

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
APRIL 19, 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, Chairman
Senator James I. Gibson, Vice Chairman
Senator Norman D. Glaser
Senator Eugene V. Echols
Senator Norman Ty Hilbrecht
Senator Thomas R. C. Wilson
Senator C. Clifton Young

OTHERS: Ronald W. Sparks, Chief Deputy, Fiscal Analysis
Howard Barrett, Budget Director
Cy Ryan, UPI
Alex Fittinghoff, Community Development Coordinator, Sparks
Roger Trounday, Director, Human Resources
Orville Wahrenbrock, Chief Assistant, Human Resources
D. Michael Clasen, Deputy Attorney General
Senator Gary Sheerin
Judge Frank Gregory
Mayor Harold Jacobsen, Mayor, Carson City
Henry Etchemendy, Business Manager, Carson City
Don Heath, President, University Alumni Association
Delia Martinez
Tom Stevens
Glen Griffith, Director, Fish and Game
Fred Wright, Deputy Director
Assemblyman Nash Sena
Al Edmundson, Supervisor, Health and Products Services

Senator Lamb asked Mr. Fittinghoff to speak on A. B. 591.

A. B. 591: Makes appropriation to City of Sparks, Nevada, to reimburse it for the expense of developing Stempeck Park.

Mr. Fittinghoff said he was representing the mayor and manager of Sparks who apologized for not being able to be present.

The city did, some years ago, construct an adult recreation facility on land owned by the state, particularly the State Mental Institution. The state gave the city a long term lease, however, it had a short cancellation clause. Two years ago, the state hospital decided that they needed the land back for sale and for trade of other property that they wanted. The city's investment in the property was substantial, it is best figured at about \$65,000 plus time and energy not accounted for in terms of administrative expense and engineering fees, etc. The \$65,000 represents what the city put in there less what they were able to extract from the city before the state took it over and sold it to a concrete contractor.

Senator Lamb asked what the state got out of it.

Mr. Fittinghoff said he understood that the state sold the land for several hundred thousand dollars.

Senator Lamb asked if the bill meant that the state reimburse the city for \$65,000.

Mr. Fittinghoff said that that was correct.

Senator Wilson asked if this figure represented actual out-of-pocket costs, the \$65,000.

Mr. Fittinghoff said they were all the costs the city could account for from the records. There were engineering and administrative costs that were never figured in.

Senator Wilson asked if they had the costs scheduled out on paper and Mr. Fittinghoff gave the ~~written~~ record to him, copy attached.

He answered other questions from the Committee and said the city had learned from that experience not to sign any lease that had a cancellation clause, if it meant a substantial investment of money.

Senator Echols said the Committee had been informed that there were very serious breakdowns in communications and cooperative efforts in that situation. He asked if Mr. Fittinghoff was aware of any of them. Mr. Fittinghoff said that was probably fair to say. He said he was not directly involved but he had heard some of the deliberations that went on before the council.

Senator Echols said he had heard that the city had caused adversary problems that had cost the state a lot of money in the negotiations to cancel the lease.

Mr. Fittinghoff said there really were no negotiations, they just told the city they had so much time to vacate.

Senator Wilson said he thought the property had been rezoned for purposes of exchange permitting the state to get a more valuable piece of property for the Mental Health Clinic site next to the University so it was to the state's advantage, if anything.

Mr. Fittinghoff said that was right; it was rezoned from, he thought an R-3 situation to an M-1 and the city granted the individual that was buying the site a special use permit to construct a cement batching operation on the site. It certainly increased the value of the property.

Senator Young asked if the city had violated good zoning practices in rezoning that way.

Mr. Fittinghoff said they did not.

Senator Lamb said the Committee had some adverse information on this thing saying that the city cost the state a lot of money. He said they would get to that witness in the next couple of days. He thanked him for appearing.

Senator Lamb asked Senator Glaser to give the Committee the information he had on S. B. 14.

Senator Glaser said the Conference Committee met with their counterparts in the Assembly who wanted to make it clear to the Senate Finance Committee, after the Senate stated their position, that they would go from the \$15 to \$17 on out-of-state travel, after July 1, 1978. The Senate made their position clear that they were under a mandate from the Committee. The Assembly asked the Committee to advise the Finance Committee that they were not talking about any more money in the budget. The per diem money has been distributed to the budget for travel, the amount of money would remain the same, it might mean that there would have to be less trips, but on every trip they would get \$32 per diem. Their position would not cost the state any more money. If they go from \$30 to \$32, it would cost \$73,000, but the \$73,000 would not be spent because the state could not go beyond what was already in the budget at the \$30 level.

Senator Lamb asked if he felt that was good to limit people to trips. What if a trip came up that was important?

Senator Young said he felt it meant they had too much travel money now, if they can cut out some of those trips.

Senator Gibson said he felt, as a matter of policy, the Senate Committee should argue they would not establish a precedent. He felt it was bad enough to change these things biennially, he didn't think they should start changing them yearly.

Senator Lamb asked Mr. Barrett for his opinion. He said the figure they were using came from his office.

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Senator Young said the Conference members told the Assembly that they were weak but they didn't think the Senate Finance Committee would be. He moved that the Committee stand fast. Senator Wilson seconded and the motion carried.

Senator Lamb asked the Committee to talk about A. B. 421.

Senator Gibson said this bill was reported out of his Committee last night with an amendment. The amendment to be put on is that of S.B. 320 with the change from the Board of Examiners to the Interim Finance Committee to review applications for exemptions to the limitation between sessions. A. B. 421 itself, basically exempts the physicians and surgeons employed by the state or its political subdivisions from the 95% limit.

Senator Lamb asked if this bill would do away with the impact problem.

Senator Gibson said that's what was needed in the Finance Committee, to set the salaries that are shown on page 2, and they wanted to write in the Welfare Director. He said that was his understanding; it is spelled out specifically. He said the amendment was not drawn yet because he had not had time to get to the bill drafter's office. He wanted the Committee to look at it so that perhaps they could short circuit it so that when the amendments are drawn, they could get any amendments that the Finance Committee wants at the same time. This would save a couple of days in processing the bill.

Senator Gibson reported that the Fire Marshall bill came out of the Government Affairs Committee. It was being amended to require that the deputies that are appointed, particularly the Chief Deputy, has experience in fire safety. The hearings which were held seemed to indicate that this was very important. The profession is opposed to the bill. In listening to their presentation, the Committee felt that one of the main reasons is that they feel that under the insurance commissioner they would lose the experience that they need in this office. So the bill is being amended to put that in.

The other thing that they objected to was having all the deputies in the unclassified service. The bill is being amended so that just the Chief Deputy is in the unclassified and the rest in classified service. He felt they still had to do some work on this because it came out of Committee with a 4-3 vote.

Senator Lamb asked the Human Resources representatives to speak on A. B. 121, a bill that requires public hearing for disqualification of laetrile in cancer treatment.

Senator Wilson asked the representatives to look at the bill on page 2, Section 3, para 4. By this bill the Legislature, in its wisdom, would define Gerovital and laetrile to be suitable for laymen and would, by that finding, mandate licensing.

Mr. Wahrenbrock felt there was a possibility of contingent liability in the event that licensure was not warranted. He asked them what their judgment was as to that.

Mr. Clasen said he felt it would be a novel legal theory if a cause of action were brought against the state based upon the Legislature binding the substance as suitable for human consumption. He referred to NRS 41.032 which exonerates the state or any employee from liability for the execution of any statute or regulation. The only possible theory that he was aware of that could circumvent that statute was possibly NRS 41.0337 where cause of action may be brought against the state via the Legislature. Admittedly this would be a far fetched theory, but it is possible.

Senator Wilson asked, if amendment of the bill is contemplated -- there are two parts to the bill, one is licensure mandated as to laetrile and Gerovital with general jurisdiction vested in the State Board of Health as to any other substance. The second part is a regulatory jurisdiction to regulate the use, and limitations of any substance in the future. That jurisdiction is not plenary now. For the bill to pass, he felt it should be. The state does not have a licensure or regulatory capability; there is no lab for that, the state would have to staff up. So if the state undertakes licensure and regulation it is inviting liability to the extent that they don't do an adequate regulatory job. That is distinct from liability which would flow as a consequence of mandating the finding of suitability and mandating licensure. He said he was talking about inadequate regulation. The state was starting from scratch; they have had no experience with these two substances or any others which the bill would permit to be licensed.

