

## Assembly

## MINUTES

WAYS AND MEANS COMMITTEE - NEVADA STATE LEGISLATURE - 58th SESSION

March 11, 1975

The Meeting was called to order by Chairman Mello at 8:00 A.M. in the Ways and Means Committee Room.

PRESENT: Chairman Mello, Mr. Bremner, Mrs. Brookman, Mr. Dreyer, Mr. Glover, Mr. Howard, Mr. Robinson, Mr. Weise and Mr. Wittenberg.

ALSO PRESENT: John Dolan, Bill Bible, Bud Campos, Carl Hocker, Brian Fry, Phil Hannifin, John Stratton, Shannon Bybee, Henry Galloway

Chairman Mello read SB 249 "Appropriates monies from General Fund to Legislative Fund." Motion was made by Mr. Howard to recommend a "Do-Pass". Seconded by Mr. Weise. Motion passed.

Mr. Weise made a motion to recommend a "Do-Pass" on SB 2. Seconded by Mr. Bremner. Motion Passed.

Bud Campos explained Parole and Probation (page 422) and stated their responsibilities are to supervise and rehabilitate public offenders and to protect the community from these people. He stated their functions are to supervise parolees and to prepare pre-sentence reports for court.

The Interstate Compact Coordinator processes all cases of parolees either leaving the state of Nevada or coming to the State of Nevada. Last year they processed 931 cases of which 283 were on probation and 124 were parolees coming to the State and 444 were on probation and 80 were parolees leaving the State. In addition to processing these people, this person is responsible for progress reports which are submitted semi-annually see that **violation reports** are processed properly and **see that interstate laws are followed in the transportation of fugitives.**

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In the Work program for the first year they had 37 people in the program, 2 escapes and a few others who were removed from the program for violations. The gross earnings of these people on work release for the first year was \$35,759. \$4,997 was paid in income tax, \$1800 for social security, \$3800 for room and board, \$437 state retirement, \$350 Welfare and \$1275 for family support. They have had some problems with the program in terms of housing as they could not get suitable housing in Clark County due to the rates they wanted to charge. A solution has been worked out and they are now getting places for these people in Clark County.

Court Investigation requires them to submit a report to the court on persons who have committed a gross misdemeanor or felony. In 1973-74 they did 549 reports for Clark County, 559 for Washoe County and the balance of the Counties was 335 cases.

They supervise 1621 people on Parole and/or Probation statewide and they have come up 200 since the budget was prepared.

Under New Positions they are requesting a Deputy Attorney General, nine parole and probation officers and supportive clerical. They have the support of the Attorney General, but they are only able to handle specific writs. As the court decisions come out, unless they are appealed, they never get to the Attorney General. They can get into a lot of trouble in many areas unless they are reviewed by the Attorney General. They are requesting a Deputy Attorney General half time and the other half would be shared with the prison.

The Outline of Work Unit system measures the work each officer does and quotas are set for these officers. They handle 65 work units. He stated that they are five officers short and are requesting 5 to bring them up to the number they need and 4 that will be needed next year. Convictions have increased 140% with an average of 20% per year. The average caseload has increased 16%. The request is based on the work unit standard and the increase in convictions in the State.

The Crime Commission grant is a firm figure. The amount is declining as this is the intent of the Crime Commission and they usually do not fund a program longer than four years.

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Under Operating Supplies they are ordering two sets of NRS's.

The Communication Expense is a 10% increase due to the postal rate and the telephone rate increases.

In Printing there is a 10% requested increase due to the increase in the caseload and printing. This also includes microfilm.

Under Contractual Services there is no request. The money expended in the current budget was for parole board hearings representatives and pardon transcripts.

Legal and Court expenses include transportation of witnesses.

In-State travel is for the 34 automobiles in the department which is the primary tool. They cover vast areas of the state and are often called on emergencies. Each officer receives \$35 per month for per diem and they are asking for 44 autos the first year and 48 the second year.

Overtime for \$3000 is because the officers are on 24 hour call. This is requested for 1976-77 because the Fair Labor Standards Act is phasing enforcement out gradually.

The Medical and Dental is for urinalysis testing for drug abusers.

Instructional Supplies is to provide ammunition as the officers are required to have practices four times a year.

The Building rent includes utilities which accounts for the low amount in Utilites.

Employees transfer \$3000 is based on the previous year's budget of 1973-74. They hope to open an office in Winnemucca and this will be used for that purpose.

There is a 67% success rate based on Honorable Discharge from parole.

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Carl Hocker explained the new budget of the Parole Board. SB 205 changes the board's salary from \$25 to \$50 per day for each of the five members. Chairman Mello stated that there was a concurrent referral of Judiciary and Ways and Means of AB 194 for fulltime board at \$105,984 the first year and \$114,507 the second year.

