

MINUTES OF THE
MEETING OF THE SENATE COMMITTEE
ON FINANCE

SIXTY-FIRST SESSION
NEVADA STATE LEGISLATURE
May 28, 1981

The meeting of the Senate Committee on Finance was called to order by Senator Floyd R. Lamb, Chairman, at 8:00 a.m., in Room 231 of the Nevada State Legislature Building, Carson City, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT:

Senator Floyd R. Lamb, Chairman
Senator James I. Gibson, Vice Chairman
Senator Eugene V. Echols
Senator Norman D. Glaser
Senator Lawrence E. Jacobsen
Senator Thomas R. C. Wilson
Senator Clifford E. McCorkle

COMMITTEE MEMBERS ABSENT:

(None)

STAFF MEMBERS PRESENT:

Ronald W. Sparks, Chief Fiscal Analyst
Dan Miles, Deputy Fiscal Analyst
Tracy L. Dukic, Secretary

The meeting of the Senate Committee on Finance was called to order by Senator Floyd R. Lamb, Chairman, at 8:00 a.m.

ASSEMBLY BILL 691

Mr. Bud Campos, Chief Parole and Probation Officer, presented this bill to the Committee. He stated that this bill would authorize two residential centers until July 1983 for first offenders only, i.e., those persons who are either first offenders with no past criminal record or those persons who are borderline cases for parole. He said that between these two centers, they should be able to accommodate 180 people per year, with an average turnover of three people per bed per year. He added that although the cost for this program works out to be a savings of approximately \$2,000 per person per year from the cost of institutionalizing the same individual in a maximum security facility, they will be able to move more people through the system for the same cost. He also indicated that the Parole Board has certain discretionary powers in determining whether or not an individual should be placed in either of these facilities, and he gave examples of where this might happen.

Senator Lamb said that this might cause a problem between the Parole and Probation Board and the Court over who to admit or not admit to this facility.

Mr. Campos stated that there may be certain instances where there will be disagreement, but he added that they will be able to negotiate these problems through. He further indicated that the first home will probably come on-line in January of 1982.

Senator Gibson asked what the cost of this program will be.

Mr. Campos stated that the cost of the program for the first year of the program will be \$587,830 dollars and the second year of the program will be \$658,000 dollars. He said that there will be monies collected from the residents to help bear the costs of the program, and those monies will help to offset the General Fund portion of the budget. He said that at the end of the fiscal year, whatever monies have been collected will revert to the General Fund.

Mr. Campos also said that they will be able to accommodate 35 people in the facility in Las Vegas and 30 people in the facility in Reno.

Senator Gibson inquired into what kind of facility they are proposing to use.

Mr. Campos replied that they are trying to locate an abandoned or defunct clinic building. He said that these individuals who will be housed in these facilities will be obligated to work and will be responsible for continuing to bear the cost of their medical expenses.

Senator McCorkle asked what percentage of the annual food costs could be cut from the overall expense of the program.

Mr. Campos said that there would be a substantial savings -- possibly up to \$150,000 dollars per year per unit -- if these programs could purchase their food through the Prisons. He said that another program would be the Federal Commodity Food Program, but to qualify for this program, the institution must foster an educational program.

Senator McCorkle asked why, if the startup costs is the reason for the large appropriation for this proposal, the budget for the second year of the program are as great.

Mr. Campos said that in the second year of the program, these institutions will be at their full operating capacity, and in the first year, they are only funded for part of the year and, therefore, are not operating at full capacity. He said that another factor that is affecting the second year's figure is the provision for the factor of inflation that was built into the second year's budget.

Senator McCorkle asked if there was any difference between this bill and Senator Sue Wagner's bill, Senate Bill 43.

Mr. Campos replied that he believes these are identical to each other.

-o0o-

ASSEMBLY BILL 604

This bill was presented by Assemblymen Kenneth Redelsperger and Mr. Kelly Jackson, Department of Energy.

