

MINUTES

ASSEMBLY COMMERCE COMMITTEE

March 14, 1977

Members Present:

Chairman Harmon  
Vice Chairman Mello  
Mr. Barengo  
Mr. Demers  
Mrs. Hayes  
Mr. Moody  
Mr. Price  
Mr. Sena  
Mr. Weise

Guests Present:

See Guest List attached.

Chairman Harmon called the meeting to order at 3:00 p.m. and announced that the first bill to be heard would be A.B. 276.

Assembly Bill 276

William E. Isaef, Deputy Attorney General, stated he was the author of A.B. 276. This bill grew out of the increasing concern of the Attorney General that charitable solicitation in the State of Nevada was not receiving adequate supervision under current law which places all responsibility for review of charitable solicitation at the city and county level. The Attorney General took a poll of the 34 Nevada cities and counties. There were responses from 11 of the 17 counties and 14 of the 17 incorporated cities. Of this response, 17 jurisdictions in Nevada had no laws whatsoever on the subject; 8 jurisdictions had a law, but 2 of them required no permits of any kind or any type of registration; and 3 of them required no financial reports of any kind. Those who did have a local ordinance included Sparks, Las Vegas, Reno, Washoe County and Clark County.

Mr. Isaef continued by explaining that these local ordinances take a different approach than A.B. 276. Each of them requires a pre-filing for the purposes of getting a permit from some sort of a local solicitation's review board, and each of them contains a

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cost limitation not reflected in A.B. 276. A.B. 276 takes a straight reporting approach that if the public has information available to it of what expenses a charitable organization is incurring, whether they be 25 percent or even more, the public can make its own choice of whether it wishes to support those organizations that appear to have unusually high administrative costs.

The Attorney General's office finds that these local regulatory bodies make very little effort to regulate any of the national charities or large mail order concerns.

Mr. Isaeff further stated that A.B. 276 is a lengthy and complicated statute and discussed what he considered to be the highlights of the measure. These included a requirement that there be an annual registration statement filed with the State Department of Commerce which would be the enforcement authority; a provision for exemption of religious and certain education groups and others; an attempt to get some type of regulatory supervision over professional fund raising solicitors or counsels; the requirement of the filing of a \$10,000 bond by such professional fund raising solicitor or counsel; and the usual provisions for the procedure for approving applications and a hearing if denied.

Mr. Isaeff felt that the reports required by local regulations were casual and inadequate. Reports under A.B. 276 would be a matter of public record and any individual in Nevada being solicited by a charity would have the opportunity to check in one central location rather than through scattered local jurisdictions.

Mr. Isaeff read Section 25 which seeks to centralize at the state level all the registration and reporting requirements and exempt the organizations from having to report to all the cities and counties.

Mr. Mello stated he thought the committee should hear from Mr. Melner, Director of Commerce, to ascertain if he had sufficient staff to implement the regulations set forth in this bill. Mr. Isaeff was under the impression that a fiscal note had been prepared by Mr. Melner.

Mrs. Hayes questioned whether someone raising money for a political candidate would fall under this bill, and there was some discussion on this question.

Mr. Isaeff told the committee that there were 31 other states which have legislation similar to this.

Charlotte Hill, Community Services Planning Council Chairman for a division of United Way in Las Vegas, introduced Garth Winckler, Planning and Allocations Director. Mrs. Hill stated that United

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Way supports A. B. 276 but feels that the bill can be improved. The text of Mrs. Hill's testimony and suggested changes to the bill is attached as Exhibit 1.

Susan Haase, representing the Nevada Association for Retarded Citizens, stated that she was opposing the bill as written, but certainly not the intent. One of their concerns is the lack of follow through. Very few procedures exist that actually confirm whether or not the funds collected get to the intended beneficiary. Another concern is that records are to be kept in Carson City and people would have to call to obtain them. Ms. Haase felt the information should be advertised.

Robin M. Bogich, City Clerk for the City of Reno, said the City of Reno was opposed in a general way to A.B. 276 as an erosion of local control by state level registration legislation which supplant, supersede and eliminate local permit legislation. Section 25 does in fact propose to eliminate any and all local ordinances requiring similar registration and recording. A.B. 276 does nothing to specifically control the activities of charitable organizations' fund raising activities prior to the commencement of those activities.

Stephanie Lamboley, a member of the Reno Solicitation Review Board, appeared in opposition to the bill. They also feel it supersedes local control. Local control is more efficient and they have proper investigative procedures. Ms. Lamboley presented the committee with copies of their registration and financial statement forms. She feels that A.B. 276 would create another position or another agency within the Department of Commerce.

Mr. Michael Melner, Director of the Department of Commerce, said they had prepared a fiscal note which would show a deficit of \$30,198 in the first year to the general fund and \$27,990 in the second year. This would need further investigation as it may be too low or too high.