Mr. Clasen repeated that they were in a novel legal area and he was reluctant to use the word "inviting" legal liability but he felt the state would be opening the door to creative legal thinking in the area.

Senator Wilson said he was just saying if the state does a bad job in providing limitations in the course of exercising regulatory jurisdiction over a substance which the state licenses is the state liable for that bad job.

Mr. Trounaday said that was his concern. The State Board of Health is to determine what is allergenic and toxic based on hearings that they conduct. The Department does not have the research capability to substantiate the quality of the research that would have to be taken from textbooks or look somewhere else and they lack the staff capability to be able to determine many of the aspects that are pointed out in this bill. He said this was his personal concern. He said he did not know how they would, in fact, set those standards other than a hearing and that did not make him comfortable.

Senator Lamb asked what he would do if the Senate gave him the bill and said they were going to pass it.

Mr. Trounaday said they would hold a hearing.

Senator Lamb said he was just trying to find out how the Department would stay in front of the problem, if there is a way.

Mr. Trounaday said they were going to have to rely on research that has been done elsewhere, hopefully, by some reputable research organization that has set up a normal process to determine adequately the levels that are necessary and they would have to rely on them. He said the Department certainly did not have the capability to do the kind of research to establish it now.

Senator Hilbrecht said he agreed; he did not think anyone suggested that the Department had the kind of laboratory necessary to do this now. He said he would support the bill in a form that he didn't believe adequately provided, not only for the payment of all the costs, but also the start-up money necessary to properly and appropriately test and evaluate such substances. He said there was no mandate in the bill that the Department need rush into any certification or licenses; the bill indicates every indication that is the intent of the Legislature not to make this a liability on the general fund but rather a revenue producing item; on page 2, lines 15 and 16 adequately spell the principle of collecting and establishing all fees necessary to do the testing they are talking about. He asked if they were talking about something a) that could not be contracted out to reputable, independent laboratories under this, and if they would feel more comfortable, should this be specified, and secondly, don't you believe you could recoup or fix reasonable costs so you could recoup

the charges of establishing those laboratory facilities necessary in the state to monitor the program on an on-going basis.

Mr. Trounday said he would answer the second part, "Yes, they could eventually establish it on an on-going basis, once they got into the game of inspections and what have you." He said he was sure there was a lot of data available on some things. He said their capability of contracting with someone would have to be determined. He did not see that on lines 15 and 16 -- that's more for inspections and he read that as being after they are into the game. His concern was with the start-up and the research.

Senator Hilbrecht said he thought that that was the intent of the language, he asked if he recommended that it be spelled out more specifically.

Mr. Trounday said the only way they would have any capability was contracting it out in order to establish the standards.

Senator Hilbrecht said it was his understanding that both of these substances are things that have been banging around for a number of years and are not a brand new substance about which there is no data. He asked if Mr. Trounday didn't feel this was more likely the kind of substances they would be asked to review, rather than someone coming in with a brand new antibiotic. He said it had to have a broad public acceptance or it would not be economically feasible in a market as small as Nevada to market it anyway.

Mr. Trounday said he knew very little about the field so he would assume that there has been a considerable amount of research just from hearsay.

Senator Young said he had serious concerns about the whole procedure where Nevada would get into the business of licensing and causing to go into the stream of commerce a number of drugs. He cited two cases, both in California courts, where decisions have been handed down against a business in Nevada and the State of Nevada. He said he could see an analogy between the decision against the private business and one that might occur under this bill under which the state is producing, setting up a mechanism for producing these drugs that have not been approved by the FDA; the state is putting them into the stream of commerce; they know that tourists coming into the state are going to buy them.

He spoke of the Thalidomide story when this drug was produced in Germany. It did not get into the United States because a doctor in the FDA had some suspicion about it, otherwise, American women might have been subject to the horrible consequences from the drug. He said the very thought that Nevada might get into this business and might expose itself to this liability sends him into a real state of apprehension. He asked Mr. Clasen if he saw any problems along the lines which he had suggested, a legal liability if the state gets into this business, based on the two cases which he had cited.

Mr. Clasen said he would have to say that he believed that the door was open to creative legal thinking in drafting complaints stating a cause of action, even if there was no definite legal liability. He said he felt definitely these were analogous circumstances which Senator Young had outlined. Perhaps a California resident could come to Nevada, have laetrile administered and go back to California and suffer ill effects from the drug, subsequently determine that the drug is harmful to human beings and California being the situs where the ill effects were suffered, he would state a cause of action against the State of Nevada under California law.

Senator Hilbrecht said he felt this kind of a function would be exempted from state liability. He supposed perhaps that the manufacturers and perhaps the practitioners of the state who would administer,

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prescribe and manufacture these medications at their own risk, but he supposed that was altogether proper, they would be expected to do that.

Mr. Clasen said the point he was trying to make by making reference to the NRS was that while there is immunity from suit against the state or its employees if they carry out, exercising due care, the terms of a statute or regulation, there is a possible avenue for suit under NRS 41.0337 and this would impose liability or at least, it would authorize a suit against the state by the Legislature, the ultimate target being the state. Under the terms of that statute no action can be brought against a legislator for any act or omission within the scope of his public employment unless the state is named as party. This would be a way of circumventing the terms of NRS 41.032. That is a possible legal theory.

Senator Lamb asked Mr. Wahrenbrock if he had had a meeting with his Board.

Mr. Wahrenbrock said he had. There are six members on the Board. One of the members was out of the state and they were not able to track him down. They talked with each member individually, not in a conference call. The first was Georgia Fullstone, who is a consumer, living in the Smith Valley area. The Committee asked him to find out their attitude towards the drug and was the fiscal note sufficient in their estimation. Mrs. Fullstone does not have an opinion regarding the two drugs. She thought the fiscal note was minimal but perhaps would be adequate. The second member was Dr. Thorn Butler, who is a pathologist and medical man living in Las Vegas. Dr. Butler is violently opposed to the bill. He is violently opposed to the Legislature making a determination in the field of medical drugs in this particular area. Dr. Butler wanted him to indicate to the Committee that he will be in the area tomorrow and would be happy to appear before the Committee tomorrow morning at 8:00 a.m. if you would like to have him do so. He felt that the fiscal note was minimal.

The next person was Ms. Jo Gleason who is a consumer member of the Board and she is the ombudsman at the Carson Tahoe Hospital. She is a former administrator of St. Mary's Hospital. Ms. Gleason is opposed to the drug and the concept of the bill in throwing the responsibility on the Board of Health. She feels that the fiscal note is minimal.

Dr. Joe Libke is a dentist practicing in Reno, member of the Board for a number of years. He is opposed to the naming of the drugs in the bill and circumscribing the authority of the FDA which has made a determination and feels that the Board of Health does not have more ability to do this than the FDA. He feels that the fiscal note is extremely minimal, but if the bill passes as it is currently written, the state could be in big trouble because of opening the door, the way it is currently written, to ...

Senator Lamb asked why would they be in big trouble.

Mr. Wahrenbrock said because the state does not have the capability of doing the research that would be necessary to determine for the Board and to determine whether a drug was toxic as far as the administration of the drug was concerned and do all the necessary research that would have to be done in terms of establishing a new drug upon the market.

Senator Lamb said he did not think that was a valid reason.

Mr. Trounaday said he thought one of the concerns was that it was not just limited to laetrile and Gerovital -- it says substances in the future -- one or more substances.

Senator Lamb said what he was saying is -- what if this was a good drug, a real good drug, "Are you going to say that we can't handle it, we don't have the staff; we don't have the money?" He said they lost him completely there.

Mr. Wahrenbrock said if the FDA has determined that it has not, in the past apparently, been a good drug, or if the FDA, the way this current law is written, refuses to license a drug or make a determination that it is good in any capacity, then the burden of proof is upon the Board of Health to make that determination that it is a good drug.

