

Assembly MINUTES

COMMERCE COMMITTEE - NEVADA STATE LEGISLATURE - 58TH SESSION

April 25, 1975

0960

There was a brief meeting of the Assembly Commerce Committee today in the Assembly Chambers. All members were present with the exception of Mr. Wittenberg who was excused. It was decided at this meeting that AB 556 would be "do passed without recommendation" to the Assembly Committee on Environment and Public Resources.

The regularly scheduled meeting of the Assembly Commerce Committee was called to order by Chairman Robinson at 2:50 P.M.

MEMBERS PRESENT: Mr. Benkovich
~~Mr. Demers~~
Mr. Getto
Mr. Harmon
Mr. Hickey
Mr. Moody
Mr. Schofield
Mr. Chairman

MEMBERS ABSENT: Mr. Wittenberg - excused

SPEAKING GUESTS: Larry Ruvo, wholesaler
Grant Sawyer, B.I.N.
Mick Flagg, Wholesaler and retailer
Jeanne Hannefin, State Division of Real Estate
Gene Leverty, Department of Commerce
Milos Terzich, American Life Insurance Association
George L. Ciapusci, State Farm Insurance
Jim Thompson, Attorney General's Office
George L. Vargas, American Insurance Association
Jack Kenney, Southern Nevada Home Builders Association
Bob Weld

The purpose of this meeting was to hear testimony on the following bills:

SB 511
AB 594
AB 539

AB 473 came before the committee for vote. Mr. Harmon moved a "do pass on AB 473. This was seconded by Mr. Moody and carried the committee.

Mr. Getto moved a "do pass" on SB 5. This was seconded by Mr. Moody and carried the committee unanimously.

Mr. Demers moved that Amendment No. 7833 to SB 224 be adopted. This was seconded by Mr. Benkovich and carried the committee unanimously. Mr. Demers moved SB 224 be "do passed as amended". This was seconded by Mr. Getto and carried the committee unanimously.

The hearing then began on SB 511 which:

Restricts credit sales by wholesale liquor dealers to retail liquor stores with delinquent accounts.

Mr. Larry Ruvo spoke in favor of this bill. He read a list of wholesalers in the State who are recognized by the Nevada Tax Commission and are bonafide wholesalers in the State of Nevada. This list of wholesalers is attached hereto.

Mr. Grant Sawyer, representing the Beverage Industry of Nevada, spoke in favor of SB 511. He said this bill was intended to prevent certain unfair trade practices of liquor wholesalers and to prevent these wholesalers from gaining control of the retail operations. It would prohibit a wholesaler from extending credit beyond a reasonable time, lending money to a retailer or investing money in or providing premises for the operation of a retail business. In this particular business, wholesalers tend, through various means, to gain control of a retail business. If a wholesaler can get his "hooks" into a retailer, he can begin to make suggestions as to how the business should be run such as the prices, the brands sold, etc. This is regarded as an unsatisfactory practice because particularly in the small communities, with enough funds, a wholesaler could control the retail outlets and eventually create a monopoly over the business. Congress passed a law which is similar to SB 511 but has found it difficult to enforce because of lack of personnel. Because the Federal bill was not found to be very workable, every other state in the U.S. except Nevada have found it necessary to pass some legislation attempting to prevent this practice. Mr. Sawyer submitted written testimony to the committee which is attached hereto as Exhibit A as well as other data pertinent thereto.

Mr. Getto commented that he felt putting the interest to be charged on overdue accounts in the statutes was an invasion of the private enterprise system and wondered if this measure might be too restrictive. Mr. Sawyer stated that this bill was the most flexible of the laws of all the other states most of which are far more restrictive than this one proposed for Nevada. He submitted to the committee a list of each state and the type of jurisdiction each has in this area.

Mr. Mick Flagg spoke on this bill saying he felt it would definitely affect him because he has two corporations which are separate but one is a liquor wholesale corporation and one is a liquor retail operation. He said he is licensed in both areas by both the State and the Federal Government. He wondered if perhaps the bill could somehow be amended in his behalf. Mr. Sawyer commented that he was not sure as to whether Mr. Flagg would come under this act because the areas affecting him are already in the laws presently so he felt perhaps it could be subject to legal interpretation.

At this point Dr. Robinson wondered if persons could form dummy corporations and still function on both levels even if this bill is passed. Mr. Sawyer said this could possibly occur,

Mr. Ruvo stated that last week there was a convention of the liquor wholesalers of the U.S. and it was determined at this annual convention and clearly noted that it is against Federal law for a wholesaler to engage in the retail business. Mr. Sawyer respectfully requested that the committee obtain legal counsel on this matter. He went on to say that if Mr. Flagg is in violation of SB 511, then he is in violation of the present law. If he were grandfathered into SB 511 when it is a violation of State and Federal law, it would create a statutory conflict.

This concluded testimony on SB 511 and discussion then turned to AB 594 which:

Makes certain administrative and technical changes in provisions relating to insurance trade practices and frauds.

Mr. Gene Leverty spoke in favor of this bill. He said this bill was modeled after the National Association of Insurance Commissioners Act and he felt it would benefit the consumer.

He did recommend some changes to the bill. In Section 7, lines 29 through 31, he said the original wording should be left in the bill rather than the proposed change since he felt this would give his department too much power. The line should read, "He may use the Attorney General to pursue such actions." Mr. Leverty submitted proposed amendments to the committee. These proposed amendments are attached hereto as Exhibit B.

Milos Terzich then spoke saying his industry (ALIA) could support this bill with the amendments proposed by Mr. Leverty - not without them. He said the Certified Life Underwriters also support this bill with the amendments.

Mr. George Ciapusci then spoke in support of this bill and did recommend some word changes. In Section 6, Line 32, he felt this should read, "Knowingly" misrepresenting to...

Also on Line 42 in the same Section, Mr. Ciapusci felt the word "Failing" should be deleted and the following language inserted in its place: "Not attempting in good faith" to effectuate...

He also stated that he has no objections to the proposed amendments by Mr. Leverty.

With regard to Mr. Ciapusci's proposed word change on Line 32 inserting "knowingly", Mr. Leverty there would be a problem proving this and that it would almost be saying you could not prosecute.

Mr. Jim Thompson of the Attorney General's Office stated that he was in concurrence with Mr. Leverty's proposed amendments including the suggestion that the original language be reinstated in Section 7 regarding the Attorney General's office.

Mr. George Vargas then spoke saying he concurred with the remarks made by Mr. Ciapusci. However, he did not believe this bill to be part of a model bill with reference to Page 5, Lines 3 and 4 providing for a felony. He said he knew of no administrative acts where there is a felony penalty in the middle of it. He felt this was a little more than an administrative and technical change.

Mr. Terzich commented that he, too, was aware of this provision and that he had objected to it mildly but conceded that it be left in.

The general feeling of the committee was that this should not be a felony but rather a gross misdemeanor.

This concluded testimony on this bill and discussion then commenced on AB 539 which:

Permits registered representatives to offer subdivision land for sale.

Mr. Jack Kenney spoke in favor of this bill and speaking on behalf of the Southern Nevada Home Builders who requested that this bill be introduced. He said if tract builders could not use tract salesman, this would result in increased cost to the consumer. He commented that the tract home business is probably the next largest industry in Nevada after gaming and tourism. He said a tract salesman is usually trained by the builder and only works for this one entity which is responsible for his actions. He said this bill would only allow new houses to get this type of exemption. A resale of a home would involve in most cases three parties: seller, broker and buyer. He also said he did not agree with the fact that a college education be required of a real estate broker.

Mr. Kenney said with the use of a tract salesman, considerable money can be saved the consumer because they would charge about 3% commission while a real estate broker would charge about 6%. Mr. Demers submitted amendments to the committee and Mr. Kenney asked that that these amendments be considered for AB 539.

Mr. Demers commented that the State Division of Real Estate would still have control of these people, they would just not be required to have a real estate license. A certificate would be issued to them from this Division.

Mr. Getto was concerned about this bill and felt it was a circumvention of the law. Dr. Robinson wondered if they could be assured that the proper paper work would be done and in a fashion that will give protection to the purchaser in the same manner as if a real estate salesman or broker had done it. Mr. Getto spoke of the fund with regard to the real estate business that protects all buyers from misrepresentation and wondered how this would be handled by the builder.

Mr. Kenney said in his development, a very small deposit is collected (\$100) which goes into escrow. The remaining money is put up at the time the escrow is closed so the builder does not handle very much money.

Mr. Weld then spoke saying tract salesmen are trained by the builder to sell the homes the way the builder wants them sold and the salesmen are usually with the builder from the start of construction. With regard to Mr. Getto's concern about recourse for misrepresentation, Mr. Weld said the buyer would have to go to the builder and any reputable builder does take care of these problems. He added that he has had no problem with tract sales. He felt a builder is a protector of the public just as the broker is.

Mr. Kenney said they would like all the responsibility to be with the builder as they are trying to keep the cost down.

Mr. Weld said he thought these amendments go along with what he and Mr. Kenney talked to Mr. Melnor about. It has to be a tract home. This is what will make it different from the land sales problem.

Jeanne Hannefin questioned how this bill was limited to tract builders only. Mr. Demers commented that the Division of Real Estate would still have complete regulatory control over these people and would be the department issuing certificates.

AB 592 - Mr. Schofield moved that Amendment No. 7784 be adopted to AB 592. This was seconded by Mr. Benkovich and carried the committee unanimously with the exception of Mr. Wittenberg who was excused from the meeting and therefore was not voting on all bills acted on today.

Mr. Moody moved that AB 592 be "do passed as amended". This was seconded by Mr. Harmon and carried the committee unanimously with the exception of Mr. Getto who was not voting.

AB 265 - Mr. Demers moved that Amendment No. 8249 be adopted to AB 265. This was seconded by Mr. Harmon and carried the committee. Mr. Demers moved that AB 265 be "do passed as amended". This was seconded by Mr. Harmon and carried the committee unanimously with the exception of Mr. Moody who was not voting.

AB 645 - Mr. Demers moved a "do pass" on AB 645. This was seconded by Mr. Harmon and failed to pass the committee with Mr. Benkovich, Mr. Hickey, Mr. Getto voting "no" and Mr. Moody not voting.

AB 646 - Mr. Demers moved a "do pass" of AB 646. This was seconded by Mr. Harmon and failed to pass the committee with Mr. Benkovich, Mr. Hickey, Mr. Robinson; Mr. Getto voting "no" and Mr. Moody not voting. —

SB 283 - Mr. Demers moved that Amendment No. 8079 be adopted to SB 283. This was seconded by Mr. Harmon and carried the committee with Mr. Getto and Mr. Benkovich voting "no".

Mr. Demers moved that SB 283 be "do passed as amended". This was seconded by Mr. Schofield and carried the committee with Mr. Getto and Mr. Benkovich voting "no".

