

THE THIRD DAY

CARSON CITY (Wednesday), January 23, 1985

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

Mr. Speaker presiding.

Roll called.

All present.

Prayer by the Chaplain, Father Sam Caldwell.

Almighty God, source of all this is, we pray that You grant us the courage to change those things that should be changed and can be changed; grant us the graciousness to accept those things which should not, or cannot, be changed; and grant us the wisdom to know the difference. AMEN.

Pledge of allegiance to the Flag.

Assemblyman Francis 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 Assemblymen Bogaert, Bergevin, Joerg, Nicholas, Coffin, DuBois, Lambert, Dini, Thompson, Ham, Nevin, Zimmer, Swain, Tebbs, Spriggs, Banner, Rader, O'Donnell, Fairchild, Marvel, Sedway, Malone, Price, Little, Kerns, Jeffrey, Williams, Beyer, Schofield, Collins, Francis, Horne, Humke, Craddock, Sader, Roberts, Getto, Stone, Arberry, Bilyeu, McGaughey and Thomas:

Assembly Concurrent Resolution No. 1—Expressing support for the Reno/Tahoe Winter Games Organizing Committee, Inc. in its efforts to bring the Winter Olympics to Lake Tahoe.

Assemblyman Bogaert moved the adoption of the resolution.

Remarks by Assemblyman Bogaert.

Resolution adopted.

INTRODUCTION AND FIRST READING OF LEGISLATION

By Assemblymen Banner, Thompson and Williams:

Assembly Bill No. 2—An Act relating to a veterans' cemetery; authorizing the deputy commissioner for veteran affairs to establish, operate and maintain a veterans' cemetery; specifying eligibility requirements for burial; creating an account for the veterans' cemetery; and providing other matters properly relating thereto.

By Assemblymen Banner and Thompson:

Assembly Bill No. 3—An Act relating to industrial insurance; allowing nonlawyers to represent parties before a hearing officer; and providing other matters properly relating thereto.

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:

MESSAGE OF THE GOVERNOR TO THE LEGISLATURE OF NEVADA
SIXTY-THIRD SESSION, 1985

January 23, 1985

Mr. President, Mr. Speaker, Distinguished Members of the Legislature, My Fellow Nevadans:

Tonight marks a departure from the usual "State of the State" speech. Like any Governor, and especially as a former colleague of yours, I am deeply honored to be here with you.

I am not, however, going to take a lot of your time this evening reciting all of the accomplishments of my administration, although I am proud of what we, together, have helped Nevada achieve in economic development, tourism, and in restoring the State's sound financial condition.

Instead, tonight I'm going to concentrate on the goals which we together must attain in order to fulfill our commitment to future generations of Nevadans.

At the outset I want to set the stage by stating my view of our relationship and how I view our respective roles.

My job is to be Governor, to manage the Executive Branch of state government, to run its day-to-day affairs, to make recommendations to you, and to ask you to enact necessary legislation.

I realize that's elementary, but I think it needs restating if only to clarify what it is not. As Governor, I cannot pass laws, set tax rates or make appropriations. Those are your jobs.

However, I strongly believe that the proposals I present this evening are in the best interests of our State.

The budget I submit is the product of long, hard, painful hours of work. I pledge to work with you as you deliberate upon it.

In the heat of debate, the respect we have for each other and our roles in the legislative process may be obscured. The right to disagree is, of course, a fundamental part of our job.

And it's also part of the job of lobbyists and the press. Each may be critical of us and each other. Special interests will ask for more, more than they can hope to get and more than the State can give.

All those charges and counter-charges will be duly and appropriately reported, but what Nevadans really care about are the results.

I've weighed very carefully, as every Governor must, what we can and should do. I am determined to achieve all we can.

Let me then turn to my first priority—our children, their protection, and their education.

PROTECTING OUR CHILDREN

Nevada's future can only be as bright as its children's future. And these hopes for a bright future must not be dimmed by the alarming increase of child abuse and neglect.

Since 1976 Nevada has experienced an increase of more than 400 percent in reports of the maltreatment of children.

