

MINUTES

WAYS AND MEANS COMMITTEE

NEVADA STATE LEGISLATURE - 60TH SESSION

April 30, 1979

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

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

ALSO PRESENT: Bill Bible, Fiscal Analyst; Judy Matteucci, Deputy Fiscal Analyst; Mike Alastuey, Budget Office; Mr. William Swackhamer, Secretary of State; Mr. Dale Bohmont, Director of the College of Agriculture; Mr. Sidney Stern; Mr. Ray Knisley, Advisor to the Department of Agriculture; Mr. Gene Phelps, Highway Department; Mr. Stan Colton, State Treasurer; Dr. Bing Oberle, Acting Administrator of the Division of Mental Hygiene; Mr. Schwartz, Systems Analyst, Division of Mental Hygiene; Mr. Bob Gagnier, SNEA; Mr. Darrell Daines, Comptroller from Clark County; Ms. Irma Edwards, Nevada Insurance Division.

SB 41

Mr. William Swackhamer, Secretary of State, said that SB 41 authorizes the State to purchase punchcard vote recording devices and lease them to counties in an endeavor to provide the State of Nevada with a uniform voting system. At the present time, more than 90% of the votes cast are on punchcard voting devices; however, the rural counties still use paper ballots. He noted that until very recently a computer was needed to count these punchcard votes; now there are hand counters available.

He added that the punchcard devices are less costly than the paper ballots.

Mr. Swackhamer said that the \$230,000 appropriation will in no way change the asset value of the State because the money will either be in the Treasury drawing interest or in the counties drawing interest.

He added that \$230,000 appropriation could be reduced by \$50,000 as some of the counties have already purchased the hand counters.

Mrs. Wagner asked how many counties are involved in the acquisition of the counting devices. Mr. Swackhamer said that there are 7 counties: Lander, Eureka, Storey, Mineral, Nye, Esmeralda and Lincoln.

COLLEGE OF AGRICULTURE

Mr. Dale Bohmont, Director of the College of Agriculture, presented a supplemental request to the budget for the College of Agriculture for an appropriation of \$50,000 for the biennium to develop on a commercial scale with economic analysis the procedure of "drip irrigation".

He noted that the large undeveloped area of Ft. Mohave has great agricultural potential with the implementation of "drip irrigation".

Assembly

1676-26

Mr. Sidney Stern said that he supported the concept of "drip irrigation". He said that on a visit to Israel he saw first-hand that a desert region much like Nevada grew food products proliferously as a result of "drip irrigation". He noted that he has no financial interest in the program, but feels that it would be good for Nevada.

Mr. Stern commented that the Committee should consider an appropriation in the amount of \$100,000.

Mr. Mann pointed out that the previous appropriation for the new building at the Pahrump facility was to include the funding for the research into "drip irrigation". Mr. Bohmont responded that the \$120,000 was the request for the facility; however, the operating budget does not allow for the additional costs incurred by "drip irrigation" which are about \$1,000 an acre.

Mr. Ray Knisley, Senior Advisor to the Department of Agriculture, stated that the Advisory Committee passed resolutions endorsing "drip irrigation". Additionally, he requested an appropriation for \$24,000 for each year of the biennium to employ a sheep specialist for the College of Agriculture. The sheep industry was at one time a major portion of the agriculture economy of the State. He said it is imperative to increase the sheep industry to counter the slack that will be lost from the cattle industry.

Mr. Rhoads asked what is the requested appropriation for the sheep specialist. Mr. Bohmont said that appropriation in the amount of \$24,000 each year of the biennium is provided in the University's budget and is not presented as a separate item.

AB 325

Mr. Gene Phelps, Highway Department, said that AB 325 is an appropriation for \$5 million to the Department of Highways for replacement of obsolete road maintenance equipment and vehicles.

Chairman Mello asked how the \$5 million figure was arrived at. Mr. Phelps said that the replacement program for equipment over the last 3-4 years has been approximately \$2.5 million a year. This is an attempt to maintain that replacement policy.

Mr. Hickey asked what procedure is followed in replacing equipment. Mr. Phelps said that it amounts to replacing about 1/10 of the total fleet each year. He added that pick-ups are replaced on a 5-year or 100,000 mile basis and some of the heavy equipment is kept for 10 years or even longer.

