

Committee in session at 7:30 a.m. Senator Floyd R. Lamb was in the Chair.

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

ABSENT: None

OTHERS Ronald W. Sparks, Chief Fiscal Analyst
Eugene Pieretti, Deputy Fiscal Analyst
Howard Barrett, Budget Director
Bart Jacka, Director, Dept. of Motor Vehicles
Sharon Alcamo, Chief, Drivers' License Division
Sam Ballinger, Dept. of Energy, Washington, D.C.
Keith Turney, Office of Planning Coordination
Manny Beals, Lake Tahoe
Ed Greer, Financial Officer, Clark County School District
Marvin Picollo, Superintendent of Schools, Washoe County
Jim Shields, lobbyist, NSEA
Noel Clark, Director, Dept. of Energy
Kelly Jackson, Deputy Director, Dept. of Energy
Cy Ryan, United Press
John Rice, Associated Press

DEPARTMENT OF MOTOR VEHICLES - Drivers' License Division

Bart Jacka, Director, Department of Motor Vehicles, and Sharon Alcamo, Chief, Drivers' License Division, testified on the Record Search Program. (Attachment A)

SB 582 Enables state to acquire petroleum products for resale to wholesale distributors.

Noel Clark, Director, Dept. of Energy, stated that under this legislation he would develop a Master Plan. Such a plan would have to have provisions for constant updating for new requests for acquisitions for gasoline or fuel oil, whichever the case may be. In the bill, it indicates "wholesaler" and Mr. Clark recommends that "wholesaler" be changed to "person"; he feels the term wholesaler is the wrong term, too confining. It should be possible to buy from an individual, refiner, broker, or even the distributor.

Senator Wilson asked if there was a difference between a wholesaler and the distributor, as a matter of trade policy. Mr. Clark indicated there was. He said he might even buy directly from the refinery.

Senator Wilson asked to whom the State would make distribution. Mr. Clark answered that under this act he hoped the State would not get into the business of being wholesaler; he hoped the State would be the middleman and bring the gas into the state to be available to the wholesalers and distributors.

Mr. Clark said language is needed in the bill to broaden it to the class of distributors, and to exclude retail customers. Senator Lamb agreed with Senator Wilson that the State shouldn't get into the retail business.

Senator Lamb said the Committee would have to adopt the plan. Mr. Clark commented that, in their investigations of possibilities of handling, they understand storage is available on the West Coast.

Senator Lamb stated everything hinges on the plan; and the plan has to be adopted by the Board of Examiners and the Interim Finance Committee.

Senator McCorkle agreed they are relying on the plan; but his concern was whether or not the entire legislature should approve some

(SB 582 continued)

of the safeguards while waiting for the plan to arrive. Senator McCorkle suggested some of these safeguards should be in the original bill.

Senator Lamb asked Senator McCorkle to tell the Committee what the safeguards are. Senator McCorkle said something like not selling below cost is a concept that should be approved by the legislature, not just the Interim Finance Committee. Senator McCorkle also said that each of the indicators could be determined within 30 days.

Senator Wilson said 30 days is a long time when you are looking at the tourist peak in the summertime. That peak is bracketed by the available refinery capacity during a certain span of time in the market.

Senator Lamb asked Senator McCorkle if the Board of Examiners and the Interim Finance Committee might not have these indicators available to them when they decide to okay the purchase.

Senator Wilson asked whether or not fuel is available for purchase and brokers available for hire. Mr. Clark explained the market is very fast-moving situation; from hour to hour and day to day it changes very rapidly. With further investigation, gasoline may not be available in the market, but it may be available on contract basis. He also stated he is not convinced the product would not be available.

Senator Wilson asked about the broker who wanted a five-year contract. Mr. Clark stated one of the people he talked to was offering gasoline at 82 cents, and indicated a five-year contract would be appropriate. Mr. Clark stated it would 1/2 cent a gallon for storage in California as there is no storage available in Nevada.

Senator Lamb asked how soon the indicators could be available to the Committee. Keith Turney, economist, State Planning Coordinator's Office, explained all this information is available on a monthly basis, and it is all seasonally adjusted.

Senator McCorkle enumerated the indicators as: room tax, unemployment claims, de-planing, number of vehicles, economy is suffering. Lack of gasoline obviously affects all of these factors.

