

MINUTES

LABOR AND MANAGEMENT COMMITTEE

March 8, 1977

Members Present: Chairman Banner
Mr. Goodman
Mr. Bennett
Mrs. Gomes
Mr. Dreyer
Mr. Robinson
Mr. Weise

Guests Present: See attached lists

Chairman Banner called the meeting to order at 3:09 p.m. and called upon Mr. Goodman to testify as to A.B. 302.

ASSEMBLY BILL 302

Dale Goodman, representing Assembly District 26, testified on behalf of A.B. 302, which he sponsored, reading from a prepared statement, attached hereto as Exhibit "A".

On questioning by Mr. Weise, Mr. Goodman stated that the proposed average weekly benefit of \$85.00 would put Nevada's average in 6th place in the nation, rather than its current 14th, with Colorado, District of Columbia, Michigan, Wisconsin and Ohio before us, based on 1975 figures. In addition, Mr. Goodman stated that the bill had not been presented to the Employment Security Advisory Council and was not requested by the AFL-CIO; that union wanted an increase to 66 2/3 percent rather than the 60 percent he proposes.

Larry McCracken, of the Employment Security Department, testified in opposition to A.B. 302, as delineated in the attached Exhibit "B", showing the impact on the fund at the current 50 percent benefit rate and the proposed 60 percent rate. He stated that the cost of this bill would be \$4 million. Mr. Weise asked about the percentage of rate increase for employers to implement this bill. Mr. McCracken stated that the rate would not necessarily go up, but it would take 3-4 times longer for the fund to reach solvency. He stated that this bill would put the fund back in the position it was prior to the 1975 legislation, creating an imbalance between income and pay out. Also, the only ones who would benefit by it would be the claimants who make in excess of \$188.00 per week. The average wage earner in Nevada makes \$188.00 per week and the Department pays a maximum of 1/2 of that, or \$94.00. Mr. Weise asked what percentage of the people on unemployment are receiving the maximum and Mr. McCracken stated that 44.3 percent are obtaining the maximum dollar amount per week.

Mrs. Gomes asked about future projections and Mr. McCracken stated that the statisticians who supplied the figures he referred to have tried to figure this in and are projecting a more favorable economic climate in the future. There are currently 2,800 people unemployed in Nevada, and Nevada's criteria allows people to more often collect the maximum benefit amount than in other states.

Mr. Weise asked if some of the other bills now before the Legislature, such as the bill to include tips when figuring unemployment compensation, would affect the figures cited by Mr. McCracken, thereby increasing the costs to employers. He said that some of the people not now getting the maximum must be close to doing so and that perhaps some of these other bills would cause more people to get the maximum benefit. However, Mr. McCracken said he was not sure this assumption was correct. On questioning by Mr. Bennett, Mr. McCracken said passage of A.B. 181 would somewhat decrease the amounts he cited.

Mr. Robinson asked about the factors that determine the amount a person receives in benefits. Mr. McCracken said that an individual must work a minimum of 19 weeks to qualify and must earn 1 1/2 times his high quarter wages in his base period, and at least 50 percent in the other three quarters. If he is otherwise eligible, he would receive 4 percent of his high quarter earnings as his weekly benefit.

Robert F. Guinn, representing Nevada Motor Transport Assn., and Nevada Franchised Auto Dealers, strongly objected to the bill. He stated that prior to 1971 there was a fixed amount of benefit. In 1971, the employers agreed, over his objection, to a weekly benefit of 50 percent of the average weekly wage. In 1975, the fund was in deep trouble and would soon be insolvent, so management supported a package which included a tax base for employer premiums up to \$6,500.00 and increased the experience rating structure. As a result, every employer in the state has had a very substantial increase in premiums, but they were led to believe that if they went along with this package, they would have their lower experience ratings back in 4-5 years. Now they are told that it will be 8-10 years, and the passage of A.B. 302 will lengthen the time to achieve solvency 3-4 times according to Mr. McCracken. Mr. Guinn stated that the fund would continue to diminish with this bill, and the Legislature should not increase any benefits until something is done to help the employers.

Bob Alkire, representing Kennecott Copper Corporation, testified in opposition to A.B. 302. He stated that, rather than causing a 10 percent increase in benefits, the real increase would be more like 25 percent and will cause small employers to go out of business.

Ted Hermann, owner of Pacific Freeport Warehouse Corp., and President of the Nevada State Chamber of Commerce, but speaking for himself only, testified in opposition to A.B. 302. He stated that the U.S. is already the richest country in the world and provides more benefits for more people than anyone else, which is due to the free enterprise system. However, there is a breaking point somewhere. The percentage of total work force that is out of work concerns everyone, but he stated the government cannot create jobs, only private enterprise. The banks and savings and loans and insurance companies have millions for investment in business but few people want to take advantage of this to create more jobs because the risks are too great. One of the big attractions of starting a business in Nevada is its conservatism, and he hoped the Committee would take a hard look at anything that increases taxes.

