

Date: April 7, 1981

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MEMBERS PRESENT: Chairman Dini
Vice Chairman Schofield
Mr. Craddock
Mr. DuBois
Mr. Jeffrey
Mr. May
Mr. Mello
Mr. Nicholas
Mr. Polish
Mr. Prengaman
Mr. Redelsperger

MEMBERS ABSENT : NONE

GUESTS PRESENT: Senator Gibson
Mr. Etcheverry, Nevada League of Cities
Mr. Stan Colton, State Treasurer

Vice Chairman Schofield called the meeting to order at 8:10 A.M.

Mr. Schofield stated that the first order of business this morning would be SB 389.

Senator Jim Gibson testified first. He stated that this bill was introduced at their request for a variety of reasons. One of the reasons was that he was also on the MX study committee and one of our recommendations found in Bulletin No. 81-28 was the suggestion to provide a moratorium until July of 1983 on the creation of new cities under the general law. Our worry there was because of the impact of MX and just the unknown factors that would be involved we felt that any development of new cities should be given very close scrutiny by the legislature. Now the moratorium of cities formed under the general law, still leaves the avenue on special charter cities, but as you know, the charters have to come to the legislature so we have an opportunity to review those under the normal procedure.

Chapter 266 provides an avenue for incorporation through the district court and as we examined it, we found that the provisions are very minimal with actually very little opportunity for input in the development of the procedure which eventually leads to incorporation. As the law is now written it calls for a petition signed by a majority of the qualified electors who are owners of real property.

With this petition, the court is prayed upon and without any other action taking place, the court can set into motion incorporation of the city. As you know, right now under the general law there are only a few cities that remain under these provisions. Most all of them have gone to special charters. I think there are five.

The other factor that came up in Nye County, there is an attempt being made to incorporate a city in Pahrump. I think in the development of that the attorneys involved had given an opinion on the language in 266.020 where it states that a majority of the qualified electors who are owners of real property as shown by the assessment roll and only those who actually had their names on the property roll in Pahrump, most of the people are buying their property on contract. They do not appear on the assessment roll. In talking to Frank, they are clearly owners of property, but under the provisions of this act in a community of some 4,000 there are only 400 people that are listed on the property roll at the present and as a result with the signatures of 201 people they could establish a city of some 4,000 regardless of the feelings of the other people that are there.

So in the law you will notice that we have defined property owner as a person who possesses real property under a contract of purchase. Now most of us, for example, my home, I don't own it yet, I am still paying the bank and probably will be for another 20 years, but I am listed on the property roll. In the case that we found over there, the same thing happens only they are on a contract with the developer and their names are not listed on the property roll, so our bill attempted to do two things, the most important being a moratorium on this kind of incorporation which would automatically go out of existence July 1, 1983 and would allow another session of the legislature to look at it, but also we felt the provisions of the statute itself ought to be revised to take care care of this situation we have encountered so now the owners of real property would be those who are listed on the tax roll and those who possess property under contract of purchase.

In our committee hearings there was no one who stepped forward to speak on the bill other than those who were involved in the development of it. It had been publicized for about a week and I have heard no more about it from anyone so I am not aware of what the opposition to it might be.

Assemblyman Redelsperger testified next. Mr. Redelsperger stated that Senator Gibson has really covered everything pretty well that I wanted to speak to. You have to keep in mind too that people that purchase property on land contracts do pay taxes. The developer themselves pay the tax and bill those individuals for their share of whatever that tax would be on that property so they are taxpayers. I think that should be put into the record.

Senator Gibson stated that there was one thought that he had that he did not express. The interesting thing about this method of incorporation, is that eventually the people do get involved in it and there is a procedure for disincorporation which the people can follow. Then it rules out it does not apply just to those specified here who are listed officially on the assessment roll and there is a little bit of contradiction in the provisions there. We think this will provide both for incorporation and disincorporation mainly with the assurance that the majority of the people affected are in approval of the system.

Now if we speak about the Nye County-Pahrump situation, there was a public meeting held at which Hal Smith and Dave Henry, I think it was, were asked to give people an explanation of the provisions of the law and a straw ballot or poll was taken that night. There were about 250 or so. Only two people there were in favor of the incorporation. All of the rest were strongly opposed to it.

Mr. Redelsperger stated that the pros and cons of the incorporation of the Pahrump Valley were drafted and put together by the Research Division here - Andy Grose put it together and looked at it impartially and the vote was something in the area of 250 to 2, not to incorporate the city, but the procedure is going on and the group that is behind this is, from the latest I heard, they thought they had the signatures and they were going to go in May 1 and present it to Judge Beko, so we would like to get this passed and moved on to put a halt to that.

Senator Gibson stated that with our tax situation with the way it is, particularly in our efforts to reduce the property tax on homes and one of the things that has come out of that study indicates that in Southern Nevada at least sixty percent of the value on the rolls is residences. We did not expect that when we started this study but I am sure any new community would be that or more and so you would have to - it would require readjustment of whatever we do in place of that property tax for example the sales tax distribution we were looking at, it would require adjustment of that by the legislature and I think all of that would have to be considered at the time a new city were established so you would want to have a pretty careful look at it. It doesn't impact just that locale, it has an impact on all of the other communities that would be sharing in that sales tax distribution.

Senator Gibson used the example of the situation in Fernley or in that area or even Silver City should those people want to develop a city, they have the avenue through the charter. We made a study of all the cities here a few years ago when they revamped all of the charters and I think our conclusion was that the charter approach was much the better approach than the general law.

Senator Gibson stated that it does leave a mechanism where if the people really feel the need to have an incorporation it can be pursued.

Mr. Redelsperger stated that he believed that it was 1910 or somewhere in that area when a city was incorporated under general law.

Senator Gibson stated that Henderson was originally incorporated under the general law in 1952 but they since changed the charter and so have the other cities.

Mr. Schofield asked if there were any questions of Senator Gibson or Assemblyman Redelsperger.

Mr. DuBois asked if this affected annexation.

Senator Gibson stated no it does not.

Mr. Dini stated that three or four sessions ago we tried to take care of people who contract for sale and we ran into some serious problems from the people that were in real estate. Mr. Dini asked Senator Gibson if he remembered that?

Senator Gibson stated that according to Mr. Daykin it does not, I am not expert enough to answer you directly but I had Frank - this has been amended a little bit from the original bill but we had him simplify it as a result of our committee study. I don't think - I can't see where this would have any impact on that. I think the problem we get into is if we are trying to restrict electors and in this case we are trying to expand the definition.

Mr. Prengaman asked Mr. Redelsperger if he could have some more background on what is going on in Pahrump and why we are trying to head that off.

Mr. Redelsperger stated that part of the problem is that we have a brothel down there that has had a lot of problems with the County Commissioners and the DA and we have an ordinance in the town of Pahrump outlawing prostitution. Once a town becomes incorporated those ordinances are out - they are no longer there. We feel this is perhaps one of the reasons that he is doing it and another is that perhaps it would be a lot easier to get a City Attorney elected. There have been no public hearings down there - nobody seems to know what the boundaries are - this particular brothel owner and a group of people are going door to door and they are getting supposedly the pros and cons but it is quite a list and everybody hears about how much money they are going to save, so they are signing up on it.