Senator Lamb said they said they didn't have enough money, but that was one of the reasons that the bill is in this Committee, to see that the Department does have enough money and he felt that they could recoup all that money. He said he was not talking for the bill, he was just talking cold blooded facts. He said when they tell him they are not capable of handling this, he didn't buy that. If you can't, get the help that you need and the Legislature will give you the money.

Mr. Wahrenbrock said that the last member of the Board is Dr. Bernard Cannon, who is a doctor of veterinary medicine practicing in Winnemucca. Dr. Cannon is again opposed to having this responsibility of the drugs, and feels that the capability is not currently existing with the current set-up and is therefore, opposed to the bill.

Senator Lamb said this would be four out of the five contacted and one not contacted.

Senator Hilbrecht said he could be mistaken, but, he felt that what they were trying to do is not disapprove the FDA standard. As he understood the standards under which the FDA is now required to operate by Act of Congress, they impose not only the standards of wholesomeness or danger to health, but also, a standard, a thing called efficacy, effectiveness in some kind of therapeutic sense, is supposed to accomplish something. He felt that the only intended difference between the FDA standard and the standard that this bill would impose upon the State Health Department to review, would be whether or not the product or substance was dangerous, that is whether it was toxic, allergenic and other standards they wished to apply. But not to determine whether or not it is effective and in that regard, he asked that the bill provide a special cause of action which he felt the language on page 1 did. To provide that, it is not the duty of the State of Nevada to determine whether it is effective or not, but, if anyone represents that a substance is effective and it turns out not to be and they are injured by it, they have a cause of action against this person. He wondered if that didn't change the amount of research that needed to be done. He stressed that FDA must test for efficacy, not just toxicity or allergenic qualities. He said that is why it costs them \$12 million to put a drug on the market. He asked if there were not a difference in testing to see if a substance is unreasonably toxic or allergenic and testing whether or not it is effective.

Mr. Edmundson said that the approach that he felt the Department would have to take would be that any drug proposal coming in would have to have a certain amount of research behind it before they could ever make application for approval in this state. That is why he did put down a suggested committee of the quality of person to evaluate the research; and the research can be quite voluminous at times and he was not sure how much time they would have to have; but the item, contract technical services would go for that purpose in researching and checking the quality of the research that had been done prior to asking for admittance into this state. If the protocol had not been followed that had been set out in the original research, and many times in food and drug analysis of drugs, they find that the protocol set out had not been followed correctly and consequently, it is

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kicked back without any other research that they have done. He said this was probably the way the Department would have to go and the kind of fee that the state would ask for when they come in with the research, just to ask if a drug can be put on the market in this state.

This, they would have to find after the Committee is put together. Those people, with that kind of background, could tell about how much research they would have to do. Then the fee could be set.

Senator Lamb said they had that latitude in the bill setting the fee.

Mr. Edmundson asked if that set the fee for research or is that just to be for the inspection -- this is a question he would have.

Senator Wilson said the bill was very clear it says "If the Board licenses a substance, the Commission shall establish fees to be collected from the manufacturer for the purpose of paying the cost of inspection." He assumed that meant inspections of the manufacturing facility and process. Mr. Edmundson was talking about a procedure that would go far, far beyond that. He was talking about money necessary to satisfy the Board that licensure was appropriate. Under this bill, they do not have that latitude and the bill would have to be substantially amended to give them the latitude that they are talking about.

Mr. Demers said in answer to their questions, one of the amendments that was proposed by the Committee on Human Resources does do that. It was on the floor when this bill came back and they were not adopted to this bill before it came here. So there is an amendment already drawn up that would give them the latitude they need.

Senator Wilson asked with respect to exercising licensure jurisdiction in the bill, to determine whether to allow a product to be licensed and on the market, you would rely, I gather, on a crude research material conclusion reached and whether or not the protocol was adequate in your judgment. On that you would base judgment. You would then look to experience in the market place to determine what kind of regulation to place on a substance for its use, subsequent to licensing. The Legislature would mandate licensure of Gerovital and laetrile by this bill. That would not relieve your burden, he supposed, it would mandate licensure now, you, nevertheless, would have to meet, it seemed to him, and have hearings and determine what kind of regulation, if any, would be reasonable and necessary to protect the public interest. I assume that you would have to do the same things in determining your answers to those questions as though you were going through a licensure procedure notwithstanding the Legislature's mandate in its wisdom, were to pass this bill. My question is, is this fiscal note adequate to cover the cost of doing this, notwithstanding the licensure mandate by the Legislature as to Gerovital and laetrile.

Senator Lamb said that someone should answer the question. He saw Roger shaking his head.

Senator Wilson said he was not sure they could. And if they couldn't he wanted them to say so.

Mr. Trounaday said he had no idea what money it was going to take them to get to the point where they could even conduct some hearings based on the research that was necessary. He said he didn't know the kind of research that was available and he was speaking from a point of very little knowledge in the area. Whether they needed to have expert testimony brought to the state in order to testify when they have the hearings.

Senator Wilson asked if they were asked any of these questions

by either the Assembly or Senate Committees having substantive jurisdiction over this bill.

Mr. Wahrenbrock said they had not.

Senator Wilson asked if either the Department or the Board of Health were questioned or offered testimony on the bill.

Mr. Wahrenbrock said not on these specific points. The only Board of Health member who has testified on the bill, to his knowledge, is Dr. Thorn Butler who testified in Las Vegas when they had the public hearing in Las Vegas.

Senator Young asked if, to their knowledge, any other state had undertaken to create a mini FDA apparatus for the purpose of testing drugs, passing on the efficacy as a prelude to the manufacture or sales in a state.

Mr. Edmundson said they had not, to his knowledge.

Senator Young asked if Nevada would be unique in this regard.

Mr. Edmundson agreed. He said he had inquired from several Food and Drug Commissioners across the country to this effect and they said they did not do this. California does not and that is the largest state.

Senator Lamb asked if Arizona was considering this.

Mr. Edmundson said that Arizona was considering strictly laetrile, the California bill is strictly laetrile, the same with Indiana. He said there were approximately 20 states in which the laetrile bill was being considered and they are strictly laetrile and no other substance.

Senator Hilbrecht said he did not want to belabor the point, but he asked if there was not a difference and a rather substantial difference between testing and making determinations with respect to toxicity and allergenic characteristics on a substance and testing efficacy or effectiveness to cure ailments or bring about traumatic therapeutic results.

Mr. Edmundson said to some extent there was. But, the testing for side effects is one of the major things, one of the major problems that Food and Drug has. In the case of the Thalidomide, this was a drug that was approved and they thought it was really good until the abnormal babies began to show up and this caused a big problem. This also caused the Federal Food and Drug to be much more conservative.

The problems were discussed; the dosages to be administered, the people who would be allergic, the costs of adequate research, the danger of side effects.

Senator Wilson asked if the Board found that a substance that was tested was not allergenic or toxic if used in reasonable amounts. Does the language of allergenic or toxic cover the side effects that Mr. Edmundson had alluded to?

Mr. Edmundson said it did not.

Senator Wilson said that he would then view that as a material defect in the bill.

Mr. Edmundson said he would agree because there could be side effects that would not necessarily be allergenic or toxic.

Senator Wilson asked if he thought that if a public board was going

to license any substance whether Gerovital, laetrile or any other substance with which application may be made under the terms of this bill for use by the public and not just Nevadans but other tourists who may come here for various health cures for the same reasons they go to Mexico or Rumania today, does he think that before use is licensed by the state, there ought to be some kind of finding as to allergenic effects or toxic effects but also as to the freedom from the side effects.

Mr. Edmundson said he did.

Senator Glaser said he felt the primary responsibility in the Finance Committee is to determine if the amount of money that has been suggested here to regulate these drugs is sufficient and in the course of discussion many questions have been raised as to the legal liability, side effects, toxicity and effectiveness of the drug. His question was in the hearings in the Assembly and in the hearings in Human Resources: weren't these questions raised, weren't those committees satisfied, didn't the people from the Human Resources Department appear before those committees and answer some of these same questions?

