

THE THIRD DAY

CARSON CITY (Wednesday), January 21, 1987

Assembly called to order at 11 a.m.

Mr. Speaker presiding.

Roll called.

All present.

Prayer by the Chaplain, The Reverend Father Samuel Caldwell.

Almighty God, we give You thanks for the privilege of being here to serve the people of this beautiful part of Your Creation—our beloved State of Nevada. Help us always to make decisions that are moral, just and equitable to all those for whom we have been elected to serve. Help us always to do those things which are in accordance with Your divine law. Finally, we pray that You keep us mindful that we are here, not to *be* served, but to serve those who have entrusted us with great responsibility. We ask this in Your Holy Name, our Lord and Creator. AMEN.

Pledge of allegiance to the Flag.

Assemblyman Jeffrey 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.

MOTIONS, RESOLUTIONS AND NOTICES

By the Committee on Commerce:

Assembly Concurrent Resolution No. 2—Directing the Legislative Commission to study mandatory coverage in policies of health insurance for mental illness and abuse of alcohol and drugs.

Assemblyman Jeffrey moved that the resolution be referred to the Concurrent Committees on Commerce and Health and Welfare.

Motion carried.

INTRODUCTION, FIRST READING AND REFERENCE

By Assemblymen Bergevin, Nevin, McGaughey, Craddock and Thompson:

Assembly Bill No. 7—An Act relating to the residential construction tax; restricting its use to the immediate area from which it was collected; and providing other matters properly relating thereto.

Assemblyman Bergevin moved that the bill be referred to the Committee on Government Affairs.

Motion carried.

By the Committee on Commerce:

Assembly Bill No. 8—An Act relating to mortgage companies; allowing certain companies which are exempt from the requirement of licensing of

IN JOINT SESSION

At 6:57 p.m.

President of the Senate presiding.

The Secretary of the Senate called the Senate roll.

All present except Senator Townsend, who was excused.

The Chief Clerk of the Assembly called the Assembly roll.

All present.

The President of the Senate appointed a Committee on Escort consisting of Senator Beyer and Assemblyman Sader to wait upon the Governor of the State of Nevada and escort him to the Assembly Chamber.

The President of the Senate appointed a Committee on Escort consisting of Senator Coffin and Assemblyman May to wait upon the Justices of the Supreme Court and escort them to the Assembly Chamber.

The Committee on Escort in company with Chief Justice E. M. Gunderson, Justice John C. Mowbray, Justice Charles E. Springer, Justice Thomas L. Steffen and Justice C. Clifton Young appeared before the bar of the Assembly.

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

The Committee on Escort in company with his Excellency, Richard H. Bryan, Governor of the State of Nevada, appeared before the bar of the Assembly.

The Committee on Escort escorted the Governor to the rostrum.

The Speaker of the Assembly welcomed the Governor and invited him to deliver his message.

The Governor delivered his message as follows:

STATE OF THE STATE

Mr. President, Mr. Speaker, distinguished members of the Legislature, distinguished Justices of the Supreme Court, and my fellow Nevadans:

Four years ago, I stood before you for the first time to share my hopes for Nevada's future. Tonight, I stand here proud of what we Nevadans have accomplished to fulfill that future.

We have created opportunity for ourselves and our children. We have built a better educational system. We have protected our Nevada way of life.

All of this was made possible because of the bond we Nevadans forged to work together toward common goals.

This year marks the 200th anniversary of another bond. In May of 1787, at the Pennsylvania State House, 55 delegates from competing states took the bold step of devising a new form of government. They drafted the United States Constitution, binding together the diverse interests of 13 states into a common union.

That document gave birth to a nation that has produced abundance and achievements unparalleled in human history.

The genius of our Constitution is that it carefully divides the powers of government among the Executive, Legislative and Judicial branches, reserving to the states all powers

not expressly delegated to the federal government. And that is where you and I, with our respective responsibilities—yours to legislate and mine to run the affairs of state—have the opportunity to shape the destiny of our great state.

This year we enter the third century of the American experience, a century that holds *all* the promise of the last two. Our goal must be to create a state that is prepared for the changes of the next century.

That means preparing our children for the new kinds of jobs that an increasingly complex society will require.

