

THE SECOND DAY

CARSON CITY (Tuesday), January 18, 1977

Assembly called to order at 11:01 a.m.

Mr. Speaker presiding.

Roll called.

All present.

Prayer by the Chaplain, Father Larry Quilici.

Pledge of allegiance to the Flag.

Assemblyman Demers moved that further reading of the Journal be dispensed with, and the Speaker and Chief Clerk be authorized to make the necessary corrections and additions.

Motion carried.

MESSAGES FROM THE SENATE

SENATE CHAMBER, CARSON CITY, January 17, 1977

To the Honorable the Assembly:

I have the honor to inform your honorable body that the Senate on this day adopted Senate Concurrent Resolution No. 1.

JUDY AHLSTROM
Assistant Secretary of the Senate

MOTIONS, RESOLUTIONS AND NOTICES

Senate Concurrent Resolution No. 1.

Assemblyman Glover moved the adoption of the resolution.

Remarks by Assemblyman Glover.

Resolution adopted unanimously.

INTRODUCTION, FIRST READING AND REFERENCE

By Assemblyman Robinson (by request):

Assembly Bill No. 13—An Act relating to the Private Investigators' Licensing Board; allowing the board to place licenses in an inactive status; removing the bond requirement for licensees in such cases; and providing other matters properly relating thereto.

Assemblyman Robinson moved that the bill be referred to the Committee on Judiciary.

Motion carried.

By Assemblymen Robinson, Banner, Weise, Bremner, Moody, Brookman, Howard, Murphy and Barengo:

Assembly Bill No. 14—An Act relating to workmen's compensation; requiring the Nevada Industrial Commission to pay interest on advance cash premiums paid by employers and to credit the interest to the employer's monthly premiums; and providing other matters properly relating thereto.

Assemblyman Robinson moved that the bill be referred to the Committee on Labor and Management.

Motion carried.

MESSAGE OF THE GOVERNOR
TO THE LEGISLATURE OF NEVADA
FIFTY-NINTH SESSION, 1977

Mr. President, Mr. Speaker, distinguished Members of the Legislature, Citizens of Nevada:

For the fourth time, I am privileged to come before you to report on the condition of our State.

As I have said on three previous occasions, you pay me high honor. Indeed, the constitutional mandate to address the Legislature in joint session is perhaps the highest single honor attendant to my office.

The significance of this event is not so much what the Governor has to say but rather the fact that he is given the opportunity to say it. This is a ceremonial occasion, steeped in the traditions of a great democracy. It has its roots in the earliest struggles for liberty in the new world. Consequently, it commands the respect of all—past, present and future—who have been stewards of the office I presently hold.

Before proceeding with my report on the State of the State, I would like to observe that this year I departed from past custom by releasing my full budget document in advance of my message tonight.

This was done as a courtesy to the members of the Legislature with the thought that they should have the earliest possible opportunity to begin their study of this 834-page document.

As the substance of my major budget proposals already has been made public, it will not be necessary for me to elaborate upon various program specifics in the detail which characterized my previous messages. And you will do me the kindness of stifling your collective sigh of relief.

However, I believe there are some items in the proposed budget which deserve enumeration—notably my recommendations for improvements in corrections and in mental health care delivery. These program recommendations carry the highest priorities of my administration and I commend them to your attention.

THE STATE OF THE STATE

At this time, I am pleased to report to the Legislature, and to all the people of Nevada, that the condition of our State is sound. The message prefacing my budget proposal contains the justification for this conclusion.

As in the past, this budget is balanced with existing revenues and calls for neither new General Fund taxes nor recommends increases in existing General Fund taxes.

When we last met 2 years ago, I recommended caution because of the faltering national economy and a general slow down in the collection of state tax revenues. At that time, sales tax revenues—comprising about 35 percent of the state's General Fund—were increasing at less than 6 percent. Meanwhile, the cost of living, as measured by the Consumer Price Index, had accelerated to more than 12 percent.

The budget now before the Legislature reflects a reversal of that disappointing trend: state tax collections are now increasing by 12 percent while the cost of living is moving forward at an annual rate of 5 percent.

The key to the comparative health of our economy at this time is the prosperous gaming industry. State revenues from this source are increasing at near-record levels and projections for the immediate future give us reason to be optimistic.

