

Committee in session at 7:45 a.m. Senator Floyd R. Lamb was in the Chair.

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

ABSENT: None

OTHERS Mr. Ronald W. Sparks, Chief Fiscal Analyst  
PRESENT: Mr. Eugene Pieretti, Deputy Fiscal Analyst  
Mrs. Jean Ross, Budget Division  
Mr. Mark Stevens, Budget Division  
Mr. Vernon Bennett, Executive Officer, Public Employees Retirement System  
Mrs. Peggy Glover, Director, General Services  
Mr. Gordon Harding, Administrator, Central Data Processing  
Mr. Mike Meizel, Superintendent, Division of Buildings and Grounds.  
Mr. Ted Sanders, Superintendent of Public Instruction, Department of Education  
Mr. James Costa, Department of Education  
Mr. Doug Sever, Director, Fiscal Services, Department of Education  
Ms. Eunice Garrett, Department of General Services  
Mr. Fran Ellis, Department of General Services  
Mr. John Palmer, Budget Division  
Mr. Terry Sullivan, Administrator, Purchasing Division  
Mr. John Rice, Associated Press  
Mr. Cy Ryan, United Press International

S.B. 100, S.B. 181, A.B. 140 - Various Retirement System Bills

Mr. Bennett submitted information on S.B. 100, S.B. 181 and A.B. 140. (See Attachment A.)

S.B. 100 - Revises formula for determining amount of district judges' pensions. (Attachment B).

Mr. Bennett testified that he is concerned that changes requested in this bill are the type of post-retirement increases that PERS retired employees have requested for years, but that the State could not afford. He said many retired employees would like to tie their raises to State employee raises. He said that if the district court judges' retirement system allows their retired employees to receive raises on this basis, then those retired employees under Mr. Bennett's jurisdiction will want similar increases. He said that the legislator's retirement system provides raises that are directly tied to raises provided in the Public Employees Retirement System. He said the Retirement Board recommends an amendment that would provide that, beginning July 1, 1979, the retired judges, district court judges, and Supreme Court justices retirement system receive the same post-retirement increases that members of PERS receive. Mr. Bennett commented that then all Nevada public retirement systems would receive the same increases.

Senator Lamb asked what the cost of this is. Mr. Bennett said he did not know but could obtain the information with a request from the Senate Finance Committee. Senator Glaser remarked that he was sure that it would be less than the fiscal note attached to the bill.

Senator Gibson commented that the judges do not contribute to their system. Mr. Bennett said that is correct and it gives them less credence for obtaining larger post-retirement increases than other retired public employees who have contributed to their retirement.



Senator McCorkle asked why they do not contribute. Mr. Bennett said that neither the employee nor the employer contributes to the judges' system. It is paid out of the General Fund by appropriation every 2 years.

Senator Glaser asked if Mr. Bennett would recommend that it be set up like PERS. Mr. Bennett said that he feels that there should never be a non-contributory retirement system.

Senator Wilson asked what is the average tenure of a judge during which he would contribute to his pension in contrast to the average tenure of a state employee who contributes. Mr. Bennett said that he did not know, but that the judges have to have 12 years service on the bench to retire. He said PERS members have to have at least 10 years' service.

Senator Wilson asked what is the fiscal impact of the last part of the amendment Mr. Bennett recommends (see Attachment A) regarding Section 1, subparagraph 3. Mr. Bennett said he is recommending that the Senate Finance Committee allow him to request to see the judges' records so he can make that determination.

Senator Gibson asked why judges are called "employees". He said this language may confuse judges with other public employees. Mr. Bennett said that Mr. Daykin suggested "employees" was a more appropriate term than "retirees" which was the former term used.

Senator Gibson said he is unclear about the situation where a judge is on retirement and is recalled for active service. He asked if he continues to receive retirement. Mr. Bennett said his organization did not take a position on this, but it is their interpretation that if a judge returns to the bench, his retirement benefit should be suspended for the duration. After he enters retirement again, his benefit would be recomputed to reflect the additional service. Mr. Bennett said this part of the bill should be tightened somewhat.

Senator Gibson said his understanding of the bill is that after a judge returns to retirement, his benefit is computed on the new salary; this is a way to raise the retirement benefit. Senator Wilson said he does not think that is the intent of this amendment. Mr. Bennett said page 2, lines 7 through 12 of the bill addresses this situation. He said there is no wording in the amendment that indicated that if he returns to the bench, that his benefit would cease for the duration of active service.

Senator Gibson said this bill bothers him because there are retired judges who were defeated and may not have gotten their required number of years in. He said that he can see where they could be called back into service by action of the judges, not of the people. Then they can qualify for the 2/3 pension by accruing additional time which is not elected time.

Senator Glaser suggested that perhaps a Legislative Committee should study this problem. Senator Gibson said there is a Committee on Retirement who could do this.

Senator Lamb stated that Mr. Bennett has the permission of the Committee to get the needed information. Senator Gibson requested corrective language to tighten up the bill. Mr. Bennett said that he would try to have the information in a day or two.

Senator Gibson asked who is the sponsor of this bill. Mr. Bennett replied that it was the Judiciary Committee.

S.B. 181 - Withdrawal of judges from the retirement system (Attachment C).

Mr. Bennett stated that the Retirement Board favors the amendment suggested by Deputy Attorney General William Isaef which would allow the 13 judges who are in the Public Employees Retirement



System, who will also be eligible for pensions under the judges' system, to have a 90-day option from July 1 to September 30, 1979, to make a final determination on their retirement plan. He said that if they decide to withdraw from PERS, they will never be able to reestablish that service credit in the Public Employees Retirement System; it will be an irrevocable decision. He said that Attachment A shows a draft of a suggested amendment.

Senator Jacobsen asked if any judge retiring in the future still has a choice between the 2 retirement systems. Mr. Bennett said no. He said that there was legislation in 1977 which prohibited future elected or appointed judges from coming into PERS unless they were already a member. If the judge was already in PERS, he would have to stay in it.

A.J.R. 26 - Constitutional amendment on the permanent school fund. (59<sup>th</sup> Session)  
(Attachment D)

Mr. Ted Sanders, Superintendent of Public Instruction introduced Mr. Jim Costa and Mr. Doug Sever of the Department of Education staff. He submitted a prepared statement (see Attachment E).

Senator Lamb asked what is the percentage of return on the investment. Mr. Sanders replied that it was just above 2.1 percent last year. He said he used the total amount in the fund to calculate this percentage.

Senator Gibson asked who invests this fund. Mr. Sanders said the State Treasurer. Senator Lamb suggested that there is something wrong with these calculations. He said the return on General Fund monies is high; it does not make sense that this fund would earn so little.

Senator McCorkle said he does not understand why \$13,000,000 is in cash if the constitution requires that the money be invested. Senator Lamb asked Mr. Sparks to check this situation.

Senator Lamb asked if the constitution requires that the principal be kept for investment and not spent. Mr. Sanders replied yes.

Senator McCorkle asked the difference between the Distributive School Fund and the Permanent School Fund. Mr. Sanders said that the Permanent School Fund is the fund originally set up to provide an irreducible fund to help public schools as they benefit from federal lands. The Distributive School Fund is the fund used by the Legislature to actually fund the state support to the public schools.

Senator McCorkle asked which fund the interest earned goes into. Mr. Sanders said the Distributive School Fund.

Senator Glaser remarked that by the interest going into the Distributive School Fund, it alleviates the General Fund of that amount of obligation.

Senator Echols remarked that Mr. Sanders stated that if the bill passed, the funds would be invested in manner prescribed by the legislature. He asked what Mr. Sanders founded this statement on. Mr. Sanders referred the Committee to line 24 of the bill.

S.B. 222 - Makes appropriation to motor pool division for purchase of additional vehicles (Attachment F).

Mr. Mike Meizel, Superintendent of Buildings and Grounds reported on the Motor Pool budget (see Attachment G).

Mr. Meizel explained that a revolving fund is requested to replace vehicles every 4 years. He said the Motor Pool budget would only contain the depreciation; it will no longer have a category for the purchase of vehicles. He said there are no changes in the Motor Pool budget and that an additional 46 vehicles are requested



based on information from the Budget Office regarding the Gaming and Parole and Probation Divisions.

Senator Gibson asked how this bill relates to the new revised budget. He asked if the bill was still needed. Mr. Meizel said they will need a revolving fund of \$638,000. He said that originally the bill was based on just the 46 additional vehicles.

Senator Gibson asked if an amendment was needed. He said the bill is not now set up for a revolving fund. Mr. Meizel said yes; an amendment which would set up a revolving fund in the amount of \$638,984.

Senator Lamb asked how many vehicles this amount of money will buy. Mr. Meizel answered approximately 146 vehicles. He said they figure a cost of about \$4,900 per vehicle. He said these are strictly fleet vehicles, not pickups, etc.