I just think the procedures are not really followed as they should be and he is not circumventing the law but it shows that there is a fault somewhere in the law, in the general law 266. I just really don't know what is going through his mind and why he is trying to do it in this manner but the people in the area are pretty upset about it and again this is just one of the reasons. The others are that you have a tax package coming up and I don't know what that is going to do the rural areas and also the MX Report so that is just part of it.

Mr. Prengaman stated but still if you were to emerge with the majority of people down there that are in favor of this incorporation under the general law -

Mr. Redelsperger asked if he could make this a little more clear. The census states that there are 3350 people living in Pahrump. There are well over 4,000. Actually the people that own property there are shown on the assessment rolls. It is only in the area

of 400. Actually he is only going out and getting 201 signatures of property owners when there could be in the area of in excess of 1,000, maybe 1,600 property owners in the valley, so that really isn't a majority of the people, or the property owners within that community. It says a majority of the property owners, and that really is not a majority of the property owners when you consider the people that have purchased their land under land contracts.

Mr. Prengaman stated that he was unclear about the contracts of sale. Those people can't sign the petition or whatever.

Senator Gibson stated that that was right.

Mr. Redelsperger stated that in other words they are not given a Grant Bargain and Sale Deed and there is no Trust Deed recorded with the County Recorder. It is just a contract between the purchaser and the buyer, and when the property is paid off in 10 or 20 years then the Deed is issued, but in the meantime they are making the payments and the property owner is billing that person for his share of the taxes.

Mr. Prengaman asked about what percentage of the people were doing that.

Mr. Redelsperger stated he would say about 90% right now.

Senator Gibson stated most of them.

Mr. Redelsperger stated that it has only been the last two years with most of the developments falling under the jurisdiction of HUD because the Federal Trade Commission requires Grant, Bargain and Sale Deeds and Notes and most of the developers the last few years have gone to that procedure and it is a lot better way to go and of course those people do have Deeds that are recorded even though they are making the payments and the Trust Deed is also recorded. Preferred Equities down there which has sold in the area of something like 20,000 lots - every one of those is under land contract - it is owned by the Bank of California. Those people are completely disenfranchised.

Mr. DuBois asked in the Pahrump situation under present law, there is no provision for any public hearings?

Mr. Redelsperger stated under the general law, no. When he gets 201 signatures he takes it to the court and if that petition was drafted correctly the courts then state it as an incorporated city. It is done.

Senator Gibson stated that another thing that has happened there is they don't really know - the people do not really know the boundaries that are proposed for the city. This will come about when the application is made to the judge. Now I understand from the latest information that he is talking about a city which includes

just one of the precincts in Pahrump and the people there don't really know what they are talking about. If they take this application to the court, all the judge does is check the affidavit against itself - the facts which describe the territory, state the name proposed, file an accurate map showing the territory and be accompanied with satisfactory proof of the number of inhabitants within the territory embraced in the limits for the purposes of classification under the provisions of this chapter which in the case of the property owners would mean 201 out of the 400 as to where they live within that limit. An affidavit made by some person familiar with the facts that all the names subscribed were subscribed not more than 90 days before the petition was presented to the court, then the court puts in motion the incorporation of the city and will enter a decree declaring the city to be incorporated. There is no public hearing, there is no other hearing held and he appoints five commissioners which then develop the election of the qualified electors within the territory to be held at some convenient place. In other words they have the election, they set up the city and town and of course the people vote at the election, but they are voting on who shall be the officers of the city.

Senator Gibson stated that there is an avenue that they can proceed ing. If the majority were opposed, they could then set into motion disincorporation, but that can only occur after the city is incorporated in an offering.

Mr. Redelsperger stated that you have lost your ordinances.

Senator Gibson stated that there has never been an opportunity for real development of what the public wants. Senator Gibson stated that he was familiar with what happened in Henderson. There they held extensive public hearings and at those hearings they developed the petitions. In that case, all of the people in the community were involved and then they went to the court, the court set up the city and they started it in motion. The way the law is written here and the unusual circumstances particularly in the land ownership, wherein you see where a very small minority can set this whole thing in motion.

Senator Gibson stated that he thought that if the language in 83 in the moratorium is lifted, then at least you have in the law provision that a majority would be involved and if they wanted to do it, fine.

Mr. Redelsperger stated that at the hearing they had in Pahrump they had somewhere from 250 to 300 people he was invited several times and he never did show up to present his side and he just told several people down there, well I have the signatures and on May 1st I am going in.

Senator Gibson stated that the reprint of the bill was drawn by Frank himself.

Mr. Redelsperger stated that Frank's interpretation is that those people are property owners now but other attorneys say they are not and I talked to Judge Beko briefly on it and he has not really come to a determination if they are or not and he would have to decide that when he heard it. Our legislative counsel here does already feel this is the case.

Mr. Schofield asked if this would straighten out the problem.

Mr. Redelsperger stated yes.

Mr. G. P. Ethevery, Nevada League of Cities testified next. He stated that in testifying on SB 389, when the bill was first drafted I immediately got a copy of it and knowing the concerns I objected very strongly to the language on the first bill. It included charter cities, general law 266 and 267. With the efforts of Senator Gibson and Assemblyman Redelsperger, you will notice the first reprint amended 267 cities out of the bill. To give you some background on this, this has been going on in Pahrump for about a year and a half with the proponents of Pahrump becoming incorporated to Calvista as I understand. I met with the parties concerned with this at the airport in Las Vegas and indicated to those people at that time that I would not attend a meeting unless it was a public meeting and the townspeople were all invited. In the meeting that was talked about today, they called me and wanted to fly a plane up and take me back to a meeting and bring me back that same night. At the same time, Dave Henry appeared before the town meeting and Hal Smith appeared before the town meeting. Of course I didn't go. I am glad at this point I didn't because if you had two people that voted for incorporation and 200 and something against, I was afraid I might get hung on the only streetlight I think in Pahrump, but we in the general law cities, and there are four general law cities, Ely, Fallon, Lovelock and Winnemucca. Yerington claims to be by charter a home rule type city as well as Boulder City, but they are charter cities. Also, Henderson was one of the last ones. But we do have those four general law cities.

The League of Cities, and I have no input other than the general law cities, have no question with the bill as amended and the first reprint of SB 389. In fact, we support it. We do have some concern however if the MX becomes a reality and I think it is going to be that we may have areas such as Pioche, probably McGill, possibly Ruth - those areas - that might want to incorporate but we feel under Chapter 267 that would give them ample time. Our main concern in this bill was to retain the annexation proceedings and the disincorporation proceedings of the law. That was our main concern but the big thing that happened and I think should be brought out was simply the fact that was mentioned here today, a brothel owner is trying to incorporate. But the main concern is to get away from the control of the County Commission. What was happening in Nye County approximately a year ago with the District Attorney, and the whole concept there and that was my understanding why they wanted to incorporate, plus the fact that

they had approximately one third of the tax base in the town of Pahrump but I wasn't aware of the fact how they were running around with their petitions and what they were telling the people as far as property owners and what not, because upon their inquiry to the League of Cities I gave them the statute that prevailed on incorporating under General Law 266 and yes they did in fact follow the law, but there was some vagueness on what they have done in Pahrump. Immediately upon this bill being introduced, I received many phone calls from the same people in Pahrump wanting to know what was happening and of course I gave them the answers that I was aware of but at that time I was concerned as I say with both 266 and 267 cities. As long as it has been reprinted and the first reprint prevented a moratorium on general law cities under Chapter 266, the League of Cities has no concern with that.

