

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

MEMBERS ABSENT: None

ALSO PRESENT: Bill Bible, Fiscal Analyst
Judy Matteucci, Deputy Fiscal Analyst
Mike Alastuey, Deputy Budget Director

Chairman Bremner called this work session to order at 8:00 a.m. He referred to A.B. 274, an act relating to certain administrative changes in state purchasing and increasing amounts which may be paid for automobiles, and reminded the committee it had previously heard this bill.

A.B. 274

Chairman Bremner stated that Mr. Coulter wished to present the committee with additional information on A.B. 274. In previous testimony before the committee, Mr. Coulter said a witness had testified that the policy of the Board of Examiners was to "buy American" and would not even open a bid if it was from a foreign car manufacturer or distributor.

Mr. Coulter expressed the opinion that it is very difficult to say what "American made" means. After research, Mr. Coulter found that 49.5 percent of American Motors Stock is now owned by Renault, and within two years that figure will raise to 59 percent owned by European car manufacturers. The question, as seen by Mr. Coulter, is American Motors an American automobile manufacturer when the profits are going to Europe and it is controlled by a European corporation.

Mr. Coulter continued to cite examples of the problem, such as General Motors building Chevrolet LUV trucks and Dodge Colts in Japan, using Japanese labor, and returning them for sale in the United States. He also stated that very few cars in this country do not have components which come from other countries.

In his research, Mr. Coulter had found a federal regulation defining "American made" which basically stated that 75 percent of the value added to the car is done in the United States. This is referred to as the "local content law". Mr. Coulter felt that if the Board of Examiners is to have a meaningful policy it should be to buy automobiles where the money is going to American workers, or something along that line.

Mr. Horn suggested that the committee send a letter to the Board of Examiners instructing them to purchase cars from Nevada franchises or Nevada dealerships.

Mr. Glover moved to AMEND A.B. 274 to make it effective on passage and approval, seconded by Mr. Rhoads. Motion carried unanimously.

Mr. Bible referred to a request by Mr. Jacka that the bill give some authority to Interim Finance to increase the limits in the second year of the biennium. Mr. Bible said that Chairman Bremner had suggested that on page 3, line 4, the figures be changed to read "\$10,000 in 1981-82, and \$10,500 in 1982-83."

Mr. Glover moved that A.B. 274 be AMENDED on page 3, line 4, to read "\$10,000 in 1981-82, and \$10,500 in 1982-83", seconded by Mrs. Westall. Motion carried unanimously.

Mr. Glover moved DO PASS A.B. 274 AS AMENDED, seconded by Mr. Vergiels. Motion carried with Mr. Horn voting no.

Mr. Coulter asked if, in view of all the problems he had presented, the committee could send a letter to the Board of Examiners suggesting that they examine all bids submitted for automobiles. Chairman Bremner directed Mr. Bible to draft a letter and present it to the committee for review.

A.B. 50

Chairman Bremner referred to this bill heard yesterday by the committee and the proposed amendment submitted.

Mr. Robinson moved to AMEND THE PROPOSED AMENDMENT to A.B. 50 by deleting (b) under 3, Section 1, page 1, seconded by Mr. Glover. Motion carried unanimously.

The committee discussed whether the position should file a report with the Interim Finance Committee or with the Legislative Commission. Chairman Bremner suggested a written report be submitted to both. After discussion, the committee agreed the report should go to the Interim Finance Committee.

Mr. Vergiels moved to ADOPT THE AMENDED AMENDMENT to A.B. 50, seconded by Mrs. Hayes. Motion carried unanimously.

Chairman Bremner said there are two other proposed amendments. One, since this appears in the budget no appropriation is necessary in the bill.

Mr. Glover moved that to AMEND A.B. 50 by deleting the appropriation, seconded by Mr. Vergiels. Motion carried unanimously.

The second proposed amendment is to make the position unclassified.

Mr. Vergiels moved to AMEND A.B. 50 by making the position unclassified, seconded by Mr. Marvel. Motion carried unanimously.

Mr. Robinson suggested that the word "reviewed" be added to the end of the sentence on line 9, page 1, for the purpose of clarification. Mr. Vergiels suggested that the word should be "evaluated" rather than "reviewed".

