

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
JANUARY 31, 1973

The meeting was called to order at 8:32 a.m. Senator Lamb was in the chair.

PRESENT: Floyd R. Lamb, Chairman
Warren L. Monroe
B. Mahlon Brown
James I. Gibson
William J. Raggio
Clifton Young

Cy Ryan, UPI
Earl Oliver, LCB Fiscal Analyst
Bob Tripp, LCB Deputy Legislative Auditor
Howard Barrett, Dept. of Administration
Gene Pieretti, Management Analyst
Jim Calhoun, Nevada State Museum
Thomas C. Wilson, Nevada State Museum
Lt. Governor Harry Reid
William Swackhammer, Secretary of State
Russ Button, Secretary of State's Office
Fred Gale, State Archives
John Woodburn, Chief Deputy, Secretary of State's
Office
Mike Mirabelli, State Treasurer
Peggy Glover, Deputy Treasurer

DEPARTMENT OF GENERAL SERVICES - Pages 43-44:

The Efficiency Evaluation of State Government as authorized by the 56th Session of the Legislature recommended that a Department of General Services be created to include the following divisions: data processing, purchasing, buildings and grounds, printing, and administration accounting. These divisions were formerly under Mr. Barrett in the Department of Administration. Mr. Barrett was in favor of this as work on the budget "has not been done as well as it might have" had he not had supervision of these divisions.

RECORDS MANAGEMENT SERVICES - Pages 60-63:

This agency provides reproduction less than printing for any agency requesting this service. They also do records retention and disposal studies. Currently they are servicing 82 state offices, 40 in Las Vegas, 15 in Carson City, and the remainder in Elko and Ely. Prior

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to the creation of this division there was a tendency for each small agency to utilize their own small, inefficient and unreliable copiers. Usually they average five copies from each original and produce 68,000 copies per month. The large agencies still have their own reproduction facilities.

NEVADA STATE MUSEUM - Pages 165-167:

The Fleishman Foundation has terminated their grant to the museum due to an interpretation from the Internal Revenue Service stating that they can't fund grants for housekeeping operations within state agencies. They will be allowed to give grants for specific projects such as archeological digs, etc. Therefore, the museum is asking the state to fund eight existing positions which were formerly funded by the foundation. These employees have been with their positions since 1953. The museum is not requesting new positions.

The museum has 200,000 individual items in their collections and are accredited. Each year 400,000 people use the museum and average 10,000 students per year touring it as part of organized classes.

Senator Lamb inquired if they were considering raising money by charging admission. Mr. Wilson stated they were considering that and perhaps would do so during summer vacation periods during peak tourist periods. They would exempt school children. A bill will be introduced to allow them to charge admission.

At 9:10 a.m. Senator Raggio left to attend a meeting of the Welfare Committee.

Mr. Wilson stated they hold seminars for small museums throughout the state.

The requested increase in in-state travel is due to the fact that two board members live in Las Vegas and one in Elko and this creates more travel expense than in the past. The board is self perpetuating as set up by Mr. Fleischman and Mr. Guild, but should the state pick up total financing the board would then be appointed by the governor.

V & T PURCHASE - page 168:

This budget was discussed by the committee.

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LIEUTENANT GOVERNOR - Pages 13-14:

Lt. Governor Reid stated he receives 20-25 telephone calls per day and writes ten letters per day. Currently he pays all his secretarial costs himself. He requested a full-time secretary for Las Vegas and a part-time secretary (.38) for Carson City. He also stated he would like an office in the State Office Building in Las Vegas, for which space is available.

ACCOUNTING DIVISION - Pages 80-81:

The function of this division is to provide accounting to all divisions within the Administration Department as well as the Governor's Office. Under the proposed reorganization this division will be attached to the proposed agency of General Services. This budget was discussed.

LOST CITY MUSEUM - Pages 174-175:

The Lost City Museum located in Overton had 160,000 visitors last year. Under the proposed reorganization it will be administered by the Nevada State Museum. Last session the state appropriated \$10,000 to buy artifacts from Mr. Perkins contingent upon their raising \$90,000 to complete the purchase. That group was unable to raise the money so they are looking for additional funding. Senator Brown inquired as to whether they had contacted the Fleischman Foundation, but Mr. Barrett didn't know.

HIGH SCHOOL RODEO ASSOCIATION - Page 550:

This budget was discussed.

