

MEMBERS PRESENT: Chairman Bremner
Vice Chairman Hickey
Mr. Bergevin
Mr. Brady
Mr. Coulter
Mr. Glover
Mr. Horn
Mrs. Hayes
Mr. Rhoads
Mr. Robinson
Mr. Vergiels
Mrs. Westall

ALSO PRESENT: Walter E. McKenzie, Economic Development;
Caroline J. Hadley, Editor, Nevada Magazine;
William Hancock and E.H. Fitz, Public Works
Board; Roy E. Nickson, Department of Taxation;
James Wittenberg, Personnel Division; Bill
Bible, Fiscal Analyst; Judy Matteucci,
Deputy Fiscal Analyst; Mike Alastuey, Deputy
Budget Director

ECONOMIC DEVELOPMENT

Mr. Walter McKenzie, Director of the Department of Economic Development, addressed the committee with a request for a one-shot appropriation of \$50,000 for celebrating the 50th anniversary of legalized gambling in Nevada. He also discussed processing, through licenses and fees, the logo "silver turns to gold" on marketable items in an effort to promote tourism in Nevada. He said that fees obtained through sales, that were not used for commissions, would be spent for additional advertising. He continued that the Interim Finance Committee authorized the expenditure of up to \$100,000 if \$100,000 can be raised.

In response to Mr. Glover's question, Mr. McKenzie said that the Department of Economic Development would not be in the business of making these items and that they would be manufactured and sold through a private enterprise.

Mr. Vergiels asked if the \$100,000 would be paid back to the General Fund. Mr. McKenzie said that it was not intended to be a loan.

In response to Mr. Glover's question on the time frame involved, Mr. McKenzie said that obviously with the 50th anniversary of gaming being in 1981, the money will be generated and spent in 1981 and if there is a surplus in June of 1982, it will revert to the General Fund.

Mr. McKenzie summarized for the committee the functions of the Department of Economic Development--that is, to promote tourism and diversified industries in the state. He noted a greater emphasis is being placed on tourism in the rural counties and an additional 30% is being spent on advertising to promote industrial development.

Mr. McKenzie directed the committee's attention to the budget which contains a line item of \$250,000 for 1981-82 and \$300,000 for 1982-83 for economic development rather than having the appropriation in a separate bill, as was contained in S.B. 123 during the 1979 Legislative session. Since that time, however, Senator Glaser has

introduced S.B. 59 which is an exact duplicate of S.B. 123 which asks for \$475,000 for the biennium, with the Governor's figure being \$550,000.

Mr. McKenzie continued by pointing out to the committee a chart reflecting how the appropriation contained in S.B. 123 has been spent over the biennium. (Exhibit A).

Chairman Bremner asked if the appropriation contained in the budget were approved, would it be spent in the same manner as the appropriation in S.B. 123. Mr. McKenzie asked for more specific direction from the Legislature on how the money should be distributed.

Considering the fact that most of the appropriation went to the larger counties, Mrs. Westall asked if the smaller counties were properly notified of its availability and proper procedures in requesting funds. Mr. McKenzie said that proper notification had been made. Chairman Bremner pointed out that in many cases matching funds were necessary to receive the money and many counties did not have the funds available.

Pointing out to the committee a successful outcome of use of these funds, Mr. McKenzie said that Esmeralda County used \$12,095 as seed money to obtain a Federal grant to develop a water and sewer facility within the county.

Mr. Horn questioned the need for the Department of Economic Development and asked for two major accomplishments of the department. Mr. McKenzie said that the department offers help to the rural areas, in particular, to stabilize their economies and because of insufficient local funds need assistance of a state agency. He added that a sugar company is exploring the Moapa Valley as a location for a plant for the production of ethanol.

Chairman Bremner asked for an explanation of the need for a new position of Special Programs Coordinator. Mr. McKenzie said that at the present time the department is operating with a staff of 4 1/2 people out of an allocation of 11 1/2 and expressed the need of filling the existing positions first. However, the new position is directed primarily at instituting a Foreign Trade Zone which is a custom based operation in the state of Nevada. He added that the Governor is interested in having a Foreign Trade Zone in Nevada and that the Latin Chamber of Commerce, under a grant from Four Corners, established a feasibility study and the Opportunities Industrial Center, which is a black minority organization in Las Vegas, has obtained an application, and a public hearing will be held in Las Vegas in the future.

Chairman Bremner asked if money would be available from Four Corners to fund this position. Mr. McKenzie pointed out that the requested position would be to protect the state's interest in the establishment of a Foreign Trade Zone.

Chairman Bremner asked Mr. McKenzie to look into the feasibility of possible funding from Four Corners for this position and report to the committee.

Mr. Glover asked what positions were vacant and Mr. McKenzie said that the Deputy Director for Tourism, Deputy Director for Industry, Research Analyst, Statistician, one Management Assistant I, and two Administrative Aids. Mr. Glover additionally asked if these positions can be filled at the present salaries. Mr. McKenzie said they could fill the positions except for the Statistician and would forfeit that position.

Mr. Hickey referred to a recent audit report and asked if the inventory problem had been cleared up. Mr. McKenzie said that items that had disappeared over the years have been taken off the books and new items have been properly inventoried.

Chairman Bremner pointed out that the deficiencies contained in the audit report were reported before Mr. McKenzie was the director of the department.

Mrs. Hayes noted that the department has been doing a good job and questioned the need of filling the vacant positions. Mr. McKenzie said that an adequate job cannot be done with the existing staff and suggested converting the Research Analyst position to an Industrial Consultant.

Chairman Bremner asked what the requested salary would be to make the conversion. Mr. McKenzie suggested \$21,000 to \$22,000 a year.

Mr. Vergiels asked when the vacant positions will be filled. Mr. McKenzie said that the Management Assistant will be filled this week.

Chairman Bremner asked for an explanation of the Commission on Minority Business Enterprises. Mr. McKenzie stated that it is a nine-man organization created by the Governor to improve the lot of the minority businesses in the state of Nevada. Mr. McKenzie added that he is assisting the Commission by providing clerical services until the end of this fiscal year.

Chairman Bremner asked for an explanation of the expenses incurred by this Commission. Mr. McKenzie detailed for the committee the expenses as \$1,800 during 1981-82, printing and duplicating expenses \$750.00 during 1981-82; 1982-83 communication expense \$1,980; and printing and duplicating, \$825.

Chairman Bremner requested Mr. McKenzie to provide those figures for the committee.

Chairman Bremner asked for an explanation of the increase in contractual services. Mr. McKenzie noted that some funds were used for contracts with a Foreign Trade Zone consultant.

In response to Mr. Hickey's question on the need for a consultant, Mr. McKenzie noted that a consultant is needed to write a contract for a Foreign Trade Zone that would protect the state of Nevada and hopefully protect the operator.

Mrs. Westall pointed out that steps should be taken to streamline the personnel procedure to prevent the time lag in filling vacant positions.

Mr. Robinson questioned the need to provide staff to the Commission on Minority Business Enterprises. Mr. McKenzie noted that the Governor approved this agency with no available funds, so clerical support, communication expenses and some travel funds were made available until the Legislature determines to perpetuate the commission on an ongoing basis.

Mrs. Hayes asked how the Department of Economic Development produces the art work done for their advertisements. Mr. McKenzie said that contracts are awarded on a low-bid basis and that this procedure is more cost effective.

AERIAL NAVIGATION CHARTS

Mr. McKenzie said that the 1979 Legislature provided a one-shot appropriation to take unused aviation tax funds and produce an aerial chart for the state of Nevada, of which 731 have been sold.

Mr. Hickey asked if there had been a problem with the production of the charts. Mr. McKenzie said that Boundary Peak had been left off the map but is being rubber stamped on and is proving to be an effective way to handle the problem.

Chairman Bremner asked if the state would have any liability from the distribution of the charts. Mr. McKenzie said that the only liability the state would have if someone accessed a chart that had not been stamped with the Boundary Peak addition.

NEVADA MAGAZINE

Ms. Caroline J. Hadley, Editor, Nevada Magazine outlined for the committee the history and projections for the future of the magazine. She pointed out that the \$718,000 in expenses projected for 1980-81 is due to the 50th anniversary gaming issue of Nevada Magazine.

Ms. Hadley requested the committee consider a one-shot appropriation of \$50,000 to relieve a cash flow problem caused by the time lag between the payment of fixed expenses at the beginning of each fiscal year and the collection of subscription revenues.

Referring to the budget the Nevada Magazine, Ms. Hadley requested an additional position of Assistant to the Publisher which will be a sales and marketing position. Additionally, a new position of Editorial Assistant will improve editorial product and flow.

In response to Mr. Hickey's request for justification for the position of Assistant to the Editor, Ms. Hadley responded that the Assistant to the Editor position is a replacement position for the Advertising and Public Relations position that was abolished.

Mr. Hickey asked for an explanation of the large increase in communication expenses. Ms. Hadley said that the increases were due to increased use of the telephone, the doubling of freight charges, and the tripling of postage costs.