Mr. Robinson moved to AMEND A.B. 50 on line 9, page 1 by deleting the period after the word "case" and inserting the word "evaluated", seconded by Mr. Vergiels. Motion carried unanimously.

Mr. Coulter moved DO PASS A.B. 50 AS AMENDED, seconded by Mr. Horn. Motion carried unanimously.

Chairman Bremner said that no action would be taken on A.B. 51 until all plans were received.

A.B. 210

Mr. Marvel felt there were problems created in the Children's Homes by this bill. Chairman Bremner said he had always resisted the concept of the bill. Mr. Robinson stated he did not believe the state should be paying for the children and he believed it would be more logical to ask for reimbursement from the school district from which the student came.

Mr. Bergevin commented that approximately 35 percent of these children are in the handicapped realm and while he was not necessarily in favor of the \$1,600 figure, he believed they needed some assistance since the laws of Nevada required placement of the children.

Mr. Glover said that while it was true these children are added to the Distributive School Fund, since they do not have parents that live in Carson City, there are no taxes paid by those parents so the school district is losing revenue. He further said the children were wards of the state and if the Children's Homes did not exist they would be in Caliente or Elko Boy's School. He felt the bill was an equitable solution.

Chairman Bremner again referred to the many problems in the bill and said it would be referred to the Education Subcommittee for further study.

A.B. 335

Mr. Rhoads said he had information coming which he would like to present and that such information should be available by April 9. Chairman Bremner continued discussion of the bill until that date.

A.B. 352

Mr. Bergevin moved DO PASS A.B. 352, seconded by Mr. Marvel. Motion carried unanimously.

A.B. 356

Mr. Bible explained that this bill would direct the State Land Registrar to sell the land that was formerly occupied by the Division of Forestry across from the MGM Hotel in Reno. The last appraised value was approximately \$900,000 which was believed to be low. The three year lease with Washoe County for \$1 a year will expire in March 1984, according to Mr. Bible. He further said that Washoe County is using this property for temporary jail facilities.

Chairman Bremner said A.B. 356 would give Washoe County notice that they should not put a permanent jail facility on the land and also that they would not be able to secure the property from the state at rock bottom prices. In response to Mr. Vergiel's suggestion that a letter should be sent to Washoe County advising them of the state's intentions, Chairman Bremner said such a letter had been sent.

The committee discussed possibilities for selling, trading or leasing the property to obtain the greatest benefits to the state. Chairman Bremner commented that the bill could be amended by eliminating Section 2 and adding that the act becomes effective on April 1, 1984. He further suggested a bill or an amendment which would give the Legislative Commission or Interim Finance the right to review leases involving state property.

Mrs. Hayes moved that legislation be requested which would give the Legislative Commission or the Interim Finance Committee the authority to review leases or sales of state property ordered by the legislature, seconded by Mr. Marvel. Motion carried.

S.B. 50

Mr. Glover moved DO PASS S.B. 50, seconded by Mr. Marvel. Motion carried unanimously.

S.B. 191

Mr. Alastuey said the major feature is changing the number of appeals officers the Governor may appoint from "two" to "one or more". Mr. Hickey stated he believed a limit should be placed on the number of appeals officers to be appointed and suggested the bill should be limited to three. Mr. Alastuey said he believed three appeals officers would carry the division through the biennium but they would like to have more flexibility.

Mr. Hickey moved to AMEND S.B. 191 on page 1, line 2, by eliminating the language "one or more" and inserting the number "three", seconded by Mr. Robinson. Motion carried with Mr. Glover voting no.

Mr. Vergiels moved DO PASS S.B. 191 AS AMENDED, seconded by Mr. Hickey. Motion carried.

S.B. 204

Mr. Vergiels moved DO PASS S.B. 204, seconded by Mr. Hickey. Motion carried.

S.B. 209

Mr. Glover moved DO PASS S.B. 209, seconded by Mr. Vergiels. Motion carried.

S.B. 210

Mr. Robsinson moved DO PASS S.B. 210, seconded by Mr. Hickey. Motion carried.

S.B. 348

Chairman Bremner asked Mr. Bible to submit new figures on supplemental rent for the Department of Taxation. Mr. Bible said that an alternative approach would be to allow the Department of Taxation to expend an additional \$35,000 this year from cigarette-gas tax administration funds. A bill has been drafted to accomplish this and could be introduced today.