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ASSEMBLY BILL 359

At the request of Mr. Goodman, this bill will be heard on Thursday, March 10.

ASSEMBLY BILL 281

Mr. Goodman, sponsor of the bill, testified as noted in the attached statement, marked Exhibit "C".

Mr. Bennett asked whether there was a big problem with forged union cards. Mr. Goodman stated it was a particular problem in the musician's union in Las Vegas and somewhat in the construction industry. Mr. Robinson asked if there was anything in the statutes about a penalty against an employer who hires someone on the basis of a falsified card, but Mr. Goodman stated that only the worker using such a card would be penalized; that the employer would have no way of knowing the card was forged.

Lou Paley, representing the Nevada State ALF-CIO, testified in favor of A.B. 281, stating that it was really only a protective measure and uses similar language to the statutes in California and other states.

There being no further business, the meeting was adjourned at 4:00 p.m. by Chairman Banner.

Respectfully submitted,

Sandra Campbell

Sandra Campbell, Assembly Attache

LABOR AND MANAGEMENT COMMITTEE

PLEASE REGISTER IF YOU WISH TO BE RECOGNIZED

AB 302, 359, 281
AGENDA

3-8-77
DATE

NAME (please print)	REPRESENTING	BILL NUMBER	CHECK	
			FOR	AGAINST
X Robert F Glenn	Nevada motor transport New Franchise Auto Dealer	302		✓
CLINT KNIGHT	Nevada Ass'n of Employers	302		✓
X Bob Albrecht	Kennecott Copper	302, 359		✓
Alan L. Taylor	Basic Management Inc	302-359		✓
DB Henry	Dolan Development Co.	AD 302		✓
D.K. MERRINER	NEVADA MECS ASSOC	AB 302		✓
Law [unclear]	Nevada 4th C.D. 281		✓	
John Kirk	Coburn Co	359		✓
Stan Warren	New Bell	302		✓
Steven Stucker	NO LV	302		
Jed Hermann	Self	302		✓
Larry M. Jackson	NESD	302/359		✓

Date: 3-8-77

LABOR AND MANAGEMENT COMMITTEE

GUEST LIST (Non-Speakers)

NAME (Please print)	REPRESENTING
W. H. Winn	Nevada Mining Association
Paul S. Morrison	Circuit City Inc
P. Holbrook Hayes	Nev. State AFL-CIO
WANT DREW	Emp SEC DEPT
James Gibbs	" " "
Mark Bhatt	" "
G. J. L. Apollo	FNIB -
K. H. Brown	ESD
Robert Butler	ESD
Tom Case	
Wally Warren	SPPC
John Gianotti	Narrative
Delbert Hais	N. D. I.
Kate Butler	Nevadaans for ERA
Dorothy Frehner	NERA

DALE GOODMAN
ASSEMBLYMAN
RENO-WASHOE COUNTY
DISTRICT NO. 26
2357 YORI AVE.
RENO, NEVADA 89502



COMMITTEES
VICE CHAIRMAN
LABOR AND MANAGEMENT
MEMBER
EDUCATION
ELECTIONS

Nevada Legislature

FIFTY-NINTH SESSION

March 8, 1977

TESTIMONY CONCERNING A.B. 302

Nevada's average weekly benefit for unemployment is \$74.00 (1976 figure), which ranks 14th in the union. A.B. 302 would raise the average benefit \$11.00 per week, for a total of \$85.00. That's still a pretty meager amount. There are 25 other states that use a higher percentage of weekly wages to pay their benefit. With the 10% raise (according to 1975 figures), there would still be 24 states with the same or higher percentage paid. With the economic crunch that's hitting everybody, the unemployed are especially hard hit. A.B. 302 is going to cost money, but will also help people when they need it.

Exhibit "A"

