

Committee in session at 8:00 a.m. Senator Floyd R. Lamb was in the Chair.

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 Clifford E. McCorkle

ABSENT: Senator Norman D. Glaser

OTHERS Mr. Ronald W. Sparks, Chief Fiscal Analyst
PRESENT: Mr. Howard Barrett, Budget Director
Mr. John Buchan, Humboldt County Chamber of Commerce
Mr. Ed Fike, President, Nevada Development Authority
Mr. John Buchanan, Director, Department of Economic Development
Mr. Robert Edmondson, Deputy Director, Department of Human Resources
Mr. David Bash, Supervisor of Youth Parole
Mr. John Crossley, Legislative Auditor
Mr. Gary Crews, Audit Division, Legislative Counsel Bureau
Mr. John Rice, Associated Press
Mr. Cy Ryan, United Press International

S.B. 123 - Makes appropriation to Department of Economic Development to develop industry and tourism.

Mr. John Buchan, Manager of the Humboldt County Chamber of Commerce, spoke in behalf of the appropriation for S.B. 123. He stated he thought this money should be used to achieve a certain program through the Department of Economic Development. He mentioned that he did not know what Mr. Buchanan, Director of the Department of Economic Development, had planned for these monies, but he hoped that a strong effort be made by all the counties so this money could be spent to achieve a concerted effort in industrial or tourism development. His recommendation would be to develop tourism in rural Nevada through the Department Of Economic Development and rural counties.

Mr. Ed Fike, President of Nevada Development Authority, stated that the concept of S.B. 123 would be all right. He wanted to call the Senators' attention to the fact that this bill is very similar to the wording of A.B. 483 which passed two years ago. With his personal vested standpoint as far as the Nevada Development Authority is concerned, he was a little mislead on how the funds would be funneled. In that particular bill there was \$100,000 which was tied in with Washoe and Clark Counties. As a result of that, the Nevada Development Authority received \$54,000 which was piece-mealed out to other entities in Clark County. His concern regarding utilization of the monies that way, is the fact that Washoe County, because of the vibrant economy they have (in particular resorts and tourism) Reno did not draw down one dollar. Sparks may have, but they really didn't need the money or use the money. What he objects to is, because of the ongoing situation in Washoe County, for them in Clark County to be tied in with any kind of performance or population formed with Washoe County because their needs and direction is completely different from Clark County's at this time. Mr. Fike said he would rather see a better pinpointing of the monies or earmarking if that could be done; if possible through the vehicle of the Department's budget where they would be accountable to the Department of Economic Development, in a qualifying basis. Mr. Fike stated that he and Mr. Buchan are on the same wavelength. He said that rural counties could develop an economic brochure that would suffice for all the counties instead of having one in each county.

Mr. Fike distributed information requested by Senator Wilson on January 29. (See Attachment A.)

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Senator McCorkle asked if there was any overlap between the State and local levels and the Chamber of Commerce. Mr. Fike replied no.

Senator Echols asked what kind of coordination he had with the State Economic Development Department. Mr. Fike replied that what they were trying to avoid, in working with the Department, is duplication of efforts so the Nevada Development Authority can help them in many of their inquiries and correspondence, etc.

Senator Jacobsen asked Mr. Fike, since he functions mostly in Clark County, if he ever refers people to a smaller county that would be advantageous to them. Mr. Fike said he personally contacts them.

Mr. John Buchanan, Director of the Department of Economic Development, stated he concurred with the Governor's budget, but if this was put in his budget, he would probably need more staff.

Senator Jacobsen asked if he developed any priorities within the State. Mr. Buchanan stated this is a tough situation, and actually they look for legislative intent because if they go ahead and give Clark County more money than Washoe County, he would get a lot of flack.

S.B. 149 - Changes certain accounting procedures used by State Computer Facility and makes an appropriation.

Mr. John Crossley and Mr. Gary Crews, Audit Division, Legislative Counsel Bureau, gave a summary on S.B. 149. Mr. Crossley read his testimony. (See Attachment B.)

Senator Gibson said that the Government Affairs Committee approved the bill and then sent it to Finance for the augmentation of the revolving fund of \$75,000.

Senator McCorkle asked Mr. Crossley if we were collecting depreciation on all the equipment. Mr. Crossley said only the main frame and the attached processors. This was built into the law in the 1975 session. Senator McCorkle said, considering the declining cost of computer equipment these days, will the fact that we are taking out depreciation mean that in the future we will probably not have to make a one-shot capital appropriation for computer equipment? Mr. Crossley replied that we would have to make small allowances through the budget to assist on major items of additional equipment.

Senator McCorkle remarked that if computer costs were going down shouldn't we have some excess money to buy additional computer equipment? Mr. Art Crosby, from the Computer Facility, spoke up from the audience and agreed that prices were going down and we will purchase replacement equipment as necessary.

Senator Gibson remarked that the control there is that money returned to the Revolving Fund in excess of \$200,000 reverts to the General Fund. If you have to make a purchase it still has to come to the Legislature for approval. This is in Section 3 of the bill.

Senator Gibson moved "Do Pass" on S.B. 149.

Seconded by Senator Echols.

Motion carried.

Senator Glaser absent.