Mr. Vergiels moved to AMEND S.B. 348 by deleting the sum of \$46,161 and inserting the figure \$11,161, seconded by Mr. Marvel. Motion carried.

Mr. Hickey moved DO PASS S.B. 348 AS AMENDED, seconded by Mr. Vergiels. Motion carried.

The committee returned to a discussion A.B. 356 and Mr. Robinson discussed the terms of the lease with Washoe County. Mr. Robinson said he could not understand why the Department of Conservation and Natural Resources, Division of State Lands, had not sold the property. Mr. Bible explained that existing statutory language prohibits state agencies from selling state land without the express approval of the legislature. A.B. 356 would give the department the statutory authority to sell it.

Mr. Robinson felt that the bill should also state that the lease is not to be renewed and that the land is to be sold if Washoe County vacates it before the expiration of the lease. He further believed the same conditions should apply to the Verdi Fish Hatchery property and that Washoe County's activities at the State Fair Grounds should be reviewed.

Mrs. Hayes suggested that the property could still be leased at fair market value and that perhaps it would appreciate in value to obtain a higher selling price at a later date.

The agency responsible for the property should start the process of selling it a year prior to the expiration of the lease, Mr. Robinson said.

Mr. Marvel referred to the Sagebrush Rebellion and said that one of its guarantees is that state lands would not be sold but would be held for the use of the general public. He did not believe the state should project a "land baron image". Chairman Bremner said when the State Forestry Division moved, the land was to have been sold and the proceeds used to pay for the move so he did not believe the same premise applied as for the Sagebrush Rebellion.

Mr. Hickey agreed with Chairman Bremner and pointed out this was urban property and not rural or grazing land.

Mr. Robinson said that the amendment could contain the provisions that the proceeds of the sale be applied to the Forestry Department or to the State Park Department for acquisition of lands in the Tahoe Basin, or to purchase other property, all of which would be of benefit to the public. Chairman Bremner and Mr. Marvel also suggested trade or exchange.

Mr. Robinson requested additional time to study proposed amendments and Chairman Bremner granted the request.

BUDGETS

GROUP INSURANCE COMMITTEE

Motion to adopt the Governor's recommendation made by Mr. Hickey; seconded by Mrs. Westall. Motion approved; budget closed.

Mr. Hickey said he had discussed the budgets with Mr. Bible and it had been suggested that perhaps \$100 could be deducted from each of the line items which, in the total budgets, would amount to approximately \$500,000. He asked the committee's opinion of such action.

Mr. Robinson said he believed a percentage deducted from each item would be more equitable. Mr. Brady approved of the percentage concept and expressed his support of Mr. Hickey's suggestion. Mr. Bible stated that when the Budget Office constructed the budgets they made certain assumptions and that generally, although not in all cases, they referred to what an agency actually spent in 1979-80 and increased it by 22 percent and then provided an additional 10 percent for the next year. He said that the committee could reduce the items to 21 and 9 percent or 20 and 8 percent on the same items.

Chairman Bremner directed Mr. Bible to work up some figures on a typical budget and present them to the committee on April 9, 1981. Mr. Alastuey said he could understand the committee's desire to shave costs everywhere but he hoped that the committee would keep an open mind as to how these changes are to be input.

For example, he said, if the Budget Office were to enter a one percent change on each and every affected line item throughout the budget, that would have substantial impact for key-punching and for per day input. Mr. Vergiels did not understand why there would be a great impact. Mr. Alastuey said that the number of key entry strokes is a factor. Mr. Bible asked if Mr. Alastuey could supply the committee with information regarding the number of key entry strokes during the formulation of the budget.

Mr. Horn commented that he did not believe the committee should be concerned with key entries and key punch time but should be concerned with saving money in the budgets.

Mr. Alastuey said he was not objecting in any way to the task of having to change the budgets as being connected with the merits of doing it but what he was obliged to point out was that the more changes that are made, if it is a line by line change and not a single entry change for each budget, the more time is involved. There are time constraints at the end of the session and the budget office must enter the changes and produce an appropriation act that is accurate and verifiable.

