

**THE THIRD DAY**

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**CARSON CITY (Wednesday), January 19, 1983**

Assembly called to order at 11:04 a.m.

Mr. Speaker presiding.

Roll called.

All present except Assemblyman Kovacs, who was excused.

Prayer by the Chaplain, Father Gil Canuel.

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.

**MESSAGES FROM THE SENATE**

**SENATE CHAMBER, Carson City, January 18, 1983**

*To the Honorable Assembly:*

I have the honor to inform your honorable body that the Senate on this day passed Assembly Bill No. 4.

*Mae Lofthouse  
Assistant Secretary of the Senate*

**MOTIONS, RESOLUTIONS AND NOTICES**

By the Committee on Government Affairs:

Assembly Concurrent Resolution No. 1—Directing the personnel division of the department of general services to reduce the time required for certification of lists of persons eligible to fill vacancies in positions in the classified service of the state.

Assemblyman Dini moved that the resolution be referred to the Committee on Government Affairs.

Motion carried.

By the Committee on Government Affairs:

Assembly Concurrent Resolution No. 2—Directing the personnel division of the department of general services to report to the legislature concerning its progress in carrying out the recommendations of the legislative committee to study personnel administration in state government.

Assemblyman Dini moved that the resolution be referred to the Committee on Government Affairs.

Motion carried.

**INTRODUCTION, FIRST READING AND REFERENCE**

By Assemblymen Stone, DuBois, Nevin, Humke, Redelsperger, Kerns, Bogaert, Nicholas, Zimmer and Ham:

Assembly Bill No. 17—An Act relating to motorcycles; limiting the

Assemblyman Jeffrey reported that his committee had invited the Senate to meet in Joint Session with the Assembly to hear the Governor's Message.

The Committee on Escort in company with the President of the Senate appeared before the bar of the Assembly.

The Committee on Escort escorted the President of the Senate to the rostrum.

The Committee on Escort in company with the President pro Tempore of the Senate appeared before the bar of the Assembly.

The Committee on Escort escorted the President pro Tempore of the Senate to the rostrum.

The Members of the Senate appeared before the bar of the Assembly.

Mr. Speaker invited the Members of the Senate to chairs in the Assembly.

### IN JOINT SESSION

At 6:58 p.m.

President of the Senate presiding.

The Secretary of the Senate called the Senate roll.

All present.

The Chief Clerk of the Assembly called the Assembly roll.

All present except Assemblyman Kovacs, who was excused.

The President of the Senate appointed a Committee on Escort consisting of Senator Bilbray and Assemblyman Bremner 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 Horn and Assemblyman Joerg 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 Noel E. Manoukian, Justice E. M. Gunderson, Justice John C. Mowbray, Justice Charles E. Springer and Justice Thomas L. Steffan 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 President of the Senate welcomed the Governor and invited him to deliver his message.

The Governor delivered his message as follows:

MESSAGE OF THE GOVERNOR TO THE  
LEGISLATURE OF NEVADA

January 19, 1983

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

It is my privilege to stand before you tonight for the first time, to carry out one of the highest obligations of the chief executive to the people of the State of Nevada.... Delivering the State of the State Address.

Before beginning, I would like to extend a warm welcome to the new members of the Assembly and Senate who have taken their seats for the first time at this 62nd session of the Nevada Legislature.

## CURRENT FISCAL SITUATION

When the legislature adjourned in 1981, it was expected that the State would collect \$417 million in the current year. That projection proved overly optimistic. We will, in fact, take in less than \$353 million leaving the state with a \$64 million shortfall.

In addition to the year end revenue shortage, we are experiencing immediate cash flow problems. In November the State could not make the quarterly payments to local school districts, instead, checks, had to be written on a month to month basis. Quite simply, checks covering the full quarterly payments due would not have cleared the bank.

Your approval Monday of the return to the general fund of \$20 million loaned in 1979 to the retirement system greatly eased these problems. It is, however, only a partial solution.

