

SENATE FINANCE COMMITTEE
MINUTES OF MEETINGS
FEBRUARY 28, 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
Cy Ryan, UPI
Shannon Bybee, Gaming Control Board
John H. Stratton, "
Edward E. Bowers, "
Phil Hannifin, "
John Humphrey, Preditory Animal Control
Doyle Robinson, "
Joe Miner, "
Robert Archie, Employment Security Department

EMPLOYMENT SECURITY - OASI & UNEMPLOYMENT COMPENSATION - Pages 543-546:

Employment Security Department is 100% federally funded and is subject to federal, not actually state control. The amount listed as operating supplies is for the entire operating and shouldn't actually say supplies.

The department's employees come under the same merit system and retirement, and the federal government has informed them that they will not allow money for the proposed cost of living raises. They have said that this must be absorbed by the department, so they would have to take money from other areas to put into salaries.

Mr. Archie said that there is a need to go into the computerization centralization in more depth. ESD currently has its own computer set up and is operating on a 24 hour basis six days a week. He said he would want to join or turn his work over to other state facilities only if he determined it would be less expensive and also efficient. He said Hawaii and Iowa have found centralization of computerization to be a failure.

Senator Monroe asked about the \$225,000 for travel and commented that you could take several trips around the world for that amount. Mr. Archie said they have 35 cars around the state

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and these motor pool costs are \$75,000 a year. They have twelve offices around the state which they must keep in contact with, and there are close to 2,000 miles traveled by each car. The \$60,000 for out of state travel is due to federal mandates requiring employees to attend training sessions and seminars.

Four to five million comes in per year from the federal government to administer ESD. Employers pay in about \$20 million a year into the trust fund, but because unemployment a few months ago rose to 7% which is the highest rate since 1958 there is more money being paid out than is coming in.

The trust fund is not solvent. The formula requires that there be 1-1/2 times the money in the fund than they expect to pay out over the next year.

Mr. Archie said there are three methods of finding fraud in receiving unemployment checks. The computer cross matches social security numbers with employers contributions to see if those receiving unemployment compensation are actually working. Also neighbors and the public sometimes tell ESD. They also send a work card to the employer to learn exactly what date the individual goes back to work.

There were 600 cases of fraud last calendar year. Only 15 were selected for prosecution because they felt some of those 600 didn't fully understand the law. They fully recovered the money from the 600 which resulted in the collection of \$135,000. The penalty for this if prosecuted is six months in the county jail and \$500 in a fine. The judges normally fined them and Mr. Archie didn't know of anyone going to jail. Even though some of those having to reimburse the department were still on unemployment, the department then deducted the funds fraudulently paid from their unemployment checks until the amount had been reimbursed. He said they could catch more individuals who were not actively seeking work if the employers would notify ESD when individuals would say, "I don't actually want a job, but would you please sign my work card." However, employers don't cooperate because they don't want to take the time to get involved. Senator Gibson asked how cheating affected the solvency of the trust fund. Mr. Archie said it didn't have much impact because there were less than 1% who were attempting to receive money fraudulently.

The average duration of an individual receiving compensation is twelve weeks. They pay by law half of the average weekly wage (averaged statewide), which is \$77 a week.

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On November 30, 1972 ESD did a comparison of the trust fund balances of receipts and disbursements. They found the fund was decreasing by more than \$3 million per year. Since 1972 the fund has decreased by approximately \$11 million.

Nationwide each employer pays five tenths of one percent to the federal government. This amounts to four or five million dollars contributed from Nevada alone. Nevada does not actually receive these specific dollars back, but the federal government does fund the administration costs of the program of operating this department, and this amounts to about \$4 or \$5 million.

