

SENATE FINANCE COMMITTEE
MINUTES OF MEETINGS
FEBRUARY 21, 1973

The meeting was called to order at 8:30 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
Archie Pozzi

Earl Oliver, LCB Fiscal Analyst
Bob Tripp, LCB Deputy Legislative Auditor
Howard Barrett, Administrator, Budget Division
Cy Ryan, UPI

Major Floyd L. Edsall, Nevada Military Dept.
Robert Liegory, Nevada State Civil Defense
Thomas E. Stephens, Nevada Military Dept.
Franklin Conly, "
Col. Robert L. Burns,"
R. E. Hansen, Administrator, Real Estate Division
Norma J. Woohierton, Chief Assistant, "
Consumer Affairs, Sophie Taylor
Bill Brewer, State Fire Marshall's Office
Dr. Dick Rottman, Insurance Division
Don Winne, Insurance Division

DEPARTMENT OF MILITARY - Page 384-386:

General Edsall said beginning July 1, 1973, the guard and reserve will provide nearly half of the Army's total combat strength. There are more than 2,200 guardsmen in three major commands with units in 10 cities and towns across Nevada---the 3rd squadron, 116th armored cavalry with troops in Las Vegas, Henderson, Elko, Winnemucca, Hawthorne and Yerington; the 150th service battalion with units in Reno, Carson City, Fallon and Ely; and the 152nd Tactical Air recon group at May Air National Guard base in Reno.

Since 1969 full-time personnel have increased from 280 to 340 while the number of guardsmen have risen from 1900 to over 2200. They received about \$3-1/2 million

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in federal funds during the 1970-71 biennium and expect to receive \$8.4 million during the 1972-73 biennium. Compared to the department's budget request for \$324,000 in state funds, Nevada will realize a 26 to 1 return on its investment.

Supporting this program is \$86 million of federally purchased and maintained equipment, all available for use in recognized state emergencies. They operate one of the largest air and ground fleets in the state--24 jet aircraft, 4 helicopters, and 2 twin-engined transports; 460 wheeled vehicles, and 40 tracked.

Added to this are building assets of \$10 million. The most recent project was the Henderson Armory completed in September 1972. This year they are asking as part of the governor's capital improvement program, to expand the present state headquarters to erect a hangar and service facility for their helicopter and utility plane fleet. More than \$900,000 in federal funds will be involved in these improvements.

This month the National Guard Bureau announced Nevada was first in the nation as a result of its recruiting efforts. They achieved 106% of their authorized Army Guard authorized strength.

Three new positions are being requested, all in the custodial area. Of these three positions 1-3/4 will be reimbursed federally. One custodial position will go to the Henderson-Las Vegas complex, the two armories there, and will be 100% state funded. One will be for the air guard which is 25% state funded. The third will be 100% federally funded and will go to the training site at Stead.

They are asking an increase from \$42,000 in 1971-72 to \$80,000 in 1973-74 in the maintenance of buildings and grounds. This is being increased primarily because of new facilities--an armory and shop at Henderson, a shop at Elko, an Army Guard aircraft maintenance shop at Stead, an extension to the air guard engine shop at May ANGB, and an ammunition storage facility in Carson City. Over 40% of the operating budget will be reimbursed by the federal government. The adjutant General's office and the ten state-owned armories must be maintained by pure state monies.

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They are requesting a one-time funding for structural improvement monies. Included is \$19,000 to upgrade supply rooms and vaults in all the armories to properly secure arms and ammunition. Seventy-five percent of this cost will be reimbursed by the federal government. \$1,300 is being asked to rehabilitate a barracks at Stead to house our new 20th army band.

On page 386 the \$115,344,928 federal support for fiscal year 1972-73 is in error as it includes an equipment inventory of \$85 million.

They have requested \$25 a day pay to state guardsmen when they are called into state emergencies or civil disturbances. The men currently earn \$6 a day and they feel this poses a hardship to take men off their jobs, reducing their wages while they serve the state during such incidents. Unless they are called to active duty their pay would remain at \$6 per day, which is paid by the federal government. A National Guard private earns \$900 a year for 48 drills and 15 days active duty or training per year. They serve a total of 63 days per year. A bill has been introduced in this session.

The \$1,000 for advertising and public relations is for recruiting.

See page 565, #74-14, Improvements, National Guard, Carson City. This building would do several things. First, it expands the armory in Carson City which has grown considerably since it was built 12 years ago. It also allows the adjutant general to bring his staff into one headquarters. Currently they are scattered throughout Carson, in the post office, the highway department, etc. And will bring in the operation and maintenance shop which is now located on Musser Street in Carson City. General Edsall said the building they now occupy is a good building and will continue to be used. He said they needed the old building and the proposed new office in order to operate.

