

SENATE
COMMERCE & LABOR
COMMITTEE

Minutes of Meeting
Tuesday, May 3, 1977

The meeting of the Commerce and Labor Committee was held on May 3, 1977, in Room 323 at 2:50 P.M., adjourned at 4:10 P.M. and readjourned at 5:45 P.M.

Senator Thomas Wilson was in the chair.

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

OTHERS

PRESENT: See attached list.

The Committee considered the following:

A.B. 595 ALLOWS PUBLIC SERVICE COMMISSION TO CONSIDER CON-
SERVATION OF ENERGY WHEN PERFORMING CERTAIN FUNCTIONS.
(BDR 58-1716)

Mr. Noel Clark, Public Service Commission, addressed the Committee on the second reprint of the bill. He stated this is basically an administration bill, however Assemblyman Murphy introduced it and PSC supported it in the House. The only problem was on line 15, the word "to" had to be stricken in order to make it grammatically correct. On line 5 "provisions of Section 7 of (this act) Assembly Bill 640 of the 59th session of the legislature" appeared. He did not know where it came from. The language on lines 5 and 6 totally destroys the rule making within the Public Service Commission

On lines 16 and 17, paragraph 5, the Commission may: "consider the need for energy conservation when acting pursuant to the provisions of subsection 1 to 3, inclusive." The reason they asked for this language is to incorporate into the act two emergency orders issued, General Order No. 23 and General Order No. 25, restricting the unnecessary uses of gas and electricity during daylight hours. A question was posed as to

whether the Commission had that authority or whether they didn't. He believes they do, however, in order to make it perfectly clear that they have, he asked the Legislature to so state.

Mr. Kelly Jackson appeared with Mr. Noel Clark. He is the Director of the Consumer Affairs Division.

There was some discussion by the Committee with Messrs. Clark and Jackson. SENATOR CLOSE was interested in knowing if 640 had been signed by the Governor. No one seemed to know.

CHAIRMAN WILSON stated that he thought they would have to add a paragraph 6 to indicate that it may be suspended pursuant to Section 7 of 640 and restore even the bracketed out language if not accurate.

Mr. Clark suggested that the Governor be permitted to suspend the energy conservation portion under paragraph 5.

A.B. 642 ESTABLISHES INSURANCE RECOVERY FUND TO REPLACE BONDS FILED BY INSURANCE BROKERS, AGENTS AND OTHERS.
(BDR 57-1616)

Mr. Gene Leverty, Chief Deputy for the Insurance Commissioner, said the division is very much in favor of this bill. He said it goes along with S.B. 466 which is the continuing educational bill. It provides that insurance agents shall have to take continuing education. This provides in substitution of a bond, that they pay \$15.00 to a recovery fund, and it is modeled after the real estate recovery fund. Any monies over \$25,000 will be spent on education of the insurance agents and brokers to make them more professional. He stated this bill has the support of the industry as this started out with the life underwriters.

SENATOR CLOSE asked what type of claims would be processed against this fund. Mr. Leverty stated the bonds have not been too useful and this would give some sort of recovery.

SENATOR YOUNG asked what size bonds are furnished now. Mr. Leverty indicated \$5,000.00 except for adjusters, which is a little more, therefore they are required to pay \$25.00 instead of \$15.00. General discussion as to whether the \$25,000 would be adequate. Refer to Tape 1 for full testimony. Senate

Mr. Angus McLeod (from the floor) discussed the fund available through the real estate division.

Mr. Leverty stated that individuals rarely go against the bond since it is only \$5,000. Usually they go against the E&O coverage. He discussed this with independent agents and found that the bonds are costing \$25.00 or \$40.00 but there have really been no lawsuits brought against the bonds. They aren't doing anything for the people. He suggested that perhaps we should put some restraints on the amount of recovery, make it a dollar amount and increase the amount of the fund.

SENATOR WILSON stated that it seemed to him that you would be subjecting the Commissioner, and binding the State, to a liability maybe of an unlimited amount. You may promulgate regulations doing all kinds of things, but unless there is some kind of statutory authorization to do that, he is not sure they would be enforceable. Being unenforceable, you would give a court really plenary jurisdiction to review and perhaps access the amount of a claim and if the fund is not adequate to pay it, the State could very well be liable.

