

MINUTES

WAYS AND MEANS COMMITTEE

NEVADA STATE LEGISLATURE - 60th SESSION

April 20, 1979

Chairman Mello called the meeting to order at 8:00 a.m.

MEMBERS PRESENT: Chairman Mello, Vice-Chairman Bremner, Mr. Barengo, Mrs. Cavnar, Mr. Glover, Mr. Mann, Mr. Rhoads, Mr. Vergiels, Mrs. Wagner, and Mr. Webb.

MEMBERS ABSENT: Mr. Hickey (excused)

ALSO PRESENT: Bill Bible, Fiscal Analyst; Judy Matteucci, Deputy Fiscal Analyst; Mike Alastuey, Deputy Budget Director; Jack R. Shaw, Division of State Lands; Harry Swainston, Deputy Attorney General; Mr. Jim Wittenberg, Director, State Personnel; Mr. M. Douglas Miller, Nevada Miners and Prospectors Association; Mr. Bob Gagnier, SNEA; Mr. Gene Phelps, Department of Highways; Mr. Vernon Bennett, PERS.

AB 413

Assemblyman Rhoads introduced Mr. Harry Swainston, Deputy Attorney General and Mr. Jack Shaw, Division of State Lands, and presented the Committee with proposed amendments to AB 413. (EXHIBIT A)

Assemblyman Rhoads indicated that it has taken approximately six years in refining this bill and through these changes a substantial vehicle has been arrived at. The main purpose of this bill is to challenge the control and ownership of the major portion of the public lands in Nevada. He noted that the actual challenge in claiming this land will not take place until July 1, 1980. Legislation has already been introduced, similar to this bill in Oregon, Utah and California.

Assemblyman Rhoads pointed out three major questions in regard to this bill: (1) does Nevada have a legal challenge, (2) Nevada can't afford to operate the program and (3) this land will be sold to ranchers and subdividers. The study that AB 413 provides for will look into each of the potential problems. The Nevada Lands Commission that is established in AB 413 will be consulting with County Commissioners, Planning commissions, and the general public as what to do with the lands. They will determine and recommend which lands in each county will be made available, if any, for disposition into private ownership; and which lands should be retained by the State for habitat for wildlife, recreation or other public purposes. They will also decide which lands will go to cities and counties for their ownership and control. Assemblyman Rhoads noted that the Commission will submit their recommendations to the next Legislature and the final determination of any of this land will be made by the Legislature.

Assemblyman Rhoads indicated that if AB 413 passes, there will be a need for a new position in the Division of State Lands' budget. Mr. Swainston referred to Section 3, Subsection 2 in which "public lands" are defined. Mr. Swainston pointed out Section 4 of the amendment which states that the members of the Commission will no longer be elected; but rather appointed by the Governor. In addition there will now be 9 members on the Commission rather than 20.

Mr. Swainston noted Section 7 of the amendment which establishes a time period when the State will assume dominion over the public lands of Nevada. He said that since the enactment of the Desert Land Act in 1877, which severed the connection of land and water

on public lands, the states have always had jurisdiction over the ownership of water.

Mr. Swainston referred to Section 11 in the amendment which was previously Section 10 of the bill and contained a criminal violation provision which provided for a felony conviction for anyone that exercised jurisdiction over the public lands not permitted by Nevada Law. He indicated that the sponsors of the bill thought this was an unwise provision in that litigation of a weighty constitutional question in a criminal proceeding may result and the burden of truth in a criminal proceeding requires a unanimous verdict by the jury.

He continued that the section was rewritten to set forth a modified approach that would envision a screening process based on complaints from the citizens of Nevada that may have suffered injury from the improper exercise of jurisdiction by any other person under Federal law.

Mr. Swainston indicated that this bill may someday be a vehicle in which a court case may be predicated on and serves as a basis for a challenge between the United States exercising dominion under the property clause and the State of Nevada's claim under the "equal footing doctrine".

Chairman Mello asked why the bill was not amended when it was in Environment and Resources Committee.

Assemblyman Rhoads said that during that time, and since that time, there were several ideas that were not completely refined.

Mr. Bremner asked if every sale of the land has to be authorized by the Legislature.

Mr. Rhoads said that after the study is made, boundaries will be set as to what the Commission will be authorized to sell.

Mr. Swainston clarified that the statute states that the Commission cannot sell anything until the Legislature gives them the authority to do so.

Mrs. Wagner asked how much money is it going to cost the State of Nevada in terms of court costs and attorney fees.

Mr. Swainston said that there are essentially no court costs; the costs would be incurred in extra witnesses in laying the basis for evidence whereby the State's right to the land will be recognized.

Mr. Swainston added that Mr. John Townley, Nevada Historical Society, suggested a study be conducted by 3 people for a minimum of 6 months at a cost of \$1,500 per month.

Mrs. Wagner asked how a suit would be precipitated. Mr. Swainston responded that it may not be until after July 1980 that any litigation is begun as it is advisable to operate as long as possible without precipitating a law suit.

Chairman Mello asked why Mr. Townley from the Historical Society had been approached to conduct the study rather than someone from the Fish and Game Department.

Mr. Swainston responded that he did not approach him, but rather Mr. Townley had suggested that he had capable individuals to do the research.

Mrs. Wagner referred to Section 5 of the bill in which the Commission has the authority to hire clerical personnel as needed.

Assemblyman Rhoads reiterated that any appropriations needed will have to be approved by the Interim Finance Committee.

Mrs. Wagner asked why the Commission members were changed from elected members to be appointed by the Governor.

Assemblyman Rhoads indicated that after much discussion about the trouble the University Regents went through, and the amount of money needed for an election, it was decided that it would be cost effective to have the members appointed.

Mrs. Wagner asked for an explanation of the correlation between the Department of Conservation and Natural Resources and the Nevada Lands Commission.