Mr. Meizel commented that the original bill was predicated on the idea of an appropriation for the vehicles just for Parole and Probation and the Gaming Control Board. He said this plan would not be agreeable with the federal government. He said the federal government states that vehicles cannot be purchased out of the general rate charged to agencies. That is why the Legislature is now being asked to give Mr. Meizel the authority to purchase vehicles separately, outside of the rate. He said the Motor Pool rate will only reflect the depreciation expense.

Mr. Meizel said that now that they are not purchasing vehicles out of the Motor Pool rate, they have lowered the rate 15 percent which is in direct proportion to the reduction in the expense of buying vehicles. He said that for the next biennium the rate of expense for the agencies will be down 15 percent because they are only being charged for depreciation, not buying the vehicle.

Senator McCorkle asked if a permanent revolving fund is being set up. Mr. Meizel said the revolving fund would have to be funded each biennium. Senator Wilson said a new bill is needed; this bill does not do that.

Senator McCorkle asked if in the future vehicles will be purchased out of interest earned. Mr. Meizel said they will be purchased out of depreciation and out of salvage when old vehicles are sold.

Senator Lamb asked, referring to Attachment G, which figure is correct, 146 or 159, as the needed figure. Mr. Meizel said the correct figure is 159.

Senator Echols asked how many vehicles are now in the motor pool. Mr. Meizel answered 438.

Mr. Meizel remarked that this idea originated as a plan to satisfy federal requirements.

Senator Gibson asked why doesn't the depreciation plus salvage value equal the required amount. Mr. Meizel replied that during the first 2 years, the money is being brought forward that the motor pool already has. He said after the first two years, they need an appropriation and a depreciation schedule every two years. He said with a revolving fund, the State does not have to pay off as much over a period of 11 years.

Mr. Gordon Harding presented the history of the motor pool situation, explaining the federal mandate. He said the federal government asked that the State go to a method of depreciation. He said after 4 years all the money is recovered for money spent on vehicles through depreciation and salvage credit. He said the only reason the revolving fund will increase at all is through inflation. He said if this cost allocation principal is not followed, Nevada could lose future federal monies. He said that 48.5 percent of motor pool



funding comes from federal sources. He said he thinks this is the simplest plan to satisfy both State and federal needs.

Senator McCorkle asked what the 15 percent reduction in agencies' budgets represents. Mr. Meizel remarked that the 15 percent reduction in agencies' budgets represents the difference between depreciation expense and purchase of new vehicles. Mr. Harding explained that usually about half a million dollars was budgeted in the motor pool budget for acquisition of new vehicles each year. This amount of money was recovered by a rental rate. He stated that now, using depreciation, for the first 2 years only, rates will drop 15 percent because the depreciation is basically \$325,000 as opposed to \$500,000 for acquisition. He said by the third year the rates will be back to where they are now.

Senator McCorkle asked why this is not distributed evenly over a 4-year period. Mr. Harding said that under straight line depreciation, only 1/4 of depreciation is recovered the first year. He said this affects the State's cash flow. Mr. Harding continued that much more front money will be required. The object of a double declining balance is to reduce the cash flow requirement of the State. He explained that under any depreciation plan, only the amount originally invested can be recovered, not later inflationary increases.

Senator Wilson asked if inflation costs can be recovered through inflated salvage value. Mr. Harding said no, the fund will always be behind to the extent of inflation.

Senator Wilson suggested applying a factor to each agency's budget to try to recover this cost of inflation. Mr. Harding said the federal government under their existing cost allocation procedures will not prepay, which is what charging agencies for anticipated inflation is.

Senator McCorkle asked why the federal government has anything to say about what Nevada charges its agencies. Mr. Harding answered that the federal government, in all agencies which are federally funded, participates in the cost of those operations. He said they audit those operations, and they will disallow costs associated with acquisition of capital assets which is not charged to them on a depreciation basis.

A.B. 274 - Removes limitation on purchase price of state automobiles. (Attachment H)

Administrator Terry Sullivan of the State Purchasing Division, testified that the State now spends about \$4,500 per standard automobile purchased. He said, based on this limit, the original \$5,000 limit would probably last until next year or the year after. He said that with this limit he cannot buy a few specialized cars the State needs such as the police package automobiles that the University uses. He said they also cannot buy full size station wagons which are \$5,800. He said the limit is being raised to \$6,000.

Senator Gibson asked if Mr. Sullivan was asking that the bill be returned to its original form. He asked if Mr. Sullivan bought foreign cars. Mr. Sullivan said no, except for a compact pickup which is the only compact pickup they can buy.

Mr. Sullivan commented that he thought the original intent of this bill was to restrict the State from buying expensive cars. He stated that he has been back most legislative sessions asking for the ceiling amount to be increased. He said he does not believe there should be a limit. He remarked that regardless of the limit, they are only going to spend a certain price for an automobile. He continued that whenever they ask for an increase the increase is always made to the optimum. He said that his Division does not spend the \$5,000 or \$6,000 limit; they spend the minimum. The limit prevents them from buying automobiles, but does not really prevent overspending for automobiles.



Senator McCorkle asked why Mr. Sullivan does not remove the specialized automobiles from the group of cars. Mr. Sullivan answered they have requested this last session for the utility vehicles. He said if he thought he could have explained it better using that method, he would have. He remarked that the Board of Examiners approves every automobile the State purchases; which is a double check on the Purchasing Division. He said he could have also recommended that automobiles be bought according to the standards in existence instead of asking that the price limitation be removed.

Senator Echols asked if the Purchasing Division purchases for the State Motor Pool. Mr. Sullivan answered yes; for all State agencies and the University. Mr. Meizel said agencies such as Fish and Game and the University do not rent vehicles from the Motor Pool. He said they own their own vehicles.

Senator McCorkle asked Mr. Sullivan if he would like the bill to have no price limits; but purchases restricted to specified standards in existence. Mr. Sullivan answered yes.

Senator McCorkle suggested that Mr. Sullivan submit an amendment. Mr. Sullivan said he could do that. He said he is now responding to the amendment with the price limitation introduced in the Assembly. Senator Lamb remarked that the Assembly would probably want to keep the limit.

Senator Gibson said he is a little worried about the limitation causing the State to purchase foreign cars. Mr. Sullivan said it would not. Their policy prohibits them from buying foreign cars.

Senator McCorkle asked what figure is needed for the standard car. Mr. Sullivan replied that the \$6,000 figure is fine, and will last several years. He said that it is the specialized cars that are costly.

Senator Gibson commented that the State allows \$8,000 for the Highway Patrol cars. He asked if that would apply to the specialized police car. Mr. Sullivan answered no; the law is written specifically for Highway Patrol. He added that the bill restricts the State from buying certain vehicles and no one else; cities and counties can spend more if necessary.

#### A.B. 295 - Appropriation to emergency fund (Attachment I)

Mr. Sparks announced that A.B. 295 is part of the Executive Budget and is on Page A16, Board of Examiners Emergency Fund. He said he did not know why the reversion clause is still in here since this is a continuing fund. He said the reversion clause should be removed.

Mrs. Ross stated that the amendment in her possession removes the reversion clause.

Senator McCorkle asked what is the difference between the Statutory Contingency Fund and the Emergency Fund. Mr. Sparks said the Emergency Fund is for insurrection, riots, epidemics and natural disasters. The Contingency Fund is for Statutory expenditures such as drug testing.

Senator Wilson asked why Riot Suppression is so high. Mr. Sparks answered it had to do with riots at the State Prison which happened since the last legislature. Mrs. Ross said she thought under \$500 was for the National Guard, and the remaining amount went to the prison to repair plumbing fixtures, etc. She said she thought there were two separate riots.

Senator Lamb asked where Flood Control was used. Mrs. Ross replied in Yerington and in Lyon County. Mr. Sparks added that about two months ago during a rainstorm sandbagging was begun. He said he thought most of this expenditure was for flooding in the Carson City vicinity.



Senator McCorkle asked what would happen if there was a \$2,000,000 loss from floods. He asked where the money would come from. He said this fund seems a good place to pay for labor for riots or floods, but not for damages. Mr. Sparks said that this fund is for flood control associated with State buildings, not for Carson City.

Senator Jacobsen requested a breakdown of these expenditures. Mrs. Ross said the Budget Division has this information.

MOTOR POOL - Page 74

Mr. Meizel introduced this budget pointing out that the main item is a request for 46 automobiles.

Senator McCorkle said he is interested in prisoners working on Motor Pool vehicles. He said he has heard that when this was done in the past, much time was lost while vehicles were being repaired. Mr. Meizel said that prisoners work on vehicles now.

Senator McCorkle asked why 2 State maintenance men could not be replaced by a greater number of prisoners. Mr. Meizel explained that the best way to use inmates is to have the use of their shops, which are very good. He said that in the past, he has tried to work with prisoners in a vocational training capacity. He said there was difficulty in giving them more responsibility because of a continuously high turnover and other factors.