Kelly Jackson, Deputy Director, Dept. of Energy, stated that the more specific the language that is put into the bill, the greater the opportunity to hold this thing up; not only by the jurisdictional issues, but by having the issue litigated on whether or not all the pre-conditions have been met.

Senator Wilson asked Mr. Barrett what the alternatives are and their dangers, in dedicating the \$10 million appropriation. Can the State's credit be used? Mr. Barrett replied that one of the amendments is that the \$10 million cannot be counted as part of the surplus because the definition of surplus is unappropriated general fund cash balance. If it is appropriated, then it is no longer unappropriated. What was intended was to provide that any time the Interim Finance Committee felt the \$10 million was not needed for gas purchases, and was more needed as an unappropriated cash balance, they could revert it back to the general fund.

Senator Wilson asked if it reverts back to General Fund, does it mean it constitutes prior surplus? Mr. Barrett answered it would then be part of the general fund unappropriated cash balance, or surplus.

Senator Wilson asked if it was possible to pledge the State's credit to the same purpose, rather than the appropriation. Mr. Barrett said if they did, the State would have to pledge something that will bond itself or put up some kind of security. He said it would probably be just as easy to put up the security of the \$10 million.

2784

(SB 582 cont.)

Senator Echols asked Mr. Barrett if the Interim Finance can appropriate the money. Mr. Barrett answered the unappropriated general fund cash balance is what you call a surplus; it is really an unappropriated amount of money. Senator Echols asked if Interim Finance has the authority to appropriate that. Mr. Barrett said they did not. However, if it gets into a cash situation where expenditures exceed the income, and the income goes way down, Interim Finance would automatically spend part of that unappropriated general fund cash balance.

Senator Wilson asked if the allocation applies only to the supplier, the refinery, or the seller. Or do the allocations apply to the distributor, the wholesaler, or the person helping out, so we can in turn sell to the retailer? Mr. Clark explained the overall allocation fraction that affects a particular state is a matter of the supplier. Standard Oil, for example, has an allocation fraction for this entire area, not only the State of Nevada. Mr. Clark added that if he can find more fuel, he can buy it and sell it.

Senator Lamb asked Senator McCorkle to get together with Ron Sparks, Noel Clark, Kelly Jackson, and Senator Wilson to clean up the amendments to SB 582.

Manny Beals, free independent agent in the gas business for the past ten years (from Lake Tahoe) said he has been in contact with the brokers in the last seven days. He stated we can't trust the oil companies; but gas at any price is better than no gas at all.

DISTRIBUTIVE SCHOOL FUND - Page 172

Senator Gibson asked Senator Glaser what the impact is on the cap on the distributive school fund. Senator Glaser replied the cap was on the 50 cents ad valorem tax has less impact than on the 80 cents as originally intended.

Senator Gibson asked Senator Glaser if the action of the Taxation Committee was to pick up the 70 cents and the 30 cents. He asked if the Taxation Committee and the Governor's Recommendation was pretty much the same.

Senator Gibson said one of the decisions Ways and Means has made at this time is to fund the \$18,000 per unit for special education.

Senator Gibson asked for information for the cost of funding a special unit which indicates that in Clark County the cost of the unit is more than the \$17,600 currently paid. Senator Gibson said the cost of the proposal that the Assembly recommended, which is 690 units in the first year and 730 in the second year, amounts to a \$3,384,000 increase over the last appropriation and an increase over the Governor's recommendation.

Mr. Barrett said, regarding the adult diploma program, that it wasn't until after the budget was printed and they were checking items was it determined that it was not included in their budget. Enrollment was just kindergarten through high school; so they had to revise it to include the adult program.

Marvin Picollo, Superintendent of Washoe County School District, stated that an 8 percent increase the first year and a 6.3 percent increase plus a cap the second year, is going to make it very difficult for them to meet the present standards.

Ed Greer, Financial Officer, Clark County School District, stated that if they only cap the 50 cents and receive the Governor's package the first year, their budget would be permitted to grow by 7.9 percent. In the second year, it would grow only 6.2 percent. The first year, if they have to cap the full 80 cents, they will have to cut because of the cap.

Senator Glaser moved to approved the Governor's revised budget with additional units for special education at \$181000 per unit.

(Distributive School Fund - budget action continued)

Motion lost for lack of a second.