Assemblyman Rhoads noted that the 9-member Commission will give direction to the Division of State Lands.

Mr. Shaw pointed out that the Commission would be both a policy and advisory board.

Mr. Shaw continued that the 9-member Commission would direct the staff on what they want done in the study.

Mr. Bremner asked if a 10-year grazing lease is available at the present time. Assemblyman Rhoads indicated that at the present time a "conditional" 10-year lease is available.

Mr. Mann asked if the Wilderness Act would cause some conflict with AB 413. Mr. Shaw responded that the Wilderness Act deals with the National Forest and the National Forests are not involved with this legislation.

Mr. Glover asked if it will detrimental to exclude national parks, national monuments, or wildlife refuges from our pursuit of the public lands.

Mr. Swainston indicated that the Federal government has held these lands basically in trust with the obligation to dispose of them. During that time they have withdrawn certain lands for Federal purposes, and the courts will concur with the validity of that withdrawal. He added that we are strengthening our argument with respect to the unappropriated lands that are subject to disposal.

Mr. Glover asked if it is possible for the Federal government to just reapportion public lands.

Mr. Shaw indicated that the BLM Organic Act requires Congressional approval for withdrawals over 5,000 acres. Subsection 2 of section 3 refers to lands that are Congressionally authorized.

Mr. Glover asked if in fact Congress could by Congressional act redefine public lands.

Mr. Swainston noted that action would be considered a subterfuge in the eyes of the courts to frustrate the state's exertion of their rights.

Mrs. Wagner expressed her concern that there is no provision in the bill to allow the public a voice in the decision making on the disposition of the lands.

Mr. Shaw responded that it's a law that a public hearing be held.

Mrs. Wagner indicated that it is necessary to have an "open" meeting for public input.

Mr. Shaw said that the requirement that any decision shall be made after public hearings could be added to the bill.

Mrs. Wagner noted the complexity of AB 413 and asked if a more simple vehicle could have been utilized in instituting the lawsuit.

Mr. Shaw pointed out that nearly all the other states in the Western State Land Commissioners have land commissions that handle much of the detail in the bill. If Nevada had a land commission all that would be necessary is to direct the study and have the attorney general take over the land at the end of the study.

Mrs. Wagner asked then if the study is as equally important as the precipitation of the lawsuit.

Mr. Shaw said that was correct.

Mr. Shaw referred to the memorandum that he presented to the Committee and reiterated the fact that these are only dollar figures and not a budget; but rather a preliminary estimate of fiscal management of public domain in Nevada. He added that the figures were offered by the BLM, the Southern Pacific Railway, Nevada Highway Department, and the Nevada Taxpayers Association.

Mr. Shaw pointed out the figures from the BLM which revealed receipts totaling \$13.5 million. The \$9 million from the mineral leases and permits is roughly 4 times what it was 2 years ago indication the value of the mineral and geothermal resources in Nevada. He added that the \$3.5 million for grazing has been boosted to include the 25% fee increase that was just passed.

Mr. Shaw continued that the second section of estimated revenues show at the top of page 2 of Exhibit B is what could be considered in lay language as an "ace-in-the-hole." He stated that the data indicates that BLM is holding 37,000 acres in the Las Vegas Valley and of that amount 30,000 acres are saleable or developable. He said that there was a sale of some acreage last December at an average price per acre of \$28,000, and using that figure times the number of acres available for sale or development shows a projected estimated revenue of \$840 million. He added that even if that price per acre is cut in one-third, the projected estimated revenue would be \$300 million.

Mr. Shaw continued that the expenditures totalling just under \$11 million is BLM's figure, and that this figure does not include the expenditures for the 1.5 million acres administered by Boise and Susanville BLM districts.

Mr. Shaw continued that in lieu of tax payments to local governments amounted to just over \$5 million. He also pointed out that these funds would not be lost in entirety because the State is not acquiring all the Federal lands. Also he added that some lands could be deeded to private ownership to increase local tax rolls: deeded to local governments for development; or the local governments could lease the property. These procedures would still provide local governments with income to replace the funds lost from in lieu of tax payments from the Federal government.

Mr. Shaw stated that the big item to be considered is the Federal aid to highways. Currently he said that the State has a 95/5 Federal Interstate highway funding structure, and that if AB 413 passes then the State would be reduced to 90/10 funding ratio. The change in the funding structure would increase the State's obligation by \$2.98 million. He continued that in the primary and secondary highway system, the State is currently at a 95/5 funding ratio because of the proportion of State lands under Federal jurisdiction, and that the passage of AB 413 would drop this ratio to a 70/30 funding structure. He said this would result in the State expending an additional \$15.8 million on primary and secondary highways.

Mr. Glover pointed out that the funding reduction is critical. Mr. Shaw answered that by not replacing the BLM staff in the wilderness planning and grazing environmental divisions, \$1 million would be saved in salaries by the manpower reduction. Mr. Shaw added that over a 5 to 10 year period as experience dictates a reduction in operating costs could be achieved. He said that the sale of land in the Las Vegas Valley could subsidize the operating costs during the time State agencies are undertaking the operation and management of the lands by more efficient and cost saving means.

Mr. M. Douglas Miller, of the Nevada Miners and Prospectors Association, stated that his organization wholeheartedly supports the passage of AB 413. He said that in unlocking of Nevada's cities and the establishment of land plans, the State will be on an equal footing with other states.

