

THE THIRD DAY

CARSON CITY (Wednesday), January 17, 1979

Assembly called to order at 11 a.m.

Mr. Speaker presiding.

Roll called.

All present.

Prayer by the Chaplain, The Reverend Douglas Thunder.

Pledge of allegiance to the Flag.

Assemblyman Harmon 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 Rusk, Webb, Wagner, Prengaman, Tanner, Fitz-Patrick, Brady, Bergevin, Marvel, Rhoads, Getto, Malone, Weise and Cavnar:

Assembly Joint Resolution No. 7—Requesting the Congress of the United States to submit to the state legislatures an amendment to the United States Constitution which would limit federal appropriations for any fiscal year to federal revenues estimated for that year, except during national emergencies.

Assemblyman Rusk moved that the resolution be referred to the Committee on Taxation.

Motion carried.

By Assemblymen Getto, Hayes and Tanner:

Assembly Joint Resolution No. 8—Proposing to amend section 15 of article 4 of the constitution of the State of Nevada to require that meetings of legislative committees be open to the public, subject to necessary exceptions and to abolish executive sessions of the senate.

Resolved by the Assembly and Senate of the State of Nevada, Jointly, That section 15 of article 4 of the constitution of the State of Nevada be amended to read as follows:

[Sec:] Sec. 15. The doors of each [House shall] house must be kept open during its session, [except the Senate while sitting in executive session,] and neither [shall,] house may, without the consent of the other, adjourn for more than three days nor to any other place than that in which [they may be] it is holding [their] its sessions. The meetings of any committee of either house must be open to the public, but the houses may, by joint rule, provide necessary exceptions to this requirement.

Assemblyman Getto moved that the resolution be referred to the Committee on Legislative Functions.

Motion carried.

By Assemblyman Marvel:

Assembly Concurrent Resolution No. 2—Memorializing the former State Senator Rene W. Lemaire.

The Committee on Escort in company with His Excellency, Robert List, Governor of the State of Nevada, appeared before the bar of Assembly.

The Committee on Escort escorted the Governor to the rostrum.

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

The Governor delivered his message as follows:

MESSAGE OF THE GOVERNOR TO THE LEGISLATURE OF NEVADA
SIXTIETH SESSION, 1979

Mr. President, Mr. Speaker, Distinguished Members of the Legislature, Distinguished Justices of the Supreme Court, Honored Guests, Citizens of Nevada:

My immediate predecessor observed that this duty, mandated by the Constitution and venerated by tradition, is among the highest honors incumbent upon the Office of the Governor. His perception is now shared by me in my first appearance before the men and women who will shape the laws by which all of us must live.

You pay me high honor, indeed, and this occasion will surely be remembered for the remainder of my life.

As I stand beneath this imposing portrait of President Lincoln, it is natural to ponder the currents of history which have brought us to this time and place. Nevada entered the Union as a symbol of solidarity during the most turbulent era in American history. Perhaps, as many scholars suggest, we had little to offer—save the gold and silver of the Comstock—but we did help restore a house divided and the footnotes of history are mindful of that contribution.

History also records that Nevada endured and prospered, sometimes against long odds. Through boom and bust, our State matured into what author Robert Laxalt has described as a "Rediscovered Region."

Mr. Laxalt said:

"So it is with Nevada now, a land that explorers shunned in the beginning, a territory that, with the discovery of silver and gold, became a cross roads of humanity, a plundered state that 'didn't deserve to be' when the fortune seekers departed, a desperate state that broke with moral convention to sustain its very existence, a rediscovered region of America in which economic soundness and quality of life have caused a rebirth that will be a long time ending."

The "long time ending" has not yet begun. Ours is still a rediscovered region, with people fleeing other states in search of the lifestyle unique to Nevada.

And what of that lifestyle? Economists warn of a possible national recession. Yet every index continues to assure us that Nevada's economy is vigorous.

Our rate of unemployment is at its lowest level in modern history. Every month, the Nevada labor force reaches a record plateau.

Our growth—population growth and economic growth—is the most energetic in the West.

Our per capita income is the highest in the nation.

We are the beneficiaries of astonishing increases in sales tax and gaming tax revenues. Both advanced by 24 percent in the last six months, compared to the same six-month period in 1977, though the increase had been optimistically projected at "only" 12 percent in each category. Every barometer suggests this healthy trend will continue.