Senator Lamb said that Senator Wilson asked the same question, and the answer was no. He said he was going to end the hearing and say to the Committee that any amendments that are being considered, should be ready this evening.

A. B. 405: Establishes civil actions against the state as specialized functions of district court and adds state-supported judge in first district.

Senator Lamb asked Senator Sheerin to speak first.

Senator Sheerin said that this bill started with money involved in it. The Assembly Ways and Means took the money out of it. It came to the Senate Judiciary and it was passed out, but this Committee felt there should be money in it and that is the reason that it is now before the Senate Finance Committee. He asked Judge Gregory to speak.

The Judge said that this bill creates a second department in the first judicial district court. This district consists of Carson City and Storey County. He said the need for another judge was tremendous.

In the past five years, the criminal work in this court alone has increased in trial matters by some 391% all together. 91% of that originated with the district attorney's office and 300% comes out of state agencies, matters arising out of the state prison. At the present time, he said, his calendar was set solidly with criminal trials until the end of November of this year and he was facing from 19 to 34 additional murder trials arising out of the riot at the prison last October. These are state cases. He said they had a tremendous burden of post-conviction matters coming out of the state prison. In the past five years, those filings have increased 385%.

In addition to these cases, practically all of the cases in which the state is involved, or state agency is involved, come through this court. Actions reviewing matters of the Public Service Commission, the Tax Commission, the Gaming Commission, all those bodies eventually wind up in this court including personnel matters. Those have by statute some priority. This has resulted in a virtual impossibility of getting civil case to trial and the average litigant on the street who has a contract action, who has a tort action, who is trying to clear up the title to his property cannot get to trial.

He said that the city was advised two years ago of his intent to ask for a second judge and he felt that the lawyers were in agreement

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with him that unless a second judge was established at this session of the Legislature, the situation will be in hopeless confusion by the time of the next session when something can be done. At the conclusion of his term of office in 1978, the term of office for a district judge goes to six years and unless action is taken at this time, it will be impossible to put another judge on until 1985. By that time, this thing will be in such a mess that no one will get it untangled.

Senator Lamb asked if they could not, at the next session of the Legislature, put another judge on.

Judge Gregory said they could create the office but it would not be effective until 1985, because that is constitutional.

Senator Lamb said why couldn't he be appointed.

Senator Sheerin said in the last sessions there had been some appointed that way. He said he thought it was Article 6, Section 5 that said that no change shall take effect except in cases of vacancy on the expiration of a term of an incumbent in the office. That clause has been overlooked by the Legislature in the past, but unfortunately, it has been caught this session and is very meaningful.

Judge Gregory said he felt he had been made the whipping boy for it as his need was desperate. He said in order to make it effective, if it does pass, he was going to have to resign and he was not sure that he wanted to do that. He was elected. He said the state now pays a great deal of the expense of the criminal trials. The habeas corpus and post-conviction filings that come in are filed without any fee by statute, so are most of the cases in which the state is appointed and any action in which the state may be named as a defendant. There are no filings fees paid. But on the criminal cases, the state does pick up the tab for witness fees, jury fees, and reporter fees, the actual costs incident to the immediate trial. It does not pick up the costs of the court room, the clerk's office, all the incidentals that go to keeping a court running. It was suggested in the Judiciary Committee that the state might help Carson City in setting up this second department that is needed so desperately. He said his concern was not with the city financially, although he could sympathize with them, but his concern was in getting the court on a functioning basis where they could take care of cases where they can actually administer justice and give people a chance to have their day in court.

Senator Sheerin said in presenting their argument for in lieu taxes earlier, the court was a part of that argument. He felt the Committee had two choices; they could appropriate approximately \$100,000 into the A.B. 405 and for just cause because the need is generated by the amount of state work in the court; or review the in lieu situation with a formula change that was requested earlier.

Senator Lamb said that the in lieu tax bill was dead.

Senator Glaser said that every two years they were going to have to appropriate money for the second judge and he wondered if Senator Gibson had a figure that could be put in the in lieu tax that would eliminate Lincoln County and perhaps be cheaper in the long run.

Senator Gibson said he thought it was a better way of doing it than coming in every two years for an appropriation. He said he meant no disrespect to the judge but he would rather give the money to the county than to the judiciary. He felt they needed to wait for the judicial study to determine how the whole judicial system would be handled and the financing of it.

The problems of actions taken by judges who were now or who had in the past, held their offices unconstitutionally was discussed and Senator Lamb thanked the men for appearing and asked the Committee to consider A. B. 661.

A. B. 661: Makes appropriation to State Public Works Board for restoration of Morrill Hall on campus of University of Nevada, Reno.

Mr. Heath introduced Delia Martinez, who made the presentation from a prepared statement, copy attached.

Mr. Stevens summarized Miss Martinez' comments. He discussed the financial arrangements, the money which had been raised by the working committee and answered questions from the Committee relative to this.

Senator Lamb thanked them for appearing.

Senator Lamb asked Mr. Griffith to speak on A. B. 185.

A. B. 185: Provides for expiration of fishing licenses one year after the date of issuance.

Mr. Griffith spoke on requests for legislation to change the licensing structures towards termination of the validity of the license. This bill as originally written, was to have the fishing license expire a year from the date of its issuance. Another bill, A.B. 477, was to require all licensing to expire on December 31. They combined the good points of both license proposals and it was mutually agreeable to come up with a more reasonable fiscal notice towards the impact on the Department. That impact would be totally \$1,915. It would mean that there would be a separation of the expiration dates of the hunting and fishing licenses.

Mr. Wright said that the separation of licenses will simplify their license system and assist license agents in what they feel is quite a complicated system now. He said the consensus from the fishing public is that they would be happy with a calendar year license.

Senator Glaser said that he and Senator Echols had served on the Environment Committee, which had reviewed this bill, and he believed that the change of license dates would be advantageous to a good many people.

Senator Hilbrecht asked them how they felt about changing the license fees.

Mr. Griffith said they had been pretty well mandated, when they met with the Ways and Means Committee, that there would be no change in fees. He said they would be investigating the prerogative which they had and possibly be increasing by regulation, which they have the authority to do, possibly the deer tag.

Mr. Griffith said that in dividing the license, which they would have to do, because they would no longer have the combination license because it will not be applicable, the fishing license will remain at \$10.00 and they will reduce the hunting license to \$7.00 to make it commensurate with what the present combination fee is, \$17.

Mr. Wright said that when Nevada's fee schedule is compared with surrounding states, Nevada is high. The state has less of a resource base and, therefore, have had to go high. He said they thought they might sell more hunting licenses at \$7 and may pick up on fishing license sales; they have also recommended increasing non-resident, short term fishing permits. The short term fishing permit now is, with this amendment, on a par with adjacent states. The income they would realize from that would offset the reduction in the

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
APRIL 19, 1977
PAGE THIRTEEN

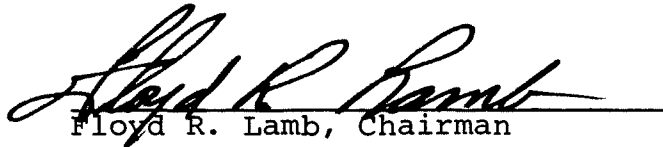
hunting sales.

The Committee discussed increases in licensing.

The meeting adjourned at 10:00 a.m.

RESPECTFULLY SUBMITTED:


Muriel Mooney, Secretary


Floyd R. Lamb, Chairman

(REPRINTED WITH ADOPTED AMENDMENTS)

SECOND REPRINT

A. B. 121

ASSEMBLY BILL NO. 121—ASSEMBLYMEN DEMERS, SCHO-
FIELD, VERGIELS, HAYES, GOMES AND HARMON

JANUARY 21, 1977

Referred to Committee on Commerce

SUMMARY—Requires public hearing for disqualification of laetrile
in cancer treatment. (BDR 40-362)

FISCAL NOTE: Local Government Impact: No.
State or Industrial Insurance Impact: No.

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to substances; providing for the licensing and inspection of
manufacturers under certain conditions; imposing a tax; providing that pre-
scriptions for these substances by trade name may be filled by the generic
equivalents; and providing other matters properly relating thereto.

