

Assembly

1-0357

GOVERNMENT AFFAIRS COMMITTEE

MINUTES OF THE MEETING

March 6, 1975

MEMBERS PRESENT:

CHAIRMAN DINI  
VICE-CHAIRMAN MURPHY  
ASSEMBLYMAN CRADDOCK  
ASSEMBLYMAN HARMON  
ASSEMBLYMAN MAY  
ASSEMBLYMAN MOODY  
ASSEMBLYMAN FORD  
ASSEMBLYMAN YOUNG  
ASSEMBLYMAN SCHOFIELD

ALSO PRESENT:

Steven W. Erickson, Miller & Schroder  
Andrew C. Hall, Wilson, Jones, et al.  
Jerry Higgins, John Ascuaga's Nugget  
Tom Stutchman, Nevada Association of  
Health Facilities  
Alex Coon, Washoe County Clerk

(The following bills were discussed at this meeting: A.B. 197,  
S.B. 145, S.B. 42 and A.B. 258.)

Mr. Dini called the meeting to order.

The first bill on the agenda to be discussed was A.B. 197. Mr. Virgil Getto testified. Mr. Getto introduced Mr. Andy Hall, a bonding attorney, and Steve Erickson, who is an investment banker and Mr. Tom Stutchman, who would answer any questions. Mr. Getto stated that he is convinced that it is a good piece of legislation and something we need. He stated that there are several small communities that have a tremendous need for health care facilities, at the present time, and cannot find financing.

Mr. Getto stated that Elko was a good example. He further stated that Elko has had a serious problem for several years. At the present time they have about an 18 or 20 bed hospital, that has been under the threat of closure for the last year or so. He further stated that Ely does not have any facilities. Mr. Getto informed the committee that there were several people in Fallon that were interested in getting a health care facility about 3 or 4 years ago and he recalls that it was two or three years of putting the program together. He stated that the first report that was put out was by the Health Care Planner in Nevada. He stated that they only needed a 30 bed facility. The county made a study and they found that they needed a 60 to 70 bed hospital. Mr. Getto stated that it is a detriment to a family if a patient has to be shipped out because of a shortage of beds. Mr. Getto stated that every year that we wait to build these facilities, the cost goes up 15 to 20%.

1- 0358

Mr. Andy Hall testified next. He stated that his firm represents many public entities in Western States and that they had received inquiries with respect to Nevada.

He stated that S.B. 197 is based exactly on the Arizona statute, using industrial revenue bond laws. Arizona did it by the same means as we see here. He further stated that they had suggested the use of this type of financing because it is a viable means of financing, and that it has been on the statutes since 1967. Two years ago, it was approved as constitutional by the Supreme Court.

Mr. Hall explained how it works. A particular private industry, in order to promote employment in a geographical area, may approach a city or county and request their participation in the use of industrial revenue bonds. The local public entity must hold a hearing. If it is economically feasible, they may proceed. The public entity sells its bonds and builds the facility with the proceeds of the bonds, and then leases or sells it to private industry. The price is exactly equal to the revenue bonds. If the bonds are sold in 20 or 25 years, the facility is then sold at a nominal price. There is absolutely no liability to make the payments out of the funds. When an underwriter determines to underwrite this type of bond, he must look at the credit of the private industry involved. The purpose of this law is to promote the health and welfare of the community specifically through encouraging employment. That is the purpose of the bonds. The request has to include this procedure for financing health facilities.

Mr. Dini asked what the possibility of the health care had of defaulting.

Mr. Hall stated that Mr. Erickson should answer that.

Mr. Dini then referred to page 2, line 48 and asked if we would need language to tighten it up. He stated that we would not want another one in Fallon.

Mr. Hall stated that in drafting the bill, he had considered that and he had concluded that it was not necessary because of the provisions of the State Board of Health. They would not permit it.

Mr. Stutchman stated that it would not be licensed.

Mr. Young asked if the bond indebtedness would fall to the city or county.