YOUTH PAROLE - Page 469

Mr. Robert Edmondson, Deputy Director of the Department of Human Resources and Facilities, and Mr. David Bash, Supervisor of Youth

Parole testified for Youth Parole budget. Mr. Bash stated the function of Youth Parole Services is for youngsters who are committed to one of the two State institutions (the Nevada Girls' Training Center in Caliente and the Nevada Youth Training Center in Elko). At the time of their commitment to one of these institutions, a parole counselor is assigned to that youngster, a home investigation is done, and supportive services are supplied to both institutions. This includes developing a parole plan and providing information to the institutions which will allow them to make appropriate decisions for programming and release decisions. Additionally, Youth Parole supervises youngsters who have been released through the Interstate Compact to Nevada.

The budget is based on the combining of the former functions of Youth Parole at the Girls' School and Boys' School. They currently have 14 youth parole counselor positions located in 6 different localities in the State. The intent is to have a parole counselor close to the neighborhood and the youth's family when they are released. The parole counselors provide the actual supervision for the youngsters when they are in the community. They provide individual family counseling and supportive services for them. Parole services provides referral service for the youngsters and ensures that they do have a full time program of school or employment as required by law. Youth Parole also represents the youngster in State court proceedings which may occur.

Senator Gibson asked what happened to the Crime Commission grant. Mr. Bash replied that the grant on Page 472 was a two-year grant which is designed to provide foster placements for the youngsters who are on parole. This terminates July 1, and there is no chance of getting it renewed.

Senator Gibson asked if the alternative placements have taken the place of the Crime Commission grant. Mr. Bash replied that the alternative placements have a slightly different function. The grant was for regular foster homes to be located in the communities. He said there is a foster home program that has been in the budget for some time. The alternative program is for services in the treatment programs; not for foster homes but for treatment programs for youngsters coming out of the institutions needing treatment for such things as drugs, psychological problems, and other mental health and health care services.

Mr. Barrett stated that the amount of money in the second year is calculated incorrectly. It should be \$36,000.

Senator Gibson asked what services are provided for the boys and girls while they are residents of the institutions. Mr. Bash stated that when the youngsters are in the institution, the parole counselor visits the institution every other month. He sits in on a treatment team, which is the decision-making team in the institution for recommendations for programming while in the institution. Their function is to provide the institution with current information about the family status and the proposed community program when the youngster is released. These things impact directly upon the kind of program they have at the institution and also on the type and nature of their release. Another secondary function is the establishing of a relationship between the parole counselor and youngster so that when the youths walk out the door upon parole, they are not going to confront a total stranger. They have someone they have established some communication with and can more effectively work with the community.

Senator Jacobsen stated he always felt there was some duplication of services in these areas. Wouldn't it be more advisable to put the responsibility back on the area the child comes from because they have already had that initial contact. They are the ones that sent them there. Mr. Bash remarked that many of the youngsters that come to the institution should not return to the same exact situation they came from. There is a very flexible system for referring the youngster where he/she best belongs.

Senator Lamb added that this has been his thought for several years.

He added, why send them back to the same environment. Senator Lamb continued that he didn't think they are keeping them from going back to the same life style that got them in trouble in the first place.

Senator Gibson asked what the increase in travel was. Mr. Bash said the increase covers the expense that the State has for paying for the return to the institutions of any youngster whose parole is revoked. This previously has been picked up by the institutions. The Youth Parole is asking for this figure based on the number of youngsters who will return. Their goal is to return fewer youngsters.

Senator Gibson asked about the new item in the budget on Training. Mr. Bash replied that this training is designed for the parole officers in an attempt to increase their professionalism so that we can more effectively deal with the youngsters. It also represents the cost of sending them to training sessions.

Senator McCorkle asked Mr. Bash to describe the Medical Expenses, Dental Expenses, Clothing, and Buildings and Grounds. Mr. Bash answered that Buildings and Grounds has requested an increase in billing for the janitorial function. Just for the Reno office in 1979-80 it will be \$3,973; and for the same function in 1980-81, it will be \$4,231. The janitorial function in Las Vegas is under a private contractor at a much reduced cost.

Senator McCorkle asked why they didn't use the older children. Mr. Bash said one of the things from past experience would be supervision of the youngsters. A parole officer would have to be assigned to watch them while they are doing the job. Mr. Bash said the medical and dental expenses were for youngsters who were in alternative placement who have medical and dental expenses in the community. The clothing allowance is for school and work clothing.

Senator Lamb stressed rehabilitation for these youngsters, and teaching them a trade. Mr. Bash replied that they definitely do have work programs for the youngsters.

Senator Echols asked Mr. Bash what kind of background he had. Mr. Bash replied that he has been in this field for thirteen years.

YOUTH PAROLE FOSTER HOME - Page 473

Senator Gibson asked if there was a correction on the amount that is being recommended. Mr. Bash said the figure in the narrative was correct, but the printout is incorrect. Mr. Barrett said they changed the monthly amount after the computer printout was done.

Senator Gibson clarified that the first year figure should be \$67,500, and the second year should be \$75,000.

Senator Lamb asked about the Actual Expenditures in 1977-78. Mr. Bash said this was based on the same figures that were applied to foster care by State Welfare for teenagers of \$171 per child. He said they are asking for increases in this rate. The number of youngsters that they anticipate to be in foster homes remains constant; but the rate will be increased from \$171 to \$225 for next year and to \$250 for the following year.