In response to Mr. Glover's question if increased postage costs were accounted for in the budget, Ms. Hadley said that 25 percent had been added in the budget to cover the increased costs.

Mr. Robinson asked if the magazine was going to monthly publication. Ms. Hadley said that within three years the goal is to become a self-supporting monthly magazine.

Mr. Horn noted that the expenses are based on projected revenues and asked if \$208,000 in advertising in 1980-81 was a realistic figure. Ms. Hadley said that the gaming issue will increase the magazine's credibility and advertising revenues will increase.

Chairman Bremner asked in what areas would enough revenue be generated to fund the two requested positions. Ms. Hadley said that consignments, agents and special merchandise, particularly, will be generated from filling these two positions.

PUBLIC WORKS BOARD

Mr. E.H. Fitz, Chairman of the State Public Works Board and Mr. W.E. Hancock, Secretary/Manager of the Board presented the budget for the Public Works Board. Mr. Hancock presented a handout to the committee (EXHIBIT B) and directed his comments to the information contained therein.

In response to Mr. Hickey's question on why travel claims were not being processed in a timely manner, Mr. Hancock said that was in regard to inspection travel and the men were in the field and had to depend on the mail to return the claims.

Mr. Hancock said, referring to the Governor's recommended salaries of \$39,689 for the Secretary/Manager and \$34,878 for the Deputy, that they were not adequate for the responsibilities of those two positions. He added that the Public Works Board is recommending that the salaries be increased to \$44,893 for the Manager and \$40,000 for the Deputy. New positions of Project Architect Program Estimator, which need not be funded at the present time, and Administrative Aid were both recommended by the interim study, S.C.R. 40.

Chairman Bremner referred to the \$10,000 line item for contractual services and asked Mr. Hancock if he would have any objection to appropriating that money to Interim Finance and requesting funds as needed. Mr. Hancock said that would be acceptable.

Chairman Bremner noted that considering the fact that many capital improvement projects are being completed, how can a 19 percent increase in the budget be justified. Mr. Hancock responded by saying that in fact many projects will be completed in mid 1982; however, new programs authorized in 1981 will extend the program to January of 1983.

Chairman Bremner asked if there were any unfilled positions in the Public Works Board. Mr. Hancock said that one position of Electrical Engineer has been vacant since October and they are in the process of recruiting for it.

In response to Mr. Hickey's question, Mr. Hancock said that the Board has not done any master planning for the last six years on the prisons, youth training centers, and mental hygiene and mental retardation because of lack of time.

Mr. Glover asked if the master plan has been deviated from at the university system. Mr. Hancock said that the Board had a master plan in 1960 and 1970 for the university and has followed closely to the designated plan.

Chairman Bremner noted a requested increase of \$60 a day for Board members and questioned if all ten members attend every meeting. Mr. Hancock said the average is eight out of ten members attend, and meetings are held once every six weeks. Chairman Bremner said that a reduction of 20% would be in order since not all members attend all meetings.

Mr. Brady pointed out that considering in 1979-80 the Board handled \$183 million in capital improvement programs and that the Governor is recommending only \$10 million for the next biennium, that a reduction in positions is necessary. Mr. Hancock said that he is not

requesting any new positions, only to maintain existing positions and that the capital improvement program in number of projects is about 50 percent complete in the construction area. The design area is approximately 90 percent complete but the design activity carries through until the project is complete.

PUBLIC WORKS BOARD - INSPECTION SECTION

Mr. Hancock said, referring to the Public Works Inspection budget, that at the present 12 inspectors are on staff, and it is funded through money that is taken from the appropriations for the building and put into the special account.

Mr. Glover asked Mr. Hancock if he was satisfied with the quality of the inspectors on staff. Mr. Hancock noted that through personnel action seniority positions are in effect and often results in not having the most competent person on the job.

Mr. Hancock asked for an explanation for the large increase in in-state travel from 1980-81 to 1982-83. Mr. Hancock said that the Board had envisioned a much larger capital improvement program than has been considered by the Governor.

Mr. Fitz reiterated the Public Works Board's position in requesting the salary increases for the secretary/manager and the deputy secretary/manager of the Board.

DEPARTMENT OF TAXATION

Mr. Roy Nickson, Executive Director of the Department of Taxation, presented his budget to the committee and his comments are detailed in EXHIBIT C.

Mr. Rhoads asked for more detail on the Multistate Tax Compact. Mr. Hancock said the original agreement that stated for each dollar that the individual states invested the Multistate Tax Commission would guarantee a 20 to 1 dollar return. He continued that at the present time it is a "union" of 19 states that have banded together in an attempt to avoid Federal legislation and in fact Nevada has never received a refund, and it is obvious that returns of that magnitude cannot be returned.

Chairman Bremner asked if legislation was needed to withdraw from the Multistate Tax Compact. Mr. Nickson said that the Governor is requesting such legislation.

In response to Mr. Bergevin's question, Mr. Nickson noted that the \$35,000 appropriation for the last biennium was to hire auditors and \$5,000 dues are over and above that amount.

Chairman Bremner asked Mr. Nickson if he had been aware of the Governor's changes when he compiled the figures for the Senior Citizen's Tax Assistance Program. Mr. Nickson said that he was, but not knowing the action of the Legislature, he based the appropriation on the current law. Chairman Bremner asked that revised figures be made available to the committee showing the effect if the Governor's tax proposal is adopted.

In response to Mr. Hickey's question regarding problems revealed from an audit performed by the Audit Division, Mr. Nickson noted that all discrepancies have been taken care of and that all recommendations have been implemented.

Mrs. Westall asked, referring to the Senior Citizens Tax Assistance Program, why a number of the applications had been refused. Mr. Nickson noted that excessive income, usually due to an insurance rebate, resulted in applications being turned down.

Mr. Bergevin asked if the collection of the additional sales tax being proposed by the Governor would put an increased burden on the personnel in the department of taxation. Mr. Nickson replied that it would be primarily an administrative procedure; however, a one-time computer program charge may be necessary.

Mr. Bergevin additionally asked if factoring all assessments up to a given level, for instance 1979-80, would eliminate the need for the ratio study. Mr. Nickson said that monitoring of the assessors is important to ensure that property is assessed at 30% of full cash value.

Mr. Horn, noting a decrease of 11 positions in the department's budget, asked why the salary category increased \$100,000. Mr. Nickson said that this was due to the salary increases recommended by the Governor; however, the overall budget is an increase of 2.5 percent.

Mr. Alastuey, Deputy Budget Director, went on to say that the 1980-81 work program details a salary adjustment need of \$57,813 which is in effect the difference between the total cost of the positions and the amount presently allotted to the Department of Taxation.

Mr. Bible further explained that when the work program was prepared for the current fiscal year (1980-81) they projected the salaries at the levels that were approved by the last Legislature with pay increases; but that the salary category level is the same as was approved by the 1979 Legislature. The budget was balanced to a negative so the Department of Taxation's actual payroll costs this year could approach \$2.5 million plus the \$300,000.

In response to Mr. Glover's question on out-of-state travel, Mr. Nickson said that trips were planned to the National Tax Association, Tax Institute of America and the National Association of Tax Administrators. Additionally, Mr. Glover asked why the costs of trips were not showing up as actual expenses or in the work program. Mr. Nickson said the funds come from the Governor's allocation for out-of-state travel.

Chairman Bremner asked for an explanation why the travel had not been moved from the training budget to the central training budget. Mr. Nickson said that the training is for the property appraisers to develop additional expertise in commercial and industrial enterprises.

In response to Mr. Glover's question on the turnover rate within the department, Mr. Nickson said that there was an approximate 20 percent turnover in the entry level clerical staff.

Chairman Bremner directed the committee's attention to a supplemental appropriation of \$46,161. Mr. Nickson explained this appropriation was for unbudgeted rent due to a move by the department to new facilities.

RENEWABLE RESOURCES TAX ALLOCATION

Chairman Bremner asked for an explanation of the tax rebate allocation for renewable resources. Mr. Nickson said that the department had received 136 claims for a total of \$5,821 in 1978-79 and \$8,262 in 1979-80 allocated to residential property for use of energy saving devices, such as solar. Chairman Bremner asked if the \$20,000 request for the coming biennium was arrived at before the Governor's proposal was put together. Mr. Nickson said that the \$20,000 is an estimate and was arrived at before the Governor's proposed tax package.

The Department of Taxation expended \$1,261.630 in 1979-80 and \$1,381,280 in 1980-81 on the Senior Citizens Tax Relief Program, and requested appropriations for the coming biennium are subject to change by legislative action on the Governor's package.

STATE EMPLOYEE'S PAY PACKAGE

Chairman Bremner introduced Mr. Jim Wittenberg, Director, State Personnel Division to explain the Governor's salary and fringe benefit recommendations for the next biennium.

Mr. Wittenberg said four major factors influenced the pay package recommendations:

- (1) Consumer Price Index escalation for the last two years;
- (2) High turnover areas and recruitment difficulties;
- (3) Factor Ranking Classification Study, and
- (4) The biennial wage and salary and fringe benefit study to gauge prevailing rates in the community and western states.