Senator McCorkle requested a recommendation from Mr. Meizel on how he could coordinate with the prison and what economies can be realized in his own Division budget as a result of the coordination. Mr. Meizel said he is now working on this. He stated that he met with the Director of the Prison last week. Senator McCorkle emphasized that Mr. Meizel's budget should be reduced according to his use of prison labor.

Senator Gibson said that in the past, prison labor was used to work on vehicles; but they weren't fixed properly and were out of service for long periods of time. He said there is not always a good mix of crafts at the prison to do the necessary maintenance and repairs.

Senator Echols asked why Data Processing has doubled. Mr. Meizel said the legislative auditors recommended a cost accounting system. He said the increase is to pay the Data Processing charges for this system. He added that they use Central Data Processing services.

A.J.R. 26 - Permanent School Fund

Senator Gibson moved "Do Pass" for A.J.R. 26.

Seconded by Senator Wilson.

Discussion

Senator McCorkle said he was concerned that some money held by the State is invested out-of-state. He said he is investigating restricting state-generated monies to investment in the State. He said he felt the restrictions in the constitution now restricting investments to real estate mortgages and bonds are fair restrictions. Senator McCorkle went on that he thinks the cause of low investment return is not because of constitutional restrictions, but because of the manner of investment within the limiting criteria. He said the amount in this fund is small and could be handled this way. He said he would like to oppose the motion or have it deferred until the Committee receives an investment portfolio to find out why the investment return is low.

Senator Gibson said one of the biggest battles fought in the legislature was about removing the restriction of retirement investments in-State investments. He said when they finally removed restrictions



(A.J.R. 26 - bill action continued)

the return to the fund more than doubled in a short time. He said the reason for the funds is important; the funds should not be looked at solely in terms of supporting the economy of Nevada. He said these are trust funds and the State has a responsibility to gain the greatest return possible. He said the State investments need to compete with other investments; he opposes restricting investments to the State.

Senator Wilson remarked that Mr. Sanders testified that \$8,000,000 of the \$13,500,000 was cash-on-hand, which means it is in a bank. He suggested that the fund is not properly invested. He said they should find out why the investment return is so low.

Senator Lamb called for a vote on the motion.

Motion carried.

Senator Glaser absent.

S.B. 216 - Appropriation to highway patrol for communications network (Attachment J)

Senator Lamb submitted an amendment which amends the amount of the appropriation to \$116,177 for the Committee's approval. Mr. Sparks said there is also an amendment to change the reversion date. He said the reversion date should be June 30, 1979; and 1980 should be deleted.

S.B. 218 - Payment of communications board assessment (Attachment K)

Senator Lamb submitted the amended bill for approval by the Committee. Mr. Sparks said he has an amendment to change the reversion from June 30, 1981 to June 30, 1979.

Senator Gibson asked how much money is in the bill. Senator Lamb said \$51,000 will be deleted and \$7,650 will be added.

S.B. 222 - Motor Pool (Attachment F)

Senator Lamb said this bill should be held until other information is obtained.

A.B. 295 - Appropriation to emergency fund (Attachment I)

Senator Gibson moved "Do Pass" for A.B. 295.

Seconded by Senator Wilson.

Motion carried.

Senator Glaser absent.

A.B. 274 - Removes limits on price of state automobiles (Attach. H)

Senator Gibson referred the Committee to line 16, suggesting that special package police automobiles be under the same exemption as the highway patrol. He said it is odd that the cities and counties can buy these autos without a ceiling but the State cannot.

Senator Gibson moved that A.B. <sup>274</sup> provide the same exemption for police package cars as the highway patrol provides; and "Do Pass" as amended.

Seconded by Senator Jacobsen.

Motion carried.

Senator Glaser absent.

Senator Lamb called for voting on budgets.



SOCIAL SERVICES FOR THE BLIND - Page 434

Senator Lamb remarked that Contractual Services (Page 435) is high. Senator McCorkle said the 2 contractual services were for medical consultation.

Mr. Sparks remarked that originally these costs were paid out of another category.

Senator Gibson moved that this budget be approved.

Seconded by Senator Jacobsen.

Motion carried.

Senator Glaser absent.

BUREAU OF ALCOHOL AND DRUG ABUSE - Page 436

Senator McCorkle said he is a strong supporter of alcohol and drug abuse programs; but he would rather use these monies for rehabilitation programs which require people to work themselves out of their problems. He continued that much money is put into ineffective programs, throughout the State, which give a handout instead of using the work ethic. He said he would like to emphasize work ethic rehabilitation programs. He said he is not interested in reducing this budget, if the monies can be redirected to work ethic programs. Senator McCorkle added he would like to reduce this budget because if monies are not so directed, they are not doing the job. He commented that he would like to see where grant monies go and evaluate the effectiveness of each program receiving monies.

Senator Lamb asked where Drug Grants go. Mr. Stevens of the Budget Division answered it goes to local non-profit agencies that operate drug rehabilitation programs. Mr. Stevens said he can provide a complete list of all alcohol and drug grants, where they go, and their amounts. Senator McCorkle remarked that the Committee does not have the expertise to evaluate the effectiveness of individual programs. He said that they need an expert's opinion.

Senator Lamb said recently he has had experience with someone who was rehabilitated through the hospital in Las Vegas, which was not necessarily a work ethic program. Senator McCorkle said some programs were not rehabilitating people.

Senator Lamb said to evaluate the effectiveness of a program would require a thorough investigation. He said this would require visiting centers.

Senator McCorkle asked that this budget be deferred until he found someone to evaluate programs.

Budget held.

INDEPENDENT LIVING - Page 441

Senator Jacobsen moved that this budget be approved. Senator Gibson remarked that this budget is not yet funded.

Senator Wilson asked how will this money be spent. He asked if the Committee has received a program design. Senator Lamb said this is a new program.

Mr. Stevens said the grant has not been received yet, but they expect to receive it. He said the grant application which would describe how the money will be spent has not yet been written. The application is due soon. Mr. Stevens said his Office can draft a proposal and submit it to the Committee.

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Senator Wilson requested that this budget be deferred until this information is received.

Senator Echols requested information on numbers of people in Nevada who qualify for this service.

Budget held.

HOMEBOUND INDUSTRIES - Page 442

Senator McCorkle moved that this budget be approved.

Seconded by Senator Jacobsen.

Senator Echols asked why operating expenses were not itemized. He said there is a large increase. Mr. Stevens said the largest expense is Rent. He said they were not sure where all the expenses would be charged. He said the figure is higher because there is increased operation in Las Vegas.

Senator Lamb remarked that In-State Travel has risen from \$1,125 to \$3,000. Mr. Stevens said this increase is due to the program in Las Vegas. He said that people had to travel to Las Vegas from the Carson City area.

Senator Lamb asked why Homebound Sales increased. Mr. Stevens said this is the amount of money generated through selling products at the Center. Senator Gibson remarked that this budget is self-generating; there is no State money.

Mr. Sparks, referring to page 443, said there is no administrative assessment in this budget. He said the agency was asked why there not since there are people in it. They replied that they did not know whether the budget would survive till the next biennium. Mr. Sparks said he did not see why an administrative assessment could not be added and reduce the General Fund in some other agency that funds the administrative Rehabilitation Division. He said the administrative assessment is made to all Bureaus within the Rehabilitation Division to fund the administrative operation.

Senator Jacobsen moved to amend this budget by adding the administrative assessment.

Mr. Stevens remarked that if this program fails, the other agencies will have to pick up the administrative assessment in this budget.

Senator Lamb said the amendment is not necessary; Mr. Sparks can be given the authority to correct the figures.

Senator Jacobsen withdrew his amendment.

Senator Lamb called for a vote on the original motion.

Motion carried.

BUREAU OF DISABILITY ADJUDICATION - Page 444

Senator McCorkle suggested the positions be reduced to 35, since all positions have not been filled anyway. He said Mr. Frost mentioned that if positions were removed he might lose the entire program. Mr. Sparks said he was not sure that would happen. He said Mr. Frost has the final authority with regard to positions. He remarked that Mr. Frost isn't filling the amount the federal government has allocated. He said nothing is accomplished by cutting positions.

Senator Gibson moved that this budget be approved.

Seconded by Senator Jacobsen.

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(Bureau of Disability Adjudication - continued)

Senator Lamb asked why the Administrative Assessment is so high. Mr. Sparks said there was a change in the cost allocation plan which now uses the number of people in each budget. He said this is one of their larger "people" budgets in the Rehabilitation Division.

Senator Echols drew attention to increases in operating expenses. Senator McCorkle suggested reducing costs to 1977-78 Actual expenditures. He said their projected caseload is not much higher than that.

Senator Echols moved that operating costs be reduced to the Actual Expenditures level of 1977-78.

Seconded by Senator McCorkle.

Senators Jacobsen, Glaser, and Gibson voted no.

Motion carried.

