

FEBRUARY 25, 1975.

MEMBERS PRESENT: Chairman Banner
Vice-Chairman Moody
Mr. Barengo
Mr. Benkovich
Mr. Getto
Mrs. Hayes

MEMBERS ABSENT: Mr. Schofield

GUEST LIST: See Attached Guest Register.

The meeting was called to order at 9:40 a.m. by Chairman Banner for the purpose of discussing AB-129.

Randall V. Capurro, former legislator and Chairman of the sub-committee to study a temporary disability insurance program in Nevada, was the first speaker. He stated that the sub-committee was formed as a result of the 1973 Senate Concurrent Resolution No. 36, and consisted of Senators Blakemore, Drakulich, and Pozzi; and Assemblymen Banner, Bremner, Brookman and McNeel.

This sub-committee's primary objective was to determine if a need existed in Nevada for temporary disability insurance. They held public meetings in Elko, Reno, Ely, and Las Vegas.

A recap of the sub-committee's recommendations follows:

1. The question of whether or not there should be a TDI program in Nevada should be submitted to a referendum vote.
2. The TDI program should be a mandatory, privately operated program.
3. The TDI program should be equally funded by employees' and employers' contributions for statutory benefits.
4. If approved by the voters, the TDI should be administered by a new division within the Employment Security Department.
5. The division to be established to administer the TDI program should be supported by the general fund until such time as the legislature can review both the effects and administration of TDI.
6. Initial general fund appropriation of \$500,000 is recommended for implementation of TDI in Nevada.
7. Effective date of TDI program should be one year after voter approval.

Mr. Moody inquired how many other states have this program and Mr. Capurro said there were five - New Jersey, Rhode Island, New York, California and Hawaii. None of these were voter approved.

Assemblyman Eileen Brookman spoke briefly stating that she was a member of the sub-committee which worked long and hard for two years. If there is a discrepancy in the bill she hopes that Chairman Banner will appoint a sub-committee to work out inequities which some people think are in this bill. She feels that the program is sorely needed in Nevada and people have a right to vote on the issue because it will be taking money out of someone's pockets. She urged the adoption of the bill.

Lou Paley, Nevada AFL-CIO, stated that they could support the bill provided it has two amendments. First, that it does not go before the voters of the State of Nevada. It is a very complex bill and if it has to go to the voters, who is going to put up money to explain it. The legislature would be shirking their duty if they don't accept the responsibility. Secondly, they are against the premise of private insurance. They would hate to think a plan would go in effect that puts insurance companies in a position of getting all the profits. They have several unions that have benefits in excess of what is written in this bill, but they pay big prices for insurance.

Mr. Milos Terzich, representing the American Life Insurance Association of Washington, D. C., was the next speaker. As in the prior session, American Life Insurance Association is opposed to any form of temporary disability insurance. Since the study was made and there was a lot of input from the sub-committee, if the legislature feels that there is a need to submit the matter to the voters, then American Life Assn. would suggest substantial amendments to two areas of the bill.

Mr. Terzich said that he would supply the Committee with a copy of a rundown comparing AB-129 to last session's AB-457 and SB-307. There are substantial differences in the new bill. Section 20 of AB-129 has been completely rewritten. Under the old bill the benefits were based upon the average weekly wage of the employee, and the new bill provides that benefits shall be based upon the wages during the quarter of employee's base pay in which the total wages were highest. This brings up a big administrative problem for the State. They will have to keep up each and every employee's record and notify each and every employer as to the changing quarterly rate. This would be burdensome to the State and to the employer.

Mr. Terzich further stated that Sec. 30, Sub-Sec. 5 as applied to Section 20 creates additional problems. This becomes an administrative problem for the State which would raise the expense in operations. There are many other technical changes and amendments that would have to be submitted in order to have a workable bill.

Although the American Life Insurance Association is opposed to the entire concept of TDI, if the legislature desires to pass

the bill they would be in favor of this particular private plan that the sub-committee came out in favor of. They would also recommend that a sub-committee be appointed and that amendments to make the bill a workable one be made.