Mr. Wittenberg stated that the Consumer Price Index measurement period of October 1979 through September 1980 revealed an 12.7 percent escalation which resulted in an 18.3 percent loss in salaries for classified employees and, therefore, a 14 percent cost-of-living adjustment for all employees is recommended. He added that for the January 1, 1982 recommendation is for a 9 to 12 percent increase based on the trigger mechanism on sales and gaming revenues in addition to the cost-of-living increases. He pointed out that the state level has lagged behind the public sector in CPI increases because of stricter adherence to the Presidential guidelines 7 percent per year increases.

Mr. Robinson asked if comparison figures on fringe benefits of other public entities, such as Clark County and the City of Las Vegas, had been developed. Mr. Wittenberg said he would provide the committee with information on comparable salaries and fringe benefits between the state, political subdivisions and ten large companies in the state of Nevada.

Mr. Wittenberg continued by requesting, in addition to the 14 percent, an additional five percent increase for correctional officers and group supervisors. He said that the highest area of turnover in state government is the correctional officers in the Department of Prisons.

In response to Mr. Glover's question on the turnover rate in institutions in surrounding states, Mr. Wittenberg said that some states have higher and some lower turnover rates. Mr. Wittenberg noted that reasonable turnover rate for state employees is between 10 and 12 percent, and historically an additional 10 percent turnover for institutions.

Chairman Bremner asked if there had been a reduction in the turnover rate at the Jean, Nevada facility after initiating the travel pay allowance for employees. Mr. Wittenberg said there was a significant reduction that was attributable to the travel pay allowance.

In response to Mr. Robinson's question, Mr. Wittenberg said that the highest turnover rates are new employees and that the longer the person is in employment with the state the more stable the turnover is.

Mrs. Hayes asked if the turnover rate has increased over the last 10 years. Mr. Wittenberg said that overall turnover 10 years ago was 45 percent compared to the overall existing rate of 22 percent.

Mr. Horn asked if "exit" interviews were conducted to determine the actual reason for employees leaving their positions. Mr. Wittenberg said limited interviews in specific areas reveal the biggest problem area is salary, and other factors are stress, environment, and supervision. Mr. Horn asked for supporting data.

In response to Mr. Glover's question, Mr. Wittenberg said that the Factor Ranking Study was conducted three years ago.

Additionally, Mr. Glover asked about the time span for a reclassification either being approved or denied. Mr. Wittenberg said that it takes approximately 20 to 25 days depending on the information available from the agency.

In response to Mr. Horn's question, Mr. Wittenberg said that he felt merit increases at six month increments would stabilize turnover and will also address the less competitive salary structure at the entry level.

Mr. Wittenberg went on to say that recent surveys reveal that the private sector receives 11 to 12 holidays while state employees have 9 holidays. This proposal would provide the Friday after Thanksgiving as a holiday and an additional floating holiday.

Chairman Bremner, noting that the program statement indicates that for January 1, 1982, a maximum 9 percent increase is being recommended, questioned the 9 to 12 percent increase that was being discussed today. Mike Alastuey responded that at the present time revenues available would only permit a 9 percent increase; however, once the quarterly sales tax figures for the next two quarters are available, a re-examination of the revenues can be made and perhaps a trigger mechanism provided based on available additional funds.

Mrs. Westall expressed concern about the fact that she has received many complaints from citizens who have been unable to get state services and that when inquiries are made, it is discovered that the state agencies are unable to fill positions.

Mr. Wittenberg said if a list of eligibles has been established, then the agency receives the list within a few days; however, if no list exists, then the procedure of examining can lead to a six week delay.

Mr. Coulter asked how the turnover rate in state government compares to the turnover rate in the private sector in the clerical field. Mr. Wittenberg said that most sectors, public and private, are experiencing recruitment and retention difficulty, but the turnover rate in the private sector is not as high due to higher salaries.

Mr. Glover asked at the end of the next biennium how far state employee's salaries will lag the C.P.I. Mr. Wittenberg said that if the trigger mechanism goes up to 12 percent and is adopted, then state employees will be considerably less behind than at the present time.

In response to Mr. Hickey's question, Mr. Wittenberg said that there is no geographical differential in salaries between the Reno/Carson City area and the Las Vegas area.

Chairman Bremner pointed out the need to increase entry level salaries. Mr. Wittenberg, referring to a survey taken throughout Nevada, (public and private), said that in comparing equivalent clerical positions, it was discovered that the state salary is lagging 10 percent behind. Mr. Wittenberg added that the salary lag is being addressed by a 19 percent offset in the Governor's recommendation; and an additional 5 percent increase for first and third step employees.

Mr. Robinson asked if there is uniformity in job titles among different public entities like the counties and school districts in relation to the state. Mr. Wittenberg said that the title is not indicative so more detail has been spent on job specifications and concept to determine the comparability.

The meeting was adjourned at 12:30.

SB 123 - SUMMARY

<u>CONTRACTOR</u>	<u>1st Allocation</u>	<u>2nd Allocation</u>	<u>TOTAL</u>	
CLARK COUNTY & CITY OF LAS VEGAS	No Request	No Request	-0-	
NDA	113,750.00	25,500.00	139,250.00	-- includes monies to
North Las Vegas Chamber of Com.	No Request	8,000.00	8,000.00	Henderson and City of
Las Vegas Latin Chamber	Request Denied		-0-	North Las Vegas
WASHOE COUNTY & CITY OF RENO		No Request	-0-	
Sparks Chamber	No Request	15,000.00	15,000.00	
Reno Latin Chamber	<u>Request Denied</u>		<u>-0-</u>	
TOTAL CLARK & WASHOE CO.	113,750.00	49,500.00	162,250.00	Reverted to General Fund 6/30/80 \$250.00

BALANCE OF STATE

Carson City Chamber	12,185.00	8,000.00	20,285.00
Churchill Co. Chamber	9,000.00	No Request	9,000.00
Douglas County	No Request	No Request	-0-
City of Wells	9,000.00	No Request	9,000.00
Elko Chamber	1,500.00	No Request	1,500.00
Esmeralda Co. Commissioners	495.00	800.00	1,295.00
Eureka County	No Request	No Request	-0-
Humboldt County	5,062.50	No Request	5,062.50
Lander County	No Request	No Request	-0-
Lincoln County	No Request	No Request	-0-
Lyon County	4,000.00	3,600.00	7,600.00
Mineral County	5,602.50	No Request	5,602.50
Nye County Commissioners	2,224.00		2,224.00

SB 123 - SUMMARY

CONTRACTOR

1st Allocation

2nd Allocation

TOTAL

BALANCE OF STATE (Con'd)