AB 27 - Mr. Getto moved that Amendment No. 8248 be adopted to AB 27. This was seconded by Mr. Moody and carried the committee. Mr. Getto moved that AB 27 be "Do passed as amended". This was seconded by Mr. Moody and carried the committee unanimously.

AJR 31 - Mr. Demers moved "do pass". This was seconded by Mr. Hickey and carried the committee unanimously.

AJR 37 - Mr. Hickey moved "do pass". This was seconded by Mr. Getto and carried the committee with Mr. Benkovich voting "no".

AB 641 - Mr. Demers moved "do pass". This was seconded by Mr. Getto and carried the committee unanimously.

AB 644 - Mr. Demers moved that Amendment No. 7862 be adopted to AB 644. This was seconded by Mr. Hickey and carried the committee with Mr. Moody voting "no". Mr. Demers moved that AB 644 be "do passed as amended". This was seconded by Mr. Hickey and carried the committee unanimously.

AB 515 - Mr. Moody moved "do pass". This was seconded by Mr. Demers and carried the committee unanimously.

SB 511 - Mr. Harmon moved "do pass". This was seconded by Mr. Demers and carried the committee with Mr. Getto voting "no" and Mr. Moody "not voting".

AB 594 - Mr. Demers moved that the amendments proposed by Mr. Leverty be adopted deleting Section 13 and changing provision for a felony to a gross misdemeanor. This was seconded by Mr. Mr. Moody and carried the committee unanimously. Mr. Demers moved AB 594 be "do passed as amended". This was seconded by Mr. Schofield and carried the committee unanimously.

AB 615 - Mr. Demers moved that Amendment No. 8364 be adopted to AB 615. This was seconded by Mr. Benkovich and carried the committee unanimously. Mr. Moody moved that AB 615 be "do passed as amended". This was seconded by Mr. Schofield and carried the committee unanimously.

With no further business the meeting was adjourned at 5:45 P.M.

Respectfully submitted,

Joan Anderson

ALSO ATTACHED HERETO IS ADDITIONAL INFORMATION WITH REGARD TO AB 473 and AB 515.

ASSEMBLY
HEARING

0959

COMMITTEE ON.....COMMERCE.....

Date April 25, 1975 Time 3:00 P.M. Room 316

SUPERSEDES PREVIOUS AGENDA POSTED FOR THIS DATE.

Bill or Resolution
to be considered

Subject

DO PASS
DO PASS
AS AMENDED

S.B. 511

Restricts credit sales by wholesale liquor dealers to retail liquor stores with delinquent accounts.

A.B. 594

Makes certain administrative and technical changes in provisions relating to insurance trade practices and frauds.

ACTION WILL BE TAKEN ON:

- AB 473
- SB 224
- AB 592
- AB 265
- AB 645
- AB 646
- AB 283
- AB 27
- AJR 31
- AJR 37
- AB 641
- AB 644
- SB 5
- AB 556
- AB 515

COMMERCE COMMITTEE
LEGISLATION ACTION

DATE April 25, 1975

SUBJECT AB 473 - Provides comprehensive changes in Unemployment Compensation Law.

MOTION:

Do Pass X Amend _____ Indefinitely Postpone _____ Reconsider _____

Moved By Harmon Seconded By Moody

AMENDMENT:

Moved By _____ Seconded By _____

AMENDMENT:

Moved BY _____ Seconded By _____

VOTE:	MOTION		AMEND		AMEND	
	Yes	No	Yes	No	Yes	No
Robinson	<u>X</u>	_____	_____	_____	_____	_____
Harmon	<u>X</u>	_____	_____	_____	_____	_____
Demers	<u>X</u>	_____	_____	_____	_____	_____
Hickey	<u>Not present at time of vote</u>					
Moody	<u>X</u>	_____	_____	_____	_____	_____
Schofield	<u>X</u>	_____	_____	_____	_____	_____
Wittenberg	<u>Excused</u>		_____	_____	_____	_____
Benkovich	_____	<u>X</u>	_____	_____	_____	_____
Getto	<u>X</u>	_____	_____	_____	_____	_____

ORIGINAL MOTION: Passed X Defeated _____ Withdrawn _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

Attached to Minutes April 25, 1975

58TH NEVADA LEGISLATURE

COMMERCE COMMITTEE
LEGISLATION ACTION

0967

DATE April 25, 1975

SUBJECT SB 5 - Requires health insurance coverage to include home health care.

MOTION:

Do Pass X Amend _____ Indefinitely Postpone _____ Reconsider _____

Moved By Getto Seconded By Moody

AMENDMENT:

Moved By _____ Seconded By _____

AMENDMENT:

Moved BY _____ Seconded By _____

VOTE:	MOTION		AMEND		AMEND	
	Yes	No	Yes	No	Yes	No
Robinson	X	_____	_____	_____	_____	_____
Harmon	X	_____	_____	_____	_____	_____
Demers	X	_____	_____	_____	_____	_____
Hickey	X	_____	_____	_____	_____	_____
Moody	X	_____	_____	_____	_____	_____
Schofield	X	_____	_____	_____	_____	_____
Wittenberg	EXCUSED	_____	_____	_____	_____	_____
Benkovich	X	_____	_____	_____	_____	_____
Getto	X	_____	_____	_____	_____	_____

ORIGINAL MOTION: Passed X Defeated _____ Withdrawn _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

Attached to Minutes April 25, 1975

58TH NEVADA LEGISLATURE

COMMERCE COMMITTEE
LEGISLATION ACTION

0969

DATE April 25, 1975

SUBJECT A.B. 592 - Clarifies fact that National Electrical Code has
general application

MOTION: 1. ADOPT AMENDMENTS X 2. DO PASS AS AMENDED X

Do Pass _____ Amend _____ Indefinitely Postpone _____ Reconsider _____

Moved By 1. Schofield 2. Moody Seconded By 1. Benkovich 2. Harmon

AMENDMENT: _____

Moved By _____ Seconded By _____

AMENDMENT: _____

Moved BY _____ Seconded By _____

VOTE:	MOTION		AMEND		AMEND	
	Yes	No	Yes	No	Yes	No
Robinson	X	_____	_____	_____	_____	_____
Harmon	X	_____	_____	_____	_____	_____
Demers	X	_____	_____	_____	_____	_____
Hickey	X	_____	_____	_____	_____	_____
Moody	X	_____	_____	_____	_____	_____
Schofield	X	_____	_____	_____	_____	_____
Wittenberg	EXCUSED		_____	_____	_____	_____
Benkovich	X	_____	_____	_____	_____	_____
Getto	1. X	2. X	_____	_____	_____	_____

ORIGINAL MOTION: Passed X Defeated _____ Withdrawn _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

Attached to Minutes 4/25/75

58TH NEVADA LEGISLATURE

COMMERCE COMMITTEE
LEGISLATION ACTION

0970

DATE April 25, 1975

SUBJECT AB 265 - Requires good-faith performance of franchises between service station operators and petroleum distributors and provides sanctions for any breach.

MOTION: 1. ADOPT AMENDMENTS X 2. DO PASS AS AMENDED X

Do Pass _____ Amend _____ Indefinitely Postpone _____ Reconsider _____

Moved By 1. Demers 2. Demers Seconded By 1. Harmon 2. Harmon

AMENDMENT: _____

Moved By _____ Seconded By _____

AMENDMENT: _____

Moved BY _____ Seconded By _____

VOTE:	MOTION		AMEND		AMEND	
	Yes	No	Yes	No	Yes	No
Robinson	<u>X</u>	_____	_____	_____	_____	_____
Harmon	<u>X</u>	_____	_____	_____	_____	_____
Demers	<u>X</u>	_____	_____	_____	_____	_____
Hickey	<u>X</u>	_____	_____	_____	_____	_____
Moody	<u>NOT VOTING</u>		_____	_____	_____	_____
Schofield	<u>X</u>	_____	_____	_____	_____	_____
Wittenberg	<u>EXCUSED</u>		_____	_____	_____	_____
Benkovich	<u>X</u>	_____	_____	_____	_____	_____
Getto	<u>X</u>	_____	_____	_____	_____	_____

ORIGINAL MOTION: Passed X Defeated _____ Withdrawn _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

Attached to Minutes 4/25/75

DATE April 25, 1975

SUBJECT AB 645 - Prohibits supplier of petroleum from establishing or operating service stations after certain dates.

MOTION:

Do Pass Amend _____ Indefinitely Postpone _____ Reconsider _____

Moved By DEMERS Seconded By HARMON

AMENDMENT:

Moved By _____ Seconded By _____

AMENDMENT:

Moved BY _____ Seconded By _____

VOTE:	MOTION		AMEND		AMEND	
	Yes	No	Yes	No	Yes	No
Robinson	<input checked="" type="checkbox"/>	_____	_____	_____	_____	_____
Harmon	<input checked="" type="checkbox"/>	_____	_____	_____	_____	_____
Demers	<input checked="" type="checkbox"/>	_____	_____	_____	_____	_____
Hickey	_____	<input checked="" type="checkbox"/>	_____	_____	_____	_____
Moody	NOT VOTING		_____	_____	_____	_____
Schofield	<input checked="" type="checkbox"/>	_____	_____	_____	_____	_____
Wittenberg	EXCUSED		_____	_____	_____	_____
Benkovich	_____	<input checked="" type="checkbox"/>	_____	_____	_____	_____
Getto	_____	<input checked="" type="checkbox"/>	_____	_____	_____	_____

ORIGINAL MOTION: Passed _____ Defeated Withdrawn _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

Attached to Minutes 4/25/75

COMMERCE COMMITTEE
LEGISLATION ACTION

0972

DATE April 25, 1975

SUBJECT AB 646 - Provides standards of conduct between distributors of petroleum products and service station franchise holders.

MOTION:

Do Pass Amend _____ Indefinitely Postpone _____ Reconsider _____

Moved By DEMERS Seconded By HARMON

AMENDMENT:

Moved By _____ Seconded By _____

AMENDMENT:

Moved BY _____ Seconded By _____

VOTE:	MOTION		AMEND		AMEND	
	Yes	No	Yes	No	Yes	No
Robinson	_____	<u>X</u>	_____	_____	_____	_____
Harmon	<u>X</u>	_____	_____	_____	_____	_____
Demers	<u>X</u>	_____	_____	_____	_____	_____
Hickey	_____	<u>X</u>	_____	_____	_____	_____
Moody	<u>NOT VOTING</u>		_____	_____	_____	_____
Schofield	<u>X</u>	_____	_____	_____	_____	_____
Wittenberg	<u>EXCUSED</u>		_____	_____	_____	_____
Benkovich	_____	<u>X</u>	_____	_____	_____	_____
Getto	_____	<u>X</u>	_____	_____	_____	_____

ORIGINAL MOTION: Passed _____ Defeated Withdrawn _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

Attached to Minutes 4/25/75

58TH NEVADA LEGISLATURE

COMMERCE COMMITTEE
LEGISLATION ACTION

0973

DATE April 25, 1975

SUBJECT SB 283 - Provides for certification of draftsmen under Nevada state board of architecture.