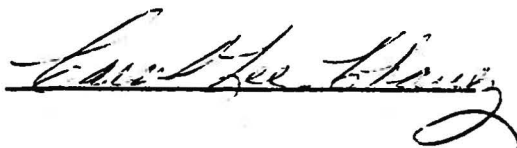
Senator Lamb absent.

Jim Shields, lobbyist, NSEA, stated that the tax bill as conceived will not affect local school support tax. If they were to provide a trigger, it would not generate higher general fund revenues from the State.

Senator Gibson said the Committee will meet again at 4 p.m., this date (May 18) to resolve their position on the distributive school fund.

Meeting adjourned at 10:00 a.m.

Respectfully submitted:



APPROVED:



Floyd R. Lamb, Chairman

EXHIBIT A

DMV 13

STATE OF NEVADA
DEPARTMENT OF MOTOR VEHICLES

273

MEMORANDUM

March 20, 1979

To: BART JACKA

From: Leonard Winkelman

Subject: RECORD SEARCH PROGRAM

5/12
A

The current program within the Department commonly referred to as "Record Search" is performed by an independent contractor and involves providing record information upon request, to the many people and organizations who have a need to use the information.

A proposed plan is for the Department of Motor Vehicles to assume the responsibility under the direction of the Administrative Services division. The primary reasons for making this a Department of Motor Vehicles responsibility are to have more control over the security and integrity of the files that are used. Control of people used by an independent contractor is very difficult.

The short range plan would be to function much the same as the contractor does currently. That is to use people to manually search a majority of the files for information as all required data is not currently on the computer files. We would utilize 2 shifts, day and swing, to accomplish the task.

The long range plan is to computerize and microfilm all information now in the paper files which will gradually reduce the number of manual searches which will have the effect of reducing the personnel requirements. It is estimated that it will be about 3 years from now before any significant change would be noticed.

If the Department assumes the record search program, it would commence on November 21, 1979 as the present contract expires at that time. Under terms of the present contract the contractor is allowed to charge a maximum of \$1.50 per search of which the state receives .86¢. It is proposed that this amount be raised to \$2.00 irregardless of who might perform the service.

Attached are estimates of the number of searches to be performed, the amount of revenue anticipated at \$2.00 per search and the expenses associated with assuming the program. The attachments for FY 79/80 represents 8 months and for FY 80/81 a full 12 months.

LHW:vw

RECEIVED

MAR 20 1979

Office of the Director
Dept. of Motor Vehicles
Carson City

2787

PROPOSED RECORD SEARCH PROGRAM

79/80 - 8 months

Average Number of paid searches - May-Dec., 1978 28,108

Based on 35,000 total searches per month
 30,000 paid searches per month at \$2.00 per search
 (No charge to Law Enforcement)

REVENUE:

240,000 searches @ \$2.00 per search	\$480,000.00
--------------------------------------	--------------

EXPENSES:

18 Administrative Aide II (20-5)	\$111,663.00
2 Management Assistant II (25-5)	15,379.00
1 Records Supervisor (30-5)	9,607.00
5% Shift Diff. 9 Admin. Aide II	2,792.00
1 Management Assistant II	<u>385.00</u>
	Sub Total \$139,826.00
	15% Payroll Cost <u>20,974.00</u>
Total Salary Payroll	\$160,800.00

OPERATING:

Printing-Envelopes-Forms, etc.	\$ 25,000.00
Postage	6,600.00
Telephone Tolls and Rental	2,000.00
Office and Operating Supplies	1,500.00
Equipment Maintenance	<u>500.00</u>
Total Operating	\$ 35,600.00

IN HOUSE EQUIPMENT:

3 terminals at \$600 each x 8 months	\$ 14,400.00
--------------------------------------	--------------

EQUIPMENT:

1 Executive Unit	\$ 1,020.00
2 Secretarial Units	2,572.00
6 Chairs	618.00
3 Folding Tables	180.00
1 Calculator	155.00
2 Microfiche Readers	<u>500.00</u>

Total Equipment - One time cost	\$ 5,045.00
---------------------------------	-------------

TOTAL EXPENSES	\$215,845.00
----------------	--------------

TOTAL NET REVENUE	\$264,155.00
-------------------	--------------

PROPOSED RECORD SEARCH PROGRAM

80/81 - 12 months

Based on 38,500 searches per month
 33,000 paid searches per month at \$2.00 per search
 (No charge to Law Enforcement)

