

SENATE FINANCE COMMITTEE  
MINUTES OF MEETING  
MARCH 22, 1977

The meeting was called to order at 8:00 A.M.

Senator Floyd R. Lamb was in the chair.

PRESENT: Senator Floyd R. Lamb  
Senator James I. Gibson, Vice-Chairman  
Senator Eugene V. Echols  
Senator Norman Ty Hilbrecht  
Senator Thomas R. C. Wilson

EXCUSED ABSENCE: Senator Norman D. Glaser  
Senator C. Clifton Young

OTHERS: Ronald W. Sparks, Chief Deputy, Fiscal Analyst  
Howard Barrett, Budget Director  
Cy Ryan, UPI  
Vernon Bennett, Executive Officer, Public Employees Retirement  
Administrative Fund  
Will Keating, Assistant Executive Officer

Senator Lamb said that he had received a letter from Bill Hancock and as he understood it, the Committee has a joint Meeting set up with the Assembly Ways and Means Committee tomorrow morning.

It seems that Peter Simons is defaulting on his commitment at Jean; although he has a \$500,00 bond posted. He said it might be a question if they could collect it or not. But the first thing in the morning, this will be considered.

Mr. Bennett spoke to the Committee on additional post retirement increases for all benefit recipients for the next biennium, that he had been asked to put together for their information. (Copy Attached.)

Senator Lamb thanked him for the information.

Senator Lamb said that he had a bill that makes appropriation to the Division of State Parks or the State Department of Conservation and Natural Resources for capital improvements in state parks, in restoring equipment of the Virginia & Truckee Railroad. There is \$1.5 million in capital improvement to Nevada State Parks with consultant services relating to the improvements and a boundary survey of all state park property. The sum of \$103,000 is for the restoration of equipment for Virginia & Truckee Railroad.

Mr. Sparks said this was the administration bill for what was recommended in the budget.

Mr. Barrett said he thought the bill was being introduced in Ways and Means either today or yesterday. He said he was asked if there were any bills that had not been introduced and he pointed out that they had this one that had been delivered to the Committee but had not been introduced and they asked to have a copy of it on their side.

Senator Lamb said they would take no action if it was being introduced in the Assembly.

A.J.R. 26: Proposes constitutional amendment to repeal certain pledges to state permanent school fund and to limit permissible investments of that fund.

Mr. Sparks said that this contains a recommendation from the Legislative Counsel Bureau Interim Study on the permanent school fund. Senator Lamb asked him why they were monkeying with that permanent school fund?

Mr. Sparks said this bill would merely amend the constitution to allow the Legislature at a future date to determine what they want to do with the penal fines that are now going to the permanent school fund.

Senator Lamb asked if this wasn't a good place for them to go?

Mr. Sparks said the fund was now at about \$11 million or \$12 million.

Senator Gibson said the income from fines last year was \$568,000; the earnings on the interest was \$755,000. He said he thought the purpose of this was to get ready for the Judiciary to receive full state funding for the court system; for the state to take over the costs: this is to be apart of that, he said he didn't know how much.

Senator Wilson said he wondered about the propriety of funding the courts with fines that the courts impose. He felt the bill posed two issues, one was to provide money for the permanent school fund, the other was limitations in the form of methods and means of investment to try and earn a higher return.

Mr. Sparks said that the Committee suggested if they went along with this that it should be amended to allow investments as other state monies are invested; right now this is only limited to bonds.

Senator Wilson said he was unclear on the policy question of not committing those monies to state school funds.

Senator Gibson said the problem is going to be how do they pay for that. He said that these do not go into the distributive school fund, the interest does.

Senator Lamb said it was only \$750,000 now because they can only invest in bonds.

Senator Wilson asked what the rationale was behind this.

Mr. Sparks said he thought it was in mind of the full state funding of the court system in the future. What this would allow, if this were passed was for the Legislature to make a determination as to where these penal fines would go. Whether they go to the general fund and then the Legislature appropriates money for the support of the court system or whether they decide to dedicate it to the support of the court system. This would give the Legislature the authority to make that decision.

Senator Wilson said he had a basic problem of committing fine monies imposed by the judiciary to support the judiciary. He said he felt that was unsound. He felt that was the implication of this bill.