AB 417

Chairman Mello introduced Mr. Jim Wittenberg, Director of State Personnel. Mr. Wittenberg explained that the salary recommendations are based on a wage and salary survey that was conducted in May, 1978. He stated that 81 government jobs were compared to similar jobs in the private and public sector to determine the prevailing job rates of pay for equivalent jobs. He said that the determination of a comparable wage scale was one of the primary considerations in establishing recommendations for the classified salary increases. He continued that a second and very important controlling factor in making the recommendations was the Consumer Price Index, and the escalation of that index. He stated that when the recommendations were made in November, 1978, the annual CPI was 5.3. He further said that based on the prevailing wage rate survey, the current CPI, and the Presidential guidelines, the department had recommended an 8% increase for classified employees, retroactive to January, 1979, and a 5.5% increase for classified employees in January, 1980 (or a 6.5% increase in January, 1980, if the Presidential guidelines were lifted and the CPI escalated) be granted. He added that this information was used in negotiating with employees association and that this is the first time agreement and settlement has been reached with the employees association representatives on the issues, including salaries and fringe benefits.

Mr. Vergiels asked if the "trigger" on page 3, section 4, will give prior claim to state employees to any unclaimed monies under the spending cap. Mr. Wittenberg commented that he did not believe that situation would present a problem.

Mr. Mann said that the method in which the state employees "trigger" has been drawn would not present a problem, because the state's "trigger" is drawn on the dollar amount in the surplus columns of the budget, whereas, the state employees association "trigger" is based on the possibility of the President relaxing the wage-price guidelines and CPI rating 6.5. He added that the employees association figures are not related to the state's surplus. Mr. Wittenberg said that that was correct.

Mr. Barengo asked if Mr. Wittenberg would provide the Committee with the guidelines broken down since as Chairman of the Salary and Fringe Benefit Subcommittee he would like the information for review.

Mr. Wittenberg said that information would be furnished.

Mr. Alastuey commented that the over-all average wage is the basis against which the Presidential guidelines were compared, and therefore, there are variations above and below the average of 7% per year. Mr. Barengo said that he was not concerned with the classified salaries but with the unclassified.

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Mr. Alastuey stated that he understood Mr. Barengo's point, in that many of the unclassified employees salaries were recommended for raises in excess of the guidelines. He continued that on an over-all basis the average raise is between 7 and 8%.

Mr. Barengo said that he did not believe that statement and that every one of the positions had received more than 7%. Mr. Alastuey said that was not true.

Mr. Bremner pointed out that Ways and Means has its own salary guidelines.

Mr. Mann asked if the Budget Office's interpretation of what constitutes the President's guidelines would make a formal declaration from the Committee necessary or would the acceptance of the major unions being allowed to go beyond the guidelines be enough justification for the employees association to also do so. Mr. Wittenberg stated that his interpretation of the resolution is that it would require a declaration from the Council on Wage and Price Stability to remove the guidelines.

Mr. Mann asked if that action did not seem "two-faced" in that, by Presidential silence the implication is a capitulation that allows the major unions to give raises beyond those specified in the guidelines. With this in mind, he pointed out that it did not seem justifiable for Nevada state employees to have to wait for an absolute declaration from those offices before they can do the same.

Mr. Wittenberg indicated that his department is currently seeking the information to explain exactly what went into the union contracts that allows them to be within the guidelines, although seemingly in violation.

Mr. Mann asked if it proves that the unions did in fact violate the guidelines then would the department be more agreeable to not holding the state employees as stringently to the guidelines as they have been held. Mr. Wittenberg said that they need to understand what actually transpired because the contracts do seem to be in violation of the guidelines.

Mr. Mann reiterated that if it does appear that the unions have gone beyond the guidelines, then would the department allow the state employees also to exceed the guidelines. Mr. Wittenberg said that the department must understand what would be involved in such an action and that the Governor's position will also have to be considered. However, he continued that if it is determined that there has been a blatant disregard for the guidelines then there must be a re-assessment, but the final outcome of that evaluation is unpredictable.

Mr. Glover indicated that he felt Nevada state employees are victims of inflation not the cause of it, and that in fact, the government, itself, creates a large part of the problem. He said that the state employees are endeavoring to be responsible to the guidelines, and for this reason they have been falling behind in disposable income. Mr. Wittenberg said that he concurred with Mr. Glover, and indicated that when the salary recommendations were made in accordance with the Presidential guidelines it was with the understanding that those guidelines were suppose to be adhered to and that if violations occurred sanctions would be taken against offenders. He added that they needed to get as much information possible as quickly as they can to evaluate the situation.

Mr. Glover commented that it seems that the President's policy-making becomes more "wishy-washy" as election time draws nearer.

Chairman Mello asked if Mr. Glover was referring to President Carter. Mr. Glover said that he was.

Mr. Gagnier, Executive Director of the State of Nevada Employees Association, said that the points being covered were a repetition of the information presented at a previous hearing in January. However, he called the Committee's attention to the language on page 3, and indicated that he did not believe that there was any latitude whatsoever in the interpretation. He quoted the section as follows: "the regulations of the Federal Council of Wage and Price stability are completely removed"--in other words, before the 1% "trigger" can operate, the controls must be totally lifted, and the language is very clear that there is no flexibility allowed at all. He added that the bill does not contain enough of an increase. It should be 10.6% the first year and 9% the second, and that is the amount that would actually offset inflation. He further stated that the association had agreed to the percentages in the bill in good faith negotiations with the Governor, and that the association is standing firm with the settlement.

Mr. Alastuey said that he would like to address a point that perhaps the Committee had overlooked and that was the possibility of the Presidential guidelines changing and allowing more than what is now permitted. He added that there is a rumor that the teamsters were able to negotiate for contract increases above the guidelines because of a recent slight modification in the wage/price regulations. He further pointed out that there was a small error in the bill drafting for this legislation, in that every time the Consumer Price Index is mentioned in the bill it should have an additional phrase identifying which of the price indices will be utilized in the state employees association contract. He added that there has been a general agreement that there should be an understanding with the Committee, the Assembly and the Senate that the department plans to use the National Consumer Price Index of all urban consumers.

