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The State of the State

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GOVERNOR BOB MILLER

to the

66th SESSION

of the

NEVADA LEGISLATURE

CARSON CITY, NEVADA

Madam President, Mr. Speaker, Mr. Chief Justice, distinguished justices of the Supreme Court, members of the 66th Nevada Legislature, honored guests and fellow Nevadans.

Tonight American men and women are serving our nation in the Persian Gulf. Many Nevadans, as they always have, answered the call to duty.

To help us remember the sacrifices of these as well as past generations of soldiers, I have asked veterans from World War I, World War II, Korea and Vietnam to take their honored place tonight in this Chamber.

Every one of us is holding our breath, praying for peace and anxiously awaiting the safe return of our American troops and the Nevadans among them.

I have ordered that, beginning tomorrow, the Nevada state flag is to be flown at three-quarters mast over the Capitol. And it will be done every day as a salute and in tribute to the brave Nevadans serving in the Gulf, for as long as any of them are there.

But we here must do more than just remember. The elected officials in this room have an obligation...to make certain our

own level of service and commitment measures up to that of our men and women overseas.

As elected representatives, each of us is called not only to manage government, but to lead people. Whether we intend it or not, we lead by example. Let us make our example worthy of those we ask to follow us and vote for us.

The highest standard of leadership means having the trust and confidence of all Nevadans.

The leadership of this legislature, both Republican and Democrat...has already taken the first major step by pledging the quick passage of the ethics in government bill.

We must lower the campaign contribution disclosure limit, prohibit honoraria, strengthen conflict of interest rules and give the Nevada Commission on Ethics...the authority to enforce these laws and penalize violators.

The bottom line is...our government must place public interest above special interest every time.

Placing public interest above all else means providing the leadership Nevada needs.

One of the most important ways we prove our allegiance with the people is to stand up and staunchly protect consumers.

Nevadans are rapidly finding they can no longer afford automobile insurance. Our insurance costs are the fourth highest in the nation...one in five Nevadans drives without insurance, risking their family's financial security.

Despite this, the automobile insurance industry is lined up at the door of Insurance Commissioner Al Iuppa seeking even higher rates. As of today, there are 42 requests for rate increases. I say to the auto insurance industry...Nevadans demand you get your costs under control. We will not tolerate these skyrocketing prices!

Now -- more than ever before -- we must have a consumer advocate practicing before the Insurance Commissioner. This must be the year consumers get their voice in the process.

Another vitally important consumer issue: hospital costs. For the past four months I have been engaged in a series of tough negotiations trying to crack this problem. Our hospital costs are the highest in the nation -- hospital care is out of reach for far, far too many Nevadans.

This is not a situation we can accept -- and we have not.

The state's five major hospitals have agreed to place a complete freeze on all charges for a full year beginning in July.

A major feature of this settlement extends state price controls to hospital out-patient services -- an area formerly unregulated...an area that has skyrocketed in price under the old cost-containment law.

And hospitals have agreed to a 30 percent rollback in charges to all patients who have to pay their own bills. This rollback will dramatically reduce the financial crunch a single hospital stay can place on a family.

Hospitals will pay for an independent consumer complaint division...that will investigate and have the authority to arbitrate bill complaints from patients. Consumers with high bill complaints will now get action! And at no cost to taxpayers!

The agreement also includes funding for rural hospital assistance, and \$250,000 a year in nursing training programs. But the most important information is this: in the first year Nevada consumers will save \$155 million -- and another \$186 million the second year.

And Nevada will fall out of first place in hospital charges this year! It's about time!

As we plan for the '90's, and beyond, there's one all-encompassing challenge...growth.

Nevada has been America's fastest growing state for a decade...by a wide margin...and our growth rate has been climbing steadily. Four years ago our annual growth rate was barely over four percent. Today it is nearly seven percent.

Nowhere is the strain of rapid growth more apparent than on our roads. Our roads are crowded, beat-up avenues of frustration! In fact, "Clark County Transportation" has become an oxymoron.

By any measure, it is obvious that road maintenance and traffic congestion are major problems throughout our state. Cutbacks in federal transportation funding have made the problem even worse.

