

MINUTES

WAYS AND MEANS COMMITTEE

NEVADA STATE LEGISLATURE - 60th SESSION

May 26, 1979

Chairman Mello called the meeting to order at 10:05 a.m.

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

ALSO PRESENT: Bill Bible, Fiscal Analyst, Judy Matteucci, Deputy Fiscal Analyst; Mr. Bob Guinn, representing Nevada Motor Transport Association, Senator Gibson and Mr. Mike Bourne, Executive Director White Pine Development Corporation

SB 260

Mr. Bob Guinn, representing the Nevada Motor Transport Association, said that SB 260 allows the State Highway Department to request from the State Board of Finance that bonds be issued not to exceed a 5 year period to be redeemed by Federal Highway Aid. He noted that there is a provision in the Federal Highway Law that permits states to use Federal highway funds up to a 5 year period. He indicated that SB 260 states that the bonds must be secured by a pledge of the appropriate highway grants payable to the State and by taxes which are credited to the State Highway Fund. Mr. Guinn said that the thrust of the bill provides for the State to complete a highway project in one step rather than several stages.

Mrs. Wagner asked what highway projects are anticipated to be funded according to SB 260. Mr. Guinn said that Federal funds can be used only on designated highway systems and approved by the Federal Highway Administrator.

Mrs. Wagner noted that there was no fiscal note included in the bill. Mr. Guinn indicated that bonds would be issued only on those projects that would be refunded by the Federal government. He further commented that this bill provides for a practical solution in case a critical highway need develops. Mr. Guinn noted that the bill provides constraints in that the Highway Department could not allocate all the monies to one project.

SB 206

Chairman Mello said that SB 206 was amended in the Taxation Committee from the original appropriation of \$47.00 a month to disabled persons to \$10.00 a month for a total of \$751,170 the first year of the biennium and \$891,308 the second year.

Mr. Mann noted that eventually this program is going to grow and in two years could cost the State \$10 million.

Mrs. Cavnar pointed out that it could be money well spent and less costly than institutionalizing disabled persons.

Motion to re-refer SB 206 to Ways and Means Committee made by Mr. Mann: seconded by Mr. Glover. Mrs. Wagner, Mr. Webb, Mr. Hickey and Chairman Mello voted NO. Motion approved.

GENERAL FUND BALANCE

Mr. Bible referred to a General Fund Balance sheet (EXHIBIT A) which reflects a General Fund balance of \$74,805,265 as of July 1, 1978. He noted that the estimated income for 1978-79 is \$335,594,000 and from that income the 1977 Legislative session appropriated \$241,376,950 for the operation of government during 1979. He continued that the Ways and Means Committee through bill action has made a reduction of \$478,021. Mr. Bible said that the \$5,350,000 Senior Citizens Tax Deferral was a program requested by the Governor, but a bill was never introduced to implement that recommendation. Mr. Bible said that the total reduction is \$363,422,793 and assuming a fund balance of \$34 million this then would leave revenues over expenditures in a balance of \$12,977,289.

Mr. Bible said that for 1979-80 the estimated income is \$339,317,516. He added that the deduction for the Real Estate License Fees should be doubled from \$235,000 to \$470,000 as a result of amendments to AB 20. Mr. Bible said that the total estimated income for 1979-80 is \$336,487,716. The Governor's recommended appropriation is \$246,095,703 and from this amount the Ways and Means Committee had increased through bill action \$1,311,511 and through budget action \$875,080 in the first year for a total expenditure level of \$248,282,294 which leaves a balance of revenues less expenditures of \$88,205,422.

Mr. Bible pointed out that the 1980-81 estimated income is \$387,884,512. He noted the various income deductions and the \$3,000,000 increase for reversions for a total of \$384,830,622. The Governor's recommended appropriation is \$263,096,657 and the Ways and Means Committee added to that figure \$1,355,647 through bill action and subtracted through budget action \$868,230 the second year of the biennium. He noted that the \$3,000,000 estimated cost of the 1981 Legislature was not included in the executive budget projection for a total expenditure of \$266,584,074. This then leaves revenues over expenditures of \$118,246,548.

Mr. Bible indicated that the Senate has increased expenditures greater than the Assembly by \$19 million. For example, the Senate Finance Committee passed a bill appropriating \$3 million for vocational education equipment, a \$1.1 million bill for supplemental increases for NIC disabled, SB 452 which appropriates \$1.1 million for a new record keeping system for the courts, and an energy bill for \$120,000. He said that the Senate Finance Committee increased the State lands bill \$150,000 over the action of the Ways and Means Committee and AB 700 was amended from the \$100,000 that was approved by the Assembly to \$175,000.

Mr. Bible pointed out that the estimated income figures were projected prior to consideration of any of the energy problems that now exist.

SB 587

Senator Gibson said that the purpose of SB 587 is to provide \$5 million to the Interim Finance Committee to be ear-marked for economic development in White Pine County, Nevada. Senator Gibson noted that it is an amortized program and the money is eventually restored to the State.

Chairman Mello said that Amendment 1380 to SB 587 is already included in the bill. Senator Gibson said that the amendment includes "land and equipment" in addition to "buildings."