A.B. 134 has been introduced which is hoped to be an incentive to retention of selective guardsmen. This would allow payment for half of consolidated college fees or half the hourly fee for community colleges. See page 387. This would provide such funding to 554 in the first biennium and 579 individuals in the second.

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CIVIL DEFENSE - Pages 288-289:

Mr. Liegory stated that they haven't abandoned the nuclear preparedness program but they have now placed emphasis on natural disasters.

Mr. Barrett stated that the request for half of the communications officer was in error, that they had planned for the highway department to pick up the other half but this was omitted by error. This should be a request for a full position.

They also heard the RADIOLOGICAL INSTRUMENT MAINTENANCE AND CALIBRATING PROGRAM as outlined on pages 390-391, and the CIVIL DEFENSE & DISASTER AGENCY EMERGENCY PLANNING PROGRAM on page 392.

FIRE MARSHALL - Pages 393-394:

They are requesting an increase from the half-time senior clerk steno to full time in the Las Vegas office.

This agency intends to raise the insignia fee from \$3 to \$6. With regard to regulatory activities Senator Pozzi said, "Frankly, the reason we created this office was for you to get out into the small areas. Now you're getting your nose where it doesn't belong, getting into the large counties like Washoe and Clark. They have people in those counties who can work in this area. Mr. Quinan, the State Fire Marshall, said that North Las Vegas was having a problem getting rid of old mobile homes. Mr. Quinan said they have ordinances to deal with this but they don't enforce these ordinances and look to him. He said Las Vegas was floundering around and was looking to him for assistance in the foster home area. Senator Pozzi said that utilizing the fire marshall's office would save counties money, but they have elected county officials who should be taking care of these problems and he (Mr. Quinan) was getting his nose in somebody else's business. Mr. Quinan said he only entered these areas upon request. Mr. Pozzi said, "I know, but they have staff to handle these things."

Senator Brown said what we intended was to help the outlying areas rather than getting involved in Clark and Washoe Counties. "I concur with what Senator Pozzi has said," Senator Brown added.

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Howard Barrett said, "I think the basic problem is the Finance Committee didn't write the law, they wrote only the appropriation, and the law unfortunately is not the way you want it to be. Another committee wrote the law and it is different from what the finance committee's intent was. The law gives the State Fire Marshall broad powers in this area." Senator Lamb said that was true but, "If you don't get the money you won't have to live up to the law."

Senator Lamb said, "I think you are going to see the intent of this legislature spelled out more than ever before. This I am sure, out of this legislature you are going to get some strong guidelines and intent, especially out of this committee. I am not criticizing Howard Barrett, but we are not going to leave it all up to Howard Barrett."

The state fire marshall said that they would be inspecting buildings under the OSHA program but only with regard to the fire inspection portion. Senator Lamb pointed out that this would be an overlap because Clark County already had its own fire inspectors. He said if they couldn't do it then he would say go ahead and do it. He said it seemed they were taking over a function which was a city function and belonged to the city. Mr. Quinan said he would be the first one to agree, but if the governor said we would do it this way, and if they have signed a contract with NIC to participate in the program, and they have budgeted two people for this program but they could perhaps budget for only one employee, go slow and see how it works out. Senator Monroe said that if the OSHA program was set up by an agency, they were running the program and hiring people, and then the state fire marshall would get into the act, and then this would be confusing.

COMMERCE DEPARTMENT DIRECTOR - Pages 397-398:

They requested four new positions. The hearings officer is necessary to conduct and prepare for five hearings per year in banking, 12-15 in land sales, 30 or more for brokers and salesmen in real estate, to supplement the hearings officer in insurance, and for consumers affairs.

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They requested a legal secretary for the deputy attorney general who currently doesn't have a legal secretary.

CONSUMER AFFAIRS DIVISION - Pages 399-400:

Mr. Melner requested field representatives rather than attorneys because they felt the field representatives could do a better job of contacting consumer and business people to try to rectify misunderstandings or obtain an agreement. If this was not satisfactory the representative would then turn the matter over to an attorney. Out of the 11 new employees requested 7 would go to Las Vegas where the bulk of the problems are.

Out of state travel is requested in order to attend meetings with other consumer organizations. He said a lot of problems in this area cross state lines and these meetings offer an interchange of ideas in order to work mutually on these problems.

Mr. Melner said most of their complaints concern mobile homes, car repairs, small loan companies, etc.

DIVISION OF INSURANCE - Pages 401-403:

See attached - Mr. Rottman's remarks.

Mr. Rottman said that they are now collecting \$5 million in premium taxes whereas in 1970 they were only collecting \$3 million. There is also a 10% penalty for late taxes, which in the past had been collected on the honor system. They are now following up on this and demanding the taxes plus the penalty. This has allowed them to collect about \$600,000 more in premium taxes.