It is with genuine optimism, then, that I report to the citizens of Nevada that our economy is sound.

But optimism must be tempered with prudence and caution. We are not an island and, as in other states, a good measure of our economic prosperity is conditioned upon the prosperity of the Nation. Moreover, let us concede that the "good life" frequently has troublesome traveling companions—housing shortages, traffic congestion, air and water pollution and energy limitations. They are no strangers to the urban areas of our state, and they demand solutions.

This Administration will closely monitor the economic climate of Nevada and will

assign priority to those concepts which hold forth the most promise for diversification. Our objective will be to foster planned, orderly growth which is compatible with existing resources in Clark County, in Washoe County, in Carson City and in rural areas.

We already can point to substantial results in our urban counties. Tomorrow, many of us will visit the recently-opened JC Penney Distribution Center in Reno. Another Penney's Center is due for construction soon in the Las Vegas area, and the Levi Strauss Company has opened a large operation in Henderson.

Prospects for the coming months are equally encouraging as there are positive indications a number of new industries plan to take advantage of Nevada's favorable tax climate.

Rural Nevada, particularly, requires assistance to expand and solidify its economic base. White Pine and Lyon Counties are reeling from the effects of a depressed copper market. But, in the spirit of their pioneer forefathers, the residents of these counties are not giving up.

And, the State of Nevada will not forget them in their time of need. I can guarantee that all possible help will be offered to those areas which are aggressively seeking new industry.

It seems to me that virtually every area of our state has something to offer. Perhaps, one specific locale has an attraction that others may lack. But the potential for business and industrial growth in Nevada remains enormous, and we must exercise every available option to exploit that potential.

The program which I present to the Legislature tonight contains no frills. I believe it mirrors the mood of our people. It provides for essential governmental services at the state level, but it also provides the cushion necessary should our economy switch directions unexpectedly.

And, it contains a recommendation for the most dramatic tax cut ever. This proposal could have been built either on the present tax laws or on tax reform. I have chosen the latter.

In my presentation tonight, it is also my intention to address the challenges of the future through a program which I will discuss in a few moments.

And, I will propose \$75 million in capital improvements for the state. This is an ambitious proposal, but, in the tradition of Nevada, it will be a pay-as-you-go endeavor so our children will not be left with our debts.

My budget recommendation is based on the premise we should begin with a substantial unappropriated reserve of \$34.3 million to protect against a sudden, unforeseen economic reversal.

We should remember that a generous reserve may well be necessary should the tourist industry face a time of falling revenues due to an unexpected event, or if the workforce and management in our resort industry in Clark County—whose labor contracts come up for renewal simultaneously in this biennium—fail to reach an agreement, resulting in a strike.

The proposed reserves are adequate to meet any such emergencies.

My recommendation for a fiscal program is limited to only a 9.7 percent increase the first of the two years of the budget biennium, and 10.8 percent the second year.

If adopted, the first year program for the executive branch of government, excluding the distributive school fund, will total \$170.5 million, compared to the present budget's first year total of \$143.3 million.

The second year of the budget will be \$188.8 million, compared to \$155.4 million in the present fiscal package under which government is now operating.

I was prepared for no more than a 12 percent increase each of the two years, but thanks to the responsible belt-tightening attitude of state employees and officers, this has been held to the lower percentage.

As many of you know, we will begin the biennium with a surplus of approximately \$168 million. I will detail to you tonight proposals for using this surplus to its maximum benefit of the citizens of Nevada.

The executive budget reflects, for the first time in state history, a joint agreement between the State Employees Association and my Administration for a recommended two-year pay package.

Due to the hard work on the part of the Employees' representatives and my representatives at the bargaining table, the agreement in my estimation is a fair and equitable one—both for employees and the taxpayers. It calls for an eight percent pay increase this year, followed by a 5.5 percent increase the second year of the biennium.

The average of the pay increases over the two-year period falls under the federal guidelines of a seven percent increase.

Each of the last two years the state employees have received pay increases, but they have not kept pace with the ravages of inflation. It is fair that any increases fall within the President's guidelines—over the two-year budget period—but it is not fair for us to ask state employees to sacrifice more than they already have.

Another group of public officials, those who served the state well before retirement, also deserve mention tonight.

I propose a plan, first brought to my attention by Senator Floyd Lamb, which will benefit public employees facing the effects of inflation on a fixed income.