Under existing law the definitions of child abuse and neglect are vague and court hearings are frequently delayed.

I am proposing a comprehensive child protection act. This proposal has been carefully developed over the past 18 months by my administration in cooperation with other professionals in the field of child abuse and neglect. This legislation strikes a balance between the legitimate rights of parents and the protection of children.

It will for the first time consolidate in one agency the responsibility for coordinating and monitoring child protection services throughout the State. It also streamlines the judicial process to require a hearing within 72 hours after a child is placed in protective custody.

In addition, I am proposing the establishment of a statewide, toll-free, twenty-four hour a day hotline to receive reports of child abuse and neglect.

1985 is the International Year of the Child. Let Nevada's response be the enactment of this vital legislation to protect our families.

EDUCATING OUR CHILDREN

If we fail to prepare our children for the growing challenges of an increasingly complex world, we will be unable to sustain our present level of prosperity or to fully enjoy the benefits of the new technology of the future.

The competition that today's students will face in their adult careers is international in scope. Our educational system in Nevada, good as it is, must be capable of responding to this new challenge.

It is for that reason I commend to your attention the report of the Governor's Commission on Educational Excellence. Included among its recommendations are increased graduation requirements for students, competency testing for new teachers and to ensure that our tax dollars are being spent wisely, a performance report card for each school in Nevada.

Nevada is fortunate to have outstanding teachers—for it is in the classroom where the spark of learning is ignited. I am recommending that Nevada's teachers receive an 11 percent salary increase in the first year biennium and an additional 4 percent in the second year. And for the first time in history, the budget which I am submitting will make these salary increases retroactive to January 1, 1985. For the average teacher this will mean a one-time check of approximately \$1,250.

Important as these increases are they are but the first step in a long-range plan to make the salaries for Nevada's teachers rank in the top 10 in the Nation. As a further step I urge your support once again for the Estate Tax Credit Amendment to our Constitution introduced by Senator Mello. If approved by you and a vote of our citizens, it will provide additional long-term funding for education.

My budget also includes a \$10 million appropriation to upgrade local school district's equipment, including the purchase of computers and vocational equipment, and \$6 million in each year of the biennium for program development. These funds could be used to increase graduation requirements, purchase textbooks, or reduce student teacher ratios.

In recognizing the State's responsibility to provide financial support for the educational needs of Nevada's special children, those with learning disabilities, the physically handicapped, the mentally retarded, and the academically talented I am recommending a 23.9 percent increase in funding for special education, the largest percentage in nearly 10 years and the largest dollar increase since the program was established.

THE UNIVERSITY OF NEVADA SYSTEM

We all share a common aspiration in providing a secure economic future for ourselves and our families. Broadening our economic base and diversifying our economy are public policy imperatives which this administration is committed to pursue. Linked inextricably to this goal is our University System, our two University campuses—the community college system and the Desert Research Institute.

Our success in claiming for Nevada a fair share of this new technology will be dependent upon how we assign our priorities within the University System.

Tonight, I ask your support for the funding of a \$15 million new school of engineering at UNLV.

To strengthen existing engineering programs in the University System, I am submitting for your approval the entire University system-wide request for engineering and technical education—including \$7 million for new equipment and reduced student faculty ratios which directly influence the quality of education.

By your approval of these requests you help to send a powerful message that Nevada is committed to achieving excellence in engineering education and in satisfying all accreditation requirements.

In addition, I am requesting that salaries for all University System personnel be increased by 11 percent in the first year of the biennium and 4 percent in the second. In another historic first I am recommending that these salary increases be made retroactive until January 1, 1985. I have also included merit salary increases for faculty members for the first time.

Recognizing the vital role community colleges play in Nevada's educational future, I am recommending construction of major additions at Truckee Meadows Community College in Reno and the Northern Nevada Community College in Elko.

I also propose funding of \$493,136 for the Desert Research Institute to monitor urban air pollution and maintain weather modification equipment.

These recommendations, important as they are, constitute but a single step in our educational journey. Continued improvement in our student-faculty ratios and enhanced faculty compensation are important elements of our educational plan for the decades ahead.

