

MINUTES OF THE  
MEETING OF THE SENATE COMMITTEE  
ON COMMERCE AND LABOR

SIXTY-FIRST SESSION  
NEVADA STATE LEGISLATURE  
May 8, 1981

The Senate Committee on Commerce and Labor was called to order by Chairman Thomas R.C. Wilson, at 12:30 p.m., Friday, May 8, 1981, in Room 213 of the Legislative Building, Carson City, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT:

Senator Thomas R.C. Wilson, Chairman  
Senator Richard Blakemore, Vice Chairman  
Senator Don Ashworth  
Senator Melvin Close  
Senator William Hernstadt  
Senator Clifford McCorkle  
Senator William Raggio

STAFF MEMBER PRESENT:

Betty Steele, Committee Secretary

Vice Chairman Blakemore asked the committee to consider introduction of two bill draft requests, sponsored by Senator Jean Ford.

Senator Don Ashworth moved that the committee introduce BDR No. 53-1686\* and BDR No. 53-1688.\*\*

Senator McCorkle seconded the motion.

The motion carried.

SENATE BILL NO. 391 -- "Amends law relating to pharmacists and pharmacies." (S.B. No. 391 was not scheduled for the regular meeting, but was discussed as part of a luncheon work session.)

Mr. Harvey Whittemore, representing the Nevada Resort Association,

\* S.B. 665

\*\* S.B. 667

SENATE COMMITTEE ON COMMERCE AND LABOR  
MAY 8, 1981

said that he researched the laws governing pharmacists and the filling of prescriptions for out-of-state visitors in all 50 states. Mr. Whittemore said that only four other states limit out-of-state prescriptions; but, the majority allow the pharmacists to use their best judgment. He said that the committee had previously passed S.B. No. 391 with an amendment to require that pharmacists telephone to verify the prescription. Mr. Whittemore said his clients are not opposed to this amendment. However, the representatives of Raley's did not concur with this amendment. Mr. Whittemore commented that he wanted the committee to have this information because during the hearings on S.B. No. 391, the proponents had testified that Nevada was unique in not having this practice restricted. Senator Hernstadt said that he did not concur with the amendment either, and he felt that the pharmacists should use "due diligence" and if necessary, telephone for verification. Senator Raggio concurred.

Senator Hernstadt moved that Senate Bill No. 391 be re-amended to require that pharmacists apply "due diligence" when filling out-of-state prescriptions to authenticate the prescription.

Senator Don Ashworth seconded the motion.

The motion carried. (Exhibit C.)

BILL DRAFT REQUEST NO. 54-1885 -- "Amends various provisions relating to public accounting."

The committee members concurred to give committee introduction to BDR No. 54-1885. (S.B. 661)

BILL DRAFT REQUEST NO. 53-1906 -- "Authorizes executive director of employment security department to prescribe alternative definitions of "week" for purposes of unemployment compensation."

The committee members concurred to give committee introduction to BDR No. 53-1906. (S. B. 666)

BILL DRAFT REQUEST NO. 54-1579 -- "Allows limited writing of prescriptions by certain nurses and physicians' assistants."

The committee members decided not to give committee introduction to BDR No. 54-1579.

SENATE COMMITTEE ON COMMERCE AND LABOR  
MAY 8, 1981

ASSEMBLY BILL NO. 115 -- "Authorizes Nevada industrial commission to enter certain agreements relating to rehabilitation."

Senator Hernstadt moved Do Pass of A.B. No. 115.  
(Exhibit D.)

Senator Don Ashworth seconded the motion.

The motion carried.

SENATE BILL NO. 534 -- "Includes additional lines of insurance which may be sold under agent's limited license."

Vice Chairman Blakemore read proposed amendments to the committee as presented by Ms. Patsy Redmond, acting state insurance commissioner.

The committee members concurred to accept Ms. Redmond's amendments and have them attached to S.B. No. 534 which had previously received a "Do Pass" from the committee.

SENATE BILL NO. 468 -- "Authorizes formation of captive insurance companies."

Vice Chairman Blakemore asked the committee secretary to contact the state insurance division to determine if more information could be obtained on S.B. No. 468.

SENATE BILL NO. 505 -- "Broadens penalty provided for theft of services of public utilities."

Senator Hernstadt submitted to the committee a copy of testimony from Mr. Gene Matteucci of Nevada Power Company. This letter proposed passage of S.B. No. 505, (see Exhibit E). The Senator also discussed proposed amendments to S.B. No. 505 which would include cable T.V. companies under the jurisdiction of chapters 704 and 711 of the Nevada Revised Statutes. It was agreed that S.B. No. 505 would not be further amended by this committee and would be referred to the Senate Committee on Judiciary in its current status.

SENATE BILL NO. 547 -- "Provides that term "employment" for purposes of unemployment compensation does not include services performed for profitable enterprise under certain circumstances."

SENATE COMMITTEE ON COMMERCE AND LABOR  
MAY 8, 1981

Senator McCorkle said that S.B. No. 547 should be amended to apply only to employees working on a commission basis. The committee concurred to have this amendment incorporated into S.B. No. 547 and then have the bill re-referred to the committee for further consideration.

ASSEMBLY BILL NO. 191 -- "Requires insurers to offer coverage for full replacement value of mobile homes."

Senator Don Ashworth moved Do Pass of A.B. No. 191.

Senator Raggio seconded the motion.

The motion carried. (Exhibit F.)

ASSEMBLY BILL No. 368 -- "Makes various changes in provisions regarding compensation, wages and hours of labor."

Senator McCorkle moved for Indefinite Postponement of A.B. No. 368.

Senator Don Ashworth seconded the motion.

The motion carried.

ASSEMBLY BILL NO. 331 -- "Increases requirements for reserve funds and specifies numbers of professional participants required to qualify plans of new medical service corporations."

Assemblyman David Nicholas spoke on A.B. No. 331, sponsored by the Assembly Committee on Fealth and Welfare. Assemblyman Nicholas said that this bill continues to guarantee that bonified companies will provide intermediary services to Nevadans. Assemblyman Nicholas said that no opposing testimony was given to A.B. No. 331 during the bill's hearings in the Assembly committee.

ASSEMBLY BILL NO. 433 -- "Increases compensation under industrial insurance for certain claimants and reduces certain compensation by amount of federal benefits under social security."

Assemblyman Danny Thompson spoke on A.B. No. 433, sponsored by Assemblyman James Banner. The assemblyman submitted back-up material to the committee illustrating the current level of benefits under chapter 616 of the Nevada Revised Statutes. (Exhibit G.)

SENATE COMMITTEE ON COMMERCE AND LABOR  
MAY 8, 1981

(Vice Chairman Blakemore interrupted the testimony on A.B. No. 433 in order to receive information from Ms. Patsy Redmond, acting state insurance commissioner, on S.B. No. 468.)

Senator Raggio asked Ms. Redmond to explain the benefit of "captive" insurance as is addressed in Senate Bill No. 468. Ms. Redmond said that originally a "captive" bill was introduced in order that the state of Nevada would attract more premium taxes and a type of domestic industry. However, the division currently has problems with the bill as drafted. The division still agrees with the concept, but determined that more research was needed.

On Assembly Bill No. 331, Senator McCorkle asked Ms. Redmond to explain the exemption for existing medical service corporations. Ms. Redmond responded that it is usually the case to have a "grandfather" exemption clause for those companies already in operation under the current law. Senator Raggio asked Ms. Redmond to research what other states have similar requirements as proposed by A.B. No. 331.

A.B. NO. 433 -- Continued.

Mr. Joe Nusbaum, chairman of the Nevada Industrial Commission (NIC), spoke next on A.B. No. 433. Mr. Nusbaum submitted copies of his testimony to the committee. (Exhibit H.) Mr. Nusbaum said in 1980, the NIC's excess investment income (amount earned in 1980) was \$13.4 million; discounting from the reserves brought in \$10.7 million in 1980. Senator McCorkle commented if the concept of "spitting" this surplus is acceptable, then the employers and employees (claimants receiving benefits) should receive one-half of approximately \$23 million.

Ms. Dawn Yangfitt, private citizen, testified on A.B. No. 433 as a permanent totally disabled NIC claimant. Ms. Yangfitt said that although she will not be able to work again, she only receives benefits in the amount of \$270.00 per month. She said she would like for the committee to consider allowing the NIC to allocate a portion of the NIC surplus to increase the amounts of benefits given to permanent totally disabled claimants.

SENATE COMMITTEE ON COMMERCE AND LABOR  
MAY 8, 1981

Mr. Harvey Whittemore, representing the Nevada Resort Association, spoke in support of the concept of A.B. No. 433. However, he felt another source of funding for the claimants' benefits should be found, other than the premium surplus. Mr. Whittemore suggested that a premium tax be levied on all employers rather than utilizing the surplus which should be distributed back to the employers with the best safety records. He further suggested that A.B. No. 433 could be funded with this premium tax in the amount of 4-5 percent.

Assemblyman James Banner, sponsor of A.B. No. 433, stated that the committee members need to remember that the money used to fund the increase of benefits to claimants could be replaced by the Social Security offset as described during Mr. Nusbaum's testimony. (See Exhibit H, pages 9, 10, and 11.)

