

THE SECOND DAY

CARSON CITY (Tuesday), January 17, 1961.

Assembly called to order at 10:07 a. m.

Speaker Christensen presiding.

Roll called.

All present.

Prayer by the Chaplain, Reverend Andrew Daughters.

Pledge of allegiance to the flag.

Mr. McElroy 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.

REPORTS OF COMMITTEES

Mr. Speaker:

Your temporary Committee on Legislative Functions has had the credentials of Assemblyman-elect Eric Palludan under consideration, and begs leave to report that Mr. Palludan is a duly elected and qualified member of the Assembly of the 51st Session of the Legislature of the State of Nevada.

RAYMOND L. KNISLEY, *Chairman.*

MOTIONS, RESOLUTIONS, AND NOTICES

Mr. Knisley moved the adoption of the report.

Motion carried unanimously.

By Mr. Crawford:

Assembly Joint Resolution No. 1—Endorsing Assembly Joint Resolutions Numbers 1 and 5 of the 50th Session of the Legislature of the State of Nevada memorializing the Nevada congressional delegation and certain officers of the Federal Government to prevent termination of federal trust of Indian lands in Nevada and to continue to provide for the education, health and welfare of the Indian people.

Mr. Crawford moved that the resolution be referred to the Committee on Military and Indian Affairs.

Motion carried.

INTRODUCTION, FIRST READING, AND REFERENCE

By Mr. Berrum:

Assembly Bill No. 1—An Act to amend NRS section 463.330, relating to the costs of administration of the gaming laws, by providing that costs of administration shall be paid from moneys provided by direct legislative appropriation; by providing exceptions; and by providing other matters properly relating thereto.

Mr. Berrum moved that the bill be referred to the Committee on Ways and Means.

Motion carried.

The Governor delivered his message as follows:

MESSAGE OF THE GOVERNOR TO THE 51st LEGISLATURE
OF NEVADA

CARSON CITY, January 17, 1961.

*Mr. President, Mr. Speaker, Distinguished Members of the
Legislature and Guests:*

It is nice to see our old friends back in Carson City again and to welcome those of you who are here for the first time. Last year the Legislature had the distinction of meeting in the first annual session. It now appears that it was also the last annual session. You are now meeting in the first biennial session since the last annual session. This should confuse historians but, it seems to me, should entitle you to some special niche in Nevada history.

We come from different occupations, different geographical areas, different backgrounds—yes, even different political parties. But our achievements, our concern for the future and our dedication to this state's noble aspirations unite us in a common cause. We are here to go about the business of conducting the government of our State. We serve not as political, sectional or personal agents but as agents of all of the people. We are here in this room as neighbors and friends with a common desire to serve our State; to bring to it our highest potential of competence. I am confident that this spirit will prevail during this session. In many ways, it seems to me, the responsibilities and challenges this year are greater than ever before.

When the legislative clock is uncovered and you, Miss Frazier and gentlemen, have returned to your homes, and the rest of us have returned to the biennial administration of your programs, you will be judged by how adequately your programs provide for the needs of changing times; we will be judged by how effectively we can follow the course which you have charted.

Article V, Section 10 of the Constitution provides that the Governor "shall communicate by message to the Legislature at every regular session the condition of the State, and recommend such measures as he may deem expedient." It is my job, then, to state for the record where we have been and, with you, to determine where we are going, and to find reasonable, realistic answers to our problems.

As I prepared this message, I had before me recent headlines from two of the leading newspapers of our State. "Las Vegas Real Estate Activity Outstrips the Rest of Nation," says one. "Reno's \$20 Million Building Boom of '60 is Record," says another. Indeed, the imaginative, aggressive, hard work of the people of our State has created a history of steady, almost sensational progress in most fields. In the face of a nationwide recession which has lingered since 1958, Nevada has registered these gains among others:

Personal income showed the greatest year-to-year increase of any state in the nation—13.4 percent.

Total employment in 1960 reached an all-time high of nearly 103,000—a 17 percent increase over 1958.

Property tax rolls indicated a 16 percent increase over 1958.

Revenues from the state sales tax increased more than \$2.5 million over 1958—a 26 percent increase.

State revenues in the last 2-year period from gaming increased \$5 million over the preceding 2-year period—an increase of 26 percent. Gross receipts to the industry for the same period have increased over \$100 million.

Business income from tourism increased \$95 million over 1958—an increase of 22 percent.

Utilities are growing at twice the national average rate.

Forty thousand job placements have been made by the State during the past year—an increase in job opportunity of 18 percent over 1958.