By voting for Question 10, the voters of Clark County have shown their willingness to support a transportation funding program on the local level. Your action is needed to make the Clark County plan work -- quickly and enthusiastically vote "Yes" one more time on Question 10!

The Department of Motor Vehicles buildings in Southern Nevada are as crowded as our roads and highways. Last year 820,000 Las Vegans stood in long DMV lines. They deserve better service. And we are going to give it to them.

I propose we build a full-service facility that will increase our Southern Nevada capacity and eliminate those insufferable lines.

For many, growth means opportunity. Nevada's business community has flourished. Last year 40,000 new jobs were created...that's the highest new job rate in the nation. The average Nevadan's personal income increased seven and a-half percent last year...we rank 12th highest among the states in per capita income.

But even prosperity has a price tag. For example, during this coming biennium, we will enroll 25,000 new students in our public schools. The impact of that growth on the state's budget: \$46 million. That's growth only...not one new initiative.

University system growth will bring in nearly 4,000 new full-time students -- cost: \$22 million.

Public assistance growth: \$34 million.

State prison population growth: over \$17 million.

The fact is the cost to our budget for growth alone is nearly \$140 million.

Even though Nevada is driven by a dynamic economic engine, the cost of delivering vital services -- education, public safety and environmental protection -- has increased dramatically.

The truth is inescapable. To meet our state's needs...we must increase our revenues.

I have often said that any new revenue must come from a broad-based, fair source -- having as small an impact as possible. That's why I am asking for your support for a business activity tax, a low rate, small burden, broad-based tax.

I want to take every step we can to reduce any strain this may put on our business community. Therefore, I will ask that the average rate for unemployment insurance, a fee now paid by businesses to the Employment Security Department, be reduced.

This reduction will save Nevada businesses about \$54 million dollars over two years...a savings that will offset about one-fourth of the cost of this new tax.

At the same time we must be sure the small business base of our economy is protected. Therefore I am proposing measures to protect small businesses. These measures will mean more than 10,000 companies will pay no more than an annual \$150 flat business license fee.

Let's be clear on one thing: This is a tax paid fully by businesses...not by individual employees.

My proposal will generate \$128 million in new revenue the first year. And we will maintain our position of having the second lowest tax burden in the nation -- second lowest!

We need this additional revenue to keep our state strong, continue to deliver needed services and protect our prosperity.

We must show our citizens we care about their lives, their children and their future. We must also show our employers we care about the quality of their workforce.

Education is the very foundation for building a strong Nevada future. Therefore over 61 percent of all new revenues in my budget go to education.

In 1989, we took the first step toward achieving our most significant single educational improvement: class size reduction

in all the primary grades. It's working!

We have already reduced class sizes in our kindergartens with the greatest numbers of "at risk" youngsters. We achieved a 15 to 1 pupil-teacher ratio in the first grade.

We must now take the next step. Next year, we must reduce the class sizes for second grade from the current 26 to 1 level down to 19 to 1. And in the second year of this biennium, we must do the same with third grade.

We cannot stop now -- Let's make certain every Nevada child starts his educational career with a solid skill base.

The champions of this class size reduction success are clearly our first grade teachers. The main burden of making this great program work falls squarely on these educators. I am extremely proud of our teachers. They know it works, you know it works.

Teachers are the most important quality component of our education system. We must invest in our future by helping professional educators improve and grow to their full potential. The better our teachers...the better our schools...the stronger our children become. So my budget includes an appropriation to provide free college credit courses to help teachers advance. All of our state's teachers can benefit from this program.

Many business leaders have told me we must do more for those students about to enter the work force. I agree. I have responded by proposing a major step in creating an effective, comprehensive program to give students occupational education. It's time we stop trying to fit all our children into existing programs and start providing the educational programs each child really needs.

Further, I believe we must alleviate the tremendous level of overcrowding that exists in our colleges. Our university system is the key to a strong, competitive Nevada in the 21st century - and we must build for that future now.

Therefore, I am recommending this legislature renovate various facilities at the University of Nevada, Reno. We must also fund the planning and design of the Advanced Technology Center at Truckee Meadows Community College. I further recommend the construction of classroom additions throughout our community college system.

On the rapidly growing UNLV campus, I recommend construction of not only the architecture building...but also the chemistry and physics building...and a general classroom/office complex as well.