Mr. Craddock asked if there was any thought given to setting up a statutory scheme that has to be followed when a petition is served.

Mr. Etcheverry stated that he had to speak with two hats. Mr. Etcheverry stated that he would have to say yes and no. I firmly believed, and as an elected official believed, I did not like to run government by Petition, unless it was a petition that was a petition that was formed by the general public and not what we say special interest groups. I have some concern about petitions because I think that we have had some sad experiences in the state and one of them was in Clark County not too long ago about a petition circulated by police and firemen. I think they can be detrimental to local governments as well as state government and I have some concern about petitions. However, I think under the statutes of 266 and 267, 267 has a better procedure in forming governments, town governments or city governments and I think both types of petitions are valid, because then they would have to come before the legislature for action. I think this type of petition is again - petitions are petitions. That is the way I feel about it, it all depends on what the case is.

Mr. Prengaman asked if they could get in before May 1st?

Mr. Etcheverry stated that he did not think so. I think this becomes effective on passage and approval and as I understand it it is an emergency measure as of today. I am not sure at this point in time how far along they are because I have lost contact after this bill was introduced and at that time quite frankly when I found out that that town hall meeting was some 200 people and I had been misled all this time to indicate that they had a majority of the citizens of Pahrump on petition, and I found out in fact only two of them were for incorporation and the remaining against, I then at that time felt that the League should not get involved any further than we did other than giving them the information they needed. I did not want to put my League in a position of going to closed meetings and meeting where I knew that our position was very vague if non-existent, so I have lost contact.

Mr. DuBois asked if the Judge was required to verify the petition?
Is there any particular time frame?

Mr. Etcheverry stated that he has a time frame but he has to verify the signatures on the petition as valid property owners and the boundaries for the criteria of the city are set up and from that point on he rules that they are or are no incorporated. He then turns his findings over to the County Commission and then they have to appoint the five members to set up their town and election proceedings.

Mr. DuBois stated that it could take a month or so.

Mr. Etcheverry stated that it could.

Mr. Redelsperger stated that he believed it was taken care of. It would take care of it on passage even though he was to go in tomorrow with his petition.

Mr. Prengaman asked once it is filed though does even what we do take precedence. I didn't frame my question very well. Do they just have to get in and file it and then the judge makes the determination and if it is filed before this becomes effective, I guess my question is, what takes precedence.

Mr. Etcheverry stated that that was a very legal question. I don't have any answer.

Mr. Schofield asked if there was any further testimony on SB 389?

Testimony on SB 389 was then concluded.

Mr. Schofield stated that the chair would entertain a motion on SB 389.

Mr. Redelsperger moved for a Do Pass on SB 389, which was seconded by Mr. Mello. The motion carried unanimously. Mr. May was not present at the time of the vote.

Mr. Schofield stated that we would now hear testimony on AB 389.

Mr. Stan Colton testified first. Mr. Colton stated that AB 389 is something more than just bringing the law into the world of what is really happening. We made a change in this particular section of the law in the 1979 session and it did not go far enough really to portray what was happening and all this is is some house-cleaning. What we do every four months, we meet with the Board of Finance and when they review the policies at that time that we have established in the treasurer's office and we continue on from there. Prior to that time, up until the 1979 legislation, it said that the State Board of Finance shall fix the investment policies and direct the investments with volatility in the financial world right now that is rather an impossible situation because we are investing

an average of \$7,000,000 on a daily basis, so just the concept in the law of having the Board of Finance directing this thing from four months away is rather an impossible situation so we had it changed at that time to what the current law is and now we simply want to take out the word prescribe the policies and simply review the policies as it actually is happening. The rest of the language is just confirmation to that concept in 226 where it establishes that one of the responsibilities of the treasurer will be to establish the policies to be followed in the investment of the money of the state subject to the periodic review of the policies of the State Board of Finance. There are three or four words in here that were not requested. This bill was originated in my office and where it says "review and approve or disapprove". We certainly didn't ask for that language and we would ask that that language be stricken from the existing 389 so that it would simply read:

"The State Board of Finance shall review investment policies established by the State Treasurer for investment of monies of the State. The Board shall review those policies at least every four months." That is in the first section and in line 15 on the first page again, take out the words "and approval" and just leave the rest of the wording in there.

Mr. Mello stated that it appeared to him that there is a mandate by leaving approve or disapprove in.

Mr. Colton stated yes, there is a mandate for them to approve or disapprove.

Mr. Mello asked then if he was asking that that be taken out.

Mr. Colton stated yes. He indicated that that is not existing language. Nor was it our requested language.

Mr. Mello asked if on their investment who has the final say then. Where is the check and balance at if we strike this language.

Mr. Colton stated that there is no check and balance in this in actuality.

Mr. Mello asked if Mr. Colton thought that was smart.

Mr. Mello stated that he was not talking about Mr. Colton, but you are not going to be here for the rest of your life as the State Treasurer and we may get someone in there that is the State Treasurer such as what we have had in the past. I think that someone must review the investment program and have the ability to change that program if they so choose. This way, the state treasurer has everything to say about this program and nobody is going to change it.

Mr. Colton stated that the only problem that he sees on this is the fact that the people who are approving or disapproving by and large are not conversant with the problem. That's the problem

we have. If that Board were a review board made up of people from the brokerage world, investment banking world, where they were dealing with it on a day to day basis, then I could understand approval or disapproval but it is like going to a carpenter to ask if your eyes need examined. It is not quite the same kind of input there unfortunately. The governor of course has his obligations. The controller has his obligations, none of which really get over into the field that we are in and from time to time the three of us are the only ones there, the other two members are bankers and are not involved in that investment.

Mr. Mello stated that what Mr. Colton was saying is exactly true and neither is the state treasurer an expert in this field. That is why you hire investment counsellors. Now if there is something going on over there where you are losing money in your investment program, then I can assure you that the Board of Finance will become experts very shortly in this field because they will bring someone in to advise them. What you are saying is that no one will be involved except the state treasurer and investment counsellors.

Mr. Colton stated that he thought that the review that they are asking for is a public statement of what we are doing so that it does become public and that is really opening it up to a total review of everybody if in fact the press carries it or the people are there. The other review that we have is the fact that the legislative counsel or the board of examiners at any time they want to can come into the office on a moment's notice and review our policies.

Mr. Mello stated that they are asking that they do not do that.

Mr. Colton stated no that he was not asking the Board of Finance not approve or disapprove in their language. Now we will ask for the approval or disapproval but I think that the real check on this is the fact that the legislative auditors and the Board of Examiners under their authority can come in at any time without notice and say we are here to review your policies or your investments to take a very close look at them and that to me is the safeguard and not this before the Board of Finance.

Mr. Mello stated that this would be after the horses are out of the barn. I feel that you must have someone review your investments. I think that is sound government.

Mr. Colton stated that he certainly had no problem with it.

Mr. Mello stated that he was taking those safeguards out of the law and you see what we are doing is we are taking some language out, but they have put some other language in and took some safeguards out and they put some back into the bill. I think that is healthy.

Mr. Colton stated that he had no personal problem with it.

Mr. Mello stated that he did not think that the controller or anyone person should be solely responsible for that money.

Mr. Mello stated that he would think that Mr. Colton would welcome the review.

Mr. Colton stated he did, but again -

Mr. Mello stated that if there were no problems he was sure it would be approved. If someone brought to their attention that there were problems in that office, then I am sure they would really look at it. If you take that authority away from them, then there is no one to look at those programs.