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

1 SECTION 1. Chapter 41 of NRS is hereby amended by adding thereto
2 a new section which shall read as follows:

3 *The purchaser of a substance which has not been approved as a drug*
4 *by the Food and Drug Administration of the United States Department*
5 *of Health, Education and Welfare but which has been licensed for manu-*
6 *facture in this state has a cause of action against the seller or manufac-*
7 *turer for any misrepresentation of its therapeutic effect made directly to*
8 *him or by publication.*

9 SEC. 2. NRS 454.201 is hereby amended to read as follows:

10 454.201 "Dangerous drug" means any drug, other than a controlled
11 substance as defined in chapter 453 of NRS, unsafe for self-medication or
12 unsupervised use, and includes the following:

13 1. Any drug which has been approved by the Food and Drug Admin-
14 istration for general distribution and bears the legend: "Caution: Federal
15 law prohibits dispensing without prescription"; [or]

16 2. *Any substance which has been licensed by the state board of health*
17 *for manufacture in this state but has not been approved as a drug by the*
18 *Food and Drug Administration; or*

19 3. Any drug which may be sold only by prescription because of regu-
20 lations adopted by the board because the board has found such drugs to
21 be dangerous to public health or safety.

1 SEC. 3. Chapter 585 of NRS is hereby amended by adding thereto a
2 new section which shall read as follows:

3 1. *The state board of health may from time to time license for manu-*
4 *facture in this state one or more substances which are not at that time*
5 *approved as drugs by the Food and Drug Administration of the United*
6 *States Department of Health, Education and Welfare, if the board finds*
7 *after a hearing that the substance is not allergenic or toxic if used in rea-*
8 *sonable amounts. Such licensing does not require a finding, or constitute a*
9 *representation, that the substance has any therapeutic effect.*

10 2. *If the board so licenses any substance, the commissioner shall:*

11 (a) *Adopt regulations which prescribe minimum standards for manu-*
12 *facturers in preparing, compounding, processing and packaging the sub-*
13 *stance.*

14 (b) *Conduct inspections of manufacturers of the substance.*

15 (c) *Establish fees, to be collected from the manufacturer, for the pur-*
16 *pose of paying the costs of the inspections.*

17 (d) *Adopt regulations governing the qualifications of physicians to*
18 *administer or prescribe the substance.*

19 3. *There is hereby imposed upon the gross receipts of a manufacturer*
20 *from the sale of each substance licensed for manufacture pursuant to this*
21 *section a tax of 10 percent, payable quarterly to the department of taxa-*
22 *tion. The Nevada tax commission shall prescribe by regulation appropriate*
23 *forms for reporting such gross receipts, and shall when appropriate*
24 *recompute the tax and collect any deficiency in the manner provided for*
25 *taxes required to be paid pursuant to Title 32 of NRS. Each manufac-*
26 *turer shall report his sales and pay the tax during the months of January,*
27 *April, July and October for the respective preceding calendar quarters.*

28 4. *The legislature determines that amygdalin (laetrile) and procaine*
29 *hydrochloride with preservatives and stabilizers (Gerovital H3) are sub-*
30 *stances suitable to be licensed for manufacture pursuant to this section.*
31 *The state board of health shall so license them, and the commissioner*
32 *shall adopt appropriate regulations pursuant to subsection 2.*

33 SEC. 4. Chapter 630 of NRS is hereby amended by adding thereto a
34 new section which shall read as follows:

35 *A physician who possesses the qualifications established by the com-*
36 *missioner of food and drugs is not subject to disciplinary action solely*
37 *for prescribing or administering a substance licensed for manufacture*
38 *in this state to a patient under his care who has requested the substance.*

39 SEC. 5. NRS 630.150 is hereby amended to read as follows:

40 630.150 [It shall be] 1. *Except as provided in subsection 2, it is*
41 *unlawful for any person to practice medicine in the State of Nevada*
42 *without first obtaining a license or permit so to do as provided in this*
43 *chapter. This section does not prevent the service of physicians' assist-*
44 *ants who have complied with the provisions of this chapter.*

45 2. *A physician may act as consultant to a clinic without being*
46 *licensed but shall report his presence for this purpose and his qualifica-*
47 *tions to the board.*

48 SEC. 6. Chapter 633 of NRS is hereby amended by adding thereto a
49 new section which shall read as follows:

50 *An osteopathic physician or osteopathic physician and surgeon who*

1 possesses the qualifications established by the commissioner of food and
2 drugs is not subject to disciplinary action solely for prescribing or admin-
3 istering a substance licensed for manufacture in this state to a patient
4 under his care who has requested the substance.

5 SEC. 7. NRS 633.050 is hereby amended to read as follows:

6 633.050 1. [It] Except as provided in subsection 3, it is unlawful
7 for any person to practice medicine as an osteopathic physician or osteo-
8 pathic physician and surgeon in this state without a license issued by the
9 board.

10 2. This section does not prevent the employment of or the perform-
11 ance of services by an osteopathic physician's assistant, in accordance with
12 the provisions of this chapter, who meets the qualifications prescribed in
13 this chapter for such assistants.

14 3. An osteopathic physician or osteopathic physician and surgeon may
15 act as consultant to a clinic without being licensed, but shall report his
16 presence for this purpose and his qualifications to the board.

17 SEC. 8. Chapter 639 of NRS is hereby amended by adding thereto the
18 provisions set forth as sections 9 and 10 of this act.

19 SEC. 9. 1. A pharmacist is not subject to any penalty for filling a
20 prescription for a substance licensed for manufacture in this state if the
21 prescription is issued to a patient by his physician, osteopathic physician
22 or osteopathic physician and surgeon.

23 2. If a substance licensed for manufacture in this state has not been
24 approved as a drug by the Food and Drug Administration of the United
25 States Department of Health, Education and Welfare, the label or other
26 device affixed to its container shall so state.

27 SEC. 10. 1. A prescription for the substance having the trade name
28 "laetrile" shall be considered as an order for the substance by its generic
29 name, amygdalin. The prescription may be filled with "laetrile" or its
30 generic equivalent.

31 2. Whenever permissible under the patent laws of the United States, a
32 prescription for the substance having the trade name "Gerovital H3" shall
33 be considered as an order for procaine hydrochloride with preservatives
34 and stabilizers, and the order may be filled using similar products manu-
35 factured under other trade names.

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

A. B. 591

ASSEMBLY BILL NO. 591—ASSEMBLYMEN MELLO,
KOSINSKI AND WESTALL

MARCH 31, 1977

Referred to Committee on Ways and Means

SUMMARY—Makes appropriation to City of Sparks, Nevada, to reimburse it for the expense of developing Stempeck Park. (BDR S-1745)

FISCAL NOTE: Local Government Impact: No.
State or Industrial Insurance Impact: Contains Appropriation.

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT making an appropriation to the City of Sparks, Nevada, to reimburse it for the expense of developing Stempeck Park; and providing other matters properly relating thereto.

1 WHEREAS, The City of Sparks developed that certain tract of state-
2 owned land within its boundaries known and designated as Stempeck
3 Park for recreational purposes; and

4 WHEREAS, Exclusive use of Stempeck Park has been given to the
5 Nevada mental health institute; now, therefore,

6
7 *The People of the State of Nevada, represented in Senate and Assembly,*
8 *do enact as follows:*

9
10 SECTION 1. There is hereby appropriated from the state general
11 fund to the City of Sparks, Nevada, the sum of \$65,000, to reimburse it
12 for the expense of developing Stempeck Park.

13 SEC. 2. Money appropriated to the City of Sparks, Nevada, pur-
14 suant to section 1 may be used only for park development and it is the
15 intent of the legislature that such appropriation be used to further the
16 development of a certain tract of land located in the city-containing 52
17 acres, more or less, and which is currently designated as "citywide park."

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

Original bill is on file at
the Research Library.

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

A. B. 405

ASSEMBLY BILL NO. 405—ASSEMBLYMEN
GLOVER AND JACOBSEN

MARCH 7, 1977

Referred to Committee on Ways and Means

SUMMARY—Establishes civil actions against state as specialized functions of district court and adds state-supported judge in first district. (BDR 1-1126)

FISCAL NOTE: Local Government Impact: No.
State or Industrial Insurance Impact: Yes.

