

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
MARCH 18, 1977

The meeting was called to order at 9:00 A.M.

Senator James I. Gibson was in the chair.

PRESENT: Senator James I. Gibson, Vice-Chairman
Senator Eugene V. Echols
Senator Thomas R.C. Wilson
Senator C. Clifton Young

EXCUSED ABSENCE: Senator Floyd R. Lamb, Chairman
Senator Norman D. Glaser
Senator Norman Ty Hilbrecht

OTHERS: Ronald Sparks, Chief Deputy, Fiscal Analysis
Jean Ross, Budget
Cy Ryan, UPI
Grant Bastian, Highway Engineer
Gene Phelps, Business Manager
Wes Baumann, Highway Department
John Dolan, Chief Deputy, Fiscal Analyst
James Costa, Deputy Superintendent, Dept. of Education
Roger Trounday, Director, Department of Human Resources
Righard Serdoz, Department of Human Resources

Senator Gibson asked Mr. Bastian to speak on his budget.

Mr. Bastian said Gene Phelps would speak on the Department Budget with the aid of charts. He requested that if there were any questions as he went along, that the Committee interrupt the presentation where they wished more information.

Mr. Phelps distributed copies of the presentation as it appeared in the charted presentation so that each member could follow along while he was making his budget summary presentation. A copy of the Budget Summary is attached.

Mr. Phelps said the federal aid is received only after the work is done. The Highway Department presents a billing once a month to the federal government on a progress basis. Because of this type of financing they have to maintain a working capital of \$5 million. He listed the sources of revenues and the distribution of revenue throughout the state.

He gave a projection of the Highway fund balance based on estimated revenues less estimated DMV and other expenditures and estimated highway department expenditures. He stated that partly because of increased expenditures by DMV, because of decrease in gas tax collection, and increases in costs that the fund was depleting rapidly, with an expected balance at the end of the biennium of \$1,814,964. This will have to be maintained at the \$5. million level and he explained ways in which this could be done so that they would not be in trouble while waiting for receipt of the federal funds.

He outlined the expenditures both by object and by program; listed the executive and support services costs and listed the materials that are the most affected by inflation.

Increased taxes on gasoline were discussed. Mr. Bastian said they are watching various program that have been instituted in other states very closely. He cited a new program in Texas where the sales taxes on new and used vehicles will go into the highway fund. He said they are watching the result of that program with great interest.

Senator Young asked how much a 1¢ increase would bring and Mr. Bastian said it would be between \$4 and \$5 million in Nevada.

Senator Gibson asked him if he still had too many Deputy Attorneys General.

Mr. Bastian said they did, but what hurt more was 23 people in the environmental protection program.

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It is anticipated that there will be increased emphasis on the federal aid flow-through programs whereby federal aid is provided to local entities for local and off-system projects through the highway billing system. Primary and secondary systems are expected to receive more emphasis as the Interstate effort declines with its completion. Other areas of departmental concentration in the coming biennium are the demands for some reconstruction which are not supported by federal aid, and for maintenance and repairs on existing roadways. As federal participation does not apply to these activities, revenue derived from highway users is the only source for such programs.

Mr. Bastian explained that deferred work on county and secondary roads became more costly each time the work had to be put off. This sometimes resulted in a whole new road resurfacing.

There were no further questions on the budget and Senator Gibson thanked them for appearing.

He asked the Committee to consider A.J.R. 26: Proposes constitutional amendment to repeal certain pledges to State Permanent School Fund and to limit permissible investments of that fund.

John Dolan advised that this legislation was the result of an interim study contained in LCB #77-15 by the Legislative Commission on the state permanent school fund.

James Costa from the Department of Education read a prepared statement on the Joint Resolution, copy attached.

Senator Wilson suggested that an amendment be added to the resolution stating that the investment program would not be limited to government bonds.

There was no action taken on the amendment as the Committee felt they would prefer to take action when there was a full attendance of the Committee.


S.B. 106: Modified requirements for the regulation of certain sources of air pollution. Richard Serdoz from the Department of Human Resources spoke on this bill from a prepared memo, copy attached.

Mr. Trounaday answered questions from the Committee. He said this was not funded in the department budget. He said they did not feel the federal government was going to mandate, but he felt this bill provided a good mechanism. Senator Young asked if the federal government got back into the program, would the state get back into it, too? Mr. Trounaday said he thought that was the way it would work.

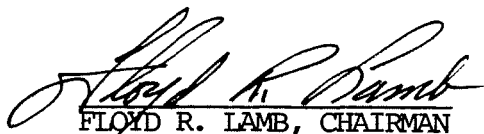
Senator Wilson moved that the bill be approved; Senator Echols seconded and the motion passed.

The meeting adjourned at 10:15 A.M.

RESPECTFULLY SUBMITTED:


MURIEL P. MOONEY, SECRETARY

APPROVED:


FLOYD R. LAMB, CHAIRMAN

DEPARTMENT OF HIGHWAYS

Budget Summary

1977-1979 Biennium

SOURCES OF REVENUES

(Millions of Dollars)

	<u>75-76</u>	<u>76-77</u>	<u>77-78</u>	<u>78-79</u>
STATE USER REVENUES	\$63.39	\$67.24	\$71.90	\$74.47
LESS: Shared Revenue to Cities & Counties to State Agencies	24.09	25.58	27.70	28.83
Misc. Collection Costs	.84	.89	.93	.97
Sub Total	<u>27.33</u>	<u>29.10</u>	<u>31.36</u>	<u>32.62</u>
Appropriations to DMV	7.84	8.24	9.63	10.10
to Other State Agencies	1.19	1.93	1.30	1.44
Sub Total	<u>9.03</u>	<u>10.17</u>	<u>10.93</u>	<u>11.54</u>
USER REV. AVAILABLE TO HWY. DEPT.	27.03	27.97	29.61	30.31
FEDERAL AID REVENUE	42.00	42.03	46.92	48.21
MISC. REVENUE	4.47	3.81	3.43	3.28
AMOUNT AVAILABLE TO HWY. DEPT.	73.50	73.81	79.96	81.80

