

MEMBERS PRESENT

Chairman Hickey  
Vice Chairman Price  
Mr. Dini  
Mr. Fielding  
Mr. Getto  
Mr. Mann  
Mr. Marvel  
Mr. Price  
Mr. Tanner

MEMBERS EXCUSED

Mr. Chaney

GUESTS PRESENT

Senator Jacobsen  
Assemblyman Craddock  
Mary Kincaid, City of North Las Vegas  
William K. Smith, State Dairy Commission  
Joseph E. Manos, Nevada Dept. of Energy

Chairman Hickey called the meeting to order at 5 p.m. The first bill to be discussed was

S.B. 447 - Makes various changes to law pertaining to dairy products and substitutes.

Mr. William X. Smith, Executive Director of the Dairy Commission, presented the committee with a paper explaining the changes in Chapter 584 under the sections which the Commission administers, a copy of which is attached as Exhibit A.

Chairman Hickey mentioned that the last legislature had requested that a report be submitted by the Dairy Commission on its progress to this session. Mr. Smith said he was unaware that any such report had been requested.

Mr. Smith said that S.B. 447 originally requested that the sunset status of the commission be removed but the Senate Human Resources and Facilities Committee voted to keep the agency under the sunset status. The committee did, however, extend the life of the commission until 1983.

Mr. Smith read a letter which he had sent to Mr. Mello, Chairman of the Legislative Commission, requesting that the Dairy Commission be audited in all aspects before 1981. Mr. Smith was hopeful

that a review after such audit might enable the commission to be removed from the sunset status as he felt that employees would be difficult to retain under the circumstances.

Mr. Mann explained the sunset concept was nothing to be frightened about since it only entailed appearing before the legislature every two or four years to justify an agency's actions.

Mr. Dini questioned the provision concerning interest on the Dairy Commission Fund being transferred to the General Fund. Senator Jacobsen explained that there is no state money in the Dairy Commission since all monies are derived from the producers, distributors and processors and the interest should remain in the Dairy Commission Fund.

Senator Jacobsen explained the background of the revised Dairy Commission and its present efficient performance.

Chairman Hickey expressed the opinion that the sunset provisions should not be removed at this time in view of past experience and the present philosophy of the legislature. He told Mr. Smith this was no reflection on him and that he was very proud of Mr. Smith's performance.

#### COMMITTEE ACTION

S.B. 447 - Mr. Marvel moved Do Pass. Seconded by Mr. Dini and carried. Mr. Chaney, Mr. Tanner and Mr. Getto absent.

The next bill to be discussed was A.B. 765.

A.B. 765 - Amends charter of City of North Las Vegas to require same charges for water services provided to areas within and outside of city.

Mr. Craddock reminded the committee that there had been a history of some distrust between the community of Sunrise Manor and North Las Vegas for a number of years. The City of North Las Vegas has regulated water prices within and without the city for some time. At the request of one of the city commissioners, Mr. Craddock solicited materials to assist in preparing the water rate ordinance that is now in effect. To date he has not received these materials. Mr. Craddock said he is worried about the possibility of a law suit and the possible results of such litigation. Mr. Craddock told of a previous incident where the Las Vegas Water District was required to serve a certain area. He also referred to the fire merger between the city and county during the last session which, after litigation, was declared unconstitutional.

Mr. Craddock believed it would aid public relations if the legislature would make the rate structure for water services the same inside and outside the City of North Las Vegas.

Mr. Mann suggested that since a discount is given to Nellis Air Force Base the passage of A.B. 765 would force a rate increase to the Federal Government. Mr. Craddock said he thought the service to Nellis had been discontinued, but had found this service is still supplied. He would not object to exempting this service to Nellis Air Force Base.

Mr. Price said there is no differential in price for water service for people inside or outside the city at this time and has not been for some time. Mr. Craddock agreed but he found a disparity in charging a sewer deposit fee.

Mary Kincaid, Councilman of North Las Vegas, told Mr. Price that the city ordinance refers to water and sewer rate when it is actually a water deposit. The city is going to institute a sewer rate. The ordinance is being rewritten at this time and it will make the water deposit refundable. The ordinance will also provide for a sewer deposit which will only be charged to residents of the city. The water deposit will be the same for the county and the city.

Mr. Mann said it seemed to him from testimony that the problem had been solved and there was no necessity for A.B. 765. Chairman Hickey said there was a problem with requests for information which had not been received by the individual requesting it and he felt that the city should be advised to answer all such requests by certified mail.