That means ensuring our economic development programs are fashioned to capture for Nevada a fair share of the new technologies that will emerge.

And that means preserving our quality of life—protecting our environment and caring for those among us who require the helping hand of government: the young, the poor, the handicapped, the aged.

We have made a good beginning. We only need to look at how far we have come in the last four years to realize how far we can go.

In 1982, we were locked in the grip of a recession that took a heavy toll on the personal lives of Nevadans and the finances of state government.

In 1983, with your help, we restored stability to state government and implemented an innovative strategy to revive and broaden Nevada's economy.

From 1984 to 1986, Nevada regained its economic vitality, created a record number of new jobs and new businesses, and invested more of our resources in education than ever before.

BUDGET

The challenge we face in 1987 is to meet the demands of Nevada's population growth—the third fastest in the nation. Because of this growth, we have more children to educate, more people seeking higher education, more families needing social services and more convicted felons to house.

School enrollments increased by an unanticipated 4,300 students this year and will grow by another 11,000 over the next two years.

This year alone, local school districts will need an additional \$17.5 million to cover the costs of this unexpected enrollment. I urge your prompt approval of this appropriation.

Similar growth is occurring in the University of Nevada system. Total enrollment is projected to rise by 1,400 students by 1989.

In both cases, that means more teachers to be hired and more classrooms to be built.

When last I prepared the budget, Nevada's Aid to Dependent Children caseload was 13,275. Today, it exceeds 17,000 and is expected to reach 18,700 by 1989.

These are real needs that we cannot ignore.

The budget I submit tonight addresses these needs. It is fair and it is balanced. At a time when many states are drastically cutting services, this budget will allow us to serve Nevadans who need our help.

Above all, this budget maintains the progress we have made and keeps us on course with our goals.

I recommend we spend \$91 million *more* for education than was approved by you for the current biennium, a 16.2 percent increase. Fifty-seven cents of every state tax dollar will continue to be devoted to education, reflecting my commitment to keep education our top budget priority.

To keep pace with Nevada's population growth, I have allocated \$48 million in new revenue for mental health, child protection and other human services, and \$27 million in new funding for public safety, primarily for prisons.

To support these additional appropriations for education and other essential state services, it will be necessary to increase the tax on gross gaming revenues one-quarter percent with another one-quarter percent increase in 1989. This will generate \$17.5 million in the next biennium.

I also recommend that the 3 percent insurance premium tax, due to expire this year, be retained. This will add another \$14.5 million to the general fund.

There were some hard choices to make. We cannot do everything we want to do. The new demands are just too great.

As the budget was prepared during the late summer and fall, it became evident that state revenues were not growing sufficiently to meet both school enrollment and caseload increases, and still provide cost-of-living adjustments for teachers, university faculty and state employees.

Sales tax collections for April, May, and June of last year increased only 3.5 percent and July posted a modest 1.7 percent gain. Gaming tax collections through October rose only 3.2 percent.

During the late fall, however, sales tax collections improved considerably. The most recent collection figures, received only last week, indicate that for the month of November sales tax collections increased more than 14 percent and gaming tax revenues by 18 percent.

Some economists attribute the current strength in sales tax collections to recent automobile financing incentives and federal tax law changes. They also indicate the November increase in gaming collections may be skewed by its comparison with November 1985, when bad weather reduced business volume in Northern Nevada.

However, the improved revenue collections may reflect the underlying strength of the Nevada economy. I am, therefore, offering a "trigger" salary increase mechanism *unlike* any ever proposed. As this Legislature meets, additional sales and gaming revenue data will become available for the first quarter of calendar year 1987 and, possibly, for the month of April.

If these numbers continue to increase, and *if* the Legislature does not exceed the expenditure recommendations which I am making this evening, we *can* provide salary increases to school teachers, university faculty and state workers effective July 1 of this year. I also propose a more traditional "trigger" to permit additional salary increases, to the extent of available revenues, on July 1, 1988.

Nearly three decades have elapsed since the Legislature last commissioned an overview of the state's financial structure. In recent years, revenues collected from the gaming industry—which account for 45 percent of the state's general fund—have not enjoyed the rate of growth experienced in the years following World War II. Our state is at a crossroads, and it is time once again to examine the state's revenue system to determine its adequacy to meet our demands. This study could be conducted during the interim and its recommendations made to the 1989 Legislature.