Chairman Banner stated that since he had served on the sub-committee he would like to take a few minutes to speak in favor of AB-129. He said that this concept has been considered in this State since 1945. There have been many studies, five Senate bills and 8 Assembly bills which have tried to do the same thing. One got as far as the Governor and was vetoed.

Mr. Banner said that last session part of the Governor's message was directed to TDI, and he then read part of the Governor's speech pertaining to this and stating that there should be a law covering people who suffer disability from injuries which occur off the job. Mr. Banner also quoted Robert Archie, former Director of Employment Security, who said that his agency had received hundreds of letters from Nevadans who would be helped by a temporary total disability insurance program.

Mr. Banner further stated that the sub-committee felt there was a need for such legislation, and they voted unanimously to come back and support it. So he is now fulfilling a commitment which he made because it was his motion on June 28, 1974, which was that the TDI program submitted for referendum should be equally funded by the employees' and employers' contributions for statutory benefits. His motion was passed unanimously.

Mr. Banner said that he thought at the time he agreed or went along with the idea of putting the issue on the referendum that it wasn't the greatest demonstration of statesmanship because as a legislator he had to do what he had to do and take what he had to take. But he also felt at that time that it might be the only way they could expose this program to the general public. He wished to say publically that he is in support of the bill as he said in sub-committee and as stated in Bulletin 120.

Mr. Getto asked how many people it would take to administer this program and how many would be affected. Mr. Banner said they had no way of knowing how many people would be covered. They were going to take a poll but did not have the money. As to the cost of administration, Mr. Capurro said they had come up with the \$500,000 figure to start the program. That was scaled down from Hawaii's program since they related to the number of people in Nevada.

Mr. Raymond D. Bohart, representing Federated Employers of Nevada, 350 Southern Nevada employers and also Associated General Contractors, Nevada Division, spoke in opposition to the bill. He asked the Committee to vote against the bill today and not prolong hearings or delay action. While they will consider any

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amendments that come along, they are opposed to the concept of the employer being obligated to pick up the tab for a situation over which he has no control. The employer now under NIC has a heavy financial responsibility to provide benefits for on-the-job incurred injuries. Before this session adjourns the cost of NIC will increase to the employers. It is also known that in this session the cost of the Unemployment Insurance program and Employment Security will be substantially increased. Employers can not absorb, nor can they pass on to the consumer the increased costs of this bill. Many employers are locked in as to what they can charge for their product, service or commodity. He asks that no further operating expenses be placed on the Nevada employers.

Mr. Bill Kottinger, Vice-President of the Greater Reno Chamber of Commerce, appeared in opposition to the bill. A copy of Mr. Kottinger's statement is attached hereto and made a part of these Minutes.

Mr. Vernon Meiser, representing Citizens for Private Enterprise, also appeared in opposition to the bill. He has been in the area for 29 years as a businessman in construction and engineering, and also as an employee. Building permits are down 42% of what they were in 1973, and next year is going to be much worse because of inflation and unemployment. Taxes, unemployment insurance, NIC, Social Security, are all up, and there are now too many locked in programs which the legislature has passed on to the employer. He is also against the matter going to the voters as it is too complex.

The next speaker in opposition was Jim Marsh, representing the Las Vegas New Car and Truck Dealers Association. He wanted to announce their unanimous opposition to AB-129. Their employees do not support this bill. The employees have enough taken out of their checks now and it is getting worse all the time. They need nothing more for deductions. With economic conditions the way they are, they feel this bill is absolutely unnecessary.

Next was Mr. Greg Salter, Compensation Analyst for First National Bank of Nevada. Because their bank is in conformity with national averages, the following information could be valuable in assessing TDI. The bank spends \$193,000 a month for disability payments now. If TDI is implemented and if they continue to utilize their own plan to supplement TDI, they estimate a 10 to 15% raise in the cost of temporary disability. If they follow TDI no employee of the bank would receive more than 48% of his daily pay for any disability non-job related. The 7 day waiting period provided under the bill would exclude 96% of the employees from any benefits whatsoever since the average loss for disability in their bank is 4.89 days. Their employees would receive less benefits under TDI than under the private plan they now have. Many employers have broader disability plan than that offered by TDI, and they should not be forced to contribute to a general fund to subsidize employers who don't.

