

MEMBERS PRESENT

Chairman Dini
Mr. Harmon
Mrs. Westall
Mr. Fitzpatrick
Mr. Marvel
Dr. Robinson
Mr. Craddock
Mr. Jeffrey
Mr. Getto
Mr. Bedrosian
Mr. Bergevin

GUESTS PRESENT

See Guest List attached

Chairman Dini called the meeting to order at 8 A.M.
He stated the first Bill to be heard would be SB 62.

SB 62 - AUTHORIZES APPOINTMENT OF ASSISTANT
SECRETARY OF STATE

WILLIAM D. SWACKHAMMER, Secretary of State, State of Nevada

Mr. Swackhammer stated that SB 62 would do one thing only and that would be to change the designation of a person who is in existence in the office at the present time; it does not create a new job; and it does not create a higher salary. He stated there were two deputies in the office and it has disrupted the chain of command and he would like to designate one man as the assistant so there would be no concern as to who is in charge of day to day operation of the office.

AB 25 - EXTENDS SURVIVOR BENEFITS UNDER PUBLIC EMPLOYEES
RETIREMENT SYSTEM TO REMARRIED SPOUSES OF
DECEASED MEMBERS

ASSEMBLYMAN JIM BANNER, A.D. 11, Las Vegas, Nv.

Mr. Banner stated the Bill came about through a constituent in his district whose wife had passed away and he availed himself of provision 286.674 of the Public

Employees Retirement Act which gave the constituent the option of taking a survivor benefit of \$200 a month or a lump sum contribution paid in by his wife. Mr. Banner stated the constituent, because of the age and financial factors involved, took the \$200 a month. However, Mr. Banner said the constituent now wishes to get married and if he remarries he would lose the \$200 a month. Mr. Banner stated the constituent felt the law should be changed in that regard and Mr. Banner agreed with him.

JOYCE WOODHOUSE, representing Nevada Teachers through the Nevada State Education Association

Miss Woodhouse stated that the NSEA wished to go on record in support of Assemblyman Banner's Bill. She stated that it was her group's belief it is aimed at correcting a discriminatory practice that exists in Nevada Revised Statutes and in the PERS, namely, that when a member contributes to the system, and thus earns benefits upon his death, his or her survivor should receive the benefit whether or not they marry.

VERNON BENNETT, Executive Officer, Public Employees Retirement System

Mr. Bennett stated the Retirement System is opposed to the Bill. He stated that contrary to regular retirement and disability retirement survivor benefits are not based upon years of service or average compensation. A person who goes on regular retirement or disability retirement does receive an actuarial equivalent benefit which is based on his years of service and an average salary which is based on his highest 36 months. He stated survivor benefits are flat amounts and are designed, stipulated in the law, to be so much per month per child and per spouse. He said they pay \$150 per month per child and the benefits cease when the child reaches the age of 18 or remarries unless the child continues as a full time student. He said that in that event the benefits are continued up to age 23. He stated the benefit to the spouse is \$200 per month and this benefit is paid for the rest of the spouse's natural life unless the spouse remarries. He said the reason they had the protections there is the fact that this was not what they would call an earned benefit and is not computed times years of service and average salary. Mr. Bennett stated the second factor was the question of prospective only - application to retirement benefits. He said the system in the legislature has always

taken the position that if you improve benefits they will apply prospectively to retired employees and the cost would be extremely large in many instances if retroactive application was made.

Assemblyman Craddock questioned Mr. Bennett as to the costs involved and Mr. Bennett responded that the cost for what Mr. Banner is proposing is relatively insignificant but the PERS is opposed because of the principle that survivor benefit is not an actuarially earned benefit and is not based on years of service and average salary and feel it would establish a new precedent in making legislation retroactive to retired employees and provide to them benefits which were not in effect when they began drawing benefits.

AB 87 - EXTENDS GROUP INSURANCE AND MEDICAL & HOSPITAL SERVICE COVERAGE TO CERTAIN RETIRED PUBLIC EMPLOYEES

Assemblyman Robinson, sponsor of the Bill, stated he drafted it at the request of a constituent who had his health insurance as a retiree and when the PERS changed their insurance company, the new company dropped all of the retirees who were past a certain age. Dr. Robinson said the constituent was ready and willing to pay the premiums and hoped for some amendments in the law which would permit him to continue to carry the coverage he had through the group.

ASSEMBLYMAN JIM BANNER

Mr. Banner stated that Clark County carried employees over the age of 65 with the Medicare supplement; once they reached the age of 65 the rates change and they get a medicare supplement insurance, their life insurance changes from \$5,000 to \$2500. Mr. Banner stated the law could be changed which would allow employees to continue under the group plan with the medicare supplement. Mr. Banner stated he would suggest the legislation be changed that way.