Mr. Stan Jones, representing the Nevada AFL-CIO, advised the committee that his organization supports A.B. No. 433 in its present form. Mr. Jones commented that it was the unanimous decision of the NIC Advisory Board that this measure be adopted. However, the Board did not address how this program should be funded.

Mr. Tom Stuart, representing the Gibbens Company, said that the Social Security offset proposal, outlined in A.B. No. 433, probably will not be continued after this year by the federal government. Mr. Stuart distributed copies of a letter which was sent by the former chairman of the NIC, Mr. John Reiser, to Mr. Dick Lance of the Gibbens Company. (See Exhibit I-1.) The second sheet distributed by Mr. Stuart (Exhibit I-2) indicated that incurred benefit costs between the years 1979 to 1980 increased by 32.76 percent. The third sheet is the balance sheet for June 30, 1980 and 1979 (Exhibit I-3) and shows the medical benefits increasing 65.63 percent between 1979 and 1980. This results in an over-reserving of medical benefits by the NIC in the amount of \$13.5 million. Mr. Stuart suggested that the increase in benefits to claimants be funded by providing money from the NIC to the State Treasurer and let the State Treasurer pay the benefits. And, if only the pre-1978 claims were funded, this would just require \$6.8 million rather than \$13.3 million. The State Treasurer then could return the interest on this money back to the NIC and this would result in earnings normally experienced on NIC investments. The increased interest income

SENATE COMMITTEE ON COMMERCE AND LABOR  
MAY 8, 1981

could accrue to the benefit of the fund.

Mr. Norman Anthonisen, representing the SUMMA Corporation, said that over the last three years, the NIC have over-reserved the medical cases by \$55 million. And, this is the basic source of the additional income available to the NIC.

Ms. Carol Velardo, representing the Citizens for Private Enterprise in Southern Nevada, said that the factors used by the NIC to determine rates for employers are not applicable to the smaller employer. And, the distribution of the reserve surplus is really the only benefit available to the smaller employers.

Mr. Bob Otrovosky, representing the MGM Grand/Reno, spoke in support of A.B. No. 433, but would appreciate an amendment to alter the funding from the reserve surplus to another source.

ASSEMBLY BILL NO. 411 -- "Enlarges authority of savings and loan associations to manage real property."

Mr. Kenny Guinn, president of the Nevada Savings and Loan, said that this is necessary in order to codify what is already being practiced by the savings and loan companies. Mr. Guinn stated that the federal auditors have stated that it is necessary that the state law endorse this practice in order to continue management of property through the savings and loan associations.

Mr. Norm Okada, acting director of the state savings and loan division, said that the division supports A.B. No. 411 in its present form.

ASSEMBLY BILL NO. 21 -- "Requires escrow for certain sales of mobile homes."

Mr. Dale Fletcher, Nevada Manufactured Housing Association, said that his association does not object to having an escrow law. However, the association does not feel this is necessary for certain transactions such as commercial sales, dealer-to-dealer and spontaneous sales. Mr. Fletcher said that he would like for this measure to be the consumer's option, rather than making the escrow process mandatory for all sales.

Mr. Don Rhodes, deputy research director for the state legislative counsel bureau, said that A.B. No. 21 is the result of an interim

SENATE COMMITTEE ON COMMERCE AND LABOR  
MAY 8, 1981

subcommittee study on mobile homes. Mr. Rhodes distributed an analysis of A.B. No. 21 for the record. (Exhibit J.)

Mr. Rhodes said that only the Nevada Manufactured Housing Association objects to A.B. No. 21 in regard to escrow being a mandatory requirement. Mr. Rhodes said the subcommittee conducting the interim study felt that although mobile homes are considered personal property, the increased costs of this type of housing makes protection necessary as is given in the law for conventional housing. Mr. Rhodes said the text of A.B. No. 21 is based on the California statutes for mobile homes. (Exhibit K.) Mr. Rhodes said that the laws have been developing toward treating this type of personal property as real property, Senator Raggio commented that in reviewing A.B. No. 21, he is not able to discern how buyers of mobile homes will be protected in the purchase procedure. Mr. Rhodes said the original measure (the committee is reviewing the 1st Reprint) had several sections detailing the handling of the escrow. Mr. Rhodes said that some of the representatives for the realtors felt that the deleted language of the bill should be included in the sales contract rather than in state law.

Mr. Wayne Tetrault, inspector for the state manufactured housing division, said that sections of the original bill were not realistic. Mr. Tetrault, referencing Section 1 of the original A.B. No. 21, stated that an installation certificate is not issued by the state division if the mobile home is sold and remains on the present site. And, if this requirement were included in the state law, the division's inspection work would be doubled. Mr. Tetrault said that the 1st Reprint of A.B. No. 21 does require that the purchase money be held in escrow, not by the mobile home dealer, until the escrow is closed. Senator Raggio did not feel that this requirement provided any added protection to the buyer.

Mr. Guy Faulkner, representing the Nevada Manufactured Housing Association, commented that the lending institutions provide adequate escrow procedures. The institutions inspect the buyers and the mobile home (collateral). Senator Raggio did not concur with this comment. Mr. Faulkner said that he was agreeing that the Reprint was not effective and commented that the association would be willing to work with the committee to formulate an effective amendment.



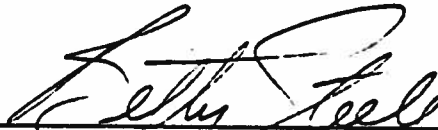
SENATE COMMITTEE ON COMMERCE AND LABOR  
MAY 8, 1981

Mr. Rhodes suggested that members in the interim subcommittee be allowed to testify and explain the original intent of A.B. No. 21.

Mr. Jim Wadhams, director of the state department of commerce, said in the 1st Reprint, Section 5, page 2, lines 19-21 of A.B. No. 21, state that the state insurance division shall adopt regulations concerning the establishment and maintenance of the trust accounts for the escrow procedure. Mr. Wadhams said that independent escrows are currently regulated by the state real estate division; and, title insurance escrows are regulated by the state insurance division. Therefore, Section 5 is redundant as this requirement is already in the law.

Vice Chairman Blakemore said that A.B. No. 21 would be held until the following committee meeting. There being no further business, the meeting was adjourned at 4:01 p.m.

Respectfully submitted,



Betty Steele, Committee Secretary

APPROVED:

  
Senator Thomas R. C. Wilson, Chairman

DATE: \_\_\_\_\_

SENATE AGENDA

EXHIBIT A

COMMITTEE MEETINGS

Committee on Commerce and Labor, Room 213.

Day Friday, Date May 8, 1981, Time 1:30 p.m.

A.B. No. 411--Enlarges authority of savings and loan associations to manage real property.

A.B. No. 491--Allows state barbers' health and sanitation board to require barbers to maintain licensed barbershop as base of operation.

A.B. No. 433--Increases compensation under industrial insurance for certain claimants and reduces certain compensation by amount of federal benefits under social security.

A.B. No. 331--Increases requirements for reserve funds and specifies numbers of professional participants required to qualify plans of new medical service corporations.

A.B. No. 363--Removes requirement that secondhand dealer maintain record of sales.

A.B. No. 21--Requires escrow for certain sales of mobile homes.

SENATE COMMITTEE ON COMMERCE AND LABOR

DATE: Friday, May 8, 1981

EXHIBIT B

PLEASE PRINT PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME ORGANIZATION & ADDRESS TELEPHONE

NAME	ORGANIZATION & ADDRESS	TELEPHONE
Dawn Langfitt	11625 Brenda Way CC 89701	849-0497
Charles Langfitt	" " " "	" "
Dale E. Fletcher	NMHA 100 Gentry Way / Reno	826-6477
Guy Foreman	" 100 W. Gentry #100 Reno	827-4602
Henry Gumen	Nevada Savings - Las Vegas Ave.	382-4914
Jay Newman	Chairman NLC	
John Richard	Acting Dir. Chem. W. Nevada Div	
Dawn Langfitt	disabled citizen (above)	
Henry Whitman	Truck Rep. & Association rep.	
Tom Stewart	The Gibbens Co., Inc.	
Norman Antkowiak	Personnel Mgr., Summit Corp.	
Bob Ostrowsky	M & M Reno	
Norm Okada	Acting Director, NV State Savings' Loan	
Wayne Tetrauel	Manufactured Housing Div	885-4298



(REPRINTED WITH ADOPTED AMENDMENTS)

THIRD REPRINT

**S. B. 391**

SENATE BILL NO. 391—COMMITTEE ON  
COMMERCE AND LABOR

MARCH 10, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Amends law relating to pharmacists and  
pharmacies. (BDR 40-855)

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

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

AN ACT relating to pharmacy; requiring certain publications in pharmacies; providing for the registration of inactive senior pharmacists; relating to reports and the schedule of fees of the state board of pharmacy; pertaining to the qualifications and examination of applicants for certification; specifying the contents and filing of prescriptions and the labeling of prescription drug containers; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly,  
do enact as follows:*