In order to provide for an adequate cash reserve, I now ask to approve legislation changing the payment of the gaming gross revenue tax, now collected quarterly, to a monthly basis. That will provide an additional infusion of \$25 million into the current fiscal year. In order to realize the full benefit this legislation must be approved prior to April 1.

These are the short term solutions which must be passed to enable us to get through this year's fiscal crisis. Looking to our budgetary needs the next two years....

## BUDGET

I first and foremost propose a balanced budget. The proposals are straight forward. There are no financial gimmicks to postpone the cash shortfalls of today in the hopes of an economic miracle tomorrow.

It is a people, not project, oriented budget which allows us to protect the needs of our citizens today and, at the same time, build for a stronger economic future.

To achieve our goal of a balanced budget, we must reduce government spending, and the proposals I place before you tonight do that....in the amount of \$10 million. That is in addition to the multi-million dollar spending cuts implemented in the current year.

These new cuts are coming from a number of areas....Operating Budgets, Travel, Equipment and Personnel.

Some specifics:

We are consolidating state space and moving a number of state offices out of rental properties into state-owned facilities. One example: The Nevada Highway Patrol is moving to take advantage of part of the 34,000 square feet of now unused space on the grounds of the Mental Health Center. A net saving of \$70,000 per year.

We are cutting costs through the elimination of a number of top-level administrative and supervisory positions. Among the positions eliminated or left vacant: A State Planner, Director of General Services, five division heads in the Department of Conservation and Natural Resources, as well as a number of deputy level positions throughout State Government.

Among the programs we are eliminating....Cloud seeding. It might not be one of your better known state projects, but it is one of the most costly....\$400,000 per year.

We also hope to achieve considerable cost savings through the use of prison labor to build additional bed space at the prisons. Not only will that cut construction costs, but will help reduce the price tag on inmate care and engage prisoners in productive activities.

Of course, we are not just dealing with programs but with people who make them work. State employees and others who look to the state budget for salary support deserve recognition for their efforts and they deserve a cost of living pay raise. We simply do not have the money.

I sincerely hope our short-term budget solutions and long-term plans for economic growth provide additional revenues that will make pay raises possible next year. I will submit to the legislature a method to trigger such a raise based on improving revenues.

Before describing our budget proposals in detail, a couple of general observations are in order.

In 1981, you passed a \$422 million budget for the fiscal year, of which 52.6 per cent was set aside for education. That is a commitment which must be maintained in the next two years.

Another observation goes to the fundamentals of government. We have heard that in hard times, business tightens its belt. Government, we are told, should do the same. It is an appealing argument, and indeed when times are tough, government should cut expenses. Government cannot, however, avoid its responsibilities. When times are tough, business loses customers. When times are hard, government gains customers, and they are customers who cannot take their business elsewhere! More people are in need of assistance. Medical aid to the indigent increases. Social service agencies in Mental Health, Child Abuse and Alcohol Treatment experience greater demand. The prison population continues to grow. When times are tough, government is more in the grip of uncontrollable expenses than is the private sector.

With all the budget cutting I've outlined, the state still needs an additional \$75 million in 1983-84 and an additional \$82 million in 1984-85 to balance the budget. Therefore, it is my unpleasant duty to tell you it will be necessary to raise additional revenues, and the only way to do that is to increase taxes.

#### TAXES

Before describing my tax proposal, a few general comments are in order.

I believe that a sound tax system must be adequate to support the necessary and legitimate functions of government. It must be fair in the sense that all taxpayers, similarly situated, pay essentially the same tax. It must be simple, and it must be understandable. I am convinced that any tax system not understood immediately suffers from suspicion and doubt.

Judged by these standards, the 1981 tax package must be changed.

Therefore, I am recommending that the legislature enact a variety of tax and fee increases to raise \$17 million in each year of the biennium....included are increases in the insurance premium tax, the beer and wine tax; and corporate and civil action filing fees.