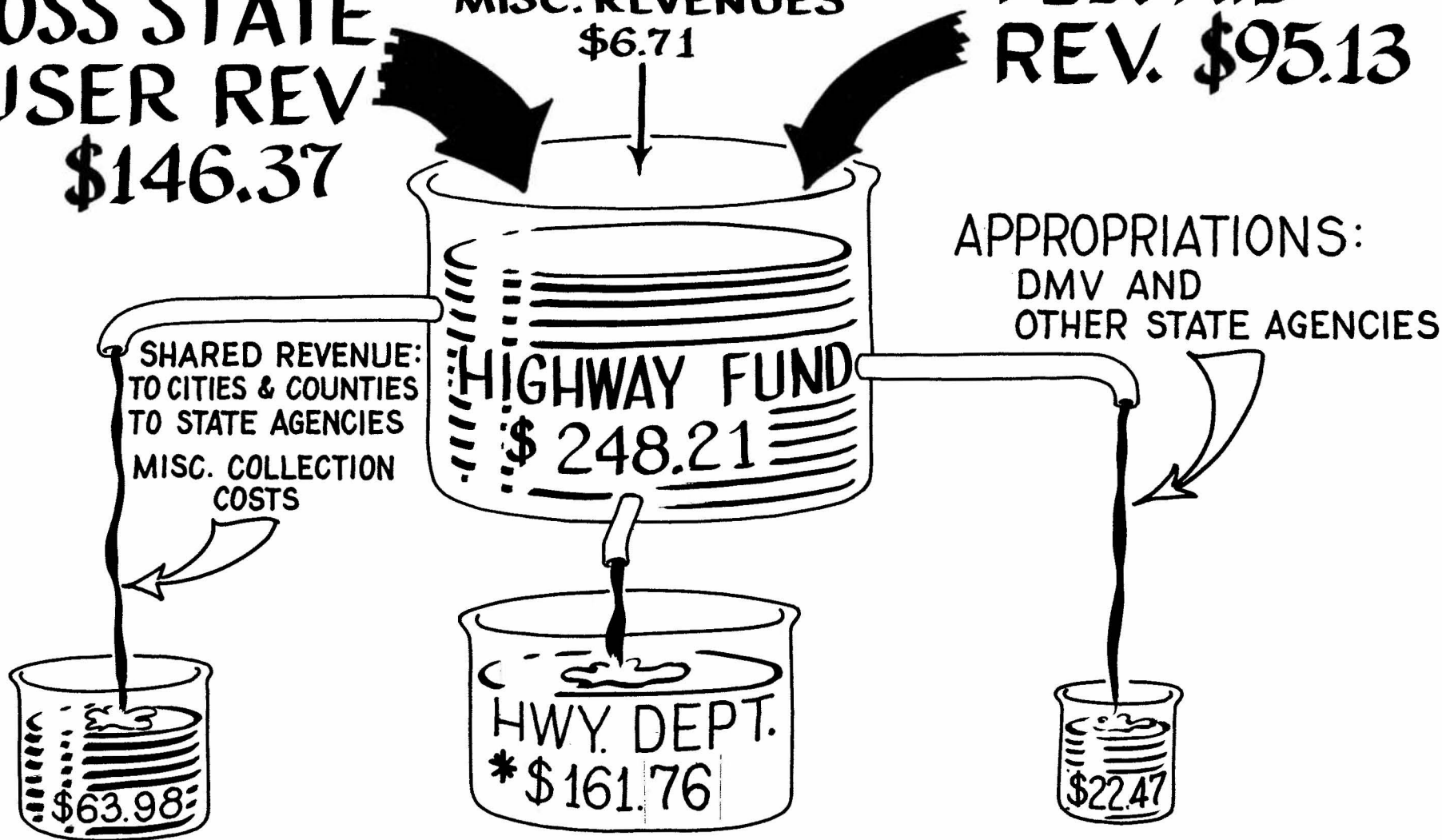
BIENNIUM REVENUES

(MILLIONS OF DOLLARS)

**GROSS STATE
USER REV
\$146.37**

**MISC. REVENUES
\$6.71**

**FED. AID
REV. \$95.13**



*\$10.85 OF FEDERAL AID WILL BE DIVERTED FROM HWY. DEPT. AS OFF-SYSTEM AND FLOW-THRU TO CITIES AND COUNTIES.

PROJECTION OF HIGHWAY FUND BALANCE

HIGHWAY FUND BALANCE ~ 7/1/76 \$17,907,876

ADD: ESTIMATED REVENUES

FY 77	\$ 83,990,900
FY 78	90,888,000
FY 79	<u>93,339,500</u>
	\$ 268,218,400

268,218,400

DEDUCT: ESTIMATED DMV & OTHER EXPENDITURES

FY 77	\$ 10,176,784
FY 78	10,929,809
FY 79	<u>11,535,319</u>
	\$ <32,641,912>

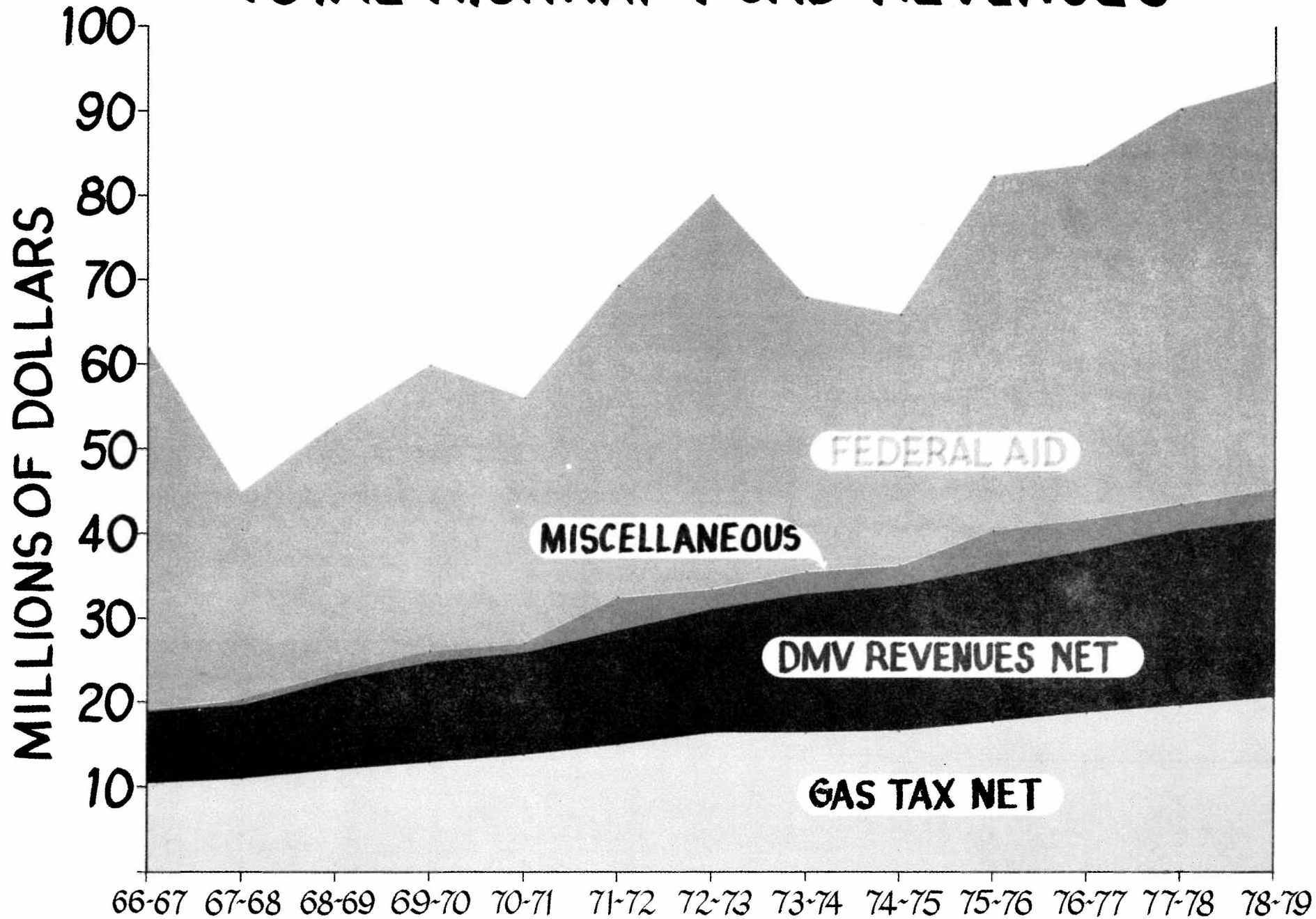
DEDUCT: ESTIMATED HIGHWAY DEPT. EXPENDITURES