- 1 SECTION 1. Chapter 639 of NRS is hereby amended by adding  
2 thereto the provisions set forth as sections 2 to 5, inclusive, of this act.  
3 SEC. 2. *"Hospital" means any institution, place, building or agency*  
4 *licensed by the department of human resources as a hospital and which*  
5 *operates facilities for the care and treatment of human illness or other*  
6 *abnormal physical or mental conditions of patients who occupy beds*  
7 *within it, including any such facility operated by this state, any political*  
8 *subdivision or the Federal Government.*  
9 SEC. 3. *"Hospital pharmacy" means a pharmacy complying with the*  
10 *requirements of NRS 639.2324 and operated in conjunction with a*  
11 *hospital.*  
12 SEC. 4. *Each licensed pharmacy must maintain in its prescription*  
13 *department:*  
14 1. *Current copies of chapters 453, 454, 585 and 639 of NRS.*  
15 2. *A current copy of the regulations of the board.*  
16 3. *Copies of any two of the latest editions of:*  
17 (a) *United States Pharmacopoeia-National Formulary;*  
18 (b) *United States Dispensatory;*  
19 (c) *Pharmaceutical Sciences;*  
20 (d) *Remington's Practice of Pharmacy;*

1 (e) *Facts and Comparisons; or*

2 (f) *Hospital Formulary.*

3 SEC. 5. 1. *A registered pharmacist 65 years of age or older who no*  
4 *longer wishes to practice pharmacy in this state may apply in writing to*  
5 *the secretary of the board for registration by the board as an inactive*  
6 *senior pharmacist. The required fee must accompany the application. The*  
7 *board may issue to the applicant a certificate of registration as an inactive*  
8 *senior pharmacist.*

9 2. *A registered inactive senior pharmacist:*

10 (a) *Shall not practice pharmacy in this state.*

11 (b) *Need not comply with the requirements of this chapter for con-*  
12 *tinuing professional education.*

13 3. *Each person to whom such a certificate has been issued may, if he*  
14 *so desires and if his certificate has not been revoked, renew his certificate*  
15 *biennially upon making application and paying the renewal fee. Applica-*  
16 *tion for the renewal of such a certificate, together with the renewal fee,*  
17 *must be delivered to the secretary of the board on or before the 1st*  
18 *Monday in September next preceding the expiration date of any existing*  
19 *valid certificate or renewal receipt. A certificate as a registered inactive*  
20 *senior pharmacist must be renewed biennially, dated as of November 1,*  
21 *and delivered to the applicant on or before that date. The board may*  
22 *refuse to renew a certificate if the applicant has committed any act*  
23 *proscribed by NRS 639.210.*

24 4. *If an inactive senior pharmacist desires to resume the practice*  
25 *of pharmacy in this state he must petition the board for registration as a*  
26 *pharmacist. The board shall determine whether the petitioner is capable*  
27 *and qualified by education or experience, or both, adequately to resume*  
28 *the practice of pharmacy. If the board finds the petitioner qualified, the*  
29 *board may then register the petitioner as a pharmacist upon payment*  
30 *by him of the required registration fee.*

31 SEC. 6. NRS 639.001 is hereby amended to read as follows:

32 639.001 As used in this chapter, the words and terms defined in  
33 NRS 639.002 to 639.016, inclusive, and sections 2 and 3 of this act  
34 have the meanings ascribed to them in those sections unless a different  
35 meaning clearly appears in the context.

36 SEC. 7. NRS 639.015 is hereby amended to read as follows:

37 639.015 "Registered pharmacist" means:

38 1. A person registered in this state as such on July 1, 1947; [or]

39 2. A person registered in this state as such in compliance with the  
40 provisions of paragraph (c) of section 3 of chapter 195, Statutes of  
41 Nevada 1951; or

42 3. A person who has complied with the provisions of NRS 639.120  
43 [and 639.133] and whose name has been entered in the registry of  
44 pharmacists of this state by the secretary of the board and to whom a  
45 valid certificate as a registered pharmacist or valid renewal thereof has  
46 been issued by the board.

47 Sec. 8. NRS 639.060 is hereby amended to read as follows:

48 639.060 Before September 1 of each even-numbered year, for the

1 biennium ending June 30 of such year, the board shall report to the gov-  
2 ernor upon the condition of pharmacy in the State of Nevada. The report  
3 shall contain:

4 1. [A full and complete record of the proceedings of the board for  
5 the year.

6 2. The names of all pharmacists registered under this chapter.

7 3. A complete statement of all fees received.] *A summary of the*  
8 *proceedings of the board for the biennium.*

9 2. *The number of pharmacists registered under this chapter.*

10 3. *A statement of all fees received.*

11 SEC. 9. NRS 639.120 is hereby amended to read as follows:

12 639.120 An applicant to become a registered pharmacist in this state  
13 must:

14 1. Be of good moral character.

15 2. Be a graduate of a college of pharmacy or department of phar-  
16 macy of a university accredited by the American Council on Pharma-  
17 ceutical Education and approved by the board.

18 3. Satisfactorily pass an examination approved and given by the  
19 Nevada state board of pharmacy with a grade of at least 60 [percent]  
20 on any part of the examination and a grade of at least 75 [percent] for  
21 the entire examination. An applicant for reciprocity registration [shall]  
22 must take and pass the [law] examination *in law* with at least a grade  
23 of 75. [percent.]

24 4. Complete 1 year of practical pharmaceutical experience as  
25 defined in NRS 639.125.

26 SEC. 10. NRS 639.130 is hereby amended to read as follows:

27 639.130 1. An applicant for a certificate as a registered pharmacist  
28 who has failed to pass the board's examination for such a certificate is  
29 not eligible for reexamination until the next regularly scheduled meeting  
30 of the board.

31 2. An applicant failing the entire examination is required to  
32 retake the entire examination. If the applicant fails only part of the  
33 examination, he is required to retake only that part and may retake any  
34 other part of the examination.

35 3. No applicant for a certificate as a registered pharmacist is  
36 entitled to more than three examinations for such certificate.

37 4. [Except as specifically provided in NRS 639.133, no] *No* sub-  
38 sequent examination may be given any applicant until he has filed a new  
39 application and paid a new fee therefor.

40 SEC. 11. NRS 639.170 is hereby amended to read as follows:

41 639.170 1. The board shall charge and collect not more than the  
42 following fees for the following services:

43 For investigation or examination of applicant for certifi-	
44 cate as registered pharmacist.....	\$100
45 For investigation or examination of applicant for certifi-	
46 cate as registered pharmacist by reciprocity.....	150
47 For the investigation or issuance of an original license to	
48 conduct a retail pharmacy.....	150
49 For biennial renewal of a license to conduct a retail	
50 pharmacy.....	300

1	For the investigation or issuance of an original license	
2	to conduct a hospital pharmacy for inpatients.....	\$150
3	For biennial renewal of a license to conduct a hospital	
4	pharmacy for inpatients.....	300
5	For issuance of certificate of registration as registered	
6	pharmacist.....	50
7	For biennial renewal of certificate of registration as	
8	registered pharmacist.....	100
9	For issuance of certificate of registration as inactive	
10	senior pharmacist.....	10
11	For biennial renewal of certificate of registration as	
12	inactive senior pharmacist.....	20
13	For reinstatement of lapsed certificate of registration (in	
14	addition to renewal fees for period of lapse).....	50
15	For issuance of duplicate certificate of registration.....	25
16	For biennial registration of a hospital pharmaceutical	
17	technician.....	10
18	For issuance of manufacturer's or wholesaler's permit.....	100
19	For issuance of biennial renewal of permit for manu-	
20	facturing or wholesaler.....	200
21	For issuance of permit to vend, sell, offer to sell or	
22	furnish any hypodermic device.....	25
23	For biennial renewal of permit to vend, sell, offer to	
24	sell or furnish any hypodermic device.....	50
25	For issuance of permit to supply or operate vending	
26	machines or devices for distribution of any pro-	
27	phylactic.....	100
28	For biennial renewal of permit to supply or operate	
29	vending machines or devices for distribution of	
30	any prophylactic.....	200
31	For reissuance of license issued to retail pharmacy, when	
32	no change of ownership is involved, but the license	
33	must be reissued because of a change in the infor-	
34	mation required thereon.....	25

35 2. If a person requests a special service from the board or requests  
 36 the board to convene a special meeting, he shall pay the actual costs  
 37 to the board as a condition precedent to the rendition of the special  
 38 service or the convening of the special meeting.

39 3. All fees are payable in advance and must not be refunded.

40 4. The board may, by regulation, set the penalty for failure to pay  
 41 the renewal fee for any license, permit or certificate within the statutory  
 42 period, at an amount not to exceed 100 percent of the renewal fee for  
 43 each year of delinquency in addition to the renewal fees for each year of  
 44 delinquency.

45 SEC. 12. NRS 639.180 is hereby amended to read as follows:

46 639.180 1. A certificate as a registered pharmacist [shall] *must* be  
 47 issued to each person who is deemed qualified by the board in compliance  
 48 with the provisions of NRS 639.120, 639.127, [639.133,] 639.134 and  
 49 NRS 639.217 to 639.2178, inclusive. The certificate entitles the person  
 50 to whom it is issued to practice pharmacy in this state.