MOTION: 1. ADOPT AMENDMENTS X 2. DO PASS AS AMENDED X

Do Pass _____ Amend _____ Indefinitely Postpone _____ Reconsider _____

Moved By 1. DEMERS 2. DEMERS Seconded By 1. HARMON 2. SCHOFIELD

AMENDMENT: _____

Moved By _____ Seconded By _____

AMENDMENT: _____

Moved BY _____ Seconded By _____

VOTE:	MOTION		AMEND		AMEND	
	Yes	No	Yes	No	Yes	No
Robinson	X	_____	_____	_____	_____	_____
Harmon	X	_____	_____	_____	_____	_____
Demers	X	_____	_____	_____	_____	_____
Hickey	X	_____	_____	_____	_____	_____
Moody	X	_____	_____	_____	_____	_____
Schofield	X	_____	_____	_____	_____	_____
Wittenberg	EXCUSED	_____	_____	_____	_____	_____
Benkovich	_____	X	_____	_____	_____	_____
Getto	_____	X	_____	_____	_____	_____

ORIGINAL MOTION: Passed X Defeated _____ Withdrawn _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

Attached to Minutes 4/25/75

COMMERCE COMMITTEE
LEGISLATION ACTION

0974

DATE April 25, 1975

SUBJECT A.B. 27 Transfers licensing of dealers, manufacturers, rebuilders and salesmen of mobile homes and travel trailers from department of motor vehicles to state fire marshal division of department of commerce.

MOTION: 1. ADOPT AMENDMENTS X 2. DO PASS AS AMENDED X

Do Pass Amend Indefinitely Postpone Reconsider

Moved By 1. GETTO 2. GETTO Seconded By 1. MOODY 2. MOODY

AMENDMENT: _____

Moved By _____ Seconded By _____

AMENDMENT: _____

Moved BY _____ Seconded By _____

VOTE:	MOTION		AMEND		AMEND	
	Yes	No	Yes	No	Yes	No
Robinson	X	_____	_____	_____	_____	_____
Harmon	X	_____	_____	_____	_____	_____
Demers	X	_____	_____	_____	_____	_____
Hickey	X	_____	_____	_____	_____	_____
Moody	X	_____	_____	_____	_____	_____
Schofield	X	_____	_____	_____	_____	_____
Wittenberg	EXCUSED	_____	_____	_____	_____	_____
Benkovich	X	_____	_____	_____	_____	_____
Getto	X	_____	_____	_____	_____	_____

ORIGINAL MOTION: Passed X Defeated Withdrawn

AMENDED & PASSED AMENDED & DEFEATED

AMENDED & PASSED AMENDED & DEFEATED

Attached to Minutes 4/25/75

COMMERCE COMMITTEE
LEGISLATION ACTION

0975

DATE April 25, 1975

SUBJECT AJR 31 Urges the Energy Research and Development Administration to choose the Nevada Test Site for disposal of nuclear wastes and for solar energy research under the Solar Energy Research Development and Demonstration Act of 1974.

MOTION:

Do Pass X Amend _____ Indefinitely Postpone _____ Reconsider _____

Moved By DEMERS Seconded By HICKEY

AMENDMENT:

Moved By _____ Seconded By _____

AMENDMENT:

Moved BY _____ Seconded By _____

VOTE:	MOTION		AMEND		AMEND	
	Yes	No	Yes	No	Yes	No
Robinson	X	_____	_____	_____	_____	_____
Harmon	X	_____	_____	_____	_____	_____
Demers	X	_____	_____	_____	_____	_____
Hickey	X	_____	_____	_____	_____	_____
Moody	X	_____	_____	_____	_____	_____
Schofield	X	_____	_____	_____	_____	_____
Wittenberg	EXCUSED		_____	_____	_____	_____
Benkovich	X	_____	_____	_____	_____	_____
Getto	X	_____	_____	_____	_____	_____

ORIGINAL MOTION: Passed X Defeated _____ Withdrawn _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

Attached to Minutes 4/25/75

58TH NEVADA LEGISLATURE

COMMERCE COMMITTEE
LEGISLATION ACTION

0976

DATE April 25, 1975

SUBJECT AJR 37 Memorializes Congress to refuse to enact certain parts of the proposed Energy Independence Act of 1975.

MOTION:

Do Pass X Amend _____ Indefinitely Postpone _____ Reconsider _____

Moved By Hickey Seconded By GETTO

AMENDMENT:

Moved By _____ Seconded By _____

AMENDMENT:

Moved BY _____ Seconded By _____

VOTE:	MOTION		AMEND		AMEND	
	Yes	No	Yes	No	Yes	No
Robinson	X	_____	_____	_____	_____	_____
Harmon	X	_____	_____	_____	_____	_____
Demers	X	_____	_____	_____	_____	_____
Hickey	X	_____	_____	_____	_____	_____
Moody	X	_____	_____	_____	_____	_____
Schofield	X	_____	_____	_____	_____	_____
Wittenberg	EXCUSED	_____	_____	_____	_____	_____
Benkovich	_____	X	_____	_____	_____	_____
Getto	X	_____	_____	_____	_____	_____

ORIGINAL MOTION: Passed X Defeated _____ Withdrawn _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

Attached to Minutes 4/25/75

58TH NEVADA LEGISLATURE

COMMERCE COMMITTEE
LEGISLATION ACTION

0977

DATE April 25, 1975

SUBJECT AB 641 - Extends economic development revenue bond law to include capital improvements by public utility.

MOTION:

Do Pass X Amend _____ Indefinitely Postpone _____ Reconsider _____

Moved By DEMERS Seconded By GETTO

AMENDMENT:

Moved By _____ Seconded By _____

AMENDMENT:

Moved BY _____ Seconded By _____

VOTE:	MOTION		AMEND		AMEND	
	Yes	No	Yes	No	Yes	No
Robinson	X					
Harmon	X					
Demers	X					
Hickey	X					
Moody	X					
Schofield	X					
Wittenberg	EXCUSED					
Benkovich	X					
Getto	X					

ORIGINAL MOTION: Passed X Defeated _____ Withdrawn _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

Attached to Minutes 4/25/75

58TH NEVADA LEGISLATURE

COMMERCE COMMITTEE
LEGISLATION ACTION

0978

DATE April 25, 1975

SUBJECT AB 644 - Authorizes public service commission to increase assessments on public utilities and general improvement districts.

MOTION: 1. ADOPT AMENDMENTS X 2. DO PASS AS AMENDED X

Do Pass Amend Indefinitely Postpone Reconsider

Moved By 1. DEMER 2. DEMERS Seconded By 1. HICKEY 2. HICKEY

AMENDMENT: _____

Moved By _____ Seconded By _____

AMENDMENT: _____

Moved BY _____ Seconded By _____

VOTE:	MOTION		AMEND		AMEND	
	Yes	No	Yes	No	Yes	No
Robinson	X	_____	_____	_____	_____	_____
Harmon	X	_____	_____	_____	_____	_____
Demers	X	_____	_____	_____	_____	_____
Hickey	X	_____	_____	_____	_____	_____
Moody	X # 2	X # 1	_____	_____	_____	_____
Schofield	X	_____	_____	_____	_____	_____
Wittenberg	EXCUSED	_____	_____	_____	_____	_____
Benkovich	X	_____	_____	_____	_____	_____
Getto	X	_____	_____	_____	_____	_____

ORIGINAL MOTION: Passed X Defeated Withdrawn

AMENDED & PASSED AMENDED & DEFEATED

AMENDED & PASSED AMENDED & DEFEATED

Attached to Minutes 4/25/75

58TH NEVADA LEGISLATURE

COMMERCE COMMITTEE
LEGISLATION ACTION

0979

DATE April 25, 1975

SUBJECT AB 515 - Increases district court reporter fees

MOTION:

Do Pass Amend _____ Indefinitely Postpone _____ Reconsider _____

Moved By MOODY Seconded By DEMERS

AMENDMENT:

Moved By _____ Seconded By _____

AMENDMENT:

Moved BY _____ Seconded By _____

VOTE:	MOTION		AMEND		AMEND	
	Yes	No	Yes	No	Yes	No
Robinson	<input checked="" type="checkbox"/>	_____	_____	_____	_____	_____
Harmon	<input checked="" type="checkbox"/>	_____	_____	_____	_____	_____
Demers	<input checked="" type="checkbox"/>	_____	_____	_____	_____	_____
Hickey	<input checked="" type="checkbox"/>	_____	_____	_____	_____	_____
Moody	<input checked="" type="checkbox"/>	_____	_____	_____	_____	_____
Schofield	<input checked="" type="checkbox"/>	_____	_____	_____	_____	_____
Wittenberg	<u>EXCUSED</u>	_____	_____	_____	_____	_____
Benkovich	<input checked="" type="checkbox"/>	_____	_____	_____	_____	_____
Getto	<input checked="" type="checkbox"/>	_____	_____	_____	_____	_____

ORIGINAL MOTION: Passed Defeated _____ Withdrawn _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

Attached to Minutes 4/25/75

58TH NEVADA LEGISLATURE

COMMERCE COMMITTEE
LEGISLATION ACTION

0980

DATE April 25, 1975

SUBJECT SB 511 - Restricts credit sales by wholesale liquor dealers to retail liquor stores with delinquent accounts.

MOTION:

Do Pass X Amend _____ Indefinitely Postpone _____ Reconsider _____

Moved By HARMON Seconded By DEMERS

AMENDMENT:

Moved By _____ Seconded By _____

AMENDMENT:

Moved BY _____ Seconded By _____

VOTE:	<u>MOTION</u>		<u>AMEND</u>		<u>AMEND</u>	
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>
Robinson	<u>X</u>	_____	_____	_____	_____	_____
Harmon	<u>X</u>	_____	_____	_____	_____	_____
Demers	<u>X</u>	_____	_____	_____	_____	_____
Hickey	<u>X</u>	_____	_____	_____	_____	_____
Moody	<u>NOT VOTING</u>		_____	_____	_____	_____
Schofield	<u>X</u>	_____	_____	_____	_____	_____
Wittenberg	<u>EXCUSED</u>		_____	_____	_____	_____
Benkovich	<u>X</u>	_____	_____	_____	_____	_____
Getto	_____	<u>X</u>	_____	_____	_____	_____

ORIGINAL MOTION: Passed X Defeated _____ Withdrawn _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

Attached to Minutes 4/25/75

COMMERCE COMMITTEE
LEGISLATION ACTION

0981

DATE April 25, 1975.