Mr. Hickey asked if the \$5 million appropriation is supplemental to the budget request for equipment. Mr. Phelps responded that the amount in the budget anticipated some relief for this purpose but the amount requested in the budget would not be spent because of the diminishing balance in the Highway Fund.

Mrs. Wagner asked for a list of the items that need to be replaced. Mr. Phelps said that that information was provided for the Committee.

Mr. Mann asked what is done with the old equipment. Mr. Phelps said that the old equipment is auctioned off by State Purchasing.

Mr. Rhoads asked Mr. Phelps if he anticipated the Highway Department requesting another appropriation for equipment the next session of the Legislature. Mr. Phelps indicated that he is anticipating a request in 1981 for an increase in highway user revenues.

SB 122

Motion to re-refer SB 122 to Taxation Committee made by Mr. Mann; seconded by Mr. Rhoads. Motion approved.

AB 603

Mr. Stan Colton, State Treasurer, said that AB 603 is a request for a one-shot appropriation of \$80,000 over the biennium for the start up costs of data processing computerization of the State Treasurer's Office.

He noted that at the present time the State Treasurer's Office is not assisted by any type of computerization.

Mr. Colton outlined for the Committee the programs that will be initiated with the appropriation; (1) cash flow management system, (2) traveling revolving fund, (3) check reconciliation, (4) bond debted account, (5) vault inventory and (6) FMIRS document input.

Mr. Colton indicated that the total over-all program, including the one-shot \$80,000 appropriation would be a total expenditure over the biennium of \$166,000. He indicated that this would not be a tax payer burden as the programs, if initiated, would generate enough money to cover the costs.

He said that presently the State Treasurer's Office will earn for the tax payers between \$16 and \$18 million and by the implementation of the computerization, an increase of \$150,000 annually will be earned.

Mr. Glover asked how many positions could be eliminated with the implementation of the data processing program. Mr. Colton said that no positions could be eliminated. He added that the workload in the Treasurer's Office has increased 25% during the last year and rather than ask for additional positions the computerization would supplement that workload.

Mr. Glover referred to the check reconciliation program that is handled manually. Mr. Colton said that both the check reconciliation and the revolving account are handled manually; however, these programs are growing.

Chairman Mello reiterated that the implementation of the computerized system should eliminate a position. Mr. Colton responded that at present time they have a back-log of work. He noted that the Treasurer's Office has only a staff of ten people.

Mr. Colton noted that the computerized program will in fact benefit the State by a higher yield on its investments.

Chairman Mello noted the requested appropriation was for a large amount of money yet no positions could be eliminated. Mr. Colton responded that the appropriation is not a tax payer burden - it will be returned by increased investments.

Mrs. Wagner asked if this appropriation is part of the Executive Budget. Mr. Colton said it was not.

Chairman Mello asked which program is the top priority. Mr. Colton said that the cash flow management system, travel revolving fund, check reconciliation and FMIRS document input are the top priority.

Mrs. Cavnar asked if the \$80,000 appropriation could be set up on a pay-back basis. Mr. Colton said that the appropriation would be coming out of the General Fund and would be paid back to the General Fund.

Chairman Mello asked for assurance of a guaranteed amount to be returned to the General Fund. Mr. Colton said that the Treasurer's Office is subject to the "ups and downs" of the money market, and there is no set money yield curve that the State is recognizing at the present time.

SB 213

Dr. Bing Oberle, Acting Administrator of the Division of Mental Hygiene, said that SB 213 represents the Division's request for a one-shot appropriation to establish an automated management information and client billing system.

Mr. Mann asked how many positions will be eliminated with the increased computerized capabilities. Dr. Oberle said that no positions will be eliminated. He added that the purpose of this program is to speed up the billing process as there is significant lag time in the posting of bills. Currently all the client data that comes from the various agencies must be manually posted by one individual.

Mr. Glover asked what type of clients are billed. Dr. Oberle said the Division bills all clients who have the ability to pay.