The Contractual Services are for hearing representatives and the Other Contractual Services is for court reporters.

Under New Positions Mr. Hocker stated that the secretary's position was established at the same time as his position.

Mr. Hocker stated that he did not feel that a full-time board was necessary at this time. The present group is handling parole functions and are adequately carrying out their duties. The board meets six times a year and maybe once a year they might hold an extra meeting. It is important that a new board member is trained and given exposure to the institution and are adequately instructed. They have three board members from Las Vegas and two in Reno. They also have four hearing representatives, three in Carson City and one in Reno.

Mr. Brian Fry gave a brief explanation of the importance of the Parole and Probation budget. He is with the American Friends Service Committee and stated that since several state agencies dealing with criminal law violators are inextricably related to one another he hopes that final approval of this budget could be made in context of the Committee's consideration of the Nevada State Prison budget. (see attached.)

Phil Hannifin explained the Gaming Control Board (page 449). He stated that the Crime Commission grant of \$10,000 was for training a polygraph operator and the equipment.

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They are requesting that the Chief Tax and Licensing Division be equated with other Division Chiefs. This was not done the last time this was requested, so it is again being requested.

Under New Positions they are requesting a Senior Legal Steno. Since the Deputy Attorney General will be no longer allowed to have a private practice and since the work was mostly done in his office, they will now have to provide for an office and a secretary. They are requesting 8 Auditors to catch up on the backlog of audits on casinos as they are 53 behind. The revenue audits allow additional revenues coming into the state. A tentative estimate of this additional revenue is \$400,000 that could be accrued with these additional auditors. They are asking for 1 clerical position to service this group.

Mr. Hannifin explained the many things they find in audits such as, seeing that the taxes paid by Gaming licenses to the State are the exact amount, sometimes they will find partial payments made on bad debts that were not reported or they might find that there was no effort made on collection, or certain items of promotion might not be shown as such.

Mr. Bybee stated they have problems also with junkets and another contribution to the backlog is money that casinos loan. This results in no dollar figure but it takes a lot of time.

Mr. Hannifin stated that for every dollar that is stolen from a casino by a cheater, the state loses 5¢. They have to help the casinos protect themselves. Their record for catching cheaters is better than in the past as they are now looking at them harder.

Mr. Bybee stated that audits uncover weaknesses in loan procedures and they can see signs where they have weak credit policies. In Enforcements and problems relating to it, the Governor is recommending four agents and one clerical in an attempt to build enforcement to provide shift work.

Under Investigations they are requesting five investigators and one clerical position. They do not have enough positions to cover the applications that come in during the specified time period. They have had to pull auditors from their positions to help in this area. The applications are growing more complex now. They do not have as many sole-proprietors now as they have individual partnerships with many corporations in each application. They also do not have the staff to license key employees and feel there is a need to do so.

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Mr. Hannifin stated that an audit can take anywhere from four to five months to one and a half years.

The Board of Commissioners salary for five commissioners is \$40 per day for the days they work. If they function in the office reviewing material they would receive the salary as if they were serving on the committee. The Chairman receives a \$500 bonus for being the Chairman.

The Out of State travel is for investigators tracking down cheaters or for administrators who might have to travel to New York. This is an estimate based on prior history. The In-State travel occurs as the agents move around the state looking at all the licensed establishments.

Contractual Services are for expert witnesses, such as electronics experts, computer experts or gaming experts. Chairman Mello stated that they are requesting \$12,000 and the Governor is recommending \$10,000 and asked if they felt this amount would be enough for their needs. Mr. Hannifin stated that it is difficult to anticipate their needs and that \$12,000 was their best estimate.

The Legal and Court expenses is a Governor recommendation of \$60,000. They had requested \$70,000 and wanted to use \$10,000 for court reporters at hearings. They have been getting along with just a tape and transcribing it as the need arose, but the calls are increasing and feel they need a court reporter for these meetings.

There is an error in the Building Rent part of the budget. They had planned on moving into the new State building in Las Vegas, but the building was built smaller than they had expected. They are presently leasing offices in the First National Bank Building and with the increase in staff they will have to expand and redo the layout of the office. **The new amounts**

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should read \$127,928 for rent and \$11,875 for improvements to structure in the first year (striking \$37,389 and \$3,000). And the second year would read \$132,198 and \$3,000. (striking \$36,612). This rent includes utilities. He felt they get the biggest break in private buildings rather than state owned buildings.

The Office Furniture and Equipment would provide equipment for the new employees and \$60,000 would be for a piece of electronic testing equipment for gaming machines. This piece of equipment would be portable and would allow for it to be taken to the casinos.

The Dues and Registration provide for the Electronic Specialist to belong to two organizations and the Law Enforcement Intelligence Unit. Also, this provides for periodicals.