BOYS' SCHOOL/GIRLS' SCHOOL-OUTSIDE AGENCY CARE - page 474

Mr. Bash stated this account is used to pay for contracting services for severely disturbed boys and girls in training centers outside of the state. They are asking for the same amount as in the 1978-79 Work Program. The majority of these dollars goes to the California Youth Authority. The existing rates at CYA are \$1,645 per month. Additionally, the money does supplement a program for girls. The average number of boys that they have at CYA for Fiscal Year 1977-78 was six, and the average for girls was two.

Senator McCorkle asked why they requested \$275,000. Mr. Bash answered that they had projects the average increase over the past few years from the California Youth Authority which has been running about \$200 a month. Senator McCorkle wanted to know if they are going to make it with the budget recommended by the Governor. Mr. Bash said he thought they could.

Senator Wilson asked Mr. Bash if the California Youth Authority had given them a projection of what they anticipate their rates will be for the next biennium. Mr. Bash indicated that they had not.

BUDGET CLOSINGS:

OFFICE OF THE GOVERNOR - Page 2

Senator McCorkle questioned the two mag-card typewriters in the Governor's office. There was also some discussion on the Governor's car.

Senator Jacobsen moved that this budget be approved.

Seconded by Senator Gibson.

Motion carried.

Senator Glaser absent.

GOVERNOR'S MANSION - Page 4

Senator Gibson moved that this budget be approved.

Seconded by Senator Gibson.

Motion carried.

Senator Glaser absent.

RURAL HOUSING - Page 26

Senator Gibson moved that this budget be approved.

Seconded by Senator Jacobsen.

Motion carried.

Senator Glaser absent.

STATE ETHICS COMMISSION - Page 49

Senator Jacobsen moved that this budget be abolished.

Seconded by Senator McCorkle.

Motion carried.

Senator Glaser absent.

STATE PRINTING OFFICE - Page 88

Ron Sparks handed out the additional information Senator Wilson had requested from the Printing Office. Mr. Sparks stated that Mr. Don Bailey, State Printer, did not provide any figures but sent samples of the stock (newsprint).

Senator McCorkle requested a recommendation on how the State Printer could reduce the volume of literature. Senator Jacobsen stated that there is no way the State Printer could reduce volume because he operates on request, and it is his obligation to print it.

STATE PRINTING OFFICE - Page 88 (Continued)

Senator Gibson moved that they cut
Out-of-State Travel to \$1,000.

Seconded by Senator McCorkle.

Motion carried.

Senator Glaser absent.

Senator Echols stated that what they are trying to do is to get the departments to do their printing with the State Printer. There is a savings in doing that. If the State Printer is arbitrarily required to use inferior grades of paper and materials, the departments are not going to want to have them printed there.

Senator Wilson asked if there was enough raw materials money in the budget to render services to the other departments. He wanted to know if the savings is generated by cutting the budget here, or mandating using the Printing Office. Mr. Barrett stated you can't make any savings by cutting this budget because the Printer is only going to do the work that he gets.

Senator Wilson asked how Mr. Barrett felt about requiring the other agencies to do their printing at the State Printing Office. Mr. Barrett said there is a law to do that. Senator Wilson said maybe we should require that all printing be centralized, if we are going to substantially economize; instead of cutting his paper supply budget. Mr. Barrett replied that you really can't make much of a savings by reducing his raw materials because, if the price of paper goes up, (and he's right in the middle of a paper strike now) he can't quit spending money on paper just because he has reached the magic number you have set.

Senator Wilson asked for preliminary data from Mr. Barrett on whether or not the savings would be worthwhile to mandate that all printing be done by the State Printer.

Senator Jacobsen commented that he sponsored the original bill, and he found out a number of years ago, that printing by individual State agencies just proliferates. The State Printer has the authority to review any requests that any agency has for a printing press or whatever. These requests have to come through him and he has to authorize it.

RENEWABLE RESOURCES TAX ALLOCATION - Page 128

Senator Jacobsen moved to abolish this budget.

Senators Jacobsen, Lamb and Gibson voted no.

Senators Wilson, McCorkle and Echols voted yes.

Motion lost.

Senator Glaser absent.

Senator Wilson stated we adopted the policy two years ago that if you utilize an alternative energy source, you have a tax break. This is the program that funds that.

Senator McCorkle asked if there wouldn't be Federal money available. Senator Wilson said he wasn't sure, but he wasn't sure that was the answer either. Senator Lamb replied that we could get along without this program.

Senator Echols told the Committee this is a brand new program and that is why it hasn't been utilized. Senator Lamb said they had it in 1977-78 and nothing has been done with it.

Senator Wilson said we are trying to provide some inducements for people to get energy-independent. This budget hasn't cost us a thing. He added that the policy isn't important and he thinks it would be a mistake to repeal it.

Senator Echols moved to approve this budget.

Seconded by Senator Wilson.

Senators Lamb, Jacobsen and Gibson voted no.

Senators Wilson, McCorkle and Echols voted yes.

Motion lost.

Senator Glaser absent.

Senator Wilson said that if the Committee is really serious about saving money, there are better targets.

Senator Echols stated the Committee should have Mr. Roy Nickson of the Department of Taxation and Mr. Noel Clark, Director of the Department of Energy come and testify on this program.

VETERANS' AFFAIRS - Page 132

Senator Lamb stated that what worries him is the latitude that Stein Moen has in handling this money.

Senator Jacobsen said that he could speak from a little experience on this program. His brother was the Veterans' Administrator for about 10 years. He suffered five heart attacks worrying about all those children, and one thing and another that he was responsible for. He was very accountable to the courts.