The plan calls for approximately \$17 million of the expected state surplus to be used to establish a special fund to underwrite a program that will guarantee retired public employees increased benefits to meet demands of inflationary times.

Presently, each time the Legislature meets it must face the problem of increasing pensions.

Under this proposal, the account placed in safe investments, would fund automatically increased benefits for retirees through the payment of interest on the investments.

The result is that the Legislature would no longer be faced with the piecemeal approach of solving the problem.

The State of the State now is sound. I have every reason to believe the next two years, under this proposed spending program, will see that soundness not only continue, but fortify.

Now, with your indulgence, I would like to touch upon some specific programs for your consideration.

TAX REFORM

The people of this state as I said, have spoken eloquently on the issue of taxes.

Their reaction is not anti-government. Nor is it anti-tax. But it is a demand for responsible, sensible government.

My mandate clearly is tax reform. I believe it is a mandate we all share.

As government officials, we can react in one of two ways:

First, we can sit back and leave our present tax structure in place. If we do so, we can fully expect that "Question 6" will be approved in 1980, as well it should be under such circumstances, because Nevada can afford tax reform.

Or, secondly, we can attempt to devise and enact a better plan—one which gives just as much, or perhaps even more relief, but one which can be implemented immediately.

The last alternative is clearly the best choice. But make no mistake; we cannot have it both ways. If we, in fact, hold the budget back until it hurts (and reduce our taxes correspondingly), we will not be able to support "Question 6" when it reappears in 1980. We are faced with a clear alternative, and we must all be totally honest with ourselves in this process.

Within the next few days, a tax program will be introduced in the Legislature which, if adopted, will obviate the need for any further action by the people at the ballot box in November, 1980.

This is a program, refined over the past months, which will give relief to all Nevada taxpayers, while assuring the quality of government.

First, I propose that the state get entirely out of the business of collecting any property taxes. Presently, the State of Nevada collects 25 cents per \$100 assessed valuation on property. This will save taxpayers \$14.1 million next fiscal year and \$16 million the second year of the biennium.

In addition, counties now collect 11 cents per \$100 assessed valuation which finances the state's Title 19, medicaid program. If left intact, taxpayers would pay \$6 million the first year, and \$7 million the second year of the biennium through this procedure.

It is my proposal that the state no longer collect either of these taxes. In the cause of public relief, the state would support medicaid with general revenue funds.

I am also proposing that the 70 cent property tax now designated for schools be deleted and once again the State of Nevada assume this financial responsibility from its general tax revenues. This will save the taxpayers \$39.5 million the first year of the budget, and \$45 million the second year.

In the second year of the budget, my plan calls for reducing the optional 80 cent property tax for schools to a maximum of 50 cents per \$100 valuation, and replace

that reduced property tax revenue with funds from our other tax revenues in the amount of \$19.2 million.

As you can see, my tax plan in no way will penalize education in Nevada.

And finally, my property tax program—as I advocated for several months—calls for a reduction of the maximum property tax rate on July 1 from the present limit of \$5 per \$100 assessed valuation to a maximum of \$3.50 per \$100, plus enough to pay existing school bond indebtedness. This would be followed on July 1, 1980 with a further reduction to \$3.20 per \$100 valuation.

The program offers better than a 30 percent reduction in property taxes to Nevada taxpayers.

As I have said many times in the past months, property tax is not the only revenue source which needs revisions. Our sales tax revenue has increased tremendously, allowing changes to be made.

It is apparent to me that not only is it possible to make changes, but highly desirable.

I support the repeal of the sales tax on food.

I urge the Legislature to repeal the portion of the tax which you can legally remove, and to authorize a vote of the people in June, to coincide with municipal elections, to determine if that portion of the sales tax on groceries which the people approved by ballot should be removed. I support its repeal by the people. There is little doubt in my mind of the outcome.

This action will help each and every resident of Nevada, but it particularly will assist those living on low or fixed incomes, such as many of our state's elderly.

Repeal of the sales tax on groceries will save Nevada consumers \$23.7 million the first year of the biennium and \$27.2 million the second year.

Legal opinion has determined that such an action can indeed take place as early as June, and be effective on July 1 of this year.

Prior to exhaustive legal research it was generally accepted that the process would take anywhere from two and one-half years to five years to accomplish. Under that premise, last year I proposed a general across-the-board reduction of the sales tax, as an immediate alternative which required only legislative action. I am convinced it is impossible to accomplish this simultaneously with repeal of the sales tax on groceries and still maintain fiscal integrity.