Senator Hilbrecht said he felt they should amend the bill to provide that the money may be invested in such a way as to recoup the best interest.

Senator Lamb said he felt that should give them some leeway, as an example the retirement fund is drawing over 8% or 8 1/2%.

Senator Hilbrecht said that since they are always going to consume far in excess of the income from this fund, he felt it was ridiculous not to leave it just the way it is for education. But he did think they should change the interest rates provisions to provide that they be invested as all other state funds and the interest therefrom be paid into the distributive school fund. He said he would so move. Senator Wilson seconded the motion and the motion passed

S. B. 144: Increases vehicle registration fees payable to agents. There was a general discussion on the bill relative to population of Carson City and the facts which had been brought out at the time the budget hearing.

Mr. Sparks said he had asked John Ciardella of DMV to provide him with some cost figures as to what it would cost if the Department of Motor Vehicles were to take over Carson City registration. He also illustrated what would happen if you raised the agent fee \$1 and the passenger car fee 50¢. The whole thing would be a gain to the Highway Fund of about \$50,000; Carson City would no longer register vehicles and DMV would take care of registering the vehicles for Carson City. A discussion followed as to why it should cost the state more money to operate the program than the Carson City Assessor. It was determined that the computer costs, which should give better service, would be one reason; also the cost of a key punch operator to put the records into the system of the Department of Motor Vehicles is not shown as a cost of the current procedure.

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Senator Hilbrecht said he felt they should go off the contract basis in Carson City because of the volume of business they do and have DMV handle it directly and then raise the contract fees only in the rural counties, that is the other counties, where DMV does not have an office.

The best way to finance the need was discussed.

Senator Gibson moved to amend the bill to reduce on line 9, Section 1, the 100,000 to 15,000; on line 24, Section 2, the fee for registration of passenger cars be at \$6.00. Then amend out all the other fee changes in the bill. Senator Hilbrecht seconded the motion, the motion passed.

Senator Hilbrecht moved that the Committee reopen the Registration DMV budget; Senator Wilson seconded and the motion carried.

Senator Hilbrecht moved that the Committee amend to provide a special line item for the opening of Carson City DMV Registration Office with the sum of \$60,681. Senator Wilson seconded and the motion passed.

Senator Hilbrecht moved that the budget be closed; Senator Echols seconded and the motion carried.

Senator Lamb said he had a bill that deletes requirements that Certificates of Election be issued for certain public officers.

Senator Hilbrecht explained that in the Governor's budget there is an item for \$8,000 for the next election year for the purpose of printing these special certificates for legislators, principally, and that is an added \$4,000 for printing certificates for legislators and he felt they should delete that item. He said it was initiated about four years ago.

Mr. Barrett said it was not just for state legislators, but for the three national representatives.

Mr. Sparks said that when they closed the budget they amended it to take \$2,000 out of Printing and Duplicating costs.

Senator Hilbrecht moved that the bill be introduced; Senator Wilson seconded and the motion carried.

Senator Lamb said that in reviewing budgets, he felt that any one that was controversial should be held until a full committee was present. Those present agreed to this procedure.

STATE TREASURER BUDGET: The treasurer had requested that the salary of the deputy be raised higher than that of the treasury cashier.

Senator Gibson asked if the budget was set up on the basis of the bill that was passed, S.B. 35.

Mr. Barrett asked if he meant the one for them to collect money from other agencies?

Senator Gibson said that was a part of it. Mr. Barrett said it was.

Mr. Sparks said that bill was on third reading in the Assembly on this date.

Senator Wilson moved that the salary of the Deputy Treasurer be raised to \$21,000; Senator Hilbrecht seconded; and the motion carried.

Senator Wilson moved to close the budget, Senator Hilbrecht seconded, and the motion carried.

STATE BOARD OF FINANCE BUDGET: Senator Gibson moved the Committee go with the Governor; Senator Hilbrecht seconded and the motion carried.

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INTER-GOV PERSONNEL BUDGET: Senator Hilbrecht moved the Committee go with the Governor; Senator Gibson seconded and the motion carried.