FY 77	\$ 78,555,800
FY 78	84,619,000
FY 79	<u>88,494,600</u>
	\$ <251,669,400>

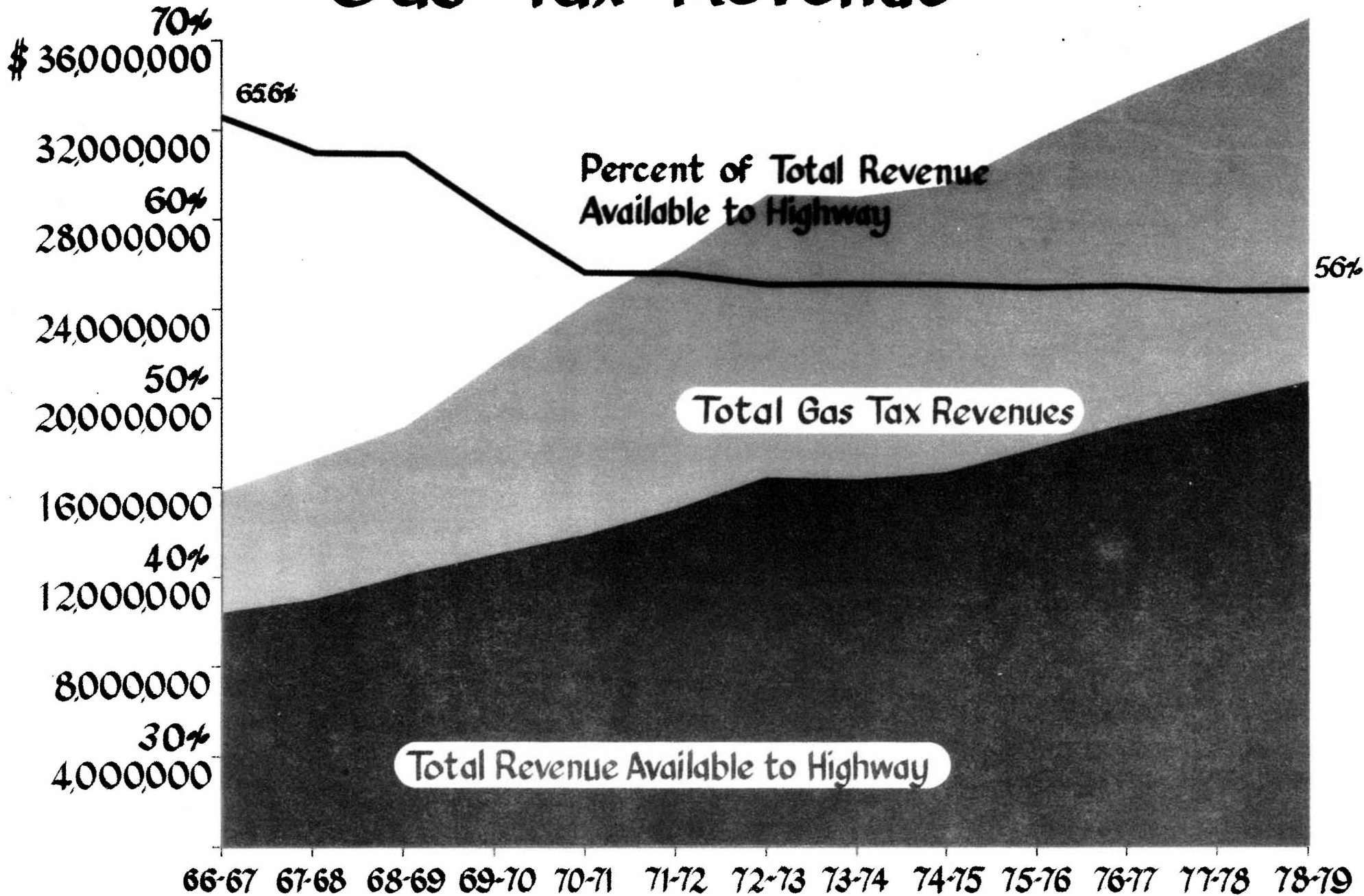
<284,311,312>

ESTIMATED HIGHWAY FUND BALANCE ~ 6/30/79 \$ 1,814,964