However, when the appropriate time comes, I pledge my support to further reductions of the sales tax on other items.

I also support a specific program to help a specific segment of our population.

If there is one category of citizen who needs tax relief, it is the elderly.

I am proposing, in addition to the present tax rebate program for them, that we also establish a program whereby those senior citizens who desire to enroll, may live out their remaining years free of property taxes.

This tax deferral program is not a "give away", but simply delays the payment of property taxes for those residents who otherwise might be in danger of losing their homes to rising taxes.

Under this program, the state, through a special account, would pay the property taxes of eligible senior citizens. Later, when the ownership of the property is changed, the state would be reimbursed for taxes paid to local governments during the time the original owner participated in the deferral program.

I emphasize that this program is an optional auxiliary to the present rebate system, and in some cases, there could be property owners who would be eligible to participate in both.

There is one final tax proposal I wish to mention briefly to you.

I support legislation which will eliminate the collection of the personal property tax now assessed on household goods and furnishings.

This deletion of a tax which is difficult to fairly collect will save Nevadans an estimated \$2 million per year.

The state treasury now receives \$120,000 from this revenue source.

It is with pleasure that I submit these tax reform proposals to this Legislature.

If enacted, as outlined tonight, the tax savings to Nevada citizens will be \$83.5 million the first year of the biennium and \$114.7 million the second year.

This tax savings does not include, I might add, the savings to the taxpayers if a cap on government spending, which I am about to outline, is also implemented by legislative action.

While an exact savings is difficult to estimate it would mean millions of dollars staying in the taxpayers' pocket.

CEILING ON GOVERNMENT SPENDING

This program directly affects all citizens of Nevada and the taxes we pay.

I propose a rigid lid on the spending of tax dollars by government at every level.

My proposal is that an expenditure base for governments be established at the level of tax-supported expenditures experienced in the 1975-1976 fiscal year.

That base will then be augmented—or reduced—by a combination of two factors: the changes in population served and the spiral of inflation.

The objective is that government would collect only that which is needed to provide necessary services to the citizens.

My plan does allow the citizens to approve, through the ballot process, exceeding the limitation in emergency situations, or when the people desire additional services not then provided by government.

COMMISSION ON THE FUTURE OF NEVADA

I have already addressed the fact that Nevada and its economy is perhaps the fastest growing in America.

As responsible and concerned citizens, we face the task of deciding how to handle this situation, and what direction we want to see our State take.

I cannot help but ask myself, as I watch my children walk to school or ride their bicycles in the neighborhood, just what will Nevada be like for them?

The time has come for us to aggressively address that question. Where do we want Nevada to be 10, 20, or 30 years from today?

If we are to avoid chaos, there must be a statewide concerted effort to effectively deal with growth rather than simply react to the results produced by it. In effect, we must have a process which will funnel all of the ingredients available through a system where they can be tested in terms of the future policies and priorities of our people.

The Commission on the Future of Nevada that I submit for legislative consideration offers a mechanism which, with the cooperation and support of everyone involved, will bring about specific results to help us achieve more orderly growth.

Wise land use policies, effective use of natural resources, sufficient highway and transportation facilities, adequate public services and acceptable social conditions including housing, education and health care—all are areas which this program will address. The work of this Commission, with the approval of the Legislature, will recommend to the Governor and to the lawmakers specific strategies for the implementation of measures which will move Nevada toward its desired objectives.

These will not be recommendations which will sit on a shelf and gather dust. I am committed to finding out what the people of Nevada want our state to be like in the future, and I am equally committed to taking actions necessary to implement those wishes.

I propose the Commission be composed of 23 members appointed by the Governor. The plan calls for me to request local government entities in 7 regions across the state to recommend persons who can provide effective representation on the Commission as well as organize and coordinate local government input from each region to the Commission.

In addition to the 7 members representing local government entities, I would appoint 2 members from the general public at large. The remaining 12 members would be selected based on their ability to effectively represent the interests and concerns of the major economic and social constituencies within the state.

These include Agriculture, Education, Energy providers, Environment, Finance, Gaming and Tourism, Labor, Mining, Recreation, Taxpayers, the Nevada League of Cities and the Nevada County Commissioners Association.

The Commission would solicit the participation of hundreds of Nevadans through advisory committees, research consultants and workshops. Additionally, the ideas and attitudes of all Nevadans would be assessed through surveys. I would also direct all state officials to assist the Commission by providing available data and expertise.