ECONOMIC DEVELOPMENT

Four years ago 393,000 Nevadans were working. Today 475,000 Nevadans have jobs. Four years ago, our unemployment rate was 11.1 percent—today it is 5.7 percent.

And in 1986, Nevada ranked third in new jobs created and in growth of personal income.

And last year more people visited Nevada than ever before—more than 26 million.

Those are impressive numbers. They show we have, indeed, come a long way.

Last year we extended the frontier of our economic development effort with Nevada's first trade mission to Japan. Twenty-six states now have offices or representatives in Japan. I believe the potential exists to generate new jobs and business opportunities for Nevadans by developing closer economic ties with Japan.

For that reason, I recommend Nevada representation in Tokyo.

We also have more opportunities closer to home.

Early last year, we started the Procurement Outreach Program, aimed at helping Nevada businesses win federal government contracts.

So far, this program has helped Nevada businesses obtain nearly \$280,000 in federal contracts, including one Nevada company, in business for 31 years, that received its first federal contract. The Nevada office in Washington, D.C., also has played a key role in ensuring we receive a full share of federal grants. In addition, it promotes Nevada with the international business community, raising its awareness of what we have to offer.

The Tokyo office, the Procurement Outreach Program and the Washington, D.C. office will be our calling cards as the nation and the world recognize Nevada's potential. Our

economic development strategies have yielded solid results for Nevadans, and I recommend a 22.6 percent increase in appropriations for these efforts. To strengthen our economic development capability at the local level, we have provided technical assistance and distributed over \$2.1 million in grants over the past four years to local government facilities—more than 30 percent to rural Nevada. I recommend that these grants be continued.

Our Motion Picture Division will attract \$40 million in movie and television production this year—up from \$5.6 million in 1982, before the division was created. I recommend an expansion of this program to include additional film service specialists.

More than 80 percent of Nevada's businesses are small businesses. For that reason, I ask you to approve a new appropriation of \$200,000 to assist Nevada's small businesses. I also will establish a Governor's Small Business Advisory Council, headed by Lt. Governor Bob Miller, to give those businesses a strong voice at the highest level of state government.

ENVIRONMENT

The specter of a high-level nuclear waste dump continues to hold our future hostage. Events of the past year have revealed what Nevadans have known all along—that we are targeted for the nuclear dump not on the basis of scientific merit, but because of political expediency in Washington, D.C.

I ask you this evening to join me once again in sending a strong message to Washington: Nevadans do not want our state to become the nation's nuclear graveyard.

LAKE TAHOE

In November, Nevada voters approved \$31 million in bonds to purchase environmentally sensitive land in the Tahoe Basin, a fair solution to long-standing concerns of Tahoe property owners who cannot build.

While state money is now available, unfortunate action at the federal level withholding \$14 million jeopardizes a final resolution.

Nevadans have made a commitment to protect the remarkable scenic and recreational resources of Lake Tahoe. The bi-state compact continues to be the most effective vehicle to preserve Lake Tahoe's splendor. I will oppose any attempt to withdraw Nevada from the Tahoe Regional Planning Agency and veto any measure reaching my desk which seeks to accomplish that result.

INSURANCE

Nevada's businesses, along with state and local governments, have experienced extraordinary increases in the cost of liability insurance. In some cases, insurance coverage was unavailable regardless of price. Insurers were notifying customers that policies would be cancelled or rates increased in the middle of the policy period. To help alleviate this problem, I issued an executive order forcing insurance companies to justify policy cancellations.

Fortunately, we now have an opportunity for a full evaluation of the causes of the liability crisis. The joint and several liability—or "deep pockets"—doctrine, along with laws requiring insurers to prove they have appropriately calculated their rates, should be examined. The jury is still out on whether tort reform and insurance regulation changes have reduced insurance costs in other states. I commend Attorney General McKay, Chairman of the Coalition for Available/Affordable Liability Insurance, for his efforts, and encourage you to carefully review the coalition's and the National Association of Attorneys General's final recommendations.

The bottom line—regardless of what various interest groups advocate—is that Nevadans should be able to obtain insurance at a fair price.