Every index tells us that Nevada's economy is vigorous. Yet once again I believe our optimism must be tempered by caution. Unemployment continues to be a critical and persistent problem. This, despite the fact we have added 30,000 workers to the Nevada labor force in the last 2 years and despite the fact our current rate of unemployment is 7.8 percent, compared to 9 percent in January of 1975.

Unemployment and the continuing uncertainty of the national economy make it imperative that we exercise prudence and restraint. For this reason, the budget again recommends the retention of a substantial unappropriated reserve—\$22.5 million—to provide government with both working capital and cushion against any unforeseen economic reversals.

GAMING REGULATION AND CONTROL

The tax projections contained in my proposed budget underscore our dependence on the gaming industry, during the present biennium, *45 percent of our General Fund revenues* are the direct result of gaming taxes and the casino entertainment tax. It is anticipated that the same percentage will be provided from these sources during the next biennium, although the tax income will jump from \$168 million to \$205 million.

In addition, we cannot overlook the fact that a substantial portion of our revenues from taxes on sales and liquor are produced through gaming and related tourism.

It is unlikely that Nevada's lifeline with gaming and tourism will be slackened by any measurable degree in the years just ahead. Despite our appealing tax climate, diversification of the economy through warehousing and new light industry is a slow process, particularly when compared to the rapid growth of our resort hotels and casino operations. Moreover, potential industrial growth must be weighed against the availability of water and other resources.

Because of the mutuality of interests between the State and its largest tax contributor, I urge the Legislature to take action during the current session to strengthen or modify any gaming statutes which, left otherwise intact, might jeopardize the lawful authority of the State to provide effective regulation and control.

It has been suggested that these statutes should be subjected to a 2-year interim study, with final action to be taken by the Legislature in 1979. I do not agree. In my judgment, the consequence of such a delay would be damaging to the interests of the State.

First, it would encourage other political subdivisions with legalized gaming to take advantage of the uncertain situation prevailing here.

Second, this same uncertainty would serve to at least temporarily undermine confidence in Nevada as a potential source of additional investment capital.

Accordingly, I believe the Legislature must proceed expeditiously with a review of Nevada gaming statutes immediately after the state Supreme Court has decided the corollary case which it has under advisement on appeal. This ruling should be made in ample time to identify any possible weaknesses in our Gaming Control Act and leave ample time to correct them.

We all agree there can be no compromise in the rigid standards of personal integrity required for membership on the Nevada Gaming Control Board and the Nevada Gaming Commission.

The present members, without exception, meet these standards. They are scrupulous, intelligent, hard-working citizens who share a love of Nevada and its institutions. They are not incapable of error, certainly, but they are unyielding in matters of principle and conviction. These qualities of excellence, more than anything else, assure the internal stability of the Nevada gaming industry as well as external confidence in its honesty.

But the effectiveness of the board and commission is conditioned directly upon the strength of our laws. It is for this compelling reason that I strongly urge the Legislature, before adjourning *sine die*, to take whatever steps may be necessary to protect the foundation of our economy.

GAMING LABOR-MANAGEMENT

There is still another area which poses a threat to our gaming revenues.

All of us recall that less than a year ago the Las Vegas Strip was embroiled in a long and costly dispute between union leaders and resort owners.

The 16-day strike had an estimated impact of some \$24 million on Clark County. The impact might have been even greater had it not been for the mediation efforts of my office and other concerned individuals and groups.

While our economy was not seriously damaged by the dispute, the potential for disruption remains. It is my suggestion, therefore, that the Legislature call upon the expertise represented by the labor and management members of the legislative advisory boards to the Employment Security Department and the Nevada Industrial Commission. These experts should be asked during the next 2 years to develop a workable plan for resolving major labor disputes in the private sector which would be considered by the 1979 Session of the Legislature.

These representatives of labor and management all are community leaders and all have extensive resources—legal, social and business—from which to draw. For this reason, they represent a reservoir of talent which can be translated into innovative ideas.

If the Legislature agrees with this concept, the study team will be free to draw upon the assistance of the Nevada State Labor Commissioner.