1 2. Each person to whom such certificate has been issued may, if he  
2 so desires and if his certificate has not been revoked, renew his certificate  
3 biennially upon making application and paying the renewal fee fixed by  
4 the board [as provided in NRS 639.170] and complying with the provi-  
5 sions of NRS 639.217 to 639.2178, inclusive.

6 3. Application for the renewal of such certificate, together with the  
7 renewal fee, [shall] *must* be delivered to the secretary of the board on  
8 or before the 1st Monday in September next preceding the expiration date  
9 of any [presently] existing valid certificate or renewal receipt.

10 4. A certificate as a registered pharmacist shall be renewed bien-  
11 nially, dated as of November 1, and delivered to the applicant on or  
12 before that date.

13 5. The board may refuse to renew a certificate if the applicant has  
14 committed any act proscribed by NRS 639.210.

15 SEC. 13. NRS 639.190 is hereby amended to read as follows:

16 639.190 1. Within 30 days after the renewal date, the secretary of  
17 the board shall notify the holders of all certificates of registration who  
18 have failed to pay their renewal fee that failure to pay the renewal fee  
19 and the penalty thereon within 60 days will result in forfeiture of their  
20 respective certificates of registration.

21 2. If any holder of a certificate of registration fails to pay the renewal  
22 fee and penalty within 60 days, after having been notified by the secre-  
23 tary of the board, his certificate of registration [shall be] *is* automatically  
24 forfeited to the board.

25 3. If the certificate of any person is forfeited as provided in this  
26 section, the board may, [nevertheless,] within 5 years thereafter, issue  
27 a certificate of registration to [such person, if the] *the former holder if:*

28 (a) *He makes written application to the board accompanied by the*  
29 *amount of the fee for reinstatement of a lapsed certificate of registration*  
30 *and the renewal fees for the period of lapse; and*

31 (b) *The board determines that he is capable and is qualified by educa-*  
32 *tion or experience, or both, adequately to practice the profession of*  
33 *pharmacy in this state.*

34 SEC. 14. NRS 639.2174 is hereby amended to read as follows:

35 639.2174 The board shall not [

36 1. Issue a certificate as a registered pharmacist to any person pur-  
37 suant to NRS 639.133; or

38 2. Renew] *renew* the certificate of any registered pharmacist [.]  
39 until the applicant has submitted proof to the board of the receipt of  
40 the required number of continuing-education units, obtained through the  
41 satisfactory completion of an accredited program of continuing profes-  
42 sional education during the period for which the certificate was issued.

43 SEC. 15. NRS 639.2324 is hereby amended to read as follows:

44 639.2324 1. The operation of a pharmacy in conjunction with a  
45 hospital [shall] *must* meet the following requirements:

46 [1.] (a) In hospitals with 100 or more beds, the pharmacy [shall]  
47 *must* be under the continuous supervision of a pharmacist during the time  
48 it is open for pharmaceutical services.

49 [2.] (b) In hospitals with less than 100 beds, the services of a  
50 pharmacist may be on less than a full-time basis, depending upon the

1 needs of the hospital, and pursuant to the regulations and recom-  
2 mendations of the state board of pharmacy and the board of hospital  
3 trustees charged with the administration and control of [such] the  
4 hospital.

5 [3.] (c) In the absence of a pharmacist from the hospital, a nurse  
6 designated by the pharmacist may obtain from the pharmacy such neces-  
7 sary quantities of drugs to administer to a patient until the pharmacy  
8 reopens as are ordered by a medical practitioner and needed by a  
9 patient in an emergency.

10 [4.] (d) The pharmacist in charge of the pharmacy shall initiate  
11 procedures to provide for administration and technical guidance in all  
12 matters pertaining to the acquiring, stocking, recordkeeping and dispens-  
13 ing of drugs and devices.

14 2. *A pharmacy located in a hospital, if the pharmacy is not subject*  
15 *to the administration and control of the board of hospital trustees or*  
16 *other governing body of the hospital, is not "operating in conjunction*  
17 *with a hospital" as that term is used in this chapter.*

18 SEC. 16. NRS 639.235 is hereby amended to read as follows:

19 639.235 1. No person other than a practitioner holding a currently  
20 valid license to practice his profession in this state may prescribe or  
21 write a prescription, except that a prescription written by a physician not  
22 licensed to practice in this state but authorized by the laws of another  
23 state to prescribe [shall be considered to be] is a legal prescription.

24 2. If a prescription, written by a physician not licensed to practice  
25 in this state, calls for a Schedule II controlled substance, as defined in  
26 chapter 453 of NRS, it is the responsibility of the registered pharmacist  
27 who is to fill the prescription to establish that the prescription is authentic  
28 and that a bona fide doctor-patient relationship did exist at the time the  
29 prescription was written. *If the validity of the relationship between the*  
30 *patient and the prescribing practitioner appears in any way questionable*  
31 *to the pharmacist, he shall telephone to the practitioner for confirmation*  
32 *of the relationship and the authenticity of the prescription.*

33 SEC. 17. NRS 639.2353 is hereby amended to read as follows:

34 639.2353 1. A prescription must be given:

35 (a) Directly from the practitioner to a pharmacist;

36 (b) Indirectly by means of an order signed by the practitioner; or

37 (c) By an oral order transmitted by an agent of the practitioner.

38 *If a prescription is given indirectly by means of an order signed by the*  
39 *practitioner, each prescription must be written on a separate prescription*  
40 *blank.*

41 2. A prescription must contain:

42 (a) The name [and address of the practitioner;] *and telephone num-*  
43 *ber of the practitioner, and his address if the prescription is for a con-*  
44 *trolled substance or, in the case of any other prescription, if his address*  
45 *is not immediately available to the pharmacist;*

46 (b) The classification of his license;

47 (c) His registration number assigned by the Drug Enforcement  
48 Administration [;], *if the prescription is for a controlled substance;*

49 (d) The full name [and address of the patient;] *of the patient, and his*  
50 *address if the prescription is for a controlled substance or, in the case of*

1 any other prescription, if his address is not immediately available to the  
2 pharmacist;

3 (e) The name, strength and quantity of the drug or drugs prescribed;

4 (f) Directions for use; [and]

5 (g) The date of issue [.] ; and

6 (h) The signature of the prescribing practitioner.

7 3. A prescription for a controlled substance must be dated and signed  
8 by the practitioner on the day when it is issued.

9 4. The directions for use must be specific in that they indicate the  
10 portion of the body to which the medication is to be applied or, if to be  
11 taken into the body by means other than orally, the orifice or canal of  
12 the body into which the medication is to be inserted or injected.

13 SEC. 18. NRS 639.236 is hereby amended to read as follows:

14 639.236 1. All prescriptions filled in any pharmacy must be serially  
15 numbered and filed in the manner prescribed by regulation of the board.  
16 Prescriptions for Schedule II controlled substances as defined in chapter  
17 453 of NRS, must be filed separately from other prescriptions or in a  
18 readily retrievable manner as the board may provide by regulation. All  
19 prescriptions must be retained on file for at least [2] 5 years.

20 2. Each prescription on file must bear the date on which it was  
21 originally filled and be personally signed or initialed by the registered  
22 pharmacist who filled it.

23 3. Prescription files are open to inspection by members, inspectors  
24 and investigators of the board and by inspectors of the Food and Drug  
25 Administration and agents of the department of law enforcement assist-  
26 ance.

27 SEC. 19. NRS 639.257 is hereby amended to read as follows:

28 639.257 1. A person whose certificate, license or permit has been  
29 revoked may petition the board for reinstatement after a period of not  
30 less than 1 year has [lapsed] elapsed since the date of revocation. If 3  
31 years have elapsed since the date of revocation of his certificate of  
32 registration a pharmacist may not petition the board for reinstatement,  
33 but if he wishes to be registered must file a new application, pay the fee  
34 therefor and pass the examination with the grade provided in NRS 639.-  
35 120. The provisions of subsection 4 of NRS 639.120 do not apply to  
36 such an applicant.

37 2. The petition [shall state such facts as may be required by the  
38 board and shall be heard by the board at its next regular meeting held not  
39 earlier than 30 days after the petition is filed.] must:

40 (a) State such facts as may be required by the board;

41 (b) Be accompanied by a fee specified by regulation of the board; and

42 (c) Be heard by the board at its next regular meeting held not earlier  
43 than 30 days after the petition is filed.

44 Such a petition may be considered by the board while the petitioner is  
45 under sentence for any criminal offense, including any period during  
46 which he is on probation or parole, only if the board members, by a  
47 majority vote, find that the public interest would best be served by  
48 [such] his reinstatement.

1 3. In considering reinstatement the board may investigate and con-  
 2 sider all activities of the petitioner since the time his original certificate,  
 3 license or permit was issued, his ability, character and reputation. The  
 4 affirmative vote of at least three members is necessary for reinstatement  
 5 of a certificate, license or permit with or without terms, conditions and  
 6 restrictions.