CRIME AND SOCIAL SERVICES GRANTS - Page 551:

Mr. Barrett said this fund was created to provide funding for the Crime Commission, welfare, etc., in the event that federal funding was withdrawn. It would provide a \$297,459 cushion to Governor O'Callaghan to distribute to such funds if necessary.

FOOD STAMP PROGRAM - Page 552:

This fund creates a cushion in the event the Clark County Commissioners indicate they will participate in this program. The administration does not recommend the Food Stamp Program instead of the Commodity Foods Program, but feel they should be prepared for

this eventuality.

BONDED INDEBTEDNESS - Pages 553-554
BONDED INTEREST & REDEMPTION:

The committee discussed this appropriation.

SECRETARY OF STATE - Pages 25-26:

Mr. Swackhammer stated they needed an additional investigator in the securities division as this division had become more active in recent years. He said Mr. Russ Button, the present employee, had used up all in-state travel funds and had had to pay for two trips to Las Vegas out of his own pocket. A bill will be introduced to supplement this travel for the current fiscal year. Mr. Button said the Federal Securities Investigation Division had its nearest offices in San Francisco and Los Angeles, thus necessitating the state be more active. Mr. Swackhammer said the FBI recently arrested a man at an airport in New York City as he was leaving with \$194,000 cash and that Mr. Button had been responsible for locating him.

Senator Young asked if legislation wasn't necessary in this area with regard to escrowing of funds to protect the investing public. Mr. Button said that Mr. Dakins was preparing legislation involving six different areas of securities.

STATE ARCHIVES - Page 27:

Mr. Gale discussed the need to move the archives due to overcrowded conditions. (See attached for a further outlining of his budget.)

STATE TREASURER - Pages 15-16:

The committee discussed the need for an investment specialist. Mr. Mirabelli stated they were already participating in short-term investments through banks who charge only \$25 per transaction. He felt utilizing banking specialists was far less expensive than spending the \$25,000 to hire an individual. He asked that he be allowed to discuss the matter with the governor and return to talk to the committee. Senator Lamb granted this request.

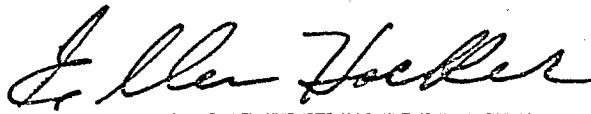
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Mr. Swackhammer stated that Arkansas made a survey of 31 states and got their cash flow analysis. According to this study Nevada has an acceptable rate of return but felt this would be improved by a specialist. States with the best rates of return are Washington, Idaho, Colorado and Nebraska. He felt one and a half million could be added to the income during a year by hiring a specialist. The state committee which studied this felt they agreed most money should be invested within state banking systems involving not less than fifty percent of the money. He felt this specialist should be in the treasurer's office full time with the ability to invest on a day to day basis.

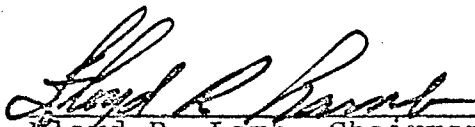
Senator Raggio returned at 10:45 a.m.

The meeting was adjourned at 10:50 a.m.

Respectfully submitted,


Secretary

APPROVED:


Floyd R. Lamb, Chairman

STATE OF NEVADA
DEPARTMENT OF STATE



CARSON CITY, NEVADA 89701

January 18, 1973

MEMORANDUM

TO: Wm. D. Swackhamer, Secretary of State

FROM: Russel W. Button, Deputy

In regard to the investigative capacity which needs to be increased in this office, the attached is a brief summary of the cases this office has investigated to date and additional cases which are pending.

This office has received and is holding in trust in excess of \$60,000 in cash and property for the benefit of the investing public, pending a final court action. Additional suits are contemplated upon completion of examination of information and consultation with the Attorney General's Office.

Investigations by this office were responsible for the suspension of trading in securities registered with the Securities and Exchange Commission and saved the investing public of this state many thousands of investment dollars.

The estimated travel expenditures required to adequately cover the State of Nevada by two field investigators is \$5,500. These expenses include air travel to Las Vegas on a regularly scheduled basis, per diem allowance, motor pool charges while in Las Vegas and motor pool charges from Carson City to Reno and Lake Tahoe. Travel allowance for out of state travel is required for attendance of SEC seminars and consultation with the Department of Corporations, State of California, Sacramento and San Francisco. Estimated out of state travel allowance required is \$1,500.

A handwritten signature in cursive script, reading "Russel W. Button".