I am mindful of the sensitive nature of labor-management negotiations and I would not support any action which compromised the bargaining process contained in agreements between employers and workers. At the same time, I believe it is imperative that we examine every possible means by which we can avert work stoppages which threaten our economy.

It seems to me that this team of labor and management experts might develop ideas to accomplish this objective. Certainly nothing is to be lost by asking them to do so.

CORRECTIONS

As the vice-chairman of the National Governors' Conference on Crime Reduction and Public Safety, I have learned there simply are no pat solutions to the mounting problems we face in the criminal justice field.

Virtually every state is groping through a series of experiments in a search for at least one promising theory that can be welded to practical application. Meanwhile, violence threatens both the innocent citizen on the street and the convicted felon behind bars.

My proposed budget calls for a number of major capital improvements at Nevada correctional facilities as well as for substantial increases in professional staff.

They include: \$1.7 million for the construction of the fifth housing unit at the Northern Nevada Correctional Center which would provide individual rooms for ninety inmates.

—\$3.2 million for a fifth housing unit at the Southern Nevada Correctional Center for youthful offenders at Jean. Included in this improvement would be a second educational building, as well as additions to the visitors building, food service building and medical building. This improvement would increase the maximum capacity from 250 to 350 inmates.

These two proposals are especially important because of the immediate need for space and because they will bring about an overall savings in taxpayer dollars. I have already discussed them with both the Chairman of the Senate Finance Committee and the Chairman of the Assembly Ways and Means Committee. These gentlemen have assured me they will discuss the merits of the projects with the full membership.

Also included in my budget are the following:

—\$7.8 million for the complete renovation of the old Maximum Security Prison in Carson City. This would include a new 102-man living unit, a new administration building and a new vocational shop building. As indicated in my budget, the Legislature may elect to authorize the construction of an entirely new Maximum Security Prison. If this is your decision, then I recommend that this \$7.8 million appropriation be used for the first phase of that new facility.

—Also, I am recommending an additional \$654,600 for various physical improvements at the Northern Nevada Correctional Center as well as \$150,200 for a classroom addition at the Women's Correctional Center.

This is a substantial capital outlay, but I believe it is entirely justified if we are to keep pace with the demands placed on our correctional system. Meanwhile, we are giving full priority to vocational training and vocational education courses. Only last week, for example, the Northern Nevada Correctional Center entered into an agreement with the Western Nevada Community College for courses in welding and upholstery.

Finally, I urge this Legislature to give favorable consideration to my recommendation for a three-member full-time parole board.

Studies of states with similar prison populations have made it clear that Nevada can no longer afford the luxury of a part-time parole board whose members are not compensated.

Even though our present board is now meeting once a month, it no longer can keep pace with the caseload. Accordingly, the interests of the State and the interests of the criminal justice system would be best served by the creation of a full-time board.

MENTAL HEALTH AND MENTAL RETARDATION

Since 1971, the State of Nevada has expended some \$16 million for capital construction in the field of mental health and mental retardation. In percentages, this represents one of the largest increases in Nevada's entire social service network.

Included were new facilities for the Nevada Mental Health Institute, the Mental Health Center in Las Vegas, and Children's Behavioral Services in both Clark County and Washoe County. Also included were construction of the Desert Developmental Center in Las Vegas and the Sierra Developmental Center at Sparks.

Members of the Legislature are aware that the new Desert Developmental Center is scheduled for completion in April of this year. My budget request of \$2.2 million for the biennium reflects the resources necessary to staff, equip, and maintain the facility as well as continue the present operation. Funding to hire recommended staff and open the facility when the construction is completed is suggested in a separate supplemental appropriation.

When completed, the Center will be a 56-bed facility operating residential treatment and training programs. In addition, the staff will serve 225 to 250 persons a month on an out-patient basis.

It is also recommended that control and operation of the 30-bed Southern Nevada Mental Retardation Center be unified with the Desert Developmental Center.

We are obligated to help those who are least able to help themselves and I urge your support of these recommendations.

I am also requesting \$3.3 million for the Sierra Developmental Center, which would consolidate mental retardation services in Northern Nevada. If approved, the mental retardation ward at the Nevada Mental Health Institute and the Northern Nevada Mental Retardation Center would be combined to form a unified delivery system for mental retardation services. The capital construction program is patterned after the Desert Development Center.