SUBJECT AB 594 - Makes certain administrative and technical changes in provisions relating to insurance trade practices and frauds.

MOTION: 1. ADOPT AMENDMENTS
STRIKING SECTION 13 X 2. DO PASS
AS AMENDED X
MAKING FELONY MISDEMEANOR
GROSS

Do Pass _____ Amend _____ Indefinitely Postpone _____ Reconsider _____

Moved By 1. DEMERS. 2. DEMERS. Seconded By 1. MOODY 2. SCHOFIELD

AMENDMENT: _____

Moved By _____ Seconded By _____

AMENDMENT: _____

Moved BY _____ Seconded By _____

VOTE:	MOTION		AMEND		AMEND	
	Yes	No	Yes	No	Yes	No
Robinson	X	_____	_____	_____	_____	_____
Harmon	X	_____	_____	_____	_____	_____
Demers	X	_____	_____	_____	_____	_____
Hickey	X	_____	_____	_____	_____	_____
Moody	X	_____	_____	_____	_____	_____
Schofield	X	_____	_____	_____	_____	_____
Wittenberg	EXCUSED	_____	_____	_____	_____	_____
Benkovich	X	_____	_____	_____	_____	_____
Getto	X	_____	_____	_____	_____	_____

ORIGINAL MOTION: Passed X Defeated _____ Withdrawn _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

Attached to Minutes 4/25/75

COMMERCE COMMITTEE
LEGISLATION ACTION

0982

DATE April 25, 1975

SUBJECT AB 615 - Exempts real estate brokers and salesmen from certain licensure requirements to sell mobile homes.

MOTION: 1. ADOPT AMENDMENTS X 2. DO PASS AS ATTENDED X

Do Pass Amend Indefinitely Postpone Reconsider

Moved By 1. DEMERS 2. MOODY Seconded By 1. BENKOVICH 2. SCHOFIELD

AMENDMENT: _____

Moved By _____ Seconded By _____

AMENDMENT: _____

Moved BY _____ Seconded By _____

VOTE:	MOTION		AMEND		AMEND	
	Yes	No	Yes	No	Yes	No
Robinson	X	_____	_____	_____	_____	_____
Harmon	X	_____	_____	_____	_____	_____
Demers	X	_____	_____	_____	_____	_____
Hickey	X	_____	_____	_____	_____	_____
Moody	X	_____	_____	_____	_____	_____
Schofield	X	_____	_____	_____	_____	_____
Wittenberg	EXCUSED	_____	_____	_____	_____	_____
Benkovich	X	_____	_____	_____	_____	_____
Getto	X	_____	_____	_____	_____	_____

ORIGINAL MOTION: Passed X Defeated Withdrawn

AMENDED & PASSED AMENDED & DEFEATED

AMENDED & PASSED AMENDED & DEFEATED

Attached to Minutes 4/25/75

GUEST REGISTER

COMMERCE COMMITTEE

0983

DATE: 4/25

PLEASE
CHECK IF YOU
WISH TO SPEAK

ADDRESS &
NAME

REPRESENTING

ADDRESS & NAME	REPRESENTING	PLEASE CHECK IF YOU WISH TO SPEAK
Larry McPacker	Employment Security Chairwoman	<input checked="" type="checkbox"/>
Melba Felderman	Governor's Rural Health	
Tom Knafle	New State Art. C.I.O.	
John Mouny	O.K. DISTRIBUTORS-APCO	
Jack McLaughlin	Money Dillo. Peng	
Walt Bechit	Luna Sun Food	
Kurt Brown	Lucie & Son	
Robert Fair	Capital BEVERAGES	
Fred O'Dowens	B. I. M.	<input checked="" type="checkbox"/>
RAY HELLMANN	Wine & Spirits Wholesaler	
Jack McLaughlin	NEVADA ASSOCIATION OF ARCHITECTS	
FRED DAVIS	NEV. STATE BD. ARCHITECTURE	
Richard Ham	nev. State Bd. of Architecture	
JACK KENNEY	WINE/SPRITS WHOLESALERS NV.	
	Wine / Spirit Wholesaler from Nev.	
	SOUTHERN NEVADA HOME BUILDERS	AB 539

NEVADA WHOLESALERS

0985

FEBRUARY 20, 1975

Beacon Distributing Co.
 (Branch of Berberian Bros., Inc.,
 Fresno, California)
 A. Senini, Gen'l. Mgr.
 2400 No. Valley Road 89502
 P. O. Box 2459, 89505
 Reno
 Tel: (702) 323-3101

Best Brands, Inc.
 Richard Gordon,
 Chairman of Board
 Larry Ruvo-Pres. & Gen. Mgr.
 Al Dolan, Mktg. Mgr.
 4500 Wynn Road 89103
 Las Vegas
 Tel: (702) 876-4500

Best Brands, Inc.
 (Branch of Best Brands, Inc.,
 Las Vegas, Nevada)
 Stu Shandalove, Vice Pres. /
 Sales
 C. O. Watson, Vice Pres. /
 Gen. Mgr.
 1007 Greg St., 89431
 Reno
 Tel: (702) 358-1811

Bonanza Beverage Co.
 William Cosulas, President
 William Gialkatsis, Vice-Pres.
 Virginia Cosulas, Sec'y & Treas.
 2670 So. Western St. 89109
 Las Vegas
 Tel: (702) 735-1062

J. W. Costello Beverage Co.
 Jim Costello, President
 Mrs. Veda Costello, Exec. Vice-Pres.
 Delbert Poulain, Sec'y. & Treas.
 4370 S. Valley View Blvd.
 P. O. Box 14950, 89114
 Las Vegas
 Tel: (702) 876-4000 .

D&D Wholesale
 Liquors, Inc.
 (Branch of Haas Bros.,
 San Francisco, California)
 Richard J. Gipe, Vice-Pres., &
 Sales Mgr.
 330 Evans Ave. 89507
 P. O. Box 436, 89504
 Reno
 Tel: (702) 323-5135

De Luca Importing Co., Inc.
 R. S. Keyser, Pres. & Gen'l. Mgr.
 C. R. Clark, Sr. Vice-Pres.
 Joe Slaton, Jr., Sales Mgr.
 Pete Birrell, Wine Sales Mgr.
 2548 W. Desert Inn Rd. at
 Highland, 89109
 P. O. Box 14870, 89114
 Las Vegas
 Tel: (702) 735-9141

Glenn Distributing, Inc.
 Chas. S. Glenn, President
 Alan G. Blach, Vice-Pres.
 Mary F. Glenn, Sec'y. & Treas.
 131 Main St., 89801
 P. O. Box 269, 89801
 Elko
 Tel: (702) 738-5147

Glenn Distributing, Inc.
 (Branch of Glenn Distributing,
 Elko, Nevada)
 Alfred M. Kerr, Mgr.
 P. O. Box 509, 89301
 Ely
 Tel: (708) 289-4443

Las Vegas Distributing Co.
 Charles M. Hecht, President
 David J. Cohen, Sec'y.
 Charles J. Bufalino, Sales Mgr.
 4325 Alde Baran Ave., 89103
 P. O. Box 1810, 89101
 Las Vegas
 Tel: (702) 739-6767

Luce & Son, Inc.
 Delpha Cherry Luce, Pres.
 W. W. Beckmann, Vice-Pres. & Gen'l
 Mgr.
 Ray E. Armstrong, Treas.
 Robert J. Smeath, Sec'y.
 E. A. Meyer, Off. Mgr.
 Ted Gelber, Beer Dept. Mgr.
 Patrick McLaughlin, Wine Dept.
 Mgr.
 Jack C. McCoy, Liquor Dept.,
 Sales Mgr.
 670 E. 6th St., 89502
 P. O. Box 2287, 89505
 Reno
 Tel: (702) 322-3486

McKesson Wine & Spirits Co.
 (Branch of McKesson Wine &
 Spirits Co., New York, New York)
 Edward Dufrene, Gen'l. Mgr.
 271 So. Highland Dr.
 P. O. Box 4247, 89106
 Las Vegas
 Tle: (702) 382-6316

McKesson Wine & Spirits Co.
 (Branch of McKesson Wine &
 Spirits Co., New York, New York)
 Eugene L. Wilson, Gen'l. Mgr.
 1790 West 4th St., 89503
 P. O. Box 5667, Washington Sta.,
 89503
 Reno
 Tel: (702) 323-6181

Nevada Beverage Co.
 C. R. Pat Clark, President
 Barry J. Helfand, Exec. Vice-Pres. &
 Gen'l. Mgr.
 R. S. Keyser, Senior Vice-Pres.
 Walter E. Holstad, Vice-Pres. &
 Adm. Ass't.
 J. LaMarr Bennett, Sec'y. &
 Treas.
 2416 W. Desert Inn Road at
 Highland, 89101
 P. O. Box 14787, 89114
 Las Vegas
 Tel: (702) 735-1185

L. W. Peraldo Co., Inc. 0986
 Louis Peraldo, President
 Joseph Quilici, Vice-President
 Margaret H. Peraldo, Sec'y. & Treas.
 405 West 3rd. St., 89445
 P. O. Box 272, 89445
 Winnemucca
 Tel: (702) 623-2553

Sierra Wine & Liquor Co.
 P. C. Barengo, President
 Thelma M. Barengo, Vice-Pres.
 Milton J. Gumbert, Vice-Pres. &
 Gen'l. Sales Mgr.
 W. A. Davidson, Sec'y. & Treas.
 325 East Fourth St., 89502
 P. O. Box 2979, 89505
 Reno
 Tel: (702) 323-1366

Sierra Wine & Liquor Co.
 (Branch of Sierra Wine & Liquor
 Co., Reno, Nevada)
 Norman Hines, Mgr.
 290 Barengo Way, 89801
 P. O. Box 1192, 89801
 Elko
 Tel: (702) 738-5160

Sierra Wine & Liquor Co.
 (Branch of Sierra Wine & Liquor
 Co., Reno, Nevada)
 Joaquin M. Gomez, Mgr.
 710 Avenue F., 89315
 East Ely
 P. O. Box 268, 89301
 Ely
 Tel: (702) 289-4747

Sierra Wine & Liquor Co.
 (Branch of Sierra Wine & Liquor
 Co., Reno, Nevada)
 Louis H. Mendiola, Mgr.
 423 Bridge St., 89445
 P. O. Box 1067, 89445
 Winnemucca
 Tel: (702) 623-2584

Capital Beverages, Inc.
 Mr. J. A. Martin
 Mr. Joe Brown
 P. O. Box 997

Elko Bottling Co.
Mr. C. B. Handwright
P. O. Box 711
Elko, Nevada 89801

0987

Mr. J. A. Laxague
Laxague Distributors
P. O. Box 120
East Ely, Nevada 89301

Mr. Larry Christensen
Nevada Distributing, Co.
P. O. Box 1238
Ely, Nevada 89301

Mr. Al McGrath
Nevada Distributing Co.
P. O. Box 1238
Ely, Nevada 89301

Mr. Dan Hickey
Hickey Distributing Co.
P. O. Box 577
Minden, Nevada 89423

Mr. J. J. Morrey
Morrey Distributing Co.
1250 Terminal Way
Reno, Nevada 89502

Mr. F. F. Knafele
O. K. Distributors, Inc.
P. O. Box 904
Reno, Nevada 89504

Mr. Chuck Ketcham
Harrison Distributing, Inc.
P. O. Box 5897
Reno Sparks, Nevada 89503

Mr. J. E. Digrazia
Digrazia Wholesale Distributors
P. O. Box 175
Wells, Nevada 89835

Mr. Ronald Peraldo
Winneva Distributing Co.
P. O. Box 305
Winnemucca, Nevada 89445

TESTIMONY OF GRANT SAWYER IN
SUPPORT OF S.B. 511 BEFORE
ASSEMBLY COMMITTEE ON COMMERCE
APRIL 25, 1975

I appear in support of S.B. 511, a bill to prohibit certain unfair trade practices among liquor wholesalers and to prevent liquor wholesalers from gaining control over liquor retailers.