REVENUE:

396,000 searches @ \$2.00 per search	\$792,000.00
--------------------------------------	--------------

EXPENSES:

18 Administrative Aide II (20-7)	\$183,462.00
2 Management Assistant II (25-7)	25,322.00
1 Records Supervisor (30-7)	15,827.00
5% Shift Diff. 9 Admin. Aide II	4,587.00
1 Management Assistant II	<u>633.00</u>
	Sub Total \$229,831.00
	15% Payroll Cost <u>34,775.00</u>
Total Salary and Payroll	\$264,306.00

OPERATING:

Printing-Envelopes-Forms, etc.	\$ 38,000.00
Postage	11,000.00
Telephone Tolls and Rental	2,800.00
Office and Operating Supplies	1,500.00
Equipment Maintenance	<u>500.00</u>
Total Operating	\$ 53,800.00

IN HOUSE EQUIPMENT:

3 terminals @ \$660 each x 12 months	\$ 23,760.00
--------------------------------------	--------------

TOTAL EXPENSE:	\$341,866.00
----------------	--------------

TOTAL NET REVENUE:	\$450,134.00
--------------------	--------------

Proposed Record Search Program

Request for Start up Money

Personnel:	\$40,200.00	2 months
Operating:		
Printing	25,000.00	8 months supply
Postage	1,650.00	2 months
Telephones	500.00	2 months
Office & Operating Supplies	375.00	2 months
In House Equipment	3,600.00	2 months
Equipment:	<u>5,045.00</u>	Onetime Cost
Total Request	\$76,370.00	

1979 REGULAR SESSION (60TH)

ASSEMBLY ACTION	SENATE ACTION	Senate	AMENDMENT BLANK
Adopted <input type="checkbox"/>	Adopted <input type="checkbox"/>	AMENDMENTS to	Senate
Lost <input type="checkbox"/>	Lost <input type="checkbox"/>	Bill No. 582	Joint Resolution No.
Date:	Date:	BDR 46-2177	
Initial:	Initial:	Proposed by	Committee on Finance
Concurred in <input type="checkbox"/>	Concurred in <input type="checkbox"/>		
Not concurred in <input type="checkbox"/>	Not concurred in <input type="checkbox"/>		
Date:	Date:		
Initial:	Initial:		

Amendment N^o 1216

Consistent with Amendment No. 1159.
Conflicts with Amendment No. 1174.

Amend the bill as a whole by inserting a new section designated section 5.5, following section 5, to read as follows:

"Sec. 5.5. 1. The director shall not prepare the general plan contemplated by section 5 of this act unless he finds that the economy of the state is substantially and adversely affected by a shortage of one or more petroleum products within this state.

In so finding, he shall consider at least these indicators:

- (a) The number of claims for unemployment compensation in occupational classes related to gaming and tourism;
- (b) The revenues from the local license taxes upon the rental of rooms for transient occupancy;
- (c) The number of passengers arriving by air at airports in Clark and Washoe counties; and
- (d) The counts of traffic moving toward this state on Interstate Highway 15 and from the west on Interstate Highway 80.

To: E & E
LCB File
Journal ✓
Engrossment
Bill

Date 5-18-79 Drafted by FWD:ml

2. An increase in the number measured by paragraph (a) and a decrease in the numbers measured by paragraphs (b), (c) and (d) of subsection 1 is an adverse effect. A change which continues for at least 3 successive months or which is abrupt in any one month is substantial if the abrupt change or the cumulative effect of the gradual changes is large enough in proportion to the number measured to indicate a real threat to the economy of the state. In evaluating every change, account must be taken of normal seasonal variations. The economy of the state is substantially and adversely affected if at least three of the four indicators show a substantial adverse effect.

3. Any plan for the acquisition of petroleum products must include the acquisition of at least:

(a) Five million gallons of gasoline; or

(b) One million gallons of fuel oil,

within 30 days."

Amend section 6, page 2, line 27, after the period by inserting:
"In deciding whether to approve the plan, the state board of examiners shall consider the indicators specified in section 5.5 of this act and determine independently whether the effect on the economy is substantial and adverse, and whether it results from a shortage of petroleum products in this state."

Amend section 9, page 2, line 50, by deleting the period and inserting ", and expires by limitation on June 30, 1981."