Mr. Don Hill, Engineering and Safety Director for Harrah's, Reno, was the next speaker. Harrah's employs 2 to 3% of total employment of State of Nevada. They are already covered with disability insurance and they have made an estimate of 1975-76 fiscal year. For unemployment insurance, NIC, disability, physical and dental, their total cost will be over 1.2 million dollars. They don't want another deduction and neither do their employees. Why should the legislators abrogate their responsibility by having voters decide this very top rated issue. 75

George Fisher, Sierra Pacific Power Company, is opposed to the bill for the several reasons already stated. Also, they presently offer their employees a greater degree of protection than AB-129 offers. Their annual cost for this protection in 1974 was \$295,000. AB-129 imposes an unnecessary new tax and would reduce the ~~take-home~~ pay of their employees. Any additional administrative costs which are legislated which affects their company will ultimately have to be passed on to their rate payers. This is a very difficult position for those in the utility companies.

Allen Stowel, City of Las Vegas and Public Employees, objects to the bill, and he agrees with previous statements. The cost of public agencies is definitely passed on to the people in taxes or decreased service, and this would entail a big cost. As far as NIC is concerned, they can help control that with safety programs, supervision, etc. However, with TID you can't go into peoples homes or control their actions when they are off work. Employers should not be obligated to compensate people they have no control over when they are away from the job.

Mr. Fred Davis, representing the Nevada Chamber of Commerce Association, was the next speaker. Mr. Cashman from the Las Vegas Chamber of Commerce had asked him to convey the Chamber's position and opposition to this bill for the reasons which have been previously stated.

Bob McCoy of the Gibbens Company said one of the arguments he had heard in favor of the bill was that it would correct abuses of NIC. The way the bill is written it will certainly not accomplish this, and they are definitely opposed to the bill.

Rowland Oakes, Associated General Contractors, expressed their opposition to AB-129.

John B. O'Day, President of Insurance Economic Society of America, reported on what has happened in other states who have this program. In Rhode Island it was necessary in 1973 to increase the tax on the worker 50%. In California they have had deficits two out of three reported years. New Jersey had to borrow 50 million dollars. They raised taxes and are now paying it back.

They do not consider this type of legislation to be a good deal for the country. In California, with their history of deficits, they have approximately a 15% subsidy by employers who do not put in claims the workers are entitled to because of red tape and collecting the money.

Ernest Newton, Nevada Taxpayer's Assn., said that when the question of administrative costs arose this morning he called his counterpart in Honolulu. His counterpart thinks the interim committee's start-up costs are very realistic. It would cost approximately \$500,000. Hawaii's work force is comparable to Nevada's, largely concentrated in the service industries. His counterpart indicates that it will take approximately 32 people to administer the program in Hawaii, and it will cover a maximum of 15% of the work force. He indicates that the only people that the State program will cover will be those who reduce their benefits or cancel out their present total disability form in order to use the state plan which costs less and provides less benefits. He expressed the opinion, which is not backed by any research whatsoever, that Hawaii will abandon the plan within the next two years.

Mr. Moody moved and Mr. Getto seconded that the meeting adjourn. Meeting was adjourned at 10:55 a.m.

Respectfully submitted,

Jane Dunne, Acting Secretary

AGENDA FOR COMMITTEE ON Labor & Management

Date Feb. 25, 1975 Time 9:30 a.m. Room 336

Bills or Resolutions
to be considered

Subject

Counsel
requested*

A.B. 129

Enacts Nevada Temporary Disability Benefit
Law, subject to approval by voters.

* want to speak,

AGAINST

NAME

REPRESENTING

~~Luell Karsten~~

~~Hansen Mechanical~~

* Vern Hagers

Citizens for Private Enterprise -

Ronald M. Krumm

A G C Legislative Committee

ROWLAND OAKES

NEVADA CHAPTER ASSOC GEN CONN

~~Gregory A. Senter~~

FRED A. FOSS

FIRST NATIONAL BANK OF NEVADA

John R. Chase

First National Bank of Nevada

* E.L. Newton

NTA

AGAINST

NAME

REPRESENTING

John H. Botcher

Belus Court

Bob Alkire

Nevada Mining Assn.