Mr. Hall stated that this type of financing is outside. The sole liability of the city or county is to use the lease payments they receive to pay the bonds. If no payments are received then there are foreclosure procedures.

Mr. Erickson testified next. He stated that his firm was a member of the NASD and that they had been underwriting industrial revenue bond issues in Minnesota, North Dakota, South Dakota and California.

In California they had done mostly health care facilities. He stated that there would be a lease agreement and a primary agreement and that one protects the bond holders and allows flexibility to the operator of the facility. Many states have amended their statutes to include the industrial revenue bond law. A lot of the bonds are sold outside of the state.

Mr. May questioned if the 8% interest figure was sufficient.

Mr. Erickson stated that 8% was not sufficient and that there was a bill to amend it to 10%. Mr. May stated that this was a pretty tight limitation.

Mr. Hall stated that he was aware of a bill being drafted which would increase the amount to 10%. He stated that there was no discount limitation in the industrial bond revenue law.

Mr. May asked if it could go to 40 years. Mr. Erickson stated that the longer your bond, the higher your interest will be.

Mr. Moody asked if the existing statute required an election for revenue bonds and Mr. Dini stated that a public hearing was required. Mr. Hall stated that there is no liability and that is why there is no election.

Mr. Dini asked if a default on an industrial revenue bond would impair the good faith and credit of that city in any way.

Mr. Erickson stated that it was their feeling that it would not. The bond strictly lists the revenue of that particular project.

Mr. Hall stated that a default is not good, but that it does not appear to be all that bad.

Mr. Dini asked if there were any questions.

Mr. Getto stated that in Fallon the health care facility is providing 60 new jobs and that it had quite an impact on a small community.

Mr. Murphy asked if these were largely local people.

Mr. Getto stated that they were all local people except for Mr. Stutchman.

Mr. Stutchman stated that what this bill would do would be to attract money at an interest level where the nursing home facility could make the mortgage payments. When interest is high, it makes the daily rate prohibitive. If a city has to pay the difference on a \$1,000,000 project it adds up to probably \$4.00 a day more.

Mr. Dini stated that the committee would take no action today on A.B. 197.

1- 0360

The next bill on the agenda was S.B. 145, which enables County Clerk to issue marriage licenses at places in addition to the county seat.

Mr. Alex Coon, County Clerk of Washoe County, stated that he would answer any questions on the bill.

Mr. Dini stated that the bill only involves Washoe County and would allow them to place a representative in Sparks.

Mr. Murphy asked why Mr. Coon felt that there was a need for this.

Mr. Coon stated that he did not feel that there was a need for this, although he would not object. Mr. Murphy asked if this would cost additional money. Mr. Coon stated definitely. Mr. Murphy asked if the revenue would offset the expense. Mr. Coon stated that he could not say whether it would pay for itself. Mr. May pointed out that the bill stated "if" he designates such additional place. Mr. Coon stated that he could not do it without the County Commissioners. They had the budget.

Mr. Schofield asked if this bill was to be passed and if a young person were to come to one particular area that has been opened and they were refused a license and then went to another area and were granted a license, if there would be a problem created.

Mr. Coon stated that this is a problem, and that it does not have to be created.

Mr. May asked if Mr. Coon was in a position to speak for the County Commissioners and Mr. Coon stated that no, he was not.

Mr. Jerry Higgins of John Ascuaga's Negget testified next. He stated that they had requested the introduction of this bill.

He stated that it was a great inconvenience to have to take people and transport them to Reno to get a license. He stated that there was a Justice of the Peace Office in Sparks and that he could not see what the additional cost would be if the clerk in the Justice of the Peace's office issued the licenses. As far as control, they can now go from county to county and they feel that it would be a convenience for many people in Sparks and that they supported the bill.

The next bill to be discussed was S.B. 42, which provides for branch office of district attorney's office in community other than county seat. The committee briefly discussed the bill.

Mr. May made a motion for a "do pass" on S.B. 42, which was seconded by Mr. Murphy. All of the committee members were in favor of the motion and it was unanimously carried.

Mr. Dini stated that S.B. 197 was being held by the committee.