Mrs. Cavnar pointed out the comparison of the requested appropriation by the State Treasurer for \$80,000 to handle all the money in the State, and the requested appropriation in SB 213 is for \$96,000 to handle the money for one department. Dr. Oberle said he did not have an explanation.

Mr. Alastuey clarified that the State Treasurer has a number of financial transactions - the Division of Mental Hygiene has client related transactions where thousands of people go through this particular treatment system per year.

Mr. Webb asked how much of the \$96,000 requested appropriation would be attributed just to the billing program. Mr. Gordon Harding said that the number billed annually is \$1,100,000. Mr. Webb asked if the billing process is currently being handled through Central Data Processing. Mr. Harding said it was not. Mr. Harding said that with the implementation of a mechanized system, an increase of 3% or \$35,000 additional billing revenue over that which is currently being collected is possible.

Mr. Webb asked how many clients are billed monthly. Mr. Schwartz, Systems Analyst, said that approximately 2,000 clients are billed monthly.

Mr. Mann asked why the person who is posting the accounts currently could not be eliminated with the implementation of the computerized program. Dr. Oberle said that Mr. Schwartz in the central office collects the client data. It takes people to put the information into the system and analyze it when it comes out.

Mr. Glover asked when it is anticipated the system will go on the line.

Mr. Schwartz said that this is a two year development process.

Chairman Mello commented that in the past the implementation of computerized systems has resulted in additional staff rather than cuts in positions.

Mr. Schwartz said the majority of agencies do not have people assigned to bill clients. He said that the two agencies that have billing personnel are behind in their posting and the case load is anticipated to increase.

Mr. Hickey asked how much money is being lost because of the billing procedure. Mr. Schwartz said he did not have that information.

Chairman Mello asked how much of the appropriation will be used for the billing procedure and how much for management operations. Mr. Schwartz said that is essentially one system - information is collected on the clients in order to bill them.

Mr. Webb indicated that according to his figures it will cost \$4.00 a transaction to issue a bill with the \$96,000 appropriation. Mr. Webb also noted an apparent lack of concern for the unpaid bills. Dr. Oberle stated that a report was provided to the Human Resources Subcommittee on the current lawsuits that are pending by the Deputy Attorney for fee collections. Secondly, when the clients are billed on a sliding fee scale sometimes the charge may be only \$1.00 per visit. He added with a system that would keep the billing up to date, a return on the money would be realized.

Mr. Schwartz clarified that 2,000 billings per month does not necessarily mean 2,000 clients because in-patients are billed 30 times a month like hospital billing procedures.

Mr. Hickey expressed his concern over the management of the collection of the bills. Dr. Oberle said that follow up letters are being sent to people who do not pay their bills.

SB 336

Mr. Bob Gagnier, Executive Director of the State of Nevada Employees Association, introduced Mr. Darrell Daines, Comptroller from Clark County and stated that the deferred compensation program is a means whereby an employee can choose not to receive a certain amount of his income and the employer then makes a tax free investment with the money. The employee does not have to pay taxes until he actually receives the money. He added that the advantage of the program is that 100% of the money is invested.

Mr. Bremner asked what percent of a person's income can be deferred. Ms. Irma Edwards, Nevada Insurance Division, stated that the amount that can be deferred is the lesser of \$7,500 or 33 1/3% of gross income.

Mrs. Wagner noted the changes in the bill and asked what will result if the guidelines change. Mr. Gagnier said that the bill drafter, working in conjunction with the committee that was created by the old law, cited throughout the bill 26 U.S.C. section 457 which references the section of the law that deals with deferred compensation programs that were amended by Congress last Fall. Consequently, a new law is not necessary every time there is a change from the Internal Revenue Service.

Mr. Rhoads asked what will be the function of the committee provided for in the bill and what will be the cost. Mr. Gagnier said that the current law sets up a committee that is appointed by the Insurance Commissioner with the approval of the Governor; however, SB 336 provides that the committee will be appointed by the Governor. Mr. Gagnier noted that committee members do not receive a salary or per diem. It is the committee's intent that an administrator be hired and the salary would be paid by the organization handling the program, not the State.