PRISONS

Since I first took office, the prison population has nearly doubled, and we will need to house an additional 650 convicted felons by 1990. Although we spend less per inmate than any western state, prisons are expensive. Because it costs about one-fifth as much to house

an inmate in an honor camp as it does in a maximum security prison, I recommend the construction of one additional honor camp, which will bring to nine the number of such camps in Nevada.

I also recommend a \$45 million bond issue to construct a new maximum security prison in Ely. This bond issue will also provide for engineering and design work for a new medium security prison near Lovelock.

It is with some reluctance that I make these recommendations. My preference would be to allocate these resources elsewhere, but the dramatic growth of our prison population and the overriding considerations of public safety leave us no alternative.

DRUGS

Here in Nevada, as throughout the nation, we are under siege by the deadliest of foes, a parasite that drains the very life from our young people, and exacts a merciless and heavy toll in destroyed dreams and lost human potential.

Illegal drugs *are* everywhere—on our streets, in our schools, in the workplace.

Law enforcement has identified Nevada as a distribution point for drug trafficking. In the last two years, drugs valued at more than \$55 million have been seized by the State Investigations Division with help from other law enforcement agencies.

Clearly, we must do all within our power to eliminate this scourge.

Recent federal legislation will give Nevada more than \$6.5 million in the next two years to battle drug and alcohol abuse. From those funds and other state funds, I am recommending:

- Local School Districts receive \$1.8 million for intensive anti-drug awareness programs.

- The Bureau of Alcohol and Drug Abuse receive more than \$1.3 million for county-level prevention and rehabilitation services for “at risk youth.”

- More than \$3.2 million for state and local law enforcement agencies to use in combating drug traffickers in Nevada.

And for the first time, I recommend benefits under our Victim of Crime Compensation Program be extended to the victims of drunken drivers.

EDUCATION

In late 1984, the Governor’s Commission on Educational Excellence set a number of goals to better our educational system. These goals have been achieved: high school graduation requirements have been strengthened; citizens, who pay for our schools, have received a new measure of accountability through the first “report card” on how well our schools are doing; teacher salaries have been increased; first-year teacher competency tests are being developed; and teacher recertification requirements are being updated.

These steps are only a beginning. Our schools, and particularly our teachers, are facing new, heretofore unknown challenges. By 1991, one-half of our students—at some time during their schooling—will come from single-parent families and one of four will live in poverty. Students will come from more diverse backgrounds, with less support from home.

While the demographics have changed, the fundamental job of the teacher hasn’t. “A teacher affects eternity,” said historian Henry Adams. “He can never tell where his influence stops.”

Yet too often we are unmindful of who our teachers are, what they do, and why they should be singled out for the positive and important role they play in society.

Almost all of us can fondly recall a teacher who struck a responsive chord, who sparked an intellectual curiosity, and who dared us to read, speak, write and think. As students, we cared for them because they cared for us.

It is no different today. Teachers continue to care about their students. But they also care about the professional environment of their schools. We must recognize teachers as professionals.

I will establish a new Governor’s Commission on Educational Excellence, which will evaluate:

- The policy recommendations of several national education studies.

—How students can benefit and achievement levels improve with increased involvement by teachers in the school decision-making process.

—The merits of a national board of professional teacher standards.

—And whether an adequate portion of the education budget is being spent in the classroom.

Our success in improving our education system is not merely an academic exercise. Our ability to stand up to the competitive forces that have been unleashed by a global economy will hinge upon it.

One out of three Nevadans in high school today will fail to graduate. Without the skills necessary to be successful in our workforce, many of these young men and women appear on our welfare rolls, in our unemployment lines, or in our criminal justice system.

An estimated 90,000 Nevadans lack the basic skill to read, write and compute at the sixth-grade level.

Functional illiterates constitute 75 percent of our unemployed. As the requirements of the job market become more sophisticated, they will be unable to respond to the needs of Nevada employers and new businesses moving into our state.

I have directed the State Job Training Office to set aside more than \$1 million to attack the dropout and illiteracy problems in Nevada.

Last fall Nevadans wisely approved Question 5, which allows the state to pick up its share of federal estate taxes.

That measure is expected to generate \$10 million over the next two years—all of which goes directly to education.

I am proposing that we divide that money equally between the public schools and the University System.