Mr. Colton stated that he would agree with part of Mr. Mello's first statement but I can't agree that there is no body to over-see it. Again -

Mr. Mello stated if Mr. Colton was talking about the auditors, the auditors only go over and audit you if you request it. They don't go over there on their own.

Mr. Colton stated that the Board of Examiners can. They can go on their own volition, at any time. They never have, I might add that.

Mr. Mello stated that if you leave this language the way it is and the Board of Finance finds something wrong, the Board of Examiners will go in.

Mr. Colton stated they could. I have no problem with the language. But the only thing that bothers me is the fact that the people who are reviewing this on this type of a basis, just don't have that kind of information in front of them.

Mr. Mello stated that they have the same expertise in this field as you do.

Mr. Colton stated that no, he disagreed.

Mr. Mello stated that someone else and not necessarily because you were elected to this office is an expert in finance and investment. That is why you hire investment counsellors or you can hire them.

Mr. Colton stated that no he could not hire them. He did not have the law providing the money for that nor is there is there a provision in the statutes.

Mr. Mello stated that on a long term he would have to but most of your money is invested on a short term basis.

Mr. Colton stated that it is by necessity, not by requirement. We have long term investments that we have gone into.

Mr. Mello stated that all he had to do was to pick up the phone and call someone and find out what the market is doing.

Mr. Colton stated that we do that but we also have the equipment in the office -

Mr. Mello stated that any one of us can do that. There is no problem with that. You don't have to be an expert to do that. I am sure the governor, I am sure anyone can pick up the phone and find out what the market is on a day to day basis.

Mr. Colton stated that he believed Mr. Mello had a misinterpretation of short term. When you are speaking of short term, what reference do you have there?

Mr. Mello stated that he was not going to argue on this bill. There is no way I am going to support this bill by striking the language you want out of it.

Mr. Colton stated that he was not going to argue with that at all. I am satisfied with the language, I just wanted to draw your attention to the fact that we had not asked for that.

Mr. Mello stated that supposedly Mr. Colton had asked for the language he had in there the last time and now he wanted to change the language and strike some language in addition. You would like to not have any restrictions on your office.

Mr. Schofield questioned the existing law.

Mr. Colton stated that they ask for a motion for approval after we give the statement. We will be doing that tomorrow. Tomorrow is our four month review again. We always ask for the approval of the policies as established and we have always gotten that approval. It is like a rubber stamp.

Mr. Mello asked what if they disapproved?

Mr. Colton stated that he did not know.

Mr. Schofield stated he just wondered whether they had the authority to -

Mr. Colton stated that he thought that they had the authority by the virtue of the review itself.

Mr. Schofield stated by the fact that the State Treasurer under the existing language that the state treasurer must - I don't see anything that does allow for this approval. If they disapprove of your policies, now where do you go? That is what my question is.

Mr. Colton stated that he had no idea. It has never -

Mr. Mello stated that hopefully if they disapproved, Mr. Colton would have to come up with another program.

Mr. Colton stated he would have to. Certainly that is the review characteristic that we asked for.

Mr. Craddock stated that he shared Mr. Mello's concern.

Mr. Colton stated that there was no way that he could logically, ethically or reasonably disagree with Mr. Mello's statements.

Mr. Schofield stated that being Mr. Colton did not ask for the language that perhaps it was put in there to allow for those checks and balances.

Mr. Colton stated that he really had no objections.

Mr. DuBois stated that without the word approval on it, the paragraph has no meaning. If you don't have approval in there, you might as well just strike the whole paragraph.

Mr. Colton stated that for the last two years they have been trying to make this section of the law really conform to what is happening. As I said prior to this, up until the 1979 session, it said that the Board of Examiners was in fact investing the money. In fact they never had. It abdicated that authority to the state treasurer. Reasonably so, because you simply can't be there every morning to make the investments and to approve or disapprove what was going on. So we asked for the law to come into conformity with what was happening and added the additional step of please review this. Because up to that point they were not even reviewing it. They abdicated the responsibility and there was not the initial check or the additional check of saying okay we have given you this authority and now tell us what you have done with it so we asked for it and in the 1979 session it was let's bring the law into conformity with what is happening, but let's at least make that Board of Finance as a review body of that bit of responsibility that abdicated by necessity to the State Treasurer. All we are doing now is trying to further clear up that language.

Mr. Colton stated that they ask for that motion each meeting.

Mr. Colton stated that he had no problem with it.

Mr. Mello stated that he was not speaking to Mr. Colton as though he was the dirty culprit.

Mr. Colton stated that he understood that.

Mr. Mello stated that Mr. Colton made a lot of money for the people of this state, but some day you are not going to be there. There will be someone else there. He may not have as much expertise and knowledge in this field as you do.

Mr. Schofield asked if there was anyone to testify against AB 389.

The testimony on AB 389 was concluded.

Mr. Schofield indicated that the committee would next hear AB 394.

Mr. Colton stated that the State Treasurer maintain a fund of \$20,000 cash, part of which should be in the office and the rest of it in the bank and you cash checks as they come to you and it sets out the amount. You can't cash a personal check for more than \$25.00. Nobody comes to us to cash checks, we have \$20,000 sitting in the bank doing absolutely nothing. We can't even put it in a now account to get 5-1/2% interest on it. It is just \$20,000 that is sitting doing absolutely nothing. I would like to have that piece of legislation requiring the \$20,000 to cash the checks repealed and have the \$20,000 put back into the general fund where it can do some good.

Mr. Nicholas stated that it was suggested that nobody cashes checks. He asked when the last time was that somebody did.

Mr. Colton stated apparently before he got there because nobody has come to him to cash one since I have been here.

Mr. Prengaman asked if this applied to all checks because sometimes I have gotten a travel advance.

Mr. Colton stated no - this is - what this is I had to keep - when this town was very small and the legislators and the employees got paid there was only like one bank in town and it was way and gone from here so the treasurer's office was simply a nice convenient place for everybody to get their checks cashed. Now we are surrounded by banks. The need is not there that once was there.

Mr. Schofield read the appropriate statute to the committee.

Mr. Colton stated that he just wanted to close out that bank account and put the \$20,000 back in the general fund and forget it.

Mr. Mello stated that the other day on transportation we had a bill that talked about bonds. If you don't have insurance, you have to have a bond. I understand that they deposit the money with you.

Mr. Colton asked Mr. Mello if he was referring to the competition bonds on the highway construction?

Mr. Mello stated as far as an individual that does not have insurance a financial responsibility bond. Does that come to you?

Mr. Colton stated that he did not know and that he had not heard about that. Is that something new?

Mr. Mello stated let's go one step further than that. He indicated that he was trying to remember the bill. We had the bill - if you had your insurance cancelled on you and you had an accident, there is some kind of bond and we were told by the DMV that those monies were in an account that was held by you. Are you familiar with that?

Mr. Mello asked if they received interest on those monies?

Mr. H. Yasmer of Mr. Colton's office stated no. They come to us in forms of cashier's checks or treasury bills and this type of instrument. It is nothing that we put into the state transurer's account. They go into our vault and we safekeep them there.

Mr. Colton stated that it is held in an inventory account as opposed to an interest bearing account.

Mr. Mello asked what kind of money was normally in that account.

Mr. Colton stated that he did not believe that he could say right off hand but that he could get the information for him.