COMMISSIONER FOR VETERANS AFFAIRS BUDGET: Mr. Sparks advised that the bill abolishing the Advisory Committee had not passed the Assembly Ways & Means, then they did not get enough votes to reopen the budget and go back in and fund the Advisory Committee.

Senator Lamb read a letter from the Executive Director expressing the need for the Advisory Committee to represent the veterans who did not belong to an organized group.

Mr. Sparks said that he had been advised that \$3,000 would be sufficient for the biennium for the Advisory Committee . .

Senator Hilbrecht moved that the Advisory Committee funding in the budget be reduced to \$1500 for each year of the biennium.

Senator Wilson seconded the motion and the motion carried.

The funds for out-of-state travel were discussed.

Mr. Barrett explained the needed trips, which were made to visit Nevada veterans who were in out-of-state hospitals, as a part of the duties of the Commission. He said he felt the amount in the budget was reasonable.

Senator Gibson moved that the Committee go with the budget as amended; Senator Wilson seconded and the motion carried.

SUPREME COURT JUSTICES & WIDOWS PENSIONS BUDGET: Senator Gibson said that in view of Judge Zenoff's announced retirement, the sum of \$20,417 additional would have to be added to this budget.

Senator Hilbrecht moved that the appropriation be increased by this amount; Senator Echols seconded and the motion carried.

Senator Gibson moved that the Committee approve the budget as amended: Senator Hilbrecht seconded and the motion carried.

LAW LIBRARY BUDGET: Senator Hilbrecht moved the budget be approved; Senator Wilson seconded and the motion passed.

RETIRED JUSTICE DUTY FUND BUDGET: Senator Gibson moved that the appropriation be cut to \$25,000 each year; Senator Echols seconded and the motion passed.

Senator Gibson moved that the budget be closed; Senator Echols seconded and the motion passed.

COMMITTEE ON POSTSECONDARY INSTITUTIONAL AUTHORITY BUDGET: Senator Gibson moved that the budget be approved; Senator Echols seconded, and the motion carried.

LOST CITY MUSEUM BUDGET: Senator Wilson moved the Committee go with the Governor; Senator Echols seconded and the motion passed.

DIRECTOR OF HUMAN RESOURCES BUDGET: Senator Hilbrecht said he had a question about the Public Information Officer. Mr. Barrett said that there was such a position now, but parts are funded with federal dollars and these will go away at the end of this biennium and the recommendation is that he be given a public information officer. Mr. Barrett said this was a very large, complex department and they particularly have need of this person to provide information to the public. He said that this department is frequently in the news and they do need someone to work with them and work with the press.

Senator Wilson said that he had asked Mr. Miller for a report on that test law suit and he said he had not received it and he didn't have time to chase him.

Senator Hilbrecht said he felt that during a transitional period there might be a need for a public information officer. But he felt people now were more sophisticated and they understood the services available to them.

Mr. Barrett said that this area was always in transition. Never is it static.

Senator Hilbrecht moved that the position of public information officer be deleted; Senator Gibson seconded and the motion carried.

Senator Hilbrecht moved that the budget be closed as amended; Senator Gibson seconded and the motion carried.

EMERGENCY MEDICAL SERVICES BUDGET: Senator Hilbrecht said he had originally raised the question as to the need of the training services and the number of people who traveled around the state arranging for these services. He said he still thought it was a valid question to be considered.

It was agreed that this program had been vital in the rural areas. Senator Hilbrecht said he wondered if there was a need to continue the program or had the training already been done.

Mr. Barrett explained where the training officers were stationed and the work they did and continued to do. Senator Lamb said these were fine programs, but now he felt most had all the training they needed. Mr. Barrett said they felt they had to have continual refresher courses and the budget had already been cut to some degree.

Senator Hilbrecht suggested that they delete one of the medical services representatives.

Mr. Barrett said if they did that they would get a definite response. He said there were a lot of little towns throughout the state, a lot of volunteer programs, small ambulance services; he said he felt it made a lot of sense to get around the state and work with those people.

Senator Wilson said that he thought this emergency medical service in the rural areas of the state was a lot more important than it is in the larger areas. General discussion followed on whether the services were being carried out in the small counties as intended.

Senator Gibson moved they approve the budget; Senator Wilson seconded and the motion carried.