Mrs. Kincaid discussed the misunderstanding which arose when Mr. Craddock did not receive mail which had been addressed to him on two occasions and the general misunderstandings with the residents of Sunrise Manor. She said the city is opposed to a charter change without having a public hearing and receiving input from all citizens. She further said that Mr. Craddock had indicated to her he did not wish this matter brought before a public hearing as only citizens of Sunrise Manor were involved. It is the city's feeling that if a bond issue were necessary to improve the water district, it would be the citizens of North Las Vegas who would have to retire those bonds. Mr. Craddock said he was too busy with legislative matters to attend a city council meeting at this time. He also told of his experiences in trying to obtain material from the city in order that he could assist them with the ordinance.

Mr. Price discussed water rates in the areas and expressed the opinion that they were not unreasonable.

Mr. Craddock said what bothered him was that the City of North Las Vegas would ask him to do something and then not let him follow through. He stated that if the city intends to treat Sunrise Manor fairly, A.B. 765 will have no effect on them and it does not harm the city's charter.

Chairman Hickey asked Mrs. Kincaid to obtain a legal opinion concerning the Nellis Air Force Base contract and water rates in relation to A.B. 765. Chairman Hickey said he did not want statutes passed which would create law suits in a small town such as North Las Vegas.

There being no further business, the meeting was adjourned at 6:15 p.m.

Respectfully submitted,

Jane Dunne  
Assembly Attache

S.B. 447

Page 1, Lines 17 - 20; Page 2, Lines 1-2

Section 356.087, Paragraph 3, is amended by adding "The Dairy Commission Fund" to those other funds which receive a proportionate share of interest earned on monies deposited to the individual funds.

All monies we receive are deposited to the Dairy Commission Fund. These monies are used, by law, for the operation of the Commission. The industry, producers and distributors, are the only segments of the economy which contribute to the Dairy Commission Fund. When the fund earns interest, the interest earned is transferred to the General Fund. We want the interest to remain in the Dairy Commission Fund which will give additional revenue and thereby decrease, by some degree, the necessity of increasing assessments on producers and distributors. We receive our operating funds from the industry and feel any interest earned should stay in the Dairy Commission Fund for the benefit of the industry.

Page 2, Lines 3 - 13 (New Section to Chapter 564)

This amendment as proposed in the new Section 2, prohibits a distributor from using substitute dairy products as a means of obtaining customers' business by selling them below cost. For example, we have found a distributor giving imitation creamers to a customer for a price below his cost in order to obtain the other dairy business of the customer. Paragraph 2 of this Section (Line 7) requires the distributor to file costs of substitute dairy products so we can regulate this aforementioned "unfair practice."

Page 2, Lines 17 & 18

These amendments further define "Distributor" and "Substitute Dairy Product."

Page 2, Line 31 and 32

This addition of the words "Transport into the State" amends Section 584.345, paragraph 2(a) to allow the Dairy Commission to license a retail store, to collect assessments from the retail store and to regulate the retail store as a "Retail Distributor." A retail distributor is a retail store that brings dairy products into the state in its own conveyance for sale off the shelf.

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Page 3, Line 23 (Section 584.522 (1.))

We are cutting the number of copies of a petition to amend or terminate a stabilization and marketing plan from 10 copies to 4 copies. Ten copies were needed when the Commission had eight members; now there are only three members.

Page 4, Line 14 (Section 584.565 (3.))

The addition of the words "Which must be held in the area to which the plan applies" prohibits the Commission from holding a public hearing away from the area which may be affected by the results of such hearing. For example, we would not want to be able to hold a public hearing in Las Vegas on matters affecting Reno. Travel for interested persons would very likely be difficult as well as expensive.

Page 5, Line 24 (Section 584.570 2.(B))

The addition of "Substitute dairy products" prohibits the giving of such products, except to bona fide charities, by a distributor to a customer for the purpose of securing or retaining the dairy product business of the customer.

Page 5, Line 30 (Section 584.570 2.c.)

The addition of "Dairy products or substitute dairy products" covers completely those products a dairy distributor would handle and which would have to be sold under like terms and conditions.

Page 5, Line 48 (Section 584.570 2.d.)

The addition of the words "Lowest class price for milk usage established by the Commission for that area" simplifys and clarifies existing language in the statute with the language proposed above. The language contains the rationale and policy of not forcing a producer to sell at the lowest class price, if he can obtain a higher price after he has met his basic contractual obligation with a distributor.

Page 6, Lines 10 and 11 (Section 584.575)

The amended language has been recommended by the staff to reflect the manner in which reports to producers are actually done and calculated; to simplify the language and insure that the language of the statute accurately reflects the manner in which the reports are prepared and calculated.

Page 6, Lines 32 and 33 (Section 584-.583 2.f.)

"Overhead Costs" contain various items of cost among various distributors. We, as the staff, cannot specify to any distributor what particulars should be included in this accounting category. Each business is individual and as long as those costs are calculated according to, and include items which can be attributed to, "generally accepted accounting principles," we will accept them.