The \$5 million for public schools will be allocated to local school districts for program improvements—with one exception.

I ask that \$195,000 be set aside to establish 180 scholarships over the next four years. These scholarships will be used to attract the best and brightest of our high school graduates into the field of education. This will proclaim to our fellow Nevadans the importance we attach to careers in education.

Out of higher education's share of the Question 5 funds, and state funds, I recommend:

—\$900,000 at UNLV for a bachelor's degree program in Architecture and a doctoral program in Environmental Biology.

—\$1 million for needed support positions as identified by the Higher Education Funding Committee.

—\$900,000 to UNR for core faculty at the Mackay School of Mines.

—\$900,000 for vocational programs and equipment at our community colleges.

—\$400,000 for university library acquisitions.

—\$1.2 million to match an equal amount in federal funds under the EPSCOR program, a prestigious National Science Foundation grant.

EPSCOR will help create nationally prominent research centers in Nevada and strengthen the link between our economic development efforts and the University System. This program has the potential to attract new scientific and engineering companies to Nevada.

All of these education initiatives take time and money. But as Derek Bok, the president of Harvard, once said, "If you think education is expensive, try ignorance."

HUMAN RESOURCES

The welfare caseload in Nevada has grown at an astonishing rate—25 percent in the last two years.

It will continue to expand and drain our resources unless we act to break the cycle of poverty.

To accomplish this I am proposing a new program in the State Welfare Division.

This program will screen food stamp and Aid to Dependent Children recipients to determine each person's ability to become self-sufficient. Remedial education, classroom training, counseling and on-the-job training will be provided as needed.

For those ADC recipients who have no work experience, jobs will be developed in state and local government agencies and in non-profit organizations so these individuals can learn marketable skills. They will receive ADC benefits in exchange for their community work.

Another imposing social challenge is to provide for the growing numbers of Nevadans requiring mental health services. Our facilities are overburdened and understaffed.

I recommend:

—A 47 percent increase in the amount we spend for mental health services, from \$38.5 million to \$56.8 million.

—53 new positions at the Las Vegas Mental Health Center and 41 positions at the Northern Nevada Mental Health Institute.

—\$762,000 for a 20-bed expansion of the Las Vegas Mental Health Center and another \$168,000 to upgrade the existing facility.

YOUTH INITIATIVE

The enactment of the Child Protection Act in 1985 laid the foundation for what must now follow.

For those children who need protection either through foster care, placement in a children's home or adoption.

—I recommend we double our expenditures for the care of these children to \$10.5 million.

SENIOR INITIATIVE

Nowhere is Nevada's growth more dramatic than with our seniors. In the past decade, Nevada's 65 and over population increased 112 percent, the highest rate in the country, and four times the national average. And by the year 2000, it is projected to increase another 285 percent.

Between now and then Nevadans can expect to spend almost \$1 billion in expanded nursing home care unless we develop less costly options.

In 1985, I proposed a Senior Initiatives program to offer alternatives to older Nevadans.

Tonight I reaffirm our commitment to maintaining the independence of older Nevadans by dedicating \$1.5 million to a broad spectrum of community based services which will give seniors the choice to remain at home. More than 700 Nevadans, who might otherwise be forced into nursing homes, will instead be provided services in their homes.

This initiative will offer affordable cost alternatives to nursing homes. More importantly, it recognizes that older Nevadans want to remain independent, and in their own homes.

HEALTH CARE COST CONTAINMENT

As we are all acutely aware, Nevada, a land of so much promise, also harbors the highest hospital charges and profits in the nation.

The most recent information available to us indicates Nevadans paid out \$1.6 billion annually for health care. That amounts to \$1,700 a year for every man, woman and child in this state. That amount will double within a decade unless drastic changes are made. For those who suffer the misfortune of major illness, the threat of financial ruin from rising hospital costs is all too real.

The impact of Nevada's exorbitant hospital pricing is not limited to those among us who require hospitalization. It is seen in the shrinking profit margins of our business community. It is found in diminished health insurance coverage for vast numbers of employees and their dependents. It surfaces in the high costs Nevadans pay for the medical portion of their automobile insurance. And it is felt by those most vulnerable, our senior citizens, through ever-increasing co-payments for health services.