The bill was introduced by the Senate Committee on Commerce and Labor and, after extensive amendments worked out in cooperation with representatives of the liquor industry, was given a unanimous "do pass" recommendation by the Committee. No one appeared at the hearing to oppose S.B. 511. It subsequently was approved by the Senate on a vote of 15 to 5.

S.B. 511 is patterned after and is a simplification of Subsection B, Section 5 of the Federal Alcohol Administration Act (27 U.S.C. 205), which the United States Congress enacted to prevent "tied houses" in the liquor industry. It is similar to legislation which has been adopted by every other state. Nevada is the only state without a "tied house" law.

A "tied house" is a retail liquor operation which is controlled by a wholesaler. The control is achieved by the wholesaler furnishing a building, bar or equipment to the retailer, loaning money, investing money in the retail operation or granting excessive credit. Once control is achieved, the wholesaler is in a position to dictate to the retailer in

choice of liquors marketed and prices charged, to the detriment of free competition and independence of the retailer. A strong, well-financed wholesaler may achieve a virtual monopoly in a community.

Some confusion has arisen because S.B. 511 speaks only of "retail liquor stores." S.B. 511 amends Chapter 369, wherein "retail liquor store" is defined as any establishment which sells liquor by the bottle or drink. N.R.S. 369.090. "Liquor" is defined as beer, wine and all other alcoholic beverages.

S.B. 511 contains a declaration of policy that it is a "privilege" to sell intoxicating liquors in Nevada and that it is necessary to impose certain restrictions on the exercise of this privilege.

This policy declaration is recognized in judicial decisions throughout the country. In Volume 45 of American Jurisprudence 2d, Section 23, it is stated that engaging in the liquor business "is a privilege and not a right."

S.B. 511 makes it illegal for a wholesale dealer to do certain things. He may not loan money to a retail liquor store, invest money in a retail liquor store, furnish any premises, building, bar or equipment to a retail liquor store or participate in any way in the operation of a retail liquor store.

The wholesale dealer also may not sell liquor to a retail liquor store except for cash or on credit requiring payment by the 10th day of the month following delivery of the liquor.

While the wholesaler's credit terms to the retail licensee must provide for payment by the 10th day of the month following delivery, the retail licensee is allowed a grace period of an additional five days before he becomes delinquent for non-payment. So long as a retail licensee is delinquent in its account with a specific wholesaler, any future sales of spirits, wines and malt beverages by the particular wholesaler to that particular retail licensee must be on a cash on delivery basis. A retail licensee becomes delinquent in payment on the 15th day of the month following delivery by the wholesale dealer. On that 15th day, the wholesale dealer must assess the retail licensee a service charge of 1 1/2% of the amount overdue. Additional service charges of 1 1/2% of the unpaid balance must be added on the 15th day of each following month.

The wholesale dealer who violates the law would be subject to penalties by the Nevada Tax Commission ranging from a fine of \$500 for the first violation in any 24-month period to \$5,000 and license suspension for a third violation in any 24-month period.

There are some 30 liquor wholesalers licensed to do business in the State of Nevada. They recognize the danger of abuse within their industry. Even though they are subjecting themselves to additional state enforcement and penalties, all have endorsed S.B. 511 and many are here today in support of the bill. I should note that the unanimous endorsement was to the original form of S.B. 511. There was not time to check the Senate amendments with all wholesalers and it is possible one or more may have some objection to the amendments.

I have attached a list of those wholesalers to the copies of my testimony distributed to this committee.

Also attached are a few of many letters signed by retailers in support of S.B. 511, including some from large resort hotels, drug stores, markets and liquor stores.

Those letters indicate various reasons why retailers feel S.B. 511 would benefit them. I quote from two of them:

The Stardust Hotel in Las Vegas wrote:

"If anything, we would benefit from passage of the bill. At present, a competitor who is successful in exacting extensions of credit for liquor of up to 90 days or more is, in effect, being bankrolled by the wholesaler to unfairly compete with us."

The Hilton Pharmacy in Reno wrote:

"I favor passage of the bill by the state legislature. Wholesalers and reputable retail dealers alike would benefit from such a law. It would stop the practice of a few retailers from financing their operations through long-term credit from wholesalers and also from extending themselves beyond their financial resources. When the first happens, this means unfair competition for retailers who pay their liquor bills on time. When the second happens, bankruptcy often is the result along with substantial losses by the wholesalers. The latter can mean higher prices to the remaining retailers."

The constitutionality of statutes such as S.B. 511 aimed "at the tied house evil" has been upheld many times. The Supreme Court of Florida said in Pickerill v. Schott, 55 So.2d 716 (1951):

"Effect has been accorded to federal and state statutes making it unlawful for manufacturers or wholesalers to have an interest in retail liquor stores, to loan money or extend credit, for a period in excess of thirty days, to a retailer Statutes of this nature are aimed at the evil known as the 'tied house'; and their purpose is to prevent the integration of retail and wholesale outlets and to remove the retail dealer in intoxicating liquors from financial or business obligations to the wholesaler, with the exception of ordinary commercial credit for liquors sold."

While the "tied house" situation is made unlawful by federal statute, 27 U.S.C. 205, all states except Nevada have chosen to outlaw all or most of the acts between wholesaler and retailer which are prohibited by the federal law. This has been prompted by the desire of the states to control their own privileged liquor industry and to cover some vagueness in parts of the federal act which makes federal enforcement difficult.

I am unaware of any organized opposition to S.B. 511. However, there have been legitimate reservations voiced by members of this committee and other legislators, which I would like to answer now.

These reservations have included (1) philosophical difference with any law interfering with private business; (2) a fear that other industries will clamor for similar laws and "if we do it for one, we'll have to do it for all," (3) S.B. 511 is nothing but a "debt collection" bill; (4) S.B. 511 "puts the state in the credit business;" (5) S.B. 511 is the same as the 1965 and 1966 laws which had to be repealed as unworkable, and (6) that the federal government and 49 other states and the District of Columbia have adopted "tied house" laws is no reason for Nevada to adopt one.

1. I can understand and appreciate a philosophy of non-interference by government in the affairs of private business. However, that philosophy is not applicable to the liquor business, which is recognized as "being in a class by itself, since it is affected with a public interest, and (since) . . . it is not a lawful business except as authorized by express legislation of the state." 48 C.J.S. Intoxicating Liquors. § 20. The liquor business already is subjected to extensive regulation with the wholesaler, for example, being required to have a license from federal, state and local governments, for which he must demonstrate worthiness. More important is the fact that the persons who will be regulated and who will face severe penalties for violation of the law are the very persons who have requested the law.

2. Equal protection of the law is a legitimate legis-

lative concern and you may well question whether passage of S.B. 511 will lead to demands by other industries for similar legislation. I believe that question is easily resolved. In the first place, I am unaware of any other business which suffers from the problems S.B. 511 seeks to correct. More importantly, it is doubtful that the legislature could constitutionally impose such prohibitions on any industry except one that exists by privilege, such as liquor or gaming.

"It is a generally accepted concept that 'the power of a state to regulate and restrict the liquor traffic is far broader than the power to regulate or restrict ordinary businesses, because of its effect on the health and welfare of the public.'" State v. Parham, 412 P.2d 142, 147 (Okla. 1966).

"[I]t is now well recognized, that the State may, in curbing intended evils, impose regulations on the liquor traffic more stringent than would be permitted or allowable in other businesses." Weisberg v. Taylor, 100 N.E. 2d 748, 750 (1951).

So far as we can determine in a survey of other states, the adoption of "tied house" statutes elsewhere has not led to demands by other industries for similar control.

3. S.B. 511 is not a "debt collection" bill. It does not force a retailer to pay his liquor bill, unlike comparable laws in Connecticut, Florida, Illinois, Indiana, Missouri, Tennessee, Texas and Wisconsin.

Those states prohibit a retailer from buying from anyone, even for cash, if he is delinquent in payment to any wholesaler. If a retailer does not pay his liquor bill in those states, he is put out of business. However, a retailer never has to pay his liquor ^{bill} so far as S.B. 511 is concerned. If he is delinquent with any ~~retailer~~ ^{wholesaler}, his only restriction is that he must deal in cash with that particular wholesaler. He can buy on credit from any other wholesaler.

4. While S.B. 511 prohibits the granting of excessive credit, it in no way puts Nevada in the credit business. It has been widely recognized that the granting of credit allows a wholesaler to control a retailer as effectively as he could by investing money in the retail business or loaning money to it. The Supreme Court of Florida, in Pickerill v. Schott, 55 So.2d 716 (1951), said that "the extension or granting of credit may be just as powerful in exercising control as the actual ownership of a controlling interest in a retail business, or the lending of money to establish or operate such business."

The mandate that the wholesaler assess a 1.5% charge each month on a delinquent liquor account is no special benefit to the wholesaler. Nevada law already allows merchants to assess a time price differential on deferred payments of up to 1.8%. Most Nevada wholesalers now follow the practice of charging 1.5% on delinquent accounts, as do many other businesses.

The purpose of making mandatory what the wholesalers already do as a regular business practice is to prevent a wholesaler from circumventing the law by giving a retailer a huge shipment of liquor in the first month with the understanding that no penalty will be charged for delinquent payment. This section is taken from the California law.