Mr. Yasmer stated that they hold individual amounts in individual files in our vault. They are in the forms of probably time certificates that are payable to the contractor.

Mr. Colton stated not the contractor.

Mr. Mello stated that it was not contractors - it was for automobiles that have accident.

Mr. Yasmer stated that he was not familiar with that.

Mr. Colton stated that he would have to check that out.

Mr. Mello stated that if this was a large sum of money, we should have some type of legislation where you can invest that money and still be able to draw from it to pay, if you have to pay back certain sums, but still draw interest on that money.

Mr. Colton stated that they had another bill in here that might be covering that same area.

Mr. Nicholas stated that Mr. Prengaman had brought up an example of having received a state check. Is that a discretionary fund that you would maintain in terms of cash on hand to handle problems like cashing state checks.

Mr. Colton asked Mr. Prengaman if he had ever cashed a check at his office.

Mr. Prengaman stated not a personal check, but what he did was get

a travel advance. He indicated that he did not have any credit cards and I have always gone over to your office -

Mr. Colton stated that they have always given Mr. Prengaman a check for the travel advance - not cash.

Mr. Prengaman stated Mr. Colton was right. It was a check and not cash.

Mr. Nicholas stated then in other words cash is not handled there.

Mr. Colton stated that they try not to.

Mr. Colton stated that the travel advance is all by check.

Mr. Schofield asked if anyone wished to testify against AB 394.

There was no further testimony on AB 394.

Mr. Schofield stated that the committee would now hear testimony on AB 393.

Mr. Stan Colton stated that in this bill they were asking for three things. On page 1 line 9, prior to this time the wording was bonds or federal agencies were guaranteed by the United States. We are asking for the addition of notes, debentures and loans because new things have been developing in the financial world that are underwritten by the federal government that are agency issues that go beyond simply bonds and get into notes, debentures and loans. These are guaranteed or underwritten by the federal government and therefore highly secured paper. The rest of the meat of the bill really is at the bottom of page two where we ask for the repeal of Section 13 dealing with commercial. It was opined by the Attorney General's Office some years ago that this was in violation of the State's Constitution because it constituted a loan of the state's money which cannot be by constitutional provision. So we would ask that 13 be repealed dealing with commercial paper, and that a new Section 13 and a new Section 14 be added as well as Section 15. Section 13 calls for the allowability of the State Treasurer to purchase negotiable certificates of deposit issued by commercial banks or insured savings and loans. These are negotiable short term instruments, high yielding, fairly well secured - very well secured. At the times when money rates are high, you can get better rates a lot of times by buying negotiable certificates of deposit. You can buy them on the secondary market as well as from the direct issuer so they are very liquid types of investments, high yielding investments and secure. The bankers' acceptances are again short term commitments going out 180 days at the longest generally, again secured by the issuing bank, the accepting party, the accepting bank and probably even a third bank involved there, so you have four signatures most generally, at least three that secure this type of an obligation. Such purchases if this is permitted, will be bought only from major banks out of the top 30 banks in the United States,

probably out of the top fifteen, and bankers' acceptances have been in existence for about 38 years now and there has never, ever once been a loss on a bankers' acceptance purchase as far as our records and the national records that we have been able to find indicate. In talking with people in the field that have bought these before there has never been a problem with them. They are highly liquid with great yield potential. I must plead ignorance to you - under Section 15 - it was something I did not ask for which was added by Mr. Daykin. We did ask for Mr. Daykin to prepare a definition of investments and possibly since this bill was indicated to us as to include that other securities or obligations of no lesser safety, probably carrying out that definition of investment. When we look at this, our interpretation would mean that obligations of no lesser safety would go beyond - far beyond that of the prudent man concept of investment - that we would buy things that would be much, much safer than would be allowable within the prudent man concept.

Mr. Prengaman asked if Mr. Colton was saying that he wanted or did not want Section 15 in here.

Mr. Colton stated that we can leave it in. It is just a broad statement. The nice part about the broad statement is the fact that should some other new type of document come up as we have said here, if they would come up with something else that they had given another name to that would not be defined as a bond, note, debenture or loan then Section 15 would cover that, just as long as it is secured as the others are.

Mr. Schofield asked if there was any testimony which was opposed to AB 393. There was no further testimony on this bill.

Mr. Schofield indicated that the committee would next hear AB 399.

Mr. Colton stated that this may fit into what Mr. Mello was talking about if in fact they were not already doing this.

Mr. Colton stated that certain agencies have received funding that had gone beyond legislative appropriation concern, spending authority that had just completely fallen outside the realm of the consideration of the two money committees. It was not considered really in any other general terms as far as income to the state, it was simply something extra. An example would be the money received from the Fleishman grant to the museum of \$1,700,000. The money had been allowed to be received and the grant from Fleishman indicated that the interest on that money earned should also stay with the museum. They could not deposit that money within the state's general fund or within the general account because any money there that earned interest, that interest would have to accrue to the general fund itself and not to the specific agency. Therefore the money was kept in a separate account allowed by the Board of Finance. We handled the investment of that money as far as the arrangements

for that money and then communicated it to the people at the museum who then actually did the paperwork on it so that they could in fact keep the interest as required under the grant. What we are asking for here is the same thing, but apparently we did not word it as neatly or cleanly as we should have in our request and in doing so we ultimately ended up getting a fiscal note which we did not realize we would get, because there are apparently other monies that are given as gifts and grants and bequests that the interest on that does accrue to the general fund and only the amount of the gift, grant or request goes to the agency. So therefore we have written to Mr. Daykin in response to his request for a fiscal note indicating that we would change the language, or request a change of the language to read on line 9, which would be changed as follows:

"Any gifts, grants or bequests to state agencies where such gifts, grants or bequests require that interest earned stay with that grantee."

Mr. Schofield asked if that would preclude the fiscal note.

Mr. Colton stated that it would in fact remove the fiscal note because then there would be no impact or no potential impact on the general fund.

Mr. Schofield asked if Mr. Colton had received a reply from Mr. Daykin.

Mr. Colton stated only by telephone and he said that he would communicate my letter to the fiscal analyst.

Mr. Mello suggested that Mr. Colton go to talk to Mr. Daykin personally.

Mr. Colton submitted a copy of the letter which he had written to Frank Daykin which is attached to the minutes of this meeting as EXHIBIT A.

Mr. Schofield asked if that was to change the language on line 9.

Mr. Colton stated that it bears the recommendation.

Mr. Colton stated that that would be the only change there. We would request at line 8 on page 1 a change. This is language to conform to the other language. In there they have excluded investments - interest earned on the investments of the permanent school fund that they do in a different way. When we asked for the language here, we wanted to make sure that those things were owned outright by the school fund so we would like on line 8 after the word investments, to include the words "owned outright" so that it would now read: "compute the portion of the total deposits of investments of the state money excluding investments owned outright for the account of the state permanent school fund."

Mr. Colton stated that some of the school fund is in cash earnings as opposed to outright investments.

Mr. Colton stated that they had just noticed this morning that the words "owned outright" had been omitted.

Mr. Colton stated that that just makes it that much clearer. If we exclude the investments some of their investments are cash type investment where they don't own the particular issue and therefore we would not be able to pay them the interest on it.

Mr. Schofield asked if anyone wished to speak against AB 399.