I believe this effort will provide a forum which will encourage meaningful understanding and cooperation between the people of Nevada, the business community and all levels of government.

This partnership approach can lead to new opportunities for coordination, rather than competition, thereby insuring more effective government.

The Commission will recommend specific management tools and methods of implementing those tools as the result of a close examination of conditions which now exist and the expressed wishes of the people toward the future.

The cost of this program will be minimal as I have directed that staffing be provided primarily through the use of existing staff of the Office of State Planning, under the direction of the State Planning Coordinator. Direct cost to the state will be no more than \$20,000, with the remainder coming from Federal grants.

GAMING

Never before has the gaming industry and its control faced a greater magnitude of challenge than now.

Other states are considering the legalization of casino gambling, as New Jersey already has done. The control mechanisms in New Jersey, and other jurisdictions which may legalize casinos, are of utmost importance to Nevada and our efforts here to protect the integrity of the industry.

In addition, we also face increasing problems from within Nevada.

Over the past few years there have been repeated efforts to lessen the controls we have worked diligently to establish and protect. Concurrently, the booming atmosphere of our economy is placing a larger burden on controls.

It is for these reasons that you will find within the budget I am submitting a significant increase in the number of positions and salaries within gaming control.

First, I am proposing over the biennium that a total of 87 new positions be granted within the Gaming Control Board staff. These proposed positions include investigators, auditors and enforcement personnel.

I am convinced that the workload of gaming control is too heavy to expect the present level of staff to continue to properly safeguard the integrity of our principal industry.

In addition to the increase in personnel, I am also proposing that the salary levels of gaming control officials be substantially increased.

My budget recommendation on the pay for the chairman of gaming control board is \$40,000 per year, compared to the current \$31,642.

The other two members of the gaming control board would receive pay increases from \$28,240 to \$37,000 under my budget proposal.

There are few, if any, positions which carry the responsibility borne by the control board members. The present salaries are inadequate when measured with this responsibility. My proposed salary increases are a substantial improvement, but in reality, still remain low when measured against the enormous burden imposed upon the three members.

I hasten to assure you that such raises are indeed rare in the budget document.

EDUCATION

If we Nevadans share a common bond, it is our concern about the quality of education which our children receive.

My recommended budget reflects this continued emphasis on insuring that children educated in Nevada—whether in elementary, secondary or institutions of higher learning—receive the best possible education at the maximum rate of return for the taxpayers' dollars.

Therefore, it should come as no surprise that the budget I am submitting for approval by the Legislature contains a record amount for support of our educational system at all levels.

Education continues—as it should—to be a major portion of the state's budget.

For the university system, I am proposing a 12.7 percent increase in the spending program for the first year of the biennium. In the present fiscal year, the university budget is \$50.3 million, compared to \$56.7 million I propose for the next fiscal year.

The second year of the two-year budget would see an additional 9 percent increase.

Public schools also would receive a record amount. As I outlined earlier, a major portion of my tax reform plan is calling for the state to absorb some of the costs now levied against property owners at the local level.

It is true that like other governmental entities, the schools will need to take a hard look at their priorities, and if there is any fat to be trimmed, it must be trimmed in the name of good government.

However, I am convinced that these budgetary proposals will enhance education.

I am proposing that funding be provided to accomplish the legislative mandate of 1977 that students at certain milestones in school be required to pass competency tests.

The requirement for the testing was placed, and now the funding should be forthcoming. I call on this legislative session to authorize it.

I also believe it is time to drastically improve counseling services at the elementary school level, and the budget proposal includes funding so counselors can be provided. It is my strong belief that our crime-related problems in society stem at least partly from the fact disturbances are not detected and treated at an early age.

Counseling services during the elementary school age would be a positive step in improving education, as well as reducing crime in years to come.

UNIVERSITY

As noted in the media, enrollments in universities across the nation have been decreasing in recent years and the trend is expected to continue in the future. The University of Nevada system is no exception. For this reason, I have recommended a reduction in the faculties at the two campuses because of excesses in the accepted student/faculty ratio of 20 to 1.

These reductions are carefully enumerated in the budget narrative. They would not be imposed arbitrarily, nor would they severely damage any individual academic discipline.

Currently, the 20 to 1 student/faculty ratio is exceeded by 42 full-time equivalent positions at UNR and by 21 at UNLV. However, 11 of the UNR positions are currently vacant and there are 7 vacancies at UNLV.