Senator McCorkle suggested reducing salaries. Mr. Sparks said that Merit Salary increases are built into this amount. Senator Gibson commented that pay raises are also part of this amount. Mr. Sparks said the \$70,800 built into the salary structure is for salary increases the legislature already passed. Mr. Stevens remarked that the raises proposed after January 1 are not built in. Mr. Sparks said the General Services budgets are the only ones that have the salary increases built into them. Mr. Stevens said also the 1977-78 Actual figure includes some salary savings because not all positions were filled then. He said the Governor Recommends column includes all positions, even though they are not all filled. There is no reversion because these are all federal monies.

Senator Echols said he would like to see evidence of the federal pressure reported by the agency.

Senator Wilson said it may be helpful to Mr. Frost to approve all his positions and send him a letter stating that approval does not mean the Committee disagrees with Mr. Frost's position that some of these positions are not needed and should not be filled. He said Mr. Frost should be supported for the job he has done.

Senator Wilson moved that Mr. Frost be sent a letter stating that approval of personnel positions does not mean that all positions should be filled.

Seconded by Senator Jacobsen.

Motion carried.

Senator Lamb absent.

Senator Gibson called for a vote on closing this budget as amended, (the original motion).

Senator McCorkle voted no.

Motion carried.

Senator Lamb absent.

BUSINESS ENTERPRISE CONTINGENCY FUND - Page 447

Senator McCorkle moved that this budget be approved.

Seconded by Senator Wilson.

Motion carried.

Senator Lamb absent.



COMMITTEE TO HIRE THE HANDICAPPED - Page 448

Senator Echols suggested that the number of this committee's numbers be reduced; 13 members is an unwieldy number. He also mentioned that total operating expenses are up about 50 percent from the Work Program.

Senator McCorkle asked if the size of the committee can be reduced. Mr. Sparks asked if it is mandated by federal law. Mr. Stevens said he did not think so. Senator Wilson remarked that 8 members are handicapped.

Senator McCorkle moved to amend this budget to reflect a committee of 7.

Not seconded.

Senator Gibson commented that the Finance Committee does not have control of this committee because it is described in State law.

Senator Wilson said they need to know how well the committee is functioning before reducing it. Senator Gibson replied that the committee has had quite an impact--most communities have altered curbs, etc. for the handicapped.

Senator Wilson moved that this budget be approved.

Senator Jacobsen requested that the budget be held until Mr. Frost can advise the Committee regarding the 13 members.

Senator Echols requested justification for increases in operating expenses.

Budget held.

YOUTH SERVICES AGENCY - Page 450

Mr. Sparks remarked this budget was requested by the agency, but not approved by the Governor. He said he thought Dr. DiSibio would return with a request to establish this agency.

SPRING MOUNTAIN YOUTH CAMP - 475

Senator Jacobsen moved that this budget be approved.

Seconded by Senator Wilson.

Motion carried.

Senator Lamb absent.

HOME OF THE GOOD SHEPHERD - Page 476

Senator Echols asked why they anticipate an increase when they have had a decline for 5 years. Senator Gibson replied that the agency testified there has been a change in the judges' attitudes.

Senator Jacobsen moved that this budget be approved.

Seconded by Senator Wilson.

Discussion

Senator McCorkle said it is not certain that the caseload will increase. Senator Gibson replied that the money will not be used if the caseload does not develop. He pointed out the reversion in 1977-78. Motion carried.

Senator Lamb absent.



ADVISORY COUNCIL ON CHILDREN AND YOUTH - Page 477

Senator Wilson asked the reasons for the elimination of this budget.

Mr. Sparks pointed out they have a CETA contract in the revenue section. He said this was to pay a portion of the Youth Conference. He commented that he noticed this year there is another CETA contract for a little over \$4,000 for the Youth Conference. He said even if this budget is not funded, CETA would probably fund the Conference.

Senator Wilson asked that this budget be deferred until more information is obtained.

Budget held for further discussion.

STATE PLANNING AGENCY - Page 519

Senator Jacobsen moved that this budget be approved.

Senator Echols suggested that Travel be reduced. He commented that Other Building Rent has doubled. He asked what Contract Lab Services were recommended by the Governor, and not requested by the agency. Senator Gibson remarked that the State decided to handle lab services this way instead of having a State laboratory.

Senator Echols moved to reduce Out-of-State Travel to \$3,600 each year of the biennium; and to reduce In-State Travel to \$10,500 each year of the biennium.

Seconded by Senator McCorkle.

Discussion

Senator Wilson asked, referring to the narrative, what the Justice Improvement Act is. Mr. Sparks said that is the new proposed law enforcement bill in Congress which the law enforcement budgets are built on. He said the bill changes the whole method of law enforcement administration.

Senator Wilson asked for Senator Echols' rationale for reducing Travel categories. Senator Echols said he believes State travel is proliferating. He said air fares are less than they were. He said the reduction is small, about 10 percent.

There was call for a vote on the motion.

Senators Wilson, Gibson, Lamb and Jacobsen voted no.

Motion did not carry.

Senator Glaser absent.

Senator Gibson moved that this budget be approved as recommended.

Seconded by Senator Wilson.

Motion carried.

IDENTIFICATION AND COMMUNICATIONS DIVISION - Page 522

Senator Gibson moved that this budget be approved.

Seconded by Senator Jacobsen.

Motion carried.



PEACE OFFICER STANDARDS AND TRAINING PROGRAM (POST) - Page 524

Senator Glaser moved that this budget be approved.

Seconded by Senator Jacobsen.

Senator McCorkle moved to amend the motion to eliminate 1 new position.

Seconded by Senator Echols.

Discussion

Senator Wilson asked for Senator McCorkle's rationale for his motion. Senator McCorkle said this position is for an additional training officer, and he would like to see the agency handle it with the staff they now have.

Senator McCorkle asked if this agency trained or organized the training effort. Senator Gibson replied they did both.

Senator Jacobsen said he did not think the position should be eliminated; crime is increasing. He said he does not agree with much of the training that has appeared in other budgets; but he said he feels that training is necessary here because people are being brought in from the general public that do not have the necessary expertise.

Senator McCorkle asked what their increased workload is. Senator Lamb said it has increased from 120 hours to 160 hours.

Senator Lamb called for a vote on the amendment.

Senators Lamb, Gibson, Wilson and Glaser voted no.

Motion did not carry.

Senator Lamb referred the Committee to In-State Travel. Senator Glaser remarked that it would do no good to have the personnel not travel and remain in Carson City. Senator Lamb said he feels the amount is more than actually needed.

Senator McCorkle moved that In-State Travel be reduced to \$6,000 each year of the biennium.

Seconded by Senator Echols.

Discussion

Senator Wilson asked how realistic the Travel item is in the Work Program. Senator Wilson said if Travel is reflective of the training level, he would like to know. Mr. Sparks reported that the Actual Expenditure recorded was \$1,994 as of February 23 of this year. He said this is actual claims paid this month on In-State Travel, not necessarily actual travel that has occurred; an amount may still be outstanding. This amount covers approximately 7 months. He said he did not know how far Motor Pool is in their billings.

Senator Lamb called for a vote on the motion to reduce In-State Travel.

Senators Jacobsen and Glaser voted no.

Motion carried.

Senator Echols noted that there is an increase in Contractual Services. He asked what these services are for. Mr. Sparks said it



is for the Academies, and for instructor and consultant fees.

Senator Jacobsen moved that this budget be approved as amended.

Seconded by Senator Gibson.

Motion carried.

SMALL COUNTY AND INDIAN JUSTICE PLANNER - Page 527

Senator Gibson moved that this budget be approved.

Seconded by Senator McCorkle.

Motion carried.

SYSTEMS AND STATISTICAL SERVICES - Page 529

Senator Gibson moved that this budget be approved.

Seconded by Senator Jacobsen.

Motion carried.

CRIMINAL CASE HISTORIES - Page 531

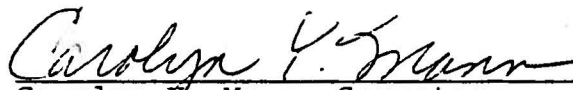
Senator Glaser moved that this budget be approved.

Seconded by Senator McCorkle.


Motion carried.

Meeting adjourned at 10:30 a.m.