Mr. Redelsperger stated that this legislation is an attempt on their part to develop alternative means of funding energy exploration and development projects through grants and other sources of funding. They are proposing, by the passage of this legislation, that any monies received in federal mineral land lease over and above \$9.5 million dollars the first year and \$10.5 million dollars the second year of the biennium will be allocated

Senate

Committee on Finance
May 28, 1981

to the development of geothermal and natural gas energy projects. The first part of this money is allocated to the Distributive School Fund.

Senator Lamb asked if it would be a wise idea to take this money from the Distributive School Fund and place it into this area.

Mr. Redelsperger replied that he believes that it is, and he went on to further illustrate his point.

Mr. Redelsperger called the Committee's attention to Section 5, page 2, items A through H.

Senator McCorkle asked how a particular city or county would apply for a grant for an energy project.

Mr. Kelly Jackson, Department of Energy, stated that the interested party could apply to the Department of Energy. He also indicated that it would be the option of either the city itself or an entity within a county. Mr. Jackson indicated that the history of the area and who is responsible for the distribution of utilities would have a great deal to do with whether or not a particular entity could apply for this money.

Mr. Jackson further explained that any money that would become available for energy projects would be subject to Interim Finance approval, and if this project was not approved for study then the money would revert to the Distributive School fund. He referenced the Committee to line 48, subsection 4 and line 7, subsection 6 and explained the meaning of this language to the Committee. He also informed the Committee that the bill has been sunsetted on June 30, 1983.

Mr. Barrett interjected a comment that if the bill were in effect presently, there would be a conflict created. He said that the money coming from the mineral land leases would very likely cancel out the federal in-lieu tax money that has been going to the counties. He said that the money coming from the mineral land leases would effectively create a wash, i.e., this would not create any greater revenues for the counties.

Mr. Redelsperger asked if that problem would preclude the money generated beyond that going to school support from going towards the Department of Energy for grants and studies.

Mr. Barrett replied that it would not but that that money must be reported to the Federal Government and may very well jeopardize the federal in-lieu tax revenue going to the Distributive School Fund.

Mr. Ted Sanders, Superintendent of Instruction, said that the school system relies heavily on the total revenues of all contributing factors to the Distributive School Fund, and he further amplified that when one source of funding has been low, the others are relied upon more heavily to sustain the Distributive School Fund. He said that by earmarking these funds, this could create a funding problem that would cause an undue reliance on the other sources of revenue for the Fund. He also said that he has a very uneasy feeling about what this bill is proposing to change primarily because of the shift in the tax structure since the passage of the new tax package.

Senate

Committee on Finance
May 28, 1981

ASSEMBLY BILL 51

Ms. Debby Kenedy, Foster Youth Services, Incorporated, and Ms. LaVonne Frost, Nevada State PTA, both endorsed this legislation.

Senator Lamb asked if either of these two individuals were employed in any regard in the field of child abuse.

Both ladies replied that they were not.

Mr. Jerome Griepentrog, Director of Mental Health/Mental Retardation, told the Committee that the match of \$32,000 dollars is not sufficient to run a thorough program. He said that California has done a very thorough job of dealing with the problem of child abuse and incest. He said that usually only one-third of those people who have this problem are amenable to treatment.

Senator Lamb asked how much money Mr. Griepentrog feels would be necessary to conduct a proper study of this.

Mr. Griepentrog said that the \$425,000 for the first year of the biennium and \$450,000 for the second year of the biennium would be sufficient to properly conduct a study on this problem. Otherwise, he stated, this study will have not impact.

Senator Wilson asked where Mr. Griepentrog would rank this problem as far as priorities.

Mr. Griepentrog stated that this problem should be given high priority.

Senator Wilson asked what the Committee might do to help solve this problem.

Mr. Griepentrog replied that a program should be developed with something of substance to the appropriation; that the amount of money being requested for this program might very well result in tokenism.

ASSEMBLY BILL 332

Mr. Jerome Griepentrog presented this bill, also. He told the Committee that there is a provision of \$150,000 dollars as a startup cost to private nonprofit providers of alternative residential care in order to try to curtail the need to institutionalize all patients in an institution. He said that this will effectively reduce the need to institutionalize individuals and will cut down the cost of maintaining mentally and emotionally handicapped individuals drastically.