Legislative support for these facilities will make it possible for the State of Nevada to conform with nationally recommended standards for persons who are retarded. The emphasis will be on training programs conducted in a home-like environment as opposed to the traditional custodial atmosphere of institutions.

Improvements in mental health programs include two which merit special consideration. One would provide 26 new positions for the existing Children's Behavioral Services in Northern Nevada and the other would permit expansion of the Special Children's Clinic for the handicapped in Southern Nevada.

EDUCATION

Not surprisingly, the budget which I am submitting for approval by the Legislature contains a record amount for support of elementary, secondary and higher education—a total of \$188.3 million in all. This includes money from the General Fund, revenue sharing and the federal slot machine tax rebate.

This 20 percent increase over the current budget seems fully justified. It will enable us to increase the support for each pupil in local school districts from \$918 to \$1,028 during the next fiscal year and to \$1,120 in the final year of the biennium.

Included in the budget is an appropriation for special education which would be additional to the basic support provided to school districts. In 1973, the Legislature approved \$6 million for this worthwhile supplemental program which benefits students with different needs. If my recommendation is followed, the amount earmarked for special education will total \$11 million at the end of the biennium.

The specifics of my recommendations for higher education already have received a great deal of attention in the media. While there is always room for differences of opinion, I believe that the increases recommended for the university and community college systems are adequate when weighed against anticipated gains in enrollment.

I take personal pride in the great advances which have been made in Nevada education during the 1970's and I believe the Legislature is entitled to an equal measure of pride.

Let us examine the record. When I took office in 1971, the fiscal year appropriation for higher education was just under \$16 million. During fiscal year 1978-79, the appropriation will be \$51 million.

As you know, a great deal of the increase has been directed to the community college system. State support for community colleges in 1971 was \$175 thousand. By contrast, my budget calls for state support in the amount of \$7.5 million during the second year of the next biennium.

I also urge your favorable consideration of a 4-year medical school at the University of Nevada, Reno. The budget which I have submitted contains an appropriation of \$270 thousand in the second year of the biennium to establish the school. More state dollars will be needed during the following years. However, all indications point to the availability of these dollars.

It has been said before but it is worth repeating; our young people are the greatest resources of this State and nation. Every dollar spent in their behalf is a worthwhile investment that will produce rich dividends for our society. For this reason more than 59 cents of every dollar in the State General Fund goes to education.

CHILD ABUSE AND NEGLECT

The current issue of U.S. News and World Report states that American children in unprecedented numbers are running away from home to escape a growing epidemic of once unspeakable crimes—abuse, incest or neglect.

While the dimensions of the problem are difficult to define, there is hard evidence that child abuse and neglect is a serious matter of concern in Nevada. Perhaps part of the reason is the nature of our 24-hour economy which can place a severe emotional strain on households involving parents who may work different hours.

Nevada law presently defines crimes against children as gross misdemeanors regardless of the degree of abuse or neglect. In my judgment, the law should be changed to make felony prosecutions possible when warranted.

In addition, I believe the existing statutes should be broadened to require more categories of medical professionals to report suspected cases of abuse or neglect. Currently, the law does not include key personnel—except for physicians—in the health care field.

Theoretically, at least, it is possible for an adult to receive a lesser penalty for inflicting substantial injury on a child than if the perpetrator were to commit an identical crime against another adult.

This makes no sense and I believe the Legislature has an obligation to take corrective action. Accordingly, I commend to your attention the suggested amendments to child abuse and neglect statutes which will be submitted through my office. These amendments have been agreed upon by various public agencies at the state and county levels. They have also received the personal attention of the Attorney General of Nevada and a member of my staff.

In 1964, when I served as Nevada's first Director of Health and Welfare, I was successful in obtaining a ruling from the Attorney General which protected those persons who reported suspected cases of child abuse. At that time, there was little help available for offenders. Today, however, there are programs to assist parents in both Reno and Las Vegas as well as the fifteen smaller counties.

The youngest and most vulnerable victims of abuse and neglect have been described as having "no language but a cry." In a society that prides itself on decency and compassion, we have an obligation to protect these pathetic casualties of human stress.