Mr. M. Yasmer testified next. He stated that he was chief of staff services of the rehabilitation division and I did not have time to talk to Mr. Colton before but what I would like to do is to address the possibility or request that consideration be made to add another fund to this bill for the interest provision to be accrued to that fund. In this case the business enterprise contingent fund for the blind, NRS 426.675 which is established as a non-reverting dedicated fund derived from and for the program use of the blind vending facility operators. These funds I believe are not generally monies "belonging to the State of Nevada" as stated on page 1, line 3. These funds are derived from the earnings to set aside for the blind facility operators and they are held for use in managing and providing services back to those people. I would like to again propose adding the business enterprise contingent fund for the blind as another item to this and perhaps add a new line 11 or something like that or put it in as a new (h).

Mr. Schofield asked what language Mr. Yasmer had suggested.

Mr. Yasmer stated that he was suggesting a new item (i). Although with the amendment that Mr. Colton just entered for a new line 9 that might perhaps be a new item (h) and then (h) becomes (i), something like that. The language would be:

"The business enterprise contingent fund for the blind" which is the exact title from NRS 426.675.

Mr. Mello asked that that language be checked with our auditor because we have changed so many of these accounts that we could have some problems.

Mr. Schofield stated that the committee would do that.

Mr. Colton stated that in light of that request they had no problem in handling that. He stated that they would be glad to do it.

Mr. Schofield asked if there was any further testimony on AB 399.

There was no further testimony on this bill.

Mr. Schofield stated that the committee would now take up AB 401.

Mr. Colton stated that they had asked for this piece of legislation as a result of the new type of annual report put out by the controller which really does not make a factual statement of the function of the investments of the state treasurer's office. It is my understanding that the history prior - going back some years - the state treasurer's office was required to issue a report and it was found to be an excess and unnecessary expense because the controller's report included the information of the treasurer's office. However, with the new formatting of the controller's annual report and the types of investments now that the treasurer's office is involved in, the controller's report does not in fact cover all aspects of the treasurer's operation and we therefore believe that a report should be issued, so there again the actions of this office are public and reviewable not only by the people who sit in political authority but the people who sit throughout the State of Nevada. We have no complete estimate of what the cost would be to put the report out, and the cost factor of course is simply the printing and the putting together of the report.

As far as issuing the report with the new equipment that we have on board which I would like again to invite you all to see, we can issue a report on our activities for a year's period of time in a matter of about 15 minutes in any mode, or as in many modes, as you would like us to do it with the type of equipment we have on board right now. Mr. Colton stated that the reason they were putting it on these terms and he guessed they could come out with an annual report, but knowing the history of why the treasurer's office does not issue a financial statement annually and that it was a financial consideration, that is why we have asked for it in terms of the law requiring it.

Mr. Nicholas stated that he wanted to penetrate this fabric just a little bit more deeply. He asked if at the present time he had suggested that an annual report from his office is incorporated in the report of the controller?

Mr. Colton stated yes, in essence it is because the controller as you know must keep a record of all of the transactions back and forth between my office and we are required to send him records of any of our transactions therefore he must report those in his annual report, but he does not put it out in terms that you can recognize it as the treasurer's report.

Mr. Nicholas stated essentially then you are turning out this basic material now or to the controller.

Mr. Colton stated that it goes to the controller piecemeal. It is just on a daily basis.

Mr. Nicholas stated that he summarizes what he wants to summarize

and that comes out in the annual report.

Mr. Colton stated that he would not put it in such terms as what he wants to summarize, but he puts it in the terms that he wants to. It is his report.

Mr. Nicholas stated that what Mr. Colton was really doing is opening a direct line of communications by virtue of having a report the way you want it to read. Is that essentially it?

Mr. Colton stated yes.

Mr. Colton stated that the controller's report too comes out 90 days after the closing of the books as established by the legislature which generally means that that report at the earliest is out in December of the new fiscal year - six months after the close of the fiscal year. We would like to have our requirement of 90 days after the close the fiscal year. In other words, 90 days after June 30th.

Mr. Nicholas asked what the opinion of the controller on this is.

Mr. Colton stated that he had not consulted with him.

Mr. Schofield asked if the report would conflict in an manner.

Mr. Colton stated that it shouldn't.

Mr. Mello stated that the only difference then would be that this would be a report from the state treasurer and not from the controller.

Mr. Craddock questioned the cost.

Mr. Colton stated that the only cost involved would be the printing cost necessary.

Mr. Schofield stated that that would be less than \$2,000.

Mr. Colton stated that they do rough-outs of annual reports for our own in-office use right now. The other gingerbread that goes along with the other types of things - the verbage that tells you what we have done - what we have personally done during the first of the year.

Mr. Mello stated that the controller's report is normally late. Why don't we do this. Why don't we have the state treasurer's report incorporate the controller's report.

Mr. DuBois asked why he thought he needed ninety days when you can turn this out in fifteen minutes.

Mr. Colton stated that he did like a little leeway at least.

Mr. Colton stated that they had said sixty days to themselves when

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we put the bill together and then we said let's go - just in case something is going on and we have our nose to the grindstone on and we don't want to pop it up long enough to put the report out, we will probably have the report out I would say probably - well again, part of it is printing problems, how much time it will take to get it printed once you get it in there. It will probably take us with the boiler plate that you always put into reports plus the factual dollars and cents accounting statements, it would probably take us about a week to put it together and get it over to the printing office. It always takes a little longer at the printing office because we now ask for bids from the printing office, because we want to be sure that the price they are quoting us is one that we can live with.

Mr. Nicholas stated that if he understood what Mr. Colton read from NRS correctly and he may not have, doesn't Stan have the ability to make such a report now?

Mr. Schofield stated to the legislature by statute.

Mr. Nicholas stated then the difference between what it says there and what it says here would be the extent of where that report could go.

Mr. Schofield stated that this bill is broadening it to mandate the report to the governor and the legislative commission whether it was requested or required or not.

Mr. Nicholas stated that he thought he understood.

Mr. Colton stated that he was sure that Mr. Mello probably knows the history of this as well as anybody. I think that he was in the legislature when the treasurer's office was required to make a report and the legislation that came along that repealed that because of the inclusion of the information supposedly within the controller's report.

Mr. Mello stated that from what he understood they have cut down reports because they are expensive and very few people read them. Many times all a report is to let someone know the office is doing something. That is really what they are for.

Mr. Colton stated that maybe in essence and I will be honest about this, that is what we are asking for too, but you laugh at that, but I think there is justification for it because as Mr. Mello has pointed out that the other report that our figures are included within does come out rather late in the year and is not fully reflective of the function performed by the treasurer's office and the treasurer's office is not an appointed division of some other division within state government, it is an office of an elected official and as such I believe it has a direct responsibility to the public to make available that kind of information without having to try to read through some other report prepared by another agency

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headed by another elected official that may not couch it in the same kind of terms that we would like to see it put into.

Mr. Nicholas stated that he had no problem with the efficient job that Mr. Colton's office is doing. I think it is a very laudatory thing and a fortunate thing for the State of Nevada. I also have no personal quarrel with the basic seeking of recognition on your own terms. I have no basic personal grudge. I do believe that it is an issue worthy of the discussion of the committee.

Mr. Mello stated that he had no problem with this. The main problem I would have with this is just how elaborate this thing should be. Mr. Mello stated that many of the reports are gold leaf on silk paper and that is why they are so expensive. If all it is is a report - a genuine report - that you want to inform the legislature and the governor of what your office is doing, that is one thing. I can accept that. But if it is going to be you sitting behind a desk with flags and everything else and some type of a painting behind you, I would be opposed to it.