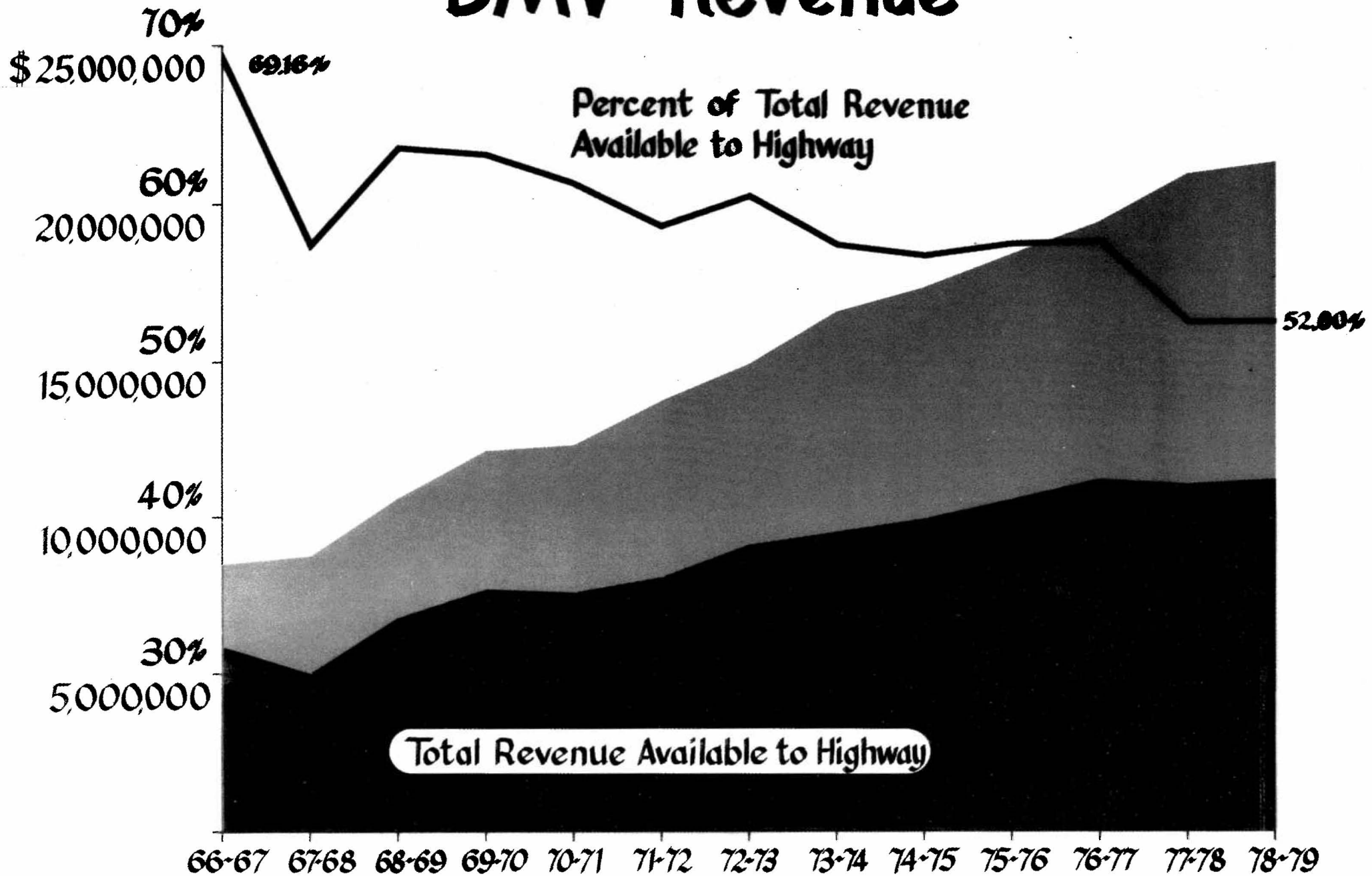
TOTAL HIGHWAY FUND REVENUES



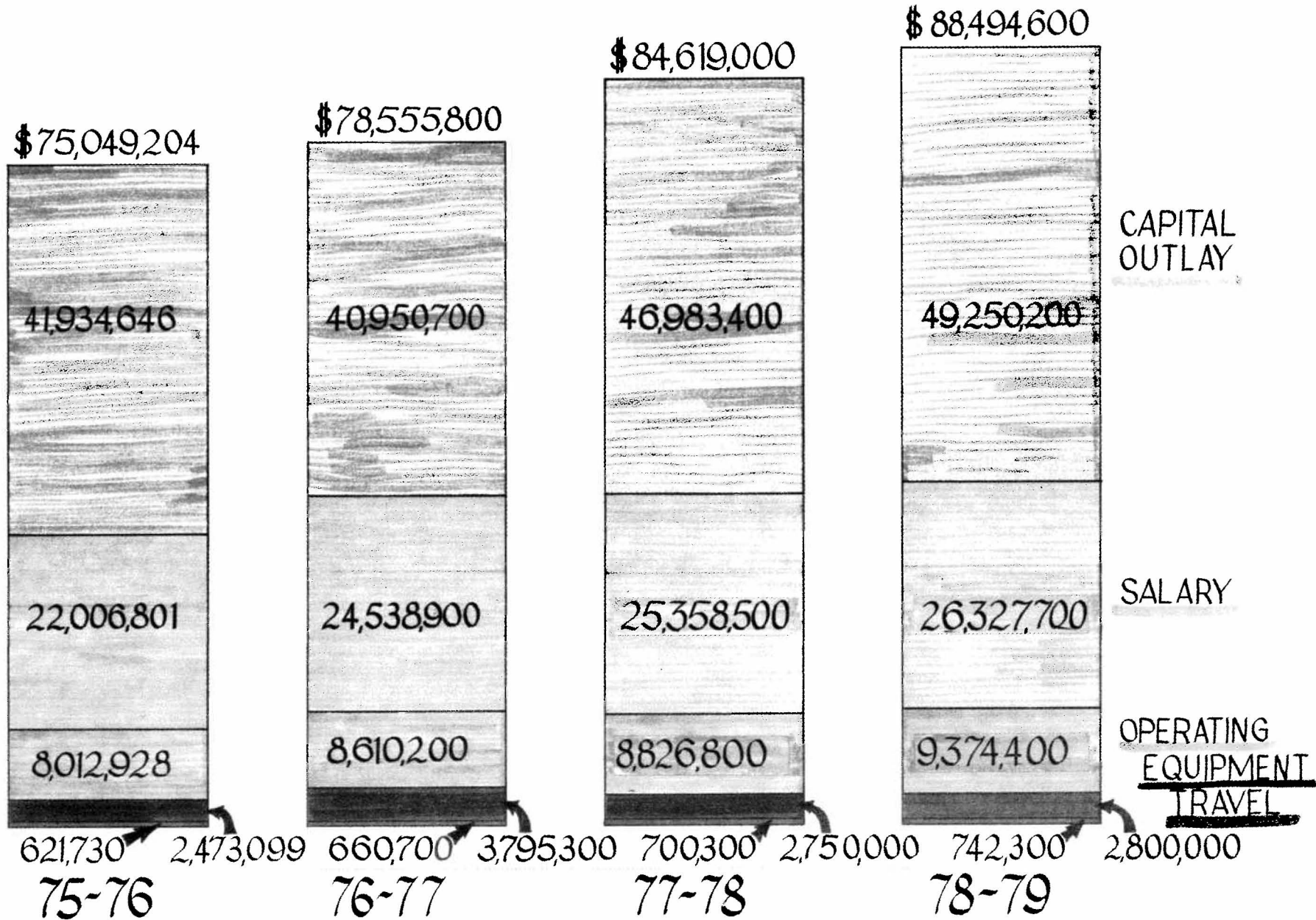
Gas Tax Revenue



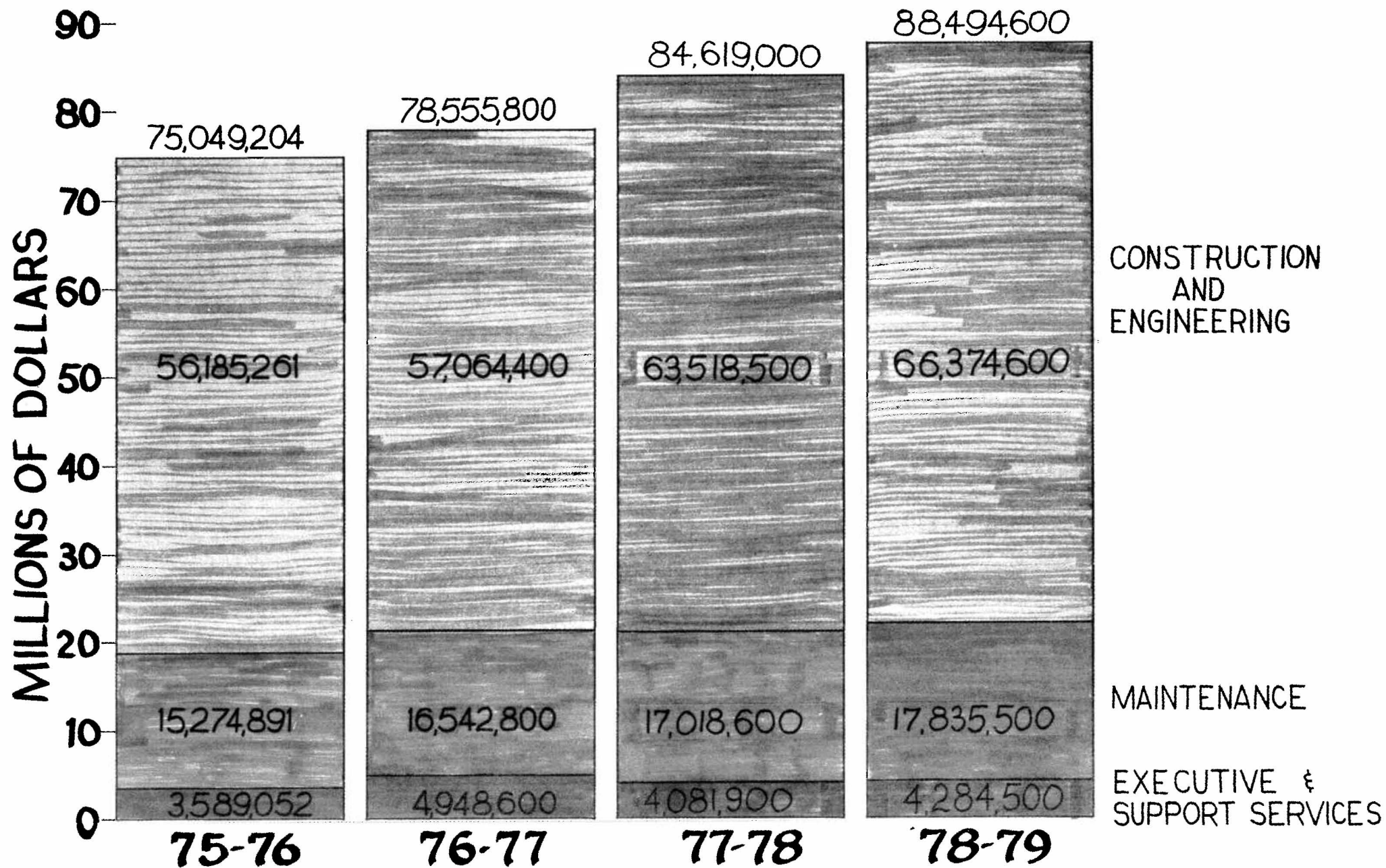
DMV Revenue



EXPENDITURES BY OBJECT



EXPENDITURES BY PROGRAM



EXECUTIVE & SUPPORT SERVICES

EXECUTIVE

*STATE HIGHWAY BOARD
HIGHWAY DEPT. ADMINISTRATION*

FINANCIAL SERVICE & D.P.

