

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
JANUARY 19, 1979

The meeting was called to order at 8:00 a.m. by Senator Floyd R. Lamb, Chairman of the Senate Finance Committee.

PRESENT: Senator Floyd R. Lamb, Chairman
Senator James I. Gibson, Vice Chairman
Senator Eugene V. Echols
Senator Thomas R.C. Wilson
Senator Lawrence E. Jacobsen
Senator Norman D. Glaser
Senator Clifford E. McCorkle

OTHERS. Mr. Ronald W. Sparks, Chief Fiscal Analyst
Mr. Eugene Pieretti, Deputy Fiscal Analyst
Mr. Howard Barrett, Budget Director
Norrine Barber, Administrative Assistant to
Governor Bob List

Senator Lamb asked Mr. Sparks to review his revenue projections.

Mr. Sparks referred to the handout, "Comparative Statement of projected General Funds Available" (see Attachment A). Mr. Sparks reviewed the differences between his projections and those in the Executive Budget. He said that he had tried to factor the tax proposal into Mr. Barrett's projections. In other words to try to put the tax structure back on the same line as it exists today which is the way his projections were built. He said when that is done the total difference in estimated revenues, collections and reversions between his office and Mr. Barrett's is \$11.9 million.

Mr. Sparks introduced a second handout, "Comparison of General Fund Revenue Estimates for 1979-81" (see Attachment B). This sheet shows percentage differences of all taxes and other revenues between the budget office projections and its fiscal divisions.

Senator Wilson asked what the basis was for the differences between Mr. Sparks and Mr. Barrett's figures. Mr. Sparks replied that the only real difference, other than the tax relief proposals, is that they are projecting a much more rapid slowdown in the economy over the next year than his department is.

Mr. Sparks drew attention to the "Use of Money" column. He said this is where we record our Interest Income from the General Fund investments. This year we are projecting that we will collect in Interest Income in the General Fund \$13.2 million and Mr. Barrett's projection is \$7.7 million.

Senator Lamb asked why such a discrepancy exists. Mr. Sparks replied that perhaps the Budget Division is not projecting as high a daily investment amount and maybe their rates are lower. He said currently, year to date, we have already banked \$6.2 million in interest income. Our projection is based on \$190 million investable revenue at 10 percent investment. The Treasurer told us they project \$15 million for this year. We are not willing to go that high at this time but we do think it will be at least twice the amount we currently have. We don't think the unappropriated balance will decline rapidly during the next six months because the appropriations the legislature makes will not be leaving the General Fund immediately.

Mr. Sparks reviewed a third handout, "Summary Schedule Estimated General Fund Revenues and Reversions for 1979-81" (See Attachment C).

Mr. Sparks pointed out the discrepancy in projections for 1979-80, saying again it was due to the change in tax structure. He said that if you convert the Budget Division's projections back to the current tax structure, the difference in 1979-80 would be \$4.8 million greater than the Budget Division's. In 1980-81, our difference would be \$6.6 million greater than the Budget Division's.

Senator McCorkle asked if the Committee had to decide which one of the projections they wanted to use. Senator Lamb answered that there were many things to consider, all subject to change. He said that both Divisions will keep a running account of what each bill does to the money and they will go over this again.

Mr. Sparks added that another thing his office does is to monitor tax proposals and other revenue changes.

Senator Echols asked Mr. Sparks if there were figures showing, historically, which division has estimated more accurately. Mr. Sparks replied that both divisions have been so far off that it wasn't right to say who is closer.

Senator Gibson asked what the difference in reversions meant. Did it mean the Distributive School Fund? Senator Gibson said he was interested in the basis for why the two divisions differ. Mr. Sparks replied that the difference in the current year is in the School Fund. He said he did not think that the Budget Office has accounted for the Adult Diploma Program. Mr. Barrett remarked that his office had been told by the Department of Education that it had been included in the Budget, but he found out yesterday that it was not included. Mr. Sparks remarked that he thought the difference was \$1.2 million.

Mr. Sparks said, regarding reversions, they have not been less than \$5 million since 1969. But this Session they are not projecting salary savings in the salary adjustment account which we have not done in the past so we are already accounting for an estimated reversion in the way they are budgeting salary adjustments.

Senator Lamb requested Mr. Barrett to go over the One-Shot appropriations again.