5. S.B. 511 is not the same as the laws adopted in 1965 and 1966. I have some familiarity with those laws. As governor, I signed both of them and I agreed with their repeal in 1967. Those laws put an onerous administrative burden on the state, acted as a restriction on trade and gave wholesalers a club over retailers to force payment of bills. Those earlier laws caused wholesalers to report delinquent accounts monthly to the tax commission, the tax commission to make monthly reports to the liquor industry, and retailers to deal only in cash with anyone if delinquent, even if a good-faith dispute caused non-payment of a bill. S.B. 511 has none of those requirements.

Industry representatives advise me an analysis of the bill requested by Governor O'Callaghan's office shows that it can be enforced without any undue administrative burden on the Nevada Tax Commission or substantial expense to that Agency in connection therewith. I am advised, therefore, that the executive branch of government is not opposed to this legislation.

6. I quite agree that Nevada is not compelled to adopt a "tied house" law merely because the federal government and

every other state has done so. In many ways Nevada is unique and the experiences and problems of other states are not necessarily our experiences and problems. However, in this instance, Nevada's problems are the same. The evil of the "tied house" is the same throughout the country and the importance of the legislative actions in other states is to validate that laws such as S.B. 511 are proper to stop that evil.

For the information of this Committee, I have attached to my testimony a survey of other state laws.

The proper operation of the liquor industry in the State of Nevada, needless to say, is far more significant to the general welfare and public interest of this State than it is in many, if not all, others. It is essential that we not permit a situation in Nevada which encourages monopolistic practices, undue influence over and control of the retail industry and unjustified price increases due to these abuses. The very persons who will be subject to such control are requesting the regulatory legislation. It is one of the least restrictive forms of regulation of any that are presently in force in the United States. I respectfully urge its passage.

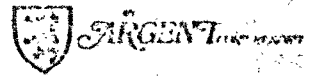
EXHIBIT "A" TO TESTIMONY OF GRANT SAWYER

0998

IN SUPPORT OF S.B. 511 BEFORE ASSEMBLY COMMITTEE ON COMMERCE

APRIL 25, 1975

0999



LAS VEGAS, NEVADA 89103

AREA CODE 702 730 5111



HERB TOBMAN
President

April 11, 1975

Mr. Larry Ruvo
President
Best Brands, Inc.
4500 Wynn Road
Las Vegas, Nevada 89103

Dear Larry:

I have reviewed the draft legislation proposed by the Nevada wholesale liquor dealers to control extension of credit in wholesale liquor transactions.

I note that the legislation would have no effect on any retail licensee unless, he should fail to pay for liquor within 45 days of delivery. As you know, our business practice is to pay liquor bills no later than one month from delivery. Therefore, the bill would not affect us and we have no reason to oppose it.

If anything, we would benefit from passage of the bill. At present, a competitor who is successful in exacting extensions of credit for liquor of up to 90 days or more is, in effect, being bankrolled by the wholesaler to unfairly compete with us.

Sincerely,

Herb Tobman
President

IIT/bab

Mr. W. W. Beckmann
Vice President/General Manager
Luce & Son, Inc.
PO Box 2287
Reno, Nevada 89505

Dear Mr. Beckmann,

This is in response to your request for a written statement of my position on the liquor credit control bill which has been proposed by the Wine and Spirits Wholesalers of Nevada and the Nevada Beer Wholesalers Association.

I favor passage of the bill by the state legislature.

Wholesalers and reputable retail dealers alike would benefit from such a law. It would stop the practice of a few retailers from financing their operations through long-term credit from wholesalers and also from extending themselves beyond their financial resources. When the first happens, this means unfair competition for retailers who pay their liquor bills on time. When the second happens, bankruptcy often is the result along with substantial losses by the wholesalers. The latter can mean higher prices to the remaining retailers.

You have my best wishes for success.

Cordially,



Hilton Pharmacy
680 Mt. Rose St.
Reno, Nevada 89502

Mr. Larry Ruvo
Best Brands, Inc.
4500 Wynn Road
Las Vegas, Nevada 89103

Dear Larry:

You have requested my reaction to the bill sponsored by the wine, spirits and beer wholesalers to establish limits on credit for beverage sales.

The bill would not cause any problems for us and we see no reason to object to it.

Sincerely,

Bert J. Ginstel

Owner

*Panorama Motel
4101 W. Charleston Blvd.
Las Vegas, Nevada 89102*

1002



3570 LAS VEGAS BOULEVARD, SOUTH

LAS VEGAS, NEVADA 89107

AREA CODE 702-734-7110

April 11, 1975

Mr. Larry Ruvo
Best Brands, Inc.
4500 Wynn Road
Las Vegas, Nevada 89103

Dear Larry:

We have no objection to the liquor credit legislation.

The credit policies we presently follow in the wholesale purchase of wine, liquor and beer would not be in conflict with those allowed by the bill.

Thank you for providing an explanation of your legislative program.

Cordially,

CAESARS PALACE

William S. Weinberger
William S. Weinberger
President

WSW/rb

DEL WORTH HOTELS



INTERNATIONAL

1003

JESS W. HINKLE
PRESIDENT

April 14, 1975

Mr. Larry Ruvo
President
Best Brands, Inc.
4500 Wynn Road
Las Vegas, Nevada 89103

Dear Larry:

In your recent question concerning my support of the liquor credit control bill, as I understand the proposed law, I believe it will be beneficial to the State of Nevada.

It has always been the policy of our corporation to employ good business practices, including prompt payment of our liquor bills. We firmly believe that prompt payment of our obligations not only builds good relationship between our corporation and the vendors, but it also allows the vendors to pay their bills, further lending these practices to operational efficiency and lower prices.

Sincerely yours,

A handwritten signature in cursive script that reads "Jess W. Hinkle".

Jess W. Hinkle

JWH:jh

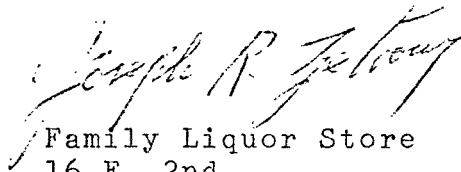
Mr. W. W. Beckmann
Vice President/General Manager
Luce & Son, Inc.
PO Box 2287
Reno, Nevada 89505

Dear Mr. Beckmann,

As you requested, I have studied the liquor credit control bill with an eye toward any detrimental effect on retail licensees.

I see no reason for opposition by the retail liquor industry.

Sincerely,



Family Liquor Store
16 E. 2nd
Reno, Nevada.

MEMORANDUM

Regulation of credit sales of alcoholic beverages in the U.S. as part of "tied house" statutes.

THE DATA

A total of forty-five (45) states and the District of Columbia restrict or prohibit entirely the sale of alcoholic beverages on credit (see Appendix "A").

Twenty-seven (27) states require that sales of alcoholic beverages be for cash or prohibit credit sales. A twenty-eighth (28th) state, California, requires cash sales to temporary licensees (see Appendix "A").

Another seventeen (17) states and the District of Columbia limit the extension of credit to periods ranging from seven (7) to ninety (90) days; thirty (30) days is the most common (eleven states). A nineteenth (19th) jurisdiction, again California, limits credit to thirty (30) days for permanent licensees. Only three (3) states allow credit to extend for more than thirty (30) days (see Appendix "A-2").

Of the time limit credit jurisdictions, eight (8) forbid further credit to delinquents; another eight (8) forbid any further sales, even for cash, to delinquents; and two (2)

states and the District of Columbia subject delinquents to possible license revocation or suspension (see Appendix "A-3").

Of the remaining five (5) states, three (3) have statutes which prohibit wholesalers from having a financial interest in, or subsidizing, a retailer, or prohibit a retailer from being indebted to a wholesaler. But in these three jurisdictions, the prohibitions against "tied houses" do not prohibit credit sales (see Appendix "A-4").

One state, Colorado, has a statute which empowers the liquor authority to regulate credit sales, but the authority has not yet acted.

The final state is the only jurisdiction whose law is silent as to credit sales of alcoholic beverages as part of a general prohibition against "tied houses". This state is Nevada.

APPENDIX "A"

List of every jurisdiction, type of law, source of law and source of research.

KEY

1. CASH: The statute or regulation uses words requiring that, for example, "all sales be for cash", or prohibiting "sales other than for cash", sometimes coupled with the words "on delivery" or "at the time of sale."
2. NO CREDIT: The statute or regulation uses words forbidding "credit sales", "sales on credit", "extension of credit", or "acceptance of credit", etc.
3. NO LOANS or NO ADVANCES: Use of these words in the statute or regulation has been defined or interpreted to require "cash" sales or to prohibit "credit" sales.
4. STATUTE: The source of the law is a legislative enactment.
5. REGULATION: The source of the law is a regulation or rule of a state authority constituted to control alcoholic beverages.
6. MORGAN: Source of information is research by John Morgan from late 1974 to early 1975.
- *7. 1969 LIST: Source of information is entitled list dated March 18, 1969.

*8. 1966 MEMO: Source of information is Memorandum for W.S.W.A. dated April 4, 1966.

*9. 1960 SUMMARY: Source of information is a Credit Laws and Regulations memorandum dated April, 1960.

* These compilations represent research compiled by Wine and Spirits Wholesalers of America. Unless they are cited as a source, their information is dated, as per Morgan research.

TABLE

<u>Jurisdiction</u>	<u>Type of Law</u>	<u>Source of Law</u>	<u>Source of Research</u>
Alabama	Cash	Statute	Morgan 1969 List
Alaska	Cash	Statute	Morgan
Arizona	No Credit	Statute	Morgan 1969 List 1960 Summ.
Arkansas	No Loans	Statute	Morgan 1960 Summ.
	Cash; No Credit	Regulation	1969 List 1966 Memo 1960 Summ.
California	Cash to Temporary Licensees	Statute	Morgan
	30 days to Permanent Licensees	Statute	Morgan 1966 Memo
Colorado	Regulatory power, but not exercised	Statute	Morgan 1969 List

Connecticut	30 days	Statute	Morgan 1969 List 1966 Memo 1960 Summary
Delaware	Cash	Statute	Morgan 1966 Memo 1960 Summary
Florida	Up to 10th day after calendar week of sale		Morgan 1969 List 1966 Memo 1960 Summary
Georgia	Cash	Regulation	1969 List 1966 Memo 1960 Summary
Hawaii	No prohibition	Statute	Morgan 1969 List 1960 Summary
Idaho	Cash	Statute	Morgan 1969 List
Illinois	30 days	Statute	Morgan 1969 List 1966 Memo 1960 Summary
Indiana (1)	Cash Statute defined as <u>15 days</u>	Regulation	1969 List 1966 Memo 1960 Summary
Iowa	Cash	Statute	Morgan 1969 List
Kansas	No Credit	Statute	Morgan 1969 List 1966 Memo 1960 Summary
Kentucky	Cash	Statute	Morgan 1969 List 1966 Memo 1960 Summary
	No Credit	Regulation	Morgan
Louisiana	15 days	Statute	Morgan 1969 List 1966 Memo 1960 Summary