Senator Jacobsen moved to approve this budget.

Seconded by Senator Gibson.

Motion carried.

Senator Glaser absent.

INDIAN COMMISSION - Page 134

The Indian Commission is to be called back for further review on the cigarette tax problem.

SUPREME COURT JUSTICES' AND WIDOW'S PENSIONS - Page 160

Senator Jacobsen moved that the Governor's recommendation on this budget be approved.

Seconded by Senator Gibson.

Motion carried.

Senator Glaser absent.

YOUTH PAROLE - Page 469

Senator Gibson asked Mr. Barrett if there was a misprint on the top salary \$15,900 to \$22,000. Mr. Barrett said he would check it out.

Senator Echols asked Mr. Barrett if all that travel is necessary. Mr. Barrett said they do have to do a lot of traveling to get around and see these boys, especially in the rural areas.

YOUTH PAROLE - Page 469 (Continued)

Senator McCorkle moved to reduce Clothing and Uniforms to \$2,000.

Seconded by Senator Echols.

Motion carried.

Senator Glaser absent.

Senator McCorkle moved to reduce Stipend and Travel to \$2,500.

Seconded by Senator Echols.

Motion carried.

Senator Glaser absent.

Senator McCorkle moved to reduce Printing to \$1,500 per year.

Seconded by Senator Echols.

Senator Jacobsen voted no.

Motion carried.

Senator Glaser absent.

Senator Gibson moved to approve this budget as amended, including the adjustment for the error in alternative placements the second year. Alternative placements the second year shall be \$36,000.

Seconded by Senator McCorkle.

Motion carried.

Senator Glaser absent.

YOUTH PAROLE FOSTER HOME - Page 473

Senator Gibson moved to approve this budget as amended, with the following correction: the first year should be \$67,500 and the second year \$75,000.

Senator Wilson asked Mr. Barrett if there had been any studies on the foster homes. Are they making money on this, or are they breaking even. Senator Gibson said they are losing money. Mr. Barrett said when we get to the Welfare Budget, you will see that Welfare is asking for an increase to \$400 or \$500 a month because of the costs of the program.

Seconded by Senator Jacobsen.

Motion carried.

Senator Glaser absent.

BOYS' SCHOOL/GIRLS' SCHOOL-OUTSIDE AGENCY CARE - Page 474

Senator Echols moves that this budget be approved.

Seconded by Senator Gibson.

Motion carried.

Senator Glaser absent.

STATE PLANNING AGENCY - Page 519

Senator McCorkle moved that they transfer the Narcotics arm of this Department to Parole and Probation and to eliminate the agency.

Ron Sparks said this agency is funneling about \$3 million in federal funds throughout the State. That is their primary function.

Senator Echols said he did not understand the Law Enforcement agency being in a State Planning situation. Mr. Barrett said that planning for law enforcement is not like comprehensive planning. Senator Echols then asked if it was mandated by law to be here. Mr. Barrett said there has to be someone at the State level to come up with the allocation plan for that money.

Senator Wilson asked what about the Attorney General's office, that is involved in crime and those sort of things. Mr. Barrett said you need a staff to study and prepare the plan to make the allocations and recommendations as to where the monies shall go.

Senator Echols proposed that the Attorney General handle these law enforcement programs. They have to know more about them than the State Planning Agency. Senator Wilson said it is not the State Planner.

Mr. Barrett said that this is not the State Planning Agency; this is the State Department of Law Enforcement Planning Agency. We have cut out a good deal of this department and this is what is part of what is left of it. This agency will do the State Plan.

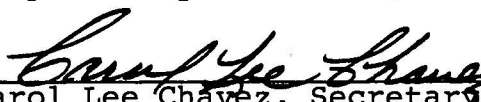
Senator Echols asked if, in Mr. Barrett's opinion, it is okay where it is. Mr. Barrett said yes. Senator Jacobsen asked if Federal money was still available and Mr. Barrett replied yes.

Senator Gibson moved to approve the Governor's budget.

Senator McCorkle asked what the reason was for not wanting to pull it out. Do you still want to keep some of the Federal funds? If you do, why don't we cut their staff in half, and then we can still funnel something through. Let's compromise. Why do we need 12 to 14 people?

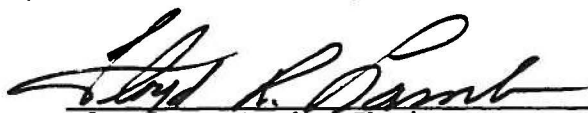
Senator Lamb adjourned the meeting at 10:00 a.m.

Respectfully submitted,



Carol Lee Chavez, Secretary

APPROVED:



Floyd R. Lamb, Chairman

Senate Committee on FinanceDate Monday, February 12, 1979Time 8:00 a.m. Room 231

<u>Bills or Resolutions to be considered</u>	<u>Subject</u>	<u>Counsel Requested*</u>
S.B. 123	Makes appropriation to department of Economic Development to develop industry and tourism. (BDR S-489)	
S.B. 149	Changes certain accounting procedures used by State Computer Facility and makes an appropriation.	
Budget Page 469	Youth Parole	
Page 473	Youth Parole Foster Home	
Page 474	Boys School/Girls School Outside Agency Care	

*Please do not ask for Counsel unless necessary.