Nevada schools, elementary, secondary, and higher education, represent our single largest investment of public funds. In 1984 we allocated 54 percent of the general fund to support all levels of education. I am recommending an additional \$114.4 million over the next two years. The result is a 25 percent increase over existing funding levels. Of the new general fund money contained in this budget, 75 cents of each one dollar is invested in education.

This budget dedicates nearly 59 percent of all general fund expenditures to education, clearly reflecting my priority.

ECONOMIC DEVELOPMENT

One of the remarkable success stories over the past two years, which I would like to share with you, has been our achievements in economic diversification. It is a goal which has galvanized Nevada's support—north and south, east and west, rural and urban, Democrat, Republican and Independent alike.

Your response to my recommendation for restructuring our Economic Development agency, including a broad statutory mandate and significant new funding, has played a key role. Local economic development authorities, working in concert with the newly reorganized Economic Development Commission, have enjoyed the most successful year in Nevada history—66 new or expanded industries which will generate more than 8,000 new jobs for Nevada's workers with an annual payroll of over \$100 million. These primary jobs will account for another 20,000 new jobs throughout the State's economy.

Nowhere has the public-private partnership in our quest for new business been better exemplified than in the 1984 special session to change Nevada's banking law. In less than a year from the date of your legislative action, Citicorp will have completed the first phase of its capital construction program and will have made substantial progress on its commitment of 1,000 new jobs for our economy.

In Northern Nevada, internationally recognized companies such as Porsche and Salomon Ski have relocated in the Truckee Meadows, attracted here in part by their faith in the working relationship forged by men and women in the public and private sectors who share a common vision for the future of our State.

Rural Nevada's efforts to attract new industry have been strengthened by the assistance of the professional staff of the Economic Development Commission, providing technical assistance to local communities, and by the infusion of \$207,000 in grants, a 430 percent increase over the previous biennium!

One of our biggest successes in economic development has been the promotion of motion picture and television productions in Nevada. We have grown from \$5.6 million in production dollars spent in Nevada in 1983 to more than \$20 million already spent in the current fiscal year. This month, there are five productions on location in Nevada. We look for continued growth and the opening of actual production facilities in Nevada.

Our efforts at the State level to attract new industry are not part of an isolated effort. Rather they are part of a coordinated effort—conducted through the Interagency Coordinating Council. I am much in your debt for your passage of this carefully crafted piece of legislation in 1983. As a testament to its effectiveness I cite the experience of the past year.

Opportunities abound for us in Nevada and, as Senator Laxalt recently advised, a state office in our Nation's Capital would greatly enhance Nevada's prospects for capturing millions of dollars in government grants and contracts, as well as providing access to key defense industries and the international business community. Heeding the experience of our Senior Senator, and believing as he does that such an office will assist us in bringing our economic development message to the East Coast, I am recommending the establishment of a Nevada state office in Washington, D.C.

Nevada has yet to realize the full potential of our Nation's expanding trade ties with countries in the Pacific Rim. As an incentive to encourage Nevada firms to enter export markets, I ask your support for an Export Finance Bill sponsored by Senator Wilson which would enable the State to issue bonds to finance exports by Nevada companies, thereby enabling many smaller companies to enter this growing area.

To pave the way for new business or old business which must make large purchases of capital equipment I am recommending an extended interest free sales and use tax payment schedule for large purchases of capital equipment. This will reduce the startup cost to businesses without appreciably reducing state or local revenues from sales taxes.

Last year the State issued \$200 million in state housing bonds making affordable single family housing a reality for 2,600 Nevada families. The bonding authority must be enlarged in order for this program to continue.

GAMING CONTROL

Gaming continues to be Nevada's primary industry. It accounts for 44 percent of the money needed to provide the essential services of state government and employs directly or indirectly 239,000 of our citizens. Its stringent regulation must be of paramount concern for all Nevadans.

We have made great strides in the past two years, both in gaining the trust and confidence of other law enforcement agencies and in taking bold and decisive action in revoking the gaming licenses of those who violate our regulations and bring discredit to our principal industry and our State. I applaud those actions.