Respectfully submitted,

  
Carolyn Y. Mann, Secretary

APPROVED:

  
Floyd R. Lamb, Chairman

ELBERT B. EDWARDS  
CHAIRMAN

VERNON BENNETT  
EXECUTIVE OFFICER

WILL KEATING  
ASSISTANT EXECUTIVE OFFICER

STATE OF NEVADA



ATTACHMENT A

PUBLIC EMPLOYEES RETIREMENT SYSTEM

P.O. Box 1569  
CARSON CITY, NEVADA 89701  
TELEPHONE (702) 885-4200

RETIREMENT BOARD  
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DONALD L. REAM

March 3, 1979

The Honorable Floyd R. Lamb  
Chairman, Senate Finance Committee  
Legislative Building  
Carson City, Nevada 89701

Ref: SB 100

Dear Senator Lamb:

SB 100 provides an amendment to NRS 3.090, section 1, which would allow District Court Judges to receive automatic future increases in their pensions based upon any increase in the annual salary for an active District Judge. The Retirement System is opposed to this approach to post-retirement increases for any system. Several groups of retired employees have recommended for many years that they receive post-retirement increases equivalent to increases in active salaries for state and other public employees. The Retirement System and Legislature has consistently opposed this proposal. Similar legislation has been passed in other states, especially for police and firemen retirement systems, with disastrous fiscal impact. For example, if this provision were in effect for the Public Employees Retirement System based upon salary increases for state employees, retired public employees would receive a 5% increase each year when state employees receive the regular step increases and an additional 8% increase January 1, 1979 and 5.5% increase January 1, 1980 if the currently recommended cost-of-living increase program for state employees is adopted by the 1979 Legislature. The Retirement System met and worked with all retired employee groups during the past two years to establish a reasonable post-retirement increase program which is reflected in SB 258. We feel that legislation such as SB 100, as written, would establish a serious precedent which would encourage retired employees of our System to demand equivalent benefits. Four years ago, the Legislature determined that retired employees of the Legislator's Retirement System would receive post-retirement increases equivalent to those provided to retired employees of our System. Therefore, at their regularly scheduled meeting held February 28 through March 3, 1979, the Retirement Board passed a motion to support a proposed amendment to SB 100 that benefit recipients of the District Court Judges and Supreme Court Justices Retirement Systems receive the same post-retirement increases as provided to benefit recipients of PERS. We are attaching a suggested amendment to SB 100 for your information and consideration.

The Retirement Board realizes that we have no jurisdiction regarding the District Court Judges and Supreme Court Justices Systems. However, we feel that any



Senator Floyd R. Lamb  
March 3, 1979  
page 2

liberal post-retirement increases to their benefit recipients will create a demand from our benefit recipients for equal treatment. Adoption of our recommended motion would establish that the benefit recipients from all public retirement systems would receive the same post-retirement increases beginning July 1, 1979 and thereafter.

We appreciate your consideration of our suggested amendment.

Sincerely

*Vernon Bennett*

VERNON BENNETT  
Executive Officer

Attch:  
c.c.: Senate Finance Committee  
Senate Committee on Judiciary  
Retirement Board

VB:bb

EXHIBIT A ]

894

RECOMMENDED AMENDMENT TO SB 100

SB 100 be amended as follows:

(1) Section 1, subparagraphs 1, 2 and 3 be amended as follows:

3.090 1. Any judge of the district court who has served as a justice of the supreme court or judge of a district court in any one or more of those courts for a period or periods aggregating 20 years and has ended such service [shall,] *is*, after such service of 20 years and after reaching the age of 60 years, [be] entitled to [and shall] receive [annually] *each year* from the State of Nevada, as a pension during the remainder of his life, a sum of money equal in amount to two-thirds the sum [[ ] received as a salary for his judicial services during the last year thereof, [ ] *established by law as the annual salary to which a district judge in active service is entitled for that year,*] payable every 2 weeks from funds to be provided by direct legislative appropriation.

2. Any judge of the district court who has served as a justice of the supreme court or judge of a district court in any one or more of those courts for a period or periods aggregating 12 years and has ended such service [shall,] *is*, after such service of 12 years and after reaching the age of 60 years, [be] entitled to [and shall] receive [annually] *each year* from the State of Nevada, as a pension during the remainder of his life, a sum of money equal in amount to one-third the sum [[ ] received as salary for his judicial services during the last year thereof, [ ] *established by law as the annual salary to which a district judge in active service is entitled for that year,*] payable every 2 weeks from funds to be provided by direct legislative appropriation.

3. Any judge of the district court who qualifies for a pension under the provisions of subsection 2 is entitled to receive, for each year served beyond 12 years up to a maximum of 20 years, an additional 4.1666 percent of the sum [[ ] received as salary for his judicial services during the last year thereof, [ ] *established by law as the annual salary to which a district judge in active service is entitled for the year the pension is received,*] payable as provided in subsection 2. *If any judge of the district court is recalled from retirement for active service on the supreme court or a district court, he is entitled to include such additional service in computing his total years of judicial service for the pension. For the purpose of this computation, an aggregate of 50 weeks of such additional service is equivalent to 1 year of judicial service before retirement.*

(2) Subparagraphs 4, 5 and 6 - there are no changes.

(3) A new subparagraph 7 shall be added as follows:

7. Beginning on July 1, 1979, each recipient under this section and NRS 3.095 is entitled to receive cost-of-living increases equivalent to those provided for retired employees and beneficiaries of the public employees' retirement system.

(4) NRS 2.060 shall be amended to add a new subparagraph 7 as follows:

7. Beginning on July 1, 1979, each recipient under this section and NRS 2.070 is entitled to receive cost-of-living increases equivalent to those provided for retired employees and beneficiaries of the public employees' retirement system.



ELBERT B. EDWARDS  
CHAIRMAN EMERITUS

VERNON BENNETT  
EXECUTIVE OFFICER

WILL KEATING  
ASSISTANT EXECUTIVE OFFICER

STATE OF NEVADA



PUBLIC EMPLOYEES RETIREMENT SYSTEM

P.O. Box 1569  
CARSON CITY, NEVADA 89701  
TELEPHONE (702) 885-4200

RETIREMENT BOARD  
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DONALD L. REAM

March 3, 1979

The Honorable Floyd R. Lamb  
Chairman, Senate Finance Committee  
Legislative Building  
Carson City, Nevada 89701

Ref: SB 181

Dear Senator Lamb:

We recently testified before your Committee regarding SB 181. We expressed no position regarding the bill because it had not been considered by the Retirement Board. However, we indicated that we had assisted in drafting the present wording which would resolve the immediate concern for some judges who are members of our System. We discussed a letter from our Deputy Attorney General dated February 2, 1979, which expressed concern regarding the question of whether or not there was membership in the District Court Judges and Supreme Court Justices Retirement Systems and recommended instead a ninety day option for all District Court Judges and Supreme Court Justices to be allowed to withdraw from the System. At their meeting held February 28 through March 2, 1979, the Retirement Board adopted a motion to support SB 181 as amended to reflect the recommendation by Bill Iseff that members of our System who are District Court Judges or Supreme Court Justices have the option, during a ninety day period, to withdraw from our System if they so desire without terminating employment with the provision that they not be allowed to reestablish credit for this service in the Public Employees Retirement System. Therefore, we have drafted a suggested amendment for your consideration and assistance.

Please be assured that we are available to discuss this matter with you and your Committee should you so desire.

Sincerely

A handwritten signature in cursive script that reads "Vernon Bennett".

VERNON BENNETT  
Executive Officer

Attch:  
c.c.: Senate Finance Committee  
Senator Cliff Young  
Senator William Raggio  
Retirement Board

VB:bb

EXHIBIT A

806

RECOMMENDED AMENDMENT TO SB 181

SB 181 be amended to remove the exclusion of one phrase in subparagraph 3, and to incorporate a new section 4. as follows:

286.305 1. Any justice of the supreme court and any district judge who became a member before July 1, 1977, may remain a member of the system. [Such] *Those* justices or district judges may choose to gain service credit for previous service as provided in NRS 286.300.

2. The State of Nevada shall be deemed, for the purpose of this chapter, to be the public employer of such justice or judge, and shall contribute to the public employees' retirement fund and the public employees' retirement administrative fund, in the manner provided in this chapter for public employers.

3. Any justice of the supreme court and any district judge who [has been] *is* a member of the system  and who qualifies for a pension under the provisions of NRS 3.090 or NRS 2.060  may withdraw from the public employees' retirement fund the amount credited to him in the account. No [such] justice or judge, or legal beneficiary, may receive benefits under both this chapter and under [NRS 3.090 or NRS 2.060.] NRS 2 and NRS 3 for the same service.

4. Any Justice of the Supreme Court or District Judge who is a member of the System on July 1, 1979, may withdraw from membership by providing written notice to the Board of his decision to withdraw from the System and rely entirely upon the provisions of NRS 2:060 or NRS 3.090 for future pension benefits. Any such notice must be received by the Board on or before September 30, 1979. Upon receipt of notice of withdrawal, the System shall promptly refund all employee contributions credited to the individual account of the justice or judge. Any Justice of the Supreme Court or District Judge who exercises the option granted by this subsection is forever barred from reestablishing this service in the System. Any Justice of the Supreme Court or District Judge who does not exercise the option granted by this subsection must remain a member of the System until eligible to exercise the option granted in subsection 3.



