SENATE
COMMERCE & LABOR
COMMITTEE

Minutes of Meeting
Monday, March 14, 1977

The meeting of the Commerce and Labor Committee was held on March 14, 1977, in Room 213 at 1:30 P.M.

Senator Thomas Wilson was in the chair.

PRESENT: Senator Wilson
Senator Blakemore
Senator Ashworth
Senator Bryan
Senator Close
Senator Hernstadt
Senator Young

ALSO PRESENT: See attached list.

The Committee considered the following:

A.B. 220 ELIMINATES INCORRECT REFERENCE IN PROVISION ON UTILITY CONSTRUCTION PERMIT PROCEEDINGS. (BDR-58-314)

The first witness was Mr. Frank Daykin, Legislative Counsel, who stated the only meat in this bill is on the first page. Section deals with the parties who are entitled to notice of an application by a utility company for a permit to build a plant. This is part of the Utilities Environmental Protection Statute. He stated there is nothing in the statute which involves any state agency other than the State Environmental Commission automatically in such a hearing, whereas some local governments are involved for it is in their territory. The requirement for notice (at line 6) says the parties to permit proceeding, including each local government and state agency, are entitled to receive a copy of the application, and since there is no state agency, it is appropriate to bracket out the reference to State agency. The balance of the bill consists of Daykinisms.

S.B. 258 REPEALS MINIMUM WAGE LAWS. (BDR 53-987)

The first witness of this bill was SENATOR WILLIAM HERNSTADT who discussed several documents he had brought with him regarding minimum wage. He stated minimum wage deals mainly with small businesses that have sales less than $250,000--any business in excess of that amount falls under the Federal statute and is deemed to be in interstate commerce. He further stated that 17% of youth are unemployed at the height of summer and up to 26% in January. The minimum wage is a hidden tax on business. It cuts off marginally employable people. He discussed employment for senior citizens who did not want to lose their social security but need a little extra money. He stated that minimum wage does not work. Believes this would be a good start in attracting business to our state and would apply to some 43,000 workers.

Lou Paley, representing the NFL CIO, stated there are now 40 states in the nation which have a minimum wage law. He stated they oppose the repeal of minimum wage. Alaska pays 50¢ over the minimum wage. Poverty level in the U.S. is $5,983.00 for a family of 4 (equals $2.88 per hr.). Over 50% of the people in the State of Nevada earn less than $5,983.00. He is not including tips in this figure. People 16 and less work for less than minimum wage (July 1, 1975 thru January 1, 1976 earned $1.95 per hr.). Their rate is now $2.15. People between 16 and 18 and over (started out in July 1, 1975 at $2.10) now make $2.50. Domestic and agricultural people are not covered under the minimum wage.

Discussed unemployment with the Committee.

Next was Daryl Capurro, Nevada Motor Transport Assn. and Nevada Franchised Auto Dealers Assn., who stated he wished to draw the Committee's attention to the bill as drafted, in Section 3, lines 24 and 25 and continuing to page 2. By bracketing out language in lines 24 and 25 on page 1 and lines 1, 2, 3 and part of 4 on page 2, a situation develops--he said the current Federal law regarding overtime

reads more than 40 hours in a scheduled work week. The Federal law does not have the 8 hours in any scheduled work day included. By deleting the provisions that are currently in the Nevada law, it would place the employers in the State in the position of having to pay overtime after 8 hours without the caveat that is currently contained in the law, that being that if they make 1/1/2 times the minimum wage they would be exempt from paying the overtime. If you are seriously considering processing this bill, he would ask to delete those brackets and possibly some language may have to be agreed upon.

Mr. Larry McCracken stated the average wage in Nevada is $188.00 per week which would make the average payroll figures in excess of $7,000. It does include ranching and agriculture. Once those are included he does not believe that it will have an impact.

In response to a question by SENATOR BRYAN regarding Mr. Paley's statement that 50% of the people in the State earn less than $5,983.00, Mr. McCracken stated he had not come prepared and was unable to answer. The average does not include governmental workers, however.

SENATOR HERNSTADT asked Mr. McCracken if the minimum wage was appealed, if it would be easier to place youths in jobs. Mr. McCracken stated "yes".

The next witness was Mr. Stan Jones, Commissioner of Labor. He stated he was appearing in strong opposition to this bill. That the poor are badly represented and it is difficult for people to exist on minimum wage. He urged the Committee on behalf of the more than 300,000 Nevada workers to kill S.B. 258. Mr. Jones stated that he didn't think that youth would be employed at $1.50 per hour and thinks that before the end of this year we will see a $3.00 Federal minimum wage, and that the minimum wage is $2.15 under 18 years of age.

A.B. 75 MAKES VARIOUS CHANGES IN PROVISIONS RELATING TO APPRENTICESHIPS. (BDR 53-191)

Mr. Stan Jones, Commission of Labor and Secretary of the Nevada State Apprenticeship Council stated the Council is directed under NRS Chapter 610 or 611 and administers certain apprenticeship rules and regulations. Three members represent employers, three represent employees, and one member represents the general public. Paul Bible is the Chairman. A.B. 75 was recommended by the Council and by the Western Apprenticeship Coordinators Assn. It is primarily a housecleaning document that will permit the apprenticeship sponsors in Nevada to administer their duties and responsibilities in a more compatible way.

SENATOR BRYAN stated that under Section 3 of the bill it is required that the Council meet at least once each calendar quarter. Asked if it is necessary to have legislation on that. Mr. Jones stated that it would be. They have a number of appeals of apprentices that may have been dismissed from apprenticeship training programs and they schedule those at the next State Apprenticeship Council hearing.

S.B. 122 AMENDS PROVISIONS RELATING TO REGULATION OF LAND SALES. (BDR 10-230)

Angus McLeod, Department of Real Estate, furnished the Committee a copy of the persons notified of the hearing. He stated he had contaced the Real Estate Advisory Commission as requested by the Committee regarding his intention to eliminate them from the land sales act. He has heard back from 3--all are against that proposal. Two believe the brokers and land developers should be in charge of regulating the land industry and the third thinks that the court system is such a mess that no one should be forced to go to court to get the thing resolved. He talked to a land development specialist with Lionel, Collier and Swartzer in Las Vegas who basically supported his proposal to eliminate the 40 acre exemption, to bring time sharing under the land sales act, and not to permit the three day

waiver of revocation by purchaser under certain circumstances. However, he was against his proposal to require developers to put titles in trust whenever there is blanket encumbrance on the property. In Section 1, line 5, he proposed to add: "whether contiguous or not."

SENATOR HERNSTADT asked Mr. McLeod why they had asked prior legislators for 80 acres on line 20, page 1. Mr. McLeod stated the reason was because they had problems with even 30 acres in size in subdivisions. Stated they deviated from HUD on other matters as well.

Discussed abuses of advertising by developers, as well as selling of land that was unusable. Stated he wanted S.B. 338 to die and wanted time sharing in S.B. 122 to be eliminated.

Mr. McLeod stated that the thrust of the language in line 12 is to bring time sharing in all its forms under the Land Sales Act. Page 2, line 28--free and clear exemption. He stated what this provides is that if there is a lease, encumbrance of adverse claims on a subdivision and each and every purchaser sees the property before he purchases, then that subdivision shall be exempt. Sec. 3, page 3 - about line 47 - stated he does not think the Real Estate Advisory Commission belongs in the regulatory scheme for land sales.

Mr. Mike Melner, Director of Commerce Dept., explained that in one case where the advisory commission had exceeded its authority the division did not sue, since both were represented by the A.G. and were in the situation of state suing state. He further stated that he is not necessarily as opposed to the participation of the advisory commission as Mr. McLeod in the land sales activity. The problem we seem to have is that the land sales industry does have a separate classification of licenses. If you are going to have this, then perhaps you have to structure the real estate commission to represent land salesmen who are licensed somewhat differently.

SENATOR WILSON stated the problem Mr. McLeod seems to have is to get a disinterested board which will

answer only to the public interest, it ought to be composed of public employees or appointees. He asked should we, or should we not, look to the lay boards as administrative appeal boards as a check and balance, if you will, upon State regulation of industries?

Mr. Melner stated the argument that you are getting from industry is that they are tougher on their own, and know more about the business. He said they do know more about the business but whether they are tougher or not, he has some question.

Mr. Mike Marfisi, Attorney, Elko, Nevada, testified on behalf of McCullough. He stated he was puzzled when he saw this bill come out. In reference to the Real Estate Advisory Committee, he asked that the committee bear in mind that that committee's posture and function was primarily to deal with NRS 278, Chapter 116, to consolidate all of the subdivision bills. This bill pertains primarily to the regulation of land sales. Bearing in mind that there is an exemption under Chapter 278 for the 40 acres or larger that was discussed in the last session at length, he thinks that even in Clark County there is an exemption for 10 acre parcels.

Mr. Marfisi continued saying one of the problems that he has with the bill is determining the implementation of it. At the time this bill becomes effective what becomes of those people who are in the process of attempting to sell their parcels. He directed the Committee to the last part of the bill on page 7, line 47--"it shall be unlawful for the owner or subdivider to sell lots or parcels within a subdivision subject to a blanket encumbrance unless." Eliminating the financing to one method makes it problematical to obtain financing and again we are leaving this totally within the discretion of the real estate division as to what is acceptable to them and what is not. He stated we would be placing all of our faith and trust into the real estate division. The posture and personnel of this department could change and you would have real problems.

Mark Fine with the American Nevada Corporation, who through affiliated companies is also involved

in the land sales business, said after reviewing the bill he really doesn't know why this bill is being introduced. When he sees additional legislation which is designed to further regulate the land sale industry he does not feel it is warranted. He objects to: (1) language that was included "whether contiguous or not", (2) thinks we have to draw the line somewhere on amount of acreage, and (3) on line 28, the exemption regarding selling land free and clear of all encumbrances is an exemption that has not been issued in this state.

Mark Fine continued saying the reason it has not been issued is because practically all the land in this state has an encumbrance on it called patent rights (U.S. and State Reservation Patent Rights). The real estate division has interpreted those to be encumbrances. This is in line with HUD. HUD has recently proposed to amend the land sales law to provide an exemption for the western states that have these patent right reservations, in that they will not be encumbrances and they should not restrict a developer from getting an exemption. He said he is surprised to see we are going the opposite direction. (4) On page 6, line 4, this area has been changed (basically the words dropped are 233B of NRS). Asked what the significance is on this. (5) On line 12 of page 6 on the old language lines 12-15 were dropped. This further restricts the industry. (6) Regarding elimination of 1 and 3 of Section 9--doesn't see the necessity for dropping the language out because he doesn't believe there have been problems in any of these areas.

Mr. Abe Fox from Las Vegas, stated he wondered what they are supposed to do with land now that it can't be broken up or sold. First it was 40 acres and now it is 80. HUD says 5 acres and he wonders why in Nevada we are 16 times more than HUD.

S.B. 280 REQUIRES DISCLOSURE OF REASON FOR DISCHARGE OF CERTAIN EMPLOYEES & PROHIBITS CHARGES AGAINST CERTAIN EMPLOYERS' EXPERIENCE RATING RECORDS WHEN BENEFITS ARE PAID. (BDR 53-882).

The following testimony is verbatim:

Mr. Lee Harvey, Field Tax Manager for J.C. Penny Company, stated "his purpose in coming before the Committee was to be a proponent for the revisions to S.B. 280. Noticed that since the revision to the Employment Security Development Law, effective in 1975, there is a decided inequity in the experience rating taxation provision of the law. This inequity occurs in view of the fact that base period employers are not given the privilege of protesting claims filed by former employees. The base period employer could also be the last employer. The last employer may protest an unemployment insurance claim if the individual left his employment voluntarily without good cause, or was discharged for misconduct in connection with the employment. Under the current provisions of the law, the base period employer is denied this privilege unless the individual is discharged for a very serious offense or a felony (destruction of property or some such thing). In effect what this does, the law says that the State does have experience rating taxation and all employers will be given an equal shake under the law, but there are some types of employers that are in effect, discriminated against because of this particular provision because they are denied due process. An employer that employs more secondary wage earners, or individuals that are coming into the labor market in entry level jobs or employers that employ seasonal workers, this type of an employer would have become a base period employer more often than an employer that employed only 40 hour people full time throughout the course of the year. I don't believe that any employer objects to paying their fair share of taxes if the taxing provisions are equitable. Currently they are not equitable. There are individuals that can leave their employment for what I would call nondescript personal reasons, leaving to vacation or travel, leaving to stay home with family, discharge for insubordination or lesser types of offenses--these individuals can become employed at a later date, become unemployed again, file a claim for benefits, and the first employer is denied opportunity to be protected against charges. It might be said that this bill advocates complete non-charging of unemployment benefits and that is not true. This bill only says

that those individuals that leave their employment for reasons that would normally be disqualifying, leaving for reasons that would not constitute good cause, or for reasons where they would be discharged for misconduct in connection with their employment, under those conditions, if the department ruled that the disqualification provision normally applying to an individual leaving the last employer, then the base period employer could then be relieved from charges. This bill has no effect on a claimant's benefit rights in terms of the base period employer. Only the last employer has a right to give information to the department that would have any bearing on the claimants eligibility for benefits. What this does is simply establish equity in the taxing provisions of the law. We feel that it should be included, it was formerly included in the law, prior to change in 1975. Most states have a provision in their unemployment law similar to this."

A.B. 133 CLARIFIES MINIMUM CHARGE OF PAWNBROKERS. (BDR 54-539)

Mr. Paul May, Assemblyman, District 19, stated A.B. 133 is simply a measure that would clarify a statute that was passed in 1969. Appears to have been tradition among some pawnbrokers that some have been charging a minimum charge or an initial charge of $3.00, in addition to interest--others have not. Competition, in the final analysis, decides whether or not that particular provision or statute may be used. They did ask that this Legislature take it into consideration and to clarify it. The Assembly saw fit, by amendment by the first reprint to indicate that the $3.00 charge may be made as a one time charge in addition to the regular interest.

Assemblyman Ian Ross, District No. 5, Clark County, testified in opposition to A.B. 133. He submitted a position paper and several memoranda (see attached Exhibit C).

S.B. 278 PROVIDES PENALTY FOR HIRING ILLEGAL ALIENS. (BDR 53-988)

First witness was SENATOR WILLIAM HERNSTADT. He stated the illegal aliens, particularly in Clark County, are a problem. The two problems involved is the hiring of them and establishing what constitutes an illegal alien and how an employer can protect himself. The employer when employing a

person gets a copy of their green alien registration card or their birth certificate or any other documents which indicate that the person has the right to remain and work in the U.S.

SENATOR WILSON asked if the bill carried a civil penalty. SENATOR HERNSTADT stated it is a fine--didn't think it was appropriate to send businessmen to jail--thought $5,000 would handle it. Stated his intent was to make it a civil penalty.

SENATOR BRYAN asked who he contemplated would enforce this bill. SENATOR HERNSTADT stated that the people who have access to employee records are basically State agencies. If they have noticed through their procedures, or were informed that an illegal alien were working, he would assume it would be handled by the Attorney General's Office.

Mr. Louis Belarde told the Committee that he is against this bill and did not wish to appear to support the illegal alien. Stated the bill discriminates against 40,000 Latin Americans in the State of Nevada. Asked if they are going to be labeled "aliens" because they speak a foreign language and some are dark complected. Asked if Canadians, Orientals and others would have to provide this information. Stated many farmers and ranchers are in need of help (cited sheepherders as example). Stated persons on unemployment will not go into the rural areas and work the agricultural hours required nor accept the living conditions provided.

DeLoyd Satterthwaite of Tuscarora, Nevada, stated he is in the ranching business and he opposed the bill because he thinks that it lays the full responsibility of the employer to more or less police the individual. He feels the responsibility for illegal aliens should fall with U.S. Immigration Service and the Border Patrol. He stated this does not just relate to the Mexican population and doesn't know how we could burden the employer. Asked that before the supply of labor is cut off they should be given an alternative source. He told the Committee sheepherders are being brought in from Peru. Discussed the Bracero Program.

Bob Alkire pointed out that in relation to an employer of Kennecott's size they would have two choices: (1) ignore the law and hope they didn't get caught with a $5,000 fine, or (2) require all of the 1,000 employees to provide them with proof of citizenship or right to work. He stated they are an equal opportunity employer and it would be a violation of Federal statute even to ask an employee for proof of citizenship. He stated you can ask a prospective employee if he is a U.S. citizen, "yes" or "no". If he says "no" then you may ask him if he has a work permit or naturalization papers. If he says "yes" you must accept that word. If he is an illegal alien he is going to say "yes" and you are in violation if you hire him.

Mr. Al Huber of Jackpot, Nevada, said that he agreed with two witnesses who had appeared before him. Pointed out that the problem does exist with employers not in agriculture. In response to a question by SENATOR ASHWORTH, Mr. Huber stated he felt it was a Federal problem.

Paul Unruh, Unruh's Turf Farm, Minden, Nevada, was against the illegal alien bill saying you can't find people in the U.S. that will do the work.

Mr. A. J. Evans of Winnemucca, Nevada, General Manager of Winnemucca Farms, Inc., was the next to testify. (See attached Exhibit A)

In response to a question by SENATOR HERNSTADT Mr. Evans stated we need something of the old Bracero Program that is authorized at a level we can live with. Stated there is a current program out whereby you can provide a list of numbers needed to the Employment Service, and they send it to the government. If it is okayed, then it is turned over to the Immigration Service and they can go to Mexico or wherever and secure laborers.

Mr. Allen Brinkerhoff, farmer from Lovelock, stated he is against this bill and would like to see it die in this Committee.

Mr. Larry McCracken, Director, Employment Security Department, stated he had two points he wanted the Committee to be aware of. First, the agency referred sufficient numbers of people last year that employers were able to fill in excess of 40,000 jobs. If this bill were imposed whereby they were the enforcement agency, he believes that their inability to certify the citizenship of applicants would reduce the numbers of applicants available for employers. The second point, in preparation for this hearing, we contacted the Immigration Service to see if there was anything else that we could do, and one of the men had an opinion which he was unable to determine was legal or whether there was any chance of legality in that the Legisture could pass permissive legislation allowing the Employment Security Department to check on questionable applicants--their citizenship. He personally doubted that that is possible by virtue of the federal legislation that is upon us, but if it were possible, and such legislation were subsequently passed, he was sure that it would be required of the department to impose those same regulations upon all applicants so all of us who are citizens who do not carry citizenship papers, would be adversely affected.

Mr. Frank List spoke from the floor stating he is against the bill.

S.B. 287 ESTABLISHES THE PUBLIC BANK OF NEVADA. (BDR 55-673)

SENATOR NEAL, the sponsor of this bill, stated this would create a public bank in Nevada. State of Nevada has on an average approximately $118 million dollars that they put into various banks in this State. There is an indication in the country today that we are going to have some problems with the banks as they presently operate. Telecast on CBS indicated there are approximately 379 banks in trouble throughout the U.S. Because of the policies of the private banks as far as lending money to individuals to engage in commerce and construction, and because of the red lining problem that exists in many of the private banks in this State, whereby money is not loaned in areas of urban development, such as home loans, he thinks the time has come for those banks

engaged in or having money on deposit from the State Treasurer's Office to establish a state bank whereby some of those problems could be cured. The State of No. Dakota for over 55 years has had a state bank that has operated very well. They have about 450 million dollars in assets. The purpose of that particular bank is to aid the plight of the farmer, rancher, and those other categories where the major lending institutions are not lending money.

He continued that another problem is that the State of Nevada (as far as the deposit of capital is concerned) is a very monopolistic state. You will find that Nevada rates highest among those states in the Union that have private owned banks in terms of monopoly of capital--rate around 97%. The holding companies own most of the capital within this state. Wanted to point out that one of the reasons that he proposed this type of legislation is that some short years ago the Western Bank Corporation, through its anchor, United Bank of California, lost over 50 million dollars in investments. Some of this money was Nevada money.

He further stated there may be some problems with the bill as written as far as loaning money to corporations. Understands that the Constitution of Nevada would not permit this. Also it is indicated in the bill that the bank would be put under the Department of Economic Development and he personally would like to see it put under the Department of Commerce or establish an office within the Treasury Department.

Nicholas G. Smith, President of Burroughs Smith & Company of Nevada, engaged in the market of public securities for numerous subdivisions in this State, including the State of Nevada, testified that this bill apparently authorizes the use of bonds to provide capital for this bank. He made two points: (1) in his opinion the bonds which are apparently authorized by this bill could not be sold, and (2) if the obstacles to that sale are overcome, in his opinion, and are sold, the credit of the State of Nevada would be adversely affected. The question surrounding these bonds is what is the purpose for which they are to be issued--is it a public purpose

under the provisions of the Nevada Constitution or does it constitute a loan of the State's credit for the benefit of private individuals or corporations. He referred the Committee to Section 7 of the bill. Stated it is unclear what the Department of Economic Development does with the bonds as well as what type of bonds they are. He asked if an election is required to authorize their issuance and who does it--the Legislature or the State Board of Examiners.

Mr. Smith continued, saying the point is, 2 million dollars in bonds are authorized and that is the capital of the bank. The bonding company he had contacted would not authorize the sale of the bonds and he doesn't believe you could find a firm that would be interested. Under Section 11 the State purports to guarantee all of the deposits of the bank. This would result in an unknown obligation that the State would take upon itself and would constitute a major liability which would result in a revision of the rating assigned the State by the major investment rating services downward and that the State was rated by Moody for years as A and AA by Standard and Poors. Moody has upgraded to Al.

The next to testify was Nadine Reed from the State Treasurer's Office who said the figures on the current investments run closer to 5% on what is in state banks, which is the going market rate. SENATOR CLOSE asked how you determine the rate and Ms. Reed stated you check figures across the country, that these are pledged deposits--inactive deposits--and the rate is not as high if it were negotiable. The monies that were shown in a recent report (in the First National Bank) are not deposits with that bank. They perform a trust function for us and are short term, re-purchase agreements.