2	Office of the Governor
4	Governor's Mansion
23	State Comprehensive Employment and Training Office
26	Rural Housing
49	State Ethics Commission
69	Buildings and Grounds
88	State Printing Office
110	Economic Development
128	Renewable Resources Tax Allocation
132	Veterans Affairs
134	Indian Commission
156	District Judges Salary
158	District Judges and Widows Pensions
160	Supreme Court Justices and Widows Pensions
223	Library Cooperation
226	Library Service Improvement
452	Southern Nevada Childrens Home
455	Northern Nevada Childrens Home
458	Nevada Youth Training Center
462	Nevada Youth Training Center - Elementary & Secondary Education Act
464	Nevada Girls Training Center
468	Nevada Girls Training Center - ESEA Title I
469	Youth Parole
473	Youth Parolee Foster Home
474	Boys School - Girls School Outside Agency Care
519	State Planning Agency
522	Identification and Communication Division
525	Peace Officers Standards and Training
527	Small County and Indian Justice Planner
529	System and Statistical Services
531	Criminal Case Histories
535	Investigation and Narcotics
539	Crime Commission Federal Grants
560	Traffic Safety Federal Grants
562	Commerce Department Director
573	Thrift Companies
576	Credit Union

S. B. 149

SENATE BILL NO. 149—COMMITTEE ON GOVERNMENT
AFFAIRS

JANUARY 30, 1979

Referred to Committee on Government Affairs

SUMMARY—Changes certain accounting procedures used by state computer facility and makes an appropriation. (BDR 19-523)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to data processing; changing certain accounting procedures used by the state computer facility; changing the name of a fund; making an appropriation; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

- 1 SECTION 1. NRS 242.290 is hereby amended to read as follows:
2 242.290 1. Except as provided in subsection 3, the amount receiv-
3 able from any using agency availing itself of the services of the computer
4 facility shall be determined by the manager in each case and shall include:
5 (a) The monthly [cost] *expense, including depreciation*, of operating
6 and maintaining the computer facility, distributed among the using agen-
7 cies in proportion to the services performed for any using agency.
8 (b) After July 1, 1971, a service charge in an amount determined by
9 distributing the monthly installment for the construction costs of the com-
10 puter facility among the using agencies in proportion to the services per-
11 formed for any using agency.
12 2. The manager shall prepare and submit monthly to the using agen-
13 cies for which services of the computer facility have been performed an
14 itemized statement of the amount receivable from each using agency.
15 3. The commission may authorize, if in its judgment the circum-
16 stances warrant, a fixed cost billing, *including a factor for depreciation*,
17 for services rendered to a using agency.
18 SEC. 2. NRS 242.300 is hereby amended to read as follows:
19 242.300 1. There is hereby created [in the state treasury a commis-
20 sion revolving fund account] *the computer facility operating fund as an*
21 *intragovernmental service fund* in the sum of [\$125,000] *\$200,000* for
22 the use of the manager to operate and maintain the computer facility.

EXHIBIT A

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S. B. 123

SENATE BILL NO. 123—SENATOR GLASER

JANUARY 25, 1979

Referred to Committee on Finance

SUMMARY—Makes appropriation to department of economic development to develop industry and tourism. (BDR S-489)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: Contains Appropriation.

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

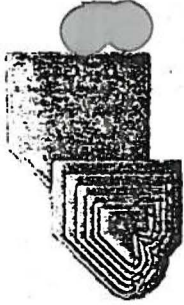
AN ACT making appropriation to the department of economic development to assist in developing industry and tourism throughout the state; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

- 1 SECTION 1. There is hereby appropriated from the state general fund
2 to the department of economic development the sum of \$300,000 to be
3 used as follows:
- 4 1. For industrial development within Clark and Washoe Counties,
5 \$150,000, prorated between the counties on the basis of their populations
6 as determined by the last preceding national census of the Bureau of the
7 Census of the United States Department of Commerce.
- 8 2. For the development of tourism and industry in the remainder of
9 the state, \$150,000. The money appropriated by this subsection must be
10 distributed as grants in aid, in proportion to the populations of the coun-
11 ties as determined by the last preceding national census of the Bureau of
12 the Census of the United States Department of Commerce. The money
13 may be distributed to a recognized local organization which is engaged
14 in projects, advertising or promotion of economic development upon
15 application by resolution of the board of county commissioners of the
16 county in which the organization operates. No money may be distributed
17 for a local project unless it is matched with an equal amount from local
18 sources.
- 19 SEC. 2. After June 30, 1981, the unencumbered balance of the appro-
20 priation made in section 1 of this act may not be encumbered and must
21 revert to the state general fund.
- 22 SEC. 3. This act shall become effective upon passage and approval.

20

EXHIBIT A 468



Att *Hand A*
2/12

NEVADA DEVELOPMENT AUTHORITY

McCARRAN INTERNATIONAL AIRPORT
P.O. Box 11128 • Las Vegas, Nevada 89111
Area Code (702) 739-8222

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- LORIN WILLIAMS**
Mayor, City of Henderson

Executive Director
TIM CARLSON

February 7, 1979

The Honorable State Senator Floyd R. Lamb
Chairman, Senate Finance Committee
Nevada State Legislature
Carson City, NV

Dear Senator Lamb:

It was a distinct pleasure for Ed Fike and myself to represent Nevada Development Authority before your committee on January 29 to discuss NDA's present successes and future goals in the coming years. It was noted at that time that more NDA budget information was needed.