SENATOR BLAKEMORE advised Mr. Leverty to get with Dr. Rottman on the Committee's concerns. SENATOR WILSON stated that he should have some guidelines; there should be a limitation of liability as to the fund, and indirect to the State generally, and if you want to limit specifically the amount of each claim that ought to be in the statute not the regulation.

SENATOR WILSON wanted to know why it is difficult to recover against the bond. He asked Mr. Leverty to get information for the Committee.

A.B. 160 PROVIDES FOR PAYMENT OF ATTORNEY'S FEES FOR SERVICES RENDERED CLAIMANT BEFORE NEVADA INDUSTRIAL COMMISSION, APPEALS OFFICER OR DISTRICT COURT. (BDR 53-717)
(Second Reprint)

Mr. Jim Banner, Assemblyman, told the Committee he has spent a great deal of time with NIC and its claimants. At the present time he does represent some of the people in front of the Commission at the claims and hearing officer levels. He contends that when the Legislature imposes upon the citizens a condition where

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a basic common right to file a suit has been removed and replaced that right with an administrative procedure which places an administrative hearing officer in the position to issue subpoenas and demand the attendance of witnesses, examine all parties and pass on questions of law, and permit or deny recovery, and guide the course of this quasi-judicial procedure, then the State should be responsible for a hearing which will assure that the claimant will be effective once he gets there. There is no trial de novo. If the hearing officer finds that the injured worker has been denied rights or benefits, that he is entitled to, and after the hearing officer has heard all the evidence and the worker has retained legal counsel to prove his point, then, Mr. Banner contends that he should be made whole and whole consists of the expense which was necessary to properly be represented in the proceeding. He said the number of cases that you could expect in this year is approximately 83 cases a year. The cost would be approximately \$55,000-\$60,000 per year.

Mr. John Reiser, NIC, submitted a fiscal note, see Exhibit A. He stated California spends about 200 million dollars for litigation. He thinks this would be a much better approach for representation than that seen in surrounding states. He thinks that this will give some of the representation that some of the claimants need.

Mr. Richard Bortolin, Appeals Officer, NIC, told the Committee the first fiscal note was based upon an average attorney fee in California and therefore is an estimate. On the second reprint he feels that at page 2, lines 15 and 16, that the word "and" to the comma (,) is meaningless and should be deleted. SENATOR WILSON said it was late in the Session and there is no point in deleting if it is meaningless. Mr. Bortolin indicated that people do appear before him that can hardly communicate. He stated he supports this bill.

Mr. Wally Warren, Management side of NIC Labor/Management Team, supported the bill, principally because there is no taxpayer money involved; it is all employer funding.

Mr. Lou Paley, AFL-CIO, stated they support this legislation.

Mr. Warren Goedert, Nevada Trial Lawyers Assn., stated he supports this bill. Refer to Tape 2 for his comments.

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A.B. 620 AMENDS NEVADA MOTOR VEHICLE INSURANCE TO ALLOW
AGREEMENTS BETWEEN INSURERS AND INSURED WHICH EXCLUDE
CERTAIN NAMED PERSONS FROM COVERAGE. (BDR 57-1117)

Mr. Virgil Anderson, AAA, appeared in support of this bill. He said the intent of the bill is to improve the availability of insurance and to increase the number of insured drivers on the highways of the State. Refer to Tape 2 for full testimony. He discussed coverage if there is a family member or other person residing within the household who has a bad driving record, this will would allow the insured to exclude someone from coverage.

Mr. George Ciapusci, State Farm, agreed with Mr. Anderson's testimony and supports the bill, with the exception of Section 3. He suggested the adoption of Sections 1 and 2.

Mr. Richard Garrod, Farmers Insurance Group, appeared in support of the bill.

Mr. Jim Wattam, Insurance Commissioner's Office, stated his office supported the bill. In response to Committee question, he stated they had never seen Section 3.

A.B. 725 REVISES LAND SALES REGULATIONS. (BDR 10-941)

Mr. Robert Bilbrey, Attorney at Law, Las Vegas, representing Eastern Nevada Realty, Mr. George Swallow, Broker, submitted Exhibit B to the Committee for consideration. He spoke in support of the bill and the proposals contained in it. Basically, he said the proposals aim at what they feel to be an inequitable and inconsistent position currently under Chapter 119 whereby they have one party adopting all rules and regulations and that same party charged with the enforcement of those rules and regulations and charged with the administrative appeal for violations of rules and regulations it has adopted and enforced. Refer to Tape 2 for full testimony on this.