Discussed at length the time periods of deposits and rates of interest.

She stated that she was really concerned about the fact that in the development of this new bank it requires that we deposit all of our funds in that bank. She assumed that our checks and warrants have to clear against where our deposits are. Right

now we have funds deposited in all state banks. We require very speedy computer service to keep up our bank accounts and should this pass, she doubts that she would be able to do business without that computer service. It is her understanding that the state computer is tied up. She stated that on bonds the state gets into a thing called arbitrage (has the effect of taking state money to raise or sell bonds). The Federal government does not like banks with a tax free status to have profitable enterprises and there could be a problem with those bonds.

Ms. Reed further stated that the statutes currently require the Treasurer's Office to keep the state money invested and from what she understood this function would go to the bank. That there is a fiscal note attached to this bill, she is sure. We do not pay by cash today for the services provided by our commercial bank. She thinks you would have to go somewhere around $200,000 to provide us with funding to pay this bank for services by cash.

Mike Melner, State Commerce Director, stated the banking division is part of the Department of Commerce. He submitted a statement by the Superintendent of Banks, Mr. Preston E. Tidvall, attached Exhibit F. He stated he did not think that banking is the state's business but somehow money has to be made available. He continued, saying the Department of Economic Development talked to him about the fiscal note and the starting up costs. Said there will be a long period in which a bank is not going to exist but you are going to have to pay banking people to create it and start it. Additionally, you will have to pay underwriters or some bond firm to do the preliminary work and he didn't feel anyone would take it on a contingent arrangement.

Mr. Fran Breen, representing the Nevada Bankers Association, furnished the Committee a copy of Article 8, Section 9, of the Nevada Constitution stating the bill would not be compatible with Section 9 of the Constitution. (Exhibit G)

SENATOR NEAL said he had gone to the Legal Counsel regarding this question and he was told it means that you cannot loan money to corporations within the state, but that does not prevent partnerships or individuals from getting loans, or the bank loaning monies.

Mr. Jordon Crouch, Reno, Executive Vice President of the Nevada Bankers Association, read from a report, copy attached as Exhibit B.

Mr. Ray Knisley, citizen, stated when he first came to the Nevada Legislature, there were no outstanding bonds in the state; they were all owned by various state funds. No subdivision of state government had any bonds owned outside the state, they were all owned by state funds. Consequently, no bond house would touch a Nevada bond. There was no history of sale or rating. He stated he was afraid we might be going right back into the same situation and he also has doubts about the constitutionality that Fran Breen raised.

S.B. 278 SENATOR HERNSTADT made a motion regarding S.B. 278 which was his illegal alien bill. Due to the fact that no one testified for it and it seems to be a Federal problem, he moved that the Committee give that bill no further consideration and kill it.

Seconded by SENATOR ASHWORTH.
SENATOR WILSON allowed the motion during the meeting since the bill was SENATOR HERNSTADT'S.
Motion carried unanimously.

A.B. 289 REQUIRES COMPATIBILITY OF INTRASTATE WITH INTERSTATE UTILITY RATE SCHEDULES (BDR 58-990).

SENATOR HERNSTADT, stated this bill came about because he felt that you shouldn't have to be a Philadelphia lawyer to make a telephone call. Consulted with members of the Public Service Commission, Mr. Case, Central Telephone and Mr. Warren of Central Telephone and Nevada Bell and came up with this bill (see attached Exhibit I).

The next witness was Mr. Heber Hardy, member of the Public Service Commission who stated he has had some conversation with SENATOR HERNSTADT regarding this particular bill.

The following remarks by Mr. Hardy are verbatim.

Mr. Hardy said: He would like to advise the Committee and remind Mr. Hernstadt that he has had some problems with the way and the amount of information which has been provided by certain utilities and he has appeared at certain hearings before the P.S.C. and I think that he would readily admit that his advice is well taken and we have corrections in certain areas to give more information to the public and I suggest as a general premise that we can handle the problems that he is talking about now in the same way, without a bill which I believe is overly broad, somewhat vague, and subject to considerable dispute. He says his intent is to handle particular problems regarding telepone information. The sheets to which SENATOR HERNSTADT refers are information sheets which are placed in the telephone book and I believe, in most cases, are taken directly from the tariffs filed by the telephone companies. But the tariffs of the telephone companies are virtual catalogs. There is a large number of rates for equipment, service offerings and everything else. It appears that this would place a burden upon the commission to make a complete study of all inter and intra-state tariffs to make sure that whenever any rate is filed by a telephone company that there is no conflict, or there is nothing which would be misleading to the public; I think that is a tremendous burden. We suggest that we would handle these particular problems raised by SENATOR HERNSTADT on a case by case basis. Just as we have done in the past, and as I said, I think that we are responsive to problems of this nature, wherein less confusion might be brought about.

SENATOR WILSON asked do you have rule making power to promulgate rules setting the standards for format and content of. Mr. Hardy answered, Yes, we do, and that is one other possibility if it was considered to be a serious problem of statewide application.

SENATOR WILSON: Have you promulgated any rules in the past?

Mr. Hardy: No, we haven't. Not to my knowledge. Not on this type of a situation at least.

SENATOR WILSON: No, I meant generally.

Mr. Hardy: I don't believe so. We are in the process now of taking a look in the electric industry and gas, and maybe telephone, promulgating a rule which would provide for uniform tariff filing requirements so they all give us the same kind of information in each of their applications, and that may be one possible approach.

SENATOR WILSON: Those would be in your rules of practice or would those be some other body or promulgated rules?

Mr. Hardy: That would be separate General Orders. That would not be in our Rule No. 3 - General Order No. 3 - which is our rules of practice. Senator Hernstadt suggests that he is primarily concerned with telephone companies and the information that might be given. I think it is clearly stated on each of those particular sheets - tear sheets as they call them - at the top of the page that, in one case it is talking about out-of-state or between state service and another sheet is talking specifically about within the state. I believe that is clear, at least it should be and if that's a problem, it can be easily corrected. We do not suggest that we be put in a position where someone might read this bill to suggest that we simply rubber stamp that the FCC does, or the FPC does, or the ICC does, and we think some might think that is what is meant and take considerable time at hearings going in detail as to whether or not they're compatible, or to them it might be misleading and confusing, therefore, say the case ought to be dismissed because they filed something which is misleading or confusing. I understand the intent behind Senator Hernstadt's bill, but I think it could be a mischievous bill in the sense it could cost a considerable time and effort in areas where it was never intended. What confuses and misleads one, might be perfectly clear to another. I think it could be obvious.

Senate

SENATOR HERNSTADT: Mr. Hardy, would you consider in line 3, between the word public and utility, the word "telephone" being inserted, and at the end of that line, the word "toll" inserted before the word "services" so that it makes clear that it has to do with the toll calls and not the kind of equipment that might be rented and that it does deal only with telephone utilities. Would you feel happier with that language?

Mr. Hardy: I certainly would - remove many of my objections - except if you still intend that to mean, or it could be interpreted to mean, that the rates must be the same, then we still very much like to think that we separate your intra-state, to which SENATOR HERNSTADT answered that was not his legislative intent.

SENATOR WILSON: I don't think that that inference is reasonably drawn from this language, that is, that the intent of the bill is to make intra-state rates compatible with inter-state. I think the bill is clear and addresses the question of confusing and misleading characteristics of the intra-state tariff. I didn't draw the inference you guys are talking about when I read this for the first time. It may be a jurisdictional problem if one sought to object to get judicial review or to enjoin the application of the tariff as to what is confusing and misleading. That calls for a judgment that might be subjective, but I didn't draw the other inference at all.

SENATOR HERNSTADT: The intent was the format should be similar and not the rate per mile or anything of that sort.

Mr. Hardy: We accept filings by the utility and hear all evidence. If somebody has a particular problem with them we will take any evidence into consideration.

SENATOR WILSON: I understand the evidence--I'm just talking about the requirements of tariff.

Mr. Hardy: We do not dictate the format.

SENATOR BRYAN: But you have the authority to do so.

Senate

Mr. Hardy: We have the authority to change the format and we have done so on many cases on a case by case basis, where it is shown that there is a need for change in format.

SENATOR ASHWORTH: Is the miles away a significant factor in setting the rates? It is conceivable that maybe there is better and more equipment between here and New York than there is between some remote areas intra-state.

Mr. Hardy: Absolutely. You cannot merely measure miles and make a comparison as to whether or not it is a proper rate. You cannot do that, it is impossible. You can make comparisons but it is not a valid comparison.

SENATOR HERNSTADT: If there wasn't such a bill, and the phone company made a new intra-state rate application, could you say "go back and do it on a one minute basis, or do it on the 3 time categories".

Mr. Hardy: We have authority between accept and deny. Particularly when anybody brings to our attention a need to make a change. If you change from the 3 minute to 1 minute, that would be a revenue impact which we would have consideration to and there would have to be some evidence to show us what that impact would be. But that is a matter of evidence taken at a hearing, and it can be done. It is a proper way to do it in my estimation.

SENATOR HERNSTADT: But do you have the current authority to do it - should it be your desire along with the other two commissioners to do it that way?

Mr. Hardy: I believe it would be upset in court immediately if challenged if we did it out of thin air, without some evidence on the record to show the financial impact from changing from a 3 minute rate to a 1 minute rate. We are back to rates again.

SENATOR HERNSTADT: I understand that you need evidence--you need a good rate case to do whatever

you do, but all I am saying is if it were your pleasure and you had the evidence, could you do it in that they only submitted evidence on 3 minute rates?

Mr. Hardy: Absolutely we could. If somebody presents some evidence that we can make use of to do that, we certainly could.

SENATOR YOUNG: Do you know of any standards which would show you what tends to confuse or mislead. Do you know of anything else comparable in your utility experience?

Mr. Hardy: No, no, I don't. That is the biggest problem I have with the bill, is the vagueness and the overbroadness of that terminology. The fact it is subject to dispute.

SENATOR HERNSTADT: How many general orders are now in effect?

Mr. Hardy: 24. Well, that is the highest number that was used. Some of the, I think some have been cancelled, but would be in that neighborhood.

SENATOR WILSON: Those are all applicable at the present time on one subject or another?

Mr. Hardy: That is correct.

SENATOR WILSON: It would be helpful I think to the general public if you could develop a compilation of those General Orders which are another way of formulating your rules and make them available for public distribution. I would make the same comment with respect to your Rules of Practice. Drawn in 1953?

Mr. Hardy: 1961.

SENATOR WILSON: They have not been updated and are not followed. I don't know how a member of the public, or a member of the bar, and I'm not being critical, but we talked about this two years ago. Talked about it on the select committee during the last session. It would be helpful to the public, utilities, the bar and judges, and the consumers

if you would compile the General Orders which constitute the rules promulgated by the commission into a pamphlet and if you would update your Rules of Practice to correspond with what the practice is today and publish them. This has been talked about for years. I only raise it because the PSC and utility regulations generally are part of the responsibility of this Legislative Committee to oversee. It has been discussed before and it has been in process for some time and I would like something definitive before this session is done with this commission about a plan proposing how to be published and made available to the public and I am extremely serious about this.

Mr. Hardy: I will take your comments very seriously Senator. I'm not the Chairman of the Commission but I'll relay that to the Chairman.

SENATOR WILSON: Advise your colleagues on the commission that I would like some communication for the benefit of this Committee, as to when your General Orders and your regulations and your Rules of Practice will be updated, will comply in their written terms of what the practice of the commission is today, and to be made available to the public so they can be advised accordingly.

Mr. Hardy: I can only give you the same lame excuses you had two years ago. They are in the process and have been ever since I've been on the Commission.

SENATOR WILSON: Well, I know, and that's why I raise it. They have been in process since you have been on the Commission. I understand your work load, but I think that you are going to get yourself into a box where the public is going to be able to take the position, or a consumer is on judicial review, that no where can you find the Rules of Practice which the Commission follows. There is no one source for all the General Orders in effect unless you happen to know of a general order number for which you can go in and make inquiry. That's crazy.

Mr. Hardy: I plead guilty on that question, I certainly do. Every time we get to the point where we think we are going to do something with it, hire

somebody under contract to do it, and it gets partially done, and it is on the back burner because of major rate cases, and I can give you all kinds of excuses.

SENATOR WILSON: I understand your problem. I really do, but I think sooner or later something is going to happen and you guys are going to be embarrassed by it.

Mr. Hardy: We already are embarrassed.

SENATOR YOUNG: According to the language here you say you apparently have the power now to trend the direction and goal that Senator Hernstadt seeks. Is that right?

Mr. Hardy: I say we have the power upon proper presentation, yes.

SENATOR YOUNG: Is there any intention on the part of the Commission to exercise that power, or if not, is there something that we in the Legislature can do by resolution, if not by a bill, or by amending this language to encourage you to move a little faster in getting through those rules.

Mr. Hardy: That was one of my alternative suggestions. That possibly a resolution to give us a little bit more of a nudge. It can be done by complaint, simply by letter advising us of a problem, and usually many of these problems can be resolved informally. I talked to one of the people from one of the telephone companies and he couldn't explain to me why there are 3 holidays intra-state and 5 inter-state and he admitted that it is nonsense, it should be the same. So I think that will be resolved very shortly. So as the particular problems are brought to our attention, I think we can find ways of resolving them outside of a major case, in many cases, unless the utility resists some, then we have to go to a major case.

SENATOR BRYAN: Shouldn't the PSC initiate this kind of thing. It seems that when these kinds of situations occur, the Commission can provide more leadership and direction in eliminating this kind of thing.

Senate

Mr. Hardy: I agree with you. My first exposure to this particular problem is when I saw this bill. Senator Hernstadt has talked about a lot of problems and maybe mentioned this one some years ago. If he did I don't recall it.

SENATOR HERNSTADT: The record should show that when Nevada Bell did make its rate application for a change in the intra-state rates that I not only sent you a letter, but I sent you a copy of an editorial asking that you consider this very thing. It was at the end of the public hearings and whether you personally got to see it, or whether it came to all the commissioners' attention, I don't know, but there should be in your file on that rate case, a letter indicating my dissatisfaction with the confusion and inconsistencies of these two rates. But my question is, you are sitting here with representatives of the companies that do 90% of the telephone business in the state, and maybe they will be better able to answer it, but if they were to make a new intra-state filing, and only do so on a 3 minute tariff and didn't give you the factual evidence you need to figure out the 1 minute tariff, and they refused to give you those, I could write a complaint, and members of the public and other senators could write a complaint, but would you be able, in fact, to establish a 1 minute rate structure then?

Mr. Hardy: Well, in that situation, staff could, I think, gather sufficient information upon which a presentation could be made.

SENATOR HERNSTADT: In other words you have the internal capability even if both companies were recalcitrant, which I'm not saying they would be, but if they were, you would have the internal capability to develop figures?

Mr. Hardy: That is correct. I don't think I would be ready to admit that it is necessarily confusing to have a 3 minute rate and 1 minute rate, it might appear to not be the best way to go, but I don't think it is confusing, I think it is just a difference.

SENATOR WILSON: Don't misunderstand my comments. I'm saying that for your own protection. I understand the problem. You guys have such a workload. There is one thing that this Legislature is sensitive to and that is the matter of utility regulations and the energy problems, per se, it really is. If you need money to contract it, then let's try to get the money to contract it.

Mr. Hardy: Well, your comments will be taken very seriously. I will relay them to the Chairman and the other members of the Commission and hope -- you said you wanted a report back by the end of the Session.

SENATOR WILSON: Do you need more money to get it done?

Mr. Hardy: I don't think so. I think we've got adequate money. I think it is a matter of priorities and establishing their priority and putting the people on it to get it done.

Mr. Hardy: The record should reflect that even though there are members of the utilities present, I am not with them, nor do I represent them.

Mr. Tom Case, Central Telephone, stated that if the rules were made to concur with the interstate toll rate filings of A.T.& T. at one given point where a rate case was filed in Nevada, we could well be into a situation where the next day A.T.& T. would file a new rate case, or the F.C.C. would change the rules and we would be incompatible again. It is almost going to be impossible to have inter/intra state methods of charging be the same.

Stan Warren, Nevada Bell, indicated a resolution would possibly be the thing. This is an extremely complicated situation. There are many factors that need to be considered.

Clark Guild, representing Southwest Gas, stated the testimony has indicated that the problem is in the telephone field but that is not the way the bill is drawn. The problem that he has is mainly that someone, presumably the PSC, must categorically make a

determination of when one does and does not comply with the statutes irrespective to whether it is "taken together with."

S.B. 280 REQUIRES DISCLOSURE OF REASON FOR DISCHARGE OF CERTAIN EMPLOYEES AND PROHIBITS CHARGES AGAINST CERTAIN EMPLOYERS' EXPERIENCE RATING RECORDS WHEN BENEFITS ARE PAID. (BDR 53-882)

Bill Gibbens of the Gibbens Company indicated this bill is an attempt to regain equity on behalf of the employers of this state. The bill re-inserts into the law the same language which was contained for many years, prior to the Legislative Session of 1975. He discussed unemployment procedures at length. He stated he does not feel that it is proper, equitable or fair to charge the employer when the employer has absolutely no control over the reason for separation of an employee who chooses to quit for whatever reason. Similarly, does not feel that it is fair to penalize an employer by charging his experience rating record when an employee has been discharged for reasons considered as deliberate misconduct by the Employment Security Department. He feels the financial impact of the bill will be minimal.

Mr. John Madole, representing the Associated General Contractors, and a substantial group of employers, stated they are opposed to S.B. 280. They feel this bill opens the door for some possible abuse of the fund. He submitted some amendments to the bill (see Exhibit D).

Mr. Larry McCracken, Director of Employment Security, told the Committee that the unemployment insurance system is an insurance system and consequently some employers by virtue of how they manage, have a better experience rating than others. The system would fail very quickly without the advisary relationship of employer-employee. Without experience rating, employers actually became disinterested in the system and did not contest the payment of benefits to prior employees that they would have had experience rating been in effect. See attached Exhibit E submitted by Mr. McCracken.

Mr. McCracken stated that Mr. Jim Henderson, Chairman of Employment Security Advisory Committee, asked him to speak on his behalf. He would like it in the record that he had no knowledge that this bill would be introduced and that if his schedule would have permitted he would have appeared in person to testify against it. (The advisory board is made up of 3 members of labor, 3 of management and 3 of the public.) He further stated S.B. 280 would reinstate non-charging and discussed charging and non-charging in detail with the Committee

Mr. McCracken continued stating that they believe that if non-charging existed, the tax and service industries would probably increase while in other industries the tax would decrease. Tax advantages would also accrue to smaller companies that are usually unable to participate in the non-charging documentation and scraping that is necessary that the larger firms are able to do. If it is reinstituted there is going to be the problem of potential abuse by employers who know that that advisary relationship doesn't exist, and that the benefits are going to be paid, but the department will deny those benefits by virtue of whatever the employer says.

Mr. Bob Guinn, Nevada Motor Transport Assn. and Nevada Franchised Auto Dealers, stated he is asking the Committee to take a look at the impact of this whole thing before you make up your mind.

Mr. McCracken stated that when the government employees are subsequently put into the system almost in every case, there will be some exceptions, the governmental entity will elect on a reimburseable basis rather than on a regular tax basis like private employers are. Consequently, their wage base will not be included in the average wage base on which tax rates for private employers would be based. If they choose not to be reimbursable then they will be taxed at the same rate as all other businesses.

Mr. Lou Paley, representing AFL CIO, said that they do not support this type of legislation

ADMINISTRATIVE MEETING:

S.B. 287 ESTABLISHES THE PUBLIC BANK OF NEVADA (BDR 55-673)

Motion was made to KILL by SENATOR ASHWORTH.
SENATOR CLOSE seconded the motion.
All voted in favor of KILL except SENATOR YOUNG who did not vote.

A.B. 133 CLARIFIES MINIMUM CHARGE OF PAWNBROKERS. (BDR 54-539)

Motion by SENATOR BRYAN to DO PASS.
SENATOR HERNSTADT seconded the motion.
Motion carried unanimously.

A.B. 75 MAKES VARIOUS CHANGES IN PROVISIONS RELATING TO APPRENTICESHIPS. (BDR 53-191)

Motion to DO PASS by SENATOR BRYAN.
SENATOR YOUNG seconded the motion.
Motion carried unanimously.

S.B. 258 REPEALS MINIMUM WAGE LAWS. (BDR 53-987)

Motion by SENATOR BRYAN to HOLD.
SENATOR ASHWORTH seconded the motion.
Motion carried unanimously.

S.B. 246 PROVIDES FOR TRANSITION OF WORKMEN'S COMPENSATION INSURANCE FROM NEVADA INDUSTRIAL COMMISSION TO PRIVATE INSURANCE CARRIERS AND SELF-INSURED EMPLOYERS. (BDR 53-500)

Motion by SENATOR BLAKEMORE to HOLD.
SENATOR ASHWORTH seconded the motion.
Motion carried unanimously.

S.B. 257 CHANGES STRUCTURE OF NEVADA INDUSTRIAL COMMISSION. (BDR 53-687)

Motion by SENATOR BLAKEMORE to KILL.
SENATOR YOUNG seconded the motion.
Vote to KILL 5 to 2. SENATORS ASHWORTH and BRYAN voted not to KILL.

Senate

S.B. 182 REQUIRES HEALTH INSURANCE TO COVER TREATMENT FOR ALCOHOLISM AND DRUG ADDICTION. (BDR 57-495)

Motion was made by SENATOR HERNSTADT to KILL.
SENATOR ASHWORTH seconded the motion.
Vote 6 to KILL. SENATOR YOUNG abstained from voting.

A.B. 213 EXTENDS PENALTY FOR FAILURE TO SECURE OCCUPATIONAL DISEASE INSURANCE TO EMPLOYER WITH ONE EMPLOYEE AND DELETES OBSOLETE REFERENCES. (BDR 53-307)

Motion was made by SENATOR YOUNG to DO PASS.
SENATOR HERNSTADT seconded the motion.
Vote 5 yes. SENATORS ASHWORTH and BLAKEMORE voted no.