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Mr. May made a motion for a "do pass" on S.B. 145, which was seconded by Mr. Harmon. All of the committee members were in favor of the motion and it was carried unanimously.

Mr. Murphy then requested a committee introduction on disclosure of campaign expenditures for local officers by 1976, a copy of which is attached to the minutes of this meeting and made a part hereof. A motion for the request to draft was made by Mr. Craddock and seconded by Mr. Moody. All of the members were in favor of the motion and it was unanimously carried. The members present at the time of the vote for the request to draft were Mr. Moody, Mr. Schofield, Mr. Craddock, Mr. Dini, Mr. Murphy and Mr. Young.

Mr. Howard next testified with regard to the General Improvement District Law. He stated the commissioners have drafted up certain legislation and were supposed to hand it to the counties responsible for introduction, however they understood that Mr. Broadbent had all of their legislation so when they got to inquiring about where the legislation was it had never been introduced. Mr. Broadbent was under the opinion that they had given it to certain legislators. Mr. Howard stated that he had broken it down into three pieces. He stated that they related to Chapter 318 of the General Improvement Districts. At this time he asked the committee if they would get them drafted up.


Mr. Murphy made a motion for the drafting of this legislation, which was seconded by Mr. Young. The committee members present at the time and in favor of the motion were Mr. Murphy, Mr. Schofield, Mr. Craddock, Mr. Dini, Mr. Young and Mr. Moody.

Mr. Dini requested an amendment to Section 624 of the State Contracting Board Law which would allow an expansion of the licensed contractor being able to bid above what the Contractor's Board has given him a license for. The request for the amendment was moved by Mr. Schofield and seconded by Mr. Young. The committee members present at the time and in favor of the motion were Mr. Murphy, Mr. Schofield, Mr. Craddock, Mr. Dini, Mr. Young and Mr. Moody.

Mr. Schofield requested that the committee hear A.B. 258 tomorrow morning after the meeting with the State Treasurer.

There being no further business to come before the meeting, the meeting adjourned.

Respectfully submitted,

  
Barbara Gomez,  
Committee Secretary

ASSEMBLY

1- 0355

AGENDA FOR COMMITTEE ON GOVERNMENT AFFAIRS  
Thursday,  
Date March 6, 1975 Time 9:00 A.M. Room 214

Bills or Resolutions to be considered	Subject	Counsel requested*
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A.B. 197

Provides for financing of health and care facilities through county and city economic development revenue bonds.

Notify: Assemblyman Getto

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S.B. 145

Enables county clerk to issue marriage licenses at places in addition to county seat.

Notify: Alex A. Coon, County Clerk  
Senator Foote

\*Please do not ask for counsel unless necessary.

JOSEPH E. DINI, JR.  
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1-0356  
COMMITTEES  
CHAIRMAN  
GOVERNMENT AFFAIRS  
MEMBER  
TRANSPORTATION

# Nevada Legislature

FIFTY-EIGHTH SESSION

March 6, 1975

TO: ALL MEMBERS OF THE GOVERNMENT AFFAIRS COMMITTEE (ASSEMBLY)  
FROM: JOSEPH E. DINI, JR.

After the committee meets with Mike Miribelli and his staff tomorrow morning at 9:00 A.M., we will discuss A.B. 258.

A handwritten signature in cursive script that reads "Joseph E. Dini, Jr.".

Joseph E. Dini, Jr.

JED/bg

# BILL DRAFTING AND AMENDMENT REQUEST

[Please use separate sheet for each request]

To the Legislative Counsel:

From Government Affairs

Date March 6, 1975

Please prepare a bill/amendment as follows:

All city and county governments in Nevada shall enact laws:

1. Requiring disclosure of campaign contributions

2. Set maximum limits on campaign expenditures for all local offices

By December 31, 1976.

I HEREBY CONSENT TO RELEASE OF THIS INFORMATION TO ANY LEGISLATOR BY THE LEGISLATIVE COUNSEL.

Government Affairs Committee  
REQUESTER