LAKE TAHOE

I hope the Legislature agrees that the time has arrived when we must halt further unrestricted development in the Lake Tahoe basin. Otherwise, extensive growth will overwhelm the ability of government to insure the protection of this unique gift of nature.

You will recall that 2 years ago I requested this body to review the Tahoe Regional Planning Act and initiate desirable changes in cooperation with the

State of California. Both states, in fact, did make changes. However, there has been almost total absence of cooperation and coordination.

As you know, neither Nevada nor California may act unilaterally in petitioning the United States Congress for amendments to the Compact. Any such request must be made jointly. The irony is that while neither state can protect the lake alone, either is capable of its destruction.

The message we send to California with this year's Compact amendments must express in clear terms our commitment to the preservation of the lake and its basin.

Both states must totally recognize the obligation to control the growth of business ventures in the Lake Tahoe Basin.

Included should be a recommendation which allows construction to begin only after *positive* action has been taken by each state's delegation to the Tahoe Regional Planning Agency.

We are dealing with a priceless national resource and we cannot hesitate. I urge this Legislature to take bold, decisive action.

SOLAR ENERGY INCENTIVE

In the absence of Congressional action on a national energy policy, it remains the responsibility of the individual states to develop innovative ideas to conserve our energy resources. Alternatives are desperately needed to traditional sources such as petroleum and natural gas.

One proven alternative is solar energy. However, a substantial capital investment is required by the individual home owner who elects to harness the natural power of the sun to provide heating and cooling.

I am suggesting that we encourage Nevadans to pursue this alternative by enacting legislation which would offer a 10-year tax incentive. Under this proposal, the home equipped with solar energy would be appraised for tax purposes as a home with conventional heating or cooling. In this way, the added value of the solar energy unit would be exempt for the first decade after a dwelling is constructed.

If approved, this proposal would not result in the loss of any tax presently collected. It would merely serve as an incentive to home owners and home builders.

In my judgment, the idea deserves meritorious consideration.

FAIR RENTAL HOUSING ACT

In an era when home ownership has become a luxury, rather than a reasonable expectation, increasing attention has been focused upon those who rent or lease apartments and other dwellings. Unfortunately, all too often the relationship between the landlord and the tenant is one of armed neutrality.

Much of this misunderstanding could be avoided if the rights and obligation arising out of the rental agreement were specifically defined. The proposed Fair Rental Housing Act, by the Nevada Department of Commerce, would accomplish this objective. It would protect both the renter and the owner.

I would like to emphasize that the proposed bill is the result of negotiations with both landlord and tenant groups throughout the State. If enacted, it would have the salutary effect of assuring that Nevadans who rent property are entitled to the same rights to decent, safe and sanitary housing as those who own property.

I recommend the adoption of this legislation.

GOVERNMENT STUDIES

Three separate studies concerning three separate areas of government recently have been completed, and it is my hope that they will be carefully considered by the Legislature.

The first pertains to advisory boards and commissions serving the State of Nevada, the second is a detailed examination of the Nevada Dairy Commission, and the third contains recommendations for adjustments in the salaries paid public officials.

As we all know, advisory boards and commissions at any level of government tend to mushroom. Unchecked, they can grow with minimal analysis of their effectiveness or continued justification for existence. These bodies must be accountable to the public, and must serve, not merely represent, the public.

To ensure that the current 149 state boards and commissions are productive, useful and necessary, I directed the State Planning Coordinator to conduct a study of their functions and make recommendations for improvement. Completion of this intensive review brought a recommendation to eliminate 37 boards. Another 77 boards were recommended for modifications, such as limiting terms of appointments, staggering terms, and bringing more members of the general public to the boards.

Results of the study have triggered considerable comment about its recommendations. This is inevitable in most proposals to streamline existing structures. With a clear view toward streamlining state government and increasing public confidence in the decision-making process, I urge you to carefully review this important study.

During the past year the Nevada Dairy Commission has been enbroiled in controversy concerning the regulation of milk prices. As recently as last week, the commission was the subject of an extensive series of articles which also examined the entire dairy industry.