Mr. Archie said with regard to the solvency of the trust fund, during the last session of the legislature when they set the formula for unemployment compensation (\$77) they did not try to get more money into the fund. Actually they should try to tie the compensation formula into the amount paid into the fund. If they were both tied together they would both go up or down together as needed. He said if the 7% unemployment rate went back down to 4% this would help the solvency. He said there is a high number of people coming into the state and a lot of federal cut backs, both of which hurt the economy.

Mr. Archie said that Senator Pozzi's bill concerning the trust fund would not correct the drain on the fund, it would simply reduce the amount of money we would need for the solvency test. He said the one-week waiting period to receive unemployment would save the state approximately \$1 million a year. However, he said there is a trend away from requiring a waiting period because the average length of compensation is only 12 weeks, and that first week of compensation benefits local economies and stays within the state. He said this \$1 million is of benefit to small local businessmen who must cope with a downward trend in the economy.

GAMING CONTROL BOARD - Pages 427-430:

Mr. Hannifin said that the 11 positions they are requesting is to regulate a growing and more complex industry. He said, "We need more highly skilled people than we did in the past. The emphasis now is on people trained in accounting. We team an auditor with an investigator in the early stages of investigating applications. We are asking for an increase in the accounting staff of four.

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"The increase in our investigative staff is because one of the problems we find is having by law a 90-day time period to investigate applications. The total investigation doesn't take 90 days, but we have a large number of applicants waiting their turn, and businessmen don't like to wait more than necessary.

"There has been an increase in the percentage of growth over the last two years. Historically the gaming industry over the last eleven years increased by 10.4%. This year in the last quarter, our revenues increased by 18.6%. We are in a strong uptrend, and are optimistic this will continue. Right now MGM has a hotel in construction, as does Caesar's World, and Harrah's is adding an addition.

"There is now a complex structure of organizations. This has changed particularly since we have gone public (with the stock exchange). We are no longer merely investigating the director, but the executive personnel, and major stockholders which sometimes is another corporation."

Senator Lamb asked if the trend was to kind of lift the restrictions to corporations. Mr. Hannifin said, "That is true. What we are really talking about is outside gaming interests, and we have always said absolutely not. But we have found that this isn't always to the state's advantage. For instance, an extremely wealthy corporate millionaire decides to acquire gaming interests, and owns many diversified companies and interests in other states. Among these is a race track, so we have to tell him no. I don't see that a race track in Illinois poses a danger to the state. It doesn't compete with us. This used to be a case where we cut off our nose to spite our face." Senator Lamb said they might lose control. Mr. Hannifin said, "If your talking about corporations, that is done--it's happened."

Mr. Hannifin stated that they have one deputy attorney general and are now asking for an additional deputy attorney general position.

With regard to investigations, they collected \$270,000 in fees and reverted \$100,000 to the general fund which they didn't use or need for investigations. They are allowed to spend up to 10% of the fees collected for administrative costs, but are currently spending about 2% of the emergency funds and never have exceeded 3.5%.

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Mr. Hannifin said that when they prepared the budget they didn't have the last quarter results in. These results were quite surprising in the rate of increase. Therefore, the projections on page 430 of the budget could increase to \$68,000 for 1974-75.

The request for office furniture is basically to cover the needs of the requested 11 new positions and averages out to \$2,000 per person in office equipment.

Mr. Hannifin said he requested 17 positions but was cut to 11. He said, "I try to ask for precisely what I need. I need everyone of the 17 positions I requested."

At 9:30 a.m. Senator Raggio and Senator Young left the meeting.

PREDATORY ANIMAL CONTROL - Pages 494-495 & 497:

Mr. Miner said that since the president had abolished chemical toxicants and they lost the most effective tool they had for predator control, the coyotte population has skyrocketed. He is asking for an increase of six new positions and the governor doesn't recommend any. Mr. Miner said their field program has only half as many men as it did ten years ago, and he felt the request for six positions was a reasonable request.