Mr. Griepentrog further stated that the annual cost of institutionalizing these individuals runs approximately \$36,000 dollars per year. He said that this will trigger 50 additional beds throughout the State of Nevada at at least one-third the cost, or \$33 dollars per day, of what it cost for institutionalized care. He said that they may even be able to remove some of the individuals currently residing in institutions who are not in need of intensive care and would do well in a residential placement. He said that all this should result in a savings of approximately \$1.2 million dollars per biennium.

Senate

Committee on Finance
May 28, 1981

ASSEMBLY BILL 687

Mr. John Polish, representing White Pine County, stated that this bill makes an appropriation to White Pine County for the development of the White Pine County Industrial Park. He gave a brief history of the plans for the Industrial Park. He said that the development of this park was contingent upon a number of possibilities. He said that the elimination of the Four Corners Regional Commission and the problems with Lynch Communications have created difficulties for White Pine County. He stated that they are not asking for a handout merely the State's help.

Senator Lamb asked Mr. Polish if it was not a request for a handout to ask for an interest rate of 5 percent when the prime interest rate is over 20 percent.

Mr. Polish stated that it would be quite helpful to be able to have this interest rate at 5 percent.

Mr. Bernie Michaels, Vice President and Manager of the Public Finance Department of Sutro & Company, who is an investment banker to the County of White Pine, said the inception of this program was a \$5 million dollar fund to encourage different industries to move into the park. He said that Lynch Communications went into the park area and expended approximately \$350,000 dollars in site preparation from this Legislative industrial development fund. He said that the County in conjunction with a local branch of Nevada National Bank cooperatively sought to bring the water and sewer facilities to the proposed site of the industrial park. Part of the problem resides in the fact that Lynch Communications has withdrawn its support of the park, which means that the County has been left with the funding and development problems connected with this proposed site. He said that Lynch has repaid \$321,000 dollars that it had withdrawn from the Legislative Fund, but they are still in ownership of the twenty-acre parcel that was to have been the site of their operation in White Pine County.

Mr. Michaels stated that it is now the responsibility of the County to finish the offsite and onsite improvements in order to secure the continued success of the project.

Senator Lamb interjected a question as to whether or not Lynch Communications is an owner of any portion or parcel of land connected with the proposed White Pine County Industrial Park.

Mr. Michaels stated that they are in ownership of their original site, which is composed of 20 acres.

Senator Lamb asked if the property owned by Lynch Communications will not be enhanced by the improvements made to any portion of the Industrial Park.

Mr. Michaels agreed with Senator Lamb's observation, but he emphasized that at present there are no water and sewer outlets going to the park, which prevents any further development because of the expressed desire on the part of every party they have contacted about investing in this proposed industrial park to have completed the onsite and offsite improvements.

Senate

Committee on Finance

May 28, 1981

Senator McCorkle asked Mr. Michaels to verbalize the way he pictures the State's responsibility to assist with the completion of this project.

Mr. Polish interjected a comment that he is unsure as to whether or not the County has the resources to finish with this project in order to bring it up to the expectations of the interested parties. He said that the County would very much like to complete this project. He said that one of the main fears is that if this project is not completed, White Pine County will become an economically depressed area. He stressed the fact that a good portion of the industry that is creating a "boomtown" effect in White Pine County is of a transient nature, and this industrial park will secure the economic livelihood of White Pine County.

Mr. Michaels stated that the loan made by Nevada National Bank to White Pine County was premised upon the fact that funds would be available through Lynch Communications to pay for the onsite and offsite improvements, which is part of the package for the industrial park. He stated that the loan made by Nevada National Bank is a shortterm loan which was made with the presumption that this loan would be repaid within a short period of time. He said that the total cost of making the onsite improvements to the property is \$1.2 million dollars and \$400,000 dollars to make the offsite improvements. He said that the County is powerless to go ahead and sell the property unless these improvements have been made.

Senator McCorkle asked if it is a fair assumption to make that the State has White Pine County half way through this project, and now the County is stuck.