In 1984, I created a task force to identify potential solutions to these high hospital costs. Data compiled by that task force pointed up two basic approaches—strategies to enhance competition vs. regulatory control.

Last session, I submitted a two-part cost containment program. That program placed initial emphasis on competitive forces in the free market to reduce hospital costs. In the

event those market forces did not work, I included provisions for a standby rate setting commission. As you are well aware, that commission came under severe attack by the hospital industry.

The industry contended that competitive forces were working. Repeatedly we were told the *new* numbers would show reduced hospital costs. "Just wait for the 1984 data" was the refrain.

In the absence of hard data to counter these claims, the Legislature was persuaded not to adopt any regulatory control on hospital costs.

As we all know, the 1984 hospital costs were no cause for celebration. Hospital bills were up. Profits were up. What did go down was the number of in-patients served. Fewer patients, bigger profits. How many other businesses can increase profits while losing customers?

The industry response: "Competitive forces are beating down our prices and our profit margins. Just wait for the 1985 numbers."

If the 1984 numbers were no cause for celebration, the 1985 numbers were a cause for despair and anger. Average hospital rates climbed from \$910 a day to \$972 a day, resulting in Nevada hospital costs 70 percent higher than the national average. One hospital chain's 1985 annual report boasted that more profit was made from its Las Vegas hospital than from its 41 other hospitals combined.

And again, we heard the echoing refrain of the private hospital industry, "Wait till next year."

And now we've learned that the average hospital bill in Nevada surpasses \$1,000 per day.

Abraham Lincoln said it best: "You can fool some of the people all of the time and all of the people some of the time, but you can't fool all of the people all of the time."

But that doesn't mean the industry won't try. Already one hospital administrator has characterized an industry public relations scheme as a "farce to fool the people." Nevadans won't be fooled again. Next year is here, and the time for action is now.

The facts of Nevada's high hospital costs are not debatable. As Senator Rawson's committee on hospital costs concluded, "Nevada's hospitals rank first in the nation for charges per in-patient day and per admission. They also rank first in revenue generated and profits."

Aggressive new solutions are needed. The program I offer:

- Will not require a supporting bureaucratic structure.
- Will not prohibit the private sector from negotiating improved rates.
- Will place strict controls on cost shifting and billing practices.
- And will, *most importantly* reduce the costs Nevadans pay for hospitalization, without sacrificing quality of care.

The linkage between Nevada's high hospital costs and the large number of for-profit hospitals can no longer be ignored.

Nevada's major for-profit hospitals have expenses and provide services comparable to non-profit hospitals, yet charge rates 50 percent higher. A study by the prestigious National Academy of Sciences confirms this point. Dramatic price increases occur wherever for-profit hospitals dominate the market.

In Clark County investor-owned hospitals account for 74 percent of all hospital beds, compared to the national average of only 13 percent.

Let me now address the significant points of my cost containment program:

First, I propose to cap the maximum amount billed to any person hospitalized in facilities exceeding 200 beds. This cap would be based on amounts hospitals are allowed to collect under the Federal Medicare DRG Reimbursement System. It would provide protection against the extremely high bills all too often tendered to persons not protected by a negotiated rate.

In this session, much will be heard about the benefits of negotiated rates with hospitals. At the outset, Nevadans need to remember that the average negotiated rate in Nevada is still \$263 a day higher than the average hospital bill in the rest of the country.

The industry has offered to extend these preferred rates—but *only to people without health insurance*. This, they contend, is all that is needed to reduce hospital costs. Don't

be fooled. Close scrutiny will disclose this is an offer without substance. How does a reduced bill to people unable to pay much, if anything, bring about lower costs to the *paying* customer?

If the industry was serious about reducing hospital bills, this preferred rate would be offered to *all* customers. If, for example, this rate was offered to the State Industrial Insurance System, the lowered bills would reduce premiums paid by Nevada's employers. Enactment of my proposed cap would reduce those premiums, as well as insurance premiums paid by individuals and Nevada businesses.

The use of caps is not new to Nevadans. They have already effectively controlled the state Medicaid budget, property taxes and local government spending.