Mr. Schofield quoted a portion of the statutes and then questioned Mr. Nicholas if he would still like to hear from the controller's office.

Mr. Nicholas stated that he still had the feeling that he might be against this bill. He stated that he was a little disappointed that no one from his office is here to talk to the bill in one form or the other.

Mr. Mello stated that he did not see why he would be opposed to it.

Mr. Colton stated he did not either.

Mr. Schofield stated that it certainly would not hurt anything if in 1983 we came back and took a look at the situation.

Mr. Mello stated that incidentally the controller's report is normally very late. It is always late. Mr. Mello stated he really felt a report particularly in Mr. Colton's office today is necessary considering the amount of money you are handling. We should know what is going on in that office.

Mr. Prengaman stated that he just wanted to comment along the same lines as Mr. Mello. Not only is it important because of the amount of money but I think in his own right he should report to the legislature.

Mr. Mello stated that we have had a lot more legislation from the treasurer's office this session and as those things pass I think we should be kept abreast of exactly how you are conducting yourself and how you are turning out what you have asked for.

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Mr. Schofield stated that he thought this bill would actually you to give you a report on that.

Mr. Colton stated that they concurred. There should be definite accountability and that is why the request for this bill.

Mr. Nicholas stated that he thought that he had registered the one possible complaint that I might have had in referring to the controller's office. I believe that the fact that there is no presence does indeed testify all by itself also that with the stupendous amounts of money that are being handled in your particular office that a timely report would be most welcome so I think that I have registered any possible complaint that I might have and that is sufficient for me.

Mr. Schofield asked if there was any further testimony on AB 401 and if there was anyone present who wished to testify against this bill.

Mr. Schofield indicated that the committee would hear testimony on AB 415 next.

Mr. Colton stated that this is simply cleaning up the language. He stated that actually the meat of it is on page 2 at line 21, section 2. The law said that the treasurer was supposed to define what an inactive deposit was or inactive funds and also determine how much of these inactive funds must be deposited in time certificates of deposit. We have determined that time certificate deposits are in fact inactive funds, so rather than have some piece of paper out somewhere where nobody has any idea what the definition of inactive deposits are, we thought it might be just as well to change the law here a little bit and determine that inactive deposits are in fact deposits in time certificates and to take out the language, how much of that must be set aside. I don't know where the must came from in the past but basically that is the concept of the bill simply to clear up that piece of language and actually define inactive deposits as TCDs or TCDs as inactive deposits rather than have the language as it exists now the treasurer shall establish a definition of inactive deposits.

Mr. Colton stated that it takes out that section that somebody some place must determine how much money has to go into these things. I don't know about the "must" - what the reasoning is or where it came from and I am sorry I can't give you the history on that.

Mr. Schofield asked if anyone wished to testify against AB 415. The testimony on this bill was concluded.

The committee took a short recess.

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The committee reconvened at 10:20 A.M. Mr. Mello stated that the subcommittee on the Consumer's Advocate bill would meet on Friday, April 10, 1981 for the purpose of taking action on the Consumer's Advocate bill. We will have staff here once again go through the bill for minor changes. Mr. Mello stated that at the same time the subcommittee on Ways and Means will be invited. The Chairman has also asked that the entire committee be here at 9:00 A.M. because the Subcommittee, I am sure, make a motion for a Do Pass and refer on to the Committee of the Whole and then the Chairman has indicated to me that immediately following the subcommittee's meeting to report it out.

Mr. Dini stated that it would save us about three days.

Mr. Mello stated that it appears that it will by-pass Ways and Means, but frankly I don't think that the bill belongs in Ways and Means for the following reasons. (1) The mill tax is already an established tax and it is already being collected. We are starting the consumer advocate's office with a borrow clause. We are borrowing money from the Public Service Commission. That money will be a pay-back. We are taking the 3/4% established tax. There are no general fund monies there. The budget will be included in the bill. It is included. Frankly the bill does not belong in Ways and Means. I think that this committee should be courteous to the Ways and Means Committee and allow their subcommittee to make a report to the Committee of the Whole and allow us to by-pass that committee with the bill. There is no general fund money so there is really no purpose in Ways and Means even seeing the bill.

Mr. Redelsperger asked if Mr. Mello had spoken to Roger (Bremner) at all.

Mr. Mello stated that he concurred. He stated that he did not go into this in depth and that it was some time ago that I felt that we could move this thing on because we have had many hearings as everyone knows. In doing this we would resolve problems. I am going to sit down with Spike and I am going to ask that he try to do the same thing.

Mr. Nicholas asked if there was a reasonable chance that this could take place just after 9:00 o'clock. The reason that I asked is that I found it necessary to leave a little bit later on in the morning and I would like to participate in this action.

Mr. Mello stated that we would start at 9:00 and we will go right into the bill and I will have staff once again to explain the bill in detail, section by section and that is for the benefit of not only our subcommittee but the Ways and Means Subcommittee and the Committee of the Whole.

Mr. Nicholas asked if Mr. Mello felt then that the action might take place before 10:00 A.M.?

Mr. Mello stated that he hoped so.

Mr. DuBois asked what sort of funding would 3/4 of a mill be?

Mr. Redelsperger stated \$600,000 some thousand dollars.

Mr. Mello stated the second year. He thought that it was a little under \$500,000 the first year and about \$604,000 in the second year.

Mr. DuBois stated that their revenues are increasing.

Mr. Mello stated yes.

Mr. Mello stated that they tried to look at frankly and go to a half mill the second year, but I feel quite confident if next session of the legislature we do not add to staff over there and hopefully they will not, and we find that a lot of the contractual service monies are not necessary - that is where the big money is going to be - if we find that that is not necessary to dip into the fund during the interim, then I can see no reason why at the next session of the legislature we shouldn't go to 1/2 mill, but I think sufficient money will be there at that time. Maybe the first year of the biennium next session they will have to stay at 3/4 and then in the second year of the biennium go down to 1/2.

Mr. Mello stated that he thought the bill frankly was a well-drafted bill now.

Chairman Dini stated that Mr. Schofield should report on AB 389.

Mr. Schofield indicated that AB 389 was testified on and there was considerable discussion on it and that he would recommend a Do Pass on AB 389. Mr. Nicholas seconded the motion which carried unanimously. Mr. Polish, Mr. Mello, Mr. May, and Mr. Jeffrey were not present at the time of the vote.

Mr. Prengaman asked if this was keeping in approve or disapprove?

Mr. Prengaman's question was answered in the affirmative.

Mr. Schofield stated that on AB 394 the testimony was -

Mr. Prengaman stated that he would like to ask Mr. Craddock because he also talked to Stan.

Mr. Craddock stated that what Stan (Colton) told him was that it should be returned to the general fund.

Mr. Redelsperger stated that he testified that he just wanted to put it into an account and just draw interest on it.

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Mr. Schofield indicated that if it directed that money to be deposited in the general fund, with an amendment like that, I would recommend an Amend and Do Pass on AB 394. The motion was seconded by Mr. Nicholas. This amendment would deposit it in the general fund. The motion carried unanimously.

The next bill discussed by the committee was AB 393.

Mr. Schofield stated that the testimony on this bill was clear all the way through. Mr. Schofield moved for a Do Pass, which was seconded by Mr. Redelsperger. The motion carried unanimously.