Page A17

Motor Pool

Mr. Barrett explained that additional vehicles were needed for the increase in Parole and Probation Officers and Gaming agents that need automobiles on a permanent basis. Mr. Barrett stated this request would probably be changed somewhat because of a future discussion with the Federal Government regarding how we bill for Motor Pool. In the past we have built into the Motor Pool bill a sufficient amount to replace our automobiles at a higher cost than what they were purchased because of inflation. We had built into the Motor Pool bill a sufficient amount to allow us to buy additional automobiles as the Motor Pool needed to expand because of additional State employees. The Federal Auditors have taken exception to this and we have to do it on a depreciation basis. We have not resolved our differences with them yet but it may take a slightly different amount of money than we have here.

Senator Lamb remarked that this was contingent upon the legislature giving the staff increases. Mr. Barrett replied that if they were given 47 staff members then they would need 47 automobiles and so on.

Senator Lamb asked what was done with the old cars. Mr. Barrett replied that these were additional cars for expansion of the fleet, not replacement.

Senator Lamb asked if this meant every employee had a car. Mr. Barrett replied yes, in the Gaming and Probation areas.

Senator Lamb asked if Mr. Barrett's Office had recommended more than the 46 people. Mr. Barrett replied yes, that the 46 were only the ones who had to have automobiles.

Central Data Processing

Senator Wilson asked what a data processing security system was. Mr. Barrett replied that it was a way to protect the information in the files so that it can't be tampered with, such as issuing checks for bogus amounts.

Senator Wilson asked why the manufacturers of the equipment couldn't tell us that. Mr. Barrett said they could, but that there were lots of ways to do it.

Printing Division

Mr. Barrett explained that this appropriation was an extension of what was started in the last legislature. This is for equipment to print legislature bills and for on-going state business.

Senator Gibson asked Mr. Barrett when will that find its way into the Cost of Service rather than a separate appropriation. Mr. Barrett replied that he did not know.

Page A18

Computer Facility

Mr. Barrett said this will replace the computer at the Computer Facility because it will be out of space and something larger will be needed. The replacement value of the computer has been figured into the appropriation and the life of the computer. This will be repaid to the General Fund based upon a charge and I think the charge is based upon a seven or eight year life.

University of Nevada, Reno, University of Nevada Las Vegas

Mr. Barrett explained this appropriation is for transitional salaries for faculty. The object of this appropriation is to assist the University in making the transition from a greater than 20 to 1 ratio down to a 20 to 1 recommended ratio, that is 20 Full Time Equivalent students for each Full Time Equivalent Faculty. Presently, UNR has had a declining enrollment the last three years; UNLV has had a very stable enrollment, but slightly declining. If UNR were at the 20 to 1 ratio of Full Time Equivalent students to Full Time Equivalent Faculty, recommended by the Commission on Higher Education a few years ago, they would have to terminate 42.23 positions to get to the 20 to 1 ratio. They have 11 positions vacant now but this appropriation would allow them to only terminate half of them the first year of the biennium and terminate the other half the second year of the biennium. The same is true at UNLV except that they only need to terminate about 22 positions to get to a 20 to 1 ratio. They have 7 positions vacant now.

Senator Glaser asked if there were problems in terminating a tenured professor. Mr. Barrett replied yes. He added that one reason his office is recommending this amount of money is because they cannot terminate the tenured professor or even a one year person if they don't give them a letter to that effect before March 1. They cannot terminate the second year person if they do not give them a letter before December 1, which has already passed. We are providing them money in the first year to help them over that situation. We are recommending that they do it by attrition, but if they cannot do it that way, we recommend that they do it in the area of least student demand. The University is saying there may be a problem with that because it may involve a tenured person.

Senator McCorkle asked if the reason for this money was to get tenured people out within the legal process. Mr. Barrett said yes, that was the sole purpose of it.

Senator McCorkle asked if it wouldn't make more sense to change the tenure system and avoid having to spend \$600 Thousand. Mr. Barrett said that the tenure system can be changed, but not retroactively and you could not take away rights of an existing tenured person.

Senator Wilson asked if there was any disagreement by the Board of Regents as to how to make the cut. He asked if Mr. Barrett was insisting that the faculty/student ratio be 20 to 1. Mr. Barrett said his office was only making a recommendation, not mandating it.

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
JANAURY 19, 1970
PAGE FIVE

Senator Wilson remarked that this one-shot appropriation presupposes that these reductions in faculty are going to be made. If the Board chooses not to make these reductions, and save costs in other ways, then this one-shot appropriation is not needed. Senator Wilson asked what was the University's position with respect to compliance with Mr. Barrett's request that they reduce a certain number of faculty. Mr. Barrett replied he did not know. He added that the budget and this appropriation go together -- if you give them the positions in the budget, then you don't want to give them this appropriation here -- if you do not give the positions in the Budget, then you want to consider a transition and would do it here.