We know that Nevada has the second fastest population growth rate in the nation. Much of this increased activity and revenue, therefore, is traceable to a fast-growing population. The business activity and revenues are, however, considerably higher than the normal rate of growth would indicate and, in my view, are a credit to a progressive people, sound legislation and, I would hope, effective administration.

In other areas of government, the statistics would indicate the following picture:

Payments to temporary totally disabled workmen are sixth highest in the nation. A branch office of the NIC was recently established in Las Vegas.

Average weekly benefit payments to unemployed workers rank fifth in the nation. A new million-dollar Employment Security Building will soon be constructed in Carson City with federal funds.

The tuberculosis care and control program authorized by you in 1960 is proceeding satisfactorily with an in-patient program in effect and well-staffed out-patient clinics planned.

Fifteen of the seventeen counties have taken advantage of the state benefits granted by you at the last session for foster care. The number of children being cared for has doubled.

Capital improvements and remodeling at the Nevada State Hospital and Children's Home are progressing satisfactorily.

The State Purchasing Department completed its most successful year in 1960, resulting in a saving to the taxpayers of \$400,000.

The Personnel Department has completed the first comprehensive wage and classification study in history.

All juveniles sent to the Nevada School of Industry and 95 percent of the adults sent to the Nevada State Prison will one day be returned to society. This administration, therefore, has been guided by a concept of rehabilitation rather than punishment—to the end that they leave custody better equipped to become productive citizens. Work programs in and out of the prison have been beneficial to the community and State while providing therapy to nearly 70 percent of the prison population. In the last year the School of Industry has shown a 71 percent rehabilitation record—one of the highest in the nation. Plans are proceeding for the capital construction authorized at the School and suggestions for prison minimum security facilities are in the budget. For the first time adequate dental, medical and mental health care have been available to inmates of the two institutions.

The Department of Highways has just completed \$13,500,000 worth of secondary, primary and interstate highway construction for 1960—a 50 percent increase over 1959.

Nevada has been designated a West Coast civil evacuation site in case of nuclear attack. Twenty mobile emergency hospitals in warehouses have been placed in the State, and 150 radiological monitoring stations are being placed within our borders—the only ones west of the Mississippi. Modern civil defense radio equipment costing \$100,000 has been provided by the Federal Government and installed in highway patrol, sheriff and police vehicles.

Automation of registrations, licensing and testing in the Department of Motor Vehicles is effecting savings in time and money.

Two new National Guard armories have been constructed at Winnemucca and Ely. Others at Elko and Hawthorne will soon be under construction.

The alcoholism program authorized by you last year is under way, with the principal emphasis at this time on research and education.

A comprehensive program will be presented to you by the Park Commission. I heartily endorse it and have provided for it in the budget.

Approximately one-third of our aged recipients are receiving additional grants on the basis of your appropriation last year.

The accelerated capital improvement program for the University of Nevada is progressing rapidly. One new building a year has been completed and is programmed for the future at Nevada Southern in addition to the major construction now under way at the Reno campus. A U. S. Public Health Radiation Laboratory, to serve all of the Western States, will soon be located on the Las Vegas campus. If the suggested budget is followed for the next two years, the State will have provided the University with \$12 million over a four-year period for capital improvements. This is substantially more than has been provided in the past and is more than one-half the total capital improvements for the entire State for that period. We can expect that the needs in this area will increase rather than decrease in the future.

The cost of general government administration continues to be one of the lowest, if not the lowest, in the United States.

This, then, is the record. Now for the challenges ahead.

EXECUTIVE BUDGET

The Executive Budget is designed for positive progress in services for the people of Nevada and provides for an expenditure of \$85,829,822 in 1961-62 and \$89,950,348 in 1962-63 from all budgeted funds. The general fund *expenditure* is \$38,241,754 during fiscal 1961-62 and \$41,932,590 during the 1962-63 fiscal year. Over \$5 million of the general fund budget both years is for capital improvement.

The general fund *operating* budget recommended to you is \$33,109,034 the first year and \$36,229,190 the second year.

A balanced budget is one in which operating expenditures do not exceed current revenues. In the budget as presented, as in the other two budget documents I have submitted to you in previous years, such is the case.

Moreover, we are one of the few states that has financed the greater portion of our capital improvement program on a "pay as you go" basis for the last two years and still maintained a safe general fund balance. The general fund balance as of July, 1959, when this administration took over, was \$9,509,511. As of July, 1961, it will be about \$10,300,000. The present financial condition of the Nevada State Government is excellent and will remain so, so long as we do not spend more money than we have. There is nothing sacred about the Executive Budget. You, in your wisdom over the years, have used it as a guide and have done a most commendable job in reasonably meeting the needs of our State and at the same time keeping it in a sound and healthy condition.