A.B. 14 REQUIRES NEVADA INDUSTRIAL COMMISSION TO PAY INTEREST ON ADVANCE CASH PREMIUMS PAID BY EMPLOYERS. (BDR 53-568)

Motion was made by SENATOR YOUNG to HOLD.
SENATOR ASHWORTH seconded the motion.
Motion carried unanimously.

S.B. 253 CLARIFIES PROVISION ON DISABILITY COMPENSATION PAYABLE TO WORKMAN WHO SUFFERS SUBSEQUENT INJURY. (BDR 53-832)

Motion was made by SENATOR YOUNG to KILL.
SENATOR BLAKEMORE seconded the motion.
Motion carried unanimously.

S.B. 252 REMOVES HEARINGS BEFORE NEVADA INDUSTRIAL COMMISSION FROM NEVADA ADMINISTRATIVE PROCEDURE ACT. (BDR 53-831)

Motion was made by SENATOR ASHWORTH to KILL.
SENATOR HERNSTADT seconded the motion.
Vote 5 to KILL. SENATORS YOUNG and BRYAN voted no.

S.B. 251 PROVIDES BROADER INCLUSION OF TRAVEL AS EMPLOYMENT FOR PURPOSES OF WORKMEN'S COMPENSATION. (BDR 53-836)

Motion was made by SENATOR YOUNG to KILL.
SENATOR ASHWORTH seconded the motion.
Motion carried unanimously.

S.B. 259 REQUIRES WRITTEN ESTIMATES OF COSTS OF FUNERALS. (BDR 54-1043)

Motion was made by SENATOR ASHWORTH to HOLD.
SENATOR YOUNG seconded the motion.
Motion carried unanimously.

S.B. 159 CREATES STATE BOARD OF DENTAL PROSTHESIS, PROVIDES CERTIFICATION PROCEDURES FOR DENTURISTS AND PROVIDES A PENALTY FOR UNAUTHORIZED PRACTICE OF DENTAL PROSTHESIS. (BDR 54-667)

Motion was made by SENATOR ASHWORTH to indefinitely postpone.
SENATOR YOUNG seconded the motion.
Vote 5 to KILL. SENATORS HERNSTADT and BLAKEMORE voted no.

S.B. 250 REGULATES PRACTICE OF NATUROPATHY. (BDR 54-600)

Motion was made by SENATOR HERNSTADT to KILL.
SENATOR YOUNG seconded the motion.
Motion carried unanimously.

S.B. 289 REQUIRES COMPATIBILITY OF INTRASTATE WITH INTERSTATE UTILITY RATE SCHEDULES. (BDR 58-990)

Motion was made by SENATOR HERNSTADT to KILL.
SENATOR ASHWORTH seconded the motion.
Motion carried unanimously.
Draw resolution decided by Committee.

Senate

A.B. 220 ELIMINATES INCORRECT REFERENCE IN PROVISION ON UTILITY CONSTRUCTION PERMIT PROCEEDINGS. (BDR 58-314.

Motion was made by SENATOR YOUNG to DO PASS.
SENATOR BRYAN seconded the motion.
Motion carried unanimously.

S.B. 122 AMENDS PROVISIONS RELATING TO REGULATION OF LAND SALES. (BDR 10-230)

Motion was made by SENATOR ASHWORTH to KILL.
SENATOR BLAKEMORE seconded the motion.
Vote 6 to KILL. SENATOR YOUNG voted no.

S.B. 59 LIMITS POWER OF LOCAL GOVERNMENTS TO ISSUE CONTRACTOR'S LICENSES. (BDR 54-477)

Motion was made by SENATOR ASHWORTH to reconsider S.B. 59.
SENATOR HERNSTADT seconded the motion.
SENATOR ASHWORTH moved to indefinitely postpone.
SENATOR CLOSE seconded the motion.
Vote 5 to KILL. SENATORS YOUNG and HERNSTADT voted no.

There being no further business the meeting was adjourned at 8:30 P.M.

Respectfully submitted,

Lyndl Lee Payne, Secretary

APPROVED BY:

Thomas R.C. Wilson, Chairman

SENATE

AGENDA FOR COMMITTEE ON COMMERCE & LABOR

Date Monday March 14, 1977 Time 1:30 P.M. Room 213

Bills or Resolutions to be considered	Subject	Counsel requested*
	REVISED	
S. B. 258	Repeals minimum wage laws (BDR 53-987)	
A. B. 75	Makes various changes in provisions relating to apprenticeships. (BDR 53-191)	
S. B. 122	Amends provisions relating to regulation of land sales (BDR 10-230)	
S. B. 278	Provides penalty for hiring illegal alien (BDR 53-988)	
S. B. 287	Establishes the public bank of Nevada (BDR 55-673)	
S. B. 289	Requires compatibility of intrastate with interstate utility rate schedules (BDR 58-990)	
S. B. 280	Requires disclosure of reason for discharge of certain employees and prohibits charges against certain employers' experience rating records when benefits are paid (BDR 53-882)	
A. B. 133	Clarifies minimum charge of pawnbrokers (BDR 54-539)	
A. B. 220	Eliminates incorrect reference in provision on utility construction permit proceedings (BDR 58-314)	

*Please do not ask for counsel unless necessary.

3-14-77

SENATE

DATE 3-14-77

PLEASE PRINT PLEASE PRINT PLEASE PRINT PLEASE PRINT PLEASE PRINT PLEASE

TESTIFYING?	NAME	ORGANIZATION	ADDRESS	PHONE
YES ✓	Louis Belarde	N/A	1320 Ledera	882-8981
yes	Clark Guild	Southwest Gas	102 Roff Way	786-236
yes ✓	Stan Jones	Nevada State Labor Commission	Carson City	885-4850
No	Bill Cozart	REALTORS		329-6649
yes ✓	Allen Brinkerhoff	Brinkerhoff Ranch	Lovelock Nev 89419 RT1 Box 36	273-277
yes ✓	DeLoyd Satterthwaite	Ranching	Tuscarora Nev	6549
yes ✓	Mike Mafrese	McCulloch	530 Idaho St Elko	738-319
yes	Joe [illegible]	Trico	100 N Arlington	332-3681
yes ✓	Mark Fine	American Nevada Co	900 S. Commerce	382-1776
yes ✓	R. J. Evans	Winnemucca Farms Inc	Winnemucca	623-2900
✓	[illegible]	Nev State A.F.L.-C.I.O.		329-1580
NO	R Wong	ESD	500 E Third	885-451
No	J Hanna	"	"	885-4550
No ✓	Paul Unruh	Unruh's Turf Farm	Minden Nv	782-669
YES ✓	LEE HARVEY	J.C. PENNEY Co.	P.O. Box 4015 BUENA PARK, CA	(714) 523-682
YES ✓	JOHN MADOLE	Assoc. Gen. Contr.	P.O. Box 7315 Reno	329-6116
yes ✓	Wm R Gibbens	The Gibbens Co.	Reno	826-6100
Yes ✓	Tom Case	Central Telephone Co.	Las Vegas	385-5105
Yes ✓	Bob Alkire	Kennecott Copper	Carson-Ormsby	882-1890
No	Maurice Settelmeyer	Farming	Minden	782-2955
Yes ✓	Angus McLeod	Real Estate	Carson City	885-4280
[illegible]	Jeanne Hannafin	Real Estate	Carson	"
Yes ✓	Daryl E. Capurro	NMTA NFADA	Reno	323-5159
yes	Frank Daykin	Leg. Counsel Bureau		
yes	[illegible] Hernstadt	Nev. Legislature		

990

SENATE

DATE 3-14-77

PLEASE PRINT PLEASE PRINT PLEASE PRINT PLEASE PRINT PLEASE PRINT PLEASE

TESTIFYING?	NAME	ORGANIZATION	ADDRESS	PHON
✓	Larry McCracken			
	~~[illegible]~~			
✓	Nicholas [illegible]	[illegible]	1003 [illegible] Bldg	32815
✓	[illegible]	For [illegible]	112 [illegible]	
278 ✓	Louis Belarde			
133	Paul May - Nev. Assembly			
✓	[illegible]			
✓	Frank Fist			
✓	Sen. Joe Neal - Nev Legislature			
✓	Nadine Reed			
✓	Mike Melner			
✓	Jordan Crouch			
✓	Ray Knisley			
✓	[illegible] Hardy			
	~~Tom Cook~~	~~Central Telephone~~		
✓	Bob Guinn			

STATE OF NEVADA
CAPITOL COMPLEX
DEPARTMENT OF COMMERCE
REAL ESTATE DIVISION
ADMINISTRATIVE OFFICE
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MIKE O'CALLAGHAN
GOVERNOR

MICHAEL L. MELNER
DIRECTOR
DEPARTMENT OF COMMERCE

ANGUS W. McLEOD
ADMINISTRATOR
REAL ESTATE DIVISION

February 28, 1977

Notice of Hearing on Senate Bill 122, to be heard by the Senate Commerce & Labor Committee, 1:30 p.m., March 14, 1977, Room 213 was sent to the following firms and individuals:

AAA Technical Service
Allen Estates, Inc.
Anko Properties, Inc.
Arrow Corporation
Marshall Ashcraft
B.W.C. Corporation
Battle Mountain Dev. Co.
Baughman, Haught & Turner, Inc.
Bell Vista, Inc.
Beverly Incline Partnership
Robert Bilbray, Esq.
Boise Cascade
Jay H. Brown, Esq.
Melvin Brunetti, Esq.
John Rogers Burk, Esq.
CES Investment Corp.
Campground Resorts, Inc.
Frank Chapin
Chapman General Hospital
Rex Claridge
Melvin Close, Esq.
Commerce Mortgage Co.
The Country Place
The Dammeron Corporation
Dart Industries
Bill Davis
J. Douglas Deaner, Esq.
Ross deLipkau, Esq.
Edmund Douglas
Dunlap Land & Investment Co.
David Ellsworth, Esq.
El Rancho Estates
ERGS, Inc.
Frank Farabi - NOTICE RETURNED
Bob Fisher
Hy Forgeron, Esq.
Abe Fox
Galis, Inc.
Adrian K. Gillett
Glenbrook Properties, Inc.
Great Western Empire
Tim Hafen
Edward Hale, Esq.
Nicolaus Harkins, Esq.
High Sierra Development
David Hoy, Esq.
J. B. Investment
Johnson Development Co.
Charles Kimball
Kingslane
L & B Investment
Landmark Subdivision (Dillon Cross)
Landmark Subdivision (Andrew Dickman)
Leisure Industries, Inc.
Lemmon Valley Land
Chuck McGee, Esq.
Wilfred Mallet
Mammoth Development Co.
Michael P. Marfisi, Esq.
Ted Mattson
Meadow Valley Ranchos, Inc.
Norval Miles - NOTICE RETURNED
Mill City Ranchos
Mirror Lake Corporation, Inc.
Philip A. Murphy, Jr.
Murrieta Venture
Robert C. Nahas - NOTICE RETURNED
Neva Corporation
Nevada Land Builders, Inc.
Oak Glen Investments
Occidental Land, Inc. (Los Angeles)
Occidental Land, Inc. (Reno)
Robert Overtree
Pacific Western Estates
Johnie T. Patton, Inc.
Peavine Meadows Land Co.
Shirley Penzel
Pinenut Enterprises
Ponderosa Land & Livestock Co., Inc.
Preferred Equities Corporation
R.P.I. of California, Inc.
Rainbow Development Corp.
George Rudiak, Esq.
Sacramento Valley Ranches
Fomento Urbano de SAN CARLOS, S.A.
Lenard E. Schwartzer, Esq.
Gordon Shelley, Esq.
Sierra Charter Corporation
James E. Smith
Spring Creek Corporation

Steamboat Springs Estates
Stockton Holding Corporation
T & F Enterprises
Tahoe Donner, Inc.
Ray Thomas Enterprises, Inc.
Topaz Ranch Estates & Cold Springs Development
Tyrolian Village, Inc.
Union Carbide
Vacation Club International
Village Park, Inc.
Thorpe A. Waddingham, Esq.
Ronald Warren, Esq.
Whispering Pines, Inc.
R. G. Whitney
Wildwood
Honore Zenk, Esq.
William Ziegler, Esq.
McCulloch Properties

All Members Real Estate Advisory Commission

REMARKS BEFORE HEARING ON S.B. 278
held at 1:30 pm--March 14, 1977

Exhibit A

March 14, 1977

Mr. Chairman and members of the committee, I appear today in opposition to subject Senate Bill 278. My name is A. J. Evans, I live in Winnemucca, Nevada as General Manager of Winnemucca Farms, Inc.

Winnemucca Farms own some 20,000 acres of Nevada land and currently farms over 13,000 acres of same having been engaged in development of our properties since 1970. Crops include potatoes, wheats, barleys, onions and hays. During this period we have steadily transferred assets and activities to Nevada from Idaho where the owners of Winnemucca Farms have long been engaged in agricultural activities. The company not only had supreme confidence in the expanding agricultural potential of Nevada but has seen fit to expend millions of dollars. Close to $35 mm in sales over this development period has virtually all been expended in payrolls and support of other Nevada businesses.

We have seen in this short time extensive agricultural growth in our vicinity of Winnemucca: grain production has increased from 4,000 plus acres to approximately 23,000 acres and potatoes from virtually nothing to approximately 16,000 acres last year, as examples. Be assured this has brought with it three produce packing facilities, a processing plant, an equipment manufacturing business and machine shop, extensive growth of myriad local businesses and even growth in your state Department of Agriculture, as well as a tremendous increase in jobs and job opportunities.

Fortunately, or unfortunately, depending on your point of view, agriculture tends to be labor intensive. Basic raw facts show agriculture to be the lowest return on investment of virtually any business in America while we are relied upon to supply the really vital necessities of life to not only America but much of the free world with constant encouragement to produce even more. While many businesses can be adjusted or altered by man to

compensate for various economic and environmental conditions, agriculture still cannot control God's weather and universe. Weather conditions are extremely critical--often sowing and harvesting are only vaguely predetermined and one or two days, yea, hours for some crops, are the difference between a bumper crop of good quality or a total loss of the crop in the field.

Labor, of course is a most critical item in agriculture. Work is spasmodic, related to the season, crops and climate and much of it is hard, back-breaking labor-no different than it has ever been but our easy, even lazy if you'll permit the term, way of life in America in recent years has left few people with the will to do physical labor. Frankly, why should they when you and I are gullible enough to fill the public coffers with the means where they don't need to work but only vote to keep the income flowing.

Much of Nevada, and particularly our type industries are seasonal agriculture and it is not economically sound or even possible to retain much of the labor needed year around, so socialogically termed "labor pools" are almost a joke as they tend to be almost ethereal at times. It is common knowledge therefore, among those acquainted with agriculture, that you must often hire help available this morning or this afternoon as your need becomes known--else the help may not be there tomorrow, at least help willing to do the work, or you may very well not save a mature crop. This one factor of qualified labor is every bit as important to agricultural production as the weather and seemingly as unpredictable in spite of our economists.

Let me define "qualified". During the recent period of high unemployment we all learned a new phrase--"overly qualified" and we know that meaning--one who had more education and experience than required, implying such individual wouldn't be satisfield or stay long. Well, most of us today consider ourselves "overly qualified" when it come to steady, back-breaking, often dreary and repetitive work required of most agriculture, yet we want the cheapest meat and potatoes in the world. "Qualified" labor to agriculture

is one who is smart enough to understand simple instructions, yes; be physically sound and mentally alert, yes; but most important be willing to do the work required, everyday as needed, until the work is completed. We are not concerned with the color of their skin, the religion they profess, their sexuality or even their language and big brother has now made it a law that we can't be, but we need willing laborers. Frankly, we are often faced with the necessity of hiring whomever or whatever will show up to do a job and are sadly disappointed when the supplies from our unemployed will show up for pay but not for work.

On top of all the responsibilities of our businesses and endeavoring to be a good citizen Senate Bill 278 would have us become an investigative agency and allow crops and businesses to suffer while we investigate every personal detail of a potential employee. Then if we make a mistake we get fined. Gentlemen, we already collect your taxes for you plus social security plus prepare voluminous reports to keep the beaurocracy in power, police trucking records, fuel tax, etc; keep records, spend good money, take time and cower before OSHA, EPA and myriad other federal agencies. Do you really want to kill the goose that laid the golden egg? This bill is totally unnecessary, uncalled for and I've been told it appears to be a legislative endeavor on the part of the authors to placate those crying about unemployment numbers without studying facts. I have higher respect for legislative integrity.

Please remember that Agriculture <u>is</u> a prominent industry in Nevada and it is for this industry and affiliated industries, I speak. Your business, if it be other, I don't profess to know as well. Nevada sits next to California with a tremendous number of people and steadily declining agricultural acres with increasing production costs. Competitively, Nevada is steadily gaining and I'd like to see our legislature promote

that trend in deference to imposing unmeasureable hardships on us. You should discard S.B. 278.

Before I'm questioned about agricultures future under the pall of drought, and Nevada's limited water, I would note that I've spent much time with our Water Resources Board which I feel is doing a marvelous job. I'm confident they would support a general statement that there are still a number of small water basins still open for development with excellent agricultural potential. I'm most confident that as Nevada continues to improve their competitive stature in this industry you'll see continued growth.

Bills such as Senate Bill 278, while I'm sure may be well intentioned, can only do harm to a vital part of our state and reconsideration on the part of it's authors I trust will provide for its demise.

Thank you for your attention.

Exhibit Mr. Cranch 3
B SB 287

State-owned banks: New wine for old bottles?

What experience and history teach is this, that peoples and governments never have learned anything from history, or acted on principles deduced from it.

Georg Wilhelm Friedrich Hegel – political theorist

Allocation of credit has caused perennial conflicts and controversies ever since the founding of our republic. Dissatisfaction with the market system's allocation of credit has brought forth demands for increased government control, planning, and intervention in the allocation of credit. Advocates contend, in general, that the private market economy—through the price mechanism—either has failed to or will not allocate sufficient credit and other resources toward certain "socially desirable investments" (e.g., housing, students, farmers, small businesses, and state and local governments). Others contend that any effort by the government to alter the allocation of credit has in the past—and would in the future—disrupt and destabilize the financial community; furthermore, the social costs of these efforts would exceed the benefits and would be "administrative nightmares."

The methods most frequently discussed for altering credit flows may be placed in the following broad categories: (1) policies directed toward altering the overall *price* of credit (various tax and subsidy programs), (2) selective credit controls intended to limit and/or allocate the *quantity* of credit available (ceilings or quotas), and (3) the development and *alteration of financial institutions* to achieve a more effective allocation of funds to the "priority sectors."

This article focuses upon the third category, dealing primarily with a particular class of financial institution—state-owned banks. These are defined as banks owned, controlled, and operated by a state government. Currently, and to the surprise of many, there is one such institution in the United States—the Bank of North Dakota.[1]

Recently, two bills directed toward the establishment of a state-owned "public bank" were considered by the Banking Committee of the New York State Assembly.[2] Among other things, this proposed institution would perform the following functions: (1) depository for public monies, (2) underwriter of obligations of state and political subdivisions, (3) lender primarily on an intrastate basis, and (4) provider of a "yardstick" by which the performance of conventional banking institutions could

[1]Furthermore, public attention has most recently been directed to the general issue of state involvement in banking in light of the problems experienced by the Farmers Bank of the State of Delaware, 49.3 percent of its stock being owned by the State of Delaware.

[2]Assembly Bills 6531 and 6532, 1975.

Read last page first

be measured. Similar legislation is pending in the Canadian province of British Columbia, and two California State Senators have recently requested that a feasibility study be made concerning the establishment of a state-owned bank in California.

Rationale behind state involvement in banking

State involvement in and ownership of banking institutions in the United States dates back to the late 1700s, varying between the extremes of minimal involvement to complete ownership and operation prior to the Civil War. However, almost all states—even though they did not actively participate in banking—either reserved the right to or were required by the state constitution or statutes to subscribe to a portion of the stock in newly organized banks.[3] Motives for state involvement in banking were numerous, but major reasons included:

- Profits. Since banks were a source of considerable profits, it was believed that profits derived from state participation in banking activities could eliminate, or at least reduce, the burden of state taxes.
- "Favored borrower." By owning and operating banks, the state assumed it would be able to borrow on better terms than elsewhere.
- Public depositories. Many state-owned banks were to function as depositories of state funds and to act as fiscal agents for the states.
- Public confidence. Due to widespread public concern and distrust of banks during this period, state ownership was thought to be a means of preventing the establishment of privately owned banks whose policies might be antithetical to the public interest.
- Provider of capital. Particularly in the southern and western regions of the country, the lack of private capital with which to finance agricultural and industrial development provided an impetus for state ownership of banks as a means of providing the needed capital. Several banks were established for the purpose of lending to agriculture and promoting internal improvement projects (e.g., canal and railroad development) within the states.
- "Relief institutions." A number of state-owned banks were established to ensure that credit would be extended to those persons who were unable to obtain it elsewhere, with the particular mission of providing relief to debtors.

Results of early state ventures into banking

By the end of the Civil War most of the states had removed themselves from active participation in banking. (See box for a capsule history of many of the state-owned banks.) In general, history reveals that state ventures into banking proved to be a costly experiment. While results varied from state to state, some general insights can be derived from the historical experience. Although state ownership was not the main cause of the failure (or success) of these institutions, the most conspicuous examples of failure occurred when the state had a free hand in the bank's affairs. In many instances the bank was controlled by incompetent political appointees who were subject to special interest group pressures and who used the bank to grant or deny political favors. These political appointees frequently had little regard for basic and sound banking principles.

At the outset both the state legislature and taxpayers approved of the state becoming a banker since they foresaw the profits arising from such a venture as a step toward achieving a taxless society.