Chairman Mello said that some suggestions for amending section 4 should be considered to give flexibility to the Interim Finance Committee. He added that the legislation will be turned over to the Salary and Fringe Benefits Subcommittee.

SB 260

Mr. Gene Phelps of the Department of Highways explained that the purpose of SB 260 is to provide the highway board with stand-by short-term borrowing authority where it proves economical and prudent to utilize. He stated that it is anticipated that such borrowing would be used in a case where a number of construction projects require staging as Federal funds become available. He added that frequently the department has a large investment in a roadway that is not currently useable. Mr. Phelps said that under the Federal act, the Federal government will approve five year advance construction of a project with Federal aid made available on an annual basis upon receipt. He stated that there have been two cases in the past whereby had this authority been available it would have been used to facilitate the completion of projects. One of these cases was the west leg of the expressway in Las Vegas which remained unuseable for several years, but with short-term borrowing authority the department could have acquired the necessary funds to complete the project, and then re-paid the monies with Federal aid as it became available. Mr. Phelps continued that the highway board had considered some type of short-term financing about one year ago to complete the north-south freeway in Reno. However, at that time, the Attorney General's office submitted an opinion that the highway board did not have borrowing authority and that they were directed to the legislature to resolve the problem. He said that as it turned out the funds were not required

as some additional interstate funds became available as a result of the 1978 Federal Act.

Mr. Phelps stated that they do not have any projects currently under consideration for this type of financing, but he indicated that the department felt it would be an advantage to have this stand-by short-term borrowing authority available to use should the need arise.

Mr. Bremner asked for an explanation of the fiscal note. Mr. Phelps responded that the load request mentioned in the fiscal note had been withdrawn some time ago.

Mr. Mann asked if the department had any projections on how much money would be expended for interest payments on the short-term loans, and how much actual savings could be accrued on the projects since the interest would have to be paid. Mr. Phelps answered that one item the department would consider is the inflation costs of construction that could be avoided by prompt completion of projects. He added that construction costs have been accelerating at about 10% per year, and in fact in several instances the inflationary construction costs would have exceeded the interest the department would have had to pay to expedite the construction project. In addition, he said that there is a secondary return and benefit on the investment since the facility will be in use and there will also be a reduction of costs for automobile operation and a reduction in accidents and fatalities.

Mr. Barengo asked about the inflationary impact on the Federal trust fund accounts. Mr. Phelps indicated that the trust fund at the Federal level is funded from approximately the same sources that the highway fund utilizes on a local level; for example, the Federal tax on gasoline and that the apportionments are governed by the availability of trust funds on the Federal level so inflation really does not affect those monies.

Mr. Glover asked if the department anticipates a continuing inflation rate in construction costs of 10% per year. Mr. Phelps said that it is difficult to estimate exactly. He added that the rate has been in the neighborhood of 10%, but that inflationary tendencies for individual products vary; for example, asphalt prices have increased more than 230% per ton since the 1973-74 base period.

Mr. Phelps continued that he sees no reason at this point for a decrease in the inflationary tendencies of the economy. He added that revenue bonds issued for high rent construction purposes have currently been sold at fairly reasonable 7% interest rates. Mr. Phelps said that several financial institutions have called the department and offered short-term loans at 7%.

Mr. Barengo commented that nationwide bonding of projects is common, but in Nevada which has monies available through savings and fiscally responsible expenditures it is not a common practice. Mr. Phelps responded that bonding would only be anticipated where there would be an obvious economic advantage in completing the project and where there would be an offset advantage of the inflationary cost versus the interest cost.

Mr. Barengo asked about the possibility of amending line 6 to remove the words "complete pending and currently" and instead insert "to maintain the highways." Mr. Phelps stated that he was unsure of the intent of the work change. Mr. Barengo stated that he saw no purpose in building more highways when there is a maximum speed limit of 55 mph. Mr. Phelps said that it was not the highways intent to borrow funds to maintain highways.

AB 413

Mr. Rhoads commented that he would like to address Mr. Bremner's concern on page 3 about the land commission being able to sell, lease or exchange land. He pointed out that the language on line 6 states that sales can only be made when specifically authorized by the legislature. He indicated that this section provides built-in assurance since there has not been a legislative authorization and that authorization would be two years hence. Mr. Bremner said that he was aware of that clause, but he wished to make sure that authorization is obtained every time they wish to sell land. Chairman Mello said that that would be the case and it would be determined by the legislature.

Mr. Rhoads added that that was the intent of the language. Mr. Rhoads moved to adopt the amendments to AB 413; seconded by Mrs. Cavnar. Motion unanimously approved. Motion made DO PASS, AS AMENDED by Mr. Rhoads; seconded by Mrs. Cavnar. Motion unanimously approved. Mrs. Wagner abstained.

SB 260

Motion made DO PASS by Mr. Webb; seconded by Mr. Glover. Mr. Barengo commented that there is currently a resolution before the Legislative Functions Committee which would study the Department of Highways problems in maintaining roads and investigate their funding potential.

Mr. Mann indicated that he felt that voting on the bill was premature at this point and that he recommended holding the legislation until the study was completed and the Committee had an opportunity to review it.

Mr. Barengo indicated that the Committee could add that the bill was pending the results of the highway projects study.

Mr. Bremner pointed out that it appears the highway department needs some assistance and that a study would provide them with that help.

Mrs. Cavnar pointed out that if the Committee waits for the result of the study then it would be two years until the legislation for the short-term bonding capacity authority could be granted.

Mr. Webb withdrew his motion. Chairman Mello indicated that the legislation would be held until the study was completed.

AB 451

Mr. Hill presented the Committee with a list of amendments recommended by the Governor. He referred to Section 3 Subsection 3 (a) and suggested deleting the Commission members salary of \$40.00 a day. (EXHIBIT C)

Mr. Hill added a second amendment that would serve to reflect the agreement arrived at in subcommittee hearings which simply transfers funds from the second year of the Commission to the first year to make up for the funds deleted by splitting the \$20,000 State appropriation into a 1/3 - 2/3 division.