Claude Finley, Chairman of the Solicitation Committee of Reno, also appeared in opposition to A.B. 276, and felt that Section 25 should be eliminated.

Bruce Kelly, a member of the Reno Solicitation Review Board, presented the same objections to A.B. 276.

Assembly Bill 369

David Funk, General Manager of Las Vegas Downs in Henderson,

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the proposed race track. A.B. 369 is the result of an error or oversight in the 1975 legislation. Financially it was not feasible to run 200 days of greyhound racing and 100 days of horse racing. The recommendation in 1975 was that the total number of days be increased from 200 to 300, but it was inadvertently left at 200 days. This caused a problem in obtaining money for the track and the program was set back almost a year. They are requesting that the number of permitted days for racing be raised to 300. This is needed to meet their cash flow projection.

Mr. Weise stated he would like to talk to the State Racing Commission. Chairman Harmon appointed Mr. Weise and Mr. Sena as a subcommittee to study A.B. 369 further.

Assembly Bill 320

Assemblyman Paul May stated that Mr. Swackhamer, Secretary of State, would explain this bill. Mr. Swackhamer stated that they asked to have the bill drafted because the State of California revised its corporation code and effective January 1, 1977, they are doing away with the concept of no-par valuation of stock. What this bill requests is that when a foreign corporation files a document in Nevada to qualify for a corporation, they will have to state the total number of shares, the stock of the corporation, the number and par value of authorized shares having a par value, and the number of authorized shares without par value.

Four years ago the legislature passed a law that after a corporation's charter had been revoked continuously for 10 years, it could not be reinstated. However, they put in a requirement that the corporation be notified 30 days prior to revocation by registered letter. The Secretary of State sent out over 1000 such notices and have never received a reply. Two years ago the legislature removed the "registered letter" part and required only notice by regular mail. They are now requesting that no notice need be sent.

Assembly Bill 353 and Assembly Bill 354

Assemblyman Eileen Brookman explained these two bills.

COMMITTEE ACTION

Mr. Demers moved Do Pass A.B. 353, seconded by Mr. Sena and unanimously carried.

Mr. Demers moved Do Pass A.B. 354, seconded by Mr. Weise and unanimously carried.

Mr. Demers moved that A.B. 353 and A.B. 354 be placed on the consent calendar. Seconded by Mr. Weise and unanimously carried.

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Mrs. Hayes moved to Indefinitely Postpone A.B. 276, seconded by Mr. Mello. All members present voted Aye with the exception of Mr. Weise who voted No.

Mrs. Brookman asked for favorable consideration of A.B. 148, or that some amendments be prepared.

FURTHER COMMITTEE ACTION

Assembly Bill 320: Mr. Weise moved Do Pass, seconded by Mr. Demers.

Mr. Barengo moved to amend Mr. Weise's motion by amending A.B. 320 to remove the brackets on Page 2, line 8 and 13, and to remove the brackets on Page 4, line 11 and 16, and Do Pass as Amended. Mr. Demers seconded.

Aye votes: Barengo, Demers, Harmon, Sena, Weise  
Not voting: Mrs. Hayes

Assembly Bill 148: Mr. Demers moved to Indefinitely Postpone, seconded by Mrs. Hayes.

Aye votes: Demers, Harmon, Sena, Hayes  
No votes: Barengo, Weise

Assembly Bill 150: Mr. Weise moved to Indefinitely Postpone, seconded by Mr. Sena. Unanimously carried with Mr. Price not voting.

The meeting was adjourned at 4:45 p.m.

Respectfully submitted,

Jane Dunne  
Assembly Attache





**United Way**  
of Southern Nevada, Inc.

FUND RAISING  
ALLOCATIONS  
PUBLIC INFORMATION  
COMMUNITY PLANNING

UNITED WAY OF SOUTHERN NEVADA, INC.

TESTIMONY ON AB 276

Presented to the Committee on Commerce

March 13, 1977

Mr. Chairman and Committee Members:

The United Way of Southern Nevada has a long standing commitment to setting and maintaining standards for charitable solicitations and standards of accountability for donated funds. We strongly support the intent of AB 276 which requires charitable organizations to register with the Department of Commerce and regulates costs and methods of charitable solicitations.

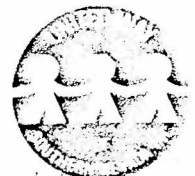
In 1976, the United Way conducted a survey of 74 private, non-profit service providers operating in Clark County and found that these agencies raised in excess of \$2.2 million annually through soliciting support from the community. This survey did not include the fund raising activities of the various national health agencies, local clubs and organizations, and several solicitations from out-of-state organizations. The United Way feels that this multi-million dollar industry should be made to meet minimum standards for methods of solicitation and fund raising costs.