Tonight I renew my proposal of the last session calling for a cooling off period for state gaming regulators. This concept was first advocated by Governor O'Callaghan more than a decade ago, when I, like you, sat as a member of this legislative chamber. It is long overdue.

This measure would prevent members of the Gaming Control Board and Gaming Commission from securing employment in the gaming industry for a period of one year from the expiration of their term of office. Its enactment would eliminate any appearance of impropriety and would protect other law enforcement agencies from the possibility that sensitive information be the subject of private disclosure.

Our support for strong gaming control must be more than rhetoric; it must be backed by action. In order for the Gaming Control Board to effectively do its job, it must have an adequate staff. I am proposing 57 new positions devoted to enforcement, investigation and audit. In order to finance these additional positions, I propose a modest administrative fee to be levied on gaming licensees. This is a minimal burden for the industry to bear in order to protect and to ensure the future health of gaming regulation.

Experience over the past year has revealed a serious defect in our regulatory scheme that must be corrected. Under present law, a gaming licensee whose license has been revoked and a state supervisor appointed continues to receive all of the profits from the casino operation until the casino is sold or otherwise closed by the Gaming Commission.

To allow a revoked licensee whose conduct has been so egregious as to justify the ultimate sanction of the Gaming Commission—the revocation of the gaming license—to continue to receive the profits of the casino operation is to permit an unjust enrichment for

the gaming violator. Those profits should and must be forfeited, and a statute is needed to ensure that violators will not share in the profits of the casino operation.

TOURISM

As the Vice Chairman of the National Governor's Association Committee on Tourism, I am pleased to report to you that the effort we began in 1983 to enhance our tourism industry is paying dramatic dividends. Visitor travel is up. Sales, gaming and room tax collections are strong.

When I assumed office two years ago, Nevada spent less than any state in the nation promoting tourism. With your support, today we spend \$1 million annually—money generated from room tax collections, not Nevada taxpayers.

A new statewide campaign is effectively telling the story of "Gaming and So Much More." Through the creation of five state promotional regions, we are reaching history buffs, skiers, fisherman, hunters and outdoor enthusiasts. Since the campaign began, inquiries by travelers interested in visiting Nevada have increased by more than 400 percent.

To continue our assistance to rural tourism markets, I am proposing an increase in tourism grant funds to \$300,000 in each year of the biennium. These funds have supported special local events and played a vital role in securing new Nevada attractions such as the National High School Rodeo Finals in Winnemucca.

To preserve a special part of our Nevada heritage for future generations to enjoy, I am recommending \$265,000 for track installation and restoration of railcars and other improvements at the V & T Museum in Carson City.

A year-long celebration commemorating the 50th anniversary of the Division of State Parks promises special events in each of our 21 state parks this year. I am recommending \$3.3 million in park improvements for the biennium. I would like to invite all Nevadans to visit our parks in 1985 and take advantage of the scenic beauty and recreation that Nevada has to offer.

TAHOE REGIONAL PLANNING AGENCY

We are stewards of a national treasure—Lake Tahoe, and our stewardship may again be challenged in 1985.

The Tahoe Regional Planning Agency continues to be fraught with controversy and frustrated by litigation. Nevada and California made an initial commitment to preserving Lake Tahoe's splendor by endorsing the original bi-state compact under the leadership of Governor Laxalt and Governor Reagan. I intend to fulfill that commitment. I will oppose any efforts to withdraw Nevada from the compact.

Lake Tahoe must be protected for future generations, and Nevadans should lead the way. It contributes significantly to our tourism industry and provides unparalleled recreational opportunities for Nevada families.

In our commitment to preserve Lake Tahoe for generations to come, we must not be unmindful of those who own property in environmentally sensitive areas no longer capable of development. Basic fairness dictates that these property owners should be compensated. I urge you to again support the issuance of bonds for the purchase of environmentally sensitive lands in the Lake Tahoe Basin.