Mr. Bilbrey stated all enforcement and function jurisdiction is left with the Administrator and the Real Estate Division. The rule making ability and the administrative appeal rights are transferred to the Nevada Real Estate Advisory Commission. He told the Chairman there were basically no substantive changes in enforcement of the bill. It is merely a balancing that is needed between the bureaucratic administration that is going on now and the industry. He reviewed his report to the Committee.

SENATOR ASHWORTH expressed concern over transfer of powers.

The following is verbatim:

SENATOR WILSON stated that: "we are discussing a basic policy question. Assume the various grievances about the division to be true, for the sake of our discussion here. Okay? What we have to be satisfied about is that it is good public policy to place in the hands of a quasi-tribunal of some kind, the commission, the power to control the administration of a division where it has to hear hearings violations or regulations violations.

Mr. Bilbrey: Mr. Chairman, we have done that with respect to the broker licensing law, under 645, and they have done an outstanding job with you.

SENATOR YOUNG: Some of us have wondered about whether that is --

SENATOR WILSON: You are saying that the Commission determines and controls --

Mr. Bilbrey: That Commission adopts the rules and regulations --

SENATOR WILSON: I'm talking about the control of expenditure, the hiring of investigators and attorneys upon a probable cause showing, if they are necessary by the division. Are you telling me that in a case of violation in that jurisdiction that the Commission has the power to tell the division who it will hire, how much money it will spend, whether to investigate a situation, and how much to spend in the hiring of the investigator. You are not saying that I don't think --

Mr. Bilbrey: No, I --

SENATOR WILSON: But you are saying that here, and what I am saying to you is you have to tell us the policy reasons why we should do that. To say that assuming for this discussion, that the division has abused its power, seems to me there are other means of curing that than merging in the Commission investigative and hearing power. That is what you are doing by this bill.

Mr. Bilbrey: I think that it is imperative that there be a separation between --

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SENATOR WILSON: You violate the separation by telling the Commission to hire the investigators.

Mr. Bilbrey: They appropriate the funds and that is obviously based upon what I feel to be fiscally responsible administration of this bill.

SENATOR WILSON: No, no, we are talking political science. You can criticize the administration of division if you want, but you have indicated that this bill is needed because separation of Commission and division power is necessary - that division ought not to investigate and make the determination at the same time. Yet, you have turned around and vested the fact finding power in the Commission and given the Commission the power to investigate - what you have done is transfer both jurisdictions to the Commission and have not separated them at all.

Mr. Bilbrey: This only refers to, Mr. Chairman, the use and employment of outside investigators beyond those that are already in the employ of the real estate division.

SENATOR WILSON: Whether it is staff, what difference does it make as a matter of separation of powers?

The meeting was interrupted while Senators returned to the Floor for General File and the Chairman indicated that the Committee would return to finish testimony on this bill. The meeting resumed at 5:45 P.M.

Mr. Bilbrey indicated he had reflected upon the comments of Senators Wilson and Ashworth and submitted 2 amendments. On page 1, section 5: delete in total - leaving the division with ability to conduct investigation and retain additional counsel without the supervision of the advisory commission to conduct those investigations. Also, Section 14: amend only insofar as to insert the commission for the administrator and delete on line 42, the "or investigation".

Mr. Bilbrey discussed some of the problems that have presented themselves in the past within the commission.

Mr. Bob Hess, Real Estate Broker in Carson City, and a member of the Real Estate Advisory Commission, appeared in support of A.B. 725. He indicated his colleagues in the north and south support the bill. He believes

the fear is that in transferring the rule and regulation power or promulgation power that we would change what is already there and he said that is not necessarily so.

SENATOR CLOSE asked if there are any developers on the Commission. Mr. Hess indicated that there are. He stated the Commission does not advise, only has appeal rights. He stated further they never have had an appeal come before the Commission under 119.

SENATOR YOUNG stated that they did not then think that the Commission had done anything wrong, but that they feel that the Commission should be involved. Mr. Hess indicated that is correct.

Mr. Gene Milligan, Nevada Assn. of Realtors, stated that they support this bill with the amendments. Reviewed some of the history of out-of-state land sales in Nevada. Refer to Tape 3 for testimony.