Even with these increases, the state will need an additional \$58 million in 1983-84 and an additional \$64 million the following year to balance the budget. We have examined all possible tax sources....I oppose a personal income tax. My position on the sales tax is clear. It is too high. I will, therefore, oppose any effort to balance our budget with a higher sales tax. Through enactment of my long-term tax proposals, the sales tax can be reduced and residential and small business property taxes kept low.

I urge the legislature to reimpose the five and three quarters percent rate on gaming gross revenues.

I have already addressed the collection of the gaming tax on a monthly basis. This will generate an additional \$25 million this year.

To balance the budget I propose an additional 75 cents on the property tax roll. That money will be earmarked for local schools.

This additional property tax, to be imposed at the local level, will increase direct support of the schools, and will provide a more stable revenue source than exists at present.

I am also proposing a program of financial assistance to homeowners, renters and mobile home residents. This program would minimize the impact of the 75 cents property tax increase on the lower and middle income household. It would provide a cash grant to each household in the state. The amount of that cash grant would be \$80 in 1983-84, and \$88 the following year. By providing direct cash grant, renters—not landlords—would receive the financial assistance intended.

I will give two examples of how this would work.

A \$60,000 home in Las Vegas is now paying \$500 in property tax. The 75 cents will add \$157.50 to that bill. The \$80 grant offsets all but \$77.50 of the increase. That is about \$6.45 a month.

On an apartment with \$400 per month rent, we estimate an additional \$92 tax bill which will be passed on to the renter. The \$80 grant would result in the renter feeling an additional impact of only \$1 per month.

This concept is not new. In 1979, Senators Lamb, Gibson and Glaser proposed legislation which included a rebate system for homeowner and renters. The senate passed that bill. It was a sound approach then. It is a sound approach now. It is the interim solution until our long range proposals are in place. I strongly urge your support.

Legislative reform is also needed in the way real property is assessed. Changes enacted during the 1981 session resulted in serious inequities. Homeowners—living side by side in houses of similar value—may receive substantially different tax bills. I recommend that the Legislature eliminate this inequity and establish an assessment system fair to all.

Our goal, then, is to develop a fair system of taxation, one which protects the homeowner, renter, mobile home resident and the small business owner from an unreasonable property tax burden.

To accomplish this, I am proposing two constitutional amendments. The first would allow the Legislature to establish an exemption or tax credit that would apply equally to all property. The effect of this proposal will be a reduction in the property tax burden on the homeowner, renter, mobile home resident and small business. The 1981 Legislature sought a similar objective when it passed a proposed constitutional amendment which would allow residential property to pay less tax than commercial property.

There is a second problem that needs correcting, between 1979 and 1982, utilities, railroads, and airlines enjoyed \$33 million in property tax reductions. Clearly this result was not intended by the Legislature. The second constitutional amendment I propose would require utilities, railroads and airlines be assessed and taxed separate from other property, this guaranteeing that they pay their fair share of property taxes.

I believe this tax program is fair, easy to understand and provides a sound foundation for our future.

#### ECONOMIC DEVELOPMENT

Throughout the campaign I stressed the need for broadening Nevada's economic base. Economic diversification is clearly the key to this state's future prosperity. I pledged that if elected I would submit specific recommendations on the ways to achieve that goal.

Tonight I renew that pledge and propose a comprehensive economic partnership plan. Its central features—a reorganized Department of Tourism and Economic Development—enhanced job training and small business assistance.

It is in this vital area of economic development that I am seeking the largest percentage increase in state spending—\$3.3 million for fiscal year 1983 and 3.4 million dollars for 1984.

Tourism is Nevada's economic mainstay, yet the state of Nevada—spends less to promote tourism than any state in the nation—a meager \$40,000 a year. Local governments, convention authorities and the private sector all agree that the state should become an active partner in tourism promotion. We must do more to promote Nevada, not just its gaming—but its recreational and scenic resources—as well as a growing array of cultural and special events. It's gaming and so much more. We must do more to make Nevada a family oriented vacation and convention destination.

Part of this coordinated promotion of the state must include a comprehensive marketing campaign, which would complement local and regional efforts.