WORK INCENTIVE BUDGET: Senator Hilbrecht mentioned Senator Wilson's earlier comment that he had tried to get a statement on this from the department and had been unsuccessful.

Senator Wilson said he had seen Mr. Miller in a hallway and talked about it. He said he was talking about a test case as to whether or not this was consistent with Congressional intent for the feds to impose sanctions on other programs not related to this, if we cut.

Senator Gibson said he thought they had gone through that once and he thought that Senator Wilson was going to find that this was part of Russell Long's pet on work and that he wrote it into that House Bill.

Senator Hilbrecht moved they approve the budget; Senator Gibson seconded and the motion carried.

DIVISION OF CHILD CARE SERVICES BUDGET: Senator Hilbrecht moved the Committee delete the position of Child Development Specialist. He said he felt the administrator had done a good job. He said she had developed a good rapport with the child care facilities; they generated some standards. He wondered why it was necessary to continue with the program now, particularly in the urbanized area. He felt it was time for them to take the program to the rural areas and set up a voluntary community based program.

Senator Gibson seconded the motion and it carried.

Senator Hilbrecht moved to close the budget as amended; Senator Gibson seconded and the motion passed.

F D A A PROGRAM BUDGET: Mr. Barrett said they had occasion to check prohibiting the employment of retired military personnel with the federal civil service people and there is no state that has such a provision and they felt that this provision in our law would not allow us to either receive federal funds or we could not use that kind of provision in any agency where federal funds were. They felt this was a kind of discriminatory kind of position to take. (Mr. Barrett was referring to a suggestion at the previous hearing that the state not employ veterans who were on full retirement from the military.)

Mr. Barrett said there are a number of retired military people who retired at age 40 or less, at a very small retirement amount.

Senator Hilbrecht said he would not buy that at all. He said there had been substantial increases in those military retirements.

Mr. Barrett said there were still a number who could not make it.

Senator Hilbrecht moved the Committee close the budget; Senator Gibson seconded and the motion carried, with Senator Lamb casting a dissenting vote.

CIVIL DEFENSE & DISASTER AGENCY EMERGENCY PLANNING PROGRAM BUDGET: Senator Wilson voted that the Committee disapprove this budget; Senator Hilbrecht seconded and the motion carried with Senator Gibson casting a dissenting vote.

GAMING CONTROL BOARD INVESTIGATIVE FUND BUDGET: Senator Hilbrecht moved that the Committee approve the budget; Senator Wilson seconded and the motion carried.

DIVISION OF SOIL CONSERVATION DISTRICTS BUDGETS: Senator Hilbrecht moved the budget be approved; Senator Wilson seconded and the motion carried with Senator Lamb dissenting.

FISH AND GAME FUND BUDGET: Mr. Sparks stated that he had received a letter from the Commission saying that they had deleted six positions from the budget and reduced out of state travel and also made reductions in the operating and equipment categories.

Senator Hilbrecht moved that the Committee delete and make the corrections in the budget as listed in the March 2 letter to the Committee from the Commission. Senator Echols seconded and the motion passed.

Senator Hilbrecht moved that the budget be approved as amended; Senator Echols seconded and the motion carried.

FISH & GAME NEVADA BOAT ACT BUDGET: Senator Wilson moved the budget be approved; Senator Hilbrecht seconded and the motion carried.

HIGHWAY DEPARTMENT ADMINISTRATION BUDGET: Senator Gibson moved the budget be approved; Senator Hilbrecht seconded and the motion passed.

HIGH SCHOOL RODEO ASSOCIATION BUDGET: Senator Echols moved that the budget be reopened and the appropriation be raised to \$5,000 for each year of the biennium and the budget be closed and approved as amended. Senator Wilson seconded the motion and it carried.

LAW ENFORCEMENT HIGHWAY PATROL BUDGET: Senator Gibson said that what they were doing in this budget was transferring the balance out of the special fund to the Highway Patrol, leaving a balance of over \$100,000. He said it appeared to him that in the next biennium the Highway Special Fund was not going to be adequate to fund the 70 officers.

Mr. Barrett said that basically the transfer of the balance in that fund to this fund was in order to save highway funds and not build up the other fund.