[3] D.R. Dewey, *State Banking Before the Civil War* (Washington: United States Government Printing Office, 1910), p. 33.

Upon formation, however, the objectives of various special interest groups began to conflict. On the one hand, the state and taxpayers had a desire and a goal to make the bank profitable. In so doing, bank profits would provide needed state revenues and lessen tax burdens. On the other hand, the state and the bank's debtors wanted to use the bank to achieve "higher social goals," such as providing relief, developing resources, promoting internal improvements, etc. As a result, the "higher social goals" meant that the state-owned bank was to be sacrificed to its debtors. As soon as an economic or political crisis was at hand, "relief" was called for, which meant that the bank's debtors were to be relieved of their obligations to the bank. In the case of many of the state-owned banks, failure resulted when the state simultaneously attempted to live off the bank and plunder it.[4]

In light of numerous examples of state-owned bank failures and few examples of successes, it is instructive to examine the background and results achieved by the one remaining state-owned bank in the United States—the Bank of North Dakota.

The Bank of North Dakota

From 1915 to 1920, brought on largely by the pressures of World War I, the demand for agricultural products and industrial goods increased. Since agriculture was becoming increasingly mechanized, farmers required more credit to purchase machinery and to buy and improve land. In the western states a scarcity of deposits made it difficult for private banks to extend sufficient credit to meet the demands of agriculture. Although rural banks were, on average, heavy borrowers from the city banks, there was a growing outcry that the city banks were draining money from the rural areas.[5] Economic instability and unmet credit demands fostered demands for political action to remedy the situation.

Due to the scarcity of credit in North Dakota, farmers in the state became deeply indebted to the banks in Minneapolis, which—they argued—were charging inordinately high interest rates on both short- and long-term loans; even at these high rates the farmers could not be assured of securing credit. Lacking faith in the ability of the market system to allocate sufficient credit to agriculture, the Non-Partisan League committed itself to organizing a state-owned bank in North Dakota to be the "people's bank," both in terms of ownership and service.[6]

Proponents of the bank believed that it would retain funds locally and would extend credit to farmers on real estate mortgages. Also a "banker's bank," it would furnish credit and provide clearing services, thus making local banks less dependent upon banks in Minneapolis and other urban centers.

Early in 1919 the North Dakota legislature authorized the incorporation of the Bank of North Dakota, intending it to be an institution to promote economic development within the state, as was clearly stated in the Bank of North Dakota Act:

> For the purpose of encouraging and promoting agriculture, commerce and industry, the State of North Dakota shall engage in the business of banking, and for that purpose shall, and does

[4]William Graham Sumner, *A History of Banking in the United States*, vol. 1: *A History of Banking in All the Leading Nations* (New York: The Journal of Commerce and Commercial Bulletin, 1896), p. 315.

[5]Charles S. Popple, *Development of Two Bank Groups in the Central Northwest* (Cambridge, Massachusetts: Harvard University Press, 1944), p. 73.

[6]Almost 100 years earlier (1820) the State of Kentucky had formed the state-owned Bank of the Commonwealth of Kentucky (popularly known as the "Peoples Bank"). Relief objectives, corrupt management, and currency depreciation forced the Bank of the Commonwealth of Kentucky to cease its lending activities ten years later.

1000

Historical highlights of state-owned banks: 1792-1861

Massachusetts

Just as it had been the first state to use paper money, Massachusetts was the first state to become directly involved in banking activities. In 1792 the Commonwealth of Massachusetts subscribed for one-third ($400,000) of the capital stock of the Union Bank at Boston. The Union Bank was made the depository for Commonwealth funds, and the Commonwealth continued to acquire additional shares in the bank until 1812 when it sold its interest in the bank, which had proven to be a good source of revenue for the state.

Vermont

In 1806 the State of Vermont established itself as an innovator in American banking history by chartering the first bank to be completely owned and controlled by a state. Called the Vermont State Bank, it was formed without specific capital and, as such, became known as the "first great state paper money machine." The bank and its two branches received all state funds; all bank profits were paid to the state; and the state pledged its faith and credit to redeem the bank's obligations.

In 1807 the Vermont State Bank was placed in a monopoly position by the legislature, which enacted a law prohibiting bank notes from other states from entering Vermont for the purpose of making loans. In 1812, brought on by loan losses and credit impairment, legislative action was taken to close the institution. Final settlement of the bank's affairs was completed in 1845; the bank's losses were estimated to be about $200,000.

South Carolina

In 1812 South Carolina formed the first entirely state-owned bank in the South. Known as the Bank of the State of South Carolina, it acted as the state's fiscal agent, paid interest on the state debt, and provided banking services for residents of the state. The legislature elected the bank's president and twelve directors. By 1830 the bank had been instrumental in paying a portion of the principal of the state debt, and in 1838 it played an active part in obtaining money in Europe to finance the rebuilding of Charleston, which had been destroyed by fire.

The Bank of the State of South Carolina was one of a limited number of banks which did not suspend specie payments during the Panic of 1837; it survived the Civil War only to succumb to Reconstruction politics and was placed in receivership in 1870. During most of its history the bank was apparently well managed and profitable and served as a model for other states desiring to establish state-owned banks.

Kentucky

In 1820 the Kentucky legislature chartered, for a 20-year period, the Bank of the Commonwealth of Kentucky explicitly for the purpose of "relief of the distress of the community." Notes issued by the bank were not made legal tender, but pressure was brought to bear upon creditors who refused to accept these notes. The legislature elected the president and twelve directors. The bank's notes depreciated soon after issue, and by 1830 the bank ceased to loan money (partly due to lack of borrowers). The charter expired in 1841 and several years were necessary to settle the bank's affairs.

Tennessee

In 1820 the Bank of the State of Tennessee was incorporated "for the purpose of relieving the distress of the community and improving the revenue of the state." The bank was designated as the state's depository and its Board of Directors was appointed by the legislature. Mismanagement and irregularities in the bank's lending policies resulted in its closing in 1832, with some loss to the state.

In 1838 the State of Tennessee chartered, for 30 years, another Bank of the State of Tennessee to provide relief and a sound currency, and to assist commerce, education, and public works. The conflicting goals of providing relief and supporting internal improvements led to the bank's demise in 1866.

Illinois

The Illinois Constitution of 1818 specified that there should be no banks in the state except a state bank and its branches. In response to widespread financial distress, and over the objections of the Governor of Illinois, the State Bank of Illinois—"an institution for relief of individual distress" and founded wholly on the credit of the state—was established in 1821. The bank's head office was at Vandalia, then the state capital, with branches in four other cities. The legislature exercised complete control over the bank's operations and elected the president and six directors of the head office. The bank was the sole depository of state funds.

From the beginning the bank's operations proved to be a serious burden on state finances. Problems arose primarily from two factors—inept management by political appointees and the liberal attitude which the state took toward the bank's debtors. The bank's charter expired in 1831 at which time the state was forced to borrow $100,000 to wind up the bank's affairs. Total monetary loss to the state was estimated to be $400,000; however, this does not reflect the loss incurred by private individuals nor the damage to the state's credit standing.

Alabama

The Alabama Constitution of 1819 specified the establishment of one state bank with branches. In 1823 the Bank of the State of Alabama was chartered "to provide for the safe and profitable investment" of public funds, an objective it failed to achieve. The state was the sole stockholder, and the General Assembly elected the president and twelve directors. The bank's charter expired in 1845, its history clouded by loan losses and political scandal. In 1867 the state constitution was amended to prohibit the state from being a stockholder in any bank.

Georgia

Under pressure from agricultural interests the State of Georgia in 1828 established the Central Bank of Georgia for the purpose of "making loans upon terms more advantageous than has heretofore been customary." The Governor chose the directors, and the bank acted as the state's fiscal agent. Financial loss preceded the bank's closing, its affairs not being terminated until about 1856.

Indiana

The Indiana Constitution of 1816 was unique in the sense that it was the first state constitution to explicitly prohibit the establishment of banks, with the exception of a state bank with branches. In 1834 the State Bank of Indiana was incorporated for a period of 25 years. In part, the bank was organized to "encourage the development of the agricultural resources of the state" and to act as the state's fiscal agent. It was a tightly knit federation of banks under the general supervision of a Central Board at Indianapolis. The state held 50 percent of the stock, elected the president and four of the seven directors of the main bank at Indianapolis, and shared in the appointment of each branch was managed by local shareholders. Local control, mutual liability, and stringent supervision by the Central Board—not characteristic of other state-owned banks—proved to be key factors in the success of the bank, along with its existence as a pure monopoly within the state. The bank weathered the Panic of 1837, and when it wound up operations in 1857, it had paid regular dividends with the state realizing a net profit of about $3.5 million. Constructive achievement displayed by the State Bank of Indiana served as an example that other states followed.

Arkansas

In 1836 Arkansas, following the example set by South Carolina, incorporated the Bank of the State of Arkansas. The president and twelve of the directors were appointed by the state legislature. The bank acted as the depository for state funds and was required to loan these funds throughout the state. Due to a combination of economic, political, and bank management factors, it was closed in 1842 and the State of Arkansas was left with a $5 million debt as a reminder of its banking experience. The Arkansas Constitution was amended in 1846 to prohibit *any* banking institution from being established in the state.

hereby, establish a system of banking owned, controlled and operated by it, under the name of the Bank of North Dakota.

The bank was to have a capital stock of $2 million to be subscribed for entirely by the state. In its early years instances of mismanagement, involvement in foreclosures on real estate loans, and political manipulation of the bank's affairs weakened public confidence in the institution. By 1924 the bank's operating losses were estimated at about $1.8 million.[7] Some confidence in the bank was regained during the 1930s when it supported the market for local government obligations.

From this rather dismal beginning the Bank of North Dakota has evolved into the largest commercial bank in the state. As of year-end 1975 its total deposits amounted to approximately $311.7 million, representing about 11.9 percent of the state's total commercial bank deposits. The bank's aggregate net operating earnings over its 56-year history had amounted to approximately $90.9 million.

From its inception the bank did not enter into direct competition with other commercial banks within North Dakota. Today it operates largely as a trust fund for public deposits and as a clearing house for many state institutions. The bank receives all of the deposits of the state agencies—as well as about 30 percent of the deposits of political subdivisions other than the state—and a limited amount of demand and time deposits from individuals. It also acts as a correspondent bank for many small unit banks within the state. All of the bank's deposits are state guaranteed.

Law prohibits the bank from making private and commercial loans, except Veterans Administration (VA) and Federal Housing Administration (FHA) guaranteed home loans and federally insured student loans. These loans, as of year-end 1975, represented about 53 percent of the bank's total loans, which amounted to $119 million. With total deposits of $311.7 million the bank's loan-to-deposit ratio is about 38 percent, somewhat lower than the loan-to-deposit ratio for private commercial banks in the state. This low ratio is explained in part by the nature of the bank's public deposits and its commitment to the safety of public deposits.

The bank derives approximately 38 percent of its total operating income, which amounted to about $25.4 million in 1975, from interest on loans. Interest expenses accounted for about 91 percent of the bank's total operating expense, which was $17 million at year-end 1975. The ratio of total operating expense to total operating income in 1975 was 66.6 percent, which is above average compared to private commercial banks of similar size.

Commencing during the 1940s the bank became an active underwriter for bond issues of the state's political subdivisions. The bank has been criticized for its policy of holding tax-exempt securities since it pays no income tax. However, the management contends that the policy is both efficient and economically sound since many of the issues are so small as to preclude public bidding.

The question of whether the Bank of North Dakota has been an effective institution for fostering economic development within the state remains to be answered. On the surface it appears that the extent of development fostered by the bank is less than proportional to its size. Concern over the safety of its public deposits and the need to remain highly liquid has caused the bank to hold a large portion of its earning assets in a low risk, low return form. The trade-off between low risk and high return tends to hamper developmental potential.

[7] Warren M. Persons, *Government Experimentation in Business* (New York: John Wiley and Sons, Inc., 1934), p. 188.

Although the Bank of North Dakota was established, in part, to make agricultural loans available on a reasonable basis, it makes no direct farm loans; presently, its major contribution in supplying farm credit lies in the purchase of federally insured Farmers Home Administration (FmHA) loans and participations in agricultural loans made by other banks. To a certain extent the objectives of the bank were supplanted by the establishment of federal agricultural lending institutions and regulations which have expanded the alternative sources of agricultural credit.

State-owned banks: pitfalls and advantages

The history of state-owned banks reveals that in almost all cases the banks were established with the belief that existing financial institutions were not adequately meeting the financial needs of the state and/or the public. To fill the void, the states became bankers. With some notable exceptions their existence was short-lived; and, more often than not, they did not achieve their desired objectives.

On at least two recent occasions the Bank of North Dakota has been cited as a "valid historic precedent" which "proves that a state government can efficiently and effectively manage a banking institution." On the other hand, one might well cite the record of the Bank of the State of Arkansas or the State Bank of Illinois as establishing a "valid historic precedent." States considering the establishment of state-owned banks should be aware of both the pitfalls and the advantages that may be derived from bank ownership, as discussed below.

Proponents of state-owned banks assume that the state will be the recipient of profits (if any) currently being derived from public funds held by private financial institutions. As such, it is contended that the profits derived from the state-owned banks will make the institutions self-supporting and will create no additional costs for the state. Carried one step further, profits derived from bank ownership will serve to lessen the overall state tax burden on the general public. Opponents, however, contend this line of reasoning is fallacious in at least two respects. First, an accounting must be made for the opportunity cost of funds employed. That is, the state must weigh the rate of return on investing scarce state resources (monetary as well as nonmonetary) in a state-owned bank against the rate of return these resources would yield in all other possible endeavors, both public and private. Second, opponents contend no empirical evidence supports the assumption that a profitable state-owned bank would necessarily cause a reduction in state tax burdens. For example, North Dakota's tax receipts per $1,000 of personal income are about 9 percent above the national average. Although not sufficient grounds upon which to reject, neither is it sufficient grounds upon which to accept the hypothesis that the establishment of state-owned banks will ensure a reduction in state tax burdens.

Proponents also contend that the establishment of a state-owned bank would allow the state to pool its financial resources so as to achieve economies of scale and efficiencies with respect to their allocation and earning potential. Opponents insist that the benefits derived from pooled resources may be less than the costs involved. Also, evidence indicates that economies of large scale are slight once a bank approaches the $10 million deposit size and are exhausted beyond the $50 million deposit level. By concentrating the majority of its financial resources in one institution, the state will forego the safety that arises out of the distribution of public funds among numerous financial

intermediaries.[8] Pooling of deposits increases a state's financial risk exposure[9] and reduces its financial flexibility by preventing it from obtaining the highest possible yield on invested funds consistent with reasonable safety of principal. Furthermore, any financial institution which relies heavily upon state and local funds will experience large fluctuations in deposits due to the seasonal nature of state revenues and expenditures. Private commercial banks are able to compensate for these seasonal trends by diversifying their deposit base. Lacking a similarly diversified base, state-owned banks will be constrained in achieving their next major goal, that of allocating credit toward "socially desirable investments."

In addition, proponents claim that public funds placed in private financial institutions are loaned out for both interstate and intrastate, as well as international purposes. By centralizing its financial resources in a state-owned bank, a state has the ability to extend credit on an *intrastate* basis and can channel this credit toward certain "socially desirable investments" in order to combat unemployment, credit discrimination, and other social problems. Opponents argue that the history of state-owned banks indicates such an institution, over the long run, would be unable to maintain, as a major objective, the allocation of credit to "socially desirable investments." Furthermore, once the state assumes the role of banker, it will be faced with the problems confronting private commercial banks, such as controlling risk exposure, maximizing returns on investments, and ensuring adequate liquidity and capital. The process of channeling its resources primarily toward "socially desirable investments" will at the very least necessitate a trade-off between risk and return. A major problem to be resolved will be the identification of socially desirable investments. Assuming that investments can be agreed upon to the mutual satisfaction of all parties involved, the transaction costs (for example, the need for elaborate and time-consuming studies to determine demand functions without being able to observe a market) must be weighed against the hoped-for increase in public benefits arising out of the nonmarket solution for the allocation of resources.

Last, but not least, proponents contend that the state-owned banks will serve as a "yardstick" by which the performance of private commercial banks can be measured. Opponents maintain such institutions would be encumbered with political administration, would be tax exempt, and would be generally insulated from the rigors of competition from other financial institutions; thus they would be of little or no value as "yardsticks."

In the final analysis the decision concerning the establishment of a state-owned bank must be made on the basis of the social costs and benefits anticipated for such an institution. Only if there are net public benefits to be derived from such an institution should the states seriously consider employing scarce financial resources. In making their decision the states might well consider Samuel Clemens's remark concerning the cat who inadvertently sat on a hot stove lid: "She will never again sit down on a hot stove lid; but also she will never sit down on a cold stove any more." Clemens concluded, "We would be careful to get out of an experience only the wisdom that is in it—and stop there."

David R. Allardice

[8] A case in point is the Farmers Bank of the State of Delaware, the sole depository for state funds. Loan losses of about $17 million in 1975 necessitated actions on the part of the state and the FDIC to protect $140 million in state funds on deposit with the bank.

[9] Delaware's "high exposure" to risk due to its more than $100 million of uninsured deposits in the Farmers Bank has been cited as a contributing factor in the recent lowering of the rating of the state's general obligation bonds to single-A from single-A-1.

Exhibit C Ian Ross

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU
LEGISLATIVE BUILDING
CAPITOL COMPLEX
CARSON CITY, NEVADA 89710

LEGISLATIVE COMMISSION (702) 885-5627
JAMES I. GIBSON, *Senator, Chairman*
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DONALD R. MELLO, *Assemblyman, Chairman*
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EARL T. OLIVER, *Legislative Auditor* (702) 885-5620
ANDREW P. GROSE, *Research Director* (702) 885-5637

February 8, 1977

M E M O R A N D U M

TO: Assemblyman R. Ian Ross

FROM: Andrew P. Grose, Research Director

SUBJECT: Exceptions to the General Usury Law

1. The general rate - NRS 99.050. Twelve percent or if the prime rate reaches 9 percent, the prime rate plus 3.5 percent.

2. Installment loans - NRS 675.290. On loans over $2,500, maximum interest is 17.74 percent per annum.

3. Retail charge agreements - NRS 97.245. Up to 1.8 percent per month. This could total 21.6 percent per annum.

4. Thrift companies - NRS 677.670. Up to 1.5 percent per month on the unpaid balance.

APG/jd

R. IAN ROSS
ASSEMBLYMAN
CLARK COUNTY DISTRICT NO. 5
723 SOUTH THIRD STREET, SUITE 202
LAS VEGAS, NEVADA 89101

Commerce & Labor

COMMITTEES
MEMBER
ENVIRONMENT AND PUBLIC RESOURCES
HEALTH AND WELFARE
JUDICIARY

AB 133

Exhibit C

Nevada Legislature

FIFTY-NINTH SESSION

February 15, 1977

M E M O

To: Senate Commerce and Labor Committee
Senator Wilson
Senator Blakemore
Senator Ashworth
Senator Bryan
Senator Close
Senator Hernstadt
Senator Young

From: Assemblyman R. Ian Ross

Re: Assembly Bill 133

Assembly Bill 133 received seven nay votes when the bill was passed by the Assembly. Several members expressed to me that they would have voted against the bill except that they had previously committed in its favor before they received the facts.

Attached hereto is a position paper on A.B. 133, which demonstrates that A.B. 133 should not be adopted. Since the compiling of the position paper, A.B. 133 was amended so that it is clear that the $3.00 charges are an initial charge rather than a continuing monthly charge. However, the result remains the same. An annual rate of 48 percent is sufficient compensation without receiving 48 percent plus $3.00.

R. IAN ROSS
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723 SOUTH THIRD STREET, SUITE 202
LAS VEGAS, NEVADA 89101

COMMITTEES
MEMBER
ENVIRONMENT AND PUBLIC RESOURCES
HEALTH AND WELFARE
JUDICIARY

Nevada Legislature

FIFTY-NINTH SESSION

POSITION PAPER ON AB 133

Pawn brokers are a regulated industry for the protection of borrowers by controlling interest rates and redemption periods by NRS 646.050. Pawn brokers are further regulated to protect the public in assisting law enforcement to detect stolen property by being required to maintain records under NRS 646.030.

With reference to interest and charges, present law lends itself to at least three possible interpretations:

1) Since the $3 minimum charge is the same as the interest rate, it can be interpreted that the $3 pertains to the monthly amount of interest. Thus interest under #1 is 4% or $3 per month whichever is greater.

2) It is possible that the $3 charge pertains to the total amount of interest collected by the pawn broker and consequently interest under #2 is 4% per month or a total of $3 whichever is greater.

3) The pawn brokers have been collecting 4% per month plus $3 and while the language does not seem to suggest that interpretation, that is how it is being interpreted in practice.

The pawn brokers do in fact need a change in language in order to be allowed to do what they are doing because in fact the statute does not provide for interest plus charges.

Pawn brokers must allow a borrower a redemption period of at least 150 days which is approximately 5 months. After the five months the pawn broker can sell a hypothetical item for $100 even though the borrower was only loaned $25 on that item. The pawn broker would retain the entire $100.

Using the hypothetical loan of $25 and the maximum lending period of five months, under the first interpretation of 4% or $3 per month whichever is greater, the interest would be $15 which is an annual rate of 144%. Under the second interpretation, 4% per month or $3 whichever is greater, interest would be $4 for an annual rate of 48%. Under this method if the property were retained for one month rather than five months, the rate would be 144%. Under the proposed AB 133 method the same $25 for five months would be $8 which is an annual rate of 60%.

Attached you will find a memorandum from the Research Director of the Legislative Counsel Bureau which gives you the legislative history and gives statutory comparisons with six other western states. The data attached to the memorandum by tab number is not included but is available upon request at my desk.