Mr. Mike Melner, Director, Dept. of Commerce, and Mr. Angus McLeod, appeared before the Committee. Mr. Melner stated there has been no showing of a need for this bill. No showing that Mr. McLeod or the division has failed to do their job and do it well. He stated the testimony by a member of the Commission (Mr. Hess) that there have been no appeals to the Commission. Mr. Melner stated he has heard one appeal from Mr. McLeod's actions. He stated if the land sales people are unhappy then they haven't used the appeal process. He indicated that we are talking about amending Title 10 of the Nevada Revised Statutes, not Title 54. The land sales act is in the title regarding property rights, not in the title regarding occupations and business.

Mr. Melner discussed difference in real estate industry and self regulation but this is a quite different industry than the real estate industry - it is composed of all sorts of other kinds of people who come in with big money and ideas. Self regulation, he doesn't believe, can work in this industry. These people do not have the technical expertise regarding the land sales process - that expertise rests in the Division. He indicated that no other industry regulated by the Dept. of Commerce has the kind of advisory board the Real Estate Advisory Commission does. The Insurance Commissioner is a commissioner himself, the Superintendent of Banks is a superintendent himself, who makes

and promulgates and enforces. He stated Mr. Bilbrey is absolutely wrong on the money issue. He thinks if the Committee is worried about the money they should send the bill to Senate Finance. He stated this raw language in this bill is so bad and so destructive that he thinks it could destroy effective land sales regulations in Nevada. Refer to Tape 3 for Mr. Melner's full testimony and comments by Mr. McLeod.

In response to a question by SENATOR BRYAN regarding a free and clear title exception and under the Federal Act, which apparently we have under the Nevada Act, as well, the Division took the position that because title to Nevada is acquired historically by pattern in its origin condition, therefore by your regulations no property qualifies. Mr. McLeod stated that the language in our statute is exactly the same language on the matter that is in the Federal statute. They have case law and administrative law. Taking the position they did, we took the very same position and we have an Attorney General's opinion saying it is permissible within the statutes and law to take the same position.

A.B. 595 ALLOWS PUBLIC SERVICE COMMISSION TO CONSIDER CONSER-
VATION OF ENERGY WHEN PERFORMING CERTAIN FUNCTIONS.
(BDR 58-1716)

CHAIRMAN WILSON advised Noel Clark came back after conferring with Kelly Jackson and indicated that Section 1 probably is a Daykinism after all.

Motion was made by SENATOR BLAKEMORE to DO PASS.
Seconded by SENATOR YOUNG.
Vote: Unanimous.

A.B. 642 ESTABLISHES INSURANCE RECOVERY FUND TO REPLACE BONDS
FILED BY INSURANCE BROKERS, AGENTS AND OTHERS.
(BDR 57-1616)

SENATOR WILSON indicated the Committee had asked for some amendatory language.
The Committee agreed to hold until receiving the language.

A.B. 160 PROVIDES FOR PAYMENT OF ATTORNEYS FEES FOR SERVICES
RENDERED CLAIMANT BEFORE NEVADA INDUSTRIAL COMMIS-
SION, APPEALS OFFICER OR DISTRICT COURT. (BDR 53-717)

Motion was made by SENATOR BLAKEMORE to DO PASS.
Seconded by SENATOR HERNSTADT.
SENATOR BRYAN abstained from voting. Balance of
Committee vote was unanimous.

A.B. 620 AMENDS NEVADA MOTOR VEHICLE INSURANCE ACT TO ALLOW
AGREEMENTS BETWEEN INSURERS AND INSUREDS WHICH EXCLUDE
CERTAIN NAMED PERSONS FROM COVERAGE. (BDR 57-1117)

Motion was made by SENATOR BLAKEMORE to amend and DO PASS.
Seconded by SENATOR HERNSTADT.
Vote: Unanimous.

AMENDMENTS: Delete Section 3.
Strike lines 12-16, page 1.

S.B. 476 REGULATES REGULATIONS FOR THRIFT COMPANIES.
(BDR 57-1808)

CHAIRMAN WILSON submitted an amendment offered by the
Assembly on this bill. (See Exhibit D)

Motion was made by SENATOR CLOSE to concur.
Seconded by SENATOR YOUNG.
Vote: Unanimous.

The Committee then returned to:

A.B. 725 REVISES LAND SALES REGULATIONS. (BDR 10-941)

Mr. Melner continued his testimony and discussed
lines 9-13 on page 3, and Section 7, paragraph 13,
page 4, lines 18-19, indicating these gave him the
most trouble. These could change the registration
requirements imposed by the Division by allowing the
Commission to establish forms.