I would suggest to you that there is some current indication that the national recession is beginning to affect Nevada. Although our employment is at an all-time high, in recent months our unemployment has increased substantially. If the recession continues throughout the country for any prolonged length of time, our revenues may not be as high as anticipated. We must be careful, therefore, and maintain a reasonable general fund balance.

EDUCATION

For the past two years I have requested an increase in the school aid formula. Both years you have seen fit to provide the extra money requested but have, instead of increasing the basic formula, provided an "emergency" fund. I again ask you to increase the basic formula for aid to school districts and have provided the money in the budget.

So many statistics are quoted by so many persons to prove so many things that I hesitate to quote figures to you concerning public school education. We cannot afford, however, to let this problem assume second place in our deliberations. We are doing a good job in public education. Over 65 percent of our total general fund budget is for education; 45 percent is for public school aid alone. Last year our expenditure per student in average daily attendance was eighth in the nation, our average teacher's salary was tenth, and we were thirteenth in state support of our schools. Despite this high standing, we would like to be first in all areas of this most vital of our responsibilities. You will be asked to give consideration to the so-called Wyoming formula to replace the Peabody formula for school aid. The adoption of the Wyoming formula would cost an additional \$4 million in the first year and larger amounts in succeeding years. Convincing arguments for such increased aid have been made to me and will be made to you. I know that you will wish to give every consideration to this problem. Should you decide to enact legislation providing for such increased school aid, I will be happy to sign it into law; examination of the budget will show, however, that such an increase in school aid will impose the accompanying duty of providing an increase in revenues.

I later suggest a method by which some relief will be given school districts as well as county and city governments. None of us can anticipate at this time what relief, if any, will be forthcoming from the Federal Government. It appears that we may reasonably expect that Congress will enact legislation granting substantial federal aid to education for construction or salaries or both. We cannot know at this time whether such aid will be in the form of outright grants or will require state matching funds. In either event, should such legislation be enacted in any form, it will solve the school problem to some extent. I would suggest that in order to avoid a special session for the purpose of taking advantage of such help when and if it materializes, you enact the necessary enabling legislation.

**RELIEF TO CITIES, COUNTIES, SCHOOLS
AND POLITICAL SUBDIVISIONS**

The general fund operating budget I have presented is balanced with current revenues at current rates, and no increase in taxes is necessary to meet the State Government's needs. I believe, however, that fiscal responsibility demands more of us. The local governments are still in need of additional money to meet the needs of expanding populations and have exhausted most remedies except those available at the state level. I strongly recommend that we give relief to our counties, cities, school districts and other political subdivisions.

In order to provide such relief and maintain a balanced budget, I recommend the reduction of the state's property tax rate to at least 14 cents per \$100 assessed valuation from the present 28-cent rate, and would approve even further reduction. Should you adopt this course, then I recommend that the alcoholic beverage tax be doubled and the cigarette tax be increased by 2 cents per package. If these changes are made, we can adequately meet the state's needs for the next two years. The general fund balance as of July, 1963, will give us sufficient protection so that at that time our financial situation can again be calmly reappraised. I suggest these two taxes because Nevada's present rate is less than the national average. The proposed increases will not raise us above the average. Since a substantial part of these two taxes is borne by tourists, increases will have a minimal effect on Nevada residents.

I realize that your deliberations may lead you to conclude that it is possible to get by without an increase in revenue this year. Such would be the case if you determined that the State should retain its present 28 cents of the property tax. If, however, all or a portion of this tax is given up by the State as suggested, necessary revenue must be provided to replace this loss. The suggested cigarette and liquor revenues would do so.

HIGHWAY FATALITIES

We are plagued, as is the nation, by continuing highway fatalities. No state has solved the problem. In Nevada we are making progress. Traffic arrests by the Highway Patrol have risen from 615 in 1958 to 3,066 in 1960, an increase of 500 percent. In the areas over which the Highway Patrol has primary jurisdiction, the rural areas, the death rate decreased 25 percent in the last year. However, the rate jumped 100 percent in urban areas. Over all, there were 15 fewer deaths in 1960 than in 1959—a 14 percent reduction—even though miles traveled in our State increased by 10 percent. Only two states reduced the death rate by a greater percentage in 1960 than did Nevada.

In spite of this evidence of progress this problem remains most critical. Concrete and positive action is required. I respectfully call your attention to the legislative program jointly sponsored by the Governor's Committee on Traffic Safety, the Nevada Safety Council and others.