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to the district courts; providing an additional district judge for the first judicial district; and providing other matters properly relating thereto.

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

- 1 SECTION 1. NRS 3.010 is hereby amended to read as follows:
2 3.010 1. The state is hereby divided into nine judicial districts, as
3 follows:
4 First judicial district. The county of Storey and Carson City consti-
5 tute the first judicial district.
6 Second judicial district. The county of Washoe constitutes the second
7 judicial district.
8 Third judicial district. The counties of Churchill, Eureka and Lander
9 constitute the third judicial district.
10 Fourth judicial district. The county of Elko constitutes the fourth
11 judicial district.
12 Fifth judicial district. The counties of Mineral, Esmeralda and Nye
13 constitute the fifth judicial district.
14 Sixth judicial district. The counties of Pershing and Humboldt con-
15 stitute the sixth judicial district.
16 Seventh judicial district. The counties of White Pine and Lincoln
17 constitute the seventh judicial district.
18 Eighth judicial district. The county of Clark constitutes the eighth
19 judicial district.
20 Ninth judicial district. The counties of Douglas and Lyon constitute
21 the ninth judicial district.
22 2. For each of the judicial districts, except the *first*, second and eighth

1 judicial districts, there shall be one district judge. *For the first judicial dis-*
2 *trict there shall be two district judges.* For the second judicial district there
3 shall be seven district judges. For the eighth judicial district there shall be
4 11 district judges.

5 3. District judges shall be elected as provided in NRS 3.050. When-
6 ever a vacancy occurs in the office of any district judge it shall be filled as
7 provided in NRS 3.080.

8 SEC. 2. 1. Until the 1st Monday in January 1979, the number of dis-
9 trict judges in the first judicial district shall remain one unless there occurs
10 a vacancy in the office of district judge in the first judicial district, in which
11 event the number of district judges of the first judicial district shall be two
12 as of the date of such vacancy.

13 2. Whether or not a vacancy occurs in the office of district judge in
14 the first judicial district before January 1, 1978, the provisions of section
15 1 of this act shall become effective on January 1, 1978, for the purpose of
16 nominating and electing district judges, and on the 1st Monday in January
17 1979, for all other purposes.

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

Original bill is on file at
the Research Library.

FISCAL NOTE

BDR 1-1126
A.B. 405
S.B.

Date Transmitted 3/16/77

STATE AGENCY ESTIMATES Date Prepared 3/15/77

Agency Submitting Supreme Court

Revenue and/or Expense Items	Fiscal Note 1976-77	Fiscal Note 1977-78	Fiscal Note 1978-79	Continuing
Salaries	-0-	83,772	96,120	yes
Salary Costs	-0-	12,147	13,937	yes
Travel	-0-	1,703	1,703	yes
Operating	-0-	21,400	22,470	yes
Capital Outlay	-0-	33,000	3,000	Doubtful
Equipment	-0-	4,000	1,500	Minimal
Total		156,022	138,730	yes

Explanation (Use Continuation Sheets If Required) No Form FN-3A provided.

Salaries - See Attachment A.
Salary Costs - Estimated at 14.5% of gross payroll.
Travel - Based upon amount budgeted per judge for existing judges.
Operating - Based upon prior experience in Carson City (77-78) with increase of 5% in (78-79).
Capital Outlay - To prepare a courtroom. See Attachment B.
Equipment - Based on minimal needs to maintain offices.

Local Government Impact YES NO
(Attach Explanation)

See Attachment C.

Signature *Carson M. Bates*
Title *Chief Justice New Supreme Court*

DEPARTMENT OF ADMINISTRATION COMMENTS Date March 22, 1977

The estimated cost of A.B. 405 appears reasonable and is not included in the Executive Budget.

Signature *H. E. Barrett*
Howard E. Barrett
Title Director of Administration

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

Signature
Title

ATTACHMENT A

SALARY DETAIL

<u>POSITION TITLE</u>	<u>PRESENT RANGE</u>	<u>77-78*</u>	<u>78-79**</u>	<u>CONTINUING</u>
District Judge	\$ 30,000	\$30,000	\$37,000***	\$ 44,000+***
Judicial Technician	11,940-14,556	12,880	14,098	yes
Reporter	12,240	13,204	14,453	yes
Court Clerk	10,308-12,552	11,120	12,434	yes
Sr. Clerk Secretary	8,052-9,804	8,686	9,507	yes
Bailiff	7,308-8,880	7,883	8,628	yes
	--	\$83,772	\$96,120	\$115,000+

* Except for judge, salaries reflect entry level (current) plus an increase to reflect anticipated salary level July 1, 1977 (base salary + 5.5%) plus 1/2 of 4.5% CPI (Jan. 1, 1978 - June 30, 1978).

** Except for judge, salaries reflect 1/2 of 4.5% CPI (July 1, 1978 - December 31, 1978) plus 5% merit increase July 1, 1978 plus 1/2 of 4.0% CPI (Jan. 1, 1979 - June 30, 1979).

***As recommended in "A Report to the Governor on Salaries of Elected Officials."

ATTACHMENT B
CAPITAL OUTLAY DETAILS

It would appear that the best utilization of facilities in Carson City would be to try establish a second courtroom within the existing courthouse. To do that would require the relocating of the assessor and possibly other county officials in rented facilities outside of the courthouse. The internal relocation of other offices might also be necessary to provide the required space for constructing new court facilities. Estimated costs are based upon assessment of the needs with the reservation that no specific costs can be assigned until the total project scope is known.

The numbers in this fiscal note are based upon the following:

- 1) Relocating existing walls and reworking the ventilation system - \$3,000.
- 2) Judge's bench, clerk's station, jury box, railings, attorneys' tables, chairs, electrical wiring, witness chairs and spectators' seats for 40 people - \$12,000.

It is estimated that 2,500 square feet at a cost of 60¢ per square foot per month will be required for a full year in order to make space available for remodeling. This is a total cost of \$18,000 for rental space.

The total cost for capital outlay, which will in all probability be needed only in the first year, consists of \$15,000 in remodeling and \$18,000 for temporary facilities for existing officials for a total of \$33,000.

ATTACHMENT C
LOCAL FISCAL MATTERS

Because of the recommended course of action here is to put a second judge into the existing courthouse, it would seem that there would be a fiscal impact on Carson City in that they have to relocate some of the existing officials who are in the courthouse.

TABLE 1

Slot Tax Revenues to
Distributive School Fund
1971-79

Fiscal Year	Amount	Percentage Increase Over Previous Year
1971-72	\$ 3,447,600	
1972-73	4,237,556	22.9%
1973-74	5,050,893	19.2%
1974-75	5,380,786	6.5%
1975-76	6,233,417	15.8%
1976-77*	6,800,000	9.1%
1977-78*	7,400,000	8.8%
1978-79*	7,900,000	6.8%
Total	\$42,399,359	

Estimated revenues. Source: Office of Legislative Fiscal Analyst.
Economic Research Division of Gaming Control Board data would support
an increase of 9 to 12% in total slot tax revenues rather than the 4.86%
projected by the Legislative Fiscal Analyst. At 10%, this would
translate into an additional \$578,000 into the DSF for 1976-77.

NSEA Research
April 1977

TABLE 2

Projected Losses to
Distributive School Fund
Under AB 612
1977-1987

Fiscal Year	Total Slot Tax Revenue* (in millions)	Projected Annual Loss to DSF	Projected Cumulative Loss to DSF
1977-78	\$12.4	\$ 0	\$ 0
1978-79	13.2	470,000	470,000
1979-80	14.1	1,350,000	1,820,000
1980-81	15.0	2,290,000	4,110,000
1981-82	16.0	3,020,000	7,130,000
1982-83	17.1	3,350,000	10,480,000
1983-84	18.2	4,120,000	14,600,000
1984-85	19.4	4,725,000	19,325,000
1985-86	20.7	5,370,000	24,695,000
1986-87	22.1	6,060,000	30,755,000

*Assumes 6.64% annual increase in slot tax revenues. This is the annualized rate for the years 1971 through fiscal year 1975; however, it is significantly lower than current growth rates and significantly higher than growth rates projected for FY.