Page 7, Lines 18 and 19

We again stress that any public hearing called by the Dairy Commission must be held in the marketing area which will be affected by the subject matter of the hearing. There are three separate and distinct marketing areas in the state, the western (Reno and vicinity); the southern (Las Vegas and vicinity), and the eastern (Elko, Ely and Eastern Nevada).

Page 7, Line 47 (Section 584.595 3.)

We ask the license application fee be increased from \$3.00 to \$10.00 since we cannot process and investigate a license application for the present fee. This will not increase revenue appreciably since we only have approximately 110 licensees at present. At the ten dollar amount, we expect to cover our printing, typing, mailing and telephone costs which are incurred in the initial license application processing as well as in renewal of license processing.

Page 8, Lines 11 and 12 (Section 584.595 5.)

The penalty for the late filing will rise to ten dollars as opposed to the present three dollars.

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Page 8, Lines 16 - 32 (Section 584.630 1.,2.,3.)

This amendment assures all imported raw milk will be assessed at the same rate as that produced in Nevada.

Page 8, Lines 34 - 42 (Section 584.633 1.,2.)

This amendment sets the ceiling on butter assessments and ice cream assessment.

Page 8, Lines 43 - 47 (Section 584.633 3.)

This suggested amendment allows a credit to be given on milk which was originally manufactured as a fluid (Class I) product and then salvaged and the fat subsequently used in the manufacture of a Class II product such as ice cream. If this amendment is not adopted, there would be double taxation on the same butterfat.

Page 9, Lines 4 - 9 (Section 584.533 5.)

This amendment allows the Commission to reduce assessments when necessary to lower surplus funds in the Dairy Commission Fund. For example, we presently have in excess of \$175,000 in the fund. The Commission's ability to lower assessments to the industry would bring the surplus down and could very well deter price increase requests from producers and distributors. Assessment rates could be lowered for whatever period of time it would take to accomplish this purpose.

Page 9, Lines 31 - 36 (Section 584.635 4.)

Many distributors have very minor assessments due each month. As a result, some do not pay monthly as required by law. This poses a problem for the staff since such non-payment on a monthly basis violates the statute and the statistical information which accompanies such remittances is not available to us. We hope that a \$10.00 or 1% of the amount due, whichever is greater, will encourage all distributors to submit reports and remittances in a timely manner. For example, we have spent \$20.00 to collect \$5.00 in the past.

Page 9, Line 41 (Section 584.650)

This amendment requires certain records be maintained for three years as opposed to the present one year. Our staff of four accountants cannot possibly audit all distributors within



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a continuing twelve month period. Recent audit disclosures reflecting payment deficiencies to producers mandate the necessary extension of time in record retention.

Page 10, Lines 29 and 30 (Section 584.690 2.)

This amendment brings retail stores into the posture of paying penalties for unfair practices as well as including retail stores in the listed unfair practices under the noted sections.

Page 10, Lines 33 and 34 (Section 20)

This sentence removes the State Dairy Commission from the Sunset Provisions of A.B. 152, which was passed at the 1977 Session of the Legislature. Under the present law, The Dairy Commission will be abolished on July 1, 1981. This Section repeals that provision.

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60TH NEVADA LEGISLATURE  
ASSEMBLY AGRICULTURE COMMITTEE  
LEGISLATIVE ACTION

Date May 9, 1979

Subject S.B. 447

MOTION:

Do Pass  Amend  Indefinitely Postpone  Amend & Do Pass

Moved by Mr. Marvel Seconded by Mr. Dini

AMENDMENT:

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_

AMENDMENT:

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_

| NOTE:    | MOTION   |       | AMEND |       | AMEND |       |
|----------|----------|-------|-------|-------|-------|-------|
|          | Yes      | No    | Yes   | No    | Yes   | No    |
| Chaney   | Absent   | _____ | _____ | _____ | _____ | _____ |
| Dini     | <u>x</u> | _____ | _____ | _____ | _____ | _____ |
| Fielding | <u>x</u> | _____ | _____ | _____ | _____ | _____ |
| Getto    | Absent   | _____ | _____ | _____ | _____ | _____ |
| Hickey   | <u>x</u> | _____ | _____ | _____ | _____ | _____ |
| Mann     | <u>x</u> | _____ | _____ | _____ | _____ | _____ |
| Marvel   | <u>x</u> | _____ | _____ | _____ | _____ | _____ |
| Price    | <u>x</u> | _____ | _____ | _____ | _____ | _____ |
| Tanner   | Absent   | _____ | _____ | _____ | _____ | _____ |
| TALLY:   | _____    | _____ | _____ | _____ | _____ | _____ |

ORIGINAL MOTION: Passed  Defeated  Withdrawn

AMENDMENT: Passed  Defeated  Withdrawn

AMENDED & PASSED: Passed  Defeated

Attached to Minutes of May 9, 1979