I have the utmost confidence in this session of the Legislature to act responsibly in shaping any needed pricing and other remedies to protect consumers, as well as the local businesses and dairies whose equitable profits are tied so closely to the price of milk. A careful legislative review of the commission's statutory mandate is necessary. Accordingly, I recommend for your background and strong consideration a report on the Dairy Commission prepared by Dr. Joseph F. Stein of the University of Nevada, Reno. The report contains an analysis in detail of the problems facing the dairy industry in Nevada, and various solutions to combat the problems.

With regard to the study on the salaries of public officials, I would like to emphasize that this problem is not unique to the State of Nevada. In recent years, the rate of inflation has easily outdistanced the pay increases of elected representatives at the federal, state and local levels.

I would like to emphasize that I am particularly concerned about the salaries of judicial officials. In my judgment, the men and women who are responsible for enforcing our laws and rendering decisions should be adequately compensated to assure a continuity of judicial excellence.

We need more, not fewer, able career judges and we should take every step to achieve this objective.

Accordingly, I believe the study, as researched and compiled by the Nevada Department of Administration and the Judicial Planning Unit, merits consideration.

EQUAL RIGHTS AMENDMENT

This nation has just observed its bicentennial, marking 200 years as a republic of free men and women. The constitution of the United States, forged 2 centuries ago, was a near-perfect document. It has been made more perfect since in the form of 26 amendments.

There is yet another refinement, certainly as important and as necessary as the others: The proposed 27th Amendment—to bring equality under the law to all citizens. As you know, approval by 38 states is necessary for the amendment to become law.

The Amendment reads as follows: "Equality of rights under the law shall not be denied or abridged by the United States or by any state on account of sex."

Ladies and gentlemen, after listening to 5 years of emotional rhetoric on this issue, I still am unable to find anything sinister in the language of the proposed amendment. If anything, it is consistent with the praiseworthy sentiments so nobly expressed in the first 26 amendments.

Six of those amendments carry identical or extremely similar enforcement clauses providing Congress the authority to enforce the federal law, when ratified. Ratification would guarantee equality under the law, in all states, for our daughters as well as our sons.

Equality is not a threat, it is a promise. Once again, I strongly urge the ratification of the Equal Rights Amendment by the Nevada Legislature.

Before closing my remarks this evening, I would like to make a final observation on my State of the State Message.

I am sure our former governors would agree with me that it is a most difficult enterprise to give some programs priorities over others in opening remarks to the Legislature. Unfortunately, there simply is not enough time to pinpoint every worthwhile recommendation.

With this in mind, I would like to ask you to consider the budget in detail. You will find therein a number of proposals which certainly merit consideration but which could not be touched upon this evening.

Now, permit me to wish you a full measure of good fortune as you begin your important deliberations. You have my respect, my admiration and my friendship. The interests of the people of Nevada are represented by the distinguished Members of the Senate and the Assembly.

Senator Schofield moved that the Senate and Assembly in Joint Session extend a vote of thanks to the Governor for his timely, able and constructive message.

Seconded by Assemblyman Dreyer.

Motion carried unanimously.

The Committee on Escort escorted the Governor to the bar of the Assembly.

The Committee on Escort escorted the Justices of the Supreme Court to the bar of the Assembly.

Senator Hilbrecht moved that the Joint Session be dissolved.

Seconded by Assemblyman Schofield.

Motion carried.

Joint Session dissolved at 7:46 p.m.

ASSEMBLY IN SESSION

At 7:48 p.m.

Mr. Speaker presiding.

Quorum present.

GUESTS EXTENDED PRIVILEGE OF ASSEMBLY FLOOR

On request of Assemblyman Howard, the privilege of the floor of the Assembly Chamber for this day was extended to Messrs. Ray Knisley and Robert Revert.

On request of Assemblyman Polish, the privilege of the floor of the Assembly Chamber for this day was extended to Mr. Richard Parker.

On request of Assemblyman Coulter, the privilege of the floor of the Assembly Chamber for this day was extended to Messrs. Greg McIntyre, Joe Scrogam and John Medve.

On request of Assemblyman Dreyer, the privilege of the floor of the Assembly Chamber for this day was extended to Mr. Rick Kuhlmeier.

On request of Assemblyman Gomes, the privilege of the floor of the Assembly Chamber for this day was extended to Mr. John Aramburu.