NOTE: Should S 98, a bill to increase the slot tax rebate from \$200.00 to \$237.50 pass, each of the above projections should be increased by 18.75%. Over the ten years projected above, the total losses to the DSF would cumulate to \$36.5 million, if S 98 were enacted.

NSEA Research
April 1977

THE NEVADA PARENT-TEACHER'S ASSOCIATION FEELS THAT THIS ACTION WOULD ERODE FUNDS PRESENTLY GOING TO THE DISTRIBUTIVE SCHOOL FUND, AND THAT SOMETIME IN THE FUTURE OTHER FUNDS WOULD HAVE TO BE APPROPRIATED TO REPLACE THIS LOSS TO THE DISTRIBUTIVE SCHOOL FUND. WE STRONGLY URGE THAT YOU DO NOT ROB PETER TO PAY PAUL -- WE HAVE NO QUARREL WITH THE MINIDOME CONCEPT AND IF YOU SEE FIT TO FUND THIS PROPOSAL WE SUGGEST THAT YOU SEEK FUNDS OTHER THAN THOSE PRESENTLY EAR-MARKED FOR EDUCATION RATHER THAN SEEK NEW REVENUE SOURCES LATER ON TO MAKE UP THE DEFICIT WHICH WILL OCCUR IN THE DISTRIBUTIVE SCHOOL FUND IF THIS BILL PASSES.

Testimony of Jim Sale before the Senate Finance Committee April 19, 1977 on AB 612.

TESTIMONY

April 19, 1977

A.B. 612 - Senate Finance Committee

I have attached information prepared earlier concerning A.B. 612 before it was amended; however, the basic concern that we have with this bill is expressed in this information. It is our contention that this bill creates a demand upon the general fund just as effectively as if the funds were requested directly from the general fund. The basic difference is that it practically guarantees the funds for this specific purpose without competition from other valid projects.

It is true that it will have little or no effect on the Distributive School Fund during the next two years, unless the efforts by our Congressional delegation are successful in increasing the credit percentage. I also doubt seriously that our use of these funds would have any effect on the success or failure of that effort unless there appeared to be a connection between gaming revenue and athletics of any type.

The original bill was passed on the basis that it would be used for higher education capital improvements and elementary and secondary education. This benefits the total state, rather than any particular area or segment of population. We feel that it should remain that way.

I personally can easily see the need for the special events center and congratulate those who have devoted their time and money to the planning of this complex. It would seem to me that this would take a high priority on the capital improvements and construction fund; however, it is also essential that it compete for funds on the same basis as other capital improvements in the state.

Again, it is our position that NRS 463.385 should not be amended and the intent and purpose of the law remain as originally intended.

John R. Gamble,
Superintendent of Public
Instruction

April 5, 1977

SLOT MACHINE TAX REBATE

The State Board of Education and Superintendent John Gamble are very concerned with the implications of A.B. 612 which changes the distribution of the funds received from the federal return of the slot machine tax. This slot machine tax rebate was engineered through Congress a few years ago as a relief for state appropriation for education in Nevada and it has served well. Five million dollars annually for the Higher Education Capital Construction Fund has provided for the development of many facilities on all campuses of the University System. The balance of the tax has grown each year in proportion to inflation, to some extent at least, and has substantially reduced the drain on state appropriations for the Distributive School Fund. To freeze that tax credit at a level rate would steadily decrease the percentage as education costs grow.

It is the position of the board that the slot tax law remain as originally scheduled and maintain the intent and purpose as was originally designed.

A review of the receipts and distributions since 1971-72 is shown below as well as estimates for the 1977-79 biennium. Included also are figures if the credit is increased to 90% instead of the present 80%.

FEDERAL SLOT TAX CREDIT

Receipts & Estimates

<u>Year</u>	<u>Receipts</u>	<u>Higher Education Capital Const.</u>	<u>Distributive Sch. Fund</u>
1971-72	\$ 8,447,600	\$ 5,000,000	\$ 3,447,600
1972-73	9,237,556	5,000,000	4,237,556
1973-74	10,050,893	5,000,000	5,050,893
1974-75	10,380,786	5,000,000	5,380,786
1975-76	11,253,417	5,000,000	6,253,417
1976-77 Est.	11,750,000	5,000,000	6,750,000
* 1977-78 Est.	12,400,000	5,000,000	7,400,000
1978-79 Est.	12,900,000	5,000,000	7,900,000

If 80% were raised to 90% as requested:

1977-78	\$ 13,950,000	\$ 5,000,000	\$ 8,950,000 1.5
1978-79	14,512,500	5,000,000	9,512,500 1.4

* 1977-78 and 1978-79 are shown \$150,000 higher than executive budget estimates as projected by the fiscal analyst.

(REPRINTED WITH ADOPTED AMENDMENTS)

SECOND REPRINT

A. B. 612

ASSEMBLY BILL NO. 612—ASSEMBLYMEN MAY, HICKEY,
MANN, KISSAM, ROSS, PRICE, DREYER, BENNETT, SENA,
HAYES, BROOKMAN, HORN, BREMNER, CHANEY, ROB-
INSON AND HARMON

APRIL 5, 1977

Referred to Committee on Taxation

SUMMARY—Regulates distribution of slot machine tax money in excess of \$10 million per year; specifies construction projects for universities. (BDR 41-1731)

FISCAL NOTE: Local Government Impact: No.
State or Industrial Insurance Impact: No.

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to public financial administration; providing for the distribution and use of certain proceeds of slot machine taxes; and providing other matters properly relating thereto.

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

- 1 SECTION 1. NRS 463.385 is hereby amended to read as follows:
2 463.385 1. In addition to any other license fees and taxes imposed
3 by this chapter, there is hereby imposed upon each slot machine operated
4 in this state a tax equal to the amount of any credit which may be allowed
5 against the tax imposed on slot machines by 26 U.S.C. § 4461 or other
6 federal statute for the payment of a state tax. If no [such] credit is
7 allowed, no tax is payable under this subsection.
8 2. The commission shall:
9 (a) Collect the tax annually on or before June 20, as a condition
10 precedent to the issuance of a state gaming license to operate any slot
11 machine.
12 (b) Include the proceeds of the tax in its reports of state gaming
13 taxes collected.
14 3. The commission shall pay over the tax as collected to the state
15 treasurer to be deposited to the credit of the state distributive school
16 fund and the higher education capital construction fund, hereby created
17 in the state treasury, in the amounts and to be expended only for the
18 purposes specified in subsections 4 and 5.
19 4. [During] *Except as provided in subsection 6, during each fiscal*

1 year the state treasurer shall deposit the first \$5 million of the tax paid
2 over to him by the commission in the higher education capital construction
3 fund. When requested by the board of regents of the University of Nevada,
4 [moneys] money in the higher education capital construction fund shall
5 be transferred by the state controller and the state treasurer to the state
6 public works board for the purpose only of constructing capital improve-
7 ment projects for the University of Nevada System, including but not
8 limited to capital improvement projects for the community college divi-
9 sion. As used in this subsection, "construction" includes but is not limited
10 to planning, design, site acquisition and development, construction, recon-
11 struction, furnishing, equipping, replacing, repairing, rehabilitating,
12 expanding and remodeling. Unless specifically directed by an act of the
13 legislature concerning priorities of construction of specific projects with
14 moneys in the higher education capital construction fund, the board of
15 regents of the University of Nevada shall determine the order of priority
16 and the needs of the University of Nevada System with respect to
17 expenditures of available moneys in the higher education capital con-
18 struction fund. Any moneys remaining in the higher education capital
19 construction fund at the end of a fiscal year shall not revert to the general
20 fund in the state treasury but shall remain in the higher education capital
21 construction fund for authorized expenditure.

22 5. [During] Except as provided in subsection 6 during each fiscal
23 year the state treasurer shall deposit all [moneys] money in excess of the
24 first \$5 million of the tax paid over to him by the commission in the state
25 distributive school fund to be apportioned as provided in NRS 387.030
26 among the several school districts of the state at the times and in the
27 manner provided by law.