There is one more education program that is near and dear to my heart. We have men and women throughout Nevada who want, and

deserve, the opportunity to upgrade their training.

But going back can be tough. For example, many who have not been in an algebra class for 10 or 15 years find it difficult to return to a large classroom. Therefore, I propose to fund the reduction of class sizes for these returning students.

I attend many college graduations. In the past you would hear the traditional, "Congratulations, Son," called out from the audience as another young man received his degree. Well, there is a change in the air. More often at college graduations, you hear the cheer coming from the audience, "Way to go, Mom." This program will help many more people get their chance.

I have talked so far this evening about our growth, the demands it makes on our infrastructure...and the additional revenues, services and programs we must have just to meet very basic needs. Growth, coupled with increased federal mandates, strains our budget, challenges us with possible cutbacks, requires hard decisions.

But we cannot ask our teachers to subsidize our growth by going without salary increases.

The backbone of education is the quality of our teachers. We in Nevada are lucky to have so many dedicated and qualified

professionals working in our state's classrooms.

I am proposing a first year, four percent pay raise for teachers and state employees, with a commitment to monitor the economy in the hopes of increasing that first year level to five percent even before this session is out. Additionally, I ask for your support in providing salary triggers of up to five percent in the second year of the biennium.

I wish we could do more. We need to do more. But even in difficult times we must make some progress toward our goal.

School has always been a place for new beginnings -- where people share and grow. However, this year, the first day of school was marred by murder in the Eldorado High School cafeteria. A 16 year old juvenile was arrested for the shooting. Earlier in the summer a murder resulted in the arrest of five teenagers. The suspected shooter was only 14 years old.

One of the most dangerous trends in our society today is the growth of street gangs. All the trends are bad: the numbers of gangs and gang members are spiraling...their activity is becoming more and more violent...and violent crimes are committed by younger and younger juveniles.

I will introduce a comprehensive anti-criminal street gang package during this session, which includes tougher enforcement, stricter laws, stronger penalties and a provision to make our schools safe. The message we must send to these criminals is: We will take whatever steps are necessary to wipe out gang terrorism.

And in conjunction with this program is the need to continue to aggressively fight the drug war. There are signs we are making real progress. Nationally, during the past five years, cocaine use has decreased by 72 percent. Overall drug abuse in 1990 is down 70 percent. These are signs of progress. But we are a long way from winning.

I propose we appropriate two million dollars to fund the hiring of substance abuse counselors to serve school districts statewide.

Further, I am proposing an additional three million dollar appropriation for prevention, intervention and treatment programs for adolescents and adults...plus employee assistance programs, and latch-key programs all aimed at preventing substance abuse.

I have exchanged views about the drug problem with students in all 17 school districts...our children are open-minded -- young people's attitudes can change.

However, we cannot expect our children to "just say no" to drugs and gangs unless we are prepared to say "yes" to finding the resources to better protect them...better educate them...and give them better choices.

Drug abuse is only one of the major contemporary challenges facing our state's families. Never have families been under greater stress. We owe it to our children to protect and preserve the family unit.

I am recommending we enact a significant reorganization of children and family services -- designed specifically to improve the status of Nevada's children and families.

My budget proposes the creation of a new Children, Youth and Family Division, a full-service agency that will focus on protection of the family unit, able to provide comprehensive and early services that will help keep families intact.

The foundation of our families is our grandparents. We owe so much to all the seniors who built a strong America and a strong Nevada. Your parents and mine have earned a life of comfort and dignity.

Most of all they've earned the right to be treated fairly. We must speak forcefully. Both the Assembly and Senate should

send a clear, strong, resounding message to Congress that says, "treat our seniors fairly, act now to eliminate the unfair treatment of the notch babies! End the notch baby rip-off."

We, too, have a responsibility to take care of seniors. One of the best programs we have in this regard, one I am the most proud of, is the community home-based initiative program -- CHIP. By providing in-home care, CHIP allows seniors to live in their homes rather than being sent to a nursing home. CHIP is the greatest service we can offer to seniors facing serious health problems -- it improves the quality of their life.

I recommend in my budget that we extend CHIP services...and a better life...to 199 more Nevada seniors.

