

SENATE FINANCE COMMITTEE
MINUTES OF MEETINGS
FEBRUARY 22, 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

Chancellor Neil Humphrey, Univ. of Nevada
N. Edd Miller, UNR President
Dale Bohmont, Dean, College of Agriculture
Don Jessup, Director of Institutional Studies &
Budget
Peter Test, Agriculture Accountant
Don Pfaff, Colorado River Commission
Michael Melner, Director, Commerce Department
Skip Hansen, Administrator, Real Estate Division
Preston Tidvall, Superintendent of Banks
Wendle Tarkington, Commissioner, Savings & Loans

COOPERATIVE EXTENSION SERVICE - Page 218:

The extension service is involved with four major areas, agriculture, home economics, youth, and rural areas. In regard to rural areas, 75% of the programs involve rural areas and 25% urban.

Senator Young asked what the county contributions were. Dr. Bohmont stated they contribute 1-1/2 cents which is a \$70,000 total cash figure. In addition they provide office space, etc., and these total values amount to \$200,000. He said they have 9,100 dues paying members in the extension program, and over 10,000 who participate in activities, for a total of 20,000 participants last year. Dr. Bohmont said the federal appropriations law states one-half of the increase for youth programs must be used for urban youth programs and the rest for rural development programs. He said there was a change in philosophy and they are now giving more service to urban youth than in the past.

Senate Finance Committee
February 22, 1973
Page Two

Senator Lamb said he grew up with this program in Lincoln County and that hardly anything of a community effort was started without the leadership of this department. He said they used to look forward to the visits with the extension agents for information. He said he would contribute miles and miles of concrete ditches to the efforts of this agency.

Dr. Bohmont said they developed research such as satellite and high areal pictures of topography, flood plains, etc. which were then made available to agencies and companies who then utilized them in planning activities.

Dr. Bohmont said the cooperative extension involving youth, 4-H, and related activities represented 40% of the budget. Another 35% to 40% was used for agricultural production (research and educational programs, etc.). Another 15% went toward home economics programs. Within these three budgets and the total budget, about 15% of the entire budget is spent for research--rural and urban development. The total effort (with regard to research and including such things as topography, etc.) is funded entirely by the U. S. Geological Survey and involves \$200,000. Dr. Bohmont said we are not planners but we do research which is helpful to planners and make information available to planners.

Senator Lamb and Senator Monroe stated they both could remember times when fields have been infected or attacked by insects and everyone turned to the extension agency for assistance and they did a tremendous job.

The committee heard the AGRICULTURAL EXPERIMENTAL STATION - Page 219 - was heard. There were no questions.

COLORADO RIVER COMMISSION - Page 480:

Mr. Pfaff stated that the local and court costs included \$12,000 paid by contract to the attorney general for services in accordance with the law. He said this current fiscal year there is a law suit against the commission which requires the services of an Idaho law firm which has been engaged because of the uniqueness of the suit. The attorney general gave the commission approval and also recommended the outside law firm.

Mr. Pfaff said the Colorado River Commission submitted a budget for the State Facilities and Federal Facilities of the Southern Nevada Water System as was the case in 1971. The budget does not include the Southern Nevada Water system as it did last year. It is their understanding that like other accounts it was not included because it is not subject to normal budget control but is limited to revenues. When the system was under construction the system was included in the budget, but it went into operation on November 1, 1972.

Senate Finance Committee
February 22, 1973
Page Three

Mr. Pfaff stated the commission has three functions, water, power, and land. The water from the Colorado River benefits Clark County. It is actually given to the entire State of Nevada, but because of a lack of water transportation this water at the present time goes only to Clark County. The power goes mainly to Clark County with small amounts to Lincoln County and minute amounts to Esmeralda and Mineral Counties.

There is no appropriation made to this agency, their funds come entirely from revenues. They have decreased their staff by three positions and are requesting no new positions. They are also involved in surveillance of pollution on a broad scale and monitor the quality and quantity of water in the river.