HEALTH CARE COST CONTAINMENT

Every Nevadan, young or old, rich or poor, should have access to quality health care at a reasonable cost. Today, the threat of financial ruin because of rising medical costs has become as frightening as the specter of serious illness itself. The need for a coordinated approach to the health care crisis led me to direct a Cost Containment Team to identify programs and develop specific proposals to moderate health care costs.

Tonight, I am proposing neither a band-aid approach nor a cure-all, but a definitive program to control health care costs. These proposals are designed to foster competitive incentives to reduce costs while retaining essential regulatory control and assuring quality health care.

Highlights of this program include:

- Consolidating containment efforts into a single state program;
- Changing the method of payment for health care to reward efficient providers;
- Prohibiting health care providers from obtaining patient referrals by improper financial inducements;
- Assisting employers to effectively use cost containment measures;
- Expanding fraud control efforts; and,
- Requiring all insurance companies to include cost containment practices in their policies.

I also suggest the 1985 legislature evaluate recommendations to contain the cost of medical malpractice insurance.

I believe this program will help contain health care costs in Nevada. In order to ensure that result, I propose that the health planning responsibilities of the State Health Coordinating Council be expanded to include a key role in containing medical costs.

If the private sector initiatives fail, the State Health Coordinating Council will have the authority to activate a hospital rate setting commission no later than July 1, 1987, which would have broad authority to review and approve hospital charges.

The challenge has now been sounded. If the forces of the free market are effective in containing hospital costs, additional regulatory control can be avoided. Should the free marketplace fail in this commitment, a rate setting commission will come into existence to protect all Nevadans, especially those most vulnerable, Nevada's seniors.

BUDGET OVERVIEW

On the occasion of our meeting together two years ago our State was reeling from the effects of a recession. Revenues were plunging and as we struggled together in the early months of the session, our overriding concern was, "will the State be able to meet its financial obligations?"

Happily those days are behind us. The state of the State is good. The budget I submit this evening I believe is the right budget for our State; it is fair and it is balanced. We are in better financial shape today for two reasons: The national economic recovery and because we curtailed state agency's spending, doing more with less. The last point merits additional comment. Without the dedication and cooperation of our state employees, these savings would not have been realized. The men and women in state government—administrators and rank and file employees alike—are owed a debt of gratitude by all of us for their efforts. Now it is time to reward those efforts. I am recommending a retroactive salary increase of 11 percent for state employees, and an additional 4 percent cost of living adjustment, in the second year of the biennium.

The budget also includes:

- \$436,320 for a state criminal history repository;
- \$25,000 to establish an anti-racketeering revolving fund in the Attorney General's Office;
- A \$25,000 grant for each year of the biennium for the artists in residence program;
- A thirty-two bed psychiatric unit in southern Nevada;
- A \$160,000 in flow-through funding to maintain deaf resource centers in Reno and Las Vegas, plus establishment of a deaf resources coordinator position in the Bureau of Vocational Rehabilitation;
- An increase in funding for ADC;
- A \$250,000 one time appropriation dedicated to the renovation and furnishing of senior citizens centers in the State;
- An expanded state planning function;
- Funding for additional correctional facilities and equipment;
- An endowment of \$2.5 million for the National Judicial College;
- \$80,000 for initial development of a veterans cemetery in southern Nevada;
- \$350,000 for the biennium for local library grants, a 22 percent increase, emphasizing rural service needs and public access to academic libraries.

I propose no increases in our general fund tax levy. In order to meet our obligation to education and other essential state services it will be necessary, however, for you to maintain each of the revenue measures which are scheduled to sunset at the end of the fiscal year. Failure to do so will mean a loss of revenue to the general fund over the biennium of over \$62 million.

Because we live in a time of economic uncertainty we must proceed with prudence and restraint. The fiscally responsible course is to maintain an unappropriated cash reserve in excess of \$46 million. I urge you to do so.