7 SEC. 20. NRS 639.2801 is hereby amended to read as follows:

8 639.2801 Unless specified to the contrary in writing on the prescrip-  
 9 tion by the prescribing practitioner, all prescriptions filled in any phar-  
 10 macy must be dispensed in a container to which is affixed a label or other  
 11 device which clearly shows:

12 1. The date;

13 2. The name, address and prescription serial number of the phar-  
 14 macy;

15 3. The names of the prescribing practitioner and of the person for  
 16 whom prescribed;

17 4. The number of dosage units;

18 5. Specific directions for use given by the prescribing practitioner;

19 6. The expiration date of the effectiveness of the drug or medicine  
 20 dispensed, if such information is required on the original label of the  
 21 manufacturer of such drug or medicine;

22 7. The proprietary or generic name of the drug or medicine as writ-  
 23 ten by the prescribing practitioner; and

24 8. The strength of such drug or medicine. [ , and contains the warn-  
 25 ing:

26 Caution: Do not use with alcohol or nonprescribed drugs with-  
 27 out consulting the prescribing practitioner.]

28 SEC. 21. NRS 639.133 and 639.135 are hereby repealed.

EXHIBIT D

ASSEMBLY BILL NO. 115

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

**A. B. 115**

---

ASSEMBLY BILL NO. 115—ASSEMBLYMAN BANNER

FEBRUARY 6, 1981

Referred to Committee on Labor and Management

SUMMARY—Authorizes Nevada industrial commission to enter certain agreements relating to rehabilitation. (BDR 53-845)

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

---

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

---

AN ACT relating to industrial insurance; authorizing the commission to enter agreements with health care facilities to provide rehabilitative services for the public within the commission's facilities; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:*

- 1 SECTION 1. NRS 616.223 is hereby amended to read as follows:  
2 616.223 1. [Subject to the provisions of this section, the commis-  
3 sion shall each year enter into a cooperative agreement with the rehabili-  
4 tation division of the department of human resources, and may annually  
5 enter into agreements with other agencies to benefit disabled employees  
6 entitled to compensation and benefits pursuant to the provisions of this  
7 chapter by best using the resources of each agency to provide rehabilita-  
8 tion services and to enable those employees and other disabled persons to  
9 enter or return to gainful employment.  
10 2. Among other things the cooperative agreements must provide:  
11 (a) That each agency will establish procedures which require that  
12 agency to provide any services offered by it for disabled persons, at any  
13 of its facilities, at the request of the other agency, if:  
14 (1) The services are in the best interests of the disabled persons; and  
15 (2) The agency to which the person is referred is providing full  
16 service to the disabled persons for whom it is responsible and has space  
17 and facilities left over to provide the services to the person referred.  
18 (b) That each agency will provide services to persons referred at  
19 rates which are reasonable in relation to the cost of the services.  
20 (c) Standards and procedures for referrals.  
21 (d) Reporting procedures which require that the agency providing  
22 services at the request of another agency make reports of the progress of  
23 the disabled person to the referring agency at least monthly.

1       3. The commission, and the rehabilitation division of the department  
2 of human resources through the director of that department, shall report  
3 annually to the governor. The report must contain information on the  
4 effectiveness of services furnished under the agreement. The governor may  
5 require that any succeeding annual agreement be modified to provide  
6 more effective services to disabled employees. ] *The commission and the*  
7 *rehabilitation division of the department of human resources shall*  
8 *annually enter into an agreement which provides for procedures, services,*  
9 *rates, standards for referrals and requirements for reports to ensure coop-*  
10 *eration in the providing of services by each agency to persons served by*  
11 *the other when those services are available.*

12       2. *The commission may enter into agreements with other public*  
13 *agencies and private entities to provide assistance to employees who have*  
14 *suffered industrial injuries or occupational diseases.*

15       3. *The commission may enter into agreements with health and care*  
16 *facilities to provide services for rehabilitation to patients of the health*  
17 *and care facilities in facilities operated by the commission.*

18       4. *The commission may admit to any of its facilities any person who*  
19 *is suffering from an injury caused by trauma and who has been referred*  
20 *by a physician for the purpose of receiving services for rehabilitation.*

21       5. *In providing services under an agreement entered into pursuant to*  
22 *this section, the commission must give priority to employees who have*  
23 *suffered industrial injuries or occupational diseases. In accepting other*  
24 *injured persons for the purpose of providing services for rehabilitation,*  
25 *the commission may restrict admissions to those persons who are suffer-*  
26 *ing from injuries similar to industrial injuries.*

27       6. *Charges for patients who are not claimants of benefits for indus-*  
28 *trial injuries or occupational diseases must be the same as the charges*  
29 *made for claimants, except that the commission may add a reasonable*  
30 *charge for administration of each case.*

31       SEC. 2. This act shall become effective upon passage and approval.

My name is M. Gene Matteucci and I am Chief Counsel, and a Vice-President of Nevada Power Company. We are submitting this testimony in support of S.B. 505. I have attached hereto some facts and position of Charles McPhail, Manager of Nevada Power Company, Energy Diversion and Theft Division.

In addition to that I would like to point out that the theft of electric energy or other utility products is clearly a theft from all other customers. The revenue of a public utility comes from the sale of the product as recorded by a meter. If the sale isn't recorded it isn't charged. Since the rates charged to all customers make up the revenues of the utility if someone isn't paying for energy through theft he is stealing from all customers.

In our area we have discovered theft which is caused by wiring a home by by-passing the meter at the time of construction of the home, and any number of other methods. To get a prosecution under existing law since it is a misdemeanor, is virtually impossible since one never sees the device installed and doesn't discover it until sometime thereafter.

Almost all thefts of other products under Nevada Statutes are felonies and the theft of utility products shouldn't be any different. Again on behalf of Nevada Power Company I would urge passage of S.B. 505. Thank you.

/dw  
Attachment

MEMORANDUM

TO: M. G. Matteucci

April 13, 1981

FROM: C. W. McPhail

SUBJECT: Theft of Services

Here are some facts and figures concerning the Meter Validity activities of Nevada Power Company and theft of energy:

1. The Edison Electric Institute estimates that national theft of electric service amounts to more than one billion dollars annually. Further the institute estimates that only one customer in four who steals energy are discovered. Although we attempt to discover all thefts on our system we obviously are unable to do so.
2. Since the Meter Validity and Theft section was started in July 1978, it has recovered a total of more than a quarter million dollars. In 1978 we recovered approximately \$60,000, in 1979 approximately \$80,000, and in 1980, \$114,250.
3. In 1980, we uncovered 94 separate cases of meter tampering and billed customers a total of \$114,250 which they have agreed to pay.
4. It should be pointed out that the above sums represent payments for diverted energy which has been back billed.
5. It is worth underlining here the fact that we have never been able to secure prosecution of any of the customers who have agreed to make back payments for diversion of energy. The reality is that the crime presently is a misdemeanor and it is extremely difficult to interest law enforcement authorities to prosecute such cases, regardless of the amount of clear evidence obtained. It appears to me that people who divert are not the least bit worried about stealing. It appears to be a game. They feel that the worst that can happen if they get caught is they will have to pay whatever sum we can establish as being owed through back billing procedures only.

In summary because theft of this nature ultimately is theft from all of our customers who pay proper bills and further the aggregate amount of this theft is becoming more significant, I therefore feel very strongly that the Company has a real responsibility to support Senate Bill 505, which calls for more stricter penalties for offenders, by making



Memo  
Page Two

this crime a felony which it truly is. I am also convinced that this bill if it were to become law would deter some future attempts at theft or diversion of utility service or products.

/dw

EXHIBIT F

ASSEMBLY BILL NO. 191

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

**A. B. 191**

ASSEMBLY BILL NO. 191—ASSEMBLYMEN JEFFREY, SCHOFIELD, PRENGAMAN, HAYES, CRADDOCK, MAY, COULTER, HICKEY, MELLO, PRICE, DINI, THOMPSON AND FOLEY

FEBRUARY 19, 1981

Referred to Committee on Commerce

SUMMARY—Requires insurers to offer coverage for full replacement value of mobile homes. (BDR 57-707)

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



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

AN ACT relating to contracts for property insurance; requiring insurers which provide fire insurance to offer insurance on mobile homes to the market value of the mobile home; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:*

- 1 SECTION 1. Chapter 691A of NRS is hereby amended by adding  
2 thereto a new section which shall read as follows:  
3 1. *Each insurer which provides property insurance covering mobile*  
4 *homes in Nevada shall offer, in addition to any other insurance, insur-*  
5 *ance to pay the market value of the mobile home in the event of a total*  
6 *loss of the mobile home.*  
7 2. *Nothing in this section requires any insurer to offer any insurance*  
8 *on mobile homes at a premium which is not fair and adequate.*

Back Up Material For A.B. 433

EXHIBIT G

Present recipients of benefits under NRS 616.626 and 616.628:

Supplement

Male PT's	103
Female PT's	33
Silicosis Males	21
Silicosis Widows	32
Widows	<u>110</u>
	299
Children to 18	27
Children, Incompetent	<u>5</u>
Total	331

Lifetime Awards Not Receiving Supplemental Benefits

PT's	707
Widows	231
Children (18 or 22)	199
Children, Incompetent	<u>5</u>
Total	1,142

Note: 363 PT's have not been awarded, but are expected during next 10 years.