*INTERNAL AUDIT
ACCOUNTING & FINANCE
DATA PROCESSING*

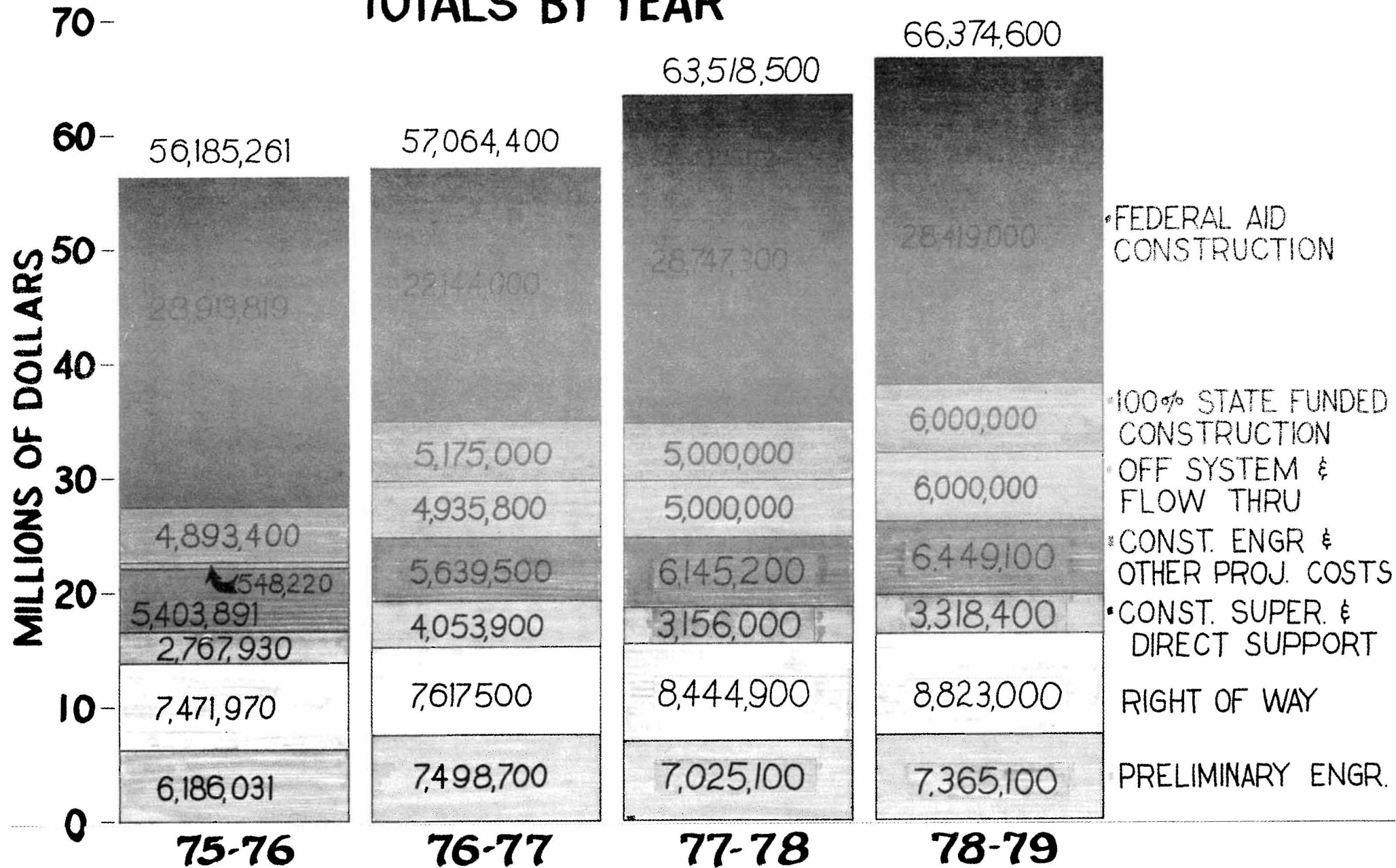
PUBLIC INFORMATION INDUSTRIAL RELATIONS

*PERSONNEL
TRAINING
INDUSTRIAL SAFETY*

INDIRECT SUPPORT SERVICES

*CIVIL RIGHTS
LEGAL SERVICES
FLIGHT OPERATIONS
CONTRACT COMPLIANCE
REPRODUCTION
OFFICE SERVICES
BUILDINGS & GROUNDS
PURCHASING & STORES*

CONSTRUCTION & ENGINEERING TOTALS BY YEAR



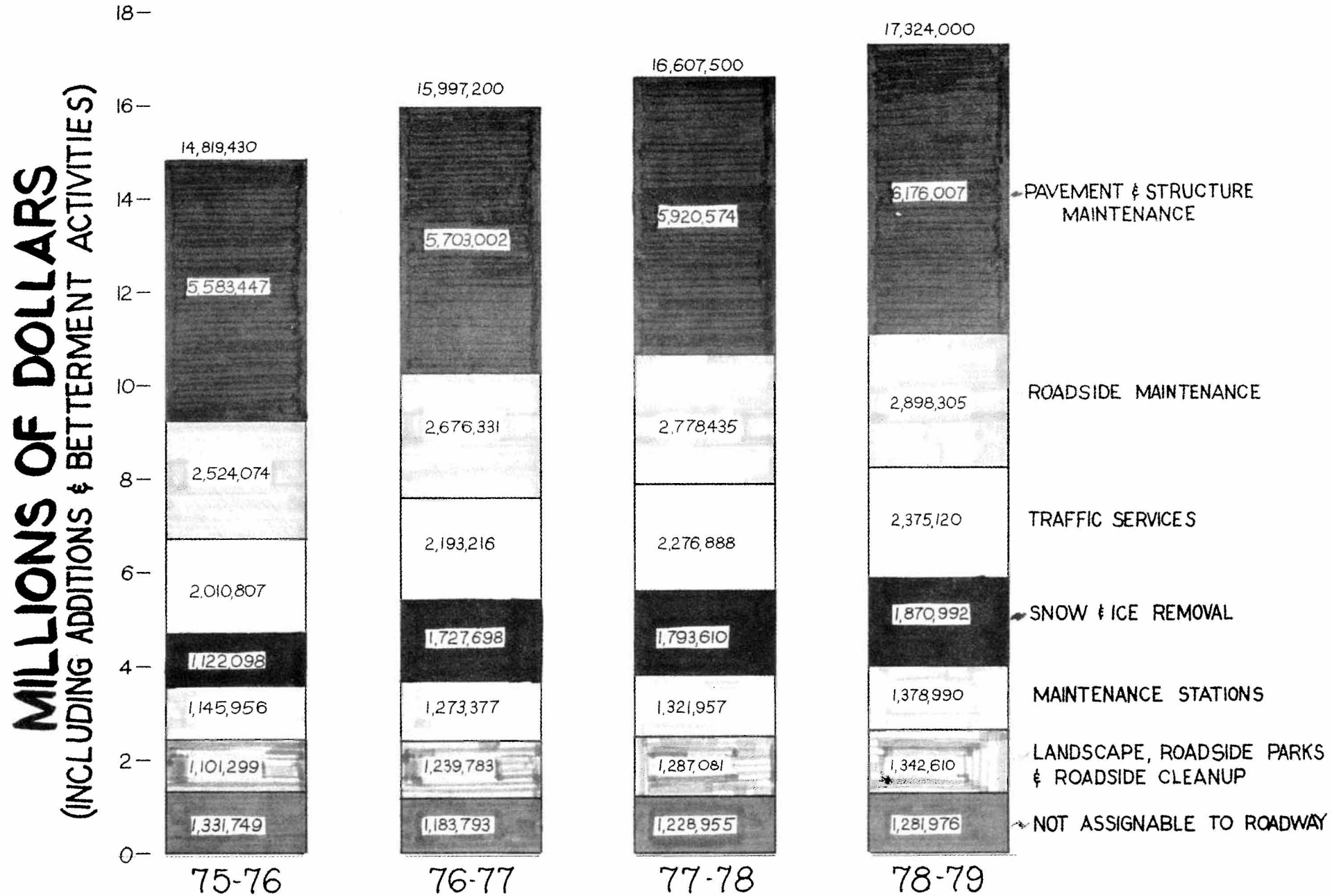
INVENTORY OF MAJOR MAINTENANCE UNITS

LANE MILES	11,827
ROADSIDE MOWING (Shoulder Miles)	3,068
ROADSIDE REST AREAS	80
INTERCHANGES	120
STRUCTURES	593
LANDSCAPE AREAS (Acres)	140
RIGHT OF WAY FENCE (Miles)	2,885
LANE STRIPING (Miles)	11,267
TRAFFIC PAVEMENT MARKING (Sq. Feet)	156,150
GUARD RAIL (Lin. Feet)	1,233,680
MAINTENANCE STATIONS	58
TUNNELS	4
DITCHES (Miles)	4,765
SIGNS	19,861
CULVERTS	25,202