The 1984 Los Angeles Olympics presents a tourism bonanza that Nevada cannot ignore. To take advantage of this opportunity, I propose \$50,000 to fund a concerted effort to make Nevada the gateway to the Olympics. In fact, in the next few days, I anticipate making an announcement about a special role Nevada will play in the 1984 games.

Our efforts at economic diversification must emphasize our favorable investment climate, tax structure, stable labor force and Nevada's unique resources for solar and geothermal power. We must not neglect our existing resources and attractions that contribute to economic development such as mining, agriculture and the Judicial College.

The State can also assist by arranging financing to bring new industry to the state, and by the issuance of industrial development bonds.

Central to State Government's efforts to promote industry is the role of the private sector. I am proposing that the department be run by an economic development commission composed of people from the private sector who can bring their knowledge and expertise to the development and implementation of our tourism and economic development program.

This reorganized department will include a director responsible to the commission, and division for tourism, industrial development, publications and film promotion. Given our glamour, bright lights and scenic beauty, Nevada is an ideal location for a variety of motion picture productions.

To attract industry we need more skilled workers and business managers.

The job training partnership act of 1982 provides \$8.5 million for job training in Nevada.

I have also committed funds to train Nevadans in providing financing assistance to the small businesses.

This comprehensive program will ensure renewed prosperity for our state—prosperity in which all Nevadans will share. It will create new jobs and move us toward the goal of full employment for all Nevadans. The key to making this work is a strong partnership between Government and the private sector.

To finance the program, I am proposing a modest three quarter of 1 percent increase in the room tax. This will not impose an additional burden on Nevada taxpayers.

#### FOR OUR CHILDREN

Education remains the top priority for this administration. Our children are our most important resource and it is for them that we build a better tomorrow.

Historically, the public school system enjoyed strong state support. It is a tradition I intend to follow.

#### ELEMENTARY AND SECONDARY EDUCATION

I recommend \$299.5 million for elementary and secondary education in the first year of the biennium. That is a \$17.1 million increase over the current year. This additional funding projects existing educational program.

I am also recommending \$1.1 million for 55 new special education units and additional funds for Vocational Programs.

#### UNIVERSITIES

The University system must be a full partner in our economic development plans. A university, strong in science and technology, is essential to attract the sophisticated industrial enterprises of tomorrow. I am recommending \$95.5 million for the first year of the biennium for Nevada's university system. This proposal represents a \$3.5 million increase over the current funding level and is structured to provide greater flexibility to the university system in making use of these funds.

Included in my budget recommendation is \$1.3 million to upgrade computer facilities.

I also recommend continued funding for the Medical School.

#### FOR OUR SENIORS

A society is judged by the concern it shows for its older citizens. Our seniors are entitled to dignity, personal safety and financial security. How we treat our Seniors today is our own course for the future. To provide for their future and ours, I propose \$4.4 million in this biennium to continue and expand the highly successful senior citizen tax assistance program. This, coupled with my proposed residential assistance program, will provide much needed help for our seniors.

I urge the establishment of a Nevada Commission on Aging charged with setting priorities for senior citizen programs throughout the State and preventing costly duplication

of services. This commission would be comprised of seniors and representatives of state and local government.

The Elder Abuse Law passed in 1981 was an excellent first step in addressing this rarely discussed problem in our society. We must further clarify this law to protect this vulnerable segment of our community.

I also recommend the enactment of Legislation to ensure that trials, where the elderly are victims, be given priority in court scheduling. The double penalty law passed last Session must be expanded to include property crimes against the elderly.

I support passage of the Omnibus Health Care Bill, requested by Seniors themselves, this bill would require licensing of family care homes, regulation of Senior Day Care Centers and strengthening of the position of Nursing Home Ombudsmen.

The last Governor's Conference on Aging was in 1978. It was an excellent forum for discussions. I was impressed with its results and will convene another Governor's Conference in May.

#### FOR ALL OUR CITIZENS

Nevada's hospital costs are the highest in the nation—41 per cent higher than the National average. These costs affect every citizen. Even those fortunate enough to avoid a hospital stay pay part of the horrendous cost.