Mr. Vergiels said he would hope that general cuts would not infringe on cuts contemplated by subcommittees as they would not want to be held to a 20 and 8 percent or any other definite figure. Chairman Bremner assured Mr. Vergiels any cuts would be incorporated in a subcommittee's recommendations.

MERIT AWARDS BOARD

Motion to adopt the Governor's recommendation made by Mr. Glover; seconded by Mr. Rhoads. Motion approved; budget closed.

RETIRED EMPLOYEES GROUP INSURANCE

Motion to adopt the Governor's recommendation made by Mr. Glover; seconded by Mr. Brady. Motion approved; budget closed.
Mr. Robinson not voting.

AERIAL NAVIGATION CHARTS

Motion to adopt the Governor's recommendation made by Mr. Hickey; seconded by Mr. Rhoads. Motion approved; budget closed.

Chairman Bremner announced that a majority of the budgets contained operating categories and it was his suggestion that they be closed and they can be changed when Mr. Bible makes his recommendations and the committee agrees on items to be reduced.

Mr. Bible told Mr. Vergiels that if the committee closed a budget and does something other than recommended by the Governor and if they adopt a percentage cut, the lowest number will be used as the committee's action.

Mr. Robinson referred to the two-thirds majority vote required to reopen a budget and suggested that each motion to close a budget contain the words "the budget will be reopened to apply the percentage decrease adopted by the committee."

Mr. Vergiels moved that from this time forward to the end of the session that the committee has as part of its standing rules that to reopen a budget takes a simple majority of the committee. Seconded by Mrs. Westall.

Mr. Glover felt this was a dangerous motion since the committee would be under great pressure to reopen budgets as the session draws to a close. Mr. Rhoads agreed with Mr. Glover.

Chairman Bremner said that action on the budgets could be deferred until Mr. Bible's report was received.

Mr. Bergevin did not understand why the committee could not reach a gentlemen's agreement without amending standing rules and other motions. Chairman Bremner agreed and said the committee had followed the same procedure in the past and had no problems. Mr. Vergiels withdrew his motion and Mrs. Westall withdrew her second.

PUBLIC WORKS BOARD

Mr. Bergevin referred to the reduction in workload of the Public Works Board and stated he did not believe the workload accommodated the number of positions requested.

Mr. Hickey said that a mechanical-electrical engineer position had not been filled and there are other things in the budget that are questionable, including in-state travel and contractual services. He also believed the budget was overstated.

Mr. Alastuey said that Mr. Hancock had testified that if the CIP program continued to diminish, he might be able to reduce some staff in a future biennium but he wished to continue the existing position complement because master planning will absorb much of their staff time as the current projects wind down.

Mr. Brady felt that Mr. Hancock's rationale made no sense. Mr. Glover was of the opinion that any reductions in the budget should not be reduced too quickly and delay capital improvement projects.

Mr. Vergiels moved that the budget be reduced by 20 percent in the second year of the biennium; that Mr. Bible be directed to write to Mr. Hancock and ask him where the 20 percent will be reflected; and that the vacant position be deleted.

Mr. Vergiels moved to adopt the Governor's recommendation as amended; seconded by Mr. Hickey. Motion approved; budget closed. Mr. Glover voted no.

PUBLIC WORKS INSPECTION SECTION

Mr. Bible stated that this budget flows directly from the capital improvement projects and all the capital improvement projects have an item budgeted within them for inspections. The moneys are collected from the projects, deposited to this account and then the inspectors are hired. Thus, this budget winds itself down, according to Mr. Bible.

Motion to adopt the Governor's recommendation made by Mr. Hickey; seconded by Mr. Vergiels. Motion approved; budget closed.

COMMISSIONER FOR VETERANS AFFAIRS

Chairman Bremner said that the Advisory Commission did not meet last year and that line item could probably be reduced

Mr. Hickey moved that the Advisory Commission be reduced to \$750.00. Seconded by Mr. Bergevin and carried. Mr. Robinson voted no.

Motion to adopt the Governor's recommendation as amended made by Mr. Hickey; seconded by Mrs. Hayes. Motion approved; budget closed.

INDIAN COMMISSION

Motion to adopt the Governor's recommendation made by Mr. Vergiels; seconded by Mr. Hickey. Motion approved; budget closed.

Chairman Bremner adjourned the meeting at 10:45 a.m.