

Assembly

MINUTES

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

March 17, 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, Mike Melner, Dick Rottman, Les Goddard, Dan Quinan, Preston Tidvall and Angus McLeod.

Motion was made by Mr. Glover to approve the minutes of March 10, 11, and 12, 1975. Seconded by Mr. Dreyer. Motion passed.

Mr. Mike Melner explained the Commerce Department Director's budget which coordinates all divisions under this Department. No new changes have been made in the budget. The increased figure in the Legal and Court expenses was given them by the Attorney General and the travel expenses are mainly for court cases.

Mr. Dick Rottman explained the Division of Insurance. He stated that they have two primary functions: Regulatory and Collecting Taxes. In the Regulatory function they help the people in the state with insurance problems or cancellations and explain coverages. They also give examinations for new agents and brokers and conduct agency audits. In the Tax Collections and Tax Audits, they have embarked on the collection of retaliatory taxes and have collected \$250,000 for the State of Nevada.

Under New Positions, the Governor is recommending one senior clerk typist because of the expanding workload and one accountant trainee to better control the substantial funds they take in and also to help with internal accounting.

He had requested a casualty actuary as he felt he needed a more competent and more qualified casualty actuary staff because of the increase in rate increase requests. He felt that this would save the State approximately \$200,000 but this position was not recommended by the Governor. Bill Bible stated that the reason for this was that they looked at the existing position structure and found that this budget has an actuary which has not been filled for quite some time. Mr. Rottman explained that this position is a Life Insurance Actuary and life insurance actuaries are scarce and they have not been able to find one competent for the position. Chairman Mello stated that since one person does one job and the other person does another, he could not understand how the Governor could cut this position. Mr. Bible stated that the classification in the personnel regulations make no distinction between the two. Mr. Rottman also explained that the salary level for a Life Actuary is not reasonable for competition. He also stated that if there is a salary increase bringing the salary for the Casualty actuary up to around \$17,000 he felt he could fill this position.

The large increase in the In-State travel is because in previous years they have had to supplement In-State travel from the Insurance Examiners revolving Fund.

The Operation Supplies is shown at less than actual because they had several non-recurring items. A normal amount is \$2,000.

Communications is 28% of the total operating budget because of the amount of mail that is being mailed and the telephone basic cost.

Under Legal and Court Expenses \$5000 is shown for 75-76 as they anticipate a constitutional suit involving No-Fault and feel they should retain outside counsel. He explained that No-Fault has worked out reasonably well for the citizens. They get paid quicker and more equitably. It has affected a small rate savings for about 75-80% of the people.

Mr. Robinson stated that he felt that the Department Heads in all areas should be paid according to the responsibilities they have. Chairman

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Mello felt that the Budget Department has not programmed them properly.

The Office Furniture and Equipment would provide furniture for the two new positions, replacing two typewriters, recording equipment will be purchased and if the position of casualty actuary is approved, more money will be needed to provide furniture for him.

Mr. Weise asked that since the Group Insurance One-Shot was killed in Senate Finance, if this Department could provide these services. Mr. Rottman stated that this office is capable of doing so and have been designated to do so. They have met with the Insurance Committee on this to determine what they need to do. Mr. Wittenberg stated that a Risk Manager has been requested in the Insurance Premium Revolving (page 39) and the cost for this position would be \$35,000. Mr. Rottman stated that with the Casualty Actuary position this could be handled without additional staff provided the salary is around \$17,000 or \$18,000 to attract a qualified person to do this double duty. Also, he stated that their present secretarial staff would be used rather than hiring a secretary for this position.

Mr. Rottman explained the National Association of Insurance Commissioners Expense Revolving Fund. He stated that the figures shown are more than 100% inflated. They have been granted the authority to assess each insurance company licensed in the State \$10. The \$9000 collected from this is used toward the National Association of Insurance Commissioners. The actual travel expense is around \$9000 rather than the \$20,000 shown for the biennium.

The Insurance Examiners Revolving Fund was explained by Mr. Rottman. Nevada participates in the examinations every three years. They have a pooling of the States where they might use another state's report. They are permitted to bill the insurance companies for this assistance.

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Dan Quinan explained the Fire Marshall budget. They have two primary programs: Factory Housing and Manufactured Building program and the Mobile Home and Travel Trailer program. He stated that in 1973 they found that this program which had been operated by the Department of Motor Vehicles was not the type of program they could function under and still provide safety standards. The State of Nevada has the most stringent construction requirements than any other state. They have limited the amount of faulty construction units and have given the consumer a unit that will last longer. The Federal Requirements can not be anticipated and they see that these requirements are met. The New Positions that is being requested is a Safety Code Inspector which was lost in 1973. The Fire Safety Representative would inspect places of public use, see that they are in compliance with the recommendations, inspects suspected arson, provides training to groups, etc. The Life Safety Code Inspector would conduct inspections for adoptment of the State code, develop training programs and manuals, reviews deficiencies in the Life Safety Code, provides fire drills in rural areas, etc.