ELBERT B. EDWARDS  
CHAIRMAN EMERITUS

VERNON BENNETT  
EXECUTIVE OFFICER

WILL KEATING  
ASSISTANT EXECUTIVE OFFICER

STATE OF NEVADA



PUBLIC EMPLOYEES RETIREMENT SYSTEM

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DONALD L. REAM

March 3, 1979

The Honorable Floyd R. Lamb  
Chairman, Senate Finance Committee  
Legislative Building  
Carson City, Nevada 89701

Ref: AB 140

Dear Senator Lamb:

Senator Jacobsen has advised that AB 140 was placed on the Secretary's desk so that it could be amended to become effective upon passage. The Retirement System has already programmed our computer to screen our member records and sort out the additional contributions, compute interest to June 30, 1979 and print all checks July 1, 1979. We estimate that approximately 7,000 members will receive refunds under this procedure. Therefore, it would create considerable confusion and require reprogramming of our computer or hand computations if AB 140 were amended to become effective upon passage. The authors of the bill and all of the groups who have worked with us regarding this bill have agreed to the July 1 effective date. Unless there is some problem of which we are not aware, we would appreciate your reconsideration of the amendment and allow AB 140 to be considered as written to be effective July 1, 1979.

We will be available early Monday to discuss this matter with you at your convenience. We appreciate the continued cooperation and assistance which you and the Senate Finance Committee provide to the Retirement System and its program.

Sincerely

A handwritten signature in cursive script that reads "Vernon Bennett".

VERNON BENNETT  
Executive Officer

c.c.: Senate Finance Committee  
Assemblywoman Sue Wagner  
Retirement Board

VB:bb

EXHIBIT A

838

ATTACHMENT B

S. B. 100

SENATE BILL NO. 100—COMMITTEE ON JUDICIARY

JANUARY 24, 1979

Referred to Committee on Judiciary

SUMMARY—Revises formula for determining amount of district judges' pensions. (BDR 1-344)

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

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

AN ACT relating to district judges' pensions; revising the formula for determining the amount of each pension; 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 3.090 is hereby amended to read as follows:  
2 3.090 1. Any judge of the district court who has served as a justice  
3 of the supreme court or judge of a district court in any one or more of  
4 those courts for a period or periods aggregating 20 years and has ended  
5 such service [shall,] *is*, after such service of 20 years and after reaching  
6 the age of 60 years, [be] entitled to [and shall] receive [annually]  
7 *each year* from the State of Nevada, as a pension during the remainder  
8 of his life, a sum of money equal in amount to two-thirds the sum  
9 [received as salary for his judicial services during the last year thereof,]  
10 *established by law as the annual salary to which a district judge in active*  
11 *service is entitled for that year*, payable every 2 weeks from funds to be  
12 provided by direct legislative appropriation.  
13 2. Any judge of the district court who has served as a justice of the  
14 supreme court or judge of a district court in any one or more of those  
15 courts for a period or periods aggregating 12 years and has ended such  
16 service [shall,] *is*, after such service of 12 years and after reaching the  
17 age of 60 years, [be] entitled to [and shall] receive [annually] *each*  
18 *year* from the State of Nevada, as a pension during the remainder of his  
19 life, a sum of money equal in amount to one-third the sum [received as  
20 salary for his judicial services during the last year thereof,] *established*  
21 *by law as the annual salary to which a district judge in active service is*  
22 *entitled for that year*, payable every 2 weeks from funds to be provided  
23 by direct legislative appropriation.



ATTACHMENT C

**S. B. 181**

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SENATE BILL NO. 181—SENATORS YOUNG AND RAGGIO

FEBRUARY 2, 1979

Referred to Committee on Finance

**SUMMARY**—Removes prerequisite for withdrawal of certain judicial officers from public employees' retirement system. (BDR 23-268)

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

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

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AN ACT relating to the public employees' retirement system; removing a prerequisite for the withdrawal of certain judicial officers from the system; 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 286.305 is hereby amended to read as follows:  
2 286.305 1. Any justice of the supreme court and any district judge  
3 who became a member before July 1, 1977, may remain a member of the  
4 system. [Such] *Those* justices or district judges may choose to gain  
5 service credit for previous service as provided in NRS 286.300.  
6 2. The State of Nevada shall be deemed, for the purpose of this  
7 chapter, to be the public employer of such justice or judge, and shall  
8 contribute to the public employees' retirement fund and the public  
9 employees' retirement administrative fund, in the manner provided in  
10 this chapter for public employers.  
11 3. Any justice of the supreme court and any district judge who [has  
12 been] is a member of the system [and who qualifies for a pension under  
13 the provisions of NRS 3.090 or NRS 2.060] may withdraw from the  
14 public employees' retirement fund the amount credited to him in the  
15 account. No [such] justice or judge may receive benefits under both this  
16 chapter and under NRS 3.090 or NRS 2.060.

ATTACHMENT D

**A. J. R. 26 of the 59th Session**

ASSEMBLY JOINT RESOLUTION NO. 26—COMMITTEE ON  
GOVERNMENT AFFAIRS

FEBRUARY 23, 1977

Referred to Committee on Government Affairs

SUMMARY—Proposes constitutional amendment to repeal certain pledges to state permanent school fund and to limit permissible investments of that fund. (BDR C-23)

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

ASSEMBLY JOINT RESOLUTION—Proposing to amend section 3 of article 11 of the constitution of the State of Nevada relating to sources of revenue pledged for educational purposes by permitting the legislature to determine the policies for investment of such revenues.

- 1 *Resolved by the Assembly and Senate of the State of Nevada, jointly,*  
2 That section 3 of article 11 of the constitution of the State of Nevada be  
3 amended to read as follows:  
4 **[Section]** *Sec. 3.* All lands, including the sixteenth and thirty-sixth  
5 sections in any township donated for the benefit of public schools in the  
6 act of the Thirty-eighth Congress, to enable the people of Nevada Terri-  
7 tory to form a state government, the thirty thousand acres of public lands  
8 granted by an act of Congress, approved July second, A.D. eighteen hun-  
9 dred and sixty-two, for each senator and representative in Congress, and  
10 all proceeds of lands that have been or may hereafter be granted or appro-  
11 priated by the United States to this state, and also the five hundred thou-  
12 sand acres of land granted to the new states under the act of Congress  
13 distributing the proceeds of the public lands among the several states of  
14 the union, approved A.D. eighteen hundred and forty-one; provided, that  
15 Congress make provision for or authorize such diversion to be made for  
16 the purpose herein contained; all estates that may escheat to the state;  
17 all of such per centum as may be granted by Congress on the sale of lands;  
18 all fines collected under the penal laws of the state; all property given or  
19 bequeathed to the state for educational purposes, and all proceeds derived  
20 from any or all of said sources shall be and the same are hereby solemnly  
21 pledged for educational purposes, and shall not be transferred to any other  
22 funds for other uses; and the interest thereon shall, from time to time, be  
23 apportioned among the several counties as the legislature may provide by  
24 law; and the legislature shall provide for the sale of floating land warrants  
25 to cover the aforesaid lands, and for the investment of all proceeds derived  
26 from any of the above-mentioned sources; **[** in United States bonds, or



ATTACHMENT E  
Statement of  
The Department of Education  
to the  
Senate Finance Committee  
March 5, 1979

AJR 26 - Proposes a constitutional amendment to repeal certain pledges to the State Permanent School Fund and to limit permissible investments of that fund

Mr. Chairman and members of the Committee. Please allow me this opportunity to apologize to the Committee for the fact that we were unprepared to present AJR 26 last week. When we appeared, I mistakenly thought that someone else would be presenting the history and impact of the bill and that our role would be as a resource to the Committee relating the financial impact of the amendment if it were enacted.

As you may be aware, the 1974 legislative commission directed the legislative auditor to make a financial postaudit of the State Permanent School Fund. This audit was completed in February, 1975; however the auditor was unable to express an opinion on the financial condition because of "fragmented administration, violations of statutes, conflicting statutes, dated statutes, and inconsistent criteria for the remittance of penal fines."

Therefore the auditor recommended that the Legislature conduct a study of the fund and recommend a resolution for the deficiencies noted in his report. The 1975 Legislature directed, by passage of S.C.R. 37, the legislative commission to conduct such a study. The study was conducted and resulted in Bulletin 77-15 and the introduction of A.J.R. 26 during the 1977 legislative session. The bill as amended passed both houses in 1977 and now appears before you, as required by the Constitution, for a second consideration before being placed on the next general election ballot for consideration by the people.

EXHIBIT E

The permanent school fund was created to comply with congressional mandates that the proceeds from donated federal lands be used exclusively for educational purposes. Its purpose was to hopefully insure a base of funding for the support of public schools. In addition to assuring that monies accruing to the state from the sale of lands given for public school purposes, the fund also benefits from fines collected under the penal laws of the state and all estates which may escheat to the state.

The original proposal which was presented to the 1977 Legislature included a provision that would eliminate the revenue to the fund from escheats and fines. That provision was amended from the bill by the Senate Finance Committee on March 28th of that session. Therefore the proposal as it reads today removes the restrictive language dealing with the manner in which the fund may be invested. If enacted as proposed, the funds would be invested in a manner prescribed by the Legislature. The interest would continue to go into the State Distributive School Fund.