28 6. If the amount of any credit which is allowed against the tax
29 imposed on slot machines by 26 U.S.C. § 4461 or any other federal stat-
30 ute for the payment of a state tax is increased after July 1, 1977, the
31 amount of tax collected by the commission under this section which repre-
32 sents that increase shall be paid over to the state treasurer for deposit to
33 the credit of the special higher education capital construction fund, which
34 is hereby created in the state treasury, and expended only for the purposes
35 specified in subsection 7.

36 7. The board of regents of the University of Nevada may use any
37 money in the special higher education capital construction fund for the
38 payment of interest and amortization of principal on bonds issued to
39 defray costs of construction of specific projects.

Original bill is on file at
the Research Library.

2-1-77

Stempeck Park Improvement Calc.

Contracted:

Ballfield lights	
Harker & Harker	6,295.00
Jensen Electric	7,750.00
	<u>\$14,045.00</u>

Backstops	± 2000.00
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City of Sparks

Poles for ballfield lights	1200.00
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D.G. Fill	5,000.00
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Storm Drain	4,200.00
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Irrigation system	12,400.00
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Turf preparation + sodding	17,000.00
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Horseshoe pits	3,600.00
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Parking area + misc.	10,555.00
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	<u>± 70,000.00</u>
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Salvaged

Ballfield lights + poles	7,000.00
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less City labor to remove	<u>2,000.00</u>
	5,000.00

Backstops	1,000.00
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less City labor to remove	<u>1,000.00</u>
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0

<u>TOTAL LOSS</u>	<u>\$65,000</u>
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GAVE THIS INFO. TO DARRYL CAPURRO 2-1-77

1. PM.



alumni relations ○ university development
university of nevada reno, nevada 89557 (702) 784-6629

April 19, 1977

Nevada Senate
Senate Finance Committee
Senator Floyd Lamb, Chairman

Subject: Request for \$100,000 for the Restoration of Morrill Hall,
University of Nevada, Reno

On behalf of the University of Nevada, Reno, we would like to request your financial assistance in restoring Morrill Hall, located on our campus. This three story, 14,000 square foot building, the oldest structure in the University of Nevada System, was constructed in 1886 and is now a registered National Historical Landmark.

Originally Morrill Hall housed all university classes as well as all faculty and administrative offices. As the university expanded, the building had many uses, however, in recent years Morrill Hall was utilized less and less and today she is the home for only a few university offices including Alumni Relations, University Press, Affirmative Action and Purchasing. Most of this lack of use, of course, has been due to the fact that the building is no longer structurally adequate. Like many buildings of its era, Morrill Hall has experienced the wear of time and seasons.

Because of this situation, the University's Alumni Association decided to embark in 1971 upon an energetic campaign to restore this traditional landmark. Our goal, however, was not only to preserve a historical piece of the university and community, but more importantly to reinstate the building as a functional and active part of the university-community. To achieve this goal we set down a number of purposes to be accomplished through the restoration process.

First, when restored, Morrill Hall will house a complete visitors center for the university as well as the Alumni and Development Offices. Second, Morrill Hall will house the University Press and all associated offices and equipment. Third, a section of the building will be renovated to be used for conferences, seminars and continuing education facilities. Fourth, the building will be the home for the University Museum and will also be the delegated area for art displays, historical displays, etc.

Thus, because of these ambitious goals the restoration project is more than just an historical preservation. It is a project to restore an antiquated building into a "living" landmark for both the university and community. To accomplish this final objective the estimated construction cost is approximately \$740,000. This total would include stabilization of the building, all exterior restoration, all interior restoration, as well as complete renovation of the electrical, heating

Senate Finance Committee
Senator Floyd Lamb, Chairman
April 19, 1977
Page 2

and plumbing facilities. In addition, this cost would include provisions for exterior ramps and an interior elevator for the use of the handicapped. The cost of each area is broken down in Appendix A.

It should be noted, however, that we will not need the total commitment of \$740,000 before our restoration begins. On the contrary, we have broken down the total project into phases so that we can accomplish the restoration project as money permits. Therefore, with the money we already have on hand and with your grant of \$100,000 we can immediately begin Phase I - Stabilization and New Roof; Phase II - Exterior Restoration; and a sizable portion of Phase III - Interior Restoration. In effect this would provide us with a restored and functional building until such time that additional funding could provide us with the opportunity to add the elevator and to undertake some interior refurbishing including painting, carpeting, etc.

Certainly, we are optimistic that, with your assistance, we will have the finances necessary to accomplish the total project by the end of this year 1977. We do want you to know, however, that your grant will guarantee that the major elements of the restoration can be accomplished and that the building will be utilizable until additional funds are obtained to complete the project. Our project schedule, based upon your grant and the money we already have committed, is as follows:

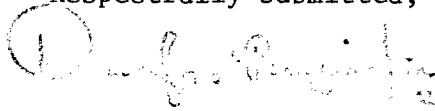
	<u>START</u>	<u>FINISH</u>
Design of entire project	June 1976	February 1977
Phase I of construction	April 1977	August 1977
Phase II of construction	September 1977	March 1978
Phase III of construction with some deletions	March 1978	June 1978

(Note: Phase IV, the north porch, is optional.)

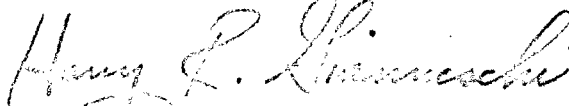
Once Morrill Hall is restored, it will again take its place as the center of campus and community activity. Because the maintenance and operational costs of the building will be borne by the University, its continued existence will thus be insured for future generations. We are sincerely hopeful that the State of Nevada will give our project consideration. Thank you.

Senate Finance Committee
Senator Floyd Lamb, Chairman
April 19, 1977
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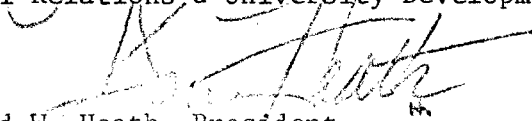
Respectfully submitted,



Douglas Byington, Chairman
Morrill Hall Restoration Committee



Harry R. Gianneschi, Director
Alumni Relations & University Development



Donald W. Heath, President
University of Nevada Alumni Association

c
Encls.

APPENDIX A

COST ESTIMATE FOR THE PROJECT - FEBRUARY 15, 1977

PHASE I:	Stabilization and new roof:	\$ 82,493
	1. Excavation and preparation	
	2. Raising first and second floor; install pipe columns and steel beams; tie first, second and third floor joists to exterior masonry walls	
	3. Scaffolding, stabilize roof structure, tower, etc.	
	4. Repair metal roof deck, reshingle mansard roofs, replace flashing, gutters and downspouts, insulate mansard	
PHASE II:	Exterior restoration:	65,589
	5. Point and cleaning of brick; repair or remove and replace exterior wood moldings, porch floor railings, balusters, and other wood trim; concrete porch; ramp to basement; paint new wood shingles	
PHASE III:	Interior restoration:	481,256
	6. Remove interior partitions	
	7. Insulation interior, rough and finished carpentry, weatherstripping, caulking	
	8. Lath and plaster, sheet rock, acoustical tile	
	9. Floor covering, glass, hardware and toilet partitions	
	10. Elevator	
	11. Painting	
	12. Electrical	
	13. Plumbing	
	14. Heating and air-conditioning	
PHASE IV:	North Porch:	46,000
	15. Foundation, concrete floors, railings, disappearing fire ladder, stairs, etc.	
	Project Design and administration:	70,000
	<u>TOTAL RESTORATION PROJECT COST</u>	<u>\$745,338</u>

APPENDIX B

MORRILL HALL RESTORATION

Funds Raised to Date
April 19, 1977

A.	Donations by alumni and other individuals	\$237,818.00
B.	Appropriation by City of Reno through Third Year Block Grant Program (Community Development Act of 1974)	100,000.00
C.	Matching funds available through National Park & Recreation Board (Historical Preservation Funds)	53,000.00
	TOTAL TO DATE	\$390,818.00