Mr. Dini asked Mr. Banner if it would have any fiscal impact and Mr. Banner stated it would for the employer. Mr. Banner stated he would recommend the Bill.

WARREN FOWLER, State Pres., Retired Public Employees Assn.

Mr. Fowler stated the Bill was a step in the right

direction but it has left out some of the things retired employees felt were necessary. He said in regard to the interpretation of the statement in lines 19 through 22 the various employers and insurance companies have chosen not to continue insurance for retirees after the age of 65 at the time when they need it most. He stated this Bill has no provision for people to reinstate the insurance that is offered. He stated there was another Bill, in Ways & Means, AB 249, which is far more acceptable to his group. He stated that his group was not opposed to Assemblyman Robinson's Bill but they felt it did not go far enough.

VERNON BENNETT, Executive Officer, Public Employees Retirement System

Mr. Bennett stated that a request was made for a study of the status of group insurance for retired employees and the study was approved by both the Retirement Board and the Legislative Interim Retirement Committee. Mr. Bennett referred the Committee members to a copy of the study in the yellow folder on their desks. He said the current Bill would eliminate one of the problems brought out in the study, namely, that technically under the current law an insurance company is supposed to cancel the coverage to the retired employee at age 65. He stated that AB 249 will require the public employer to pay the premium for the retired employee so that there will be a considerable fiscal impact.

Mrs. Westall asked Mr. Bennett if he supported AB 249 and he responded that the Board had not taken a position on AB 249 but they do have it on the Agenda for the 28th meeting. He stated the Board would not take a position either way strongly because it is purely an insurance matter. He said it really doesn't affect the retirement system. He said the retiree would pay the premium under AB 87. He said that under AB 249 the public employer would pay the premium beginning July 1, 1979.

SB 16 - REVISES ACCOUNTING SYSTEM FOR MARLETTE LAKE WATER SYSTEM

JOHN CROSSLEY, Legislative Auditor, Legislative Counsel Bureau

Mr. Crossley stated he was present on behalf of Senator Jacobsen who was in Senate Finance and not available although if he were needed he would attend. Mr. Crossley stated that the Bill accomplishes several things. He referred the

Committee to page 2, lines 1 and 2. He said this transfers the responsibility for the administration of the Marlette Lake Water System from the Dept. of Administration to General Services. He said the second item it accomplishes is on lines 17 through 20. He stated this categorizes the fund as an enterprise fund, to be a continuing fund, and operated as a business. He stated the last thing the Bill does, lines 27 through 36, if a profit is made the excess is to be transferred to the Consolidated Bond Interest & Redemption Fund to reduce the ad valorem taxes. Mr. Crossley said they felt the money should stay in the fund and be used to finance the operations of the Marlette Lake Water System.

SB 43 - REQUIRES APPROVAL AND REVIEW OF CERTAIN ACCOUNTS
MAINTAINED BY STATE AGENCIES

Mr. Crossley stated this Bill involves a problem area with bank accounts. He said there is a weakness as far as the opening, accounting, and closing of bank accounts. He stated the Bill accomplishes several things. He referred the Committee to lines 3 to 6 which has a requirement that if the Legislature has not authorized by statute a bank account, an agency must obtain the approval of the Board of Finance to open the account. He said lines 9 through 16 sets forth that the State Treasurer must keep a list of all the state accounts in banks or savings and loan associations. He referred the Committee to lines 17 through 20 where each agency must send to the State Controller as of June 30th a reconciliation of the account. Mr. Crossley stated he felt it was extremely important for the state to get a handle on the bank accounts, that they be authorized either by the Legislature or by the Board of Finance, and that they have full control of them.

JIM WADHAMS, Director, Commerce Dept.

Mr. Wadhams stated he did not want to oppose the Bill at all but wanted to point out potential problems in the Bill, namely, the definition of state agency. He stated he would suggested the definition of state agency be made clear as to whether those associations within the Dept. be similar. He also recommended the exception of receiverships or Court Order bank accounts.

Chairman Dini directed Mr. Crossley, Mr. Wadhams, and Dr. Robinson, as a sub-committee, to consult with Mr. Daykin and get the proper language to cover the accounts.

MELVIN BRUNETTI, Nevada State Board of Accountancy

Mr. Burnett stated that his Board and other agencies regulating professions customarily collect their funds from the licensees and therefore their funds do not go into the general funds and would hope that the Bill does not apply to those bank accounts which are not part of the general fund.

Mr. Crossley responded to Mr. Brunetti that this Bill does not provide for any monies accounted for. He said the Bill was just to categorize and make sure they have a handle on all of the bank accounts in the state agencies.