CONCLUSION

Based on the foregoing facts, while it is a value judgment, I believe that the second interpretation which allows a pawn broker 48% per year or in any event at least $3 is sufficient compensation for the service provided by the pawn broker. Any more is too much.

STATE OF NEVADA
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February 4, 1977

M E M O R A N D U M

TO: Assemblyman R. Ian Ross

FROM: Andrew P. Grose, Research Director

SUBJECT: A.B. 133

A.B. 133 would amend NRS 646.050 concerning interest rates charged by pawnbrokers.

This section dates from the 1911 Crimes and Punishments Act. It was codified in 1929 at NCL § 10153, a copy of which is attached (Tab A). The rate was set at 3 percent per month with no other fees.

The first amendment was in 1951 which added "* * * that for any loan made the pawnbroker may make a minimum charge of $1" (Tab B). There are no records from 1951 to provide legislative intent.

In 1969, Harry Reid introduced A.B. 314 by request. It would have raised the 3 percent to 6 percent and the $1 minimum charge to $3. It was amended in the Assembly Committee on Judiciary to an interest increase to 4 percent. There was testimony that California had a 10 percent interest, Oregon 3 percent but likely to go to 5 percent (Tab C). In the Senate, the testimony was that New Mexico had a 4 percent interest, Oregon 10 percent, Arizona 2 percent, Utah and California 5 percent (Tab D). It is interesting that none of these figures matched between the two committee hearings. In the Senate committee hearing, it was also stated that the Las Vegas pawnbrokers wanted the bill. All changes in the law and committee minutes are enclosed. The 1969 law is Tab E.

I looked at the laws of seven other western states: Arizona, California, Idaho, New Mexico, Oregon, Utah and Washington. Idaho does not set any pawnbroker charges. Compared to the rest, Nevada's current pawnbroker law is fairly generous. Each law is attached, tabbed as noted.

Arizona - Two percent per month, no other charges (Tab F).

California - Interest rates vary from 2 1/2 percent per month down to 1 percent depending upon the size of the loan. Also a minimum monthly charge of either 75 cents or $1 (Tab G).

New Mexico - Four percent per month. An initial charge of $5 or 10 percent of the loan is permitted (Tab H).

Oregon - Loans under $300, 3 percent per month with a $2 minimum if redeemed in the first month. Loans over $300, 10 percent per annum (Tab I).

Utah - Five percent per month on loans up to $50 and 3 percent per month on loans over $50. A minimum charge of $1 is allowed (Tab J).

Washington - A very detailed schedule of monthly charges based on amount of loan and a similar schedule for minimum charges (Tab K).

APG/jd
Enclosure

John Madole
SB 280
Exhibit D

Amend NRS 612.540 to read as follows:

612.540 Rate of contributions. The standard rate of contributions shall be 3 percent of wages paid by each employer during the calendar year with respect to employment. Each employer who becomes subject to the law on or after the first day of the first calendar quarter after [~~February 25, 1965~~], the date the bill becomes law, shall pay contributions at a rate of [3] 3.5 percent until such time as he is eligible for a rate under NRS 612.550.

Amend NRS 612.550 to read as follows:

612.550 Employers' contribution rates.

1. As used in this section:

(a) "Average actual duration" means the number of weeks obtained by dividing the number of weeks of benefits paid for weeks of total unemployment in a consecutive 12-month period by the number of first payments made in the same 12-month period.

(b) "Average annual payroll" for each calendar year means the annual average of total wages paid by an employer subject to contributions for the 3 consecutive calendar years immediately preceding the computation date. The average annual payroll for employers first qualifying as eligible employers shall be computed on the total amount of wages paid, subject to contributions, for not less than 10 consecutive quarters and not more than 12 consecutive quarters ending on December 31, immediately preceding the computation date.

(c) "Beneficiary" means an individual who has received a first payment.

(d) "Computation date" for each calendar year means June 30 of the preceding calendar year.

(e) "Covered worker" means an individual who has worked in employment subject to this chapter.

(f) "First payment" means the first weekly unemployment insurance benefit paid to an individual in his benefit year.

(g) "Reserve balance" means the excess, if any, of total contributions paid by each employer over total benefit charges to his experience rating record.

(h) "Reserve ratio" means the percentage ratio that the reserve balance bears to the average annual payroll.

(i) "Total contributions paid" means the total amount of contributions, due on wages paid on or before the computation date, paid by an employer not later than the last day of the second month immediately following the computation date.

(j) "Unemployment risk ratio" means the ratio obtained by dividing the number of first payments issued in any consecutive 12-month period by the average monthly number of covered workers in employment as shown on the employment security department records for the same 12-month period.

2. The executive director shall, as of the computation date for each calendar year, classify employers in accordance with their actual payrolls, contributions and benefit experience, and shall determine for each employer the rate of contribution which shall apply to him for each calendar year in order to reflect such experience and classification. The executive director shall make available for public inspection a complete list of employers and their individual contribution rates.

No employer's contribution rate shall be reduced below 3 percent, unless there have e been 12 consecutive calendar quarters immediately preceding the computation date throughout which he has been subject to this chapter and his account as an employer could have been charged with benefit payments, except that an employer who has not been subject to the law for a sufficient period to meet this requirement may qualify for a rate less than 3 percent if his account has been chargeable throughout a lesser period not less than the 10-consecutive-calendar-quarter period ending on the computation date.

3. Any employer who qualifies under subsection 9 and receives the experience record of a predecessor employer shall be assigned the contribution rate of such predecessor.

4. Benefits paid to an individual up to and including the computation date shall be charged against the experience rating records of his base period employers in the same percentage relationship that wages reported by individual employers represent to total wages reported by all base period employers, but

(a) No benefits paid to a nultistate claimant based upon entitlement to benefits in more than one state shall be charged to any employer's experience rating record when no benefits would have been payable except for NRS 612.295.

(b) Except for employers who have been given the right to make reimbursement in lieu of contributions, extended benefits paid to an individual shall not be charged against the accounts of his base period employers.

5. The executive director shall, as of the computation date for each calendar year, compute the reserve ratio for each eligible employer and shall classify such employers on the basis of their individual reserve ratios. The contribution rate assigned to each eligible employer for the calendar year shall be determined by the range within which his reserve ratio falls.

The executive director shall, by regulation, prescribe the contribution rate schedule to apply for each calendar year by designating the ranges of reserve ratios to which shall be assigned the various contribution rates provided in subsection 6 of this section. The lowest contribution rate shall be assigned to the designated range of highest reserve ratios and each succeeding higher contribution rate shall be assigned to each succeeding designated range of lower reserve ratios, except that, within the limits possible, the differences between reserve ratio ranges shall be uniform.

6. Each employer eligible for a contribution rate based upon experience and classified in accordance with this section shall be assigned a contribution rate by the executive director for each calendar year according to the following classes:

Class 1	0.6 percent
Class 2	0.9 percent
Class 3	1.2 percent
Class 4	1.5 percent
Class 5	1.8 percent
Class 6	2.1 percent
Class 7	2.4 percent
Class 8	2.7 percent
Class 9	3.0 percent

7. The executive director shall assign contribution rates less than 3 percent for the third and fourth quarters of calendar year 1975 as nearly as may be in accordance with the provisions of subsections 1 to 6, inclusive, of this section. On November 30, 1975, and on November 30 of each year thereafter, the executive director shall determine:

(a) The highest of the unemployment risk ratios experienced in the 109 consecutive 12-month periods in the 10 years ending on the computation date;

(b) The potential annual number of beneficiaries found by multiplying the highest unemployment risk ratio by the average monthly number of covered workers in employment as shown on the employment security department records for the 12 months ending on the computation date;

(c) The potential annual number of weeks of benefits payable found by multiplying the potential number of beneficiaries by the highest average actual duration experienced in the 109 consecutive 12-month periods in the 10 years ending on the computation date; and

(d) The potential maximum annual benefits payable found by multiplying the potential annual number of weeks of benefits payable by the average payment made to beneficiaries for weeks of total unemployment in the 12 months ending on November 30. Contribution rates less than 3.0 percent shall not be assigned if the executive director finds on November 30 preceding any such year that the balance in the unemployment compensation fund is less than the potential maximum annual benefits payable. [a 0.5 percent solvency assessment shall be added to the contribution rate of each class described in subsection 6 and to the contribution rate of the employers described in NRS 612.540.]

8. The executive director shall issue an individual statement, itemizing benefits charged during the 12-month period ending on the computation date, total benefit charges, total contributions paid, reserve balance and the rate of contributions to apply for such calendar year, for each employer whose account is in active status on the records of the employment security department on January 1 of each year and whose account is chargeable with benefit payments on the computation date of such year.

9. The executive director shall, by regulation, prescribe the conditions for a transfer of the experience record of an employer to an employer who has acquired the entire or a severable part of the organization, trade or business or substantially all of the assets thereof.

10. Whenever an employer has paid no wages in employment for a period of 8 consecutive calendar quarters following the last calendar quarter in which he paid wages for employment, the executive director shall terminate his experience rating account, and such account shall not thereafter be used in any rate computation.

11. The executive director shall have the power to adopt reasonable accounting methods to account for those employers which are in a reimbursement in lieu of contributions category.

3-14-77

SUGGESTED AMENDMENTS TO SB-280

On Page 1 of the Bill, Line 2:

After the words "employing unit", insert the words "and every base period employer".

On Page 1, line 10 of the bill:

After the word "employed", insert "and every base period employer".

On Page 2 of the Bill:

Delete lines 1 through 18, inclusive.

On Page 3 of the Bill, delete lines 36, 37, 38, 39, 40 and 41, and insert in lieu thereof:

"shall be reduced in an amount determined by the executive director in accordance with NRS 612.380 and 612.385 in the same manner as if every base period employer were the last employer."

Further amend the Bill by adding Sections 3 and 4 as follows:

Sec. 3 NRS 612.380 is amended to read as follows:

612.380 An individual shall be disqualified for benefits for the week in which he has filed a claim for benefits, if he has left his most recent work, or the work immediately preceding his most recent work, if he has not earned at least five times his weekly benefit amount following the work immediately preceding his most recent work, or any work during his base period, voluntarily without good cause, if so found by the executive director, and

McCracken
SB 280
Exhibit E

NON-CHARGING OF UNEMPLOYMENT INSURANCE BENEFIT PAYMENTS

Prepared By:
Nevada Employment Security Department
March 14, 1977

NON-CHARGING OF UNEMPLOYMENT INSURANCE BENEFIT PAYMENTS

During the 1975 Legislature, AB473, a package of several unemployment insurance (UI) reforms, was passed into law, effective July 1, 1975. This bill was in reality the culmination of careful study and compromise by the Nevada Employment Security Council, which is a nine-member body (comprising labor, management and the public) charged with the responsibility of introducing UI legislation.

An integral provision in AB473 was elimination of non-charging, whereby benefits paid are not charged to a particular employer in cases where the claimant's job separation was the result of voluntary quitting or discharge for misconduct. The following is a brief discussion of why non-charging was abolished in this State.[1/]

Who Pays for Non-Charging?

Of primary consideration here is the fact that total benefit payments are allocated to the employer community regardless of whether certain benefits are not charged against a specific employer's account. For instance, prior to July 1, 1975, non-charges typically represented 20 percent ($4 to $7 million) of Nevada's annual benefit payments. Because these payments were not charged to specific employers does not mean that $4 to $7 million annually were summarily dismissed or overlooked -- this outflow of dollars from the UI Trust Fund still had to be replenished through employer taxes.

The question arises, "If certain employers escape paying a portion of their benefit charges, then who picks up the tab?" The answer, of course, is the rest of the employers.

1/ Note that payments for Extended Benefits, interstate wage combining and reversals on appeals are not currently charged to specific employer accounts. These payments currently total $6 million on an annual basis.

Industrial Disparity

In Nevada, the Service and Construction industries serve as examples of the disproportionate distribution of non-charging practices by industry. Records show (see table II) that Services represented about 45 percent of the state's total payrolls, but its share of non-charged benefits was 65 percent. To further highlight this point, one large firm in the service industry typically had in excess of 60 percent of its annual benefits non-charged. On the other hand, Construction Total Payrolls were 10 to 13 percent of the state's total, but its share of non-charges was less than 3 percent.

From this brief example it seems apparent that some industries are more adept at utilizing the system of non-charging than others. In Nevada and other states 2/ as well, non-charging data show that industries and firms with high tax rates tend to have smaller proportions of non-charged benefits than those with lower tax rates. One reason is that unemployment in high tax industries such as Construction tend to be characterized by the kind of unemployment that produces few non-charges, that is, most of the unemployment is the result of layoffs. Also, due to their persistent high cost/high tax nature, there is characteristically less incentive to pursue the administrative burden of escaping benefit charges.

Although Nevada is lacking data by size of firm, studies in other states 3/ show that smaller firms have the lowest proportion of non-charges and large firms have the highest. This is because small businesses have neither the money, staff, time, nor expertise to administer the rather complex areas of non-charging provisions.

2/ Becker, Joseph M., Experience Rating in Unemployment Insurance
3/ Ibid.

AB473 - A Labor-Management Trade Off

A major compromise of the Employment Security Council in drafting AB473 was the agreement to adopt on the one hand more stringent qualifying and disqualifying laws for claimants,[4/] while on the other deleting the practice of non-charging that favored selected industries and firms. These tougher claimant penalties have resulted in a significant reduction in overall benefit payments, which in effect become benefits not charged to employers.

Department records show that in the one year period following enactment of AB473 that 6,000 claimants were either disqualified or penalized a total of $4.5 million, or about 11 percent of total benefit payments. By virtue of being forfeited, $4.5 million in benefits were not charged to employer accounts.

Redistribution of Charges

Elimination of the non-charge provision has no effect on the total amount of contributions employers have to pay nor does it have an effect on the UI Trust Fund balance. In general, with the elimination of non-charges, tax rates in the Service industries will increase while those in other industries will decrease. Tax advantages will also accrue to smaller firms that for reasons mentioned previously, were unable to participate fully in the non-charging program.

Elimination of Potential Abuse

Non-charging is open to abuse by employers because an adversary condition does not exist between employer and claimant. Claimants have no interest in non-charge cases since benefits will be paid to them regardless of whether or not the benefits are charged against a particular employer. The employer, then has everything to gain by initiating the non-contested, non-charges proceedings. It is easy to see how there would be a tendency for employers to use this system.

4/ A. Claimants are penalized a loss of up to one-half their benefit entitlement for voluntarily quitting or being discharged for misconduct from their most recent employer.
B. Claimants are required to have annual earnings of at least 1 1/2 times their high quarter earnings in order to qualify for benefits.

TABLE I

NEVADA NON-CHARGED BENEFITS

IN MILLIONS

	FISCAL YEAR				
	1975	1974	1973	1972	1971
TOTAL BENEFITS	$44.5	$27.3	$21.7	$22.9	$19.4
BENEFITS NON-CHARGED	$ 7.0	$ 4.5	$ 4.3	$ 4.4	$ 4.1
PERCENT BENEFITS NON-CHARGED	15.7%	16.5%	19.8%	19.3%	21.1%

TABLE II

PROPORTION OF NON-CHARGES AND TOTAL PAYROLLS BY INDUSTRY

INDUSTRY	FY 1975		FY 1974		FY 1973		FY 1972	
	% N.C.	% PAYROLLS	% N.C.	% PAYROLLS	% N.C.	% PAYROLLS	% N.C.	% PAYROLLS
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
MINING	2.2	2.9	1.9	2.5	1.7	2.3	1.6	2.6
CONSTRUCTION	3.3	9.3	2.7	13.4	1.8	13.1	2.6	9.1
MANUFACTURING	7.5	6.4	6.5	6.5	6.5	6.3	6.1	6.0
TRANS.-COMM.-PUB. UTIL.	5.4	9.2	5.4	8.8	5.1	8.6	5.0	8.9
TRADE	13.7	19.7	13.1	19.0	14.3	19.3	14.3	19.9
FIN.-INS.-REAL ESTATE	3.2	4.9	2.9	5.0	2.9	5.2	2.4	5.5
SERVICE	62.8	47.1	65.2	44.4	65.6	44.8	65.7	47.5
GOVERNMENT	0.1	0.4	0.3	0.3	0.4	0.3	0.3	0.4
OTHER	1.8	0.1	2.0	0.1	1.7	0.1	1.9	0.1

Exhibit F / Mike Melner SB 287

STATE OF NEVADA
DEPARTMENT OF COMMERCE
BANKING DIVISION
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MIKE O'CALLAGHAN
GOVERNOR
MICHAEL L. MELNER
DIRECTOR

PRESTON E. TIDVALL
SUPERINTENDENT OF BANKS

I wish to submit the following in opposition to S.B. 287 - Public Bank of Nevada.

I have been the Superintendent of Banks for the State of Nevada for the past eleven years and I disagree with the statement that the privately owned banks in the State of Nevada have shown themselves to be unresponsive to the needs of the general public. I believe that any credit worthy person can obtain the credit he needs from our Nevada banks. Loans must be made on the basis of the borrower's ability to repay. Banks are interested in receiving a fair return on the money they lend to their customers and they also want to assure themselves that the borrower can repay both principal and interest in accordance with the provisions of the loan.

Section 3 - The Department of Economic Development shall operate, manage and control the Public Bank of Nevada, locate and maintain its places of business, of which the principal place shall be within the State??? Where else??? The business of the bank, in addition to other matters specified in this chapter, may include anything that any bank may do, unless restricted by the provisions of this chapter.

Powers are too broad - Public Bank should not be in competition with other State or National Banks operating in Nevada. Capital requirements are vastly different.

Regular State Licensed Banks must maintain at least 6% of their deposits in Capital Accounts. The State of Nevada presently has over 120 million in deposits which would require $7,200,000.00 in Capital under State Banking Laws. This bill requires only $2,000,000.00 in Capital under Section 7 of S.B. 287. Capital requirements for this proposed Public Bank are inadequate to say the least.

Section 11 - All deposits in the bank guaranteed by the State. I can not imagine the State of Nevada's becoming directly liable for over 120 million dollars.

It should be noted here that the Farmers Bank of Delaware, 49.3% owned by the State of Delaware, had loan losses of 17 million dollars in 1975. Reportedly, the State of Delaware had to put up between 15 to 20 million dollars to keep its bank solvent and open for business.

Note: At the present time, the State of Nevada has two types of protection for its funds:

1. 100% pledge of securities to protect State money on deposit in our banks;
2. Diversification of risk -- having State money deposited in all the State and National Banks of Nevada rather than in a single location as is contemplated by this bill.

Section 23 - 4.
The Superintendent of Banks shall conduct an annual examination of the bank and any investigation which he deems necessary. The results of each examination

shall be reported to the department as soon as practicable after its completion and a copy of the report shall be sent to the legislative auditor.

The Banking Division does not have jurisdiction over the affairs of this proposed Public Bank of Nevada. What could an examination accomplish? Loans could be classified as to credit quality but what would be the value of this effort if jurisdiction rests in other hands? The Banking Division would have no authority to charge off non-bankable assets, etc.

Section 9 - Constitution of the State of Nevada

A State owned bank would apparently be in violation of this section.

Preston E. Tidvall

PRESTON E. TIDVALL
Superintendent of Banks

PET:jtj

Exhibit G Brees New Bankers Assn. SB287

Sec: 2. **Corporate property subject to taxation; exemptions.** All real property, and possessory rights to the same, as well as personal property in this State, belonging to corporations now existing or hereafter created shall be subject to taxation, the same as property of individuals; Provided, that the property of corporations formed for Municipal, Charitable, Religious, or Educational purposes may be exempted by law.

Sec: 3. **Individual liability of corporators.** Dues from corporations shall be secured by such means as may be prescribed by law; Provided, that corporators in corporations formed under the laws of this State shall not be individually liable for the debts or liabilities of such corporation.

Sec: 4. **Regulation of corporations incorporated under territorial law.** Corporations created by or under the laws of the Territory of Nevada shall be subject to the provisions of such laws until the Legislature shall pass laws regulating the same, in pursuance of the provisions of this Constitution[.]

Sec: 5. **Corporations may sue and be sued.** Corporations may sue and be sued in all courts, in like manner as individuals.

Sec. 6. **Circulation of certain banknotes, paper as money prohibited.** No bank notes or paper of any kind shall ever be permitted to circulate as money in this State, except the Federal currency, and the notes of banks authorized under the laws of Congress.

Sec: 7. **Eminent domain by corporations.** No right of way shall be appropriated to the use of any corporation until full compensation be first made or secured therefor.

Section 8. **Municipal corporations formed under general laws.** The legislature shall provide for the organization of cities and towns by general laws and shall restrict their power of taxation, assessment, borrowing money, contracting debts and loaning their credit, except for procuring supplies of water; *provided, however,* that the legislature may, by general laws, in the manner and to the extent therein provided, permit and authorize the electors of any city or town to frame, adopt and amend a charter for its own government, or to amend any existing charter of such city or town.

[Amended in 1924. Proposed and passed by the 1921 legislature; agreed to and passed by the 1923 legislature; and approved and ratified by the people at the 1924 general election. See: Statutes of Nevada 1921, p. 420; Statutes of Nevada 1923, p. 403.]

Sec: 9. **Lending public credit; gifts to corporations.** The State shall not donate or loan money, or its credit, subscribe to or be, interested in the Stock of any company, association, or corporation, except corporations formed for educational or charitable purposes.

Exhibit H SB 258

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March 10, 1977

Wm. Hernstadt

M E M O R A N D U M

TO: Senator William H. Hernstadt

FROM: Donald A. Rhodes, Chief Deputy Research Director

SUBJECT: Minimum Wage Provisions

I received another telephone call from Sylvia R. Weissbrodt, Director of the Employment Standards Administration Bureau of the Department of Labor, during which she gave me a revised estimate of the number of workers who would be affected by the removal of Nevada's minimum wage provisions. As you recall, Ms. Weissbrodt's previous estimate was 33,304 workers in the following employment categories:

Type of Industry	Number of Workers Affected
Construction	70
Manufacturing	122
Transportation	397
Wholesale Trade	35
Retail Trade	14,237
Finance	436
Services	18,000
Mining	7

Mr. Weissbrodt's revised estimate is 43,304 workers, reflecting an increased projection of 10,000 (from 18,000 to 28,000) workers in the service industry category who earn part of their income in tips. Ms. Weissbrodt increased her estimate after reviewing differences, between the federal and Nevada law, in the definition of minimum wage for tipped employees.