Mr. Bremner asked what flexibility is available to the individual belonging to the deferred compensation program. Mr. Daines remarked that there are 4 ways to remove money from the compensation program: (1) cessation of employment from State or county, (2) death, (3) retirement and (4) hardship withdrawal. He added that deferred compensation is not intended as a savings account. It is for those people who want to maximize the investment by investing before taxes and then pay the tax when they fall into a lower tax bracket.

Mr. Bremner asked if an individual that ceases to be employed by the State would be able to continue in the program. Mr. Daines said that he would be able to leave his money in the program but he could not add to it.

Mrs. Wagner asked who makes the decision as to how the money will be invested. Mr. Gagnier referred to a similar program in Montana which uses 5 vehicles for investment: (1) savings and loan, (2) fixed annuity, (3) variable annuity, (4) mutual fund and (5) life insurance. Each one of the companies handles the investment. He added that the State is not actually involved in investing the money, only in choosing the vehicles for investing the money.

Mrs. Wagner asked who makes the decision to choose the vehicles. Mr. Daines said that the employee makes the decision as to what vehicle would be used for the investment. The committee basically makes the investment opportunity available to the employee.

AB 325

Mr. Webb noted the poor condition of the highways and said he was in favor of the one-shot appropriation.

Mr. Rhoads said he was concerned about setting a precedent for the one-shot appropriation for equipment.

Mr. Bremner said new equipment will need to be purchased every two years. He concurred with Mr. Webb on the poor condition of the highways.

Mr. Hickey said he was concerned because of the lack of information regarding the \$5 million appropriation.

Mr. Webb said he had information on the equipment purchases. He added that the Legislature has no control over how the Highway Department buys equipment.

Mr. Hickey said he was not interested in controlling the purchase of the equipment, only in why they have to buy the equipment.

Mrs. Wagner asked what portion of the appropriation will be used for equipment and what amount will be used for repairing of the roads. Mr. Alastuey clarified that the entire amount of the appropriation is for equipment replacement. The idea behind the one-shot appropriation is to "free" other monies so they can proceed with road maintenance.

Mr. Hickey noted a lack of detail in the Highway Department's budget. He remarked that perhaps leasing the equipment would be more cost effective.

Chairman Mello proposed that the bill be held for further discussion.

AB 603

Motion for indefinite postponement made by Mr. Barengo; seconded by Mr. Rhoads. Mrs. Cavnar and Mr. Glover voted NO. Motion approved.

SB 213

Motion for indefinite postponement made by Mrs. Cavnar; seconded by Mr. Webb. Motion approved.

SB 336

DO PASS made by Mr. Glover; seconded by Mr. Rhoads. Motion approved.

AB 338

Motion to amend the bill to include an appropriation of \$16,320 for the biennium made by Mr. Bremner; seconded by Mr. Hickey. Mr. Webb voted NO. Motion approved.

Motion to amend Section 2 subsection (a) to reflect that one representative to the commission be chosen by the Nevada Personnel Guidance Association made by Mrs. Wagner; seconded by Mr. Hickey. Motion approved.

Motion to amend the bill to include the State per diem allowance for commission representative made by Mrs. Cavnar; seconded by Mr. Hickey. Motion approved.

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

AB 529

Mr. Alastuey said that the fiscal impact of the program is \$181,000 the first year of the biennium and \$225,000 the second year. It provides for out-of-state institutional care for those with handicaps other than deaf, blind or mute.

DO PASS made by Mr. Vergiels; seconded by Mrs. Wagner. Motion approved.

CARE OF DEAF AND BLIND

Motion to amend the budget to include a \$10,000 increase in the "care of multi-handicapped" to \$181,125 made by Mr. Bremner; seconded by Mrs. Wagner. Motion approved.

Motion to adopt the Governor's Recommendation as amended made by Mr. Bremner; seconded by Mrs. Wagner. Motion approved; budget closed.

STATE TREASURER

Motion to adopt the Governor's Recommendation made by Mr. Hickey; seconded by Mr. Rhoads. Mr. Glover voted NO. Motion approved; budget closed.

Mr. Alastuey added the state owned building rent was initially estimated at \$7,094; however, substantially more footage in the renovated capitol was necessary than was originally anticipated and the adjusted amount is \$15,900 the first year and \$16,300 the second year of the biennium.