Tonopah Chamber

No Request

2,223.50

2,223.50

Pershing County

No Request

No Request

-0-

Storey County

No Request

No Request

-0-

White Pine County

8,062.50

3,095.56

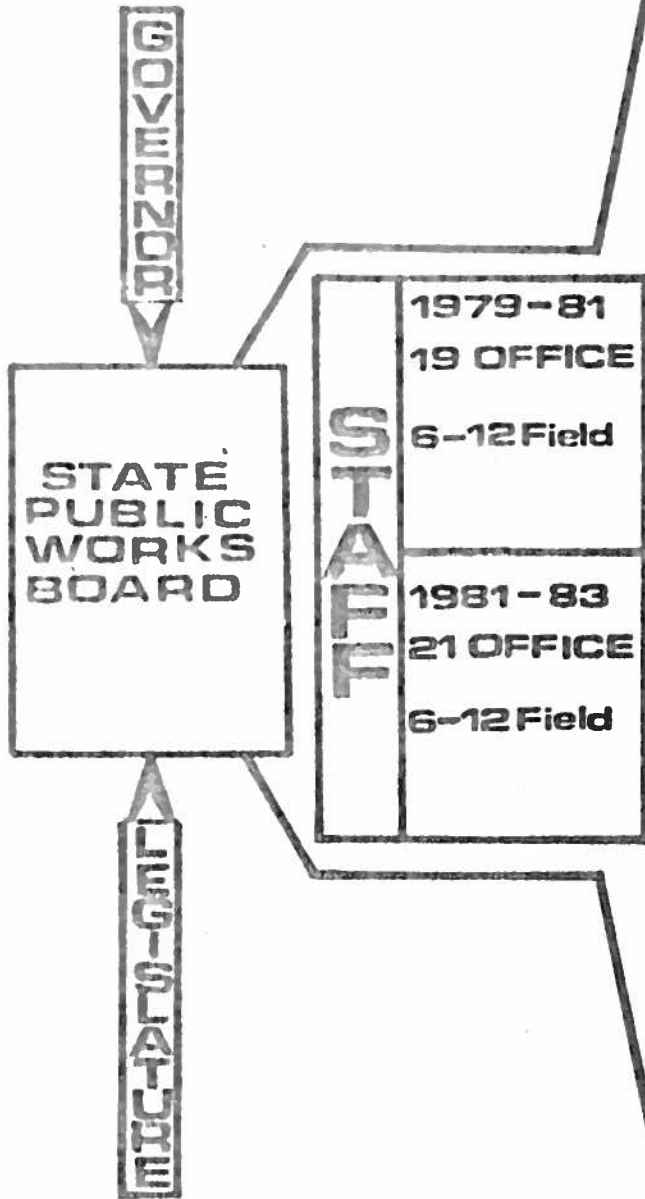
11,158.06

TOTAL

74,950.56

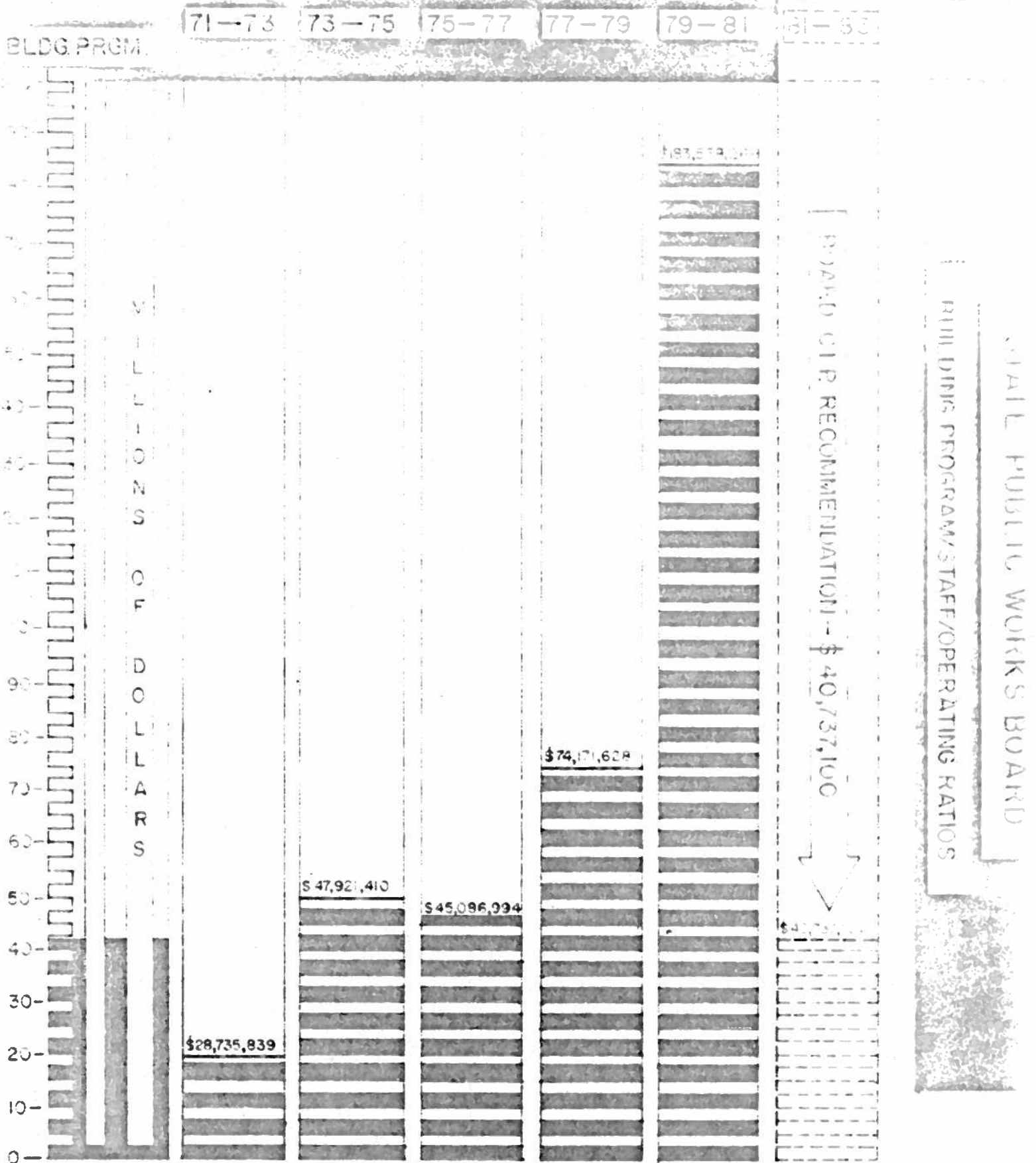
Reverted to General \$49.44

Fund 6/30/80



		PROGRAMS			
1	Develop a recommended Capital Improvement Program	79-81	147 projects reviewed		
		81-83	61 projects recommended		
		79-81	232 projects reviewed		
		81-83	87 projects recommended		
		2	The design & construction of authorized Capital Improvements	79-81	49 projects
				81-83	\$ 174,246,482
				81-83	reduced program maintained workload thru 1983
		3	Provide Architectural & Engineering Services to all State Agencies	79-81	31 projects
				81-83	\$ 9,311,786
				81-83	similar program
4	Approve the plans for school building construction	79-81	55 projects		
		81-83	\$ 64,053,588		
		81-83	reduced program		
5	Periodically inspect all State buildings	79-81	105 buildings		
		81-83	increased program		
		81-83	increased program		
6	Provide accounting system for life cycling costs of State buildings	79-81	program implemented		
		81-83	improve program		
		81-83	improve program		
7	Review & comment on proposed local ordinances adopting the Uniform Plumbing Code	79-81	5 reviews		
		81-83	increased program		
		81-83	increased program		
8	Building modifications ordered by State Fire Marshal	79-81	3 projects		
		81-83	increased program		
		81-83	increased program		
9	Participate in Interstate, Regional & National Planning projects	79-81	one project		
		81-83	similar progra		
		81-83	similar progra		
10	Approve Land aquisitions	79-81	3 projects		
		81-83	reduced prog		
		81-83	reduced prog		

STATE PUBLIC WORKS BOARD



STAFF	14	16	17	19	19	21
OPERATING BUDGET	\$510,986	\$651,395	\$881,322	\$1,054,252	\$1,114,531	\$1,509,050

State Public Works Board
Balance Sheet
June 30, 1980

Capital Improvement Projects

	Public Works Option Fund Fund 402	Higher Edu'c Capital Construction Fund 404	CIP- Motor Vehicles Fund 407	CIP- Human Resources Fund 408	CIP- Universities Fund 409	CIP- Gen'l State Agencies Fund 410	CIP- Industrial Commission Fund 439	CIP- Prisons Fund 466
ASSETS								
<u>Cash with Treasurer</u>	\$2,390.00	\$13,403,604.91	\$4,581,865.77	\$6,453,068.43	\$8,329,833.00	\$5,592,354.57		\$35,448,408.27
<u>Receivables:</u>								
Project Authorizations		12,689,499.00		635,000.00	9,591,800.00	1,114,594.70	75,000.00	22,000.00
Bond Issues Pending					10,000,000.00	5,000,000.00		
Slot Tax Authorizations, 7/1/81		<u>9,966,700.00</u>						
Total Receivables		\$22,656,199.00		\$635,000.00	\$19,591,800.00	\$6,114,594.70	\$75,000.00	\$22,000.00
<u>Total Assets</u>	<u>\$2,390.00</u>	<u>\$36,059,803.91</u>	<u>\$4,581,865.77</u>	<u>\$7,088,068.43</u>	<u>\$27,921,633.00</u>	<u>\$11,706,949.27</u>	<u>\$75,000.00</u>	<u>\$35,470,408.27</u>
LIABILITIES AND FUND BALANCE								
<u>Liabilities:</u>								
Contracts Payable		968,091.12	59,700.00	98,843.80	89,573.36	174,456.60	2,550.00	173,671.70
Construction Retention		414,854.93		25,225.85	16,050.20	48,659.77		389,571.82
Other Misc Payables		21.70	10.50	3,173.58	159.08	10,481.49		2,136.23
Controller's Vouchers Payable				671.00				136,353.00
Building Plans Refunds					50.00			
Reversions, pending		<u>176.49</u>				<u>21,838.06</u>		
Total Liabilities		\$1,383,144.24	\$59,710.50	\$127,914.23	\$105,832.64	\$255,435.92	\$2,550.00	\$701,732.75
<u>Fund Balance:</u>								
Reserve for Encumbrances		10,854,706.05	194,090.00	727,447.18	371,141.57	937,567.10		1,941,941.15
Remaining Fund Authority	2,390.00	9,085,416.17	4,328,065.27	6,232,707.02	17,444,658.79	5,513,946.25	72,450.00	32,826,734.37
Lapsed Project Balances		114,837.45						
Bond Issues Pending					10,000,000.00	5,000,000.00		
Slot Tax Authorizations 7/1/81		<u>14,621,700.00</u>						
Total Fund Balance	<u>\$2,390.00</u>	<u>\$34,676,659.67</u>	<u>\$4,522,155.27</u>	<u>\$6,960,154.20</u>	<u>\$27,815,800.36</u>	<u>\$11,451,513.35</u>	<u>\$72,450.00</u>	<u>\$34,768,675.52</u>
<u>Total Liabilities and Fund Balance</u>	<u>\$2,390.00</u>	<u>\$36,059,803.91</u>	<u>\$4,581,865.77</u>	<u>\$7,088,068.43</u>	<u>\$27,921,633.00</u>	<u>\$11,706,949.27</u>	<u>\$75,000.00</u>	<u>\$35,470,408.27</u>