Mr. Chairman, you may also be interested in the recent financial impact of the permanent school fund investments. According to reports from the State Controller, the interest earned and deposited to the Distributive School Fund for the fiscal year ending June 30, 1978, was \$285,401.70. Interest earned and deposited in the Distributive School Fund as of February 17, 1979, is \$152,073.75. These earnings constitute less than 1% of the revenue needs of the Distributive School Fund.



The Permanent School Fund presently is in excess of \$13.5 million. Last fiscal year the fund increased \$825,648 from court fines. This source is the greatest contributor to growth in the fund. This year, as of December 31, 1978, the fund had increased by \$528,767.

It would appear from the low rate of return from investment of the fund (\$285,401.70 last year) that investment in the same manner as the General Fund would yield a higher return.

Mr. Chairman, Mr. Jim Costa and Mr. Doug Sever, and I are available to respond to questions from the Committee.

ATTACHMENT F

**S. B. 222**

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SENATE BILL NO. 222—COMMITTEE ON FINANCE

FEBRUARY 13, 1979

Referred to Committee on Finance

**SUMMARY**—Makes appropriation to motor pool division of department of general services for purchase of additional vehicles. (BDR S-1372)

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

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

AN ACT making an appropriation from the state general fund to the motor pool division of the department of general services for the purchase of additional vehicles; 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 motor pool division of the department of general services the sum
- 3 of \$257,600 for the purpose of purchasing 46 additional vehicles.
- 4 SEC. 2. After June 30, 1981, the unencumbered balance of the
- 5 appropriation made in section 1 of this act may not be encumbered and
- 6 must revert to the state general fund.
- 7 SEC. 3. This act shall become effective upon passage and approval.



STATE OF NEVADA  
DEPARTMENT OF ADMINISTRATION  
CAPITOL COMPLEX  
CARSON CITY, NEVADA 89710

ROBERT LIST

Governor

HOWARD E. BARRETT  
Director

February 27, 1979

ATTACHMENT G

MEMORANDUM

TO: Senate Finance and Ways and Means Committees

FROM: Budget Division

SUBJECT: Revised Motor Pool Budget, 711-1354

The Executive Budget for the 1979-81 biennium has been revised in order that the charges to user agencies comply with federal cost allocation requirements. Federal regulations require that central service agencies such as Motor Pool which provide services to agencies receiving federal funds through grants and contracts, must depreciate equipment purchases on an annual basis. Since the present method of charging vehicle purchases as an operating expense in the year of acquisition is not acceptable to the federal government under the cost allocation guidelines, this budget recommends a General Fund appropriation of \$638,984 to set up a revolving fund for the purchase of new and replacement vehicles in the 1979-81 biennium. The appropriation will provide for the purchase of forty-six additional vehicles, primarily for increased staff at Gaming and Parole and Probation, as well as replacement of 113 vehicles each year on a four year depreciation cycle.

Under this proposal, charges will be reduced to all user agencies by 15% as follows:

Revised Motor Pool Rates

<u>Vehicle</u>	<u>Daily</u>	<u>Monthly</u>
Sedans, Stationwagons and 2-Wheel Drive Pickups	\$.11 per mile plus \$2.55 per day*	\$.11 per mile plus \$51.00 per month

All monthly assigned vehicles are assessed a minimum charge of 750 miles.

\*Daily sedans, stationwagons, and 2-wheel drive pickups will be charged a \$6.80 per day minimum.

Rates for 4-wheel drive vehicles were not adjusted because it was felt the rates were already too low and these vehicles make up only a small part of the fleet.

JP/md

Enclosure

906

REVISED BUDGET RECOMMENDATION  
Motor Pool 711-1354

200

	1977-78 Actual	1978-79		1979-80			1980-81				
		No. Pos.	Work Program	No. Pos.	Agency Request	No. Pos.	Governor Recommends	No. Pos.	Agency Request	No. Pos.	Governor Recommends
Balance Forward from Old Year	\$ 256,704		\$ 15,211		\$ 1,171		\$ 265,226				
Balance Forward to New Year	- 15,211										
Prior Year Personal Rebate	9										
Prior Year Receipts	3,494										
Motor Pool - Miscellaneous	12,369		13,398		27,390		14,780		28,544		15,650
Carson Area	520,355		521,748		470,598		495,150		483,180		513,258
Las Vegas Area	319,076		316,000		297,023		304,706		304,114		317,365
Reno Area	166,349		157,000		149,734		152,355		152,791		152,647
Excess Property Sales	64,617		60,000				60,000				60,000
<b>Total Funds Available</b>	<b>\$1,327,762</b>		<b>\$1,083,357</b>		<b>\$ 945,916</b>		<b>\$1,292,217</b>		<b>\$ 968,629</b>		<b>\$1,055,447</b>
<b>Existing Positions</b>											
Garage Service Foreman		1.00	\$ 17,456	1.00	\$ 17,524	1.00	\$ 17,524	1.00	\$ 17,524	1.00	\$ 17,524
Principal Clerk Typist		1.00	12,153	1.00	12,200	1.00	12,200	1.00	12,200	1.00	12,200
Garage Servicemen		4.50	49,938	4.50	51,849	4.50	51,849	4.50	53,617	4.50	53,617
Supervisor Garage Serviceman		3.00	43,558	3.00	44,332	3.00	44,332	3.00	44,972	3.00	44,972
Administrative Aid II Range A		1.00	10,639	1.00	10,680	1.00	10,680	1.00	10,680	1.00	10,680
Student		1.00	5,600	1.00	5,904	1.00	5,904	1.00	6,200	1.00	6,200
<b>Total Existing</b>	<b>\$ 129,667</b>	<b>11.50</b>	<b>\$ 139,394</b>	<b>11.50</b>	<b>\$ 142,489</b>	<b>11.50</b>	<b>\$ 142,489</b>	<b>11.50</b>	<b>\$ 145,193</b>	<b>11.50</b>	<b>\$ 145,193</b>
Industrial Insurance	\$ 1,665		\$ 2,384		\$ 1,911		\$ 1,910		\$ 2,238		\$ 2,237
Retirement	10,416		11,152		11,399		11,399		11,615		11,615
Personnel Assessment	1,357		1,255		1,282		1,282		1,307		1,307
Group Insurance	4,807		6,602		7,593		8,424		8,731		10,452
Payroll Assessment	302		279		285		285		290		290
Unemployment Comp	264		557		570		570		581		581
Overtime (Non-Holiday)	1,876										
Salary Adjustment Reserve			17,238		11,587		17,325		18,674		22,478
Longevity	450		1,000		1,400		1,400		1,600		1,600
Terminal Annual Leave	147										
<b>Total Salary-Payroll</b>	<b>\$ 150,951</b>		<b>\$ 179,861</b>		<b>\$ 178,516</b>		<b>\$ 185,084</b>		<b>\$ 190,229</b>		<b>\$ 195,788</b>
<b>Total In-State Travel</b>	<b>\$ 239</b>		<b>\$ 800</b>		<b>\$ 500</b>		<b>\$ 500</b>		<b>\$ 500</b>		<b>\$ 500</b>

EXHIBIT 6



	1977-78 Actual	1978-79		1979-80		1980-81					
		No. Pos.	Work Program	No. Pos.	Agency Request	No. Pos.	Governor Recommends	No. Pos.	Agency Request	No. Pos.	Governor Recommends
Office Supplies and Expense	\$ 172		\$ 500		\$ 300		\$ 198		\$ 300		\$ 214
Operating Supplies	3,111		3,500		3,500		3,500		3,500		3,500
Communications Expense	2,484		2,500		2,500		2,500		2,500		2,500
Print Duplicating Copy	131		800		300		151		300		163
Insurance Expense	31		30		900		43		900		45
Equipment Repair	31		230		200		36		200		39
Other Building Rent	7,917		6,600		8,000		8,000		8,000		8,000
Utilities	1,183		2,200		2,000		1,420		2,000		1,562
Maintenance of Buildings and Grounds	2,337		2,000		3,000		1,070		3,000		1,140
Vehicle Operation	358										
Clothing and Uniform Allowance	2,761		2,600		2,700		2,700		2,700		2,700
Data Processing Program Facility Charge	5,160		4,500		10,000		10,000		10,000		10,000
Other Governmental Services	18,376		18,222		23,000		20,997		24,000		22,794
Fees and Registrations	57										
Total Operating Expense	\$ 44,109		\$ 43,682		\$ 56,400		\$ 50,615		\$ 57,400		\$ 52,853
Automobiles	\$ 661,572		\$ 152,788		\$ 250,000		\$ 265,226		\$ 250,000		\$ 0
Trucks	50,601		0		40,000		0		40,000		0
Office Furniture and Equipment			1,000		500		500		500		500
Other Furniture and Equipment	289										
Total Capital Outlay Equipment	\$ 712,462		\$ 153,788		\$ 290,500		\$ 265,726		\$ 290,500		\$ 500
Vehicle Operation	\$ 420,001		\$ 440,000		\$ 420,000		\$ 470,800		\$ 430,000		\$ 503,756
Vehicle Depreciation							319,492				315,253
Reserve			265,226								
Total Agency Expenditures	\$1,327,762		\$1,083,357		\$ 945,916		\$1,292,217		\$ 968,629		\$1,068,447

Agency Balance

STATE OF NEVADA  
DEPARTMENT OF GENERAL SERVICES

DIVISION OF BUILDINGS AND GROUNDS  
CENTRAL MOTOR POOL

Comparison of Anticipated Appropriation Requests to Anticipated  
Payback (Depreciation Expense Plus Estimated Salvage Recovery).