He said he thought the Committee had asked for a projection of what it would be in the next two years; he said he had a projection that showed no new positions in the first year of '79 - '80 and no new positions in '80-'81. It shows a balance forwarded in '79 - '80 into the following year of \$31,475. At the end of the biennium it shows \$11,000. It is based upon a number of assumptions: assuming that the income will increase 4% each year, that has been based upon registered vehicles; it is assumed the number of registered vehicles will increase 4% a year; it is based upon salaries increasing 6% and 5% in the two years of the following biennium; it is based upon 10% inflation factor in travel; 15% in operation of vehicles and 10% in operating and 11.3% in vehicles. Although some of the figures may be a little low, he didn't feel it was an unreasonable estimate.

Senator Hilbrecht said he felt there was a policy question involved, whether they should be subsidizing the general highway fund out of the special tax, which was enacted strictly for the purpose of law enforcement and not for relieving the highway fund.

Mr. Barrett: In effect it relieves the highway fund because had you not done it and hired the additional highway patrolmen, you would have had to increase the highway fund appropriation.

Senator Hilbrecht said the fact was that they wouldn't have had additional highway patrolmen, that is how they got conned into the special fund. He felt that Senator Gibson's argument was that the Committee was kind of breaching faith because what is happening is that the fund is being closed back into the highway patrol which is the general highway fund again.

Mr. Barrett said if they did not, they would be building up a balance that they could not spend within their budget, they would be asking for additional positions to spend the balance.

Senator Gibson said he was worried that they would be asked to increase that.

Senator Gibson moved that the budget be approved; Senator Hilbrecht seconded and the motion passed.

HIGHWAY PATROL SPECIAL FUND BUDGET: Senator Gibson moved this budget be approved; Senator Hilbrecht seconded and the motion carried.

AUTOMATION DMV BUDGET: Mr. Barrett said that four fiscal notes are being attached to different bills that have come around and that had we left these positions in there, we would not have had to have the \$50,000 we are asking for in the fiscal note to do the additional work that is required by the various bills. We felt by the division's own action on the fiscal note they have said they don't need the positions for the current program, but if they do have these other programs that are covered by the fiscal note, then they need the positions.

Senator Hilbrecht said he thought they were talking about two positions here, that is the computer systems analyst and the computer programmer I.

Senator Gibson said that they had indicated they could not complete the conversion without them.

Mr. Barrett said they distinctly told the budget office that they would have it done by July 1st.

A general discussion followed and Senator Hilbrecht said he felt the division had improved the registration business remarkably and he was impressed and he felt when they got an area of government that seemed to be functioning, he was reluctant to cut them off at the pocket.

Senator Gibson said there was another question, their facility charges increased dramatically, even though their usage is going to decrease. He said he understood that their facility charges were going to be higher because ESD is out.

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Mr. Barrett said as he understood it, because of their switch to the decentralized computer, that they will not be utilizing as much of the computer time as they are presently utilizing. They want a full credit for that time they are not using. The time they are not using is not going to be completely used up by the other agencies so the time they are not using has to be shared by them and the other agencies because the computer charge goes on whether someone is using that time or not. Senator Hilbrecht said he felt there might be an error between the percentages of the usages and the charges. Mr. Barrett said they would check it out again.

Senator Gibson asked him to check the statement made by Hale Bennett that the computer was down 10% of the time. Mr. Barrett said he did not think that was an accurate figure.

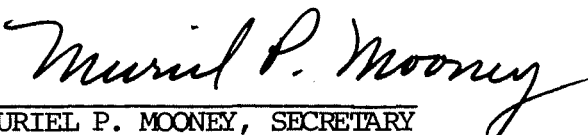
It was decided to postpone action until Mr. Barrett reported back.

GROUP INSURANCE COMMITTEE BUDGET: Senator Echols moved that the budget be approved; Senator Hilbrecht seconded and the motion carried.

Mr. Barrett reported on the group insurance costs. The company has given them a rate increase for next year, and it is not the 15% that is budgeted, it is 26.7%. The Committee told them to go back and sharpen their pencil and report back with what they could give for 15% and how they would have to cut the benefits to go with the 15% increase. He said there was a meeting scheduled for the 28th and the insurance company would tell them what they could do at that point.

The meeting adjourned at 10:10 A.M.