The Special Reports are for the Confidential Fund under the Chairman's control. This provides payment to informants and allows the investigator to sit at the tables in the casinos to watch cheaters. In some instances these amounts can be recoverable.

The Gaming Control Board Investigation Fund is not funded by the State. This provides a charge of \$12.50 per hour for application investigations paid for the the applicant. What is not spent is returned to the General Fund. Mr. Bible stated that the balance forward is across the year end investigations. There is an average charge of \$3000 for each investigation.

Mr. Weise asked about the attorney's fees and Mr. Bybee stated they wrote to Senator Floyd Lamb regarding this. The letter would explain most of this and is attached. Mr. Hannifin stated that the Attorney General is not used for this as they need the expertise in this field. He also is fearful that they would train a person who might, after two years, leave State employ and does not want to rely on a new person. He stated that Mr. Bybee is an attorney on the Board level and **there are two attorneys on the Commission level.**

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**Mr. Harry Galloway, Department of Agriculture commented on AB 202**

"Establishes authority in state department of agriculture to regulate and control vertebrate pests." BDR 49-211

He stated since 1971 they have had a severe rodent problem throughout the state. In 1973 a delegation of people from Humboldt and Pershing Counties asked the state board if they could give them assistance in controlling these rodents. The Department of Agriculture directed Mr. Galloway to initiate a study to see what could be done. The Department of Agriculture had no authority in vertebrate pest control. The study showed that the vertebrate pests including predatory animals were under the control of the Predatory and Rodent Control Committee. The President prohibited the use of toxicants in the control of predatory animals. The Department of Interior prohibited the use of toxicants on interior land. The Environmental Protection Agency suspended all registration of toxicant materials for predatory animals and showed the need for retaining registration of toxicants for rodent control. The Environmental Protection Agency held four hearings on this subject. Mr. Galloway stated that he gave testimony at one of the hearings regarding the need of toxicant materials for rodent control, but after these hearings, they suspended any further hearings. Due to the agency orders and the Presidential order the supply channels of toxic materials for rodents ceased to exist. Prior to 1973 certain poisonous base materials were available to farmers, but there was a short supply. This helped the problem but did not answer it totally as it was very expensive. It was recommended to the board that there was a need for an action program in the area of vertebrate pest control other than predatory animals and the State Board of Agriculture suggested that they sponsor Legislation for this purpose. AB 202 would give the department the responsibility and authority to get involved in vertebrate pest control other than predatory animals.

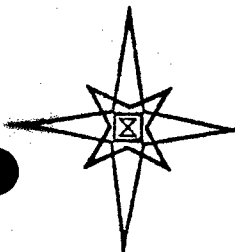
There is a fiscal noted added to this as they do not have the personnel trained in vertebrate pest control or the funds. They need to hire a specialist and provide a vehicle, communication costs, equipment, and operation costs. In 1975-76 this would be \$25,735 and in 1976-77 it would be \$22,504. The Committee amended this to be effective upon passage and



approval and added an additional fiscal note from this date to the end of July. The next 45 days will be a critical time as the squirrels will be coming out of hibernation. There is a need for an action program as the state is faced with complying with the Federal Environmental Pesticide Act which places certain restrictions and certain supervision requirements on the use of restrictive use pesticides. Some of the toxicants that will be used here will be classified as restrictive use pesticides. Any person using these materials must be certified as an applicator and must pass a written examination. They need someone to look over the problem and outline a program and authorize individuals to get materials under his supervision. They estimate 300-400 ranchers or farmers would be relieved of the requirement of having to comply with other pesticide acts and would also relieve the department of this workload. Along with the action program they need money for stocking materials and cooperate on a refunding basis. They are suggesting that the insect abatement fund (page 546 of the budget) in the amount of \$45,000 could be used for this purpose of vertebrate pest control and conduct the program on a reimbursement basis. This would provide the ability to work with people trying to answer the problem and bring the program under control.

Mr. Howard made a motion to recommend a "Do-Pass". Mr. Weise seconded. Motion passed.

The meeting adjourned at 11:00 A.M.



# AMERICAN FRIENDS SERVICE COMMITTEE

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## TESTIMONY TO THE ASSEMBLY COMMITTEE ON WAYS AND MEANS

Tuesday, March 11, 1975

Budget Hearing for the Nevada Department of  
Adult Parole and Probation

Mr. Chairman and Members of the  
Assembly Committee on Ways and Means:

My name is Brian Fry and I am representing the American Friends Service  
Committee.

My testimony this morning will be very brief and deal with only one point. Since several state agencies dealing with criminal law violators are inextricably related to one another, not only in developing overall correctional planning, but also in terms of their budgets and the changing demands on them, I hope that final approval of the Parole and Probation budget could be made in the context of your consideration of the Nevada State Prison budget and in the context of the upcoming hearing of this committee on the Governor's recommendation for a new prison in Clark County.