State Public Works Board
Balance Sheet
June 30, 1980

Capital Improvement Projects

	CIP- Military Fund 468	CIP-Wildlife formerly Fish & Game Fund 469	CIP Projects in General Fund Fund 101	CIP Projects in Special HECC Fund Fund 405	TOTAL
ASSETS					
<u>Cash with Treasurer</u>	\$ 80,043.66	\$155,200.00	\$69,547.34	\$ 1,688,027.15	\$ 75,804,343.10
Receivables:					
Project Authorizations	1,743,775.80			53,247,619.00	79,119,288.50
Bond Issues Pending					15,000,000.00
Slot Tax Authorizations, 7/1/81					9,966,700.00
<u>Total Receivables</u>	<u>\$1,743,775.80</u>			<u>\$53,247,619.00</u>	<u>\$104,085,988.50</u>
Total Assets	<u>\$1,823,819.46</u>	<u>\$155,200.00</u>	<u>\$69,547.34</u>	<u>\$54,935,646.15</u>	<u>\$179,890,331.60</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Contracts Payable					1,566,886.58
Construction Retention					894,362.57
Other Misc Payables					15,982.58
Controller's Vouchers Payable					137,024.00
Building Plans Refunds					50.00
Reversions, pending					22,014.55
<u>Total Liabilities</u>					<u>\$ 2,636,320.28</u>
Fund Balance:					
Reserve for Encumbrances	41,775.00	8,025.00	5,799.69	2,235,177.15	17,317,669.89
Remaining Fund Authority	1,782,044.46	147,175.00	62,363.15	52,700,469.00	130,198,419.48
Lapsed Project Balances			1,384.50		116,221.95
Bond Issues Pending					15,000,000.00
Slot Tax Authorizations, 7/1/81					14,621,700.00
<u>Total Fund Balance</u>	<u>\$1,823,819.46</u>	<u>\$155,200.00</u>	<u>\$69,547.34</u>	<u>\$54,935,646.15</u>	<u>\$177,254,011.32</u>
Total Liabilities and Fund Balance	<u>\$1,823,819.46</u>	<u>\$155,200.00</u>	<u>\$69,547.34</u>	<u>\$54,935,646.15</u>	<u>\$179,890,331.60</u>

STATE PUBLIC WORKS BOARD
1981-1983 WORKLOAD

D = Design Work X = Construction

Project	1981												1982												1983					
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
79-1 Improvements, NNCC & NWCC	X											X																		
79-4 Improve Sewage System, NYTC	D											X																		
79-5 Rehab. Electrical System, State Museum	X											X																		
79-6 Site Imp., WNCC & DRI, Reno	X											X																		
79-7 Medium Security Prison, Indian Springs	X																													
79-8 & -39 Activity/Med.-Dental Bldg, NWCC	X											X																		
79-11 Armory & AASF, Stead	D											X																		
79-12 Psychiatric Unit, NNCC, C.C.	D											X																		
79-17 Adolescent Treatment Fac., LVMHC	D											X																		
79-19 Campus Imp., UNR	X											X																		
79-20 Add'n to DMV Bldg., C.C.	X																													
79-21 Campus Impr., NNCC, Elko	D											X																		
79-22 Rehab. State Office Bldg, L.V.	X											X																		
79-23 Improvements, NYTC	D											X																		
79-24 Business/Hotel Admin. Bldg, UNLV	D											X																		
79-25 Mackay School of Mines, UNR	D											X																		
79-29 WNCC, Fallon Center	X											X																		
79-31 Fine Arts Complex, UNLV	D											X																		
79-34 Add'n to Historical Soc. Bldg, UNR	X																													
79-37 Handicapped Provisions, Kinkead Bldg.	X											X																		
79-38 Rehab. HVAC Systems, NMHI	X																													
79-38a Remodel Bldg. 8, 8A & 9, NMHI	X											X																		
79-42 Business & Humanities Bldg., UNR	X											X																		
79-43 So. Nevada Museum, L.V.	D											X																		
79-55 Learning Resources Ctr., CCCC, N.L.V.	D											X																		
79-81 Special Children's Clinic, Reno	X											X																		
77-49 Henderson Center, CCCC	X											X																		
79-L1 Athletic Field Lighting, UNLV												D																		
79-L3 Pavilion, UNR	D											X																		
79-L4 Pavilion, UNLV	D											X																		
79-2 Exterior Lighting, Lake's Crossing	X											X																		
79-19 HVAC Imp., Medical School, UNR												X																		
79-19 Air Cond., Language Lab., Library, UNR												X																		



STATE OF NEVADA

Department of Taxation

Capitol Complex

CARSON CITY, NEVADA 89710

Telephone (702) 885-4892

In-State Toll Free 800-992-0900

ROBERT LIST, Governor

ROY E. NICKSON, Executive Director

Department of Taxation

The Department of Taxation's budget for the coming biennium requests a total of 119 employees - a decrease of 11 positions from current staffing. This decrease is based solely on the need for a reduction in expenses due to the current economic conditions. The criteria utilized for determining which positions were to be eliminated were:

- (1) Ceasing recruitment action on three vacant positions.
- (2) The pending retirement of two senior supervisors.
- (3) The consolidation of responsibilities for calculation of net proceeds of mines with a utility valuation position. The 1979 session changed the reporting of net proceeds of mines from semi-annual periods to an annual period thus reducing the workload in this area.
- (4) The elimination of a supervisory position in the Reno office, by assumption of this responsibility in the Carson City headquarters.
- (5) The elimination of 3 non-revenue producing positions in the Carson City office and 1 supervisor in the Las Vegas office.
- (6) The transfer of responsibility for collection of motor vehicle use tax in Reno and Las Vegas to the Department of Motor Vehicles.

Positions eliminated and anticipated savings are:

Executive Division:

1 Personnel Officer - Grade 35	(\$24,271.00)
1 Administrative Secretary - Grade 25	(\$15,346.00)
1 Management Analyst II - Grade 35	(\$24,271.00)
1 MCST Operator - Grade 22	(\$10,501.00)

Audit Division:

1 Supervising Auditor - Grade 37	(\$26,639.00)
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Division of Assessment Standards:

2 Property Appraiser IIs - Grade 34	(\$36,176.00)
1 Engineering Tech V - Grade 33	(\$22,114.00)
1 Tax Examiner - Grade 30	(\$19,251.00)

EXHIBIT C

Page 1

AN EQUAL OPPORTUNITY EMPLOYER

0-133 -5P-

Reno Office:

1 Tax Administrator III - Grade 37	(\$26,639.00)
1 Tax Document Examiner - Grade 27	(\$13,425.00)

Las Vegas Office:

1 Tax Administrator I - Grade 33	(\$22,114.00)
1 Tax Document Examiner - Grade 27	(\$13,425.00)

Substituting positions and costs requested are:

Reno Office:

1 Revenue Officer - Grade 32	(\$16,797.00)
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Las Vegas Office

1 Auditor - Grade 31	(\$16,053.00)
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The net savings to the Department would be \$221,322.00 in salary costs alone.

The elimination of the 5 supervisory positions will place a heavier burden on the Deputy Directors, Division Chiefs and District Manager of the Las Vegas Office. The physical appraisal of operating mines will be shifted from a 2 year to a 3 year cycle. It is believed that the DMV can absorb the responsibilities of use tax collection without additional personnel but the individuals assigned this function will require training by the Department of Taxation and should be compensated for the assumption of the new responsibilities. The positions chosen for elimination were carefully selected to have a minimal affect on revenue collection capabilities and, in fact, the substitution of 2 revenue producers for 2 supervisors will enhance the collection capabilities of the Department. It is emphasized that I consider the positions recommended for elimination, ones that facilitate the smooth functioning of the Department and I will recommend that they be considered for reestablishment when economic conditions improve.

The designation of DMV employees to act as agents of the Department of Taxation in the collection of use tax will require legislative action and a bill to achieve this objective has been drafted. Should this bill not be enacted into law, the two Tax Document Examiner positions should be reinstated. (NRS 482.225.4)

It is anticipated that almost all of the reductions will be accomplished by normal attrition and every effort will be made to retrain affected employees that desire to remain with the Department so that they may qualify for any vacancies that may occur. It is recognized that such action may necessitate the affected employee taking a lower classification grade. No recruitment for vacant positions from outside the Department will be undertaken until each affected employee is given the opportunity to apply and train for the vacancy.

In-state travel has been reduced by \$7,733 or 6.8% in the first year of the biennium from the current years work program and \$6,187 or 5.5% in the second year. However, the requested amounts are based on current per diem rates and, if these are increased by legislative action, it is requested that a compensating increase be made in each year of the biennium. The in-state travel is utilized, primarily, in revenue collections actions and in the conduct of the ratio study. The amounts also include the necessary travel for members of the Nevada Tax Commission and the State Board of Equalization.