Under existing Nevada statutory law (NRS 608.160):

> It is unlawful for any person to * * * apply as a credit toward the payment of the statutory minimum hourly wage established by any law of this state any tips or gratuities bestowed upon his employees.

Federal law, within the provisions of 29 U.S.C. § 203(m) (Fair Labor Standards Act of 1938, as amended) provides, however:

> In determining the wage of a tipped employee, the amount paid such such employee by his employer shall be deemed to be increased on account of tips by an amount determined by the employer, but not by an amount in excess of 50 per centum of the applicable minimum wage rate except that the amount of the increase on account of tips determined by the employer may not exceed the value of tips actually received by the employee. The previous sentence shall not apply with respect to any tipped employee unless (1) such employee has been informed by the employer of the provisions of this subsection, and (2) all tips received by such employee have been retained by the employee, except that this subsection shall not be construed to prohibit the pooling of tips among employees who customarily and regularly receive tips.

Based on these differences between the federal and state law, Ms. Weissbrodt believes that approximately 10,000 tipped employees, who are now covered by both the federal and state minimum

wage provisions, would lose as much as $1.15 per hour in employer paid wages if the state minimum wage provisions were abolished. This is the difference between the existing state minimum wage for tipped employees of $2.30 per hour and the $1.15 cents per hour minimum required for such employees under federal law.

You may wish to consult our legal division for an opinion on this matter.

DAR/jd

Exhibit H SB 258
Sen. Hernstadt

Editorials...

Minimum Wage Creates Youth Unemployment

Nevada's U.S. Senator Howard Cannon recently issued a press release in which he called attention to youth unemployment.

In that release he was quoted as saying, "One of the most distressing problems confronting the American economy today... is the current excessively high rate of unemployment among our young people."

Sen. Cannon reported the United States last year posted a 20 per cent unemployment rate among young people in the 16-19 age bracket.

The Senator went on to say that America has "long experience with the problem of youth unemployment" and suggested an "international conference on youth unemployment" be arranged to discuss ways of coping with the problem, which he described as "complex."

Despite Sen. Cannon's apparent desire to travel abroad at taxpayer expense, we see absolutely no reason to send anybody off to an international conference to discuss a problem so obvious of solution as the problem of young Americans who are not working.

The reason American youngsters under 20 years of age are having trouble finding jobs is that members of Congress have priced the youngsters out of the job market with the federal requirements on minimum wages.

There is no need to engage in a confab on socialistic experimentation with a bunch of foreigners for a solution to youth unemployment. If the minimum wage were to be removed for Americans under age 20, the unemployed youth could find employment almost instantly.

The minimum wage now stands at $2.30 per hour, and there are many teen-agers who simply are not sufficiently skilled to be worth that price so employers cannot afford to hire them. The tragedy of the situation is that because of the rigid aspects of a minimum wage law, these youngsters are denied the opportunity of developing skills while working at low pay scales. The system is training them to become professional collectors of unemployment handouts.

A minimum wage is harmful, of course, to all low-skilled workers but it is especially damaging to the youngsters who could otherwise start low on the pay scales and work their way up to more lucrative enterprise with the early training that might allow them to develop their abilities. That is the traditional American success story — the warehouse clerk who learned the business from the bottom up and eventually became the president of the corporation. The minimum wage serves to prevent the youngster with potential from taking the warehouse clerk job because the company can't afford to pay $2.30 to a kid who is just learning the ropes.

The call for an international conference on the topic of youngsters who are denied by the minimum wage law an opportunity to work cheaply while they are learning reminds us of a comment we received recently in the mail. The comment came from James Libertarian Burns, state chairman of the Libertarian Party, who cautioned: "Beware of Government answers to problems created by Government." Burns contends the solution to all such problems is always the same: "Remove the power of Government to control our lives."

The solution suggested by Burns could work in the case of youth unemployment — if Sen. Cannon and his colleagues in Congress would be astute enough to repeal the minimum wage on youngsters to create a situation under which the young people would be free from the restraint that prevents them from working and learning at a price that is fair both to them and their employers. — M

STATE OF NEVADA
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March 7, 1977

M E M O R A N D U M

TO: Senator William H. Hernstadt

FROM: Donald A. Rhodes, Chief Deputy Research Director

SUBJECT: Categories of Workers Affected by Removal of Minimum Wage Provisions in the Nevada Revised Statutes and Unemployment Statistics for Teenagers.

Minimum Wage

After communicating with several state and federal agencies, we found one, the Employment Standards Administration of the Department of Labor, which appears to have detailed figures on the number of Nevada workers who are covered solely under state minimum wage statutory provisions. According to Sylvia R. Weissbrodt, director of the bureau, there are 33,182 workers who would be affected. The following data illustrates the number of workers by type of industry. Mrs. Weissbrodt said her bureau does not have a breakdown for the service industry category.

Type of Industry	Number of Workers Affected
Construction	70
Manufacturing	122
Transportation	397
Wholesale Trade	35
Retail Trade	14,237
Finance	436
Services	18,000
Mining	7

Teenage Unemployment

James Hanna, Chief of the Manpower Information and Research Section of the Department of Employment Security, supplied us with the following unemployment data for Nevada youth (16 to 19 year-olds) for the 1976 calendar year.

Month	Unemployment Rate
January	26.4
February	25.6
March	24.7
April	22.8
May	21.3
June	23.3
July	19.9
August	17.9
September	20.3
October	20.2
November	21.2
December	21.3

Mr. Hanna estimates the unemployment rate for youth this summer will be as follows:

June	21.6
July	17.9
August	16.4

The decline in the unemployment rate throughout the 1976 calendar year represents a general improvement in the economy. The unemployment rate decline during the summer months, both in 1976 and as projected for 1977, reflects youth finding employment, dropping out of the labor market and returning to school.

I conveyed your inquiry relating to the Nevada Industrial Commission assessing liabilities for work done by subcontractors to the commission on February 28, 1977, and have followed up with several phone calls since then. John Reiser, Chairman of the Nevada Industrial Commission, advised me today, March 7, 1977, that the commission's legal counsel will respond by the end of this week.

DAR/jd

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March 1, 1977

M E M O R A N D U M

TO: Senator William H. Hernstadt

FROM: Donald A. Rhodes / Chief Deputy Research Director

SUBJECT: Categories of Workers Affected by Removal of Minimum Wage Provisions in the Nevada Revised Statutes

According to Stanley P. Jones, Nevada's Labor Commissioner, there are approximately 75,000 workers in Nevada who might be considered to fall under the protection of both federal and state wage provisions. Of this number, about 40 percent, or 30,000 workers, are covered solely under state minimum wage statutory provisions. These individuals are in small: service industry firms (i.e., janitorial, hotels, rest homes, restaurants), mining companies, construction firms and retail establishments. No data is available showing the number of these individuals per specific category of business.

According to Mr. Jones, the employees of large companies, including casinos, which purchase or sell goods worth more than $250,000 interstate are covered under the minimum wage provisions of the National Labor Relations Act.

DAR/jd

PAUL CONKLIN

Jobless-pay lines: Toll is highest among young blacks. "We have a system that increasingly taxes work and subsidizes nonwork."

INTERVIEW WITH MILTON FRIEDMAN

[*continued from preceding page*]

is running out of large deposits of oil and gas that can be exploited at relatively low cost?

A There is a physical limit to our reserves.

But remember that there was also a big scare in the 1920s, when it was said that reserves of oil would only last 20 years. Since that time, consumption has increased dramatically, and so have reserves.

If we allowed the price system to operate, we would reverse the trend toward reduced domestic production of oil and gas for the immediate future and enable the adjustment to dwindling reserves to be met over a considerable period of time.

Q Turning back to the problem of creating more jobs, what do you think of proposals to give employers tax credits or bonuses if they hire the unemployed?

A The Carter plan for giving a credit equal to 4 per cent of the employer's Social Security payroll tax is ludicrous. It is simply a proposal to reduce the payroll tax from 11.7 per cent of wages to 11.66 per cent.

That's all it is when you take away the Madison Avenue packaging. Who would give it a second thought if it were explained in that straightforward manner?

Q But there are proposals in Congress for more-generous bonuses for hiring, aren't there?

A The bonus schemes will encourage employers to fire some people in order to employ others who will qualify for the subsidy. The Government will then try to close that loophole, and the complexity of the program will grow and grow. It will create employment all right—for more federal bureaucrats to administer the program.

Q Should government do anything to help black teen-agers, who have the highest rate of unemployment?

A These young people are disadvantaged in part because of government policies—for example, the kind of schooling they get, which is provided by government.

The effective way to reduce black teen-age unemployment over the long run would be to introduce a voucher system for education. That would introduce competition into the schools, particularly in the slum areas of our big cities, and that would tend to upgrade the kind of schooling the young blacks can get.

As it is, the government first provides very poor schooling, and then the harm is multiplied by the minimum-wage law, which makes it difficult for them to get on-the-job training. Without the minimum-wage law, the least skilled could offer to work for low wages, which would provide an incentive for employers to hire and train them. It has always been a mystery to me why a teen-ager is better off unemployed at $2.30 an hour rather than employed at, say, $2.

Q Should the United States do more to help the underdeveloped countries?

A Who says we've been helping them? We have been granting subsidies to underdeveloped countries, and the evidence is overwhelming that this has been hurting them, not helping them. What we have done is to strengthen the small clique which is in charge of the governments in these countries at the expense of the populace at large.

Q What should be done?

A The most effective thing we could do to help would be to drop our tariffs and thus encourage the underdeveloped countries to compete on fair and open terms and sell us whatever they can. That would do far more good than shoveling out bushels of money to maintain governments that do not effectively represent the public at large.

Q Should the U.S. cut tariffs unilaterally?

A We have little control over what Britain or Germany or Japan does. I would like to see the United States act like the great nation it is and unilaterally reduce trade barriers across the board.

Q What if other countries dump goods into our market at less than cost and ruin industries employing our workers?

A People who say free trade does that are not looking at what happens to exchange rates.

Suppose Japan is so foolish as to subsidize every export to the United States, so that there is nothing we can sell them and everything they have to sell is cheaper than what we produce here. How would we pay for their exports? We would send them dollars. What would they do with the dollars? The Japanese who got them would say: "There's nothing we can buy with these dollars. Everything in the U.S. is too expensive at the present exchange rate."

So instead of valuing a dollar at 300 yen, the Japanese would say: "The dollar isn't worth anything to me. I'll give it to you for 200 yen." If that doesn't work, the rate will go to 100. And the result will be that the price of Japanese goods will go up in terms of dollars while U.S. goods will become cheaper in Japan.

That swing will continue until the amount the U.S. is selling to Japan is roughly equal to what Japan is selling to the United States. In the process, we will have less employment in those industries in which we are inefficient compared with the Japanese, and more employment in those in which we are most efficient.

This is difficult for most people to see because we overemphasize the visible effects and neglect the invisible. If Japan exports more steel to us, the people in the steel industry who lose their jobs are very visible. The fact that Japan earns more dollars and buys many other goods, so that we have more people employed in export industries, is not nearly as visible.

Q Do you suggest that tariffs be wiped out overnight?

A I would favor doing it over a five-year period in order to make the adjustment easier.

Q Looking ahead, what do you see as the greatest economic problem facing this country?

A The growth of government. We are going down the same road as Great Britain. We are 10 or 20 years behind Great Britain, but if we keep on the way we are going, we will be in the same state that Britain is in now.

Forty per cent of our national income is being spent by the federal, State and local governments. Fifty years ago the proportion was 10 per cent. Are we getting our money's worth?

I would like to see a constitutional amendment that would say that spending for all purposes by the Federal Government could not exceed 25 per cent of the income of the people. That is roughly what it is now. So the amendment would not reverse the trend, but at least it would stop it and give time for a change in attitudes and a growth in understanding to develop that would make a reversal politically feasible.

Exhibit I

SB289

Sen. Hernstad

Nevada Legislature

SENATE
CARSON CITY, NEVADA
89710

March 8, 1977

CITIZENS FOR SURVIVAL
6325 Factor Avenue
Las Vegas, Nevada 89107

Dear Sirs:

I am sorry that CITIZENS FOR SURVIVAL do not understand what SB 289 says and means. The purpose of this bill does not mandate that the Nevada Public Service Commission (NPSC) mandate identical rates for identical service under inter- and intrastate rates.

Basically, it requires that when a rate application is made, that the format of the intrastate filing is similiar to the interstate filing, so that the public is not misled or confused.

This bill is primarily related to telephone service, and would require, for example, that at the next application for a change in intrastate rates, there would be discount rates on the same holidays (there are three telephone holidays recognizable by NPSC, and five holidays recognized by the FCC).

In addition, telephone calls made after 11:00 P.M. are cheaper on interstate calls, but are not cheaper on intrastate calls. Finally, if you direct dial between Las Vegas and Reno, you must pay for a minimum of three minutes, while if you make an interstate call, you only pay for a minimum of one minute.

The purpose of my bill is to eliminate the confusion to the public, regarding telephone rates in Nevada, and hopefully, on the next rate filing, be sure that the NPSC follows this mandate.

I am sorry you did not take advantage of the free Watts line to call me to discuss my rationale before writing your letter to all legislators. The FPC schedules you speak of in your

letter are bulk rates on sales to the utilities, while my bill only concerns rates charged by the utilities, and to my knowledge, Nevada Power has no interstate customers.

In the event natural gas is discovered in Nevada, intrastate rates would then probably be established by the NPSC, and my bill would apply to the format of such rates.

Finally, all decisions on actual rates would be totally in the hands of the NPSC and the companies, and my bill, in no way, changes that relationship.

I hope this letter clarifies the intent of SB 289, as well as its importance, and trust that your group will consider giving SB 289 your full support. In addition, I would appreciate your groups full support of SB 303, which prohibits the imposition of the five percent franchise tax on utility bills. This is currently costing Las Vegas city residents over two million dollars per year, and I am suggesting that the City of Las Vegas either tighten its belt (to the extent of two million) or tax some optional goods like cigarettes or liquor, rather than taxing a necessity of life which has skyrocketed out of sight, like utility bills.

Should your group wish to discuss any of these bills with me, I would be happy to do so at any time.

Sincerely,

Bill Hernstadt

Bill Hernstadt
State Senator

cc: All Honorable State Senators and
All Honorable State Assemblymen
Enclsoure: Inter-and intrastate rates for Nevada and California
BH/bq

NEVADA INTERSTATE

LOWEST rates out of state (unassisted calls)

CALLS YOU COMPLETE WITHOUT OPERATOR ASSISTANCE

STATION RATES

		FULL RATE PERIOD 8 AM-5 PM Mon. thru Fri.		35% DISCOUNT PERIOD (25% DISCOUNT ALASKA & HAWAII) 5 PM-11 PM Sun. thru Fri. ALL HOURS Holidays**		60% DISCOUNT PERIOD (50% DISCOUNT ALASKA & HAWAII) 11 PM-8 AM Every Night 8 AM-11 PM Saturday 8 AM-5 PM Sunday	
		ONE MINUTE RATE	EACH ADDITIONAL MINUTE	ONE MINUTE RATE	EACH ADDITIONAL MINUTE	ONE MINUTE RATE	EACH ADDITIONAL MINUTE
Ala.	Birmingham	$.52	$.36	$.33	$.24	$.20	$.15
Alaska	Juneau	.87	.66	.65	.50	.43	.33
Ariz.	Phoenix	.50	.34	.32	.23	.20	.14
	Tucson	.50	.34	.32	.23	.20	.14
Ark.	Little Rock	.52	.36	.33	.24	.20	.15
Calif.	Auburn	.43	.28	.27	.19	.17	.12
	Los Angeles	.48	.33	.31	.22	.19	.14
	Sacramento	.43	.28	.27	.19	.17	.12
	San Francisco	.44	.29	.28	.19	.17	.12
Colo.	Denver	.50	.34	.32	.23	.20	.14
Conn.	New Haven	.54	.38	.35	.25	.21	.16
Del.	Dover	.54	.38	.35	.25	.21	.16
D.C.	Washington	.54	.38	.35	.25	.21	.16
Fla.	Miami	.54	.38	.35	.25	.21	.16
Ga.	Atlanta	.54	.38	.35	.25	.21	.16
Hawaii	Honolulu	.89	.68	.66	.51	.44	.34
Ida.	Boise	.48	.33	.31	.22	.19	.14
Ill.	Chicago	.52	.36	.33	.24	.20	.15
Ind.	Indianapolis	.52	.36	.33	.24	.20	.15
Ia.	Des Moines	.52	.36	.33	.24	.20	.15
Kan.	Kansas City	.52	.36	.33	.24	.20	.15
Ky.	Louisville	.52	.36	.33	.24	.20	.15
La.	New Orleans	.52	.36	.33	.24	.20	.15
Me.	Augusta	.54	.38	.35	.25	.21	.16
Mass.	Boston	.54	.38	.35	.25	.21	.16
Mich.	Detroit	.54	.38	.35	.25	.21	.16
Minn.	Minneapolis	.52	.36	.33	.24	.20	.15
Miss.	Biloxi	.52	.36	.33	.24	.20	.15
Mo.	St. Louis	.52	.36	.33	.24	.20	.15
Mont.	Helena	.50	.34	.32	.23	.20	.14
Neb.	Omaha	.52	.36	.33	.24	.20	.15
N.C.	Raleigh	.54	.38	.35	.25	.21	.16
N.D.	Bismark	.52	.36	.33	.24	.20	.15
N.J.	Atlantic City	.54	.38	.35	.25	.21	.16
N.M.	Albuquerque	.50	.34	.32	.23	.20	.14
N.Y.	New York City	.54	.38	.35	.25	.21	.16
Ohio	Cleveland	.54	.38	.35	.25	.21	.16
Okla.	Oklahoma	.52	.36	.33	.24	.20	.15
Ore.	Portland	.50	.34	.32	.23	.20	.14
Pa.	Philadelphia	.54	.38	.35	.25	.21	.16
S.C.	Columbia	.54	.38	.35	.25	.21	.16
S.D.	Rapid City	.50	.34	.32	.23	.20	.14
Tenn.	Memphis	.52	.36	.33	.24	.20	.15
Tex.	Houston	.52	.36	.33	.24	.20	.15
Utah	Salt Lake City	.50	.34	.32	.23	.20	.14
Va.	Richmond	.54	.38	.35	.25	.21	.16
Wash.	Seattle	.50	.34	.32	.23	.20	.14
W.Va.	Huntington	.54	.38	.35	.25	.21	.16
Wis.	Milwaukee	.52	.36	.33	.24	.20	.15
Wyo.	Cheyenne	.50	.34	.32	.23	.20	.14

Typical rates are approximate, exclude tax and apply on calls from Reno-Sparks non-coin phones. Charges are based on rates in effect at the time of connection at the calling point. This also includes calls beginning in one rate period and ending in another.

**HOLIDAYS:

New Year's Day	January 1, 1977
Independence Day	July 4, 1976
Labor Day	September 6, 1976
Thanksgiving	November 25, 1976
Christmas	December 25, 1976

Rates are those in effect on April 29, 1976. They may change if authorized by the Federal Communications Commission.

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lowest long distance rates within Nevada (unassisted calls)*

INTRASTATE

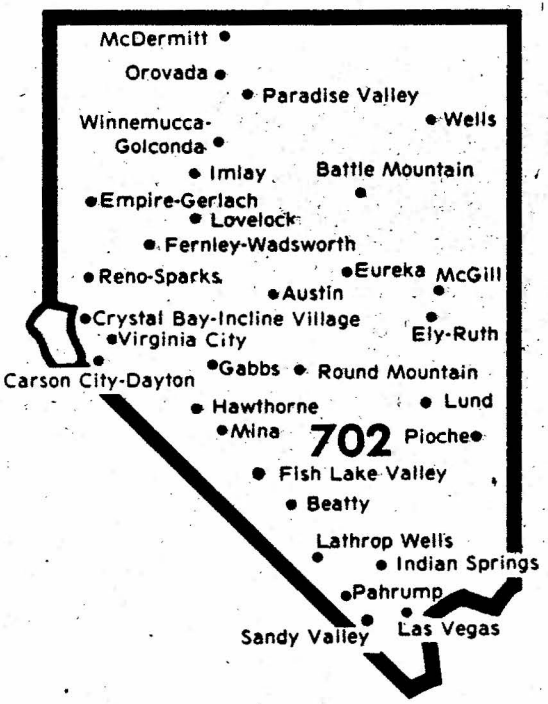
* CALLS YOU COMPLETE WITHOUT OPERATOR ASSISTANCE. (This rate also applies to calls made from localities where customer cannot dial long distance direct and to Credit Card calls.)

These are typical rates from Reno-Sparks and are for the first three minutes and do not include tax.

Charges are based upon rates in effect at the time of connection at the calling point. This also includes calls beginning in one rate period and ending in another.

