed the total responsibility of this late penalty lies in the Controller's office, but denied any responsibility for it.

A letter written, passed and adopted by the CRC at its meeting on February 16, in part reads as follows:

"If I don't receive a notice of intent of positive action from you in 10 days from the date of this letter, I have no other choice than to ask the Attorney General to file legal proceedings against you for the charge."

There has been no proceedings envoked by the CRC against the Controller's office at this point in time. We have been seeking counsel as far as the proper expenditure first of all of this \$1900 which is under a penalty and not a budget item. We find that we are

legally bound to pay that because of contractual obligations. The question now is how to recover into our budget, which you will recall is not funded by the General Fund but is funded by power and water users who get administrative responsibility from the Commission. We were told at that time that the only way that the Controller's office would be giving us money was if he sought an appropriation for that purpose. I would assume that would be for the cost of doing business with the computer.

As of yesterday we just caught another of the "computer's" errors in which a check was totalled up on two contractual requirements. We have power contracts that we send payments to Boulder City and Phoenix that we must make payment on contracts on a certain deadline. The check came down yesterday in one addressed to Boulder City. If we hadn't caught it in review and had sent it on its way we wouldn't have been paying the bill in Phoenix and would have been assessed another penalty. Fortunately, we had time to catch this because we are keeping an exact duplicate set of books and all accounting procedures. We don't particularly want to do this we think the system should be such that when we do provide the warrants for all contracts, they pass through, the computer does its function, as it should for all agencies, and pays the bills. Right now we are working in a circular pattern. In that the checks are returned to us with the warrant register and bills and then we mail them out. Of course, if we weren't doing this the error would not have been caught.

It was noted that the Commission members are spending two and four times the amount of money in staff time on keeping the books and maintaining surveillance on this system more than they should be doing.

It was noted that the responsibility for punching the buttons to make that check out lies in the Controller's office - although, in this last incident the check was written on a typewriter in the Controller's office.

S.B. 169: This bill came from the Legislative Commission and is a \$7,500 for replacing the cracked granite veneer around the building. If I remember correctly some it was cracked by trucks backing into it and that is not supposed to be happening anymore. The whole thing is you either replace it or just let it keep crumbling.

Move do pass by Mr. Schofield. Second by Mr. Dreyer. DO PASS.

A.B. 293: This is the travel revolving fund. Presently the travel revolving fund has a limit of \$40,000 and that is used to make advances to State employees for travel, either in-state or out-of-state. Mainly because of the growth in the State and increased useage of this fund it does not have sufficient to continue to advance money for travel. There are some days when an employee can go over and ask for an advance and they cannot get it because there isn't any money in the fund. Due to the slow flow of paper work by the time the reimbursement is made back to the fund there

there is a delay in funds being transferred.

MOVE DO PASS by Mr. Capurro. Second by Mr. Prince. DO PASS.

A.B. 78: An audit report recommendation that came out of the Fiscal & Auditing Division. It simply gives the Buildings & Ground's the statutory authority to charge something they have been charging for over the years. They presently have authorization to charge for materials but not for labor involved with the services. Further lengthy discussion was had and it was decided to hold any action on this Bill until a breakdown was prepared by Ron Sparks relative to maintenance of State buildings owned and leased. It was decided to hold further dicussion until hearing the Buildings & Grounds' budget.

It was requested that we return to discussion of A.B. 293, by Mr. Smith. It was discussed relative to the moneys in these funds being used for investment purposes. In a practical sense this would not be possible because the funds are always in motion.

Mr. Capurro and Mr. Dreyer are excused for tomorrow to attend sub-committee meeting in Las Vegas on the University of LV.

Meeting adjourned at 10:20.