Mr. Bremner suggested that an additional senator and assemblyman be added on Page 1, line 20 and 21. Motion to adopt this amendment made by Mr. Bremner; seconded by Mr. Mann. Motion approved.

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Motion to change the number of members to constitute a quorum on Page 2 Line 27 Section 3 Subsection 2 change 12 to 13 members made by Mrs. Wagner; seconded by Mr. Mann. Motion approved.

DO PASS as amended made by Mr. Mann; seconded by Mr. Webb. Motion approved. Chairman Mello and Mr. Barengo voted NO.

AB 63

Mrs. Wagner commented that more tickets should be made available to the students due to the increased seating capacity of the new stadiums. Mr. Bremner said that a letter to that effect could be sent to the Universities.

Mr. Bremner pointed out that at the present time 900 tickets are available for students at UNLV and on occasion not all the tickets were sold.

Motion to adopt Amendment Number 522 to AB 63 made by Mr. Bremner; seconded by Mr. Mann. Motion approved. Mrs. Cavnar voted NO.

DO PASS as amended made by Mr. Bremner; seconded by Mr. Barengo. Motion approved. Mrs. Cavnar voted NO.

Mr. Barengo presented the Committee with amendments to AB 474, AB 475 and SB 258. (EXHIBIT D)

AB 474

Mr. Bennett, Public Employees Retirement System, stated that Amendment Number 630 to AB 474 is a new program for all police and firemen. It was objected to by SNEA because they want all State employees to go to "employer pay" at one time. Mr. Bennett said that a provision allows them to go to the new program after they retire after July 1, 1981 or one of the options because some of the police or firemen would not have a spouse.

He noted that there is no cost impact to the system on either of the options. The State employees would go under the new benefit if and when they go under "employer pay" so another amendment would not have to be drafted.

Mr. Bennett referred to previous testimony from Dr. Alfred Stoess from the University of Nevada, Reno, in which he was concerned with some University professors who are 65 and would not earn retirement but the University would like to terminate them. Mr. Bennett pointed out that the University professors are being phased out from PERS and are going under TIA CREP and secondly Congress has mandated that termination cannot be mandated until age 70. He further noted that the University wants to change the entire State's membership to satisfy the fact that they want to terminate 5 professors.

Mr. Bennett said that AB 738 gives the University the option of putting the professors on a yearly contract.

Motion to adopt Amendments 629 and 630 to AB 474 made by Mr. Barengo; and seconded by Mr. Vergiels. Motion approved.

DO PASS as amended on AB 474 made by Mr. Barengo; seconded by Mr. Vergiels. Motion approved.

AB 475

Mr. Barengo explained that Amendment 318 to AB 475 would allow members of the Legislator's Retirement System to purchase service credit in a manner similar to that provided to members of PERS. He noted that it is only available to Legislators with 5 years in the legislative system. Mr. Glover asked if military time could be bought and then vest.

Mr. Bennett explained that previously, before 1977, a Legislator was allowed an additional years credit for the year in which he was elected; however, that was removed so people elected in the future would have two years service for serving 2 years in the legislature - from November to November.

Mr. Vergiels asked if AB 475 changed the vesting requirement from 8 years to 4 years.

Mr. Bennett responded that at the present time 8 years is required to vest in the Legislator's Retirement System; however, with 5 years service credit and 3 years of purchased military time vesting is possible and retirement benefit would be based on 8 years of service.

Mr. Barengo noted an additional unnumbered amendment will delete Section 10 which would have allowed classified employees of PERS to go under the employer pay program.

Motion to adopt Amendments 318, 404 and an additional unnumbered amendment to AB 475 made by Mr. Barengo; seconded by Mr. Bremner. Motion approved.

DO PASS as amended made by Mr. Barengo; seconded by Mr. Bremner. Motion approved.

SB 258

Mr. Barengo stated that SB 258 was amended on Page 1 to delete the current provision that a person drawing \$201 to \$300 per month shall receive a \$5.00 a month increase and established that those persons shall receive a \$10.00 per month increase. Line 12 is deleted where a person drawing \$300 per month or above would receive a \$3.00 per month benefit and established that a person who draws \$301 to \$500 shall receive a \$5.00 a month increase and a person who draws \$501 and above shall receive a \$3.00 a month increase. The estimated additional cost is \$161,952 for the biennium.

Motion to adopt the amendments to SB 258 made by Mr. Barengo; seconded by Mr. Bremner. Motion approved.

DO PASS as amended made by Mr. Barengo; seconded by Mr. Bremner. Motion approved.

Mr. Glover proposed that the Committee request a line item budget from the Legislative Counsel Bureau.

Mr. Bible pointed out that when the Director of the Legislative Counsel Bureau testifies before the Committee he submits the budgets that have been approved by the Commission and they display all the personnel and salaries similar to a line item budget.

Mr. Glover asked when the budget will be presented.

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Chairman Mello noted that after the Commission approves the budgets, they are presented to the Ways and Means Committee.

The meeting was adjourned at 10:55 a.m.

DATE: 4/20/79

WAYS AND MEANS COMMITTEE

GUEST LIST

NAME (PLEASE PRINT)

REPRESENTING:

BOB GAGNIER

SNEA

LARRY G. WILSON

SNEA

Roger Laird

State Personnel

Jim Wittenberg

" "

Jaye Tall

Dir. of Mineral Resources

M. Douglas Miller

Miner & prospectors assoc.