Maine	Cash & No Credit	Statute	Morgan 1969 List
Maryland	No Prohibition	Statute	Morgan
Massachusetts	90 days	Statute	Morgan 1969 List
Michigan	Cash	Statute	Morgan 1969 List
Minnesota	No Credit	Statute	Morgan
Mississippi	Cash	Statute	Morgan
Missouri (2)	30 days	Regulation	1969 List 1966 Memo 1960 Summary
Montana	7 days	Statute	Morgan
Nebraska	30 days	Statute	Morgan 1969 List 1966 Memo 1960 Summary
Nevada	No law		Morgan 1969 List 1960 Summary
New Hampshire	30 days & 10 days	Statute	Morgan
New Jersey	One Month	Regulation	Morgan 1969 List 1960 Summary
New Mexico (3)	30 days	Regulation	1969 List 1960 Summary
New York	10th day of month following sale	Statute	Morgan 1969 List 1960 Summary
North Carolina	No loans	Statute	Morgan 1969 List
North Dakota	No Prohibition	Statute	Morgan 1969 List 1960 Summary

Ohio	Cash	Statute	Morgan 1969 List
Oklahoma	No Credit	Statute	Morgan 1969 List 1966 Memo 1960 Summary
Oregon	Cash	Statute	Morgan 1969 List
Pennsylvania	Cash	Statute	Morgan 1969 List
Rhode Island	30 days	Regulation	Morgan 1969 List 1960 Summary
South Carolina	No Credit	Statute	Morgan 1969 List 1966 Memo 1960 Summary
South Dakota (4)	30 days	Regulation	1969 List 1966 Memo 1960 Summary
Tennessee	10 days	Statute	Morgan 1969 List 1966 Memo 1960 Summary
Texas	Cash	Statute	Morgan
Utah	Cash	Statute	Morgan 1969 List
Vermont	No Credit	Regulation	Morgan 1969 List
Virginia	No Loans	Statute	Morgan 1969 List
Washington	No Advances	Statute	Morgan 1969 List
West Virginia	Cash	Statute	Morgan 1969 List
Wisconsin	30 days	Statute	Morgan 1969 List 1960 Summary

Wyoming	No Credit	Statute	Morgan 1969 List
District of Columbia (5)	15th of month following sale	Regulation	1969 List 1960 Summary

- (1) Indiana has a cash statute, but liquor regulations permit credit for 15 days.
- (2) Missouri has a statute exempting "ordinary commercial credit" from its prohibitions which the liquor regulations have defined as 30 days.
- (3) New Mexico has an extensive "tied house" statute, the credit prohibition section of which is defined by regulation as 30-day credit.
- (4) South Dakota's statute forbids a wholesaler from having any financial interest in a retailer, and the regulations prohibit credit beyond 30 days.
- (5) The District of Columbia statute prohibiting loans and financial interests excepts the "reasonable extension of commercial credit", and the regulations require payment by the 15th of the month following the month of purchase.

APPENDIX "A1"

List of Jurisdictions by Type of Law

<u>Cash</u>	<u>No Credit</u>	<u>No Loans</u>	<u>No Advances</u>
Alabama	Arizona	Arkansas ¹	Washington
Alaska	Arkansas ¹	North Carolina	
Arkansas ¹	Kansas	Virginia	
California ²	Kentucky ³		
Delaware	Maine ⁴		
Georgia	Minnesota		
Idaho	Oklahoma		
Iowa	South Carolina		
Kentucky ³	Vermont		
Maine ⁴	Wyoming		
Michigan			
Mississippi			
Ohio			
Oregon			
Pennsylvania			
Texas			
Utah			
West Virginia			
Total 18	Total 10 (7)	Total 3 (2)	Total 1

-
1. Arkansas' statute prohibits loans, while the liquor regulations require cash and forbid all credit arrangements.
 2. For temporary licensees only; permanent licensees allowed 30-day credit.
 3. Kentucky's statute requires cash, while the liquor regulations prohibit credit.
 4. Maine has a cash statute; and a no-credit statute covering re-licensing.

APPENDIX "A2"

List of Jurisdictions by Time Period Allowed for Credit

<u>30 Days</u>	<u>15 Days</u>	<u>10 Days</u>	<u>90 Days</u>
California ¹	Indiana	New Hampshire ²	Massachusetts
Connecticut	Louisiana	Tennessee	
Illinois			
Missouri			
Nebraska			
New Hampshire ²			
New Jersey ³	<u>7 Days</u>		
New Mexico	Montana		
Rhode Island			
South Dakota			
Wisconsin			

Formula

Florida: up to 10th day after calendar week of sale.
 New York: 10th of month following sale.
 D of C: 15th of month following sale.

-
1. For permanent licensees; cash only to temporary licensees.
 2. 30 days for sales by manufacturer to wholesaler; 10 days for sales from wholesaler to retailer.
 3. Regulation calls for one month, thus the actual time period may vary from 28 to 31 days.

APPENDIX "A3"

Treatment of Delinquents Under Time Period Laws

<u>No Credit Sales to Delinquents</u>	<u>No Sales What- soever to Delinquents</u>	<u>License Revo- cation or Suspension</u>
California	Connecticut	Nebraska
Indiana	Florida	D of C
Louisiana	Illinois	Montana
Massachusetts	Missouri	
New Jersey	New Hampshire	
New Mexico	South Dakota	
New York	Tennessee	
Rhode Island	Wisconsin	

NOTE: Indiana allows cash sales to delinquents for a 15-day's grace period and prohibits all sales thereafter (i.e., no sales to 30-day delinquents).

APPENDIX "A4"

Other Jurisdictions

Statute Prohibits Wholesaler
From Having Financial Interest
in or Subsidizing Retailer, or
Prohibits Indebtedness, but
Provides that the Prohibition
Shall not Prohibit Credit Sales

Hawaii
North Dakota
Maryland

Statute Empowers Liquor
Authority to Regulate Credit
Sales, but Authority has
not Acted

Colorado

No Laws

Nevada

APPENDIX "B"

List of Jurisdictions in Which the State
Exercises a Monopoly in the Field of
Liquor Sales. Commonly called "Closed"
Jurisdictions, all Limit Sales to Cash
Save Montana and New Hampshire, Which
Permit Time Credit

Alabama
Idaho
~~Iowa~~
Maine
Michigan
Montana
New Hampshire
North Carolina
Ohio
Oregon
Pennsylvania
Utah
Vermont
Virginia
Washington
West Virginia
Wyoming

Total 17

AMENDMENTS TO A.B. 594

1. Amend Section 2, line 3 by striking the word "The" and inserting the following language: "Notwithstanding any other provision of law, the".

2. Amend Section 2, line 3 by adding after the word "regulating" the following words: "the subject of".

3. Amend Section 3, lines 11 and 12 by striking the following words: "N.R.S. 686A.030 to 686A.290, inclusive, or of sections 3 to 6, inclusive," and by inserting the following words: "N.R.S. 686A.030 to 686A.150, inclusive or N.R.S. 686A.190 to 686A.290, inclusive, or of section 6".

4. Amend Section 5, line 23 by inserting the following language after the word "act": ",except one issued with respect to N.R.S. 686A.170,".

5. Amend Section 11, line 12 by striking the words "N.R.S. 686A.030 to 686A.290, inclusive," and insert the following language: "N.R.S. 686A.030 to 686A.150, inclusive, or N.R.S. 686A.190 to 686A.290, inclusive,".

6. Add Section 13 to the act to read as follows:

"Sec. 13. N.R.S. 686A.280 is hereby amended to read as follows:

686A.280 1. [No] A person who is not an insurer shall not assume or use any name which deceptively implies or suggests that [it] he is an insurer.

2. A person shall not use terms such as financial planner, estate planner, investment adviser, financial consultant or financial counseling to imply that

he is generally engaged in an advisory business in which
compensation is unrelated to sales of insurance, unless such
is actually the case. This subsection does not apply to those
persons qualifying for exemption under subsection 1 of N.R.S.
683A.180."

MEMORANDUM

STATE OF NEVADA
EMPLOYMENT SECURITY DEPARTMENT

AB 473

TO Dr. Robert E. Robinson, Assemblyman
Commerce Committee

DATE April 3, 1975

1020

FROM Lawrence O. McCracken, Executive Director

SUBJECT UI Hearings

I spoke with Jim Henderson late Tuesday afternoon before he left for California and he is in complete agreement with your proposal to hear on Monday, April 7, at 3:00 p.m., AB 474, 475, 476, 477, 478 and 479. He indicated that on Wednesday, April 9, he will be present at the hearing at 3:00 p.m. to present testimony on AB 473 as Chairman of the Employment Security Council. Also, Dean Weems has indicated that he plans to be in attendance representing the public sector portion of the Employment Security Council.

It is possible there will be a large attendance for both meetings.

ls

COMMERCE COMMITTEE
BASIC POINTS RELATIVE TO
FINAL CONSIDERATION OF AB 473
APRIL 25, 1975

Claimant Eligibility - Absolutely no negative affect on claimants who are unemployed through no fault of their own.

Experience Rating - Employer support for the bill comes from employers of all sizes of firms who believe the most equitable method of taxing the employer is based on experience ratings.

Passage of AB 473 - 33% of eligible Nevada employers will enjoy reduced rates by July 1, 1975.

Effect of Fixing the Tax Base by Amending AB 473 - Will cause reduction of experience ratings to almost nothing and will boost tax rates. Immediate funding problems will persist.

Effect of Doing Nothing by the Legislature - Tax rate will progressively increase until every employer will pay 5.7% tax rate with absolutely no experience rating and will insure perpetual insolvency.

See attached analysis.

AB 473

The above bill represents the efforts of the Nevada Employment Security Council to increase the equity of Unemployment Insurance system, and to provide permanent solutions to current financing difficulties. In short, the bill includes the following provisions:

Benefit Eligibility

The bill attempts to plug current loopholes in the present law by insuring penalties for misconduct and voluntary quits are effective penalties, and insuring that claimants have a reasonable attachment to the labor market. These provisions will have absolutely no effect on legitimate claimants.

Administrative Procedures

The two provisions dealing with the administration of the program are (1) penalties for employers who file false or misleading information, and (2) the elimination of non-charging. The major impact on (1) will be on an employer's experience rating and not on contributions in general. Provision (2) will have no effect on total contributions but will result in a redistribution of who pays these benefits. In general, rates in the service industry will increase and those in other industries will decrease. In addition, the elimination of this provision will have a favorable impact on smaller employers who cannot afford to provide staff to administer the current non-charge provision.

Employer Contributions

The three elements dealing with employer contributions are (1) the introduction of a flexible tax base set at 66 2/3 percent of the average annual wage, (2) an increase in the maximum allowable tax rate from 2.7 percent to 3.0, and (3) the introduction of a 0.5 percent solvency tax.

