

MINUTES

LABOR AND MANAGEMENT COMMITTEE
April 12, 1977

Members Present: Vice Chairman Goodman
Mr. Weise
Mrs. Gomes
Mr. Robinson

Members Excused: Chairman Banner
Mr. Bennett
Mr. Dreyer

Guests Present: See attached lists

Vice Chairman Goodman called the meeting to order at 3:52 p.m. and announced that A.B. 71 and A.B. 594 would be heard on Thursday, April 14, rather than today.

ASSEMBLY BILL 606

Mr. Robinson, sponsor of the bill, said A.B. 606 would simply restore the previous salary base of \$15,600 used to determine industrial insurance premiums in order to reduce the amount of contributions being paid to the NIC. He said this is primarily designed to assist the smaller businessmen, but will also help the larger employers.

Jack Kenney, representing Southern Nevada Home Builders, and Bob Weld, of the Home Builders Association of Nevada, testified in favor of the bill. Mr. Kenney presented figures from the NIC financial and annual reports in an attempt to demonstrate that the NIC has amassed excessive reserves while showing a paper loss. He felt the NIC should reduce the base to lessen the load on employers and use up the surplus.

John Reiser, Chairman of the NIC, testified that the figures provided by Mr. Kenney were not accurately portrayed. He said the NIC encourages employers to discuss the matter of rate making with NIC officials and that their auditors often meet with employer groups to clarify the system and avoid misinterpretations. He said that maintenance of adequate reserves is necessary to cover expenses over the lifetime of disabled persons. Mr. Reiser distributed the Fiscal Note for A.B. 606 to the Committee, a copy of which is attached as Exhibit "A".

Robert S. Haley, of the NIC, stated that this bill would actually accomplish the reverse of what its sponsors intend. He stated that the NIC rates are determined by the amount of losses divided by the amount of payroll. If the base is reduced from \$24,000 to \$15,600, the total payroll reported will drop. However, with no corresponding drop in losses, the rate will actually go up. He also demonstrated that if losses go up faster than payroll, the rate will go up. Mr. Reiser added that, unlike other states, the NIC is a fully funded insurance program and needs to maintain sufficient reserves to compensate for any fluctuations in benefits paid out, so that it is not necessary to change the rates with every fluctuation. He also said Nevada's rates are comparable to surrounding states.

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Bob Warren, representing Nevada League of Cities, testified in favor of having the base lowered to \$15,600.

Lou Paley, of Nevada State ALF-CIO, was in favor of removing the ceiling entirely.

Mr. Goodman suggested the proponents of the bill might want to amend it to keep the rates the same, while reducing the base. However, Mr. Reiser said another state had done this with poor results and recommended the Committee look at that state's experience before going in that direction.

SENATE BILL 170

Ralph Langley, Director of Nevada Department of Occupational Safety and Health, testified in favor of this bill which would provide additional alternatives for allowing variances to employers in line with federal requirements.

Stan Warren, representing Nevada Bell, testified in favor of the bill, stating that it was his suggestion to allow a temporary variance from an established standard in order to make a change in a physical plant.

On questioning by Mr. Robinson, Mr. Langley said the time limit on a temporary variance would be almost a year and in some cases it would be possible to get a permanent variance.

There being no further testimony, Vice Chairman Goodman adjourned the meeting at 5:19 p.m.

Respectfully submitted,

Sandra Campbell

Sandra Campbell, Assembly Attache

LABOR AND MANAGEMENT COMMITTEE

PLEASE REGISTER IF YOU WISH TO BE RECOGNIZED

AB 71, 594, 606, SB 170
AGENDA

4-12-77
DATE

NAME (please print)	REPRESENTING	BILL NUMBER	CHECK	
			FOR	AGAINST
RALPH LANGLEY	DOSH / NIC	SB 170	✓	
FLOYD NYE		AB 71		✓
JOHN REISER	NIC	AB 606		
W J CROWELL	NIC	" "		
Stan Jones	Labor Commission	A.B. 71	✓	
R.S. Helmy	NIC	AB 606		
JACK KENNEY	SO NEVADA HOME BUILDERS	AB 606	✓	
Bob Steven	New League of Cities	" 71"	✓	
CLINT KROLL	New Ass'n of Employers	AO 71		✓
Ed Bowers	Gaming Ind Assoc	AB 71 AB 606		
Stan WARREN	NEV BELL	SB 170		?
Bob Weild	PBA	AB 606	✓	
ER Newton	New Taxpayers Assn	AB 71		✓

FISCAL NOTE

BDR _____
A.B. 606
S.B. _____

Date Transmitted April 6, 1977

STATE AGENCY ESTIMATES Date Prepared April 6, 1977

Agency Submitting Nevada Industrial Commission

<u>Revenue and/or Expense Items</u>	<u>Fiscal Note 1976-77</u>	<u>Fiscal Note 1977-78</u>	<u>Fiscal Note 1978-79</u>	<u>Continuing</u>
Total				

Explanation (Use Continuation Sheets If Required)

The only way in which this bill has any fiscal impact is that it requires continuous upward premium rate revisions for those classifications where employees are in higher wage brackets. It would tend to distort the cost of industrial insurance and the premium rate structure.

Presently, compensation benefits escalate with average wages. Employers' payrolls escalate approximately the same rate as compensation benefits.

If the loss experience for a classification remains relatively stable, the premium rate should also remain relatively stable.

Local Government Impact YES NO
(Attach Explanation)

(Next page)

Signature John R. Reiser
Title Chairman

DEPARTMENT OF ADMINISTRATION COMMENTS

Date _____

Signature _____

Title _____

LOCAL GOVERNMENT FISCAL IMPACT
(Legislative Counsel Bureau Use Only)

Date _____

Mid of \$15,600 on reportable wage causes employers' reportable payrolls to escalate at a lower rate than compensation benefits. As a result, premium rates must be increased even if the loss experience of a classification is essentially constant.

There is no relationship between reportable wage for premium purposes and compensation benefits. There is a common misunderstanding that there is such a relationship.