C. M. Leonard

Exploration Geologists & Miners

A.B. 413 - ENGROSSED WITH
PROPOSED AMENDMENTS
April 16, 1979

The People of the State of Nevada, represented in Senate and
Assembly,

do enact as follows:

1 SECTION 1. Chapter 321 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 10, inclusive,
3 of this act.

4 SEC. 2. The legislature hereby finds that:

5 1. The intent of the framers of the Constitution of the
6 United States was to guarantee to each of the states sover-
7 eignty over all matters within its boundaries except for
8 those powers specifically granted to the United States as
9 agent of the states; and

10 2. The attempted imposition upon the State of Nevada by
11 the Congress of the United States of a requirement in the
12 enabling act that Nevada "disclaim all right and title to
13 the unappropriated public lands lying within said territory,"
14 as a condition precedent to acceptance of Nevada into the
15 Union, was an act beyond the power of the Congress of the
16 United States and is thus void; and

17 3. The purported right of ownership and control of the
18 public lands within the State of Nevada by the United States
19 is without foundation and violates the clear intent of the
20 Constitution of the United States; and

21 4. The exercise of such dominion and control of the public
22 lands within the State of Nevada by the United States works
23 a severe, continuous and debilitating hardship upon the
24 people of the State of Nevada.

25 SEC. 3. As used in sections 3 to 11 inclusive, of this act,
26 unless the context otherwise requires:

27 1. "Commission" means the Nevada lands commission.

A

1 2. "Public lands" means all lands within the exterior
2 boundaries of the State of Nevada except lands:
3 (a) To which title is held by any private person or entity;
4 (b) To which title was held by the State of Nevada, any
5 of its local governments or the University of Nevada System
6 before July 1, 1979;
7 (c) Which are located within congressionally authorized
8 national parks, monuments, national forests or wildlife
9 refuges, or which are lands acquired by purchase consented
10 to by the legislature;
11 (d) Which are controlled by the United States Department
12 of Defense, Department of Energy or Bureau of Reclamation;
13 or
14 (e) Which are held in trust for Indian purposes or are
15 Indian reservations.

16 SEC. 4. 1. There is hereby created the Nevada lands commission.

17 2. The commission consists of nine members appointed by
18 the governor, one from each district constituted for the
19 election of regents of the University of Nevada System.

20 3. The governor shall appoint one of the nine members as
21 chairman. The chairman shall preside over the commission
22 and may vote on all matters before the commission.

23 4. Members of the commission shall be entitled to \$40
24 per day salary, and per diem and travel expenses provided
25 by law for state employees.

26 5. Members of the commission, except for initial appoint-
27 ments, shall serve for 4-year terms.

28 6. Vacancies on the commission shall be filled for the
29 remainder of a term in the same manner as regular appoint-
30 ments.

31 SEC. 5. 1. The commission may contract for or employ
32 such professional and clerical personnel as are needed to
33 carry out its functions.

1 2. The commission may adopt rules for its own governance,
2 and to carry out the purposes of this act.

3 SEC. 6. 1. The commission shall manage the public lands of
4 the state in an orderly and beneficial manner.

5 2. The commission may sell, lease, exchange or encumber the
6 public lands when specifically authorized to do so by an act
7 of the legislature and under the terms and conditions set forth
8 in the act.

9 3. No public lands may be disposed of before July 1, 1981,
10 except for any sales or exchanges which were pending on July 1,
11 1979, or rights-of-way for public purposes.

12 SEC. 7. 1. Subject to existing rights of the people, on
13 and after July 1, 1980, all public lands in Nevada and all
14 minerals not previously appropriated are the property of the
15 State of Nevada.

16 2. Until equivalent measures are enacted by the State of
17 Nevada, the rights and privileges of the people of the State
18 of Nevada under the National Forest Reserve Transfer Act
19 (16 U.S.C. §§ 471 et seq.), the General Mining Laws (30 U.S.C.
20 §§ 21 et seq.), the Homestead Act (43 U.S.C. §§ 161 et seq.),
21 the Taylor Grazing Act (43 U.S.C. §§ 315 et seq.), the Desert
22 Land Act (43 U.S.C. §§ 321 et seq.), and the Carey Act (43
23 U.S.C. §§ 641 et seq.) and all rights-of-way and easements
24 for public utilities must be preserved under administration
25 by the state.

26 3. Public lands in Nevada which have been administered by
27 the United States under international treaties or interstate
28 compacts must continue to be administered by the state in con-
29 formance with those treaties or compacts.

30 SEC. 8. The public lands of Nevada must be used to the
31 greatest extent possible for recreation, wildlife habitat,
32 agriculture, mineral and timber production and for the develop-
33 ment, production and transmission of energy and other public
34 utility services under principles of multiple use which provide
35 maximum benefit to the people of Nevada.

1 SEC. 9. The annual fees charged for grazing leases must
2 not exceed the fair market value of the leases, as determined
3 upon consideration of the prices for livestock and the costs
4 of raising livestock. Each lease must provide for a term of
5 not more than 10 years.

6 SEC. 10. All proceeds of sales, fees, rents, royalties or
7 other money paid to the state under sections 3 to 11, inclusive,
8 of this act must be deposited with the state treasurer for
9 credit to the state general fund.

10 SEC. 11. 1. The State of Nevada has exclusive jurisdiction
11 to enforce the provisions of sections 3 to 10, inclusive, of
12 this act.

13 2. Every person who exercises jurisdiction, power or author-
14 ity over the public lands in Nevada, under color of any
15 purported statute, ordinance, regulation, custom, or usage of
16 the United States, subjects or causes to be subjected, any
17 citizen of the State of Nevada or other person within the
18 jurisdiction thereof to the deprivation of any rights, privi-
19 leges, or immunities secured by the Constitution of the United
20 States, the Constitution of the State of Nevada, or the laws
21 of the State of Nevada, shall be subject to the jurisdiction
22 of the commission.