Senator Wilson asked if this one-shot was conditional. He said, they cannot use it unless they make the reduction. Mr. Barrett replied, yes.

Senator Lamb referred the Committee members to a handout, "LCO 2", on their desks (see Attachment D) regarding the University and line items and what control the legislature has. Senator Lamb asked the members of the Committee not to lose this document. Senator Lamb said the legislature does have control over line items.

Senator McCorkle asked what would be the status of legal opinions. If we go ahead and make our assumptions based on the fact we can line item budget and then they determine at some time in the future we cannot. How much confidence do we put in this opinion? Senator Lamb replied he would put quite a bit.

Senator Glaser said, referring to the LCO 2, that he noticed this was a 1975 opinion by Perry Burnett and he wondered if it should be updated. Senator Lamb replied that he had just received it, it was up-to-date.

Senator Gibson said that the legislature has a precedent for this. He said, we used to just look at a University appropriation. We separated it and now we have five or six categories. They are not going to quarrel about that because we still appropriate what money they get.

Senator Lamb said that it makes the picture clearer to take it item by item. He said, in past years we wanted to do that and they argued that we did not have that right.

Senator Wilson asked for the definition of "line item." He said he knew appropriations had been made in the past along 16 or 17 categories which are referred to as "line item." But that isn't to say that this is a line item as we see it here in the Budget for the State Agencies we have jurisdiction over.

Page A18

Department of Education (\$3,750,000)

Mr. Barrett said, we have allocated this amount to the schools based upon a formula. Each of the 17 counties would get a minimum of \$50 Thousand and the remaining amount would be divided at \$20 per pupil and there is an estimated 145 thousand pupils. Mr. Barrett mentioned that there can be federal funds available for local governments for improving their facilities to conserve energy. The monies have to be matched 50 percent by the local governments. If that does happen, this will allow schools to qualify for Federal money for that purpose.

Page A19

Lincoln County School District

Mr. Barrett mentioned that Lincoln County had bonds approved but they have not sold the bonds because the contract bids are higher than the bond proceeds will be.

Senator Echols asked for an explanation of the 5 percent construction loan. Senator Gibson replied that it was a Federal loan from the F.H.A. Senator Echols asked what the 5 percent was. Senator Gibson replied 5 percent interest, a subsidized program. Senator Echols said he supposed it pertains to the interest and not the amount of the loan. He was answered that it did.

Senator Lamb added that Lincoln County was going back to bid around February 3 and we will know what the difference between the bond issue and the bid price is. We may be discussing changes in this figure.

Senator Glaser asked if Alamo had a secondary school. He was answered they did.

Department of Education (\$110,000)

Mr. Barrett said this was suggested at the last legislature. They wanted to revise tests they had now to develop something more pertinent to Nevada. He said he thought there was an error here because it involved grades 12, 9, and 6, not just 12.

Senator Wilson asked what the difference was between the standard tests available and used uniformly around the country and the tests the Teacher Task Force would recommend. He asked what was peculiar about the Nevada situation. Mr. Barrett said he did not mean to imply these tests would be peculiar to Nevada but they do not feel the tests available really test the proficiency of students.

Senator Wilson asked if there was only one test available, The Stanford Achievement, and what was its deficiency. Mr. Barrett said he did not know.

Lake Mead Limnological Research Station

UNLV would be given start up money to be used with federal grants to support the Limnological Research Station in Southern Nevada. This would become self-supporting by the end of the biennium.

Senator Lamb asked if the Federal Government has something like this there now. Mr. Barrett answered that they did not.

Page A20

Division of Health (190,681)

Mr. Barrett pointed out that this allocation would set aside an amount of money to pay those people off for the rest of their expected lives. This money would not have to be appropriated each Session.

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
JANUARY 19, 1979
PAGE SEVEN

Senator Echols asked if this was going to be based on the same principal as the \$17 Million that was discussed for the post-retirement. Mr. Barrett replied that this appropriation was so small that the money would be left in the General Fund and be invested with the regular General Fund money. It would draw just as much money in the General Fund as if it were set aside in its own fund.

Senator Jacobsen asked if dependents were eligible for monthly benefits. Mr. Barrett replied yes, the survivors.

Senator Lamb said he thought that Mr. Barrett ought to invest \$190 Thousand at 11 1/2 percent. Senator Gibson responded that they have it invested, it is just that the interest goes to the General Fund.

Division of Forestry

Mr. Barrett pointed out that this appropriation was for one-shot equipment, not replacement. The equipment is associated with their new shop in Washoe Valley.