SUMMARY OF MATERIAL USED ON MAINTENANCE FISCAL YEAR 76

Aggregate	202,812 Cu.Yds.
Premix	117,671 Cu.Yds.
Liquid Asphalt	4,606,576 Gals.
Crack Filler	253,000 Lbs.
Fertilizer	19,483 Lbs.
Sight Plates for Guide Posts & Snow Markers	23,429 Plates
Traffic Paint	110,550 Gals.
Glass Beads	429,613 Lbs.
Sign Posts	11,802 Lin.Ft.
Guard Rail	5,120 Lin.Ft.

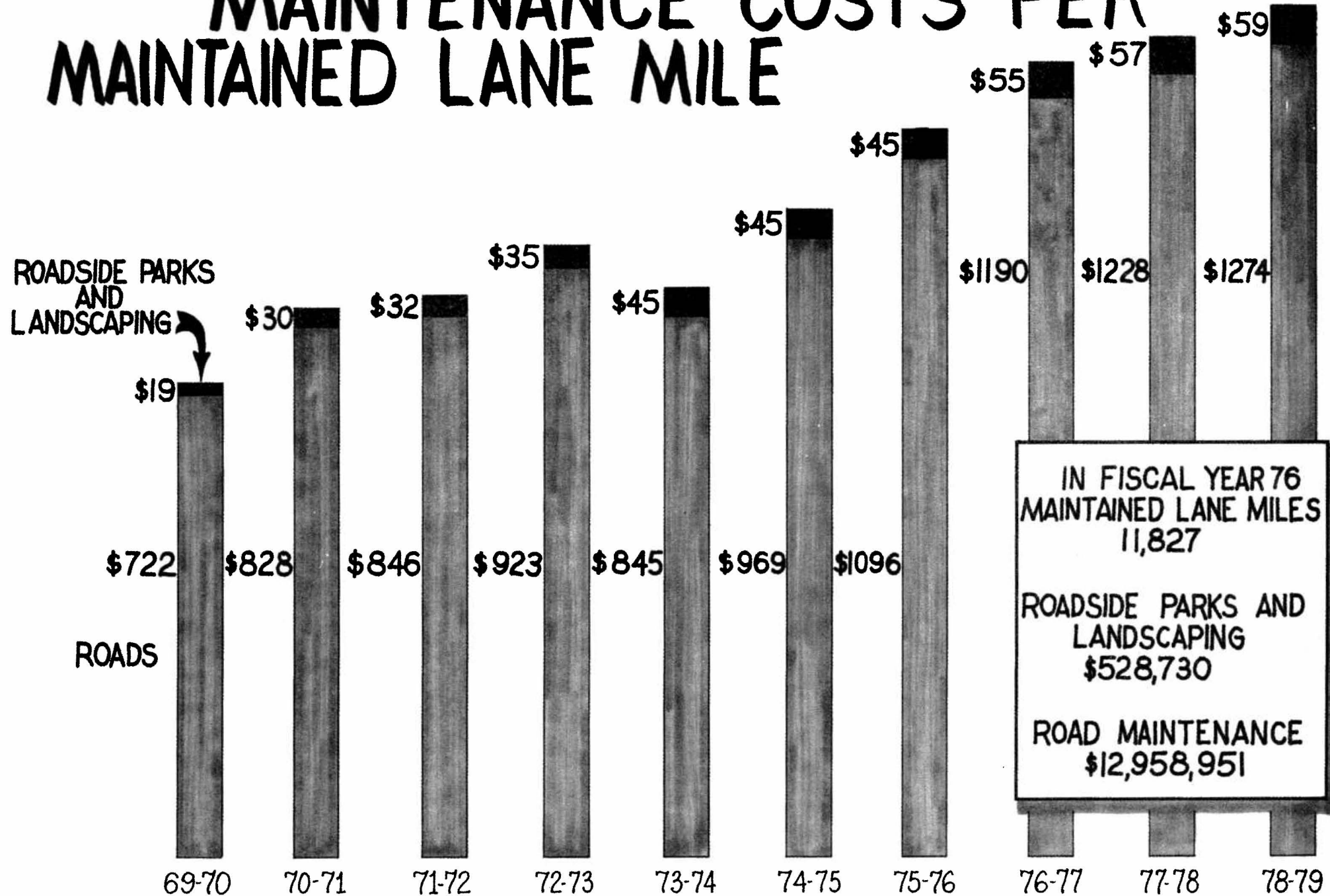
MAINTENANCE BY FUNCTION



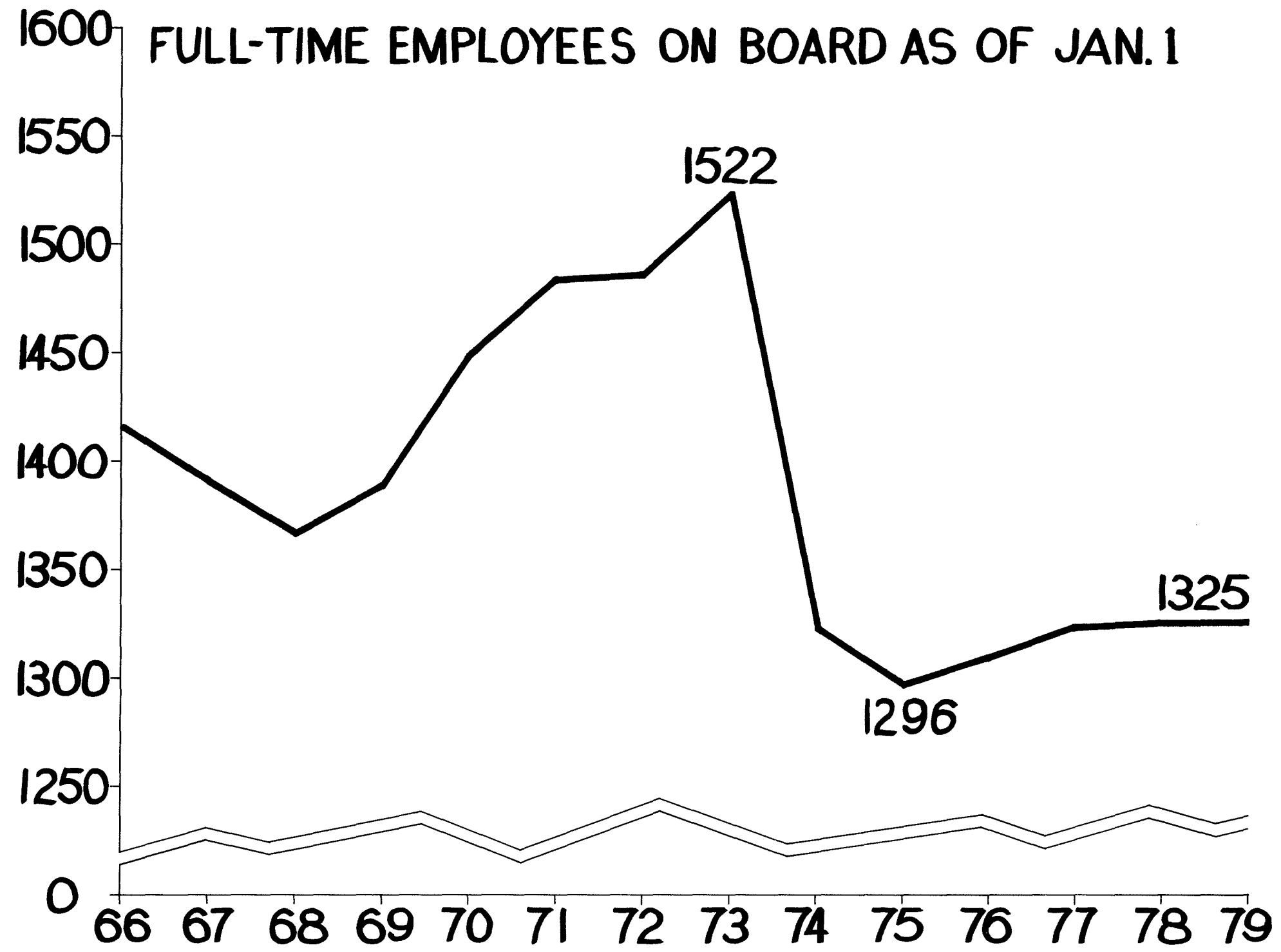
**ADDITIONS
REQUIRING MAINTENANCE
JULY 1, 1977 THRU JUNE 30, 1979**

- 1. 210 ADDITIONAL LANE MILES**
- 2. 23 NEW STRUCTURES**
- 3. 9 NEW INTERCHANGES**
- 4. 2 NEW REST AREAS**
- 5. 1 NEW LANDSCAPE AREA**
- 6. 30 NEW SIGNALS** *(Maintained by Cities)*

MAINTENANCE COSTS PER MAINTAINED LANE MILE



FULL-TIME EMPLOYEES ON BOARD AS OF JAN. 1



STATEMENT FROM
THE DEPARTMENT OF EDUCATION
TO THE

SENATE COMMITTEE ON FINANCE
Friday, March 18, 1977
9:00 A. M., Room 231

A. J. R. 26 -- Proposes constitutional amendment to repeal certain pledges to State Permanent School Fund and to limit permissible investments of that fund.

Assembly Joint Resolution 26 seeks to amend the Constitution of the State of Nevada so that escheat estates and fines collected for violation of the state's penal laws will no longer be deposited in the State Permanent School Fund. Such an amendment will essentially freeze the Fund at its present level since these two sources are the major revenue producers for the Fund. In Fiscal 1975 revenue to the Fund was \$629,160 of which \$621,147 was from escheats and fines. Fiscal 1976 revenues were \$667,230 of which escheats and fines were \$605,744.