23 3. Any person claiming damage, either individually or as
24 a representative of a class of complainants, as a result of
25 any act referred to in subsection 2 may file with the com-
26 mission a verified complaint. The complaint shall set forth
27 the alleged violation and contain other information as required
28 by the commission. A complaint may also be filed by a com-
29 missioner or the attorney general with the commission.

30 4. Whenever it may appear that a substantial number of
31 persons may be injured or otherwise adversely affected by
32 actions complained of in subsection 2, the commission may
33 request the attorney general to represent such class in an
34 action at law, suit in equity, or other proper proceeding
35 for redress.

1 SEC. 12. 1. The department of conservation and natural
2 resources shall conduct a study of the public lands of Nevada
3 to determine, in conjunction with the respective boards of
4 county commissioners and the planning commissions of the several
5 counties:

6 (a) Which lands in each county should be made available for
7 disposition;

8 (b) Which lands in each county should be retained by the
9 state as habitats for wildlife or for recreational or other
10 public purposes; and

11 (c) Which lands in each county should be made available for
12 county administration in accordance with the appropriate pro-
13 visions of NRS regarding county property.

14 2. The department of conservation and natural resources
15 shall submit a report of its findings and recommendations to
16 the Nevada lands commission and to the 61st session of the
17 legislature.

18 SEC. 13. The members of the Nevada lands commission shall
19 be appointed to initial terms as follows:

20 1. From regents district No. 1, subdistricts A and B and
21 district No. 2, subdistrict A, 2 years.

22 2. From regents district No. 2, subdistricts B, C and D,
23 3 years.

24 3. From regents district No. 2, subdistrict E and district
25 No. 3, subdistricts A and B, 4 years.

26 SEC. 14. There is hereby appropriated to the interim
27 finance committee from the state general fund the sum of
28 \$125,000 for the biennium beginning July 1, 1979, and ending
29 June 30, 1981, for the support of the commission in carrying
30 out the purposes of this act, and for the attorney general
31 for any litigation arising out of this act.

32 SEC. 15. Sections 6, 7, 8, 9, 10, and 11 become effective
33 July 1, 1980. All other sections become effective July 1,
34 1979.



STATE OF NEVADA
DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

Division of State Lands

April 12, 1979

M E M O R A N D U M

TO: Andy Grose, Research Director
Legislative Counsel Bureau

Roland Westergard, Director
Department of Conservation and Natural Resources

FROM: Jac R. Shaw, Administrator
Division of State Lands *JRS*

SUBJECT: Preliminary Estimated State Costs for Administration of
Bureau of Land Management Lands (SB 240 and AB 413)

As per your request of April 11, 1979, this office has compiled estimated costs for the administration of lands now administered by the U.S. Bureau of Land Management. Following is our preliminary estimates of administering and maintaining these public lands in Nevada.

I. Estimated Revenues (Based on Fiscal Year 1978)

A. Bureau of Land Management within Nevada¹

<u>Source</u>	<u>Receipts</u>
Mineral Leases and Permits (including geothermal)	\$ 9,137,658
Sale of Lands and Materials	210,842 ²
Grazing within Grazing Districts	3,599,963 ²
Grazing Outside of Grazing Districts	75,611
Fees and Commissions	328,483
Rights-of-Way	60,410
Rent of Land	12,115
Other	3,478
TOTAL	<u>\$13,428,560</u>

¹ Does not include 1.5 million acres administered by Boise and Susanville BLM Districts

² Represents 25% greater than actually received to indicate new grazing rates

- B. Total estimated annual revenues would be considerably higher with the sale of selected small tracts of land in the Las Vegas area. These sales could be spread out over a period of years to coordinate with the Master Land Use Plans of local governments in the area. Following is a table relating to BLM holdings in the Las Vegas Valley:

Total BLM acreage in Valley	37,011 acres
Approx. developable acreage	30,000 acres
Average selling price per acre (based on 1978 land sale)	<u>\$28,000</u>
Total projected income at \$28,000 per acre	\$840,000,000
Total projected income at \$10,000 per acre	\$300,000,000

II. Estimated Expenditures (Based on Fiscal Year 1978)

Bureau of Land Management within Nevada¹

<u>Type</u>	<u>Amount</u>
Range, Soil and Water Improvement	\$ 442,700
Facility Construction	111,500
Road Construction and Acquisition	785,300
Maintenance of Road and Facilities	506,700
Fire Prevention	391,000
Fire Suppression	1,204,400
Lands and Minerals Management	1,548,600
Range Management	2,401,000
Cadastral Surveys	317,000
Forest Management	99,700
Recreation Management	423,700
Wildlife Habitat Management	459,200
Program Development	2,127,400
Contributions	<u>104,000</u>
TOTAL	<u>\$10,922,200</u>

¹Does not include 1.5 million acres administered by Boise and Susanville BLM Districts

III. Funds now received by State of Nevada and local governments from Federal lands

<u>To Nevada State Treasury in 1978¹</u>	<u>Total Received</u>
Federal Mineral Leases (50%)	\$4,568,829
Sale of Land and Minerals (5%)	8,434
Grazing within grazing districts	359,996
Grazing outside of grazing districts	<u>30,245</u>
TOTAL	<u>\$4,967,504</u>

B. In Lieu of Tax Payments to
Local Governments in 1978¹

Total Payment

All Counties

\$5,200,330²

¹Some Federal funding should continue if SB240/AB413 are implemented because not all Federal lands are to be acquired by the State of Nevada.

²Some lands could be deeded to private ownership to increase local tax rolls, or deeded to local governments for development. This would lessen amount of State funding required.

C. Federal Aid to Highways

1. Interstate Highways - Currently 95% Federally funded with 5% State funding. \$1.41 million paid by Nevada in 1978.

If Nevada took over BLM lands, we would be eligible for only 90% Federal funds with a 10% State match. Under this situation, using 1978 figures, Nevada's funding obligation would be \$2.98 million.