Senator Brown noted that they were asking an eighty percent increase over the previous work program. Mr. Rottman stated that the insurance division has been tremendously understaffed in the past, and had been operating with damn poor equipment. He said in the past there were not people that had been really qualified to work in a number of areas such as the rate areas which require expertise. He said the legislature passed a new insurance code in 1972 which gave substantial additional duties. He said they have also generated a savings to consumers of \$1-1/2 million. In the past consumers recovered only less than \$100,000 and last year they recovered \$700,000. He said in the past there was no

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serious evaluation of the financial stability of companies. They have asked 70 companies to either leave the state or build up their financial structure.

The request for the chief insurance examiner would allow comprehensive audits in premium tax and retaliatory tax areas where the state is losing considerable revenue because certain classes of companies are not paying taxes legally owed under the statutes of Nevada and other states. He would also review the solvency of companies. Mr. Rottman estimates this position along with supporting clerical staff would bring in an additional \$120,000 to \$125,000.

The position for the chief insurance assistant is necessary because they have a backlog of 550 complaints and are one man year behind in this area. He would help investigate specific violations and help people recover money. He said this would be worth about \$200,000 to consumers. They have the same staff as in 1970 when they had 370 complaints and this year they had around 1,600 complaints.

Senator Young asked if no fault insurance if it were put into law whether his division would be able to handle it. Mr. Rottman said, "No, not within the spectrum of this budget." He said with regard to one of the no-fault bills, it is estimated to cost about \$50,000 for the first two years in costs to his division.

This division has been told that their data processing program is obsolete and there is need for more work in this area.

REAL ESTATE ADMINISTRATION - Page 404-406:

Mr. Hansen asked that the position for administrative deputy (\$13,288) be deleted (under new positions). They also asked that the unclassified chief assistant under current positions be increased to \$12,900 instead of \$9,677 and Mr. Barrett said this would not be out of line.

Mr. Hansen said they can handle 500 applications per year for license. For the examination coming up in March alone they have 800 applications. He said their telephone volume has increased to the point they now receive 41,000 calls per year. He said it takes approximately one month to prepare for an exam and one month to grade it, even though the tests are actually administered by a contracted company. Because tests are given throughout the year, this means that five months a year are tied up giving

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exams and other functions are set aside. The \$40 paid by all applicants cover the cost of giving the exam and will be returned to the general fund after costs have been deducted. The state currently has 3,000 active and inactive brokers and salesmen and 1,700 active.

They are requesting \$11,000 for office furniture and equipment for the new positions they are requesting.

The \$1,100 in contractual services will pay for the automatic typewriter rental and maintenance and lease of other equipment, proctors who administer examinations, and monitors to eliminate cheating during examinations.

REAL ESTATE SUBDIVISION FUND - Pages 407-409:

When the bill concerning this program was passed last session funds were not budgeted. It provided for a collection of fees but no provision for the real estate division. This was discussed with the interim finance committee in 1972. Senator Gibson said his committee heard the bill but he overlooked sending it to the Finance Committee. There are many bills for which appropriations should be made but it is difficult to call attention to all these.

S.B. 250 affects this budget.

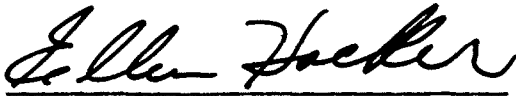
They are requesting a securities analyst to see that developers actually keep promises made to land buyers. For instance there are 23,000 acres and 83,000 acres on two projects which have only a few bladed roads and will never be further developed. This would insure that if they advertise certain improvements they be able to provide them.

Mr. Hansen said there was need for funding in this area and land development was a problem in this state. He said one developer or company has world wide interests and did 3/4 billion dollars worth of business last year. Of this 25% of their income was made in Las Vegas.

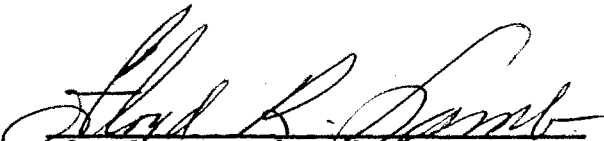
The meeting adjourned at 10:45 a.m.

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Respectfully submitted,


Ellen Hocker, Secretary

APPROVED:


Floyd R. Lamb, Chairman

(continued)

D. Rate Regulation

1. Amount of Savings
\$1,580,000

2. Type of Reductions
 - a. Homeowners \$580,000
 - b. Dwelling fire & EC 60,000
 - c. Auto 230,000
 - d. Commercial liab. 140,000
 - e. Credit life 250,000
 - f. Small loan Co. 100,000
 - g. Commercial e.c. 200,000

III. Taxes & Revenues

A. Historical Review

Prem tax	1970	\$2,942	10.1%
	1971	3,526	19.8%
	1972	4,004	13.6
	1973	4,560	14.0

Lic. & Fees

	1970	239	
	1971	252	5.4%
	1972	315	24.8
	1973	347	15.0