*Friday, May 8 - Joe Nisbaum  
N.I.B-433  
see exhibit of  
minutes*

AB 433

PENSION IMPROVEMENT FOR PERSONS  
PERMANENTLY AND TOTALLY DISABLED

Joe E. Nusbaum

EXHIBIT H

Nevada Industrial Commission

There are two distinct aspects to the subject of pensions for permanently and totally disabled persons, fatalities, and their survivors. One is the nature and scope of the problem; the other is the method of solving the problem.

THE PROBLEM

The report of the Advisory Board of Review does a good job of introducing the subject.

"When it is determined that an injured worker is permanently disabled to the extent that he can no longer be gainfully employed, he is declared to have a permanent total disability. This is not a medical evaluation alone (often the degree of impairment is only 40% to 50% under the AMA Guides) but also is a total assessment of the person and his circumstances.

"A permanent total (PT) is granted a lifetime pension for himself, his surviving spouse and dependent children. The pension is determined according to the law at the time of the disabling injury. Presently the pension is based on two-thirds of the claimant's average wage but the pension is not to exceed the statewide average wage.

"By definition a PT cannot work and thus has no opportunity to offset inflationary cost increases by higher earnings. Thus, the lower wage rates of earlier years and lower statutory benefits have frozen the income of PTs of earlier years at a low rate compared to today's cost.

"The Legislature, from time to time, has upgraded these pensions from general revenues. The most recent upgrading was in 1979 for pensions granted prior to 1973.

"With the high rates of inflation of the last few years, the pension problem has become much more serious. The Advisory Board received a report from the Nevada Industrial Commission including an analysis by its consulting actuary on the pension problem and on alternative ways of dealing with it.

"By any measure pensions are being substantially eroded by inflation. Using the Consumer Price Index as a standard of measurement, pensions awarded in the early 1970's will have lost approximately half of their purchasing power by 1981. Using the Nevada average wage as the standard for measurement, the loss is not quite as great because wages have not increased as rapidly as the Consumer Price Index. Using the average annual pension award as the standard for measurement, the loss is even greater than indicated by the CPI because this index adjusts a claimant's benefits not only for loss of earning power but also for intervening legislative actions to improve benefits."

CONSUMER PRICE INDEX

<u>Last Quarter of Fiscal Year</u>	<u>Annual Loss in Purchasing Power</u>	<u>1980 Purchasing Power of Awards of Each Year</u>
1973	6.2%	54.3%
1974	11.1%	60.3%
1975	9.1%	65.8%
1976	5.8%	69.6%
1977	6.5%	74.1%
1978	7.7%	79.8%
1979	9.6%	87.4%
1980	14.4%	100.0%

NEVADA AVERAGE ANNUAL WAGE

<u>Calendar Year</u>	<u>% Change</u>	<u>1980 Value of Wage of Each Year</u>
1973	5.5%	64.0%
1974	4.7%	67.0%
1975	6.0%	71.1%
1976	6.3%	75.6%
1977	7.0%	80.9%
1978	8.1%	87.4%
1979	7.0%	93.5%
1980 (Estimate)	7.0%	100.0%

BENEFIT ESCALATION COSTS

<u>Fiscal Year</u>	<u>Weighted Average</u>	<u>Value Compared to 1979</u>
1973	\$243*	35.7%
1974	\$378	55.5%
1975	\$401	58.9%
1976	\$529	77.7%
1977	\$579	85.0%
1978	\$643**	94.4%
1979	\$681**	100.0%

\*Includes legislative supplement.

\*\*Small number of pensions makes averages and indices less reliable.

"Obviously, the above average payments at least to the mid-1970s are inadequate to maintain even a minimum standard of living if they are the sole source of income. It should be noted that these are only the workers' compensation pensions and do not include Social Security payments for those who are subject to Social Security. However, a person who is declared eligible for both workers' compensation and Social Security total disability benefits does not receive both payments in full since, under present law, Social Security offsets its payments by (a portion of) the amount received from workers' compensation (up to age 62)."

Regarding the need for improvements in pensions, the Advisory Board concluded:

"The Advisory Board unanimously recommends to the Nevada Industrial Commission, the Governor and the Legislature that pensions for permanent total disability workers and their dependents be increased or supplemented to substantially offset the erosion of value due to inflation since such pensions were awarded."

### THE SOLUTION

The Commission believes that a clear case has been made for protecting totally disabled workers from the ravages of inflation. Industrial injuries have taken from these people the capacity to work-- the capacity to protect themselves from inflation.

A number of questions remain. One group of questions deals with the mechanics of upgrading, that is, the factors to be used in the upgrading formula. Among these are: What should be the standard for indexing (Consumer Price Index, Nevada Average Wage or Average Benefit Index)? What should be the starting date for indexing? Should the pre-1973 pensions for residents be treated differently since they have been partially improved previously? How current should the indexing be (current year, one-year lag, two-year lag)? Should pensioners who are also covered under Social Security be included in the upgrading since Social Security is already indexed?

Another set of questions deals with the funding of pension improvements. Should this be viewed as a social program with general taxes



solely responsible? Should the requirement that workers' compensation pensions be primary and Social Security secondary be reversed (as permitted under federal law) as one source of funding? Should a premium tax or its equivalent be enacted as a source of funding? Should surplus in the State Insurance Fund be used as one source of funding?

#### The Mechanics of Upgrading

In AB 433, the Commission proposes the following answers to the questions regarding the factors to be considered in upgrading.

1. Since the Legislature had previously chosen a means of upgrading resident claimants with totally disabling injuries occurring prior to 1971 and survivors of totally disabled persons with injuries occurring before 1973, and since sufficient monies are available in the funding source created by the Legislature (the Silicosis and Disabled Pension Fund), the Commission proposes that those pensions be increased from the present 35% to 65% and be funded from the Silicosis and Disabled Pension Fund.
2. Because wages are a factor in the permanent total disability formula and because wage increases have not been as great as cost of living increases, the Commission proposes that the index used be the average state wage.
3. The Commission proposes a one-year lag in the upgrading, to the wage level effective July 1, 1980. A pension would be increased by the percentage increase in the average state wage from the date

of the injury (or July 1, 1973, if the injury occurred earlier) to the average state wage effective on July 1, 1980. For example, a qualified PT who was injured on or before June 30, 1974, would have his award increased by 54% (the relationship of \$688.60 to \$1,061.24). Remembering from the earlier table that the weighted average of PT benefits in fiscal year 1973 was \$243, that figure would be increased to \$374 under this provision.

4. Since those in greatest need are the pensioners who are not covered by Social Security and since Social Security is already indexed, the Commission proposes that the improvements apply only to those who are not covered by Social Security. Further, if any Nevada improvements are identified as workers' compensation benefits, it is likely that Social Security would simply reduce its contribution so that Nevada pensioners who are also covered by Social Security would not gain from any upgrading of their workers' compensation pensions.

For those persons who qualify for the wage indexed pension improvements, the percentage of such improvements are as shown below.

<u>Date of Injury</u>	<u>Percentage Increase</u>
Prior to July 1, 1974	54%
Prior to July 1, 1975	46%
Prior to July 1, 1976	39%
Prior to July 1, 1977	31%
Prior to July 1, 1978	24%
Prior to July 1, 1979	16%
Prior to July 1, 1980	7%

The total number of permanent total claimants injured prior to July 1, 1980, and their survivors or dependents, including an estimate of those not yet awarded, is 1,473. The total, one-time cost of the above improvements is estimated to be approximately \$13.3 million.

### Funding

The Commission proposes the following funding for the above improvements:

1. For those persons covered by the present 35% supplementation, which under this proposal would increase to 65%, the increase in liability is estimated at \$1,780,000. This cost should come from funds available in the Silicosis and Disabled Pension Fund including investment income and discounting of reserves. The original appropriation to create this fund was from general taxes.
2. The Social Security offset should be reversed (as permitted by federal law) so that Social Security becomes primary and workers' compensation secondary. This is discussed more fully below but the financial effect would be to permit a reduction in Nevada's reserves by an estimated \$3 million, thus reducing the cost of the pension improvements by \$3 million.
3. The balance of the cost, \$8.5 million, should come from surplus in the State Insurance Fund. The State Insurance Fund has realized large gains over the last few years due to current excess investment income or projected larger investment returns

(which permits the discounting of reserves). Most of the \$35 million that has been distributed to policyholders is due to this windfall gain in investment income. The same inflation that has produced these results has caused the pension problem and the Commission believes that a portion of these gains should be used to correct the inequities in the pension program.

#### Social Security Offset

The amount of the Social Security Disability Income (SSDI) benefit for which a qualified worker is eligible equals the retirement benefit which the worker would receive if he or she reached age 62 and retired on the date of the accident. This amount depends on such factors as quarters of Social Security coverage, Social Security wages, and the number of dependents.