The next bill discussed by the committee was AB 399.

Mr. Schofield indicated that the testimony was that he had omitted a request or found that there was a fiscal note that was attached by adding words on Section 8, after investments. Mr. Schofield reported that it would add a new subsection (i) in Section 2 that would include the business enterprise fund of the blind. Mr. Schofield moved for an amend and do pass on AB 399, which was seconded by Mr. DuBois. The motion carried unanimously.

The committee next discussed AB 401.

Mr. Schofield stated there was testimony concerning that mandating the treasurer to prepare a report. Considerable discussion was had on this bill. Mr. Schofield moved for a Do Pass which was seconded by Mr. DuBois. The motion carried unanimously.

The committee next discussed AB 415.

Mr. Schofield stated that on this bill the testimony was very clear to take the inactive deposits and put a clarification on the time certificates. Mr. Schofield moved for a Do Pass, which was seconded by Mr. Nicholas. The motion carried unanimously.

Mr. Dini stated that the committee had BDR 23-1413^{*} for committee introduction. Mr. Schofield moved for committee introduction which was seconded by Mr. Mello. The motion carried unanimously.

Mr. Dini asked the committee to discuss AB 199. We have a subcommittee that is working on county salaries that that will be taken care of when the bill comes from the Senate.

Mr. Mello moved for Indefinite Postponement which was seconded by Mr. Schofield. The motion carried unanimously. Mr. May was not present at the time of the vote.

Mr. Dini stated that the next bill would be AB 182. Mr. Dini stated that he had heard from the cities and that they had asked him not to consider this bill. Mr. Schofield moved for Indefinite Postponement which was seconded by Mr. Mello. The motion carried unanimously. Mr. May was not present at the time of the vote.

The next bill discussed by the committee was AB 152.

Mr. Dini stated that this bill is taken care of in the salary bill coming up. Mr. Mello moved for Indefinite Postponement, which was seconded by Mr. Schofield. The motion carried unanimously. Mr. May was not present at the time of the meeting.

The committee discussed SB 268 next.

There was some opposition to this bill. Mr. Dini stated that he kind of liked that Tennessee amendment. It is not as harsh. A copy of the Tennessee amendment is attached to the Minutes of this meeting as EXHIBIT B.

Mr. Nicholas moved for an amend and do pass on SB 268, which was seconded by Mr. Craddock. The motion carried unanimously. Mr. Dini stated that Mr. May should be recorded as voting "no".

Mr. Mello stated that the only problem he had with this and it may not be anything, but how do we know that we won't have we will say six mentally retarded in a two bedroom house. Is there anything that precludes that.

Mr. Schofield indicated he thought it opened up for local governments for their consideration.

Mr. Mello stated that he thought that it would be unfair to those people but I can see where that would happen.

Mr. Jeffrey stated that he thinks that generally what happens and he is not familiar with this program, I am familiar with another type of program, they generally go into a neighborhood and buy a four bedroom house and they know what they are buying before they buy it.

Mr DuBois stated that he thought most of these were pretty well controlled.

Mr. Nicholas stated that policy wise there are no facilities in the state today that do what you suggest, like six in two rooms. Policy wise, what happens today is two to a room. As far as guarantees I can't give them to you but I will ask about it.

Mr. Mello stated that we are permitting that.

Mr. Dini stated that maybe we would want to restrict it to no more than two persons in a room.

Mr. Redelsperger asked if there was anything in there that would prohibit the county boards from doing that?

Mr. Jeffrey stated that he thought that some language would have to be put in there.

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Date: April 7, 1981

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Mr. Prengaman stated that he guessed he had to object to that to adding additional language. This is something that I think we have to do. I think if you give local governments an option and a way to get around this and a way out, they will take it. I like the Tennessee language and would like to take a deep breath and see how it works.

Mr. Mello stated that his intent was not to add any more language, it was just a thought.

Mr. Dini asked that a point be made in the minutes of this committee, that it is the intent of this committee when it adopts the Tennessee amendment that does not mean that the people who operate this home can overload the house and that necessary health requirements have to be met for the safety and health of these people.

Mr. Mello suggested consideration and comfort.

Mr. Nicholas stated that the psychology of this is to achieve more of a comfortable circumstance for these people rather than less of a one. This is not going to be a warehouse, it is not going to be a factory. We are talking about a home. A home like ours, hopefully. That means some more comfort than they have had in years.

Mr. Mello stated that that was exactly why he had brought the point up. I hope that is exactly what they do.

Mr. DuBois asked if the operators were all licensed.

Mr. Nicholas stated they are. They are certainly reviewed by the state people since there is state funding involved.

Mr. Jeffrey stated if you can find out how they are set up and how they operate that may answer all of the questions.

Mr. Nicholas stated that he believed that the committee would find that there are some constraints there.

Mr. Jeffrey stated that if they were reviewed by any state agency, then he was sure that those provisions were already taken care of.

Mr. Prengaman asked if this was the kind of bill that needed 21 votes on the floor? This bill could get in trouble easily. Mr. Prengaman stated that he would be willing to go around and try and educate people beforehand.

There being no further business to come before the meeting, the meeting adjourned at 10:30 A.M.

Respectfully submitted,

Barbara Gomez
Barbara Gomez
Assembly Attache

1480

STANTON B. COLTON
State Treasurer of Nevada

ROBERT CAMERON
Deputy State Treasurer



April 3, 1981

Frank Daykin
Legislative Counsel
Legislative Bldg.
Carson City, NV 89710

Dear Mr. Daykin:

Ref: BDR 31-863

There appears to be no need for a fiscal note for the above-referenced bill because of the proposed language change. The new language will be:

Any gifts, grants, or bequests to state agencies where such gifts, grants or bequests requires that any interest earned stay with the grantee.

Sincerely,



Stanton B. Colton,
State Treasurer

SBC:sf

1481

HOUSE BILL NO. 777

By Murphy (Davidson)

Substituted for: Senate Bill No. 894

By Henry

AN ACT to provide that physically handicapped and mentally retarded persons shall not be excluded from living in normal residential surroundings by any zoning law in Tennessee.

WHEREAS, many handicapped citizens cannot live in conventional single family homes due to the effects of their handicaps; and

WHEREAS, it is the policy of the State of Tennessee to enable handicapped citizens to live and work as nearly like other Tennesseans as possible; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

h. facilities

SECTION 1. It is the purpose of the General Assembly by this enactment to remove any zoning obstacles which prevent mentally retarded or physically handicapped persons from living in normal residential surroundings.

SECTION 2. (a) For the purposes of any zoning law in Tennessee, the classification single family residence shall include any home in which eight (8) or fewer unrelated mentally retarded ~~or physically~~ handicapped persons reside, and may include two (2) additional persons acting as houseparents or guardians who need not be related to each other or to any of the mentally retarded or physically handicapped persons residing in the home.

(b) This Act takes precedence over any provision in any zoning law or ordinance in Tennessee to the contrary.

(c) This Act shall not apply to such family residences wherein handicapped persons reside when such residences are operated on a commercial basis.

SECTION 3. This Act shall take effect on becoming a law, the public welfare requiring it.

PASSED: March 30, 1978

Ned R. Winter

SPEAKER OF THE HOUSE OF REPRESENTATIVES

Johnnie Wilson

SPEAKER OF THE SENATE

APPROVED this 14th day of April 19 78

Ray Blanton

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Exhibit B