Your federal tax dollars go to medicare. Your state tax dollars go to Medicaid. Additional millions go to health insurance premiums.

Containment of these costs is a mandate which I have given to the new Director of Human Resources. We must develop more cost effective health care practices. Hospital stays must be shortened as much as possible. Day surgery should be performed where appropriate.

No hospital patient should be billed for service not performed. Current billing practices make it extremely difficult to know what services were actually received. I will submit legislation to require understandable hospital billing.

#### CRIME

Every citizen has the right to be secure in his or her home and to walk the streets of our communities without fear. The responsibility of government is to guarantee those rights.

Crime is a National problem, but its solution is not. Its solution is dependent upon strong state laws, efficient enforcement and a speedy and predictable court system. Nevada lawmakers have gotten tough on crime, but we can get tougher. We must do more to protect our citizens.

It is estimated that 80 per cent of our crime is committed by 20 per cent of the criminals. The habitual criminal must be permanently removed from society. I, therefore, recommend a mandatory life term for anyone convicted of a fourth felony offense.

I believe the public's faith in the criminal justice system is shaken each time a criminal escapes punishment on a technicality. We can maintain constitutional protections and still have effective law enforcement. The exclusion of evidence necessary to obtain a conviction because of a minor error by the arresting officer is an example of such a technicality. I, therefore, propose that this exclusionary rule be modified by statute so that evidence obtained by a police officer—acting in good faith, and reasonably under the circumstances—can be used in court for criminal prosecution. This position is supported by the National Association of Attorneys General and The National District Attorneys Association.

The public's confidence in the justice system has been further eroded by highly publicized cases of hardened criminals being released from jail early.

Nevada's citizens have a right to expect that inmates convicted of violent crimes such as murder, kidnapping and sexual assault, will serve the minimum sentences imposed before being eligible for parole.

I now recommend that the law specify that good time credits not apply to these minimum sentences.

Our present sentencing and parole practices have been the subject of much controversy. Good time credits, by which a prisoner can shorten his term, should be earned, not automatically awarded. The good time system is presently confusing. It, too, should be the subject of an interim study.

Confidence in our criminal justice system can only be achieved if the public has



access to all critical proceedings. I propose that be open to the public and that victims of crime and prosecutors be allowed to make statements at those proceedings.

#### PRISONS

Nevada's prison population will grow 21 percent in the next two years. The budget which I am submitting contains no new fund for capital funds for new prison construction.

The additional housing requirement will be made up through the use of alternatives to traditional prison facilities.

Although the operating budget request is higher, the cost per inmate will be reduced. The cost will drop from \$10,500 per prisoner in 1982 to \$9,557 in 1984—and \$9,454 the following year.

Prison costs will be reduced by expanded use of honor camps. Prisoners will work on firefighting, forestry and highway clean-up crews. They will also build their own honor camp facilities.

I also propose that the State charge parolees and probationers fees to cover the salary costs of their supervisors.

#### PUBLIC UTILITIES

In 1981, the Legislature created the Office of Consumer Advocate. The voters, in November, affirmed your judgment. I consider your legislative effort a notable success. For the first time, the consumer is represented at every rate hearing.

One of the problems identified by the Consumer Advocate is inadequate in utility planning for new demand and new sources of energy. I recommend passage of a bill to require all major electric and gas utilities in the State to develop utility resource plans. The utility customer pays the cost of unnecessary capital construction in the form of higher utility rates. This requirement will prevent the building of unneeded facilities.

Rising utility rates pose a heavy burden, especially on low income families. This year the state will distribute \$3.5 million in Federal funds to assist low-income families to pay their utility bills. Traditionally, 60 percent of those funds go to our Senior Citizens.

#### ENVIRONMENT

This administration is committed to the protection of our environment. In fact, our long-term economic health depends upon sound environmental practices. We cannot promote tourism if we have foul air. We cannot revive our building trades unless we have clean water and adequate sewage treatment to provide for growth. We cannot have successful agriculture if we do not protect our lands.