HOLIDAY RATES APPLY:

New Year's Day	January 1, 1977
Thanksgiving	November 25, 1976
Christmas	December 25, 1976



STATION RATES

	8 AM - 5 PM Mon thru Fri	5 PM - 8 AM Mon thru Fri	ALL HOURS Sat Sun and Holidays
Austin	$1.10	$.65	$.65
Battle Mountain	1.10	.65	.65
Boulder City	1.25	.70	.70
Carlin	1.15	.70	.70
Elko	1.15	.70	.70
Ely-Ruth	1.20	.70	.70
Empire-Gerlach	.90	.65	.65
Eureka	1.15	.70	.70
Fallon	.75	.65	.65
Fernley-Wadsworth	.50	.40	.40
Gardnerville	.60	.55	.55
Glenbrook	.55	.45	.45
Hawthorne	1.00	.65	.65
Henderson	1.25	.70	.70
Indian Springs	1.20	.70	.70
Jackpot	1.20	.70	.70
Lamoille	1.20	.70	.70
Las Vegas	1.25	.70	.70
Lovelock	.95	.65	.65
McDermitt	1.15	.70	.70
McGill	1.20	.70	.70
Owyhee	1.20	.70	.70
Panaca	1.20	.70	.70
Pioche	1.20	.70	.70
Silver Springs	.55	.45	.45
Stateline	.60	.55	.55
Tonopah	1.10	.65	.65
Wells	1.20	.70	.70
Winnemucca-Golconda	1.10	.65	.65
Yerington	.70	.60	.60

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LOWEST rates out of state (unassisted calls)

CALLS YOU COMPLETE WITHOUT OPERATOR ASSISTANCE

CALIFORNIA INTERSTATE

STATION RATES

		FULL RATE PERIOD 8 AM-5 PM Mon. thru Fri.		35% DISCOUNT PERIOD 5 PM-11 PM Sun. thru Fri. ALL HOURS Holidays**		60% DISCOUNT PERIOD 11 PM-8 AM Every Night 8 AM-11 PM Saturday 8 AM-5 PM Sunday	
		ONE MINUTE RATE	EACH ADDITIONAL MINUTE	ONE MINUTE RATE	EACH ADDITIONAL MINUTE	ONE MINUTE RATE	EACH ADDITIONAL MINUTE
Ala.	Birmingham	$.54	$.38	$.36	$.25	$.22	$.16
Ariz.	Phoenix	.48	.33	.32	.22	.20	.14
Colo.	Denver	.50	.35	.33	.23	.20	.14
D.C.	Washington	.56	.40	.37	.26	.23	.16
Fla.	Miami	.56	.40	.37	.26	.23	.16
Ill.	Chicago	.54	.38	.36	.25	.22	.16
La.	New Orleans	.54	.38	.36	.25	.22	.16
Mass.	Boston	.56	.40	.37	.26	.23	.16
Mich.	Detroit	.56	.40	.37	.26	.23	.16
Minn.	Minneapolis	.54	.38	.36	.25	.22	.16
Mo.	Kansas City	.52	.36	.34	.24	.21	.15
	St. Louis	.54	.38	.36	.25	.22	.16
Mont.	Great Falls	.52	.36	.34	.24	.21	.15
Neb.	Omaha	.52	.36	.34	.24	.21	.15
Nev.	Las Vegas	.45	.30	.30	.20	.18	.12
N.Mex.	Albuquerque	.49	.34	.32	.23	.20	.14
N.Y.	New York City	.56	.40	.37	.26	.23	.16
Ohio	Cleveland	.56	.40	.37	.26	.23	.16
Ore.	Portland	.50	.35	.33	.23	.20	.14
Pa.	Philadelphia	.56	.40	.37	.26	.23	.16
S.C.	Charleston	.56	.40	.37	.26	.23	.16
S.D.	Sioux Falls	.52	.36	.34	.24	.21	.15
Tenn.	Memphis	.54	.38	.36	.25	.22	.16
Tex.	Dallas	.52	.36	.34	.24	.21	.15
Utah	Salt Lake City	.49	.34	.32	.23	.20	.14
Va.	Richmond	.56	.40	.37	.26	.23	.16
Wash.	Seattle	.52	.36	.34	.24	.21	.15
Wis.	Milwaukee	.54	.38	.36	.25	.22	.16

Typical rates are approximate, exclude tax, and apply on calls from Glendale non-coin phones to points within the Continental United States. For Hawaii and Alaska rates, see below and opposite page. For other countries, see next pages. Charges are based on rates in effect at the time of connection at the calling point. This also includes calls beginning in one rate period and ending in another.

**HOLIDAYS:

New Year's Day	January 1, 1977
Independence Day	July 4, 1976
Labor Day	September 6, 1976
Thanksgiving	November 25, 1976
Christmas	December 25, 1976

Hawaii, Honolulu unassisted station rates

Rates apply from Glendale non-coin phones.

Holiday rates apply only on Christmas and New Year's Day.

THREE MINUTE RATES			ONE MINUTE RATE	
8 AM-5 PM Mon. thru Fri.	8 AM-5 PM Sat., Sun. and Holidays†	5 PM-11 PM Every Night	11 PM-8 AM EVERY NIGHT	
			ONE MINUTE RATE	EACH ADDITIONAL MINUTE
$2.40	$1.80	$1.80	$.70	$.55

Rates are those in effect on January 13, 1976. They may change if authorized by the Federal Communications Commission.

CALIFORNIA INTRASTATE

long distance rates within California (unassisted calls)*

STATION RATES

	8AM-5PM Mon. thru Fri.		5PM-11PM Sun. thru Fri. ALL HOURS Holidays**		11PM-8AM Every Night 8AM-11PM Saturday 8AM-5PM Sunday	
	ONE MINUTE RATE	EACH ADDITIONAL MINUTE	ONE MINUTE RATE	EACH ADDITIONAL MINUTE	ONE MINUTE RATE	EACH ADDITIONAL MINUTE
Bakersfield	$.37	$.21	$.29	$.18	$.19	$.12
Borrego	.40	.22	.31	.20	.19	.12
Carmel	.53	.34	.34	.23	.20	.13
El Centro	.47	.28	.33	.21	.20	.13
Eureka	.66	.45	.36	.26	.21	.14
Fillmore	.28	.15	.23	.14	.19	.12
Fresno	.49	.30	.34	.23	.20	.13
Laguna Beach	.31	.17	.25	.15	.19	.12
Modesto	.55	.35	.35	.24	.21	.14
Monterey	.55	.35	.35	.24	.21	.14
Moorpark	.25	.14	.21	.13	.19	.12
Needles	.49	.30	.34	.23	.20	.13
Oakland	.59	.39	.35	.24	.21	.14
Palm Springs	.37	.21	.29	.18	.19	.12
Paso Robles	.47	.28	.33	.21	.20	.13
Porterville	.43	.24	.33	.21	.20	.13
Redding	.64	.43	.36	.26	.21	.14
Riverside	.31	.17	.25	.15	.19	.12
Sacramento	.59	.39	.35	.24	.21	.14
San Bernardino	.31	.17	.25	.15	.19	.12
San Diego	.40	.22	.31	.20	.19	.12
San Francisco	.59	.39	.35	.24	.21	.14
San Jose	.57	.37	.35	.24	.21	.14
San Luis Obispo	.45	.26	.33	.21	.20	.13
Santa Barbara	.34	.19	.27	.16	.19	.12
Santa Rosa	.61	.41	.36	.26	.21	.14
Simi	.25	.14	.21	.13	.19	.12
Ukiah	.64	.43	.36	.26	.21	.14
Victorville	.31	.17	.25	.15	.19	.12
Yreka	.66	.45	.36	.26	.21	.14

***CALLS YOU COMPLETE WITHOUT OPERATOR ASSISTANCE**

This rate also applies when long distance calls cannot be dialed direct.

Typical rates exclude tax, and apply on calls from Glendale non-coin phones.

Charges are based upon rates in effect at the time of connection at the calling point. This also includes calls beginning in one rate period and ending in another.

****HOLIDAYS:**

New Year's Day .....January 1, 1977
Washington's Birthday..February 21, 1977
Independence Day .....July 4, 1976
Labor Day .....September 6, 1976
Thanksgiving .....November 25, 1976
Christmas .....December 25, 1976

Rates are those in effect on January 13, 1976. They may change if authorized by the California Public Utilities Commission.

1929 Codification of 1911 C&P, § 205

Exhibit

§ 10152. **PENALTY.** § 204. Every pawn broker or second-hand dealer, and every clerk, agent or employee of such pawn broker or second-hand dealer, who shall—

1. Fail to make an entry of any material matter in his book or record kept as provided for in section 200 of this act; or,

2. Make any false entry therein; or,

3. Falsify, obliterate, destroy or remove from his place of business such book or record; or,

4. Refuse to allow the prosecuting attorney or any peace officer to inspect the same, or any goods in his possession, during the ordinary hours of business; or,

5 Report any material matter falsely to the chief of police; or,

6. Fail to report forthwith to the chief of police the possession of any property which he may have good cause to believe has been lost or stolen, together with the name of the owner, if known, and the date when, and the name of the person from whom the same was received by him; or,

7. Remove, or allow to be removed from his place of business, except upon redemption by the owner thereof, any property received, within four days after the receipt thereof shall have been reported to the chief of police; or,

8. Receive any property from any person under the age of twenty-one years, any common drunkard, any habitual user of narcotic drugs, any habitual criminal, any person in an intoxicated condition, any known thief or receiver of stolen property, or any known associate of such thief or receiver of stolen property, whether such person be acting in his own behalf or as the agent of another:

Shall be guilty of a misdemeanor.

§ 10153. **RATES OF INTEREST AND SALE OF PLEDGED PROPERTY.** § 205. All pawn brokers are authorized to charge and receive interest at the rate of three per cent a month for money loaned on the security of personal property actually received in pledge, and every person who shall ask or receive a higher rate of interest or discount on any such loan, or on any actual pretended sale, or redemption of personal property, or who shall sell any property held for redemption within ninety days after the period for redemption shall have expired, shall be guilty of a misdemeanor.

California Penal Code, § 340.

As to usury, assignment of a part of the amount due or to fall due upon money obligation as a sale or a loan for purposes of usury law, see note, 24 A. L. R. 858.

§ 10154. **"PAWN BROKER" DEFINED.** § 206. Every person engaged, ~~in whole or in part, in the business of loaning money on the security~~ of pledges, deposits or conditional sales of personal property, ~~shall be deemed to be a pawn~~ broker.

§ 10155. **"SECOND-HAND" DEALER DEFINED.** § 207. Every person engaged in whole or in part in the business of buying or selling second-hand personal property, metal junk, or melted metals, shall be deemed to be a second-hand dealer.

the jury. In case the party paying such fees shall be the prevailing party, the fees so paid shall be recoverable as costs from the losing party. If the jury from any cause be discharged in a civil action without finding a verdict and the party who demands the jury shall afterwards obtain judgment, the fees so paid shall be recoverable as costs from the losing party.

Jurors actually sworn and serving in civil cases or proceedings in justice courts shall receive two dollars per day as full compensation for each day of said service.

Trial jurors in criminal cases in justice courts shall receive three dollars per day each as full compensation for each day's service, but no mileage shall be allowed for any distance traveled less than one mile.

The fees paid jurors by the county clerks for services in a civil action or proceeding (which he has received from the party demanding the jury) shall be deducted from the total amount due them for attendance as such jurors, and any balance shall be a charge against the county.

Coroners' juries (with not more than three persons upon the jury) shall be entitled to receive for each day's service *three dollars* to be certified to the county clerk by the coroner, and audited, allowed, and paid as are other claims against the county; provided, however, that when it is necessary for a coroner's jury to travel a greater distance than one mile to view the remains, or to the place where the inquisition is held, the necessary and actual expenses incurred by the said coroner for the transportation of the jury shall be allowed, audited, and paid as are other claims against the county, after having been duly certified to by the said coroner.

SEC. 2. This act shall become effective from and after its passage and approval.

Assembly Bill No. 176—Mr. Francovich

CHAPTER 92

AN ACT to amend an act entitled "An act concerning crimes and punishment, and repealing certain acts relating thereto," approved March 17, 1911, as amended.

[Approved March 13, 1951]

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

SECTION 1. Section 205 of the above-entitled act, being section 10153, 1929 N. C. L., is hereby amended to read as follows:

Section 205. All pawn brokers are authorized to charge and receive interest at the rate of three percent a month for money loaned on the security of personal property actually received in pledge, and *no person* shall ask or receive a higher rate of interest or discount on any such loan, or on any actual pretended sale, or redemption of personal property, *provided, however, that for any loan made the pawn broker may make a minimum charge of $1. All personal property shall be held for redemption for a period of not less than one hundred and fifty days from the date of pledge with any pawn broker. All pawn brokers shall give to the person securing the loan a printed receipt clearly showing the amount loaned with a description of the pledged property. The reverse side of said receipt shall be marked in such a manner that the amounts of principal and interest paid by the person securing the loan can be clearly designated. Each payment shall be entered upon the reverse side of said receipt and shall designate how much of the payment is being credited to principal and how much to interest, with dates of said payments shown thereon.*

SEC. 2. The violation of any section of this act shall constitute a misdemeanor.

SEC. 3. This act shall become effective immediately upon its passage and approval.

Assembly Bill No. 28—Mr. Hawkins

CHAPTER 93

AN ACT granting to the board of education of White Pine County, and to the board of trustees of Ely school district No. 1, power and authority to expend public school funds for the use, improvement and development of athletic facilities on the municipally owned park in Ely, White Pine County, Nevada.

[Approved March 13, 1951]

WHEREAS, The attorney general of the State of Nevada has ruled that the board of education of White Pine County has no lawful authority to expend school funds for the development and improvement of athletic facilities in and upon the municipally owned city park at Ely; and,

WHEREAS, Neither the board of education of White Pine County or the board of trustees of Ely school district No. 1, own or can acquire other real property near or about their respective schools for athletic facilities, without the expenditure of great, unreasonable and unwarranted sums of school funds; and,

WHEREAS, The location of the city park of Ely is reasonably proximate to all the public schools located within the city of Ely, and has for many years past been used by said public schools for all their track and field sporting events; and,

WHEREAS, The board of education of White Pine County, and the board of trustees of Ely school district No. 1, have school funds presently available for the improvement and development of said athletic facilities, and will in the future have funds available for said purpose; therefore,

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

SECTION 1. The board of education of White Pine County, and the board of trustees of Ely school district No. 1, are hereby authorized

1044

The way this reads now dangerous drugs include reducing pills and makes it a felony.

MR. LOWMAN: How are you going to cover the total situation if you don

MR. TORVINEN: I talked with the district attorneys and they would like to see bulk sale of amphetamine a felony, but this is just one of the dangerous drugs. Doctors prescribe these reducing pills by the bushel.

MR. LOWMAN: If you make it a misdemeanor, aren't you setting up a "cop out" situation?

MR. TORVINEN: The way this is, if a kid gives a friend one of his mother's reducing pills to pep him up for an examination he could be gu of a felony.

MR. KEAN: I move we delay any action on this until after tomorrow. (Committee agreed to do this).

SB 21: Regulates use and possession of drugs and narcotics and practic of pharmacy.

MR. KEAN: We should get Bill Locke in on this bill.

MR. BRYAN: I would like to have the pharmacy people in here.

MR. REID: We can't do this. It is crazy.

MR. BRYAN: Would it be feasible to get someone in here to talk about this?

MR. KEAN: I will get Bill Locke. He's about the best.

MR. BRYAN: Apparently nobody ever cross-referenced this.

AB 314: Increases interest rate chargeable and loan charges by pawnbrokers.

MR. KEAN: I move to amend to 4% and Do Pass AB 314.

MR. FRY: The minimum should be $3.

MR. KEAN: I will add that provision to my amendment. California has 10% per month right now. Oregon is 3% but they have a bill in the hopp to change it to 5%.

MR. PRINCE: I second Mr. Kean's motion.
MOTION CARRIED UNANIMOUSLY.

MR. TORVINEN: When I said yesterday that I have never known of a case where the collection people knew that only 50% was attachable nobody said anything.

MR. FRY: I think this has got to be changed. If we put a procedure in here, the guy is going to the Justice of the Peace and on from there

SENATE JUDICIARY COMMITTEE

MINUTES

Meeting was called to order at 2:30 p. m. on March 21, 1969 by Chairman Monroe.

Committee members present: Chairman Monroe
Senator Dodge
Senator Young
Senator Swobe
Senator Hug
Senator Christensen

Committee member absent: Senator Bunker

Legislative Counsel: Frank Daykin

AB 314 - Increases interest rate chargeable and loan charges by pawnbrokers.

Senator Swobe advised this bill was requested by the pawnbrokers from the Las Vegas area. They had requested an increase from 3% to 6% but the bill provides for 4% and raised the minimum to $3.00. The $1.00 minimum had been in effect since 1951 and the 3% interest charge since 1913. There are city ordinances confining the location of pawhshops so they are easy to police. Rents and operating expenses have increased and this will help to meet rising expenses. New Mexico now charges 4%, Oregon 10%, Arizona 2%, Utah and California 5% .

Senator Dodge moved "do pass".
Senator Young seconded the motion.
Motion carried.

SB 457 - Provides greater flexibility in handling zoning variances and special exceptions.

Senator Swobe explained this would make legal the procedure now used in Washoe County and would effect all use permits. Under the present law only the Board can handle rezoning and there is no provision for appeal. There have been a few law suits filed in the past and this would prevent any further suits.

Senator Dodge asked if this would set up more stringent restrictions

Previously there was a board which could approve or deny and there was no appeal, so actually the restrictions were not more stringent.

Senator Young felt the language used would make it mandatory rather than optional and Senator Swobe said this was not the intent, however he would check with Frank Daykin to be sure.

1969

Assembly Bill No. 314—Mr. Reid (By request)

CHAPTER 230

AN ACT relating to pawnbrokers; increasing the interest rate chargeable for money loaned on pledged property; increasing the minimum charge for any loan; and providing other matters properly relating thereto.

[Approved April 1, 1969]

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

SECTION 1. NRS 646.050 is hereby amended to read as follows:

646.050 1. All pawnbrokers are authorized to charge and receive interest at the rate of [3] *4* percent a month for money loaned on the security of personal property actually received in pledge, and no person shall ask or receive a higher rate of interest or discount on any such loan, or on any actual or pretended sale or redemption of personal property. For any loan made a pawnbroker may make a minimum charge of [$1.] *$3.*

2. All personal property shall be held for redemption for a period of not less than 150 days from the date of pledge with any pawnbroker.

3. All pawnbrokers shall give to the person securing the loan a printed receipt clearly showing the amount loaned with a description of the pledged property. The reverse side of the receipt shall be marked in such a manner that the amounts of principal and interest paid by the person securing the loan can be clearly designated. Each payment shall be entered upon the reverse side of the receipt and each entry shall designate how much of the payment is being credited to principal and how much to interest, with dates of payments shown thereon.

Assembly Bill No. 300—Mr. Jacobsen

CHAPTER 231

AN ACT relating to divorce and annulment records; establishing the time for collection of the statutory fee from each plaintiff; and providing other matters properly relating thereto.

[Approved April 1, 1969]

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

SECTION 1. NRS 440.605 is hereby amended to read as follows:

440.605 1. For each divorce and annulment of marriage granted by any court in this state a report shall be prepared and filed by the clerk of the district court with the state registrar. The information necessary to prepare the report shall be furnished, with the complaint in the action, to the clerk of the district court by the complainant or his or her legal representative on the form furnished by the state registrar.

2. On the first business day of each month the clerk of the district court shall forward to the state registrar the report of each divorce and annulment granted during the preceding calendar month.

Arizona

sheriff to identify such article, and the names and places of residence of the persons pledging or selling them.

B. A pawnbroker who fails, refuses or neglects to make such report is guilty of a misdemeanor.

Historical Note

Source:
§ 305, P.C. '01; § 346, P.C. '13; § 4691, R.C. '28; 43-4106, C. '39.

§ 44-1623. Refusal of pawnbroker to produce register, pledged articles, or account of sales for inspection by officer; penalty

A pawnbroker who fails, refuses or neglects to produce his register, or to exhibit all articles received by him in pledge, or to produce his account of sales for inspection by an officer holding a warrant authorizing him to search for personal property, or the order of a committing magistrate directing the officer to inspect such register, articles or account of sales, or appointed by the sheriff of the county or the head of the police department of a city or town to inspect such register, articles or account of sales, is guilty of a misdemeanor.

Historical Note

Source:
§ 304, P.C. '01; § 345, P.C. '13; § 4690, R.C. '28; 43-4105, C. '39.

Adopted from California, see West's Ann.Pen.Code § 343.

§ 44-1624. Maximum interest rate chargeable by pawnbroker; charge or attempt to charge more than allowable rate prohibited; penalty

A pawnbroker who charges or receives interest at the rate of more than two per cent per month, or who, by charging commissions, discounts, storage or other charges, or by compounding, increases or attempts to increase such interest, is guilty of a misdemeanor.

Historical Note

Source:
§ 301, P.C. '01; § 342, P.C. '13; § 4687, R.C. '28; 43-4102, C. '39.

Adopted from California, see West's Ann.Bus. & Prof.Code § 16240.

Cross References

General limitations on interest charges, see § 44-1201 et seq.

California 1975 Pocket Part

Federal usury law; extent of diversity in state usury laws. 4 UCD LR 424.

CHAPTER 1

General Provisions

Witkin Summary (8th ed) pp 821, 1455.

§ 21000. Pawnbroker defined.

Witkin Crimes p 677.
9 Cal Jur 3d Banks and Other Financial Institutions § 353.

§ 21001. Inclusions in "compensation".

9 Cal Jur 3d Banks and Other Financial Institutions § 358.

§ 21050. Where division inapplicable.

9 Cal Jur 3d Banks and Other Financial Institutions § 353.

CHAPTER 2

Pawnbroker Regulations

Witkin Summary (8th ed) pp 318, 1435.

§ 21200. Maximum rates.

Except as provided in Section 21200.5, no pawnbroker shall charge or receive compensation at a rate exceeding the sum of the following:

(a) Two and one-half percent (2½%) per month on that portion of the unpaid principal balance of any loan up to, including, but not in excess of two hundred dollars ($200).

(b) Two percent (2%) per month on that portion of the unpaid principal balance of the loan in excess of two hundred dollars ($200) up to, including, but not exceeding five hundred dollars ($500).