The Permanent School Fund was intended to ensure a base of funding for the support of public schools. Through the sale of dedicated Federal lands, escheats and fines, the Fund has grown to \$10,989,430 in the Fiscal Year ending June 30, 1976. Interest earned on investments of \$7,549,000 amounted to \$549,635 in Fiscal 1976. To date in Fiscal 1977, these earnings are \$380,635. All earnings are deposited in the State Distributive School Fund, and these have been running less than 1 percent of the amount needed to guarantee basic support to the schools. Without the benefit of annual additions of escheats and fines the amount available for investment will not increase, but rates remaining stable, interest should continue at its present level.

The limit on permissible investments does not appear to be threatening since none of the current investments are made in this area. Furthermore, deletion of this phrase will clearly make governmental bonds the only permissible investments.

Because of considerable variation in the definition of penal fines by the counties, and some inconsistency in the management of the Fund over the years, the Department does not oppose this effort to promote clarity and efficiency.

JPC:maj
3-18-77

110

*Total around
\$700,000 annually.*

COST ESTIMATES 1976-1977 DOLLARS

1. TRAINING PER AGENCY

- a. UPGRADING IF THERE IS A DELAY IN IMPLEMENTATION (PAST COSTS) \$500 to \$2,000
- b. ON GOING \$200/YEAR

2. REVIEW

- a. ONE MAN MONTH EFFORT \$1,500 to \$2,000
- b. LEGAL PUBLICATION \$150/REVIEW
- c. COMPUTER VERIFICATION \$600/REVIEW

THERE ARE AN AVERAGE OF 8 REVIEWS PER YEAR BETWEEN THE EXISTING THREE AGENCIES FOR THE PREPARATION OF THE FISCAL NOTE THE STATE WOULD CONDUCT ALL OF THE COMPUTER VERIFICATIONS AND THE REVIEWS WOULD BE TWO IN WASHOE COUNTY, TWO AT THE STATE AND FOUR IN CLARK COUNTY.

	MIN.	MAX.
STATE	4,700	5,700
Local Comp. Ver.	<u>3,600</u>	<u>3,600</u>
	8,300	9,300
CLARK COUNTY	6,800	8,800
WASHOE COUNTY	3,500	4,500

RANGE \$18,600 to \$22,600
 FISCAL NOTE COST \$21,220

THE ESTIMATED COST TO THE DEVELOPER FOR THE PREPARATION OF THE ENVIRONMENTAL ASSESSMENT -- \$1,000 to \$15,000

INDUSTRY WIDE @ 8 PER YEAR -- \$8,000 to \$120,000