S.B. 207:

The Division of Aging Services in the Department of Health, Welfare, and Rehabilitation, is requesting \$29,000 under Section 1 - (1). Mr. Barrett said the federal government had promised an amount of money and told them to hire 7 or 8 employees. The budget division said no and hired only three employees. They hired these three employees based upon the fact that they had a letter from the federal government stating the funds were available. At a later date in October or November they were informed by the federal government that this money was cut back and was not available. In order to replace the funds they were told they would have, or to recover the amount they had already spent in anticipation of these funds, they would have had to close down this agency for four or five months.

Senator Gibson said it was bad when we hired people just on the promise of money from the federal government. Mr. Barrett said they frequently have to do this, and they frequently get letters authorizing the state to hire, but this time the funds didn't come through. Senator Lamb said this is really after the fact. Mr. Barret said yes.

Senator Brown said, "This is really a value judgement on your part," and asked about the occurrence of such items in the future. Mr. Barrett replied, "You wouldn't believe how complex this entire area is becoming. Yes we make mistakes and will probably make a number of them, but our good judgment is better than our bad judgment. Federal rules and regulations are changing rapidly. Our federal catalogue is about twice the size of the state budget book. No way are we going to be able to administer all these and not make mistakes."

Under Section 1 - (2) this item also appears on page A-18 of the budget. The \$29,670 requested in this bill is an increase over the item on page A-18 of the budget. The reason for this increase is that the Attorney General notified the budget office after the preparation of the budget that he would also need an additional \$10,000 to continue the program this year. Mr. Barrett said the attorney general really has no control over the amount of funds needed, and there is no way to accurately predict such funds.

Mr. Oliver said that the Legislative Council Bureau had recommended that this allotment be placed with the Board of Examiners. They felt some money should be appropriated to the extradition office and above this amount money could be appropriated by the Board of Examiners from the contingency fund to pay amounts the counties billed. Mr. Barrett said he disapproved of this because this meant just one more set of claims and books for his staff to work on and he felt it would be more paper shuffling. He felt when they needed additional money they should be able to pay bills through the Board of Examiner's contingency fund, but they don't currently have this authority. He said they were asking for such authority through legislation. Mr. Barrett said they should not put the funds in the contingency fund where you can't readily identify it.

Section 1 - (3) (4) Mr. Barrett said that when they increased the motor pool rates they placed a burden on the Parole and Probation Department and the Investigation and Narcotics Division which they couldn't handle.

Senator Pozzic moved the committee recommend a do pass on S.B. 207. Senator Gibson seconded the motion, and it passed unanimously.

REAL ESTATE SUBDIVISION FUND - Page 407-409:

Land development and subdivision companies have 27 inactive companies, 33 active within the state, and 29 companies waiting for approval. The methods employed by these companies include group sessions, home programs, direct mail, and direct telephone WATTS calls.

Senator Brown asked what rates were charged to these companies. Mr. Hansen said they paid \$100 per unit for the lots, and a unit can vary from 100 lots to 1,000 lots in the units. He said that was spelled out in S.B. 259.

Senate Finance Committee
February 22, 1973
Page Five

Senator Brown pointed out that not every company would cost the same to investigate and wondered if perhaps charges shouldn't be set up along similar lines as the gaming investigation charges. He said the Gaming Division didn't lose a cent, that they charged for the actual amount required to conduct the investigation. Mr. Hansen said that S.B. 259 didn't do this, that it just charged a given fee per lot to the developer, but that their agency would be in complete agreement with Mr. Brown's suggestion.

Mr. Hansen said that the registration chief had been deleted. The advertising chief would look into advertising practices and that there has been 400 pieces per month in this area. He said the filing coordinator position will be a key person which will coordinate processing within division functions. The deputy administrator has been eliminated. The marketing practices analyst saves the state having to hire six additional investigators. He would randomly solicit buyers in subdivisions to see if they have complaints, and such spotchecking would allow them to determine which developers need further investigation. The computer operator has been eliminated and they will obtain services in this area on a contractual basis as needed. The auditor will check broker's books, which hasn't been done in the past. The division has received information that skimming has been going on in land sales. Through Florida they received information that a number of contracts were not recorded by the salesmen. The developer in Florida began to get complaints of misrepresentation when people would claim they had purchased land and he had never heard of them. There have been instances where individuals have paid money to an office other than the developer and the buyers don't know they have been paying the wrong person until they have paid off the contract.