2. Primary and Secondary Highways and Other Programs - Currently 95% Federally funded with 5% State funding. \$1.99 million paid by Nevada in 1978.

If Nevada took over BLM lands, we would be eligible for only 70% Federal funds with a 30% State match. Under this situation, using 1978 figures, Nevada's funding obligation would be \$16.21 million.

Summary - In 1978, Nevada paid \$3.40 million to match Federal Highway funds. If Nevada did not have its "public land State" status, this State match would have to increase to \$19.20 million. This results in a total of \$15.8 million additional State expenditures on highways.

IV. Staffing Estimates

For January, 1979, the Bureau of Land Management employed 470 persons, which projects out to an expenditure of \$5,858,782 annually for salaries and related costs. This figures out to an average of \$12,465 per employee.

Two specialized programs of BLM which Nevada may not wish to continue involve wilderness planning (15 employees) and grazing environmental statements (an additional 15 employees). Because of the specialized nature of these programs we would guess that these people earn close to \$20,000 per year.

- V. In conclusion, the foregoing figures are preliminary and additional in-depth studies would have to be made to fully determine the costs of administering the many millions of acres involved. Logic would seem to indicate a possible reduction in manpower of sizeable proportions, but this would have to be done over a span of 5 or 10 years as experience would dictate.

Please note that we have not estimated the cost of initial capital investments which would be required. To be included would be buildings and office space in at least some of the eight communities now containing BLM district offices. These localities are: Reno, Carson City, Las Vegas, Winnemucca, Battle Mountain, Elko, Ely, and Tonopah. In addition to offices, other significant capital expenditures would involve office equipment, vehicles, fire-fighting vehicles and aircraft, and other specialized equipment.

JRS/lc

attachment

SUMMARY

COSTS AND BENEFITS OF ADMINISTRATION OF PUBLIC DOMAIN
BY THE STATE OF NEVADA (SB240 & AB413)

COSTS OF ADMINISTRATION

Annual Cost (1978 figures)

Public Domain (BLM) ¹	\$ 9,922,200 ²
In Lieu of Tax Monies to Local Governments	5,200,330 ³
Additional State Expenditures on Highways	15,800,000
	<hr/>
	\$30,922,530

ESTIMATED REVENUES

Annual Revenue (1978 figures)

Public Domain (BLM)	\$13,428,560 ⁴
Sale of 30,000 acres in Las Vegas Valley ⁵	20,000,000
	<hr/>
	\$33,428,560

¹ Estimated cost is \$1,000,000 less than current BLM expenditures to reflect reduction of 30 staff positions now working on wilderness studies and grazing environmental statements.

² May include some costs of administration now incurred outside of Nevada.

³ Some Federal funding should continue as not all Federal lands are to be acquired.

⁴ Reflects 25% increase in grazing from new grazing lease rates.

⁵ Sale of 2,000 acres per year over next 15 years at an average price of \$10,000 per acre; OR, sale of 714 acres per year over next 42 years at an average price of \$28,000 per acre.

Recommended Amendments to A.B. 451
by State Planning Coordinator

Sec. 3 - 3(a) delete

Sec. 3 - 3(b) renumber to Sec. 3 - 3(a)

Sec. 6 - 2 change \$99,091 to \$105,759
 change \$60,909 to \$ 54,241

3560

AMENDMENTS TO AB 474:

Amendment #208 provided a technical correction to the title to delete references previously applicable to AB 140 which has now been passed and signed into law.

Amendment #629 would allow retired employees to suspend their monthly benefit and have the option to return to membership if they accept employment in a position that would normally be eligible for membership in PERS. The original benefit cannot be recomputed. However, upon termination of employment, the retired employee will have an additional calculation based upon the additional service credit with the benefit added to his original retirement. This additional service cannot exceed the normal percentage limitations provided by NRS 286.551.

Amendment #630 would require mandatory employer pay for all police and firemen beginning July 1, 1981 with the exception of state employees. Police and firemen who retire after July 1, 1981 could retire under one of the established options under NRS 286.590, or a new provision where they would receive the unmodified benefit with 50% provided to the spouse upon the demise of the retired employee. State employees would be exempt from this provision until and unless they go under employer pay. This section will not go into effect July 1, 1981 unless the full cost as determined by the June 30, 1980 actuarial report is established by the 1981 Legislature.

NOTE: This amendment will probably be renumbered because it was amended by the subcommittee to eliminate application to state employees.

AMENDMENTS TO AB 475:

Amendment #318 would allow members of the Legislator's Retirement System to purchase service credit in a manner similar to that provided to members of PERS.

Amendment #404 would spell out that the Executive Officer shall not be allowed to participate in any business enterprise or investment in which the System has a direct financial interest. It will allow a CETA employee who is denied membership after July 1, 1979 to purchase that service at a later date if he becomes a regular member of the System. It provides some technical cleanup to the bill. It clarifies that the maximum allowance to a member is 75% of average compensation. It clarifies purchase of service procedures where Social Security was involved. It provides that a retired employee who is currently serving in an elective or appointive office may continue to do so through this and any subsequent terms in the same position without affecting the monthly retirement benefit. In effect, this makes changes in the retired employee's employment provisions prospective only.

An additional unnumbered amendment will delete section 10 which would have allowed classified employees of PERS to go under the employer pay program.

AMENDMENTS TO SB 258

The bill was amended on page 1 to delete the current provision that a person drawing \$201 to \$300 per month shall receive a \$5.00 per month increase and established that those persons shall receive a \$10.00 per month increase. Line 12 is deleted where a person drawing \$300 per month or above would receive a \$3.00 per month benefit and establishes that a person who draws \$301 to \$500 shall receive a \$5.00 per month increase and persons who draw \$501 and above shall receive a \$3.00 per month increase. The estimated additional cost shall be \$161,952 for the biennium.