The combined SSDI and workers' compensation benefit is limited by the Social Security law to 80% of the worker's "average current earnings" which normally is the worker's recent earnings level (usually the same as the wage used for workers' compensation purposes). Unless state law provides otherwise, the SSDI benefit is reduced in order to achieve the desired 80% limitation. Since it is permitted by federal law, 14 states provide for reductions of the state benefit payments when SSDI benefits are paid. The worker's benefits are not reduced because of the state offset provision. The primary effect is to transfer savings related to the coordination of benefits from the Social Security System to the state.

Another feature of SSDI is that the benefit increases annually by the percentage change in the cost of living index times the unreduced SSDI benefit. This increase is not subject to the 80% limitation, that is, it is not limited by any workers' compensation offset provision. Thus, a person who is under both SSDI and workers' compensation receives the full annual cost of living adjustment regardless of which benefit is primary or the proportions of his total income that is from Social Security and from workers' compensation.

The Advisory Board considered the offset question and concluded:

"The Advisory Board unanimously recommends to the Commission, the Governor and the Legislature that the offset involved in coordinating workers' compensation benefits and Social Security benefits be reversed, as authorized under federal law, to benefit Nevada's workers' compensation program but without recommendation as to the appropriate use of the savings realized."

The Commission concurs that the state should take advantage of the authorization under federal law to make Social Security primary so that the state, rather than Social Security, receives the financial benefit of the coordination required under federal law. The Commission is aware that at each Congressional session there have been bills offered to eliminate the authority for states to make their workers' compensation benefits secondary. None of those bills have been passed. Though the law may be changed in the future, we believe Nevada should benefit from this option as long as it is available.

There is an administrative issue which should be noted. There must be a time lag between the authorization of the offset change and the actual accomplishment of the reduction in state benefits and the increase in SSDI benefits. SB 433 requires that no reduction in state benefits can occur before January 1, 1982, before the employee has been given a written notice by mail of the intent of reduction, nor before the Social Security increases are paid. Further, AB 433 guarantees there will be no reduction in total benefits.

### Conclusion

The Commission unanimously recommends that the state recognize its obligation to these persons who have become totally disabled or killed through accidents or diseases occurring at work and their survivors. We recommend that inflation as expressed in average wage levels up to 1980 be reflected in their compensation on and after July 1, 1981. We do not recommend any retroactive supplementation for the inflation caused losses they have already suffered but that their future benefits be adjusted. We recommend the improvements be restricted to those who are not covered by Social Security. We recommend that Nevada join a number of other states in making Social Security benefits primary and that Nevada use the resulting savings as one part of the funding of pension improvements. We recommend that a portion of the inflation caused surpluses of recent years in the State Insurance Fund be used to resolve the inflation caused pension problem. In short, we recommend the enactment of AB 433.

AMENDMENTS TO A.B. 433

1. Amend Section 3, page 1, line 19, after "section" by deleting 424a and inserting 224a.
2. Amend Section 5, page 2, line 19, after "section" by deleting 423 and inserting 223.
3. Amend Section 5, page 2, line 20, after (42 U.S.C., Sec. 423) on line 19, by adding and section 202 of the Social Security Act (42 U.S.C., Sec. 402).
4. Amend Section 5, page 2, line 21 by adding an "s" to section, and line 22, after "section" on line 21, by deleting "423" and inserting 223 and 202.
5. Amend Section 5, page 2, line 26, after "section" by deleting 424a and inserting 224a.
6. Amend Section 5, page 2, line 41, after "under" by deleting "section 423" and inserting sections 223 and 202.
7. Amend Section 5, page 2, line 45, by deleting "section 423" and inserting sections 223 and 202.
8. Amend Section 5, page 3, line 8 after "section" by deleting "424a" and inserting 224a.
9. Amend Section 5, page 3, line 11, after "under" by deleting "section 423" and inserting sections 223 and 202.
10. Amend Section 5, page 3, line 14, after "under" by deleting "section 423" and inserting sections 223 and 202.

ROBERT LIST  
GOVERNOR

STATE OF NEVADA

NEVADA INDUSTRIAL COMMISSION

*From 5/8 - [unclear]*  
*exhibit*  
JOHN R. REISER  
CHAIRMAN  
*re 70-453*  
*#1*

MAL G. CURTIS  
COMMISSIONER REPRESENTING LABOR  
JAMES S. LORIGAN  
COMMISSIONER REPRESENTING INDUSTRY



ADDRESS ALL CORRESPONDENCE TO  
NEVADA INDUSTRIAL COMMISSION

515 East Musser Street  
Carson City, Nevada 89714  
May 3, 1979

REPLY TO

EXHIBIT I-1

*H/*

Mr. Dick Lance  
The Gibbens Co., Inc.  
P. O. Box 7378  
Reno, NV 89510

Dear Dick:

The information you requested is as follows.

The following are all approximate rates of run-off of compensation and medical benefits.

Years Elapsed Medical	Disbursements as a Percentage of Incurred Medical Cost
<u>Claim Year</u>	
1	48%
2	18%
3	11%
4	7%
5	5%
6	3%
7	2%
	1%

The remaining 5 percent paid out over 13 additional years.

The following are approximate run-offs of TTD and PPD combined.

Years Elapsed	Disbursement as Percentage of Total Incurred for TTD and PPD
<u>Claim Year</u>	
+ 1	27%
+ 2	26%
+ 3	14%
+ 4	6%
	3%

RECEIVED

MAY 1 1979

At this point, our experience on current compensation statute is 5 years. The undisbursed 24 percent is made up of unpaid temporary total, PPD awarded and paid

The Gibbens Co., Inc.



Mr. Dick Lance  
May 3, 1979  
Page 2

on an installment basis through the 65th birthdate, and PPD unawarded. Anticipated claim reopenings are covered in the 24 percent. At the end of the fifth year, 17.7 percent of the total incurred has been awarded and is reserved for PPD installment payment. That leaves approximately 6 to 7 percent undetermined after 5 years.

The run-off on permanent total and fatal for an individual employer are functions of the age and sex and type injury to the individuals. No attempt is made to include those figures in the run-off.

Very truly yours,

NEVADA INDUSTRIAL COMMISSION



R. S. Haley  
Coordinator

RSH/dkc

*3/10/80  
A. J. ...  
for minutes*

NEVADA INDUSTRIAL COMMISSION  
STATEMENTS OF OPERATIONS AND CHANGES IN  
PROVISION FOR CONTINGENCIES AND SURPLUS  
FOR THE YEARS ENDED JUNE 30, 1980 AND 1979

EXHIBIT I-2

	(in thousands) 1980	1979	
<b>UNDERWRITING OPERATIONS</b>			
Earned premium income	\$128,278	\$111,259	<i>1530% inc.</i>
Less: Retrospective plan refunds	(4,746)	(2,300)	
Less: Reinsurance premiums paid	(565)	(585)	
	122,967	108,374	
Incurred benefit costs:			
Compensation benefits	62,122	59,706	<i>4.15% inc.</i>
Medical benefits	44,982	33,881	<i>32.76% inc.</i>
Occupational diseases	1,644	1,678	<i>2.65% red.</i>
Rehabilitation center	1,971	1,552	<i>27.00% inc.</i>
	110,719	96,817	<i>14.36% inc.</i>
Administrative expenses	12,450	11,193	<i>11.73% inc.</i>
	123,169	108,010	<i>14.03% inc.</i>
Total Underwriting Expenses			
Underwriting (Loss) Gain	(202)	364	
<hr/>			
<b>INVESTMENT OPERATIONS</b>			
Investment income	21,657	17,506	
Less: Interest required on actuarial liabilities	(8,248)	(6,408)	
	13,409	11,098	
Investment Gain			
RE-EVALUATION OF PRIOR YEARS' ACTUARIAL LIABILITIES	8,167	4,211	
	21,374	15,673	
Net Gain			
PROVISION FOR CONTINGENCIES AND SURPLUS			
Beginning of Year	22,787	23,468	
Net unrealized loss on marketable equity securities	-	(1,354)	
Recovery of prior year net unrealized loss on marketable equity securities	1,354	-	
	45,515	37,787	
Total Provision for Contingencies and Surplus before Experience Dividend			
Less: Experience dividend - Note 8	-	(15,000)	
	45,515	22,787	<i>99.74% inc.</i>
PROVISION FOR CONTINGENCIES AND SURPLUS			
End of Year	\$ 45,515	\$ 22,787	

The accompanying notes are an integral part of these financial statements.