Mr. Humphrey said, "In my years in this business the sheep population has gone down from over a million to 165,000 at the present time. All that reduction cannot be attributed to predators, but its getting inconceivably difficult to maintain the sheep on the land in Nevada with the reduction of tools we have available to us. Because there are less lambs now, the coyottes are killing calves."

Senator Lamb said, "What we are bucking here is that the public, and these gentlemen here, have heard that a coyotte won't kill a calf or sheep, but you know what a coyotte will do." Mr. Humphrey said, "Someone has said that the coyotte will only pick the weak of the flock, but that's not the case. He knows a fat lamb better than we. At a certain age a lamb is curious and is not difficult for a coyotte to cut out and kill. We will have very few sheep in the state in a very few years. Records indicate the average loss was 7% at the lowest but this will go up. During spring lambing there is a consistent loss of 10%.

Senator Monroe said, "Calving season is on in Elko now and the coyboys are out with their rifles to protect the calves. It has gotten so bad that they don't care leave them. They are killing coyottes on the highways around Elko like rabbits with their cars. One man in the Jarbridge area reported seeing 17 deer carcasses identified as killed by coyottes."

Senator Lamb said, "The do gooders have forsook the livestock industry for the coyotte. A lot of people think its great sport to shoot them from planes."

Mr. Humphrey said a friend with livestock up by Truckee had calves on one side of the road and sheep on the other with a herder with them. He said he watched as three coyottes cut out a good sized calf while the herder was on the other side of the road. The next year she gave it up and didn't graze them there."

Senator Lamb said, "I was with my nephew when he shot three coyottes. We got wondering why there were so many coyottes around and got out to investigate. We found one of our big angus steer calves, a 400 pound weaner, with his back side eaten off. He was still alive and we tried to save him, but he died."

Mr. Borda, a spectator, said that his brother in Dayton a few years ago used to have 5,000 sheep and this is down to 2,000. He said that the first seven lambs this year were killed by coyottes. He said the 1800 lambs couldn't even go out to the foothills because of predators and they are going to have to find pastures for them this year. He said in two years he will also be out of the business.

Mr. Barrett said he didn't have much of a pitch and they decided to leave this budget request up to the legislature for decision.

Mr. Miner said, "We have done arial hunting for years and there has been 1.5 coyottes per flying hour sighted in past years, and in the first half of this year there were 3 coyottes per flying hour sighted.

"I believe the reason we are not now allowed to use chemicals for predatory control is because we got caught in the pesticide backwash."

Mr. Miner said they eliminated 2,000 coyottes by air plane last year and an additional three or four thousand.

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Mr. Miner said there are very few excellent trappers around. He said this year the fur prices are up and there is interest in trapping. Senator Gibson asked about bounties. Mr. Miner said that you have to cut into the coyotte population by about 75% before you can affect the next year's breeding potential, and less than that will do no good.

Senator Monroe said, "Utah pays bounties on coyottes so bounty hunters are coming into Elko County and hunting at night. They're killing cows in pastures. One man ran a hunter off, so for spite the hunter killed some of his cows that were in his corral by his house at night."

Mr. Doyle said that bounty hunters have raised their own coyottes commercially and are very careful not to turn in the females, but keep them for breeding. He said, "I think we have been accused of wanting to eliminate the coyotte. We believe in living with animals that are here, but they should be controlled for raising the meat the country needs."

Senator Monroe said that trappers are good because they work only in the problem areas, but bounty hunters go all over.

SHEEP INSPECTION FUND - Page 496:

This fund comes from a tax of 7¢ per sheep on the tax rolls and no general fund money is used. The main activity is to control infectious and communicable diseases. The most serious threat now is blue tongue and scrape disease. Three commissioners are appointed by the governor and they employ two sheep inspectors on a contract basis.

He said they were very proud of the fact that the overhead expense is exactly the same as it was twelve years ago. It is run as a service to the industry and the only increase is in the mileage. "Our people don't even get paid for their meals because they eat with the camp tenders. There have been no salary increases in twelve years."