EFFECTS OF AB 302

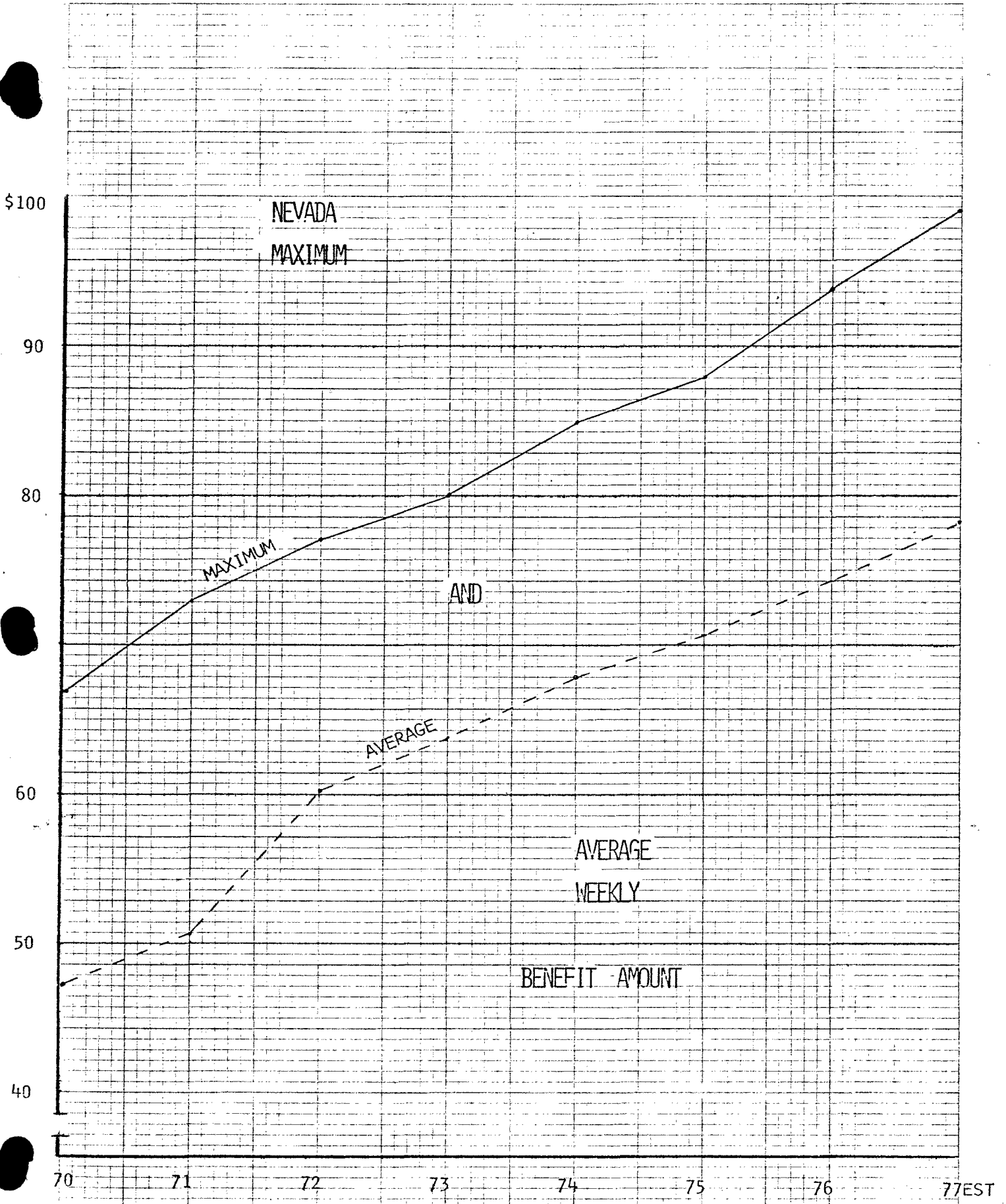
	<u>a50%</u>	<u>a60%</u>
MAXIMUM WBA (1976)	\$94	\$112
TOTAL BENEFIT PAYMENTS (1976)	\$43.9 MILLION	\$48.3 MILLION
ENDING FUND BALANCE (DEC. 31, 1976)	\$ 3.7 MILLION	-\$ 0.7 MILLION
AMOUNT OF BORROWING (1976)	\$ 7.6 MILLION	\$ 9.0 MILLION
FUND BALANCE (NOV. 30, 1977 EST.)	\$12.0 MILLION	\$ 8.0 MILLION
SOLVENCY REQUIREMENTS (NOV. 30, 1977 EST.)	<u>\$66.0 MILLION</u>	<u>\$73.0 MILLION</u>
	-\$54.0 MILLION	-\$65.0 MILLION
FUND BALANCE (NOV. 30, 1978 EST.)	\$20.0 MILLION	\$12.0 MILLION
SOLVENCY REQUIREMENTS (NOV. 1978 EST.)	<u>\$72.0 MILLION</u>	<u>\$79.0 MILLION</u>
	-\$52.0 MILLION	-\$67.0 MILLION

1. AB 302 - INCREASES ANNUAL BENEFIT PAYMENTS BY 10 PERCENT.

2. AB 302 - TRIPLES THE TIME ESTIMATED TO ACHIEVE SOLVENCY.

NEVADA'S WEEKLY
BENEFIT AMOUNT

		RANK
MAXIMUM	\$94	(36)
PERCENT CLAIMANTS ELIGIBLE FOR MAXIMUM	44.3%	(12)
AVERAGE	\$74.40	(14)
MULTIPLE (FOR CALCULATING MAXIMUM)	50%	(25 STATES HIGHER - RANGING FROM 52% TO 67%)



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TESTIMONY CONCERNING A.B. 281

A.B. 281 is pretty self-explanatory. It provides a misdemeanor penalty for any person using a false or forged union card to obtain employment. The union I'm affiliated with, for example, has 1,500 members and it's often difficult for the business agent of the union to recognize every member. With the penalty that A.B. 281 provides, this would discourage the practice of forging union cards to obtain employment.

Exhibit "C"