Printing and duplicating expenses indicate a reduction of 18.4% in the first year of the biennium and 6.4% in the second year from the current years work program. This savings has been accomplished by limiting the distribution of Departmental publications to actual requests and by utilizing copy machines in lieu of printing to produce just the actual number of copies required.

An increase in operating supplies has been requested for each year of the biennium. This has been necessitated, primarily, by the need to procure fuson cigarette tax stamps in the amount of \$71,500 in each year of the biennium. NRS 370.190 would appear to give the Department authority to require the cigarette wholesalers to pay for the actual cost of the stamps in addition to payment of the cigarette tax. However, the Attorney General has determined that more specific language would be required. Since the cigarette wholesalers are given an allowance of 4% for services rendered in affixing the stamps or meter impressions and since the wholesaler has the option of utilizing the meter impressions at no cost to the state, it would appear appropriate that the state be reimbursed for the additional expense incident to procurement of the fuson stamps. Should the legislature determine that such action is appropriate, the dollar requirements in this category could be reduced and a revolving fund of \$30,000 established to permit stocking and sale of the stamps to cigarette wholesalers.

The other expense categories of communication, contract services and building rent have been increased based on inflation and actual increases in the cost of these services.

The legal and court expense category request is based on the recommendation of the Attorney General for the retention of 2 full time Deputies assigned to the Department of Taxation.

Office supplies and expense, equipment repair, advertising, office furniture equipment and employee training requests have each been reduced from the current years work program based on the obvious need for retrenchment and belt tightening at all levels of operation.

One area that must be addressed by the legislature is Nevada's continued membership in the Multistate Tax Compact. The 1967 session of the legislature adopted the Compact as Chapter 376 of the Nevada Revised Statutes. During the current biennium the legislature appropriated \$35,000 in each year to permit Nevada to participate in the Multistate Tax Commissions joint audit program. The Commission guaranteed a 20 to 1 return for such participation. However, the Multistate Tax Commission has not only been unable to meet this rate of return but failed to produce any revenue in FY 79-80. As a result we did not expend any of the \$35,000 authorized for FY 80-81 and the Commission is still committed to obtain a return of \$700,000 for our FY 79-80 participation. It is doubtful that any of these funds will be generated and I would, at this point, be delighted to obtain the return of just the \$35,000 that was expended.

The wisdom of Nevada remaining a member of the Multistate Tax Compact is in serious doubt. I estimate the loss in revenue incident to our membership at 1% of total sales tax revenues or \$2.1 million per year (including the Local School Support and City-County Relief taxes). This loss is caused by a provision of the Compact that mandates a credit against taxes collected by another state on property destined for ultimate use in Nevada. The States of Utah and Idaho have modified their laws to impose a "use" tax on manufactured items destined for Nevada. Since we are not an exporting state, we are unable to retaliate against this unfair practice. I note that the State of Wyoming withdrew from the Compact in 1976 for just this reason.

The Compact had, at its peak, a membership of 24 states. However 4 states, Illinois, Indiana, Florida and Wyoming, have withdrawn and the current membership consists of 19 states. From its inception, the Multistate Tax Commission has dealt, almost exclusively, with problems inherent in state income taxation. In the past two years the Commission embarked on an ambitious data processing venture that has, literally, drained the Commission's resources and necessitated significant increases in the annual dues assessed member states according to the Compact. Our annual dues have risen from about \$1,700 to \$3,387.45 for 1980-81. The Commission's budget anticipates the need for a further increase for FY 81-82 somewhere in the magnitude of \$5,000. Dues are calculated based on 10% of the budget divided equally among the member states and the remaining 90% based upon a ratio of total tax collections by a member state

to the total of all taxes collected in each member state. Thus, California, Michigan and Texas bear the brunt of the Commission's budget but, on a relative basis, the burden is heavier on Nevada and South Dakota.

No funds have been requested for the coming biennium for Nevada's participation in the Multistate Tax Commission with the belief and recommendation that the legislature repeal Nevada's adoption of the Compact. However, should the legislature determine that continued membership in the Compact is beneficial to Nevada, a minimum appropriation of \$5,000 in each year of the biennium to cover the annual dues will be required.

County Assessor Training & County Appraisal Programs

These are revolving funds with actual expenditures dependent upon County participation. These categories are mandated by NRS 360.215.

Senior Citizens Tax Assistance Program

In FY 79-80 we expended \$1,261,630 in credits and refunds for a total of 11,174 eligible claims. An additional 1,107 claims were received and disallowed. In FY 80-81 we have expended \$1,381,280 for 11,294 claims. We are requesting \$1,750,000 for FY 81-82 and \$1,900,000 for FY 82-83 for this category. These sums include personnel expenses for part time employees and data processing services for the program. Major revisions to the program, eligibilities or in ad valorem tax reform will affect the financial needs for this category. The sums requested anticipate no major changes.

Renewable Resources Tax Allowances

This appropriation covers rebates to the Counties for allowances granted for the value of solar, geothermal, wind, conversion of solid wastes and water power units utilized to heat or cool residential properties. The total of such allowances in FY 79-80 was \$8,262 and we have authorized \$8,215 in FY 80-81 to date. \$20,000 has been requested in each of the next two years of the biennium. Actual costs are difficult to anticipate.

Preservation of Certain Railroad Lines Allowance

This provision was added by the 1979 session. However, to date, no allowances have been granted under this statute and I am not aware of any anticipated claim under the law. No appropriation for the coming biennium has been requested and it is recommended that, should a claim arise, the states obligation be funded through a request to the Interim Finance Committee.

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

ROBERT LIST
Governor
HOWARD E. BARRETT
Director

January 22, 1981

MEMORANDUM

TO: Assembly Ways and Means Committee
FROM: Budget Division
SUBJECT: Department of Taxation Rent for Fiscal Year 1980-81

In response to a question from Mr. Barengo, January 21, 1981, the following breakdown of fiscal year 1981 rent need for the Department of Taxation is provided.

Carson City -	14,000 square feet @ 85¢ per month	\$11,900	
	2,400 square feet @ 42.5¢ per month	<u>1,020</u>	
		12,920	
		X 12	
			\$155,040
Reno -	1,835 square feet @ 80¢ per month	\$ 1,468	
		X 12	
			17,616
Elko -	1,225 square feet @ 55¢ per month		
	x 1 month	\$ 673.75	
	1,225 square feet @ 59¢ per month		
	x 11 months	<u>7,950.25</u>	
			\$ 8,624
Three out-of-state auditors are each paid a flat rate of \$50 per month for office space			<u>1,800</u>
			\$183,080
One percent Buildings and Grounds administrative charge			<u>1,831</u>
Total Need: Other Building Rent			184,911
Less Legislatively appropriated amount			(138,700)
Unappropriated Need			<u>\$ 46,211</u>

The original calculation included Elko at 55¢ per square foot for two months instead of one. The additional 4¢ per square foot for August made the \$46,161 requested supplemental appropriation \$50 less than actual need.

Assembly Ways and Means Committee
January 22, 1981
Page 2

The results of the Tax Department study on projected lease costs, summarized in the attached memo, were presented to the Board of Examiners on January 21, 1980. The Board reviewed the alternatives and authorized the Tax Department and Buildings and Grounds Division to proceed with the OSO Development Corporation proposal. A lease contract (attached) was prepared and approved by the Board of Examiners on March 20, 1980.

When bids were sought for new office space the request was written for 14,000 total square feet and all responding contractors bid on that basis. After OSO Development Company had been selected, it was discovered that the building would not be adequate. The contractor agreed to enlarge the building to provide 14,000 square feet of office space. The 2,400 square feet of hallways, restrooms, etc., were negotiated at 42.5¢ per square foot per month or \$12,240 per year. This increased the total rent for the new space to \$155,040 or \$19,040 more than the cost of remaining at Capital Plaza. However, over the five year projected lease, savings of \$12,623 will still be realized.

PE/bdg

Attachments

Department of Taxation

Capital Plaza, 1100 E. William

CARSON CITY, NEVADA 89710

Telephone (702) 885-4892

In-State Toll Free 800-992-0900



ROBERT LIST, Governor

ROY E. NICKSON, Executive Director

January 22, 1981

Mr. Howard E. Barrett, Director
 Department of Administration
 Room 205, Blasdel Building
 Carson City, NV 89710

Dear Mr. Barrett:

In the fall of 1979, realizing that our lease at 1100 East William Street with Bancroft Investors would expire on June 30, 1980, we inquired of Bancroft Investors as to what their price would be on a new lease. We felt their price for the additional five-year lease was unreasonable.

We consulted with Mike Meizel of Buildings and Grounds. Since neither of us knew of space large enough to accommodate our staff, Buildings and Grounds advertised for bids for a building to be constructed on land owned by the bidder, to be leased to us for a five-year term.