Motion to OPEN THE BUDGET made by Mr. Hickey; seconded by Mr. Glover. Motion approved.

Motion to amend the budget to include the rent increases of \$15,900 the first year and \$16,300 the second year of the biennium made by Mr. Glover; seconded by Mr. Webb. Motion approved.

Motion to adopt the Governor's Recommendation as amended made by Mr. Hickey; seconded by Mr. Webb. Motion approved; budget closed.

EQUAL RIGHTS COMMISSION

Mr. Bible said that a listing of the leases of the Equal Rights Commission totals \$40,000. The Budget Office has indicated that the additional \$10,000 which is not shown in the budget is funded by Federal monies and other EEOC accounts.

Motion to amend the out-of-state travel to \$1,000 a year made by Mr. Webb; seconded by Mr. Mann.

Mr. Alastuey requested consideration of the actual of \$1,600 a year.

Motion to amend the out-of-state travel to \$1,000 a year withdrawn by Mr. Webb.

Motion to amend the out-of-state travel to \$1,600 a year made by Mr. Webb; seconded by Mr. Mann. Motion approved.

Motion to adopt \$7,000 a year for in-state-travel made by Mr. Vergiels; seconded by Mr. Mann. Motion approved.

Motion to adopt the Governor's Recommendation as amended made by Mr. Rhoads; seconded by Mr. Webb. Motion approved; budget closed.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

Motion to send a Letter of Intent to the Equal Employment Opportunity Commission that no new office be opened with Federal monies without prior approval of the Interim Finance Committee made by Mr. Bremner; seconded by Mr. Webb. Motion approved.

Motion to adopt \$1,500 each year of the biennium for in-state travel made by Mr. Mann; seconded by Mr. Webb. Motion approved.

Motion to adopt \$1,000 for the second year of the biennium for out-of-state travel made by Mr. Mann; seconded by Mr. Webb. Motion approved.

Motion to adopt the Governor's Recommendation as amended made by Mr. Mann; seconded by Mr. Webb. Motion approved.

RAPID CHARGE PROCESS (EEOC)

Motion to adopt Agency Request made by Mr. Bremner; seconded by Mr. Webb. Motion approved.

Mr. Alastuey said that the agency in this case did not submit a request because the grant was not initiated until November of 1978. At that time the date for the submission of the budgets had already elapsed so the positions were pro-rated for one-half year and the budgeted amount was recommended for two years.

Chairman Mello asked if the Legislature was informed of the additional grant. Mr. Alastuey said the Legislature was not informed.

DEPARTMENT OF TAXATION

Mr. Bremner commented that Nevada should withdraw from the Multi-State Tax Commission. Mr. Alastuey noted an over-all expansion in all the states that are involved in the multi-state tax effort and suggested a continuation of the program over the biennium.

Motion to adopt the Governor's Recommendation as amended made by Mr. Mann; seconded by Mr. Rhoads. Motion approved.

Mr. Bremner suggested that Mr. Nickson, Department of Taxation, report to the Interim Finance Committee in one year.

YOUTH CONSERVATION CORPS - DIVISION OF STATE PARKS

Motion to adopt the Governor's recommendation made by Mr. Bremner; seconded by Mr. Hickey. Motion approved.

VIRGINIA AND TRUCKEE RAILROAD

Motion to adopt the Governor's Recommendation made by Mr. Hickey; seconded by Mr. Glover. Mr. Bremner voted NO. Motion approved.

STATE MULTIPLE USE ADVISORY COMMITTEE ON FEDERAL LANDS

Motion to adopt the Governor's Recommendation made by Mr. Rhoads; seconded by Mrs. Wagner. Motion approved; budget closed.

DIVISION OF ENVIRONMENTAL PROTECTION

Motion to adopt an increase in in-state-travel to \$40,000 each year made by Mr. Mann; seconded by Mr. Hickey. Motion approved.

Motion to amend the Work Program to \$475,000 for each year of the biennium made by Mr. Webb; seconded by Mr. Mann.

Mr. Alastuey asked Mr. Webb how he planned to remove funds from the Division of Environmental Protection budget. Mr. Webb said that the department would be in a better position to cut the budget.

Motion did not pass.