Per the request of State Senator Thomas Wilson, NDA is herewith forwarding to you and members of the Senate Finance Committee a revised proposed budget for fiscal year 1979/80 which outlines NDA's anticipated expenditures and income sources for the period.

It should be pointed out that the Nevada Development Authority, a non-profit organization, is directly responsible for handling a wide range of requests from prospective industrial clients who have shown great interest in relocating or initiating new businesses in the Southern Nevada area. As such, we do not compete with the objectives or performances of the Nevada Department of Economic Development, but rather work in concert with that agency coordinating a balanced program which eventually ensures strong industrial growth in Nevada. The goals of NDA and DED are similar, yet our approaches are different..

EXHIBIT A

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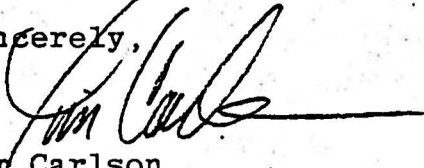
State Senator Floyd R. Lamb
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February 7, 1979

One of NDA's recent successes was the announcement by G.T.E. Sylvania of the construction and operation of a lithium battery plant in Henderson. (see attachments) It is this kind of work by Nevada Development Authority that benefits the community as a whole.

If you should need any further information regarding NDA, please feel free to contact me anytime so I may be of assistance to you or any member of your committee.

Sincerely,



Tim Carlson
Executive Director

TC:lo
Attach.

EXHIBIT A 470

PREFACE

During the course of the past two years, the formulation of budget concerns has been accomplished despite the lack of past budget history. This has created a somewhat difficult situation in the accurate projection of planning an effective budget.

During the fiscal year 1977/78, budget income tripled from that of the previous year. This was accomplished through the efforts of new leadership and a renewed commitment by the community. Because of this, Nevada Development Authority was able to evaluate its purpose and set a new direction.

This enthusiasm for success was accepted by the community with certain constraints and a demand for results. Those results were realized as was further support making it possible for continued increases for the budgeted programs.

NDA has now reached the point where expansion of its programs are necessary to fulfill the goal of creating a growing industrial climate in Southern Nevada. Such expansion can be realized through an increase of appropriations.

In anticipation of receiving an increase from the State of Nevada, it is projected that the additional allocation would be used primarily for the expected increase of activity due to several factors.

1. A closer working relationship with the Department of Economic Development.
2. A known percentage of returns on previous and future marketing expenditures.
3. History of an increase in active clients during the past nine months. Twenty-three active clients in April, 1978 has grown to ninety-nine active clients as of January, 1979 for an increase of 330%.
4. A conservative projection for January, 1979 of ten new industries announcing their decision to locate in Southern Nevada of which, 78% are included in the increase mentioned in factor #3 above.

The expenditures of the proposed budget anticipates 7% increase of existing staff salaries plus a recommendation for two new full time positions, along with the stepping up of our existing part time secretary into a full time position. The addition of staff will give NDA the capability of maintaining its reputation as a responsive organization despite the heavy workload associated with the ever-increasing number of prospective clients. Past history has proven that when a client receives that little extra attention, the time and money spent on cultivating his decision has been a valuable investment.

The funding augmentation would also allow for our competitive marketing program to continue along with the addition of a Southern California representative. Such a situation would give NDA the ability to approach the industrialist on a one-on-one situation within the confines of his own office. Concentrating our sales program within the region showing the highest level of interest (52% of all inquiries come from this area), would provide us with even greater returns for the budgeted dollar.

A third area in which the budget would be noticeably increased would be that of travel. With the additional staff provided, it would allow for a sales person to be at the industrialist's doorstep the day following a request for information is received. This program would be monitored closely since it would be impractical for NDA to respond without the assurance as to a large degree of success. This ability should not be confused with the representation in Southern California, but yet it would allow us the ability to respond to an inquiry from areas other than Southern California.

The increase in budget allocation hopefully received from the State, will provide NDA with the support it needs to continue its drive toward the eventual economic diversification of Southern Nevada. Companies like Levi Strauss, Buster Brown Textiles, McDonnell Douglas, and now G.T.E. Sylvania, are only a few which felt the support of the community through NDA.

Simply put, there is no investment today that returns more per dollar than that which is placed in economic development.

BUDGET EXPLANATIONS

Nevada Development Authority's budget can be broken down into five separate account categories. The following statements will provide a description of those budget accounts, as well as, the amount of money budgeted for each account group.

I. SALARY EXPENSE \$120,000.00

This account group covers salaries of the NDA staff. It provides existing staff members with a 6.9% pay increase, as well as, upgrading the present part time secretarial position to full time. In addition, a full time associate and a full time secretary would be added to staff to handle the increased number of inquiries and active clients.

II. STAFF SUPPORT EXPENSES \$ 16,800.00

This account group covers the basic expenses related to employees. Items included are NIC, FICA, State and Federal Unemployment Insurance and Major Medical Insurance.

III. OFFICE SUPPORT EXPENSE \$ 44,050.00

This account group covers the normal costs of running and maintaining an office. Included is postage, telephone, office supplies and equipment, subscriptions and memberships and auto expenses. This budget would provide the necessary new equipment for the increased staff, as well as, replace the NDA owned vehicle which is now four years old and has had 60,000 miles of useage.