Joe Midmore

Soft Drink Industry of Nevada

R W Williams

Anaconda

CJ Hansen

The Anaconda Co.

Glen C. Hughes

Basin Management Inc.

Raymond D. Hart

Federated Employers of Nevada

JOHN MADOLE

ASSOCIATED GENERAL CONTRACTORS

FOR

NAME

REPRESENTING

Law Policy acceptable with (5) Amendments -	
Ralph Beison	Acceptable 2 amendments
L.R. Fitzgerald	acceptable 2 amendments
G. Hollbrook HAWES	" 2 Amendments

AGAINST

NAME

REPRESENTING

Philip Stewart	City of Las Vegas Public Employees
L.E. Jackson	Nevada Power Inc
Milos TERZICH	American Life Insurance Assn

AGAINST

NAME

REPRESENTING

Karlene Reed	
Liz Tommester	
W.L. Mc DONALD	Nev. Drilling Contractors Assoc.
M.L. Fisher	Sierra Pacific Power Co.
Carl Rosling	Sierra Pacific Power Co.
Greg Satter *	First National Bank of
Ed. Upson	Pacific Motor Trucking
A.H. Inwood	Wells Fargo Inc.
Don Rice	Horseshoe Club

MR. CHAIRMAN - MEMBERS OF THE COMMITTEE:

I APPRECIATE THE OPPORTUNITY TO SPEAK BEFORE THIS COMMITTEE. MY NAME IS BILL KOTTINGER AND I AM APPEARING TODAY AS A VICE-PRESIDENT OF THE GREATER RENO CHAMBER OF COMMERCE. AS YOU KNOW OUR MEMBERSHIP INCLUDES HUNDREDS OF EMPLOYERS, BOTH LARGE AND SMALL. -----IN THE LAST SESSION WE, THE CHAMBER, OPPOSED THE PROPOSED TEMPORARY DISABILITY INSURANCE BILL. I'M APPEARING AGAIN TODAY TO EXPRESS THE CHAMBERS STRONG OPPOSITION TO "AB129". AT A TIME WHEN OUR MEMBERS AND THEIR EMPLOYEES ARE BEING SQUEEZED BY THE FORCES OF INFLATION AND RECESSION WE ARE GREATLY TROUBLED BY THE FACT THAT THIS BILL WOULD ESTABLISH ANOTHER WITHHOLDING ITEM FROM THE EMPLOYEES PAYCHECK.

SECONDLY, OUR MEMBERS HAVE EXPRESSED APPREHENSION ABOUT THE POSSIBILITY OF ASSESSMENTS IN FUTURE YEARS TO MAINTAIN THE LEVEL OF THE FUND AT THE INITIAL ACCUMULATION FIGURE OF AT LEAST \$500,000.00

YOU ARE UNDOUBTEDLY AWARE THAT MANY EMPLOYERS ALREADY HAVE A TEMPORARY DISABILITY INSURANCE FOR THEIR EMPLOYEES. WE FEEL IT IS THE EMPLOYEES PEROGATIVE TO PROVIDE THIS BENEFIT.

FOR THESE REASONS AND THE HISTORIC FACT THAT THE VAST MAJORITY OF STATES HAVE REJECTED TDI, THE RENO CHAMBER OF COMMERCE RESPECTFULLY REQUESTS YOU DEFEAT THIS PROPOSED LEGISLATION.

Date.....February 27.....Time 9:30 A.M.....Room.....336.....

Bills or Resolutions
to be considered

Subject

Counsel
requested*

MEETING CANCELLED FOR THIS DATE.

*Please do not ask for counsel unless necessary.



ASSEMBLY

AGENDA FOR COMMITTEE ON..... LABOR & MANAGEMENT MEETING

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Date..... Feb. 27, 1975..... Time 9:30 a.m..... Room..... 336.....

Bills or Resolutions to be considered	Subject	Counsel requested*
AB-270	Authorizes either employer or labor organization involved in labor dispute to initiate arbitration proceedings.	
AB-287	Gives labor commissioner authority to conduct hearings under labor laws.	
AB-241	Corrects internal reference in statute authorizing labor commissioner to gather statistics.	

*Please do not ask for counsel unless necessary.