*Fri 5/8 - from [unclear]  
exhibit minutes*

#

# 3 -

EXHIBIT I-3

NEVADA INDUSTRIAL COMMISSION  
BALANCE SHEETS  
JUNE 30, 1980 AND 1979

	(in thousands)	
	<u>1980</u>	<u>1979</u>
<b>ASSETS</b>		
Investment securities:		
Bonds and mortgages - Note 2	\$175,200	\$130,539
Marketable equity securities - Note 3	<u>45,565</u>	<u>49,818</u>
	220,765	180,357
Short-term investments	<u>69,612</u>	<u>62,908</u>
<b>Total Investment Securities</b>	<b>290,377</b>	<b>243,265</b>
Cash	1,838	1,197
Premiums receivable	24,248	21,981
Accrued interest and dividends receivable	4,925	3,315
Land, buildings and equipment, net of accumulated depreciation - Note 4	10,243	9,624
Other assets	<u>2,559</u>	<u>949</u>
	<u>\$334,190</u>	<u>\$280,331</u>
<b>LIABILITIES, PROVISION FOR CONTINGENCIES AND SURPLUS</b>		
Compensation benefits	\$146,548	\$142,184
Medical benefits	93,168	56,252
Occupational disease benefits	5,481	5,040
Claim administration	<u>11,671</u>	<u>9,263</u>
<b>Total Liabilities for Incurred     but Unpaid Losses</b>	<b>256,868</b>	<b>212,739</b>
Self rater excess loss reserve	1,721	1,099
Advance premium deposits	6,357	4,791
Accounts payable and accrued expenses	3,815	1,412
Experience dividend declared in 1978 - Note 8	-	20,000
Experience dividend declared in 1979 - Note 8	15,000	15,000
Retrospective premium refunds	4,514	2,300
Ex-medical insolvency reserve	<u>400</u>	<u>203</u>
<b>Total Liabilities</b>	<b>288,675</b>	<b>257,544</b>
Provision for contingencies and surplus - Note 8	<u>45,515</u>	<u>22,787</u>
	<u>\$334,190</u>	<u>\$280,331</u>

*3.07% inc.  
65.63% inc.*

*99.74% inc*

The accompanying notes are an integral part of these financial statements.

ANALYSIS OF A.B. 21  
(First Reprint)

EXHIBIT J

Background

Assembly Bill 21 emanates from a recommendation made by the legislative commission's subcommittee which studied the problems of owners and renters of mobile homes during the 1979-80 legislative interim.

During the course of the subcommittee's study, a series of newspaper articles were published in the Las Vegas Sun which illustrated to the subcommittee the need for a mobile home escrow law. In these articles incidents of fraudulent practices by a mobile home dealer were discussed: These practices included the dealer allegedly representing rental-purchase option agreements as sales contracts. Other examples of fraudulent practices, or in some cases "mis-understandings," between dealers and mobile home purchasers were identified to the subcommittee which also addressed the need for a mobile home escrow law covering the sale of mobile homes.

The subcommittee understood that there are certain remedies under existing state and federal law for mobile home purchasers who are financially injured because of misrepresentations or other fraudulent practices by unscrupulous mobile home dealers or salesmen. It believed, however, that a workable mobile home escrow law would obviate the necessity for these remedies, which usually occur after a person is injured. Existing remedies punish offenders. A workable escrow law would help to prevent the offense from occurring, the subcommittee thought. This opinion is shared by the Manufactured Housing Division, the Attorney General's office and local government agencies in Nevada.

The subcommittee therefore recommended that a mobile home escrow law be added to NRS.

It chose California West's Annotated Vehicle Code, Section 11950 as an example for its recommendation. Under that provision, a mobile home dealer is required, upon the buyer signing a purchase order, conditional sales contract, or security agreement for a new or used mobile home, to establish an escrow account for the deposit of any cash or cash equivalent received from the buyer at any time prior to delivery as whole or partial payment for the mobile home, unless a simultaneous transaction occurs in which the buyer receives delivery of a used mobile home on the site of occupancy within two calendar days. No deposits may be distributed from the escrow account to the dealer until either

(1) the buyer receives delivery of the mobile home on the site and it has passed inspection, if required, or (2) the mobile home has been delivered to the location specified in the escrow instructions and the installation is to be performed by the buyer. California Senate Bill 1992 (Chapter 236, Statutes of 1980) amended the law to specifically include accessories to the mobile home within the provisions relating to the establishment of an escrow account for the deposit of any cash or cash equivalent received from the buyer.

Assembly Bill 21

Assembly Bill 21:

1. Defines the terms dealer and mobile home.
2. Requires every dealer to establish an escrow account with an escrow agent licensed to do business in Nevada when a purchaser signs a purchase order, conditional sales contract or security agreement for a new or used mobile home and to immediately deposit into such account any cash or equivalent of cash received from the purchaser at any time before delivery as whole or partial payment for the mobile home.
3. Specifies that no dealer may establish an escrow account in an escrow company in which he owns an interest of more than 5 percent and that no agreement may contain any provision by which the purchaser agrees to waive any of his rights under the provisions of this bill.
4. Requires the insurance division to adopt regulations concerning the escrow accounts and provides that the prevailing party, in addition to other damages, may recover exemplary damages not to exceed \$2,000, for any violation of the bill.

Several provisions relating to the handling of the escrow accounts, which were contained in A.B. 21 as introduced, have been deleted from the first reprint of A.B. 21.

Research Division  
May 8, 1981

DAR:jlc

*File 5/11 -  
Don't forget  
use as exhibit*

MOBILEHOMES—SALES—ESCROW ACCOUNTS

CHAPTER 236

EXHIBIT K

SENATE BILL NO. 1992

An act to amend Section 11950 of the Vehicle Code, relating to mobilehomes.

LEGISLATIVE COUNSEL'S DIGEST

Under existing law, a mobilehome dealer is required, upon the buyer signing a purchase order, conditional sales contract, or security agreement for a new or used mobilehome, to establish an escrow account for the deposit of any cash or cash equivalent received from the buyer at any time prior to delivery as whole or partial payment for the mobilehome, unless a simultaneous transaction occurs in which the buyer receives delivery of a used mobilehome on the site of occupancy within 2 calendar days. No deposits may be distributed from the escrow account to the dealer until either (1) the buyer receives delivery of the mobilehome on the site and it has passed inspection, if required, or (2) the mobilehome has been delivered to the location specified in the escrow instructions and the installation is to be performed by the buyer. If a portion of the amount in the escrow account is for accessory structures, then that amount cannot be released until the accessory structures are actually installed.

This bill would specifically include accessories to the mobilehome within the provisions relating to the establishment of an escrow account for the deposit of any cash or cash equivalent received from the buyer.

The bill would also make conforming changes.

The people of the State of California do enact as follows:

SECTION 1. Section 11950 of the Vehicle Code is amended to read:  
11950.

(a) Every new or used mobilehome dealer shall, upon the buyer's signing of a purchase order or conditional sales contract or security agreement for a new or used mobilehome, establish with an escrow agency an escrow account into which shall be deposited any cash or cash equivalent received from the buyer at any time prior to delivery as whole or partial payment for the mobilehome or accessory thereto, except when a simultaneous transaction occurs in which the buyer receives delivery of a used mobilehome on the site intended for occupancy within two calendar days, one of which shall be the date of sale.

(b) No deposits shall be disbursed from the escrow account to the dealer until either (1) the buyer receives delivery of the mobilehome on the site and the mobilehome has passed inspection pursuant to Section 18613 of the Health and Safety Code or (2) the mobilehome has been delivered to the location specified in the escrow instructions and the installation is to be performed by the purchaser. The public agency performing the inspection shall give either a copy of the inspection report or a copy of a statement of installation acceptance to the buyer. If a portion of the amount in the escrow account is for accessories \* \* \* to the mobilehome installed by a dealer at the time of sale, that portion of the amount shall not be released until \* \* \* such accessories \* \* \* to the mobilehome are actually installed. If no inspection under Section 18613 is required, \* \* \* the deposits

may be disbursed from the escrow account upon delivery of the mobilehome to the buyer.

(c) The escrow shall terminate and a full refund shall be made to the buyer 120 days from the date of the sales contract unless delivery is made within this period: provided, however, that the parties may extend the time in writing for 30-day periods with notice to the escrow agent.

(d) The provisions of this section shall apply to all sales by a mobilehome dealer of mobilehomes required to be moved under permit.

(e) Except for those persons or corporations described in subdivision (a) or (c) of Section 17006 of the Financial Code, the Department of Housing and Community Development shall adopt and amend as necessary rules and regulations for the establishment and maintenance of the escrow accounts with escrow agents or escrow companies licensed and regulated by the State of California.

(f) No mobilehome dealer shall establish with an escrow agent an escrow account in an escrow company in which the mobilehome dealer has more than a 5-percent ownership interest.

(g) Prior to the close of escrow, the dealer shall furnish the escrow agent with (1) the name and address of the legal owner of, or lienholder on, the mobilehome, as shown by the certificate of ownership or the manufacturer's certificate of origin, and (2) the signed and acknowledged release of all rights, title, or interest in the mobilehome held by either the legal owner or lienholder, whichever is applicable. Any such release shall be conditioned upon the receipt of payment from the escrow account of the amount set forth in such release which is necessary to terminate the interest in the mobilehome.

(h) This section creates a civil cause of action against a person who violates the provisions of this section, and upon prevailing, the plaintiff in such action shall be awarded actual damages plus an amount not in excess of two thousand dollars (\$2,000). In addition, attorneys' fees and court costs shall also be awarded a plaintiff who prevails in such action.

(i) No agreement shall contain any provision by which the buyer waives his rights under this section, and any such waiver shall be deemed contrary to the public policy and shall be void and unenforceable.

Approved and filed June 25, 1980.