The wool growers predatory animal control tax rate is 20¢ per head and they have a cooperative agreement with the federal government.

Senator Lamb said he had asked Mr. Miner to prepare another budget with additions he thinks he might need.

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MARLETTE LAKE:

Mr. Barrett said he has twice met with the Carson City Manager, and has proposed a contract where Carson City would pay \$40,000 a year for five five-year periods. Then they would go on a sliding scale and pay up to \$48,000 per year during the last five-year periods of the contract. The contract would be a 50 year contract with 6% interest, and the first year would be paying almost only interest and little principal. This would increase Hobart Reservoir from a 50 million gallon water capacity to 835 million and would cost \$637,000. In 50 years they would have paid back the \$637,000

The system would impound more water than it could deliver, and they couldn't guarantee 3 million gallons a day. The state would have half a million gallons a day for its needs in the capitol complex. During the very dry months they could probably guarantee 2-1/2 million gallons to Carson City. This contract involves only Hobart Reservoir not Marlette Lake. Hobart has a run off of 775 million gallons per year. The Planning Board is suggesting that nothing be done on this for two years while the matter is studied, but the committee felt they should do something now.

Mr. Barrett said, "When Hobie Leonard (of the Virginia City water system) read the criticism in the papers of the previous discussion we had, he tore his check up that he was going to give me that day. He has paid \$11,000 in the last year, but much of that was to pay for previous years."

The committee agreed they would like to sell that part of the system from the summit to Virginia City to Storey County for \$500. Storey County would then buy Mr. Leonard's water company and run it themselves. The state would still charge Virginia City for the water, but the pipeline on that part of the system would have to be maintained by Virginia City. Mr. Barrett said regarding costs of maintenance to these pipes, "We seldom have any repairs, but there is a personnel salary cost for having a man go to five-mile and check the equipment along the route." Mr. Leonard gets 41 or 42 cents for residential water users and 91 cents for commercial. The state currently charges him 19 cents.

✓ A.B. 237:

Senator Monroe moved to pass this bill. Senator Pozzi seconded the motion, and it passed unanimously. (It should be noted as previously mentioned that Senator Raggio and Young had left the meeting.)

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A.B. 146:

Mr. Barrett said, "This bill would provide money for lunches or dinners for board members who attend meetings in the city where they live. This is only for state board members, not for state employees. There are many low paid or unsalaried boards. For instance, the chairman of the welfare board lives in Carson City. Everyone else gets paid for their meals but him."

Senator Lamb said, I am careful of starting something where you don't know where it will end. Mr. Barrett said, "A number of boards have requested this. It is only the ones who live in the area where the meeting is being held that can't be paid."

Senator Monroe moved the committee kill the bill. There was no second. Senator Gibson moved the committee recommend a do pass on the bill. Senator Pozzi seconded the motion. Senator Lamb and Senator Monroe voted no, Senators Gibson, Brown and Pozzi voted yes, so the bill was killed because it received less than four votes.

A.B. 137:

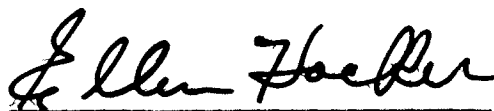
In 1971-72 there were approximately 50 suggestions. Nine were accepted and they received \$625 for the suggestions. \$185 was spent for office supplies, etc. Senator Brown moved to kill the bill. Senator Pozzi seconded the motion, and it passed unanimously.

S.B. 164:

Senator Pozzi moved to recommend a do pass on this bill. It failed for lack of a second. Mr. Barrett said if the bill were passed a number of agencies would run into a number of budgetary problems. Senator Gibson moved they kill this bill. Senator Brown seconded the motion, and it passed unanimously.

The meeting adjourned at 10:45 a.m.

Respectfully submitted,



Ellen Hocker, Secretary

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APPROVED:


Floyd R. Lamb, Chairman