Senator Lamb asked if there were any positions he could get by without. Mr. Hansen said he needed all the requested positions to meet the current workload and hadn't requested any for the added responsibilities of SB 259. He said it would be very difficult to say where he could pull people out. He said also he has a two-year lag in receiving complaints because sometimes it takes that long for people to realize fraud has been committed.

Mr. Hansen stated that there have been instances where people have signed contracts containing the provision that the contract was not to be recorded, that if it was recorded all funds paid into it would revert to the company. Senator 2

Senate Finance Committee
February 22, 1973
Page Six

Young asked if they could require recordation to get contracts recorded and whether this should be done by regulation or legislation. Mr. Hansen said he thinks that needs to be done and perhaps they should look into a sliding scale for closure period where equity increases the developer would have to take certain steps to kick the buyer out. Senator Young asked if this could be drafted onto SB 259, and Mr. Hansen said he had mixed emotions about this as he felt it needed separate legislation.

Mr. Hansen said they only receive 20-25% of the complaints with regard to total numbers, that many people complain to local authorities and often this is not forwarded to Nevada.

REAL ESTATE INVESTIGATIVE FUND - Page 410:

Mr. Hansen stated they had recovered \$60,000 in refunds for the public for misrepresentation.

REAL ESTATE RECOVERY - Page 411:

Each real estate licensee pays \$10, and as soon as the division has received \$20,000 the amount collected above this is spent for the education programs for licensees which they may attend without charge.

REAL ESTATE, EDUCATION, RESEARCH & RECOVERY - Page 412 &
REAL ESTATE, EDUCATION & RESEARCH - Page 413:

These budgets along with real estate recovery (page 411) could be consolidated into one budget as they share central source of fee collection, but once the fees are collected they are distributed through these three funds.

BANKING/SAVINGS AND LOAN DIVISION - Page 414:

Banks are examined once a year by this division and again once a year in conjunction with federal examiners and the state. There are 70 small loan companies whom they examine once a year, and 22 collection agencies that according to law must be examined once every three years, but they have been examined more frequently than that by policy. The state banks in Nevada had an increase in assets last year of \$107 million.

Senate Finance Committee
February 22, 1973
Page Seven

In 1971-72 they received a total of \$244,926 from licensing fees and spent \$190,984 to operate.

There are five savings and loans companies with 18 branches. They have about six applications on file for additional branches. They have total resources of \$550 million, and they have picked up an additional 49 million last year. Mr. Tidvall said they had some serious problems within the industry, and they have been paying off heavy indebtedness. Two years ago they had four out of five savings and loan institutions who couldn't pay their light bill, but they can now. He said things have been improving. They have one merger pending between two associations. They have a very substantial law suit that two companies are involved with with an insuring corporation. He said all this requires attention from the division.

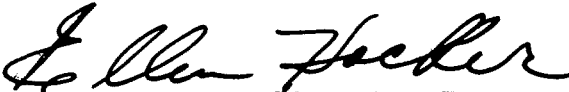
Mr. Tidvall said that banking and savings and loans share the same budget but are regulating strongly competitive industries, and he felt it would be better if there were two separate budgets. Mr. Barrett said they share one budget so that people could be moved around within the division according to workload. Mr. Tarkington of the savings and loan division said that because of the competitiveness they couldn't have savings and loan examiners examine banks or vice versa. He said it doesn't improve working relationships within the industry to do so. He added that this isn't occurring at the present time, but it has in the past.

Mr. Raggio noted, and Mr. Tidvall agreed that this industry has perhaps been overly regulated and perhaps not enough emphasis has been placed on giving direction or supervision.

Mr. Barrett said that regarding the social services budget, (within the Health and Welfare Department) there is \$565,000 budgeted for the first year of the coming biennium and \$626,000 for the second year.

The meeting adjourned at 10:30 a.m.

Respectfully submitted,


Ellen Hocker, Secretary

Senate Finance Committee
February 22, 1973
Page Seven

APPROVED:


Floyd R. Lamb, Chairman