State Park Boundaries Survey

Mr. Barrett said this appropriation is so they can survey their boundaries which border on private property.

Senator Echols remarked that in the last sentence it says it is anticipated that the Highway Department will do this, therefore why the allocation of \$100 Thousand. Mr. Barrett replied that this could not be paid with Highway Funds.

Page A21

Department of Prisons, Nevada State Prison

Mr. Barrett said this appropriation is for the rehabilitated and Maximum Security Prison and has been put in a separate bill to isolate it.

Gaming Control Board

This allocation is to pay a State employee. He was directed to take his private car on State business. He drove it a few miles to a Casino parking lot. While he was in on State business his car was damaged extensively. He did not feel that the 17 cents a mile he received for driving his car 5 or 6 miles was sufficient to cover the damage to his automobile. We could not reimburse him under present State law so we have a bill asking you to allow us to change our policy so we can reimburse people for damage while driving private cars.

Senator Wilson asked if there was some other way this could be handled. Mr. Barrett replied, no. The law says we cannot make any other reimbursement other than for travel.

Page A22

Department of Motor Vehicles

This appropriation is to help them take care of the backlog of work they have.

Department of Parole and Probation

Mr. Barrett emphasized that this agency is grossly understaffed and if positions are approved they would like to hire them in advance.

Senator Glaser said that he failed to understand how this can be called a one-shot appropriation, since it was for salaries for new employees. He said it seemed that a few years from now the State would be locked into continuing appropriations. Mr. Barrett replied that for the Motor Vehicle Department it was a one-shot appropriation because positions would disappear when the cleanup job was finished. Regarding the Department of Parole and Probation, it is not really one-shot. It is money that pertains to this current year. The positions are in the budget. If you approve them in the budget, we are just asking for the money here so we can hire them before July 1.

Page A23

Reno Mental Health Center

This appropriation is because a doctor was returned to the payroll and given back pay. Senator Lamb asked if this was someone they had terminated. Mr. Barrett said it was, and apparently the wrong procedure had been used and three years later, last Spring, he was reinstated by the Supreme Court. Senator Lamb asked if he collected all his back pay. Mr. Barrett replied that he collected all his back pay less the amount he had earned during this period. Senator Lamb asked if he was paid even though the Health Center did not have the use of his services. Mr. Barrett replied, yes.

Senator Wilson asked if he was in private practice. Mr. Barrett replied that he had outside income during that period that was subtracted, but he did not know whether he was in private practice or with someone else such as a hospital.

Senator Wilson said he assumed the amount of damages was tried. Mr. Barrett replied that they were.

Children's Behavioral Services - Washoe

Mr. Barrett explained that this agency had been unable to receive the amount of Title 20 monies, social service monies, that they had been budgeted. In order to qualify for Title 20 money, their caseload must be 50 percent welfare-related and they have been unable to qualify.

Department of Prisons

This appropriation is based mainly on the increased population, 216 over the projected population, and also based on the Parole Board Psychologist being required for the protection of the Parole Board.

Page A24

Department of Prisons, Office of the Director

Mr. Barrett remarked that the Director does not now qualify for payment in lieu of housing at the prison, nor for having his utilities paid as in the past and as he thought he did when he came here. The amount he was previously being paid was \$200 a month plus utilities which was inadvertently removed from the law by the 77 legislature. We are recommending now that the Warden and the two Superintendents of the Children's Home no longer receive an allowance in lieu of residence and that you consider when you set their salaries, you increase their salaries by the amount they would receive in payment for this.

Highway Patrol

Mr. Barrett said he believed that this communications system tied into the one in Clark County.

Page 2

Governor's Office

Mr. Barrett pointed out that there were no new positions. The existing positions are recommended for increases of 7 percent. Seven percent is a standard increase for Unclassified positions.

Unemployment Compensation

This amount is taken off each payroll and put into a special fund and then used for reimbursement for unemployment compensation.

Senator Gibson asked Mr. Barrett what his experience with that fund was so far. Mr. Barrett said that so far for the last calendar year they have paid out only \$3 thousand. We did not have to make any payments until October. I want to wait a while longer to see if that is going to continue. If it does, I want to reduce the .4 percent assessment being made now. Since we collected for a full year and really only paid for two months, we don't have enough experience.

Page 3

Terminal Leave

Mr. Barrett said there was an amount in the Work Program year but not any other year.

Senator Lamb questioned the \$25 Thousand for Terminal Leave. Mr. Barrett replied that it was in the year we were now in and he did not know how much of it has been spent. He explained that Terminal Leave is to buy up Annual Leave when someone is terminated, such as the employees in the Governor's Office. Mr. Barrett said that since most employees in the Governor's Office were terminated, he guessed that most of this was spent. Norrine Barber from the Governor's Office responded that about \$17 Thousand was spent.