Mr. Michaels stated that that is true.

Senator Jacobsen asked if this money were made available to the County to finish the park, are there any prospective companies willing to come in and start construction on the property.

Mr. Polish said that they already have a concrete manufacturing company within the property, and there have been many other separate inquiries made.

Senator Jacobsen asked if it is their opinion that Lynch Communications has completely withdrawn their interest in the project and are merely intending to sit on the property.

Mr. Michaels said that Lynch and Bentley of Nevada were discussing purchasing the property and were interested in the Legislature reinstating the Legislative Fund.

Senator McCorkle asked if it is necessary to have the onsite improvements completed in order to sell the property.

Mr. Michaels stated that it is not necessary to do this.

Senator McCorkle asked why the County could not begin selling off the property in order to recoup their investment of \$321,000 with the money they already have in their bank account.

Mr. Michaels stated that many of the prospective investors are asking for assurances that the offsite improvements are going to be made, and he stated that there is no money available for the onsite improvements.

Senate

Committee on Finance
May 28, 1981

Senator McCorkle asked why the County could not go ahead and begin the necessary site preparations with the money that they have in their bank account.

Mr. Michaels stated that they are currently in the process of completing the water and sewer facilities to the property. He said that Lynch Communications was, upon the completion of the offsite improvements, then to take the line from the edge of the park into the boundaries of the property. He said that the County must either meet the shortterm loan for the completion of the offsite improvements, or if Nevada National Bank will rollover their shortterm loan, the County will then have to find some way to get the offsite improvements to different areas of the park.

Senator McCorkle asked if the \$400,000 dollars being requested is for the purpose of repaying the shortterm loan that the County has with Nevada National Bank or is it to add to the \$321,000 dollars for the completion of the improvements, onsite and offsite.

Mr. Michaels stated that these monies are not earmarked. He said that when the \$5 million dollar Legislative Fund was rescinded, the County came before the Assembly Ways and Means Committee and requested the total amount necessary to complete all the improvements to the property, \$1.2 million dollars. He said that amount, \$1.2 million dollars, was reduced to \$400,000 dollars.

Mr. Michaels stated that the County would prefer for Nevada National Bank to rollover their shortterm loan so that the County is able to sell some of the parcels within the Park.

Senator Lamb asked what will happen if the Bank does not do this.

Mr. Michaels stated that he would assume that in that event Nevada National would want to foreclose on whatever they were entitled to foreclose on.

Senator McCorkle stated that he is not sure what the problem is. He said that they have stated that they are unable to complete the onsite improvements without the money requested in this proposed legislation, but they have stated that they do not need to complete the onsite improvements in order to sell the property.

Mr. Michaels stated that the people who have contacted them about the Industrial Park have expressed the desire that these improvements be completed.

Senator McCorkle stated that it is not important who has contacted the County so far because there is a market for property which only have offsite improvements to it, although it is not worth as much as it would be if it had the onsite improvements completed.

Mr. Michaels replied that the market for such property is not as good in Ely as it would be in Reno or Las Vegas.

Senator McCorkle stated that he is aware of that, but he added

that he believes that the State only has a responsibility to assist White Pine County if they were unable to sell this property without their assistance. He said that he does not believe that this is the case with White Pine County.

Mr. Michaels stated that it is hard for him to make that representation when he knows that there have been no other companies who have expressed an interest in the property that will come in without the assurance that the onsite improvements will be made. He said that the withdrawal of Lynch Communications has put a chill on the investment potential of the Park.

Senator Wilson asked if the promise of providing investors onsite improvements is really a psychological factor as to whether or not the County can proceed with this Park.

Mr. Michaels replied that it is and even more than a psychological factor. He said that unless they can proceed with this project, they will be stuck with an economically depressed area.

-00-

ASSEMBLY BILL 425

Mr. Jerome Griepentrog, Director of Mental Health and Mental Retardation, presented this bill. He said that this bill is not the Division's bill, but they do not support this bill. He said that, in effect, this legislation would bring Nevada Law into compliance with Federal Law.