Of the six bids received, the following are the two low bids and the one received from Bancroft Investors, our former landlord:

OSO Development Company (low bidder and present landlord)

14,000 sq. ft. @ 85¢ = \$11,900 x 12 =	\$142,800 yr.
5 years (with no annual increase)	714,000
Estimated cost moving furniture and equipment	8,000
Estimated cost moving telephone and computer lines	<u>2,500</u>
TOTAL COST five years	\$724,500

R.L. Shaheen Company (second low bidder)

14,000 sq. ft. @ 75¢ = \$10,500 x 12 =	\$126,000 yr.
Second year plus 8%	136,080
Third year plus 8%	146,966
Fourth year plus 8%	158,724
Fifth year plus 8%	<u>171,421</u>
TOTAL LEASE five years	\$739,191
Estimated cost - moving furniture and equipment	8,000
Estimated cost - moving telephone and computer lines	<u>2,500</u>
TOTAL COST - 5 years	\$749,691

COPY

AN EQUAL OPPORTUNITY EMPLOYER

O-133

Howard E. Barrett, Director
Department of Administration
January 22, 1981
Page 2

Bancroft Investors (old landlord)	
14,000 sq. ft. @ 81¢ = \$11,340 x 12 =	\$136,000 yr.
Second year plus 8%	146,966
Third year plus 8%	158,723
Fourth year plus 8%	171,420
Fifth year plus 8%	<u>185,134</u>
TOTAL COST - 5 years	\$798,323
(no moving costs)	

After negotiating with OSO Development Company for the 14,000 square feet, it was determined that we had need for the additional 2,400 square feet which we leased at a cost of .425 per square foot. This makes the average cost of the entire space at 79¢ per square foot.

Should you have additional questions concerning the above, please contact me.

Very truly yours,



Clyde L. Scott
Deputy Executive Director

CLS:bg

LEASE AGREEMENT

1 THIS AGREEMENT, made and entered into this _____ day of February, 1980,
2 between ~~OSO CONSTRUCTION COMPANY~~, 820 Kuenzli Street, P.O. Box 3344, Reno,
3 Nevada 89505, herein referred to as LESSOR and the STATE OF NEVADA, DEPARTMENT
4 OF GENERAL SERVICES, DIVISION OF BUILDINGS AND GROUNDS, on behalf of the
5 Department of Taxation, hereinafter referred to as LESSEE.

6 WITNESSETH:

7 For and in consideration of the rents herein reserved and the covenants,
8 terms and conditions herein contained, the LESSOR does by these presents lease
9 unto LESSEE as follows:

10 1. LESSOR hereby leases to LESSEE and LESSEE accepts from LESSOR that
11 certain Premises to be built, situated in the City of Carson, County of
12 Carson, State of Nevada, more particularly described as follows:

13 Approximately 14,000 square feet of office located at Curry
14 Street, Carson City, Nevada 89701.

15 2. LESSOR hereby leases unto LESSEE and LESSEE agrees to lease from
16 LESSOR, subject to the approval of the Board of Examiners, the real property
17 heretofore described for a period of (5) years beginning July 1, 1980 and
18 terminating June 30, 1985.

19 3. LESSEE shall occupy and use the demised premises during the term
20 hereof for any lawful purpose required by law for the LESSEE to administer.
21 LESSEE shall surrender the premises to LESSOR immediately on termination of
22 the lease.

23 4. LESSEE agrees to pay to the LESSOR as and for the rental for said
24 premises the sum of ELEVEN THOUSAND NINE HUNDRED AND 00/100 (\$11,900.00) DOLLARS
25 per month, or \$.85 per square foot per month, payable quarterly in advance.

26 5. Prior to the commencement of this lease, LESSOR agrees at its
27 sole cost and expense to construct at least a 14,000 square foot building
28 conforming to the attached specifications and standards for construction
29 marked as Exhibit A and hereby incorporated by reference as if fully set forth
30 herein.

31 6. LESSEE shall not use or permit the premises, or any part thereof,
32 to be used for any purposes other than those set forth herein. LESSEE shall

1 neither permit on the premises any act, sale, or storage that may be prohibited
2 under standard forms of fire insurance policies, nor use the premises for any
3 such purpose. In addition, no use shall be made or permitted to be made that
4 shall result in (1) waste on the premises, (2) a public or private nuisance
5 that may disturb the quiet enjoyment of other tenants in the building, (3)
6 improper, unlawful, or objectionable use, including sale, storage, or preparatio
7 of food, alcoholic beverages, or materials generating an odor on the premises,
8 or (4) noises or vibrations that may disturb other tenants. LESSEE shall
9 comply with all governmental regulations and statutes affecting the premises
10 either now or in the future.

11 7. The rental shall be subject to either upward or downward adjust-
12 ments to compensate for changes in property taxes and operating costs of the
13 building complex of which the premises are a part, except that in no event
14 shall the rental be less than the sum set forth in paragraph 4 above.

15 In the event that the prevailing rates at the end of the first lease
16 year for said property taxes and operating costs increase or decrease from the
17 amount expended by LESSOR for such purposes during calendar 1980 LESSOR shall
18 charge or credit LESSEE for LESSEE's prorate share of those expenses. Any such
19 charge or credit shall be in the form of a rental adjustment for the following
20 year.

21 The property taxes and operating costs shall be determined on an
22 accrual basis and shall include real estate taxes and assessments, insurance
23 premiums, maintenance costs of the building and grounds, management costs,
24 including building managers, all janitorial and labor costs incurred in the
25 operation and maintenance of the building and grounds, cost of supplies and
26 materials, costs of utilities, including water, sewer and trash removal charges,
27 elevator upkeep and maintenance, air conditioning, operating and maintenance
28 costs and all other costs which can properly be considered operating expenses,
29 but excluding property additions and improvements, alterations for tenants,
30 depreciation, loan payments, income taxes and administrative costs not specifi-
31 cally incurred in the operation of the property.

32 The total of the property taxes and operating costs shall be divided

1 by the total number of net rentable square feet in the building or building
2 complex to determine the operating cost per square foot.

3 8. LESSOR shall furnish all heat and air conditioning to the demised
4 premises on all business days during the appropriate seasons. LESSOR agrees to
5 provide and pay for all utility charges (exclusive of charges for telephone
6 service) and for all taxes and assessments levied against the above-described
7 property during the term of this lease. LESSEE shall provide and pay for all
8 telephone services that LESSEE's occupancy shall require.

9 9. LESSOR agrees to provide and pay for all janitorial and refuse
10 services necessary to maintain the premises occupied by LESSEE during the term
11 of this lease, and at LESSOR's own expense. LESSOR agrees to make all necessary
12 structural, heating, air conditioning, flooring, electrical, plumbing, roofing,
13 exterior wall, sidewalk repairs and other similar repairs required as a result
14 of any defect of the same or as a result of the same wearing out or becoming
15 unserviceable through no carelessness or negligence on the part of the LESSEE.

16 10. LESSEE agrees to maintain the demised premises in as good a state
17 of repair as when first occupied, ordinary wear and tear and Paragraph 9
18 repairs excepted.

19 11. LESSEE will save and hold LESSOR harmless from all loss, damage,
20 liability or expense resulting from any injury to any person or any loss of or
21 damage to any property caused by or resulting from any act or omission of
22 LESSEE or any officer, agent, employee, guest, invitee, or visitor of LESSEE in
23 or about Premises or Building, but the foregoing provision shall not be construed
24 to make LESSEE responsible for injuries to third parties caused by the negligence
25 of LESSOR or any officer, agent, employee, guest, invitee, or visitor of LESSOR.
26 LESSOR shall not be liable for any loss or damage to person or property sustained
27 by LESSEE, or other person, which may be caused by Building or Premises, or any
28 appurtenances thereto being out of repair, or by the bursting or leakage of any
29 water, gas, sewer, steam pipes, or by theft or by any act or neglect of any
30 tenant or occupant of the Building, or of any other persons, or by any other
31 cause whatsoever nature, unless caused by negligence of LESSOR or its officers,
32 contractors, licensees, agents, servants, employees, guests, invitees, or

1 visitors.
2 12. In the event of a breach of this lease by LESSEE or a breach by
3 LESSEE of any of the covenants herein contained on the part of the LESSEE to be
4 kept and performed, the LESSEE shall have thirty (30) days from the date of
5 mailing of written notice of such default or breach within which to remove or
6 cure said default or breach, except all rent shall be paid on the date due and
7 payable. In the event of a breach by LESSEE which is not removed or cured
8 within the aforesaid thirty (30) day period, or in the event of LESSEE's failure
9 to pay rent when due, the LESSOR, besides other rights of re-entry may remove
10 all persons and property from the demised premises; such property may be removed
11 and stored in any public warehouse or elsewhere at the cost of and for the
12 account of the LESSEE.

13 13. The LESSEE does hereby covenant and agree to indemnify the LESSOR
14 and hold him harmless from any and all liabilities arising by virtue of any
15 mechanic's lien which may be placed against the premises hereby leased on
16 account of any activity of the LESSEE. In this regard, the LESSOR reserves the
17 right to enter upon said premises at any time for the purpose of posting any
18 and all necessary notices of non-responsibility.