Senator Gibson asked if this was the case why was there a Longevity allowance. He asked if it was for all the new people. Mr. Barrett responded that it was. The new people were previous State employees mainly from the Attorney General's Office.

Mr. Sparks asked if there were any employees here with over 17 years of service, would that be included in Longevity or has that been separated. Mr. Barrett replied that item was not in here and has been left out of the Budget in error.

Other Contract Service

Mr. Barrett pointed this out as a large item, explaining this amount is mainly for office machines and word processing centers. There is an item in here for \$2450 for an automobile for the Governor, to be leased from the Lincoln Motor Company.

Senator Lamb asked what was done with the other car. Mr. Barrett replied that there was an older car in the South, a 1973 Lincoln.

Senator Lamb asked where was the car in this region. Mr. Barrett replied that the Governor had no State car here, and has not for at least three years. The old Chrysler was sold at least three years ago.

Norrine Barber, added that part of the \$25 Thousand was for two mag card typewriters and a System 6, which is a mini computer, and a Xerox machine and Xerox telecopier and maintenance contracts.

Senator McCorkle said he thought magcard typewriters were best used for repetitive typing. He asked when the Governor gets into that kind of work. Ms. Barber replied that they type form letters, for example in answer to school children's letters. She said that in the past the Governor's Office has farmed out such work to other agencies and it was difficult to control the quality of work.

State Owned Building Rent

The payment goes to Buildings and Grounds for their budget and it will be decreasing next year over this year, because they are decreasing their staff by 6 custodians and cutting back salaries.

Senator Gibson asked when are we scheduled to move back into the Capitol. Will it be during this period? Mr. Barrett replied, Nevada Day, this coming year.

Senator Gibson asked if moving back won't change this amount. Mr. Barrett replied it would not. The amount was based on being back in the Capitol.

Senator Glaser asked what the cost of square footage was now of the Capitol Complex. Mr. Barrett replied 41.8 cents per square foot per month. Next year it will be 41.3 cents. Senator Glaser asked if all through the Budget this figure was used. Mr. Barrett explained that this figure was not just maintenance. It was custodians, security, gardeners, everything.

Vehicle Operation

This amount is to pay for gas and oil only on the Lincoln.

Other Government Services

This goes to the Department of General Services for doing the accounting and paying the claims for the Governor's Office. In the next two years, it will not go to General Services. The Governor's Office will keep its own books.

Page 4

Mansion Maintenance

Senator Lamb asked Mr. Barrett to get another sheet on the Governor's Mansion regarding things that have to be done to the Mansion.

Senator Gibson asked why the Mansion requires Out-of-State Travel. Mr. Barrett said the last legislature put this item in there so that Mrs. O'Callaghan could go to the National Governor's Conference. Mr. Barrett said he did not remember the location of the Conference.

Page 51

Budget Division

Mr. Barrett explained the various functions of these Departments. He pointed out that one new position was being requested.

Special Studies

Senator Lamb asked what this allocation was for. Mr. Barrett replied that it was an amount they would like to continue for Special Studies in the event they are needed and cannot be done in-house. He said the \$3200 spent last year for Special Studies was a contract with the University to set up a system to project Gaming Revenues. This has been accomplished and paid.

Senator Gibson said that the increase in Group Insurance was substantial by the second year. He asked if this was in all budgets. Mr. Barrett explained that it involved two bills. One to increase the amount the State can pay by 77 cents, asking that this increase be in effect as of April 1. The reason we are asking for this is because it is mandated by the Federal Supreme Court that when an employer has a group insurance program, it must include pregnancy insurance. This would only be for State Employees, not their dependents. After that,

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
JANUARY 19, 1979
PAGE TWELVE

beginning July 1, we are asking for a premium increase in the overall regular group insurance policy from \$42.32 a month which is the present amount to \$54.00 the first year and \$67 a month the second year. These are roughly 25 percent increases. This amount was negotiated by the Personnel and the Employees Association and recommended by our insurance broker.

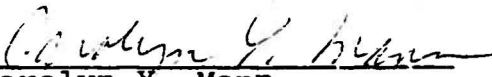
Senator Echols asked if that was the total premium or do the employees make a contribution. Mr. Barrett said this is intended to be the total premium for the employee not for the dependent but actually the dependent is really paying a little bit of the employee's cost. It is supposed to be 100 percent paid by the employer for the employee.