POST OFFICE BOX 14763 • LAS VEGAS, NEVADA 89114 • TELEPHONE (702) 734-8101

HARLEY E. HARMON, President; WARD W. WENGERT, Senior Vice President; ROBERT O'CONNELL, Campaign Chairman;  
CHARLOTTE HILL, Planning Council Chairman; HERMAN SALTZMAN, Executive Director

Exhibit 1, Page 1

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We are aware that the current state law (NRS 86.190) is not now, nor could it ever be, adequately enforced. The bulk of the regulatory responsibility currently falls on local units of government. The process of reviewing requests for solicitation permits by Clark County is rather weak. However, the work of the City of Las Vegas' Charitable Solicitation Review Board should be commended. Local units of government do not have adequate staff assigned to investigating and reviewing the activities of charitable solicitors.

While the United Way supports A.B. 276, we do feel that the bill can be improved, and we offer the following comments for your consideration.

First of all, the definition of a federated fund raising organization in Section 8 of the bill is not adequate. There are very few "united funds" and "community chests" left in the United States, and none, that we are aware of, in Nevada. The United Way considers itself to be a federated fund raising organization, and while United Way member agencies are independently controlled by their respective governing boards, the United Way Board of Directors independently arranges for the annual fund drive and independently distributes the net proceeds to the 29 member agencies. Each member agency governing board must meet and maintain standards set by the United Way in order to remain eligible for funding.

Nevada is often the target of solicitations from organizations which have little or no direct connections with our state. We do not feel that reciprocal agreements with other states (Section 14) will provide adequate protection for Nevada contributors. We



would recommend that Sections 14 and 20 of the bill be deleted in favor of a requirement that a Nevada resident post a bond in the amount of \$10,000 issued by a surety company with the Department of Commerce in behalf of any organization based outside of Nevada that wishes to solicit monetary support in this state. The requirements of the remainder of the bill should apply equally to in-state and out-of-state organizations.

We would also recommend that a reporting timetable be built into Section 15 of the bill. This could include a requirement to register with the Department of Commerce 60 days prior to implementing solicitation activities and mandate that the Department respond within 30 days of receipt of the registration statement. This timetable would protect the interests of the charitable organization as well as the interests of the citizenry.

The United Way of Southern Nevada is providing approximately \$1.2 million dollars in 1977 to support our member agencies. However, this figure only amounts to about 25% of the 29 member agency total budgets. The remaining 75% is raised through government grants, client fees, and community support. While the United Way does provide technical assistance, the governing boards of the independent member agencies are responsible for these fund raising activities. For this reason, we oppose that portion of the proposed legislation (Section 16, Paragraph 3) which allows federated fund raising organizations to register with the Department of Commerce in behalf of their members. This should not adversely effect our member agencies who already must meet or surpass the

standards set in this bill.

We do not feel that solicitations by organizations who are merely "affiliated" with a religious organization should be exempted under this bill (Section 18, Paragraph 1) unless the term "affiliated" is clearly and narrowly defined.

We also would point out that the \$3,000 limit may be too high (Section 18, Paragraph 5). It only takes one or two dishonest solicitations to cause contributors to have doubts about all charities. There are many fund drives in our community which have goals under \$3,000. Local government would have to continue their efforts to regulate these fund raising activities.

Finally, the 10% limit (Section 33) placed upon the amount paid to professional solicitations is very good. However, an organization may have other fund raising costs in addition to the amount paid to a professional solicitor. We would recommend that no more than 25% of the total amount raised be allowed to cover fund raising costs. In other words, in any solicitation a minimum of 75% of the actual amount received must be used for the purpose for which the solicitation was conducted. This added provision would eliminate organizations who mail unsolicited merchandise to individuals in hopes of receiving a contribution in return. The total cost of this form of solicitation frequently exceeds 50% of the amount raised.

In closing we must express our doubt that the fees generated by this bill will offset the costs of performing a thorough review of the registration data submitted by the various organizations and individuals. Unless the Department of Commerce has sufficient staff time to evaluate registration data, to study the audits sub-

mitted by the organizations, to validate the requests for exemptions, and to provide timely reports to citizens who inquire about the status of organizations who have approached them for contributions, then there will be abuses of the law which will destroy its intent.

The United Way of Southern Nevada urges you to take these recommendations into account and then send AB 276 to the full Assembly with a "do pass" recommendation.


In behalf of the United Way of Southern Nevada, thank you for your consideration and attention.

Respectfully submitted by:



Charlotte Hill, Chairman  
Community Services Planning Council  
(A Division of the United Way of Southern Nevada)

and



Garth R. Winckler  
Associate Executive Director  
Planning & Allocations