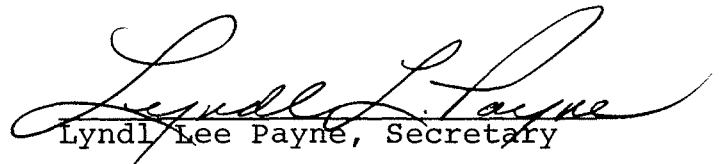
Mr. Melner reviewed the bill with the Committee.
Refer to Tapes 4 and 5 for his comments.

Commerce & Labor Committee
May 3, 1977
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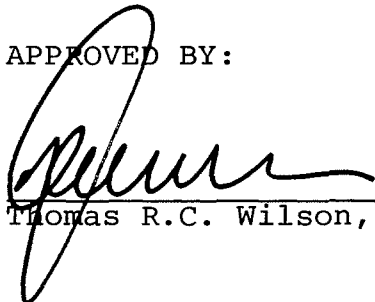
Mr. Melvin Bernetti, Attorney, practicing in Carson City, appeared as a private attorney. Found there is a lot of confusion in the bill. People will not know what to contact the Division on and will bypass it completely and go straight to the Commission.

There being no further business the meeting was adjourned at 6:50 P.M.

Respectfully submitted,


Lyndl Lee Payne, Secretary

APPROVED BY:


Thomas R.C. Wilson, Chairman

AGENDA FOR COMMITTEE ON.....COMMERCE & LABOR.....
 Date.....May 3, 1977 Tuesday.....
 Time.....2:30 P.M. Room.....323.....

Bills or Resolutions to be considered	REVISED	Subject	Counsel requested*
A. B. 642		Establishes insurance recovery fund to replace bonds filed by insurance brokers, agents and others (BDR 57-1616)	
A. B. 160		Provides for payment of attorney's fees for services rendered claimant before Nevada Industrial Commission, appeals officer or district court (BDR 53-717)	
A. B. 595		Allows public service commission to consider conservation of energy when performing certain functions (BDR 58-1716)	
A. B. 620		Amends Nevada Motor Vehicle Insurance Act to allow agreements between insurers and insureds which exclude certain named persons from coverage (BDR 57-1117)	
A. B. 725		Revises land sales regulations (BDR 10-941)	

Room 323
9:50pm

GUEST REGISTER

SENATE COMMERCE & LABOR
COMMITTEE

DATE: 5-2-77

THOSE WISHING TO TESTIFY SHOULD
IDENTIFY THEMSELVES BEFORE GIVING
TESTIMONY.....

NAME (Please Print)	DO YOU WISH TO TESTIFY	BILL NO.	REPRESENTING	PHONE
B. Leverty ✓	Yes	A.B. 642	INSUR. DIVISION	885-4270
Jim Wadhams	Yes	A.B. 620	INSURANCE DIVISION	" "
GEORGE CIAPUSCI ✓	YES	AB 620	STATE FARM INS. CO	329-1011
John Reiser ✓	No	AB 160	NIC	885-5253
J. Crowell	?	AB 160	NIC	885-5284
Richard Bortolin ✓		AB 160	APPEALS OFFICER- NIC	885-5289
MIKE MEWER	YES	AB 725	DEPT. OF Commerce	4250
W. W. McLeod	YES	AB 725	DIV. OF REAL ESTATE	4280
STEVE HARTMAN	Yes	AB 725	SAVATY, Bony & Allison	882-0202
Neil & Hank	yes	AB 595	PSC	885-4180
Kelly Jackson		at 595		
Jim Banner		at 160		
Chalby Warren		"		
Lou Palmy		"		
Warren Spedut		"		
Mervil Anderson				
Ed. Ciapusci				
Richard Sarnad				
Jim Watters				
Robert Smith				
				2708

ISCAL NOTE

Exhibit A
BDR
A.B. 160 Second
S.B. Reprint

Transmitted May 2, 1977

STATE AGENCY ESTIMATES Date Prepared May 2, 1977

Agency Submitting Nevada Industrial Commission

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

Explanation (Use Continuation Sheets If Required)

The state industrial attorney staff would consist of the state industrial attorney, his deputy and 2 secretary/receptionists. The annual operating costs would be approximately:

Salaries and fringe benefits	\$78,000
2 offices - rental	6,000
Office supplies and services	8,000
Transportation and per diem	2,000
Office equipment (1 time expenditure)	<u>5,000</u>
Total	\$99,000