Senator Lamb asked if Mr. Barrett had ever considered having the State have its own insurance company, where the State pays it all. He asked if it wouldn't be cheaper in the long run. Mr. Barrett said it would not, that insurance companies were not making money off of the State.


Senator Glaser added that a Senate Subcommittee studied this problem and found that it was not a profitable move.

Senator Lamb adjourned the meeting at 9:35 a.m.

RESPECTFULLY SUBMITTED:


Carolyn Y. Mann
Secretary

APPROVED:


Senator Floyd R. Lamb
Chairman

COMPARATIVE STATEMENT OF PROJECTED GENERAL FUNDS AVAILABLE - FISCAL 1979-81

	<u>Budget Division</u>		<u>Fiscal Division</u>	
General Fund Unappropriated Balance 7/1/78	\$	<u>\$ 74,805,265</u>	\$	<u>\$ 74,805,265</u>
Estimated Income 1978-79	295,818,109		299,178,167	
Estimated 1978-79 Reversions	10,657,839		10,500,000	
Estimated 1977-79 Distributive School Fund Reversion	28,066,306		26,000,000	
1977 Appropriations for 1978-79	(241,376,950)		(241,376,950)	
Estimated 1979 Appropriations for 1979 Legislature Costs	(2,000,000)		(2,000,000)	
Estimated Unappropriated Balance Before Legislative Action		165,970,569		167,106,482
Estimated Income 1979-80	300,645,923		339,317,516	
Estimated 1979-80 Reversions	<u>1,500,000</u>		<u>3,000,000</u>	
Estimated Income and Reversions 1979-80		302,145,923		342,317,516
Estimated Income 1980-81	341,836,802		387,884,522	
Estimated 1980-81 Reversions	<u>1,500,000</u>		<u>3,000,000</u>	
Estimated Income and Reversions 1980-81		343,386,802		390,884,522
<u>Estimated Unappropriated General Funds Fiscal 1979-81</u>		<u>\$811,503,294</u>		<u>\$900,308,520</u>

RECOMMENDED GENERAL FUND APPROPRIATIONS BEFORE THE 60TH NEVADA LEGISLATURE

	<u>Governor Recommends</u>		<u>Legislative Action</u>	
1978-79 Supplemental Appropriations	\$	821,379		
1978-79 One-Shot Appropriations	57,535,641			
1978-79 State Park Improvements	1,500,000			
1978-79 Public Works Board Capital Improvements	<u>75,131,800</u>			
<u>Total 1978-79 Recommended Appropriations</u>		<u>\$134,991,820</u>		
<u>Total 1979-80 Recommended Appropriations</u>		<u>\$299,228,423</u>		
1980-81 Recommended Appropriations	\$343,093,248			
1981 Appropriations for 1981 Legislature Costs	<u>2,000,000</u>			
<u>Total 1980-81 Recommended Appropriations</u>		<u>\$345,093,248</u>		
<u>Estimated General Fund Unappropriated Balance 7/1/81</u>		<u>\$ 32,189,803</u>		