Mr. Griepentrog directed the Committee's attention to page 7, subsection 4, lines 10 through 16. He told the Committee that this provides for a change in the current law by requiring 10 days prior notice in order to discharge an offender who has been under psychological observation within a mental health facility. He said that this requirement would add additional cost to the Mental Health budget. He also stated that the requirement at present is merely that the Court receive concurrent notice of a patient's discharge.

Mr. Griepentrog stated that an additional \$469,200 would be necessary to be added to the budget for his Division in order to comply with this legislation. He said that currently individuals requiring this kind of observation can be admitted for up to six months, with the average length of stay being 21 days. He said that it is almost impossible to predict, within 10 days prior, when a patient will be ready for release. He told the Committee that many patients are readmitted after six months' observation, but 60 percent of the Court commitments they receive only stay an average length of time. He said that they see about 500 to 600 people per year.

Senator Gibson asked what problem prompted the drafting of this legislation.

Mr. Griepentrog stated that he is not aware of any problem currently with the procedure of conditional release.

-00-

ASSEMBLY BILL 677

Mr. Barrett told the Committee that in the prior explanation he had made on this bill, he had stated that the State's matching share from the General Fund would total \$325,000 dollars. He told the Committee that that statement was incorrect; that the total General Fund match would be \$650,000 dollars for the second year of the biennium, not \$325,000 dollars. He said that in the

Senate

Committee on Finance
May 28, 1981

first year, the total General Fund match would be \$50,000 dollars, which is only a 1 percent difference between what the Governor had proposed and what this legislation proposes. He stated, however, that there is a 10 percent difference in the second year between these two proposals.

-00-

ASSEMBLY BILL 317

Ms. Hope Roberts, Chairman of the Advisory Council for Vocational Education, addressed this legislation and endorsed its passage.

Mr. Ted Sanders, Superintendent of Public Instruction, addressed the Committee. He said that this bill would require a \$1 million dollar contribution with a 50-50 matching by the State. He said that those monies will be used only to purchase equipment to expand the vocational course offerings. He said that there is concern ever the use of out-of-date equipment being used in many of the vocational programs.

He said that upon the closure of the 1979 Session, the Department of Education commissioned a study to determine the equipment needs of the vocational educational programs, both in the school districts and the community colleges. He stated that 21 percent of the total equipment in these programs is in such condition that it warrants replacement immediately, 35 percent of the equipment is in fair condition and will warrant replacement within the next three to five years.

Mr. Sanders stated that his main concern with the bill is the language that provides for the expenditure of these monies only to expand current courses in this field, and he stated that this is too restricting. He said that there is a greater need for equipment replacement that is not really addressed in the bill. He said that the 50-50 matching requirement speaks only to the monetary aspects of this problem, which might very easily be resolved by including language which says "in cash or in kind," which would enable the school districts to accept donations from business entities who would like to contribute their used equipment to the vocational education programs.

Senator Glaser asked what if the Committee were to amend the bill with language to provide for "other sources of funds," which would open the legislation up to alternative means of achieving the same goal.

Mr. Sanders stated that he would endorse such a motion.

Mr. Michael Rask, Executive Director of the Advisory Council, stated that he finds certain difficulties with this bill. He said that the 50-50 matching provision is unrealistic; that the match should be adjusted to 5 percent. He endorsed the idea of amending the match requirement to "in cash or in kind" contribution. He also stated that there is no provision that the \$1 million dollar match would not displace other vocational education monies, and he feels that this problem should be addressed.

Senator Jacobsen stated that he has never seen any statistics on the success of these programs. He asked if there were any aptitude tests given for entry into vocational education programs.

Senate

Committee on Finance
May 28, 1981

Mr. Rask replied that there are aptitude tests given.

Senator Jacobsen asked how the schools fund these programs.

Mr. Rask replied that they utilize the same formula as the Federal Government does.

Mr. Sparks then read into the record a letter from Joan Kenyon,
(please see Exhibit C).