NUCLEAR WASTE

We are approaching a critical time in the Federal Government's efforts to locate a high-level radioactive waste repository in our State. Just last month, the Department of Energy named Yucca Mountain in southern Nevada as one of the three top choices for a nuclear dump. Almost simultaneously, the Department of Energy took steps to block Nevada's efforts to collect the independent information we need to test the validity of the Federal Government's conclusions about the safety of this unprecedented undertaking.

Should Nevada be designated as the repository for these lethal wastes, shipments will stream into Nevada from every point on the compass. Apart from the obvious public health and safety concerns, the impact of a high level nuclear waste dump on our State's economy, particularly our tourist industry, is uncertain at best. It could prove disastrous. It makes little sense to commit millions of dollars to promote our State as a tourist destination and location for new businesses if, at the same time, we allow these efforts to be compromised by the Federal Government's drive to brand Nevada as the country's nuclear wasteland.

If Nevada is to avoid this nuclear stigma we must unite in our opposition to it. Tonight, I reaffirm my opposition to a nuclear dump in our State and call upon those in positions of leadership who have taken a contrary view to reconsider their position in the best interest of the health, safety, and economic well being of all Nevadans. The position we take today has the potential to affect Nevadans for centuries.

CONCLUSION

We have assembled tonight in Carson City for a common purpose, to act with foresight and with the best interest of all Nevadans guiding our thoughts and actions. I have presented to you a balanced and responsible budget.

However, as Governor I have broader obligations to our State than merely presenting specific proposals. I have an obligation to provide leadership and direction in good times and in times of crisis. The greatest obligation is perhaps the hardest to define. It is derived not so much from the office I am honored to occupy as it is from my great love of the State in which you and I are privileged to live. Permit me a few concluding moments to share that obligation with you.

It is an obligation to articulate the hopes and aspirations I have for Nevada's future so that the promise of Nevada today—becomes the reality of tomorrow.

True to our heritage, Nevadans are pioneering people, less concerned with boundaries which are limits, than with frontiers which are stepping-stones to the future. The legacy you and I inherited from the great Nevadans who preceded us must be enhanced by us for the Nevadans who will follow. I seek your counsel and offer you an open-minded spirit of cooperation. I wish you well as you face the arduous task of the coming months.

The past two years have been challenging for our State. They have been successful years. We have triumphed over economic and natural adversities. We have strengthened our economy. The Nevadans I meet throughout our State are proud and confident in their futures.

Nevada is a unique state. We can preserve our tradition while we embrace and welcome the opportunities of the future for our children. To do that:

We must ensure an excellent education for all Nevada's youth.

We must ensure our senior citizens dignity and security in their golden years.

We must protect our clean environment and the scenic grandeur Nevadans of the past have enjoyed.

And finally, we must ensure hope and opportunity for all Nevadans.

These are simple but powerful dreams that I have for our State's future. Together, we must strive to achieve them.

Thank you very much.

Senator Bilbray 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 Francis.

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 Gibson moved that the Joint Session be dissolved.

Seconded by Assemblyman Joerg.

Motion carried unanimously.

Joint Session dissolved at 7:43 p.m.

ASSEMBLY IN SESSION

At 7:45 p.m.

Mr. Speaker presiding.

Quorum present.

UNFINISHED BUSINESS

SIGNING OF BILLS AND RESOLUTIONS

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

GUESTS EXTENDED PRIVILEGE OF ASSEMBLY FLOOR

On request of Assemblyman Joerg, the privilege of the floor of the Assembly Chamber for this day was extended to Mr. Harry Schlegelmilch.

On request of Assemblyman Price, the privilege of the floor of the Assembly Chamber for this day was extended to Ms. Mary Lou Hickey.

On request of Assemblyman Bergevin, the privilege of the floor of the Assembly Chamber for this day was extended to Mr. G. James Murphy.

On request of Assemblyman Dini, the privilege of the floor of the Assembly Chamber for this day was extended to Ms. Marie Wilhelm, Messrs. Gene Wilhelm, Frank Roller, Ms. Larna Roller, Mesdames Jeanne Dini and Laverna Marwin.

On request of Assemblyman Lambert, the privilege of the floor of the Assembly Chamber for this day was extended to Messrs. Dale Darney,