We have had some environmental victories. The lame duck session of Congress passed a high level nuclear waste siting law that is very responsive to state concerns. It will require a two house resolution of Congress to override a state veto of a high level nuclear waste site. Our Congressional Delegation in December played a major role in insuring the passage of that bill. Other bills that were proposed would have denied the states virtually any say in determining the sites for high level nuclear storage.

We can also report progress in the storage of low level nuclear waste. You will have Legislation before you to enact a Rocky Mountain Compact. It will provide for storage sites on a rotational basis in the compact states. As we phase out Beatty, a new site will be developed in Colorado. This regional approach recognizes that waste storage is not a local problem. No longer will Nevada be the low level nuclear dump for the entire West.

We can also report good news on Lake Tahoe.

Lake Tahoe is a state and national treasure. It is one of the cornerstones of our great tourism industry. Preservation of Lake Tahoe and its world-renowned water quality, and protection of its magnificent scenic vistas, is vital to the economic health of our State. Moreover, such action is our proper role on behalf of those who will follow.

Nevadans should lead the way in development of a strong and meaningful plan to preserve Lake Tahoe.

That plan and a continued land acquisition program through the Santini-Burton Act will protect the lake and treat Nevada landowners fairly and equitable.



## GAMING

Gaming control is a public trust. It must be administered without fear or favor, with decisions influenced by the facts, the law and the welfare of Nevada.

Gaming laws and regulations must be strictly enforced to assure that gaming is honest and those who conduct it are free of criminal influence.

However, while gaming control must be as comprehensive as necessary, it need not intrude into every facet of casino operations. Licensees must be free within the confines of Nevada's gaming laws and policies to exercise their business judgment and individuality.

In determining those confines, there must be room for debate, and the proper forum for that debate is the gaming policy committee. I intend to reactivate that committee.

## STATE HOLIDAY

Last week, Martin Luther King, Jr.'s memory was honored at services throughout the Nation. Dr. King's faith in the American system and belief in nonviolence as a means for bringing about change continue to serve as inspirations for us all. It is only fitting and proper that we recognize his legacy. I am proposing that Nevada join the other states which have made his birthday a holiday.

## ETHICS

The bulwark of a Democratic society is more than just the services it provides. It is the integrity and trust which it engenders.

In recent years there has been a growing trend to distrust government and its policy makers. Public confidence must be restored.

1. I propose that members of the State Gaming Control Board, Nevada Gaming Commission and State Public Service Commission be prohibited for one year following termination of state service from accepting employment with any gaming establishment or utility.

2. I also intend to reactivate the Executive Ethics Commission. In my budget proposal I'm including \$10,000 for this commission which is charged with adopting regulations and standards of ethics to guide the conduct of public officers and employees in the executive branch. I hope you will see fit to do the same for the Legislative Ethics Commission.

3. Financial disclosure by state department heads is necessary.

I will be issuing an executive order requiring all of my appointees to file a disclosure statement by April 1.

4. I am also asking you to strengthen Nevada's campaign expenditure and reporting laws.

Disclosure serves as a means of ensuring the public's right to know where a candidate receives his contributions, current state laws fall short of the mark, and I urge a comprehensive revision.

This revision should require candidates to disclose all campaign contributions in excess of \$500 whenever they are received.

It should also require candidates to file disclosure statements prior to primary elections, and it should require political action committees to make full disclosure as well.

Before concluding, permit me to make a personal observation.

More than a quarter of a century has lapsed since you have been addressed by a governor with prior legislative experience....Governor Charles Russell.

I have sat where you now sit. In the Chambers tonight are many of my former colleagues from the Assembly and Senate. Through the years we have worked together to solve Nevada's problems.

I know the difficulties you face and understand the enormous pressures upon you. Tonight I ask for your help in assisting me in my new role.

Together we can solve the current budget and tax problems. Together we can build a stronger Nevada.

You have my commitment to work in a spirit of cooperation. I now seek yours.

This is a great state. Together we can make it even greater.