EXHIBIT A

ATTACHMENT A

6/1/81

COMPARISON OF GENERAL FUND REVENUE ESTIMATES FOR 1979-81--BUDGET DIVISION AND FISCAL DIVISION

EXHIBIT B ATTACHMENT B

	1977-78 Actual	1978-79 Estimated		1979-80 Estimated		1980-81 Estimated		
		Budget Division	Fiscal Division	Budget Division	Fiscal Division	Budget Division	Fiscal Division	
<u>Taxes</u>								
Property	\$ 10,270,046	\$ 11,958,000	\$ 12,197,000	\$ *	\$ 14,307,000	\$ *	\$ 16,453,000	
% Change	12.4%	16.2%	18.8%	--	17.3%	--	15.0%	
Sales and Use	95,197,898	117,364,000	116,141,000	119,782,000*	136,968,000	137,750,000*	160,252,000	
% Change	23.6%	23.3%	22.0%	2.1%	18.0%	15.0%	17.0%	
Gaming - State	90,873,175	111,858,000	110,907,000	125,619,000	126,743,000	143,505,000	146,380,000	
% Change	21.3	23.1%	22.0%	12.3%	14.3%	14.2%	15.5%	
Gaming - County	2,269,739	2,429,000	2,500,000	*	2,700,000	*	2,900,000	
% Change	8.2%	7.0%	10.1%	--	8.0%	--	7.4%	
Liquor	8,862,912	9,275,949	9,306,000	10,176,063	9,771,000	10,745,742	10,260,000	
% Change	6.0%	4.7%	5.0%	9.7%	5.0%	5.6%	5.0%	
Insurance	9,179,872	11,016,000	10,832,000	13,219,000	12,782,000	15,598,000	15,100,000	
% Change	26.3%	20.0%	18.0%	20.0%	18.0%	18.0%	18.0%	
Casino Entertainment	14,199,758	16,613,000	16,330,000	17,942,000	17,800,000	19,377,000	19,400,000	
% Change	9.2%	17.0%	15.0%	8.0%	9.0%	8.0%	9.0%	
Real Estate	1,984,849	2,000,000	2,250,000	*	2,500,000	*	2,750,000	
% Change	67.2%	.7%	13.4%	--	11.1%	--	10.0%	
Taxes	\$232,838,249	\$282,513,949	\$280,463,000	\$286,738,063	\$323,571,000	\$326,975,742	\$373,495,000	
% Change	20.6%	21.3%	20.5%	1.5%	15.4%	1.0%	15.4%	
Licenses	\$ 4,011,461	\$ 3,750,500	\$ 3,533,350	\$ 4,208,500	\$ 4,121,350	\$ 4,159,500	\$ 3,727,350	
Fees and Fines	\$ 581,914	\$ 587,000	\$ 545,200	\$ 612,000	\$ 547,750	\$ 652,000	\$ 550,500	
Charges for Services	\$ 441,964	\$ 601,000	\$ 687,742	\$ 220,700	\$ 615,541	\$ 231,900	\$ 635,797	
Use of Money	\$ 7,505,733	\$ 7,705,000	\$ 13,205,225	\$ 8,205,000	\$ 9,705,225	\$ 9,205,000	\$ 8,705,225	
Other	\$ 745,044	\$ 660,660	\$ 743,650	\$ 661,660	\$ 756,650	\$ 662,660	\$ 770,650	
Total	\$246,124,365	\$295,818,109	\$299,178,167	\$300,645,923	\$339,317,516	\$341,886,802	\$387,884,522	
% Change	21.4%	20.2%	21.5%	1.8%	13.4%	13.7%	14.3%	

* As a part of the Governor's Tax Relief Proposal, the state will not receive any Property Tax; the Sales Tax will be removed from food; the state will no longer receive 25% of the quarterly County Gaming License Fee; and no longer receive 75% of the Real Estate Transfer Tax.

SUMMARY SCHEDULE ESTIMATED GENERAL FUND REVENUES AND REVERSIONS FOR 1979-81

BUDGET DIVISION AND FISCAL DIVISION

ATTACHMENT C

	<u>Budget Division</u>	<u>Fiscal Division</u>	<u>Fiscal Division Difference</u>
1978-79 Revenues	\$ 295,813,109	\$ 299,178,167	\$ 3,360,058
1978-79 Reversions	38,724,145	36,500,000	(2,224,145)
Total	<u>\$ 334,537,254</u>	<u>\$ 335,678,167</u>	<u>\$ 1,135,913</u>
1979-80 Revenues	\$ 300,645,923	\$ 339,317,516	\$38,671,593
1979-80 Reversions	1,500,000	3,000,000	1,500,000
Total	<u>\$ 302,145,923</u>	<u>\$ 342,317,516</u>	<u>\$40,171,593</u>
1980-81 Revenues	\$ 341,886,802	\$ 387,884,522	\$45,997,720
1980-81 Reversions	1,500,000	3,000,000	1,500,000
Total	<u>\$ 343,386,802</u>	<u>\$ 390,884,522</u>	<u>\$47,497,720</u>
Total - 1979-81 Revenues	\$ 938,350,834	\$1,026,380,205	\$88,029,371
Total - 1979-81 Reversions	<u>41,724,145</u>	<u>42,500,000</u>	<u>775,855</u>
Subtotal	\$ 980,074,979	\$1,068,880,205	\$88,805,226
Adjustment for Tax Reform	76,156,000		
Adjustment for Revenue Moved from General Fund to Using Agency	<u>694,544</u>		
Total	<u>\$1,056,925,523</u>	<u>\$1,068,880,205</u>	<u>\$11,954,682</u>

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING
CARSON CITY, NEVADA 89701



LEGISLATIVE COMMISSION
LAWRENCE E. JACOBSEN, Assemblyman, Chairman
INTERIM FINANCE COMMITTEE
FLOYD R. LAMB, Senator, Chairman

ARTHUR J. PALMER, Director

ATTACHMENT D
PERRY P. BURNETT, Legislative Counsel
EARL T. OLIVER, Legislative Auditor
ARTHUR J. PALMER, Research Director

January 28, 1975

LCO 2

Legislature--fiscal power
concerning Board of Regents

Senator Floyd R. Lamb, Chairman
Senate Finance Committee
Room 231
Legislative Building
Carson City, Nevada 89701

Dear Senator Lamb:

Your committee raised a question yesterday about whether or not the legislature may deal with the budget submitted by the University of Nevada on a line item basis. In my opinion, yes.