Chairman Dini stated he would expand the subcommittee to include Mr. Getto to get the legislative intent on SB 43.

SB 44 - CHANGES DESIGNATION OF CERTAIN FUNDS

LEE HANSON, Nevada Legislative Counsel Bureau, Audit Div.

Mr. Hanson stated this Bill was the result of an audit of the insurance premium revolving insurance recovery funds. He stated the functions of the two funds are interrelated and should be consolidated into one fund. He stated the consolidation was discussed with Mr. Barrett and he had no objections. He stated that it was noted during the audit agencies were receiving insurance recovery directly from insurance companies and made it more difficult to determine the insurance recovery. He said that to insure good controls for insurance premiums and insurance recoveries all transactions should be centralized.

Chairman Dini asked Mr. Hanson what agency it was under and Mr. Hanson responded it was currently under Dept. of Administration, Budget Division. He also stated it would remain there.

AB 162 - REQUIRES STATE AGENCIES TO USE INFORMATION FROM PREVIOUS AUDITS BY OTHER AGENCIES BEFORE CONDUCTING ITS AUDIT

ASSEMBLYMAN ROBINSON

Dr. Robinson stated the Bill came about as a result of a problem a C.P.A. firm in Las Vegas is having in being

deluged by a series of audits which they felt were redundant because they covered the same thing. Dr. Robinson said he felt as far as state agencies were concerned there should be an interchange or interexchange of audit information.

MELVIN BRUNETTI, Nevada State Board of Accountancy

Mr. Brunetti stated his Board would have a problem if it would criss-cross with the duties or the functions of the general accounting principals of the accounting profession. He stated they felt the Bill should be more specific to direct where the exchange of information is coming from and for what purpose.

Mr. Craddock stated it was his experience with the small businessman who takes care of the books himself, not having an accountant, and they feel harrassed and badgered when they get repeat audits one after the other, all reviewing the same material, and this is what he viewed the Bill as being aimed at.

AB 165 - CREATES SERVICE DIVISION WITHIN LEGISLATIVE COUNSEL BUREAU

ARTHUR PALMER, Director, Legislative Counsel Bureau

Mr. Palmer stated a new division was involved which would not require any new personnel or any increases in funding not otherwise provided for. He said it was generated by the 1977 Legislature which enacted a provision at law that the Legislative Counsel Bureau take over and administer the former 6 block area of the Captiol Complex. He stated he took persons from different divisions and put them together to make it operate. He stated he switched from Buildings & Grounds and hired his own people, janitorial staff, security, and transferred maintenance. He stated they started to keep a budget to determine what it was costing and most of the people came out of the legal division. He said that was the only place they had sufficient funding to build a service division. Mr. Palmer stated it did not make any sense for the legal division to be charged for all the maintenance, security, janitorial and grounds crew. He stated what they were doing is creating a new division, an overall agency, to service all four divisions.



Chairman Dini turned the meeting over to Assemblyman Harmon.

Vice Chairman Harmon stated that all of the testimony had been concluded and no action would be taken on any of the Bills until 7:30 a.m. tomorrow morning (February 7, 1979).

Vice Chairman Harmon stated Mr. Dini had given him five Bills he wanted introduced and the Bills were then distributed to the Committee members for their perusal.

Assemblyman Bergevin moved for committee introduction of BDR 21-182^{*} and BDR 20-752^{**}, seconded by Mr. Craddock, and unanimously carried.

Assemblyman Marvel moved for committee introduction BDR 27-134[†], 22-1030^{††}, 23-1031[°], 27-133^{°°} and 27-135[△], seconded by Mr. Jeffrey, and unanimously carried.

There being no further business the meeting was adjourned at 10:00 A.M.

Respectfully submitted,



Sandra Shatzman
Assembly Attache

* AB 288
** AB 287
+ AB 286
†† AB 292
° AB 291
°° AB 289
△ AB 290



GUEST LIST

IF YOU
WISH TO SPEAK

NAME

REPRESENTING

PRO CON

(Please print)

✓	JIM BANNER	ASSEMBLYMAN	X	25
✓	Joyce Woodhouse	Nev State Educ. Assn	AB	25
✓	W.D. Swackhamer	Sec of State	SB	16
✓	Warren T. Fowler	Pres Nevada State Public Works	AB	15+87
	LEE HANSON	LCB-AUDIT	SB	49
	John Crossley	LCB AUDIT	SB	-16 SB 43
	Annie Ann Legend	Nev State Bd of Accountancy	?	AB 16 2
	MELVIN BRUNETTI	Nev State Bd of accountancy	?	AB 16 2
	Vernon Beatty	Exec Officer Retirement Board		