IV. DEVELOPMENT PROGRAM \$155,950.00

This account group covers the costs of obtaining new clients and providing the necessary services to existing active clients. Items included are public relations fees, advertising-media, sales promotion materials, upgrading of NDA's convention display booth, direct mail programs (including a quarterly Newsletter) and travel expenses. The Southern California consultant, referred to in the preface, is also included. Related items for client entertainment are covered in this category.

V. MISCELLANEOUS \$ 10,700.00

This budget account group covers the costs related to local fund raising, as well as, providing a fund to cover those expenses of an unexpected nature.

TOTAL BUDGET \$347,500.00

NEVADA DEVELOPMENT AUTHORITY

PRO FORMA BUDGET REPORT

Fiscal Year 1979/80

APR 1980

EXHIBIT A

<u>ACCOUNT</u>	<u>1979/80</u> <u>PRO FORMA BUDGET</u>
Salary Expense - includes four full time sales people and two full time secretaries	\$120,000.00
Employer FICA	6,400.00
State Unemployment Insurance	2,000.00
Federal Unemployment Insurance	350.00
Nevada Industrial Commission	750.00
Postage	7,000.00
Subscriptions & Memberships	1,750.00
Telephone	12,000.00
Auto Expenses	15,500.00
Office Supplies & Equipment	7,800.00
Employee Major Medical	7,300.00
Economic Development Program:	
Public Relations Fees	7,200.00
Staff Expenses	9,750.00
Advertising - Media	61,000.00
Sales Promotion Materials	26,000.00
Display Booth	5,000.00
Direct Mail Programs	6,000.00
Southern California Representative	30,000.00
Travel Expenses	11,000.00
Fund Raising Expenses	5,700.00
Miscellaneous	5,000.00
	<u>5,000.00</u>
	\$347,500.00

GTE Tells Plans

Feb 1, 1979

\$10 Million Plant for Henderson

By LARRY WHITE

Times Business Editor

A new \$10 million General Telephone and Electronics (GTE) Corp. plant slated for construction on a 22-acre site at Henderson will pioneer the mass production of highly sophisticated lithium batteries as a backup energy source to trigger Minuteman missiles.

Company executives Wednesday unveiled plans for the 50,000 square foot facility at a news conference called by the Nevada Development Authority at the Hilton Hotel.

GTE batteries could be used at the Nevada Test Site "if the MX missile system comes here" a company executive said. The company is under contract to service the Minuteman missile installations in North Dakota, Montana, Missouri and Wyoming.

The company selected Nevada because of its favorable corporate tax structure and dry climate. Low humidity, at four per cent and below, is essential in certain areas of the plant for production of the revolutionary batteries, and will cut costs, company officials said.

Henderson was selected over Tucson, Ariz. The GTE plant will be constructed along Boulder Highway near the Levi Strauss Co. plant.

Slated to begin production in June, 1980, the plant will employ 200 persons by that April and an additional 300 by 1981, according to Richard R. Fidler, vice president and general manager of the Sylvania Communications Division at Needham, Mass.

Company executives said only a handful — 15-20 top technical personnel will be transferred to the \$8-\$10 million Nevada facility, with the bulk of employees to be recruited locally. "Our survey found a plentiful supply of trainable and skilled workers here," an official said.

Atty. Gen. Richard Bryan, in brief remarks after an NDA-sponsored luncheon, hailed the addition of GTE to the Nevada corporate family and lauded "bi-partisan efforts of Republicans and Democrats over the years" to bring industry to Nevada and diversify the resort-gaming economy.

Henderson Mayor Lorin Williams called the latest addition to a growing stable of industry in his booming city "a tremendous shot in the arm to the valley. I'm happy and pleased. We've been working very hard to bring in good, clean industries."

GTE officials boast the new plant will be "clean and non-pollutant."

Eventually, company spokesmen said, batteries for

consumer applications, such as flashlight batteries and pacemakers, will be produced at the Henderson facility.

The batteries are made from lithium, the lightest metal known, and have unusual electromechanical properties which make possible batteries that operate reliably over extended periods of time under a wide range of environmental conditions.

For instance, lithium batteries provide 16 times more energy than the zinc carbon batteries commonly found in a flashlight, GTE officials said. They're also capable of prolonged operation at temperatures as low as -40 degrees Fahrenheit after long periods of storage, and as high as 125 degrees.

But the batteries are expensive and the move to a mass production facility is designed to drive down the

price, although one company executive said "We can't make them fast enough now."

"They're tomorrow's batteries today," he said.

Currently the batteries, in a variety of sizes are assembled entirely by hand at a rate of two per week by two working shifts. The Nevada plant will turn out two to 10 per day, under the same working conditions, one official said.

Flashlight batteries will be available for consumers in two years with an 11-year life span, according to a GTE spokesman.

Pacemaker batteries eventually will be produced at the Henderson plant and will have up to 14-year capabilities. At present, pacemaker patients must have a new battery implanted every 18 months. GTE has 12,000 of its longlife pacemaker batteries on the market.

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NEVADA DEVELOPMENT AUTHORITY HELPS GTE SYLVANIA — Nevada Development Authority President Ed Fike (seated, left) listens as Richard R. Fidler, Vice-President and General Manager of the Sylvania Communication Systems Division, (seated, right) explains the civilian and military potential of lithium thionyl chloride batteries, which have

exceptional tolerance to extreme temperatures. Meanwhile, NDA President-Elect Fred Gibson (standing, left) and Hank Costenbader, who will become manager of the 55,000-square foot manufacturing plant, (standing, right) discuss how NDA played a major role in assisting Sylvania select a site that meets the company's needs.