Senior services and senior citizen centers throughout Nevada are facing a crisis. Some are facing shut-down. This legislature must appropriate \$800,000 dollars in state grants that will help preserve senior services throughout the entire state.

We have made progress in protecting our children, our seniors and our consumers. But unless we protect our environment and our natural resources, all our other accomplishments will be hollow.

We Nevadans are pressured to solve our own state's hazardous material predicament. We should not have to solve other states'

problems too.

Currently, hazardous material disposal companies in California must pay \$105 for each ton of hazardous materials they dispose of in their own state. The cost to dispose of that same ton in Nevada is only twenty dollars.

California has intentionally created an economic incentive forcing California hazmat companies to export hazardous garbage to other states. California gets the benefit of the jobs these industries produce and the taxes these industries pay. And all Nevada has been getting is garbage!

Unfortunately, their plan is working. In 1986, Nevada imported just over 35,000 tons of hazardous materials for disposal. By 1990 that volume grew to over 140,000 tons.

It's time we slam the door on hazmat peddlers.

Eliminate the economic incentive California has created...we must require any hazardous material brought from out-of-state for disposal be assessed the same taxes...that would have been assessed if disposed of in the originating state. That will shut down the hazmat pipeline!

Unfortunately, the fight against the most serious hazmat threat of all -- Yucca Mountain -- continues. But now we are facing a whole new offensive. A cynical new strategy...to try and buy Nevada's surrender.

Spokesmen for the Department of Energy have teased Nevadans with promises of as much as 100 million dollars if we would just "give-in" on Yucca Mountain. These proposals are naked bribery. They couldn't muscle us. They couldn't push us. So now they're trying to buy us. Nevada's environment, Nevada's health and safety, and Nevada's future are not for sale!

Those who may be tempted by these promises of big payments need only study the record of promises made...promises broken...by the Department of Energy.

Most everybody here knows the list of DOE's broken promises to Nevada: the promise of full participation in every part of the review process. A promise we had to go to court to force DOE to keep.

The promise there would be a nuclear waste repository on both coasts, broken when they unilaterally cancelled any search for a site in the East. The promise of multiple sites that boiled down to one site: Nevada.

If that's not enough look at poor New Mexico. They were asked by DOE and Congress to house the Waste Isolation Pilot Plant (WIPP), a site for storage of a lower grade of nuclear waste. They, too, were promised fair treatment and bags of gold!

In 1978, the State of New Mexico was promised they would have an absolute veto over the establishment of the WIPP site. Sound familiar? The federal government reneged, and withdrew the state veto option. Thus began a pattern.

New Mexico was promised the state would be a full participant in all major events. And within days of that promise the DOE sunk the exploratory shaft -- in secret -- hiding the activity from the state!

New Mexico was promised over \$250 million dollars in highway improvements -- and in a shameless display, DOE didn't even pretend to try and deliver on this promise -- they never even put it forward to Congress. Heard enough?

There's more. New Mexico was promised all nuke waste shipments would be by rail, the safest option. Now, no surprise to us, all the materials will be brought by truck, a more dangerous option.

New Mexico was promised all labor and materials would be acquired locally, boosting the economy. A promise made...a promise broken. The construction contract went to a Japanese firm. Workers came from labor halls in Oklahoma and Texas. The local purchase and contract awards are less than 20 percent of what was originally promised.

Now the state of New Mexico is left to go, hat in hand, back to Congress to beg for consideration. You see, they bought the line and bargained away their right of refusal in 1981. And that's the same surrender the pro-nuke people in Nevada want us to commit to today. The answer is...NO. Not in this lifetime!

As you can see, there is much work to be done. I was happy to learn that for the first time ever, your staff, on the first legislative day had over 1,000 bills finished and ready to go. There they are. Frankly, ladies and gentlemen, I'm not sure Nevada needs 1,000 new laws -- but each of these proposals deserves to be heard. We can now start early -- and if we work hard -- we can finish early!

Tonight, I pledge, above all, to work closely with you, Senators and Assemblymen, Republicans and Democrats, as we stand at this most important crossroads in Nevada's history.

I pledge at each step from today forward to be your partner, to work as hard as you do, to listen and to act on your ideas. I am committed to working with you so that together we build on our accomplishments and meet the challenges of the future.

Good luck, goodnight and...wouldn't it be nice to be home in May?