This affirmative view is based on what I believe to be the generally accepted premise that the legislature alone is vested with the power of appropriation.

Section 19 of article 4 of the Nevada constitution provides:

Section 19. No money shall be drawn from the treasury but in consequence of appropriations made by law.

This power, applied to the university budget, finds expression in section 6 of article 11 of the constitution:

Section 6. In addition to other means provided for the support and maintenance of said university and common schools, the legislature shall provide for their support and maintenance by direct legislative appropriation from the general fund, upon the presentation of budgets in the manner required by law.

EXHIBIT D

Senator Floyd R. Lamb, Chairman
January 28, 1975
Page 2

The legislature has made financial provision for the university, in pertinent part, in NRS 396.370:

396.370 * * *

2. Additional [other than the irreducible university fund and contingent university fund] state maintenance and support of the University of Nevada System shall be provided by direct legislative appropriation from the general fund, upon the presentation of budgets in the manner required by law.

The Nevada Supreme Court, in King v. Board of Regents, 65 Nev. 533, 200 P.2d 221 (1948), disposed of the issue of the regents' power, generally, but, also, recognized, at page 569 of the opinion, Justice Badt speaking for the Court, that:

The power of the legislature to provide the requisite money and to limit and decrease the amount considered by the regents as necessary is entirely a different function from the administration and control of the university itself.

While the Court's statement is dicta, no decision respecting any limitation on the legislature's general appropriation power has been handed down by the Nevada Supreme Court.

Counsel for the University of Nevada System refers to "The Legal Position of the University," a 1963 publication authored by Frank C. Newman, Dean of the University of California School of Law. Dean Newman quotes the Nevada Court's statement on the legislature's fiscal power, referred to above.

The California author, at page 22 of his paper, then cautions that "there are restrictions even on the legislature's appropriating power. (Emphasis added.)

In my view he used the term "even" advisedly, paying tribute, if you please, to a fundamental and universal power

Senator Floyd R. Lamb, Chairman
January 28, 1975
Page 3

of all legislative bodies to control the withdrawal of moneys from the treasury.

The restrictions have been invoked by the Nevada Supreme Court in five cases, according to Dean Newman. Each of the cases cited may be distinguished on the facts.

In Moore v. Humboldt County, 46 Nev. 220, 204 Pac. 880 (1922), the legislature was declared to be interfering with a constitutional office by reducing a county official's salary from \$1,800 to \$5 per year.

State v. Davis, 26 Nev. 373 (1902), held that the legislature was arbitrarily invading the Court's inherent power to hold sessions and provide heating and writing tables for such sessions.

The Court, in State ex rel. Watson v. Merialdo, 70 Nev. 322, 268 P.2d 922 (1954), held that an unconstitutional condition had been placed on a judicial salary provision, requiring a periodic affidavit showing no cases remaining undecided.

Again, in County Commissioners v. Devine, 72 Nev. 57, 294 P.2d 366 (1956), an inherent judicial power to provide for a court attendant was recognized where the legislature had failed to make necessary provision.

Finally, in State v. Westerfield, 23 Nev. 468 (1897), a misapplication of constitutional education funds was determined.

The conclusion inescapably follows that, unless the legislature has acted arbitrarily or has, within the meaning of the King case, supra, sought to interfere with the regents' unquestioned authority over executive and administrative decisions, its examination of budgets and consequent appropriation determinations cannot be questioned at a later day in court. (Emphasis added.)

In dealing with the university budget, greater effort to avoid such interference may be in order where existing programs, plans, divisions or schools are under examination

Senator Floyd R. Lamb, Chairman
January 28, 1975
Page 4

than would be the case where new programs, plans, divisions or schools are being analyzed. This observation is not based on anything other than what appears to be a potentially logical distinction.

A line item examination of the university budget is not, in and of itself, such an interference. There are no education dollars, standing alone, any more than there are welfare or recreation dollars, for instance, standing alone, when the issue before the legislature is a proper withdrawal from the general fund.

It certainly is fair to comment that there is just a single dollar, whose division among the budget submitting agencies, including the university, must remain, legally, a critical responsibility of the legislature alone.

Very truly yours,

Perry P. Burnett
Legislative Counsel

PPB:jll