Henderson chosen

General Telephone & Electronics Corp. Wednesday announced plans to build a 55,000-square-foot battery manufacturing plant in Henderson which eventually will employ about 500 persons.

The plant, which will produce lithium thionyl chloride batteries, is scheduled for completion in 1980. It will employ about 200 workers by April 1980 and an additional 200 persons by 1981, said Richard Fidler, vice president and general manager of the Sylvania Communication Systems Division, Needham, Mass. About 80 percent of the workers are expected to be from the Las Vegas.

The Las Vegas Valley was chosen over Tucson, Ariz., for the plant site, said Tim Carlson, executive director of the Nevada Development Authority.

The Henderson site in the New Horizons Industrial Campus Park, about 1,000 feet south of the Levi Strauss facility, was chosen over other Las Vegas area sites, including locations south of McCarran International Airport and in North Las Vegas, Carlson said.

Nevada was chosen both because of its tax structure and its clean, dry climate, Hank Costenbader, who will manage the Henderson plant, said at a Wednesday press conference. He gave the NDA much of the credit for helping GTE decide on the Henderson site.

Fidler said the proximity of the building site to Nellis Air Force Base and the Nevada Test Site

also was a factor in the choice of Henderson.

The batteries already are used in the launching apparatus for Minutemen missiles and GTE hopes to make further sales to the U.S. Air Force, he said.

Henderson also is located conveniently close to suppliers of raw materials and to transportation systems, Fidler said. However, company spokesman said the GTE plant would not be purchasing chemicals from companies in the BMI complex near Henderson.

The GTE plant will add no pollutants to the Henderson air, the spokesmen said, noting that there were no air pollution problems associated with the test facility in Waltham, Mass.

They refused to give predictions concerning the potential market for the primary, non-rechargeable batteries, saying such predictions are against company policy.

The spokesmen said it is difficult to compare accurately the cost of a lithium thionyl chloride battery to the cost of a more traditional battery because of the differences in the two products. As an example, they said a lithium battery which would power a flashlight for about 11 years would cost approximately \$22.50.

Lithium thionyl chloride batteries will be produced for use in a variety of space, air, sea and ground applications, Fidler said.

Lithium, the lightest metal known, has unusual electromechanical properties which make possible batteries that operate re-



NEW INDUSTRY FOR HENDERSON
General Telephone & Electronics Corp. Wednesday announced plans to build

liably over extended periods of time under a wide range of environmental conditions, he said.

GTE lithium batteries have been tested for use as emergency power sources at Minuteman Intercontinental Missile Launch facilities and as power sources for submarines in the Swedish Navy, Fidler said.

Also, last year a GTE-designed lithium battery pack was used successfully by the Smithsonian Institution in an experiment in which the battery pack was mounted on the dog sled of a Japanese explorer who traveled around the North Pole to evaluate "dead reckoning" and celestial navigation techniques, he said.

This bill was requested by us as a result of our audit of the Computer Facility for the fiscal year ended June 30, 1976.

In 1977, AB 67 was enacted which established various fund categories. One of those categories was intragovernmental service funds. The MFOA states, in regard to intragovernmental service funds, the following:

"Each Intragovernmental Service Fund should include all accounts necessary to produce an accurate statement of the results of its financial operations and a fair presentation of its financial position at any given date. Among others, these will usually include the fixed assets owned by and used in the operation of such funds. With the exception of buildings financed from Capital Projects Funds, depreciation must be recorded on fixed assets to secure an accurate computation of costs and to prevent depletion of the fund's capital."

The Computer Facility is not recording its fixed assets in accordance with generally accepted accounting principles applicable to intragovernmental service funds. Equipment purchases other than the main frame and processor are currently being charged to expense during the period of purchase rather than being capitalized and depreciated over their estimated useful life in accordance with acceptable guidelines. The Facility should be operated as a business and the depreciation of assets in order to charge all users equitability over a period of years should be included in the calculation of the billing rates.

Under the present method this means that when equipment is ~~proposed~~ ^{urchased} it is paid for by the users in the year of purchase.

Moreover, the billing rates are computed incorrectly according to the standards for business-like operations and for the cost allocation ^{planned which most users are involved.} in general through the Federal Government.

On line five, to avoid any misunderstanding, we are including the word "depreciation". Normally the term cost or expense is a business-like operation includes depreciation. This is the same reason for including it in line 16.

Representatives of the Computer Facility and the users have told us the use of depreciation should be utilized in determining the rates.

② The big problem comes from the conversion from cash to accrual. A cash flow problem could develop. For example, today if they purchase a tape drive for \$50,000, they collect the \$50,000 from the users in the year of purchase. If this bill is enacted they would only collect \$10,000 in the first year (assuming a 5 year life), yet they would have to put out the \$50,000 immediately. A long term purchase agreement could avoid the immediate cash outflow, but the length of the agreement in years and the appropriate life of the asset for depreciation purposes most likely would not be related.

④ Accordingly, the bill does carry a \$75,000 General Fund appropriation to carry them through this difficult period.

This should result in a reduction in the users bill for the next year. Two

① Technical exemption

2 guidelines IFS
3 memo 800-
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GUEST LIST

DATE: 2-17

NAME	AGENCY OR ORGANIZATION
John Crossley	LCD - pending
GARY CREWS	LCD Annapolis