This testimony is not in any way for the purpose of being critical of the budget presented by the agency this morning, nor to delay its approval. Neither is the intent to make more difficult the monumental task of this legislative committee in its efforts to make wise budget decisions for the State of Nevada. However, recognizing that the testimony which the American Friends Service Committee is preparing for the hearing of this committee on the proposed new prison will also pertain to increased use of the parole and probation program, I feel it is important that some allowance be made to consider the budgets of the various correctional agencies as a whole, accounting for the impact decisions in one have on the others.

Thank you very much for this opportunity to speak.

MIKE O'CALLAGHAN  
GOVERNOR

PHILIP P. HANNIFIN  
CHAIRMAN

JOHN H. STRATTON  
MEMBER

SHANNON L. BYBEE, JR.  
MEMBER

EDWARD E. BOWERS  
EXECUTIVE SECRETARY

STATE OF NEVADA

GAMING CONTROL BOARD

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March 6, 1975

Senator Floyd Lamb, Chairman  
Senate Finance Committee  
Legislative Building  
Carson City, Nevada 89701

Dear Senator Lamb:

When we appeared before your committee on March 4, 1975, it was apparent you were concerned about the amounts received by Sam Belford for securities investigations for the Board - and rightfully so. It disturbs me to have a consultant to the Board and Commission make as much from gaming control as the three Board members combined. Nevertheless, I believe this matter should be placed in its proper perspective and I offer some thoughts for your consideration.

As the lawyers on your committee can tell you, and as you are probably aware of because of your banking experience, securities law is a specialized field. Very few Nevada lawyers do any securities work and almost every publicly traded corporation owning a casino has outside counsel who specialize in securities law. And, of course, some of those Nevada lawyers who do have securities expertise are counsel for gaming corporations.

You may recall some of the problems which arose when publicly traded corporations were permitted in gaming. Continental Connectors Corp. and Recrion had serious S.E.C. problems.

In the past four years we have had few such problems with our publicly traded corporations even though the activity has continually increased. Sam Belford must receive much of the credit for this success. He was instrumental in drafting the regulations pertaining to publicly traded corporations and in revising those relating to closely held corporations in gaming at no cost to the State. These regulations were mandated by the 1971 legislature in what is now NRS 463.1594.

Sam has improved Nevada's credibility with the Securities Exchange Commission in Washington and the various stock exchanges. This is due in part, I believe, because they have respect for his knowledge in this area.

The Board is authorized by NRS 463.080 to hire consultants, but by having our securities consultant made a special deputy attorney general, he obtains much greater access to and credibility with governmental

agencies such as the S.E.C. and quasi-governmental agencies such as the New York Stock Exchange, American Stock Exchange and National Association of Securities Dealers. The official title also implies stability and continuity that the term "consultant" lacks.

It would, of course, be preferable to have a full-time regular deputy attorney general to handle these matters. Unfortunately, lawyers with knowledge and experience in securities law who will work for the salary set by law for such positions are as rare as hen's teeth. I doubt the practicality of making securities law experts of regular deputy attorney generals. During their training period, the State would suffer because of their lack of knowledge, and once they are trained they will in all likelihood go into private practice where that knowledge can bring greater rewards.

With respect to the hourly rate charged by Sam Belford, I urge you to compare it with rates charged by attorneys who specialize in corporate securities law or other highly technical legal specialities. Sam informs me that we are billed at the same rate he bills banks for whom he does legal work.

In evaluating the reasonableness of the sums earned by Sam, you should consider that much of his time on applicant investigations is spent away from his office traveling to Washington, D.C., New York, and wherever corporate offices of the applicant are located and to Board and Commission hearings and meetings. Bear in mind also, that applicants frequently want his counsel on what they must do to comply with our regulations; they always want it accomplished by tomorrow, and they change their minds about what they are going to do or how they are going to do it at least three times after the application is submitted. All of this takes hours that would otherwise be available for other clients.

The continued growth and well-being of the gaming industry is dependent upon access to the money markets. To build and maintain the confidence of the financial community, it is imperative that they believe we are capable of not only regulating the industry, but also the corporate owners. The Board and Commission must have available persons with the necessary knowledge and skills to meet this challenge. Corporations have highly skilled and highly paid counsel, they will quickly become aware of and take advantage of any weaknesses they detect.

I know that you and your committee are as concerned as I am with the continued success of our major industry and the need for strong and competent State control. If you have any suggestions as to how we can fulfill our obligations in some fashion other than the method we are presently following, we would appreciate your counsel.

Respectfully,



Shannon L. Bybee, Jr.  
Member

SLBJr:rm

bcc: Hannifin