HUMAN RIGHTS

"This nation was created to give expression, validity and purpose to our spiritual heritage—the supreme worth of the individual. In such a nation—a nation dedicated to the proposition that all men are created equal—racial discrimination has no place. It can hardly be reconciled with a Constitution that guarantees equal protection under law to all persons. In a deeper sense, too, it is immoral and unjust.

"Equality under law promises more than the equal right to vote and transcends mere relief from discrimination by government. It becomes a reality only when all persons have equal opportunity, without distinction of race, religion, color or national origin, to acquire the essentials of life—housing, education and employment..."

"The Constitution of the United States rejects the notion that the Rights of Man means the rights of some men only. We reject it too."

The first portion of the above was from the 1960 National Republican Party Platform, the latter portion from the 1960 National Democratic Platform. Each of the platforms makes specific pledges with respect to voting, public schools, employment, housing, public facilities and legislative procedures. The matter of human rights is not a political issue. Both major parties have

officially and articulately recognized the deep significance and the world-wide implications of this great social problem. The honest, cold, hard fact is this: the nations of the free world are entertaining serious doubts as to our ability to lead them in a freedom which we do not practice. I would hope that our State would recognize its responsibility as a unit in a free society. To do this we must be progressive, dynamic and enlightened in this field. President Eisenhower's Nevada Commission on Civil Rights will make its report during this session. A public forum on the subject was held just the other day. From these two groups and others, factual information and legislative suggestions will come to you. I earnestly solicit your deepest consideration of these proposals and positive action in this field.

NATURAL RESOURCES

One of the most critical and basic problems facing our State is the proper utilization of our natural resources—particularly water. It can be fairly stated that our entire future as a State may depend upon the availability of water. We can dream of the day, and it will surely come, when with cheap energy we will pump processed water from the ocean into Nevada. Our present difficulties cannot await that day. In our more populated areas, notably in southern Nevada, we are in danger of depleting our underground water supplies. The present facilities for pumping and transporting our allotted water from Lake Mead are inadequate. Our ranchers and livestock men are barely surviving a drought that has lasted for several years. Numerous studies have been undertaken in the last few years in order that we may proceed knowledgeably. Many of them are now completed. Water and the preservation and development of our natural resources are problems of such magnitude that government and the people at all levels must unite in a joint effort to find and effect solutions. We can expect vigorous action on the part of the Federal Government; the State must now assume a more active role in this most significant field. I would hope that you would pay particular attention to legislation designed to accomplish this.

INDUSTRIAL EXPANSION

As you know, for the last two years considerable emphasis has been placed on economic growth and development in our State. It is the view of this administration that it is in the best interest of the State to develop and direct economic and industrial expansion in order to broaden our tax base. Our principal industries, tourism and gaming, have indeed served Nevada well and will continue to do so in the future. A generally depressed economy, war or other national emergencies, however, tend to reduce revenues in these two fields more quickly and drastically than in general industry. It is necessary, therefore, to move in the direction of a counter-balanced economy.

The search for the type of industry which will integrate with and expand our economic resources has not been easy. Even though we have persuasive tax and other advantages, I need not elaborate on our limitations.

Our industrial expansion program has many facets. A unique feature has been the telling of the Nevada story in metropolitan areas throughout the United States. Some 30 Nevadans, including our Congressional delegation, have, on a nonpartisan basis, participated in five such presentations. Contrary to some reports, this activity has been at our own time and expense and the cost to the State has been negligible. We believe that this program is producing rather dramatic results. Hundreds of personal contacts have been made. Many of the leading industrialists in the country have come to our State to look us over. Four significant industries have located in Nevada as a direct result of this program. Four more have acquired land, buildings or made other investments which would indicate location soon. It is probable that others of the 1,600 new business ventures in 1960 were attracted in this manner.

As you know, under our Constitution, we cannot provide special tax, land or other advantages to new industries as is done in other states. Our Free Port Law is now in the Constitution. This will help. Another suggestion has been made which I pass on to you for your consideration. In the event you determine that the cigarette and liquor taxes should be raised as suggested, and in the further event you decide to give up no more than 14 cents of the 28-cent ad

valorem, it might be possible in the next fiscal year to pay off our present bonded indebtedness. Nevada would then be the only debt-free state in the nation. Many people feel that such a showing of financial responsibility would be a considerable attraction to industries attempting to escape impossible tax burdens in other states.