<u>Fiscal Year</u>	<u>No. Vehicles to be Purchased</u>	<u>Anticipated Appropriation Request</u>	<u>Less Depreciation Expense</u>	<u>Less Est. Salvage Value (12%)</u>	<u>Net Appropriation Each Year</u>	<u>Cumulative Appropriations to Date (Net)</u>
1979	159*	\$ 638,984	\$ --	\$ --	\$ 638,984	\$ 638,984
1980	113	311,074	319,492	--	(8,418)	630,566
1981	113	610,878	315,283	--	295,595	926,161
1982	113	647,490	463,081	--	184,409	1,110,570
1983	124	753,176	518,545	--	234,631	1,345,201
1984	124	798,312	616,375	76,678	105,259	1,450,460
1985	124	846,176	671,441	37,329	137,406	1,587,866
1986	124	896,892	720,049	73,305	103,538	1,691,404
1987	136	1,042,712	763,545	77,699	201,468	1,892,872
1988	136	1,105,272	855,343	90,381	159,548	2,052,420
1989	136	1,171,640	929,657	95,797	146,186	2,198,606
1990	136	<u>1,241,952</u>	<u>996,961</u>	<u>101,541</u>	<u>143,450</u>	2,342,056
	Totals	<u>\$10,064,558</u>	<u>\$7,169,772</u>	<u>\$552,730</u>	<u>\$2,342,056</u>	

\*113 vehicles plus 46 additional due to recommended staff increase in Parole & Probation and Gaming Control Board during the coming biennium.



DEPARTMENT OF GENERAL SERVICES - DIVISION OF BUILDINGS AND GROUNDS, MOTOR POOL

Schedule of Anticipated Appropriation Requests, Fiscal Years 1979 through 1986:

Description	1979	1980	1981	1982	1983	1984	1985	1986
Motor Pool Vehicles to be Purchased in Fiscal Year 1979:								
159 @ \$4,900 each (estimate)	\$779,100							
Less: Vehicles currently on order to be paid from accumulated revenue, total \$140,116*	(140,116)							
Total Appropriation Requested	<u>\$638,984</u>							
113 Vehicles @ \$5,100 each (estimate) fiscal year 1980		\$576,300						
Less: Estimated accumulated revenue carried forward from fiscal year 1979, total \$265,226*		(265,226)						
Appropriation Request		<u>\$311,074</u>						
113 Vehicles @ \$5,406 each (estimate) fiscal year 1981			<u>\$610,878</u>					
113 Vehicles @ \$5,730 each (estimate) fiscal year 1982				<u>\$647,490</u>				
124 Vehicles @ \$6,074 each (estimate) fiscal year 1983					<u>\$753,176</u>			
124 Vehicles @ \$6,438 each (estimate) fiscal year 1984						<u>\$798,312</u>		
124 Vehicles @ \$6,824 each (estimate) fiscal year 1985							<u>\$846,176</u>	
124 Vehicles @ \$7,233 each (estimate) fiscal year 1986								<u>\$898,802</u>

Schedule of Depreciation - Four Year Life Double Declining Balance Method:  
(Estimated Salvage Value = 12%)

Description	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Depreciation on Net Appropriation Request Fiscal Year 1979	\$319,492	\$159,746	\$ 79,873	\$ 3,195	\$	\$	\$	\$	\$	\$	\$
Depreciation on Net Appropriation Request for Fiscal Year 1980		155,537	77,769	38,885	1,554						
Depreciation Appropriation Request for Fiscal Year 1981			305,439	152,720	76,360	3,054					
Depreciation Appropriation Request for Fiscal Year 1982				323,745	161,873	80,937	3,236				
Depreciation Appropriation Request for Fiscal Year 1983					376,588	188,294	94,147	3,766			
Depreciation Appropriation Request for Fiscal Year 1984						399,156	199,578	99,789	3,992		
Depreciation Appropriation Request for Fiscal Year 1985							423,088	211,544	105,772	4,231	
Depreciation Appropriation Request for Fiscal Year 1986								448,446	224,223	112,112	4,444
	\$319,492	\$315,283	\$463,081	\$518,545	\$616,375	\$671,441	\$720,049	\$763,545			

\*These amounts will not be depreciated.

01610  
1986

EXHIBIT G

ATTACHMENT H

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

A. B. 274

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ASSEMBLY BILL NO. 274—COMMITTEE ON  
WAYS AND MEANS

FEBRUARY 5, 1979

Referred to Committee on Ways and Means

SUMMARY—Removes limitation on purchase price of state automobiles.  
(BDR 27-136)

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 public purchasing generally; revising limitations on the purchase price of state automobiles; 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 334.010 is hereby amended to read as follows:  
2 334.010 1. Except as otherwise provided in this subsection, and  
3 in subsections 2 and 3, and except for automobiles to be used as ambu-  
4 lances, any automobile purchased by or on behalf of the State of Nevada,  
5 any department, office, bureau, or official or employee thereof, shall cost  
6 a sum of money not to exceed ~~[\$5,000]~~ *\$6,000* as the entire purchase  
7 price thereof, whether to be paid for entirely in money or part by  
8 exchange of another automobile traded in. The state board of examiners,  
9 however, may approve the purchase of an automobile costing more than  
10 ~~[\$5,000]~~ *\$6,000* if the purpose of the automobile is to carry seven or  
11 more passengers or if it is a multipurpose automobile.  
12 2. Any automobile purchased by or on behalf of the governor shall  
13 cost a sum of money not to exceed ~~[\$9,000]~~ *\$10,000* as the entire pur-  
14 chase price thereof, whether to be paid for entirely in money or part by  
15 exchange of another automobile traded in.  
16 3. Any automobile purchased for use as a highway patrol vehicle  
17 shall cost a sum of money not to exceed ~~[\$6,000]~~ *\$8,000* as the entire  
18 purchase price thereof, whether to be paid for entirely in money or in part  
19 by exchange of another automobile traded in.  
20 4. No automobile may be purchased by any department, office,  
21 bureau, official or employee of the state without prior written consent of  
22 the state board of examiners.



ATTACHMENT I

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

**A. B. 295**

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ASSEMBLY BILL NO. 295—COMMITTEE ON WAYS  
AND MEANS

FEBRUARY 6, 1979

Referred to Committee on Ways and Means

SUMMARY—Makes appropriation to emergency fund. (BDR S-1279)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: Contains Appropriation.

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

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AN ACT making an appropriation from the state general fund to the emergency fund; 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 the sum of \$90,760 to the emergency fund created pursuant to NRS 353.-
- 3 263.
- 4 SEC. 2. This act shall become effective upon passage and approval.

ATTACHMENT J

**S. B. 216**

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SENATE BILL NO. 216—COMMITTEE ON FINANCE

FEBRUARY 13, 1979

Referred to Committee on Finance

**SUMMARY**—Makes appropriation to Nevada highway patrol division of department of motor vehicles for law enforcement communications network. (BDR S-1375)

**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.

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AN ACT making an appropriation from the state general fund to the Nevada highway patrol division of the department of motor vehicles for the law enforcement communications network; 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 Nevada highway patrol division of the department of motor vehi-  
3 cles the sum of \$128,427 to pay the expenses of the law enforcement  
4 communications network from March 1, 1979, to June 30, 1979.  
5 SEC. 2. After June 30, 1980, the unencumbered balance of the  
6 appropriation made in section 1 of this act may not be encumbered and  
7 must revert to the state general fund.  
8 SEC. 3. This act shall become effective upon passage and approval.



ATTACHMENT K

**S. B. 218**

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SENATE BILL NO. 218—COMMITTEE ON FINANCE

FEBRUARY 13, 1979

Referred to Committee on Finance

**SUMMARY**—Makes appropriation to state communications board to pay for assessment of department of law enforcement assistance. (BDR S-1170)

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

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

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AN ACT making an appropriation from the state general fund to the state communications board to pay for the assessment of the department of law enforcement assistance for their use of the state communications system; 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 state communications board the sum of \$51,093 to pay for the  
3 assessment of the department of law enforcement assistance for their use  
4 of the state communications system during the biennium 1977-1979.  
5 SEC. 2. After June 30, 1981, the unencumbered balance of the  
6 appropriation made in section 1 of this act may not be encumbered and  
7 must revert to the state general fund.  
8 SEC. 3. This act shall become effective upon passage and approval.