(c) One and one-half percent (1½%) per month on that part of the unpaid principal balance in excess of five hundred dollars ($500) up to and including, but not in excess of, seven hundred dollars ($700).

(d) One percent (1%) per month on any remainder of such unpaid principal balance in excess of seven hundred dollars ($700).

(e) A charge not exceeding seventy-five cents ($0.75) a month on any loan not exceeding nine dollars and ninety-nine cents ($9.99).

(f) A charge not exceeding one dollar ($1) a month on any loan of ten dollars ($10) or more when the monthly charge permitted by this section would otherwise be less than such minimum charge.

Amended by Stats 1968 ch 521 § 1, ch 1165 § 1.

Amendments:
1968 Amendment: Redrafted the section.

Witkin Summary (8th ed) p 318.
Cal Jur 3d Banks and Other Financial Institutions § 358, Consumer and Borrower Protection Laws § 121.
The Mortgage Banker-Industrial Loan Company: A new exempt lender. (1975) 6 Pacific LJ 1.

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(1975) 9 USF LR 4

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1970 Amendment

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Witkin Summary (
9 Cal Jur 3d Bank

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Added by Stats 19
effective April 8.

Witkin Summary
9 Cal Jur 3d Bank

Conflict of laws and usury in California: The impact on flow of mortgage funds. (1975) 9 USF LR 441.

*§ 21200.5. Schedule of charges: Posting.

A pawnbroker may charge as prescribed in the following schedule:

Schedule of Charges

(a) A charge not exceeding one dollar ($1) may be made on any loan for not more than 30 days which does not exceed fourteen dollars and ninety-nine cents ($14.99).

(b) A charge not exceeding three dollars ($3) may be made on any loan for not more than 90 days of fifteen dollars ($15) or more, but not exceeding twenty-four dollars and ninety-nine cents ($24.99).

(c) A charge not exceeding five dollars ($5) may be made on any loan for not more than 90 days of twenty-five dollars ($25) or more, but not exceeding forty-nine dollars and ninety-nine cents ($49.99).

(d) A charge not exceeding seven dollars and fifty cents ($7.50) may be made on any loan for not more than 90 days on any loan of fifty dollars ($50) or more, but not exceeding seventy-four dollars and ninety-nine cents ($74.99).

(e) A charge not exceeding ten dollars ($10) may be made on any loan for not more than 90 days of seventy-five dollars ($75) or more, but not exceeding one hundred forty-nine dollars and ninety-nine cents ($149.99).

(f) A charge of ten dollars ($10) may be made on any loan of one hundred fifty dollars ($150) or more, if the compensation under any of the maximums specified by Section 21200 for such loan does not exceed ten dollars ($10).

(g) The charge for any extension or renewal of a loan covered by this section shall be computed in accordance with the provisions of Section 21200 of this code.

The schedule of charges prescribed by this section shall be posted in a place clearly visible to the general public.

Added by Stats 1968 ch 518 § 1; Amended by Stats 1970 ch 469 § 1.

Amendments:

1970 Amendment: (1) Added subd (f); and (2) substituted "(g)" for "(f)."

***Note.**—There was another section of this number which was added by Stats 1968 ch 563 § 1 and renumbered § 21200.7 by Stats 1969 ch 25 § 1, effective April 8, 1969.

Witkin Summary (8th ed) p 318.

9 Cal Jur 3d Banks and Other Financial Institutions § 358.

§ 21200.7. Same: Posting.

The maximum charge of compensation charged by a pawnbroker pursuant to the authority of Section 21200 shall be posted in a place clearly visible to the general public.

Added by Stats 1963 ch 563 § 1 as § 21200.5; Renumbered by Stats 1969 ch 25 § 1, effective April 8, 1969.

Witkin Summary (8th ed) p 318.

9 Cal Jur 3d Banks and Other Financial Institutions § 358.

New Mexico.

50-6-18. Penalties and forfeitures.

Opinions of Attorney General.
1971-72, No. 71-52.

Application.
Note, executed in Colorado, providing for 10% interest per year for five years based on principal of note rather than on unpaid balance resulted in usurious interest under this section and trial court properly struck entire amount of interest charged. Trinidad Industrial Bank v. Romero, 81 N. M. 291, 466 P. 2d 568.

Attorney Fees.
Usury in a loan will not prevent recovery of reasonable attorney fees provided for, where suit is necessary to enforce the obligation to the extent permitted by law; attorney fees will not be allowed for attempts to collect the usurious portion of the interest. Hays v. Hudson, 85 N. M. 512, 514 P. 2d 31, overruling Anderson v. Beadle, 35 N. M. 654, 5 P. 2d 528.

Specific Intent Unnecessary.
No specific intent is necessary in order to complete the offense of knowingly taking a usurious amount of interest; the only intent necessary on the part of the lender is to take the amount of interest which he receives and if that amount is more than the law allows the offense is complete. Hays v. Hudson, 85 N. M. 512, 514 P. 2d 31, overruling Priestley v. Law, 33 N. M. 176, 262 P. 931; American Investment Co. v. Lyons, 29 N. M. 1, 218 P. 183; Armijo v. Henry, 14 N. M. 181, 89 P. 305.

50-6-19. Criminal penalty.

Opinions of Attorney General.
1971-72, No. 71-52.

50-6-20. Interest on loans and extensions of credit secured by pledge, bailment, or other possession of personal property—Purpose of act.—The purpose of this act [50-6-20 to 50-6-25] is to protect from exploitation, abuse, or its own improvidence that segment of society in this state which relies from time to time for its needs upon money or credit extended by pawnbrokers and traders and given upon the security of native art, handicraft, or movable personal possessions.

History: Laws 1965, ch. 253, § 1.

Title of Act.
An act relating to Indian traders, pawnbrokers, and other lenders; limiting the rate of interest allowable for loans and extensions of credit secured by pledge, bailment, or other possession of tangible personal property; requiring records; and providing a forfeiture and penalty.—Laws 1965, ch. 253.

Opinions of Attorney General.
1969-70, No. 70-60.

50-6-21. Pledge of personalty as security for loan—Interest—Definitions.—A. No person, corporation or business association, directly, indirectly or by any subterfuge shall charge interest for the loan of money, or for the extension of credit, at a rate in excess of four per cent [4%] per month in any case where some part of the value of the loan or indebtedness is secured by pledge, bailment or other giving over of possession of tangible personal property; except that a minimum initial charge of five dollars ($5.00), or ten per cent [10%] of the amount loaned, whichever is greater, may be charged, provided that no minimum charge shall be made on the refinancing of an existing loan or credit transaction.

B. Every person, corporation or business association who accepts any pledge, bailment or other giving of possession of tangible personal property as security for the money loaned or other indebtedness, shall not sell or dispose of the property pledged, bailed or given as security

for a loan or other indebtedness until at least three months after the indebtedness becomes due.

C. As used in this section:

(1) "interest" means any value, consideration or advantage charged, taken, reserved, received or discounted for the loan of money, extension of credit, or forbearance, or postponement of the right to receive money or advantage; and

(2) "tangible personal property" means any personal chattel, or bill of exchange but does not include conveyances, securities or other written evidences of property, right, or obligation.

History: Laws 1965, ch. 253, § 2; 1971, ch. 82, § 1.

Title of Act.

An act relating to pledges of personalty as security for loans.—Laws 1971, ch. 82.

Amendments.

The 1971 amendment, in subsection A, inserted "initial" before "charge of five dollars", added "provided that * * * transaction" and made a minor change in punctuation; inserted subsection B, designating former subsection B as C.

Opinions of Attorney General.

1965-66, No. 65-71.

50-6-22. Pledge records required.—Every person, corporation, or business association lending money or extending credit, any part of the value of which is secured by the pledge, bailment, or other giving over of possession of tangible personal property, shall keep a complete and accurate record of each loan or credit transaction. The record shall include the name and address of the obligor, the amount of money lent or credit extended, the term of the transaction, the rate of interest charged, a description of the interest in money or kind, a full description of the tangible personal property held as security and a record of the identification of the person who redeems the pledge. The records shall be available at reasonable times during regular business hours and shall be open for inspection by peace officers and obligors. If the person, corporation or business association lending money or extending credit fails to make a reasonable effort to ascertain whether the person redeeming the property held as security is a bona fide holder of the pawn ticket, he shall be liable to the true owner for the full value of the property, if it cannot be returned.

History: Laws 1965, ch. 253, § 3; 1971, ch. 82, § 2.

Amendments.

The 1971 amendment added "and a record * * * pledge" to the second sentence and added the fourth sentence.

50-6-23. Violation of act—Forfeiture of interest.—The violation of any provision of this act [50-6-20 to 50-6-25] in any covered transaction shall be deemed a forfeiture of the entire amount of interest claimed or allowable under the transaction. In the event interest in excess of four per cent [4%] per month has been paid under any covered transaction, the person by whom it has been paid, or his legal representative, may recover back by civil action triple the amount of interest paid from the person, corporation, or business

Oregon

a first lien on any pledge for the amount of the pledge loan and interest in all cases except where goods are stolen or where a prior lien exists by virtue of any provision of law.

726.390 Interest rates and charges. (1) No pawnbroker shall charge, contract for or receive interest at a rate in excess of three percent per month computed exactly on unpaid balances on pledge loans to any person in the aggregate sum of $300 or less. However, on pledge loans redeemed within the first month the pawnbroker may charge a month's interest, and he may charge $2 where the interest allowed amounts to less. The interest shall not be compounded and no amount whatsoever shall be deducted or received in advance.

(2) No further or other charge or amount whatsoever shall be charged, contracted for or received in addition to the interest provided for in this section.

(3) No pawnbroker shall charge, contract for or receive any interest, discount or consideration at a rate greater than 10 percent per annum on pledge loans to any person in the aggregate sum of more than $300.

[Amended by 1973 c.449 s.5]

726.395 Charge for pledge of firearm required by law to be registered. A charge of $1 may be charged a pledgor or customer who places with the pawnbroker firearms required to be registered under the laws of the United States.

[1973 c.449 s.3]

726.400 Retention of unredeemed pledges; forfeiture of pledges; extension of period for retaining pledges. (1) A pawnbroker shall retain every unredeemed pledge in his possession for not less than 12 months after the date of the last payment of either principal or interest or from the date of the pledge loan if no payment of either principal or interest has been received. However, if the unredeemed pledge secures a pledge loan in the original amount of $50 or less, or consists of a watch, clothing, wearing apparel, furs, trunks, suitcases, golf bags or musical instruments such pledge shall be retained for not less than six months from the date of the last payment of either principal or interest or from the date of the pledge loan if no payment of interest or principal has been received.

(2) Before any pledge may be deemed forfeited, the pawnbroker after the expiration of the respective periods mentioned in subsection (1) of this section must cause notice to be mailed in writing in a sealed, postpaid, registered letter, return receipt required, directed to the pledgor at the last-known address shown on the pawnbroker's record, notifying such pledgor of the forfeiture of the pledge. The registered return receipt card or the return envelope shall be kept on file by the pawnbroker for at least two years from date of mailing thereof as evidence of the notification. A maximum charge of $1 for the cost of notice required in this subsection may be assessed against the pledgor.

(3) If the pledgor remits accrued interest to the pledgee within 30 days from the date of mailing the notice required in subsection (2) of this section, the pledge shall be retained for one additional six-month period from the date this additional payment is received. When this six-month period expires the pledgee must comply with the requirements of subsection (2) of this section before the pledge is forfeited. Unless notice that the loan may be renewed by paying the accrued interest is printed on the pawn ticket, the pledge may not be forfeited.

(4) Any pledge which is not redeemed within 30 days from the date of mailing of the notice shall be deemed forfeited and the pawnbroker shall thereby acquire all the right, title and interest of the pledgor therein to hold and dispose of the pledge as his own property.

[Amended by 1973 c.449 s.6]

726.410 Record of forfeited pledges. Every pawnbroker shall keep a separate record in ink, fully itemized, of all forfeited pledges. The record shall contain the following information:

(1) The number of the pledge.

(2) The name and address of the pledgor.

(3) The date of the pledge loan or the date of the last payment received as interest or principal.

(4) The date of mailing notice.

(5) The date of forfeiture.

726.420 Effect of charging excessive interest or fees. If any pawnbroker, agent, member, officer or employe thereof or any other person is found by the Superintendent of Banks to have charged, contracted for or received any interest, fees or other charges in excess of those permitted by ORS 726.390, then the pledge loan shall be void. The pawnbroker shall forfeit the right to collect or receive any principal, interest

Utah

together with his name and address and the date of the transaction. Such records shall at all reasonable times be accessible to any peace officer who demands an inspection thereof, and any further information regarding such transaction that he may require shall be given by pawnbrokers and secondhand dealers to the best of their ability. In cities of the first and the second class at the close of each day's business pawnbrokers shall mail a copy of such records to the sheriff of the county in which they are located.

History: R. S. 1898 & C. L. 1907, § 1708; L. 1909, ch. 11, § 1; C. L. 1917, § 4375; R. S. 1933 & C. 1943, 70-0-1.

Cross-References.

Cities, license by, 10-8-39.

Interest, legal rate, 15-1-1.

Junk dealers' duty to keep records, 76-58-7.

Minors, prohibition from purchasing from, 10-8-39.

Peace officers to transmit copies of reports to bureau of criminal identification, 77-59-9.

Collateral References.

Pawnbrokers and Money Lenders⇨2.

70 C.J.S. Pawnbrokers § 2.

Regulation of pawnbrokers, 54 Am. Jur. 2d 595, Moneylenders and Pawnbrokers § 2 et seq.

Liability of pawnbroker for theft by third person of pawned property, 68 A. L. R. 2d 1259.

Regulations as to junk dealers as within municipal powers, 45 A. L. R. 2d 1396.

11-6-2. Repealed.

Repeal.

Section 11-6-2 (R. S. 1898 & C. L. 1907, § 1709; L. 1917, ch. 41, § 11; C. L. 1917, § 4376; R. S. 1933 & C. 1943, 70-0-2), relating to sales of forfeited pledges and providing for redemption and interest rates, was repealed by Laws 1965, ch. 154, § 10-102.

11-6-3. Violation a misdemeanor.—A violation of any of the provisions of this chapter is a misdemeanor.

History: R. S. 1898 & C. L. 1907, § 1710; C. L. 1917, § 4376; R. S. 1933 & C. 1943, 70-0-3.

11-6-4. Charges and rates.—All licensed pawnbrokers and other persons dealing in secondhand goods who accept such goods as pledged property for loans may charge for redemption of pledged property by the pledgor a sum not to exceed five per cent per month on the loaned amount on all sums up to and including fifty dollars, and three per cent per month upon all sums in excess of fifty dollars; provided that the pledgee shall in any event be entitled to a minimum charge of one dollar.

History: L. 1967, ch. 18, § 1.

Title of Act.

An act establishing charges and rates for pawnbrokers and secondhand dealers dealing in pledged property.

Cross-Reference.

Uniform Consumer Credit Code, rates and charges not governed by, 70B-1-202.

Collateral References.

Pawnbrokers and Money Lenders⇨6.1.

70 C.J.S. Pawnbrokers § 5.

Washington

tion was exclusively for commercial or business purposes: *Provided, however,* That this section shall not apply to a consumer transaction of any amount, or to a commercial or business transaction not exceeding fifty thousand dollars.

Consumer transactions, as used in this section, shall mean transactions primarily for personal, family, or household purposes. [Added by Laws 1st Ex Sess 1969 ch 142 § 1; Amended by Laws 1st Ex Sess 1970 ch 97 § 2; Laws 1st Ex Sess 1975 ch 180 § 1.]

This statute does not violate Equal Protection Clause of Federal Constitution, or Privileges and Immunities Clause of State Constitution. Sparkman & McLean Co. v Govan Inv. Trust (1970) 78 Wn 2d 584, 478 P2d 232.

Word "persons," as used in this statute, brings members of general partnership and trustees in its application. Sparkman & McLean Co. v Govan Inv. Trust (1970) 78 Wn 2d 584, 478 P2d 232.

This statute does not violate Equal Protection Clause of Federal Constitution or Privileges and Immunities Clause of State Constitution; nor does it deprive any person of any vested right. Federal Shopping Way, Inc. v O.K. Ins. Agency, Inc. (1971) 78 Wn 2d 903, 481 P2d 5.

The amount of transaction, for purposes of RCWA 19.52.080 which exempts transactions of a certain amount from the usury laws, is not determined by the face amount of documents involved in the transaction but by the amount actually received by the borrower. Sparkman & McLean Income Fund v Wald (1974) 10 Wn App 765, 520 P2d 173.

RCWA 19.52.080, which exempts transactions of a certain amount from the effect of the usury laws, must be strictly construed against the lender. Sparkman & McLean Income Fund v Wald (1974) 10 Wn App 765, 520 P2d 173.

19.56.020 Goods mailed without authority are gifts

Unless otherwise agreed, where unsolicited goods are mailed to a person, he has a right to accept delivery of such goods as a gift only, and is not bound to return such goods to the sender. If such unsolicited goods are either addressed to or intended for the recipient, he may use them or dispose of them in any manner without any obligation to the sender, and in any action for goods sold and delivered, or in any action for the return of the goods, it shall be a complete defense that the goods were mailed voluntarily and that the defendant did not actually order or request such goods, either orally or in writing. [Enacted Laws 1967 ch 57 § 1.]

CJS Gifts § 7, Sales §§ 24, 28, 31, 32.
Key Number Digests: Gifts ⇐5(2), Sales ⇐22(3).

19.60.060 Rates of interest and sale of pledged property

All pawn brokers are authorized to charge and receive interest and other fees at the following rates for money loaned on the security of personal property actually received in pledge:

(1) The interest shall not exceed:

(a) For an amount loaned up to $19.99 = interest at $1.00 per month;

(b) For an amount loaned from $20.00 to $39.99 = interest at the rate of $1.50 per month;

(c) For an amount loaned from $40.00 to $75.99 = interest at the rate of $2.00 per month;

(d) For an amount loaned from $76.00 to $100.99 = interest at the rate of $2.50 per month;

(e) For an amount loaned from $101.00 to $125.99 = interest at the rate of $3.00 per month;

(f) For an amour
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exceed:
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shall not exceed:
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ue $100.00 to $299.
value thereof as agr
(b) For precious j
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(4) Fees under su
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actual or pretended
sell any property he
for redemption shall

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prominently in each
Ex Sess 1973 ch 91 §

19.60.063 Penalty

Every pawn bro
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(1) Fail to mak
kept as provided ir
(2) Make any false
(3) Falsify, obliter
book or record; or,
(4) Refuse to allow
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ness; or,
(5) Report any ma
(6) Having forms
to furnish the chief
record of all transa
this section that Sa
(7) Fail to report
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together with the n
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(8) Remove, or all
upon redemption by

iness purposes: *Provided, however,* nsumer transaction of any amount, tion not exceeding fifty thousand

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22(3).

pledged property

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interest at $1.00 per month;
$39.99 = interest at the rate of
$75.99 = interest at the rate of
$100.99 = interest at the rate of
to $125.99 = interest at the rate

(f) For an amount loaned from $126.00 or more = interest at the rate of three percent a month;

(2) The fee for the preparation of documents, pledges, or reports required under the laws of the United States of America, the state of Washington, or the counties, cities, towns, or other political subdivisions thereof, shall not exceed:

(a) For the amount loaned up to $4.99 = the sum of $.50;

(b) For the amount loaned from $5.00 to $9.99 = the sum of $2.00;

(c) For the amount loaned from $10.00 to $19.99 = the sum of $3.00;

(d) For the amount loaned from $20.00 to $39.99 = the sum of $4.00;

(e) For the amount loaned from $40.00 to $74.99 = the sum of $5.00;

(f) For the amount loaned from $75.00 to $99.99 = the sum of $7.50;

(g) For the amount loaned from $100.00 or more = the sum of $9.00;

(3) The fee for the care, maintenance, insurance relating to, preparation for storage of, and storage of personal property actually received in pledge, shall not exceed:

(a) For precious jewels, jewelry, or other personal property having a value $100.00 to $299.99, an amount equal to one-tenth of one percent of the value thereof as agreed upon in writing between the pledgor and the pledgee;

(b) For precious jewels, jewelry, or other personal property having a value exceeding $300.00, an amount equal to one-twelfth of one percent of the value thereof as agreed upon in writing between the pledgor and the pledgee;

(4) Fees under subsections (2) and (3) may be charged one time only during the term of a pledge, and every person who shall ask or receive a higher rate of interest or discount or other fees on any such loan, or on any actual or pretended sale, or redemption of personal property, or who shall sell any property held for redemption within ninety days after the period for redemption shall have expired, shall be guilty of a misdemeanor.

A copy of this section, set in twelve point type or larger, shall be posted prominently in each premises subject to this chapter. [Amended by Laws 1st Ex Sess 1973 ch 91 § 1.]

19.60.063 Penalty

Every pawn broker or second-hand dealer, and every clerk, agent or employee of such pawn broker or second-hand dealer, who shall—

(1) Fail to make an entry of any material matter in his book or record kept as provided in RCW 19.60.040; or,

(2) Make any false entry therein; or,

(3) Falsify, obliterate, destroy or remove from his place of business such book or record; or,

(4) Refuse to allow the prosecuting attorney or any peace officer to inspect the same, or any goods in his possession, during the ordinary hours of business; or,

(5) Report any material matter falsely to the chief of police; or,

(6) Having forms provided therefor, shall fail before noon of each day to furnish the chief of police with a full, true and correct transcript of the record of all transactions had on the previous day, it being the intent of this section that Saturday's business may be reported on Monday; or,

(7) Fail to report forthwith to the chief of police the possession of any property which he may have good cause to believe has been lost or stolen, together with the name of the owner, if known, and the date when, and the name of the person from whom the same was received by him; or,

(8) Remove, or allow to be removed from his place of business, except upon redemption by the owner thereof, any property received, within four