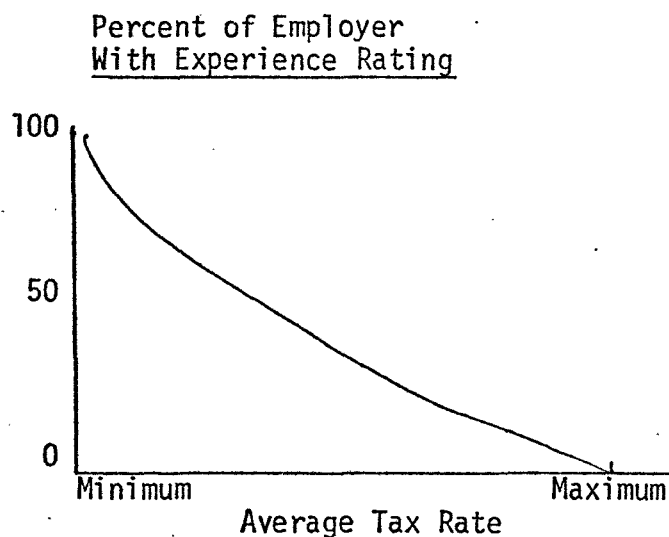
The major effect of the above is an immediate return to experience ratings and the creation of a self-financing system. Under reasonable economic conditions the various provisions of the bill will insure statutory solvency levels are achieved in 3-5 years.

Since the bill was introduced, two major counter proposals to the financing provision have been offered. These are (1) do nothing, and (2) substitute a higher fixed tax base (e.g., \$6,000) for the proposed flexible tax base. The merits of each follow:

Do Nothing. Under this proposal the Fund would be allowed to go to zero at which time interest free loans would be provided by the Federal government. Repayment would begin approximately 2 years later via progressive annual 0.3 percent addition to the present FUTA tax until a maximum (additional) tax of 3.0 percent was achieved or the loan was repaid (i.e., a tax of 5.7%).

Under the assumption of normal economic conditions, the ramifications of this proposal are (a) a maximum regular tax rate set at 2.7 percent, (b) a requirement to borrow (and repay) \$120 million between now and 1984 in addition to the regular tax intake during the same period of \$350 million, ^{1/} and (c) a Trust Fund balance of zero in 1984 with an immediate need to borrow an additional \$26 million at which time the repayment cycle would begin.

By requiring a maximum tax rate (to minimize borrowing from the Federal government), experience rating would be prohibited. As the following diagram indicates, the percentage of employers with



experience ratings is a function of relationship of the average tax rate to the maximum tax rate. In essence, the "do nothing" proposal would require a long term subsidization of employers with bad UI records by those with good records.

Fixed Tax Base

From a first approximation, the fixed tax base proposal appears to do the same thing as the flexible proposal if you assume it will be

^{1/} At the peak the annual repayment would be \$31 million (1983)

legislated upwards every two years in line with increases in the average annual wage. However, it should be recognized that during the last 35 years, the taxable wage base has only been legislated upwards (voluntarily) 3 times. The subtle difference between this proposal and that of a flexible tax base is connected with the uncertainty regarding whether the base will be legislated upwards. Under conditions of uncertainty, the Employment Security Council would have little choice but to recommend higher tax rates than would otherwise be required. Not only would this tend to result in a generally larger than required total contribution intake, but as shown in the previous example, would tend to squeeze out experience ratings. Again, those employers with relatively good rating will be those who suffer.

In general, the main argument against both of these proposals is that they limit or prohibit the application of experience rating. The Employment Security Council, in drawing up their recommendations, decided on the financing provisions in AB 473 in that they provided the most extensive application of experience rating.

AMENDMENTS TO NEVADA'S UNEMPLOYMENT COMPENSATION LAW
PENDING IN THE STATE ASSEMBLY AS OF APRIL 25, 1975

<u>Bill Number</u>	<u>Summary</u>	<u>Comments</u>
AB 279	Requires additional notification before expending money from the Employment Security Fund.	
AB 314	Includes cash tips and gratuities in definition of wages for determining unemployment compensation benefits.	
AB 385	Requires all state and local government employees to be covered under the Unemployment Compensation Law.	
AB 473	Reduces benefits for individuals who voluntarily quit jobs without good cause or are discharged for misconduct; provides employer penalty for wilful false statement or wilful failure to report material fact; provides that claimant must earn total wages in the base period (12 months) at least equal to 1½ times the amount earned in any calendar quarter within same period; provides for cancellation of wage credits from employer involved when claimant discharged for gross misconduct; provides for increase in the maximum tax rate for employers from 2.7% to 3.0%; provides for elimination of non-charging to employers' accounts of benefits paid to certain claimants; provides temporary suspension of fund solvency during last half of 1975; provides for a solvency tax of .5% if solvency test failed in future years; provides increase in taxable wage base to 66-2/3% of average annual wage.	Recommended as a comprehensive package to the Executive Director by the Employment Security Council. Employment Security Department strongly supports these proposals as a package.
AB 475	Changes name of Farm Labor Advisory Council to Rural Manpower Services Advisory Council.	Employment Security Department supports this bill.

AMENDMENTS TO NEVADA'S UNEMPLOYMENT COMPENSATION LAW Cont'd)

<u>Bill Number</u>	<u>Summary</u>	<u>Comments</u>
AB 477	Provides 100% federal funding for extended benefits under certain national unemployment rate trigger formula. (Present maximum for federal funds is 50%.)	Employment Security Department supports this bill.
AB 478	Provides for increase in pay for Board of Review members, relaxation of requirements for record retention and limitation of individual's right to appeal to the Board of Review.	
AB 479	Clarifies administration of monies from Federal Unemployment Trust Fund and authorizes expenditures therefrom.	Employment Security Department supports this bill.
AB 493	Deletes existing requirement to reduce maximum weekly benefit to \$20 when trust fund reaches \$8.5 million.	Employment Security Department supports this bill.
AB 537	Requires one week waiting period before unemployed individual may receive benefits.	
AB 549	Redefines suitable work for unemployment compensation purposes.	
AB 555	Requires total offset against unemployment compensation of all payments received under Social Security or any private or public pension plan.	

COMPARISON OF TAX RATES AND PREMIUM PER EMPLOYEE IF NO CHANGE MADE AND UNDER PROVISIONS OF A. B. 473

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
MAKING NO CHANGE:	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Present Base	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200
Combined State & Fed Tax Rate	3.0%	3.3%	3.6%	3.9%	4.2%	4.5%	4.8%	5.1%	5.4%	5.7%	6.0%
Total Premium	126.00	138.60	151.20	163.80	176.40	189.00	201.60	214.20	226.80	239.40	252.00
Accumulative Total	126.00	264.60	415.80	579.60	756.00	945.00	1146.00	1360.80	1587.60	1827.00	2079.00
UNDER A.B. 473 - MAXIMUM:	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<u>1/</u> State Base	5800	6100	6400	6700	7000	7400	7800	8200	8600	9000	9500
<u>2/</u> State Tax Rate	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
State Premium	174.00	213.50	224.00	234.00	245.00	259.00	273.00	287.00	301.00	315.00	332.50
Federal Base	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200
Federal Tax Rate	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Federal Premium	12.60	12.60	12.60	12.60	12.60	12.60	12.60	12.60	12.60	12.60	12.60
Total Premium	186.60	226.10	236.60	246.60	257.60	271.60	285.60	299.60	313.60	327.60	345.10
Accumulative Total	186.60	412.70	649.30	895.90	1153.50	1425.10	1710.70	2010.30	2323.90	2651.50	2996.50
UNDER A.B. 473 - MINIMUM:	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<u>1/</u> State Base	5800	6100	6400	6700	7000	7400	7800	8200	8600	9000	9500
State Tax Rate	0.6%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
State Premium	34.80	67.10	70.40	73.70	77.00	81.40	85.80	90.20	94.60	99.00	104.50
Federal Base	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200
Federal Tax Rate	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Federal Premium	12.60	12.60	12.60	12.60	12.60	12.60	12.60	12.60	12.60	12.60	12.60
Total Premium	47.40	79.70	83.00	86.30	89.60	94.00	98.40	102.80	107.20	111.60	117.10
Accumulative Total	47.40	127.10	210.10	296.40	386.00	480.00	578.40	681.20	788.40	900.00	1017.10

Employer at maximum rate will pay \$917.50 more per employee in ten years under A.B. 473 than if no action taken.
 Employer at minimum rate will pay \$1,061.90 less per employee in ten years under A.B. 473 than if no action taken.

- 1/ Assuming 5% annual wage inflationary increase.
2/ Assuming 0.5% surcharge prevails in each year.

A B 473

1024

COURT REPORTERS' FEES

STATE	SALARIES	PER DIEM	FOLIO RATES	SUPPLIES	BENEFITS	COPY RATES
Arizona	\$16,000-19,000	\$30 1/2 day \$60 all day	\$1.25	None		\$.25 first
California	\$20,628			Varies	30 day sick 30 day vacation retirement insurance (varies)	.45 original .10 first .20 second
Idaho (through state system)	\$14,500	--	\$1.25 per page includes orig. & 4 copies.	Varies generally furnished	12 day sick 12 day vacattion retirement insurance	
Nevada	\$11,000 (approx.)	\$50	\$.45 orig. .10 first .20 second \$.75	None	None	not allowed unless by court order.
Utah	\$16,044		\$.50 orig. .25 each .25 \$1.00	Varies	sick leave vacation insurance	negotiable

*Requested folio increase is a 40 percent increase in folio rates only; but our folio transcript income only accounts for approximately 50 percent of total increas in income.

*Fringe benefits generally amount to approximately 25 percent of base salary.

*Provided by Clark County reporter, Patterson, and Reno reporter, Dick Williams.
Other material provided by the Office of Research

4-24-75

AB
5/15

ASSEMBLY
HEARING

1029

COMMITTEE ON.....COMMERCE.....

Date April 28, 1975 Time 3:00 P.M. Room 316.....

Bill or Resolution
to be considered

Subject

-
- | | |
|--------|--|
| AB 130 | Enacts Fair Rental Housing Act. |
| AB 255 | Provides for examination and licensing of plumbers and for inspectors to enforce Uniform Plumbing Code. |
| AB 541 | Restricts use of professional engineer's seal and changes qualifications of applicants for certificate to practice land surveying. |
| AB 597 | Redefines "responsible charge of work" in law regulating professional engineers and surveyors. |
| AB 598 | Allows registered professional civil engineer to be reference for person applying for registration as land surveyor. |
| AB 599 | Revises provisions concerning discipline of registered professional engineers and land surveyors. |
| AB 606 | Increases renewal period and fees for registration of professional engineers and surveyors. |

AB 675
AB 707
AB 708

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