RESPECTFULLY SUBMITTED:

  
MURIEL P. MOONEY, SECRETARY

APPROVED:

  
FLOYD R. LAMB, CHAIRMAN



VERNON BENNETT  
EXECUTIVE OFFICER

STATE OF NEVADA

WILL KEATING  
ASSISTANT EXECUTIVE OFFICER



PUBLIC EMPLOYEES RETIREMENT SYSTEM

P.O. Box 1569  
CARSON CITY, NEVADA 89701  
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March 22, 1977

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

Re: Additional post retirement increases for all benefit recipients  
for the next biennium.

Dear Senator Lamb:

We have formulated methods of granting an additional post retirement increase to our benefit recipients over the next two years. In your remarks requesting this consideration, you indicated that you would like to provide the largest increase to those recipients who receive the smallest monthly allowance. You also indicated that you would like to restrict the consideration of post retirement increases to a 2% average benefit increase per recipient. This 2% would require an amount of approximately \$350,000 per year or \$700,000 for the biennium. That would be the total cost if the allowance were paid only during the biennium and were removed from the monthly allowance at the end of that time. Our actuary, Dr. John Mackin of the Martin Segal Company, has indicated over the telephone that if this additional post retirement increase were not removed at the end of the biennium that the additional actuarial liability will be approximately \$16 million and the additional employer contributions required to pay for it would be about .2% of payroll. Dr. Mackin's estimate includes an assumption that the 2% additional increase will not apply to System members who retire after 1977.

The alternatives we have considered in providing the post retirement increase for the next two years are as follows:

- 1) This method segregates all benefit recipients into three groupings as designated below. Consideration in making these groupings was based upon only the amount of the original base benefit. No consideration was given to length of time since retirement. Survivor benefits were included in the group receiving the least amount, even though the original base benefit in most survivor cases is among the lowest.

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<u>Original Payment</u>	<u># of People</u>	<u>Increase</u>	<u>12 x col 1 x col 2 Yearly Amount</u>
0 - \$300	2,105	\$10	\$252,600
\$301 - 500	1,027	5	61,620
500 - 1600 & survivors	1,020	3	36,720
Total Cost Per Year			<u>\$350,940</u>

2) The method below is essentially the same as #1; however, in this case we made five groupings to attempt to give more of an increase to those recipients at the very bottom of the scale.

<u>Original Payment</u>	<u># of People</u>	<u>Increase</u>	<u>12 x col 1 x col 2 Yearly Amount</u>
0 - \$100	200	\$20	\$ 48,000
\$101 - 200	983	15	176,940
201 - 300	922	5	55,320
301 - 1600	1,764	3	63,504
Survivors	283	2	6,792
Total Cost Per Year			<u>\$350,556</u>

Respectfully submitted

*Vernon Bennett*

VERNON BENNETT  
 Executive Officer

WKK:bh

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3) This method is basically the same as proposal #2 except that the survivor benefit recipients are included according to salary rather than provided a straight \$2 per person benefit. This computation is more expensive because of the number of survivor benefit recipients who are in the lower income bracket.

<u>Original Payment</u>	<u># of People</u>	<u>Increase</u>	<u>12 x col 1 x col 2</u> <u>Yearly Amount</u>
0 - \$100	353	\$20	\$ 84,720
\$101 - 200	1080	15	194,400
201 - 300	944	5	56,640
301 - 1600	1764	3	63,504
Total Cost Per Year			<u>\$399,264</u>

VERNON BENNETT  
EXECUTIVE OFFICER

STATE OF NEVADA

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PUBLIC EMPLOYEES RETIREMENT SYSTEM

P.O. Box 1569  
CARSON CITY, NEVADA 89701  
TELEPHONE (702) 885-4200

To: VERNON BENNETT

From: DR. JOHN MACKIN, Actuary, Martin E. Segal Company

(The following was dictated by Dr. Mackin by telephone at 11:59 a.m. on March 21, 1977.)

If present pensioners were provided with an annual increase in base benefit of 2% per year, the additional actuarial liability will be about \$16 million and the additional employer contributions required will be about .2% of payroll. As we discussed, this assumes that the 2% per year increase will not apply to System members who retire after 1977.

bh