-o0o-

Senator Lamb then briefly discussed the unclassified salary proposals with the Committee. He stated that when formulating these salaries, they tried to correct any inequities that were present, and they tried to continue with the formula that was used in determining the classified salary positions. He said that Mr. Bremner had strongly supported the recommendations for the Gaming Control Board and the Attorney General's Office per the agency's request. He said that the Subcommittee decided to go along with this.

-o0o-

ASSEMBLY BILL 51

SENATOR WILSON MOVED TO AMEND THE BILL BY INCREASING THE BUDGET TO \$64,583 THE FIRST YEAR AND \$66,283 FOR THE SECOND YEAR.

SENATOR MCCORKLE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

-o0o-

SENATOR MCCORKLE MOVED TO AMEND AND DO PASS AS AMENDED.

SENATOR GIBSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

-o0o-

ASSEMBLY BILL 649

SENATOR GLASER MOVED DO PASS.

SENATOR JACOBSEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

-o0o-

ASSEMBLY BILL 317

SENATOR MCCORKLE MOVED TO CHANGE THE MATCHING RATIO TO A 10-1 MATCH FOR \$1 MILLION DOLLARS AND TO CHANGE THE LANGUAGE OF THE BILL TO ALLOW THE MATCH TO BE MADE "IN CASH OR IN KIND" FOR THE PURPOSE OF REPLACEMENT OR NEW EQUIPMENT AND FURTHER, TO AMEND LINE 9.

SENATOR WILSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

-o0o-

SENATOR GLASER MOVED DO PASS AS AMENDED.

SENATOR JACOBSEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

-o0o-

ASSEMBLY BILL 677

SENATOR GIBSON MOVED TO AMEND THE BILL TO INCREASE THE BILL BY 12 PERCENT IN THE SECOND YEAR OF THE BIENNIUM, WHICH IS APPROXIMATELY \$200,000 DOLLARS BEYOND THE GOVERNOR'S RECOMMENDATION FOR THE SECOND YEAR SHARE FROM THE GENERAL FUND OR AN ANNUAL PAYMENT PER EMPLOYEE OF \$84 DOLLARS INSTEAD OF \$90 DOLLARS PER YEAR.

SENATOR GLASER SECONDED THE MOTION.

THE MOTION CARRIED EXCEPT FOR THE DISSENTING VOTES OF SENATORS WILSON AND LAMB.

-o0o-

SENATOR GLASER MOVED TO AMEND AND DO PASS AS AMENDED.

SENATOR JACOBSEN SECONDED THE MOTION.

THE MOTION CARRIED EXCEPT FOR THE DISSENTING VOTE OF SENATOR MCCORKLE.

-o0o-

ASSEMBLY BILL 332

SENATOR GIBSON MOVED DO PASS.

SENATOR JACOBSEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

-o0o-

SENATE BILL 512

SENATOR GIBSON MOVED DO PASS.

SENATOR JACOBSEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

-o0o-

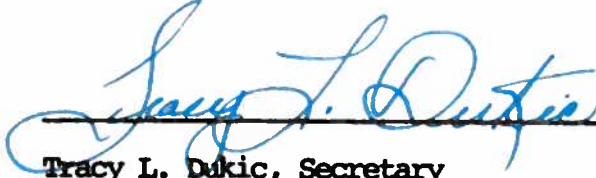
ASSEMBLY BILL 604

(THE COMMITTEE ELECTED TO HOLD THIS BILL FOR FURTHER CONSIDERATION.)

-o0o-

Senate
Committee on Finance
May 28, 1981

Respectfully submitted by:



Tracy L. Dukic, Secretary

APPROVED BY:

Senator Floyd R. Lamb, Chairman

DATED: _____

2764

Exhibit A

**THIS EXHIBIT IS MISSING FROM BOTH THE ORIGINAL
MINUTES AND THE MICROFICHE.**

Exhibit B

**THIS EXHIBIT IS MISSING FROM BOTH THE ORIGINAL
MINUTES AND THE MICROFICHE.**

Exhibit C

**THIS EXHIBIT IS MISSING FROM BOTH THE ORIGINAL
MINUTES AND THE MICROFICHE.**