19 14. LESSOR, at his sole cost and expense, agrees to keep improvements
20 on the demised premises insured at all times during the term of this lease.
21 LESSOR will pay all real property taxes assessed on the demised premises,
22 including improvements thereon during the term hereof or any renewal period.
23 LESSOR shall have no responsibility or liability to pay any personal property
24 taxes because of any personal property brought upon or used in connection with
25 the demised premises, and LESSEE will hold LESSOR harmless therefor, should
26 such taxes at any time be assessed.

27 15. LESSEE shall have the option to renew this lease one time for an
28 identical term as provided herein. Written notice of intention to renew must
29 be furnished LESSOR ninety (90) days prior to expiration of the lease or any
30 renewal hereunder. The rental shall be subject to renegotiation at the time of
31 any renewal, but all other terms and conditions shall remain as provided herein.

32 16. In case suit shall be brought for an unlawful detainer of the

1 premises, for the recovery of any rent due under the provisions of this lease,
2 or for LESSEE's breach of any other condition contained herein, LESSEE shall
3 pay to LESSOR a reasonable attorney's fee which shall be fixed by court, and
4 such attorney's fee shall be deemed to have accrued on the commencement of the
5 action and shall be paid on the successful completion of this action by LESSOR.
6 LESSEE shall be entitled to attorney's fees in the same manner if judgment is
7 rendered for LESSEE.

8 17. IF LESSEE holds possession of the premises after the term of this
9 lease, LESSEE shall become a tenant from month-to-month on the terms herein
10 specified, but at a monthly rental to be negotiated at that time payable
11 monthly in advance on the first day of each month, and LESSEE shall continue to
12 be a month-to-month tenant until the tenancy shall be terminated by LESSOR or
13 until LESSEE has given to LESSOR a written notice at least one month prior the
14 date of termination of the monthly tenancy of his intention to terminate the
15 tenancy.

16 18. The failure of LESSOR to insist upon strict performance of any of
17 the covenants and agreements of this lease or to exercise any option herein
18 conferred in any one or more instance, shall not be construed to be a waiver or
19 relinquishment of any such covenants and agreements, or any other covenants or
20 agreements, but the same shall remain in full force and effect.

21 19. The remedies herein given to LESSOR shall be cumulative, and the
22 exercise of any one remedy by LESSOR shall not be to the exclusion of any other
23 remedy.

24 20. All notices under this lease shall be in writing and delivered in
25 person or sent by registered or certified mail to LESSOR at its offices in
26 Building and to LESSEE at Premises effective as of the postmark time and date
27 or to such other place as may hereafter be designated by either party in
28 writing.

29 21. It is understood that rentals from LESSEE to LESSOR under the
30 terms of this lease, and all supplements and amendments hereinafter shall
31 commence on the acceptance of the premises by the LESSEE, which acceptance
32 shall be within five (5) days after satisfactory completion of said improvements

1 as contemplated in Paragraph 5; that said improvements shall be substantially
2 completed within ninety (90) working days from the date of this lease or this
3 lease shall be void, unless failure to complete said improvements within said
4 time is caused by an act of God, labor dispute, acts or omissions of third
5 parties not under the direct control of LESSOR, or other matters beyond the
6 control of LESSOR.

7 If building is not ready for occupancy as specified in Paragraph 5 of
8 this lease, and LESSEE therefore remains in present premises until said
9 building is ready for occupancy, LESSOR agrees to pay to LESSEE any increase
10 in rental charge to LESSEE by the LESSOR of the presently occupied premises
11 for possession of the same during such period.

12 22. LESSOR covenants that as of the date of commencement of the term
13 of this lease LESSOR will have good right to lease premises for the purposes
14 and uses stated in this lease and LESSEE upon complying with and properly per-
15 forming all the covenants and conditions of this lease upon its part to be
16 performed, shall have and quitely enjoy premises for the term of this lease.

17 XXXX

18 XXXX

19 XXXX

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IN WITNESS WHEREOF, the parties hereto have set their hands the day
and year first above written.

OSO Construction Company
OSO CONSTRUCTION COMPANY

By *[Signature]* LESSOR

Date 1-16-80

STATE OF NEVADA
DEPARTMENT OF GENERAL SERVICES

By *Bruce Greenhalgh*
Bruce Greenhalgh, Director

Date 1-16-80

STATE OF NEVADA
DEPARTMENT OF GENERAL SERVICES
DIVISION OF BUILDINGS AND GROUNDS

By *Michael Meizel*
Michael Meizel, Superintendent

Date 1/16/80

STATE OF NEVADA
DEPARTMENT OF TAXATION

By *[Signature]*

Date Jan 16, 1980 LESSEE

Approved as to form only:

RICHARD BRYAN
Attorney General

By *Robert Ulrich*
Robert Ulrich
Deputy Attorney General

Date 1-14-80

Approved by: *[Signature]* NON JAN 21 1980

BOARD OF EXAMINERS
By *Howard E. Barrett*
Howard E. Barrett, Clerk

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IN WITNESS WHEREOF, the parties hereto have set their hands the day
and year first above written.

OSO DEVELOPMENT COMPANY

By [Signature] LESSOR

Date 3/30/80

STATE OF NEVADA
DEPARTMENT OF GENERAL SERVICES

By [Signature]
Bruce Greenhalgh, Director

Date 3/14/80

STATE OF NEVADA
DEPARTMENT OF GENERAL SERVICES
DIVISION OF BUILDINGS AND GROUNDS

By [Signature]
Michael Meizel, Superintendent

Date 3/13/80

STATE OF NEVADA
DEPARTMENT OF TAXATION

By [Signature] LESSEE

Date March 13, 1980

Approved by:

BOARD OF EXAMINERS

By [Signature]
Howard E. Barrett, Clerk

Reviewed: THU March 22 1980

RICHARD BRYAN
Attorney General

By [Signature]
Robert Ulrich
Deputy Attorney General

Date 3-13-80

STATEWIDE LEASE INFORMATION

1. Name of Lessor..... OSO DEVELOPMENT
2. Address of Lessor..... P. O. Box 3344, Reno, Nevada
3. Address of Lease Property..... CURRY STREET, CARSON CITY, NEVADA
- a. Square Footage..... 14,000
- b. Cost..... \$.35 per square foot or \$11,900 per month
- c. Term..... 7/1/80 - 6/30/85
- d. Option to Renew..... 5 years
- e. Utilities..... LESSOR
- f. Janitorial..... LESSOR
- g. Major Repairs..... LESSOR
- h. Minor Repairs..... LESSOR
- i. Taxes..... LESSOR
- j. Comparable Costs..... \$.30 - \$.90
- k. Agency..... DEPARTMENT OF TAXATION

JAN 18 1980
 GENERAL INVESTIGATIVE DIVISION

4. Does this lease constitute:
- (a) An extension of an existing lease
 - (b) Addition to current facilities
 - (c) A relocation
 - (d) A new location

5. Specific Description of Termination Clause in Lease.....
NONE EXCEPT BY DEFAULT

6. Purpose of Lease..... TO HOUSE DEPARTMENT OF TAXATION

REMARKS.....

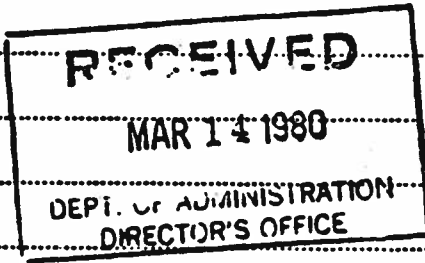
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 Authorized Signature—Agency

M. F. [Signature]
 Department of General Services, Buildings and Grounds Division

For Board of Examiners: Yes No

STATEWIDE LEASE INFORMATION

- 1. Name of Lessor..... OSO DEVELOPMENT COMPANY
- 2. Address of Lessor..... 820 Kuenzli Street, P.O. Box 3344, Reno, Nevada 89505
- 3. Address of Lease Property..... Curry Street, Carson City, Nevada
 - a. Square Footage..... 2,400
 - b. Cost..... \$.425 per sq. ft. or \$1,020.00 per month
 - c. Term..... 1/21/80 -- 6/30/85
 - d. Option to Renew..... 5 years
 - e. Utilities..... LESSOR
 - f. Janitorial..... LESSOR
 - g. Major Repairs..... LESSOR
 - h. Minor Repairs..... LESSOR
 - i. Taxes..... LESSOR
 - j. Comparable Costs..... \$.80 to \$.90
 - k. Agency..... Department of Taxation



- 4. Does this lease constitute:
 - (a) An extension of an existing lease
 - (b) Addition to current facilities XX
 - (c) A relocation
 - (d) A new location

5. Specific Description of Termination Clause in Lease..... None except by default

6. Purpose of Lease..... To house Department of Taxation

REMARKS.....

.....
 Authorized Signature—Agency 11.7.80
 Department of General Services, Buildings and Grounds Division

For Board of Examiners: Yes No