Local Government Impact YES NO
(Attach Explanation)

Signature *John R. Reiser*
John R. Reiser
Title Chairman

DEPARTMENT OF ADMINISTRATION COMMENTS Date _____

Signature _____
Title _____

LOCAL GOVERNMENT FISCAL IMPACT Date _____
(Legislative Counsel Bureau Use Only)

REAL ESTATE DIVISION - LAND SALES (NRS 119)REVENUES AND EXPENSES 1971-1976Introduction and Budget Procedures

The Land Sales' activities of the Real Estate Division in the Department of Commerce derive from NRS chapter 119, "Licensing and Regulation of Land Sales." This chapter was added to NRS by A.B. No. 782, 1971 (chapter 621, 1971) and substantially amended by S.B. No. 259, 1973 (chapter 792, 1973). Since inception on July 1, 1971, the budgeting procedures for chapter 119 implementation have been operated in three different ways. For 1971-72 and 1972-73, the Real Estate Subdivision Fund was operated as an authorized expenditure budget. That is, there were no direct General Fund appropriations to support regulation of land sales. Rather, fees collected under NRS 119 were deposited to the Real Estate Subdivision Fund to support the budget activities. For 1973-74 and 1974-75, the Real Estate Subdivision Fund was changed to a General Fund appropriated budget account and the fees collected under NRS 119 were deposited to the General Fund. For 1975-76 and 1976-77, chapter 119 implementation continue with General Fund appropriations and fees are deposited to the General Fund. However, the Real Estate Subdivision Fund was abolished as a separate budget entity and instead merged in with the Real Estate Division Administration Account.

The evolution in budget procedures described above has an impact on the reconstruction of expenses associated with the implementation of NRS 119. For 1971-1975, direct expenses can be easily isolated because they were processed through a distinct fund for 1971-73 and a distinct budget account for 1973-75. But the expenses for 1975-77 will be recorded against the Real Estate Administration Budget Account, which includes responsibilities of NRS 645 and 645A as well as NRS 119.

An additional complication must be mentioned in a review of the total expenses of implementing NRS 119. Some employees in the Real Estate Division performed ^{NRS} 119 functions in 1971-1975, but were budgeted in the Real Estate Administration Account. For example, the Division Administrator, Deputy, contract Attorney General and accounting personnel spent some amount of their time on 119 activities, but these expenses were charged against the Administration Account. In the analysis that follows only the direct expenses are shown and there is no attempt to impute indirect expenses from the Administration Account.

LAND SALES (NRS 119) REVENUES AND DIRECT EXPENSES

Source	Revenues				
	1971-72	1972-73	1973-74	1974-75	1975-76
Land Company					
Filing Fees	\$14,250.00	\$ 59,110.00	\$ 41,661.64	\$ 41,517.52	\$ 36,374.25
Land Sales					
Reg. Rep. Fees	62,525.85	52,400.00	30,396.25	14,317.00	2,400.00
Advertising Fees	- -	- -	6,015.50	7,156.50	7,563.50
Annual Collection	\$76,775.85	\$111,510.00	\$ 78,073.39	\$ 62,991.02	\$ 46,337.75
Previous Bal.Fwd.		73,833.02			
Total Rev. & Bal.	\$76,775.85	\$185,343.02	\$ 78,073.39	\$ 62,991.02	\$ 46,337.75
G. F. Support			\$289,274.00	\$319,010.00	*

Category	Expenses				
	1971-72	1972-73	1973-74	1974-75	1975-76*
Personnel Svcs.	\$ 284.20	\$ 44,927.97	\$156,391.38	\$246,274.57	\$200,000.00*
Out-State Travel	- -	2,940.08	3,778.02	824.75	} 25,000.00
In-State Travel	- -	756.52	5,649.33	7,146.92	
Operating	185.52	27,183.73	39,818.12	39,534.64	
Equipment	2,473.11	8,535.86	7,807.98	5,076.97	
Total Expenses	\$ 2,942.83	\$ 84,344.16	\$213,444.83	\$298,857.85	\$225,000.00*
Carry Forward	\$73,833.02				
G. F. Reversion		\$100,998.86	\$ 75,829.17	\$ 20,152.15	

Source: Compiled from the Nevada State Controller's Year-End Budget Status Reports (Unaudited).