Secondly, I propose to force hospitals making excessive profits to reduce their per patient revenues by an assigned amount. Failure to meet the targeted amount will subject these hospitals to an even more costly financial penalty. This measure provides a disincentive for hospitals to increase profits by reducing quality care.

The program being proposed also contains a rate control commission. The duties of that commission are not complex, but are critical to the achievement of desired cost reductions. This commission would set the cap on hospital charges and the revenue reduction target for hospitals having excessive profits.

A major advantage of tying the "cap on charges" to the federal Medicare program is that it is already in operation with the administrative structure necessary to ensure fair, but controlled, hospital charges. We need not duplicate it. The workload of this commission will, therefore, be small and can adequately be performed by our existing Public Service Commission.

The "dumping" of most indigent care onto public hospitals drives costs up at those hospitals, while permitting the for-profit hospital to skim the cream of the health care dollar off the top. Here we share a common goal with the legislative subcommittee. But I believe our alternative can better solve this problem.

I propose that private hospitals be required to serve indigents so the burden does not fall so heavily on public hospitals. Failure to meet this requirement would again result in a severe fine. Either way, county government indigent care costs will be reduced. This plan involves no significant administrative expense, is not dependent upon federal regulations and allows funds to be targeted exclusively to hospital care.

In addition, changes to Nevada's certificate of need law and prohibitions against financial inducements that direct patients to specific hospitals are recommended.

Enactment of this program will not come easily. Hospital industry representatives have publicly stated they will spend "whatever it takes" to defeat controls on their prices and profits.

A century ago Nevadans faced a similar confrontation with another powerful, entrenched, and well-financed industry: the railroads, which by one estimate overcharged Nevadans more than \$30 million in 10 years.

Victimized by a rapacious industry unregulated and unencumbered by any sense of conscience, Nevada legislators had the opportunity to remedy this injustice to our fellow Nevadans in the 19th century.

Today, millions of dollars are being extracted from the pockets of working Nevadans and funneled into the coffers of eastern health care giants. Nevada legislators have the same opportunity to right an injustice in the 20th century.

This call to action does not come solely from this Governor. Rather, it is the will of Nevadans. We must not let them down.

CONCLUSION

We have much to preserve in Nevada. We have a quality of life that is second to no other.

We have a tradition that recognizes the worth of the individual and a way of life that gives each of us the freedom and opportunity to make our dreams and ambitions real.

That is what Nevada is all about. It is people and communities writing their own success stories.

What we have learned in the last four years is how successful we can be when we pool our individual talents and energies for the good of all.

That is our legacy, as individuals and as a state. And now we enter a new era—a time as rich in promise as any in our history, a time of economic change and social challenge.

And sometime in the next century, when this new era enters our children's and our grandchildren's history books, let them record this—that by building on their traditions of opportunity and common purpose, once again, the people of Nevada led the way.

Senator Mello 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 Porter.

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 Hickey moved that the Joint Session be dissolved.

Seconded by Assemblyman Wendell Williams.

Motion carried unanimously.

Joint Session dissolved at 7:50 p.m.

ASSEMBLY IN SESSION

At 7:53 p.m.

Mr. Speaker presiding

Quorum present.

UNFINISHED BUSINESS

SIGNING OF BILLS AND RESOLUTIONS

There being no objections, the Speaker and Chief Clerk signed Assembly Resolutions Nos. 1, 2, 3; Senate Bill No. 1.

REMARKS FROM THE FLOOR

Assemblyman Triggs requested that Assemblyman Price's remarks be entered in the Journal.

One hundred and fifty-three years ago, on January 21, 1824, "Stonewall" Jackson, Confederate general, was born in Clarksburg, West Virginia.

Two hundred years ago on this day, January 21, 1787, George Washington dined with several local planters at Mount Vernon.

In 1859, on January 21st, (128 years ago) an act was passed by the Legislative Assembly of the Territory of Utah providing that Carson, Humboldt and St. Mary counties would form one judicial district. A companion measure approved on the same date, assigned the Honorable John Cradlebaugh, Associate Justice, to the Second District. Another act of the same date reinstated a representative from Carson City in the Utah Territorial Legislature. Humboldt and St. Mary received no direct representation at any time, since at one time or another, for governmental purposes, they were attached either to Carson or Great Salt Lake counties. (St. Mary's county included most of northeastern Nevada.)