GAMING

In the 1959 Gaming Control Act you said: "It is hereby declared to be the policy of this State that all establishments where gambling games are conducted or operated or where gambling devices are operated in the State of Nevada shall be licensed and controlled so as to better protect the public health, safety, morals, good order and general welfare of the inhabitants of the State of Nevada." You then gave broad authority to the gambling enforcement bodies.

We have observed the operation of the present act for a year and a half. By and large it has proved strong and effective. It does not appear that basic changes are necessary. However, legislation will be introduced which will effect improvements in administrative procedure. I would suggest one further amendment which would authorize the Gaming Commission to enact rules and regulations under which large privately owned and nationally recognized corporations could be licensed in Nevada. Under the present law requiring licensing of all persons holding an interest, it is impossible for large corporations with hundreds or thousands of stockholders to qualify.

For the past several years it has been legislative policy that the gaming control function was not subjected to budget control. Instead, the Legislature provided, in NRS 463.330, that the costs of administration would be paid from the general fund and that the total amount could not exceed 10 percent of the total gaming tax and license collections. This dedication of revenue has been regarded as prior authorization to expend, and neither appropriation nor authorized expenditure has been considered necessary, although this year and last, the Gaming Commission and Gaming Control Board budget has been included in the Executive Budget document. I believe that the time has come for some additional budget control by both the Legislature and the Governor. I propose that the budget of the Gaming Commission and Gaming Control Board be carefully reviewed by the appropriation committees and included in the authorized expenditure act. This will still provide necessary and desirable flexibility during the year if additional moneys are needed by these agencies.

It is my very firm conviction that the preservation of legalized gambling in this State can only be achieved with strong and effective control. The people of this State will not tolerate a weak, ineffectual paper control of gambling; nor will they condone a Russian-roulette administration of our Gaming Control Act.

Control should be in strong, firm hands and should be fairly and honestly administered. It has been.

A strong law, fairly administered, will present no obstacles to a viable, prospering industry which in turn will provide a good base for existing and future taxes as well as for an expanding over-all economy in Nevada.

GENERAL

In the general field of legislation, I would request your approval of the following matters:

1. Creation of a Nevada 1964 Centennial Commission of at least 12 persons. Professional services will be required and the job will have to be near completion by your next session. I would suggest an appropriation of \$50,000.

2. Ratification of the proposed amendment to the Constitution of the United States granting the citizens of the District of Columbia the right to vote for President and Vice President of the United States.

3. Study of the law setting up the Planning Board with a view to eliminating plan-checking of school buildings that already have been checked on the local level.

4. Regulation and control of the sale of securities within the State.

5. Investigation of the possible need for an Office of Coordination of Atomic Energy, Bureau of Labor Statistics, Consumers' Counsel, a separate Department of Mental Health, and a two-year School of Medicine at the University.

I would respectfully call your attention to the legislative programs proposed by the State AFL-CIO, the National Congress of Parents and Teachers, and the Nevada State Employees' Association. The Attorney General has made some suggestions which I am sure you will want to study.

Along with the suggestions here, you will have before you reapportionment, the Zubrow Report, recommendations from your Legislative Counsel and Commission, and many other matters. This will indeed be a full and busy session. You are welcome in all offices of the State Government. We are most anxious to be of service. May I wish you a highly productive and peaceful session. Thank you.

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

Seconded by Senator Lemaire.

Motion carried.

Senator McGowan and Assemblyman Tyson escorted the Governor to the bar of the Assembly.

Senator Whitacre and Assemblyman Johnson escorted Mrs. Grant Sawyer to the bar of the Assembly.

Senator Lamb and Assemblyman Howard escorted the Justices of the Supreme Court to the bar of the Assembly.

Senator Whitacre moved that the Joint Session be dissolved.

Seconded by Senator Duffy.

Motion carried.

Joint Session dissolved at 12:53 p. m.

ASSEMBLY IN SESSION

At 12:54 p. m.

Speaker Christensen presiding.

Quorum present.

Mr. McElroy moved that the Assembly recess until 2:30 p. m.

Motion carried.

Assembly in recess at 12:55 p. m.

ASSEMBLY IN SESSION

At 2:46 p. m.

Speaker Christensen presiding.

Quorum present.

MOTIONS, RESOLUTIONS, AND NOTICES

By the Committee on Legislative Functions:

Assembly Resolution No. 1—Providing an allowance for each member of the Assembly for periodicals, stamps and stationery.

Mr. Knisley moved the adoption of the resolution.

Resolution adopted.

Mr. Viani moved that Mr. Jack McCloskey of the Mineral County Independent be accepted as an accredited press representative and that he be assigned space at the press table.

Motion carried.