Mr. Barengo pointed out that section 1, subsection 2, line 2 should be amended to change the word "construction" to "develop." Senator Gibson concurred with Mr. Barengo's suggestion and said it would be changed.

Mr. Rhoads asked if this allocation would set a precedent for other depressed areas to request monies for economic development. Senator Gibson indicated that White Pine County is unique in that a commitment be made by the Legislature in place of not locating the prison there.

Mr. Webb remarked that the loan should be tied to a more normal mortgage situation and also interest should be charged. Senator Gibson said that the loan was actually a compromise as he was in favor of a grant.

Mr. Mike Bourne, Executive Director of White Pine County Development Corporation, indicated that the situation in White Pine County is that the location is very remote and efforts in the past to attract new manufacturing type of facilities has not met with much success. One alternative is to make available facilities at a low lease rate in order to attract industry to the community.

Mr. Bourne said that there are two ways that the interest rate can be lowered, one is by using an amortization period which has long been the normal mortgage period. The other alternative is to have an interest rate that is either exceptionally low or is non-existent. He indicated that previous experience has revealed great success in loaning money with simply a recovery without the interest rate.

Mr. Hickey asked what is the rate of recovery. Mr. Bourne said that previous projects have had a recovery rate of about 15 years.

Mr. Hickey commented that the competition for economic development is not just dollar-wise. Mr. Bourne said that there are many factors involved. However, the financial advantage of a low lease payment will often "tip the scale."

Mrs. Cavnar suggested that the State retain the money and give the interest to Ely for the salaries and traveling expenses of the people involved in the economic development. Mr. Bremner said that the \$5 million appropriation is not to pay salaries, it is a loan to induce industry by constructing facilities. Mr. Bourne indicated that the operating expenses of the White Pine County Development Corporation are covered by a grant from the Four Corners Regional Commission. Mr. Bourne commented that economic development is not the kind of activity that you can put twice as much money into it for operating expenses and expect to produce results twice as quickly.

Mrs. Wagner asked if any proposed development projects were envisioned at this time. Mr. Bourne said that he has three different projects that have potential and he would investigate further.

#### BOXING COMMISSION

The Committee agreed that a Letter of Intent be sent to the Boxing Commission stating that no positions be changed without approval of the Interim Finance Committee.

#### SB 452

Motion for INDEFINITE POSTPONEMENT made by Mr. Mann; seconded by Mr. Rhoads. Mrs. Cavnar, Mr. Glover, Mr. Hickey, Mr. Barengo and Chairman Mello voted NO. Motion approved.

Mrs. Wagner commented that she supported the concept, however, there are higher priorities. Chairman Mello concurred.

#### SB 260

DO PASS motion made by Mr. Glover; seconded by Mr. Webb. Motion approved.

Motion that the meeting of May 26 1979, be the last meeting of the Ways and Means Committee made by Mr. Mann; seconded by Mr. Webb. Motion approved.

Assembly Committee on Ways and Means

Motion to retract a Letter of Intent sent to Mr. Roy Nickson, Director Department of Taxation regarding the Innovative Grant Program made by Mr. Barengo; seconded by Mr. Glover. Motion approved.

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

ASSEMBLY WAYS AND MEANS COMMITTEE ACTION  
General Fund Balance  
May 25, 1979

	<u>1978-79</u>	<u>1979-80</u>	<u>1980-81</u>
General Fund Balance 7/1/78	\$74,805,265		
Estimated Income	\$299,178,167	\$339,317,516	\$387,884,522
Less Park User Fees	(83,350)	(169,800)	(173,900)
Less Mental Health Institute SAMI and Medicare		(225,000)	(230,000)
Less Real Estate License Fees		(235,000)	
Return County Gaming License Tax		(2,700,000)	(2,900,000)
Return Real Estate Transfer		(2,500,000)	(2,750,000)
Add Estimated Reversions	36,500,000	3,000,000	3,000,000
Total Estimated Income	<u>\$335,594,817</u>	<u>\$336,487,716</u>	<u>\$384,830,622</u>
Legislative Appropriations	\$241,376,950		
Estimated Cost 1979 Legislature	2,750,000		
Governor's Recommended Appropriations	134,991,820	246,095,703*	263,096,657*
Ways and Means Changes to Appropriations:			
Bills	(478,021)	1,311,511	1,355,647
Budgets		875,080	(868,230)
Capital Improvements	(9,471,299)		
Park Improvements	(171,657)		
Sr. Citizens' Tax Deferral	(5,350,000)		
Lincoln County Schools	(225,000)		
Estimated Cost 1981 Legislature			3,000,000
Total Expenditures	<u>(\$363,422,793)</u>	<u>(\$248,282,294)</u>	<u>(\$266,584,074)</u>
Fund Balance at \$34 Million	\$ 34,000,000		
Revenues Less Expenditures	\$ 12,977,289	\$ 88,205,422	\$118,246,548

Note: Budget Division revenue and reversion projections are \$7,179,600 lower than the Fiscal Analysis Division and under their projection the fund balance would be that much less.