Chairman Mello stated that on page 267 there is a Life Safety Code inspector and wondered why the need for two. Mr. Quinan stated that this inspector is funded by the Federal Government and has responsibility for only 18 medi-caid and medi-care facilities. There are 147 facilities throughout Nevada and these facilities are not being inspected. He felt that this person should be a state employee because they do not know how long the Federal Government will fund this position. Chairman Mello felt that perhaps this position should be eliminated and the state should hire their own.

Mr. Quinan also stated that the Fire Inspectors do not participate in areas where the local county fire inspector has gone, but they will help upon request.

The Mobile Home Fees were based on an estimate of what the Department of Motor Vehicles had taken in. They charge for inspections and anticipate taking in more than what DMV has in the past.

The Board and Commission salaries was explained. The Advisory Board only receives travel and per diem, and the Commission receives \$25 per day.

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In the In-State travel, they have had to take funds from other places in order to meet the travel demands. They have three inspectors who make 1500 inspections per year and the deputy makes 500 inspections per year.

The Clothing and Uniform Allowance would provide cleaning, steel insoled boots, hard hats, cover-alls and tools.

The Other Government Services and Taxes and Assessments could not be explained and Mr. Bible stated that he would provide the information.

Dues and Registration provides membership in the National Fire Protection Association, the National Conference of State on buildings and codes, and the Arson investigators group. They work closely with these people and attend meetings that are held close by.

The Structure Improvements depend on whether they move into the new state building or not. If they remain in the present building, they will need to make some improvements.

Training provides for one person to attend one seminar per year.

The \$3000 Out of State Inspections is the \$3000 that was not recommended in the Out of State travel expense.

Mr. Robinson asked if additional staff would be necessary if the bill is passed making this office responsible for examining and licensing salesmen of Mobile Homes and Mobile Parks. Mr. Quinan stated that they would be able to handle this duty with the present staff, but there is a fiscal note with this bill providing two clerical positions. He felt this would bring in another \$40,000 to the State.

Preston Tidvall explained the Banking Savings and Loan Division. He stated they have four licensed banks in Nevada with 38 branches. These banks and divisions are examined twice in 18 months. They also have 59 licensed small loan companies operating in Nevada and 19 collection agencies which are examined once a year. They have 3 debt counselor's licensed in Nevada which are also examined once a year. In June 1968 this Division had nine employees and they now have eight employees that they have been operating with for the last six years. The assets of small loan companies is \$78 million with 74 branches. Banks, assets, deposits and capital accounts have all increased substantially so one new bank examiner has been added in the Las Vegas office.

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Les Goddard stated that the Governor is recommending one new position, but he feels it is not needed.

Mr. Tidvall stated that Training provides assistance in sending examiners to schools. These schools are free and this only allows for expenses. They have not been sending many people to these schools and would like to be able to send more. There will also be more schools and training available.

The EDP Bank Exam Program would provide a vehicle of communication with each bank's computer system. This has a cost of \$1500 per bank at a total of \$6000 the first year of the biennium and in the second year it would only be \$250 each time this is used or approximately \$1000.

Angus McLeod explained the Real Estate Administration. They have examined 4500 applications for real estate licenses. The budget is 4% larger because of the merit salary increase. The Real Estate and other fees will offset 52% of the appropriation.

Mr. Bible stated that there is an error in the budget and the Governor's recommendation for the Deputy Administrator's salary should read \$19,410.

Mr. Melner stated that the Land Company Filing Fees were less than they thought because the estimates were high and because of the turn around in the market. He felt that combining the two budgets together added to the confusion.

Chairman Mello appointed a sub-committee because of this confusion which consists of Mr. Dreyer and Mr. Weise.

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Mr. McLeod stated that the Real Estate examination is very difficult and is the same examination that is given in 21 other states. At the last results, about 39% of the salesmen passed this examination and about 57% of the brokers. They are trying to see where the schools have problems and a study was conducted showing where the schools were good and where they are bad.

The Contractual Services provide for legal researchers, title researchers and accountants.

The Out of State travel is used for land sales seminars, conventions and out of state investigations. The In-State travel is due to the increase of the work program. He stated that \$6000 of this is used for the Attorney General and the Advisory Commission.

The \$1600 for Agency Move will be used if this office is moved into the state building.

The Furniture and Equipment would provide two new dictating units, map files and a typewriter.

The Real Estate Exams in 1974-75 is higher than 1975-76 because the applicants pay \$45 when they apply and from this the division pays the exam fees and for the credit report and what is left over goes to the General Fund. In 1975-76 the broker's requirements change.

The meeting adjourned at 10:45 A.M.