Motion to adopt the Governor's Recommendation made by Mr. Bremner; seconded by Mr. Hickey. Mrs. Cavnar, Mr. Mann, Mr. Webb, and Mr. Rhoads voted NO. Motion approved; budget closed.

DIVISION OF FORESTRY

Mr. Bible noted that the two new positions recommended to take over the expansion in the honor camp program which the Committee previously approved in the Prison's budget.

Motion to adopt the Governor's Recommendation made by Mr. Bremner; seconded by Mrs. Cavnar. Mr. Vergiels and Mr. Mann voted NO. Motion approved; budget closed.

YOUNG ADULT CONSERVATION CORPS

Motion to adopt the Governor's Recommendation made by Mr. Hickey; seconded by Mr. Webb. Motion approved; budget closed.

FORESTRY NURSERIES

Mr. Bible referred to SB 180 which states that the State Forester would set the cost of plant materials. He added that this budget is predicated upon General Fund subsidy to the nursery program.

Motion to adopt the Governor's Recommendation made by Mr. Glover; seconded by Mr. Rhoads. Motion approved; budget closed.

FOREST AND WATERSHED REHABILITATION

Motion to adopt the Governor's Recommendation made by Mr. Webb; seconded by Mr. Rhoads. Motion approved; budget closed.

FOREST FIRE SUPPRESSION

Motion to adopt the Governor's Recommendation made by Mr. Webb; seconded by Mr. Wagner. Motion approved; budget closed.

DEPARTMENT OF ENERGY

Mr. Webb noted two positions that are not filled, the Senior Urban Planner and the Mechanical Electrical Engineer, and suggested they be eliminated.

Mr. Alastuey pointed out that eliminating any positions might prohibit the State Department of Energy from administering the program for heat conservation measures with the Department of Education.

Chairman Mello suggested that a Letter of Intent be sent to the Department of Energy that a report be presented to the Interim Finance Committee.

Motion to adopt the Governor's Recommendation to include the Letter of Intent made by Mr. Hickey; seconded by Mr. Mann. Motion approved; budget closed.

Mr. Webb commented that the Department of Energy should be directed to work more closely with the Public Works Board to initiate solar heating in new public buildings.

Chairman Mello noted that the next Legislative session should examine the progress of the Department of Energy.

The meeting was adjourned at 11:00 a.m.

SB 41

COST OF PRESIDENTIAL PRIMARY ELECTION
MAY 25, 1976

Compiled by
Wm. D. Swackhamer
Secretary of State

1676-37

Counties		Total No. Votes Cast		Cost per Vote	Total Cost
Carson City	PUNCHCARD	6793	CES	\$ 1.87	\$12,762.10
Churchill	PUNCHCARD	2719	DATA VOTE	1.71	4,660.64
Clark	PUNCHCARD	56473	CES	.90	51,219.42
Douglas	PUNCHCARD	3566	CES	1.56	5,564.79
Elko *	PAPER BALLOT	3353	CES	3.15	10,572.11
Esmeralda	PAPER BALLOT	306		7.25	2,218.62
Eureka	PAPER BALLOT	285		10.04	2,864.56
Humboldt *	PAPER BALLOT	1550	CES	2.95	4,599.82
Lander	PAPER BALLOT	659		3.97	2,619.33
Lincoln	PAPER BALLOT	845		2.71	2,295.00
Lyon *	PAPER BALLOT	2747	CES	2.29	6,295.00
Mineral	PAPER BALLOT	1870		3.96	7,421.76
Nye	PAPER BALLOT	1750		2.25	3,950.70
Pershing *	PAPER BALLOT	860	CES	3.03	2,609.95
Storey	PAPER BALLOT	449		2.38	1,073.75
Washoe	PUNCHCARD	36244	CES	.82	29,821.38
White Pine *	PAPER BALLOT	2511	CES	2.55	6,406.70
Totals		122,980		1.27	156,955.63

EXHIBIT "A"

Average cost per voter for PUNCHCARD SYSTEM
Average cost per voter for PAPER BALLOT SYSTEMS

1.37
3.86

65% savings

* COUNTIES THAT HAVE CONVERTED TO PUNCHCARD