* For 1975-76, the Land Sales' responsibility was merged into the Real Estate Administration Account by the 1975 Legislature upon the recommendation of the Governor. Therefore, it is difficult to isolate expenses specifically for NRS 119 implementation. In 1973-75, the Legislature had authorized 27 positions for Land Sales. For 1975-77, the Governor proposed to transfer 22 of these to Real Estate Administration and the Legislature authorized the transfer of 17. For 1975-76, the salaries of these 17 positions would be approximately \$200,000 and estimated support costs \$25,000 for an estimated Land Sales' direct cost for 1975-76 of \$225,000.

From the revenue and expenditure chart on the preceding page, it can be shown that since chapter 119 became effective on July 1, 1971, through June 30, 1976, land company filing fees, land sales registered representative fees and advertising fees totaled \$375,688.01 and direct expenses for the implementation of NRS 119 have totaled \$824,589.67. The net of expenses over revenues have been supported by General Fund appropriations.

NRS 119.150 provides for a special account for the expenses of onsite investigations of subdivisions filed with the Real Estate Division. The source of funds for this account is payment from the developers being inspected. The types of expenses incurred are travel, per diem and film. There have been no salary charges against this account. The account is nonreverting and the revenues and expenses from 1971-1976 are displayed in the table below:

<u>REAL ESTATE INVESTIGATIVE FUND (#269-3832)</u>					
	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>	<u>1975-76</u>
Investigative Fees	\$773.00	\$780.29	\$2,310.81	\$4,707.15	\$3,711.05
Investigative Expenses	\$891.65	\$576.47	\$1,839.43	\$3,965.45	\$4,152.88
Investigative Net	(\$118.65)	\$203.82	\$ 471.41	\$ 741.70	(\$ 441.83)



STATE OF NEVADA
 CAPITOL COMPLEX
 DEPARTMENT OF COMMERCE
REAL ESTATE DIVISION
 ADMINISTRATIVE OFFICE
 CARSON CITY, NEVADA 89710
 (702) 885-4280

E. Exhibit C

MIKE O'CALLAGHAN
 GOVERNOR
 MICHAEL L. MELNER
 DIRECTOR
 DEPARTMENT OF COMMERCE

ANGUS W. McLEOD
 ADMINISTRATOR
 REAL ESTATE DIVISION

May 2, 1977

The Honorable Floyd R. Lamb
 Nevada State Legislature
 Legislative Building
 Carson City, Nevada 89710

RE: A.B. 725

Dear Senator Lamb:

This bill, which just passed the Assembly, takes away from the Division of Real Estate and transfers to the Real Estate Advisory Commission many of the land sales regulatory functions. The bill apparently will be referred to the Senate Judiciary Committee at which time the Division will offer testimony in opposition. Our main objections have to do with the fact that the present regulatory set up is working successfully and should not be altered, that members of the Commission have a conflict of interest since they represent land developers and are not statutorily prohibited from owning subdivisions which come under the Act, and the administrative entanglement which will result. The affect of the bill will be to weaken the regulatory program.

The main purpose of this letter is to advise you that the bill has a fiscal impact and perhaps the Senate Finance Committee should hold hearings to determine the amount of general funds which will be needed by the Commission to perform its functions. Under the Broker and Salesman Licensing Act deadline dates are established for the filing of applications and the Division can plan far in advance Commission meetings for application review and for disciplinary hearings. In other words, we know how many meetings there will be and the budget is built upon that knowledge. However, under the Land Sales Act there are no filing deadlines; that is, subdivisions can be filed anytime. Action by the Commission on subdivision applications and advertising review must occur at unplanned and thus unbudgeted meetings. If the bill becomes law and there is no increased general fund appropriation there will be insufficient funds for the Commission to perform.

Sincerely,

Angus W. McLeod
 Angus W. McLeod
 Administrator

AWM:mjs

cc: Senator James Gibson
 Howard Barrett
 Michael L. Melner
 Senator Thomas R. Wilson ✓

2714

Exhibit D

ASSEMBLY ACTION

SENATE ACTION

ASSEMBLY / ~~SENATE~~ AMENDMENT BLANK

Adopted
Lost
Date:
Initial:
Concurred in
Not concurred in
Date:
Initial:

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Concurred in
Not concurred in
Date:
Initial:

Amendments to ~~Assembly~~ / Senate
Bill / ~~Joint Resolution~~ No. 476 (BDR 56-1808)
Proposed by Committee on Commerce

1977 Amendment N^o 1237 A



Amend section 3, page 2, line 25, delete "commissioner" and insert:
"director".