The budget recommends that the present vacant positions remain vacant and that half of the other positions that are above the formula be vacated the first year and the rest of the positions above the formula be cutback the second year.

It is proposed that the faculties be reduced by attrition when a vacant position is not in an academic area of heavy student demand. Others would be terminated in areas where the workloads and student demand are the lightest. This seems the fairest approach.

To insure a smooth transitional process, a general fund appropriation is recommended to fund the salaries of faculty positions that are above the formula for 1979 and 1980.

But, these cutbacks in staff are only one portion of my proposal.

Meanwhile, examination of the budget will reveal a list of capital projects for the university and community college systems, to be funded from the surplus, in addition to other increases in operating costs.

The projects include:

\$3.7 million for improvements on the campus of the University of Nevada-Reno. This is to replace portions of the underground primary power system; an addition to the central heating plant, replacement of roofs, remodeling of restrooms and other facilities to remove architectural barriers and construction of a language laboratory.

— \$11.7 million for construction of a Business and Hotel Administration Building at the University of Nevada - Las Vegas.

— \$7.5 million for construction of a new building for the Mackay School of Mines on the Reno campus.

— \$851,000 for construction of a teaching facility for the Western Nevada Community College program in Fallon.

— \$10.9 million for phase three of the Fine Arts Complex on the Las Vegas campus of the University.

— \$1.3 million for miscellaneous projects for removal of architectural barriers on the Las Vegas campus.

— \$3.1 million for an addition to the Business College Building on the Reno University campus.

— \$2.3 million for community college construction in Henderson.

As you can see from this partial list of proposed projects, the higher education system in Nevada is receiving priority attention in the budget.

MEDICAL SCHOOL

I am also pleased to report tonight that the new University of Nevada Medical School is successfully converting to a four-year institution, as authorized by this body two years ago.

It is expected the four-year program will grant its first doctor of medicine degree in May of 1980.

The school is now accredited to admit 48 students per year, nearly all of them Nevadans. No longer will it be necessary for them to travel to other states to continue their education. Already some are returning to Nevada to practice or to serve residencies in Las Vegas and Reno beginning in July.

My budget proposes \$2.8 million the first year of the biennium, followed by an increase to \$4 million the second year. A majority of this increase is reflected in increased personnel costs.

CRIME AND CORRECTIONS

It is the recommendation of this administration that the Department of Prisons and the Department of Parole and Probation be combined into a single Department of Corrections.

This will serve to streamline two critically important systems. It should be added that such consolidation already has occurred in most other states.

It is an unhappy but inescapable fact that as the state grows, so does the crime rate. Indeed, felony convictions are increasing geometrically when compared to increases in the general population.

For example, during the fiscal year which ended June 30, 1978, the active population in the Nevada Prison System accelerated by more than 18 percent. Our general population grew by 6 percent during the same 12-month period.

The Department of Corrections merger concept would leave a Director of Corrections whose immediate subordinates would be the Director of Prisons and the Director of Parole and Probation. The concept makes sense in view of the fact that the two departments are dealing with the same offenders and share information and documents pertaining to these offenders.

Even with the merger and resultant streamlining of operation, it will be necessary to substantially increase the personnel needed to administer corrections. The budget seeks 64 new positions at the Prison and 57 at Parole and Probation over the biennium. We have no alternative when confronted with the hard statistics which tell us the workload for both departments will continue to increase dramatically.

Given the statistics, combined with the fact judges are handing down longer sentences for most crimes, there is ample justification for the added positions. With regard to parole and probation, the caseload has increased no less than 18 percent in each of the last four years and will rise by an estimated 22 percent in this calendar year. Last year, the caseload grew by 24 percent, while the number of parole and probation officers went up only 10 percent. I believe the message is there for all of us: we must have personnel necessary to administer an effective corrections program.

With regard to capital construction, the largest single proposal in the budget is \$25.9 million for a new medium security prison which would house some 400 inmates initially, but with the capacity to expand to 600. The necessity for this facility is widely accepted, and the essential question seems to be its location. In this connection, the citizens of White Pine County have indicated a keen interest and will be available to provide specific details.

Improvements in the existing facilities are required as well. They include \$1.7 million for a kitchen-dining hall complex, with facilities for other activities, at the Women's Correctional Center and \$1.3 million for construction of a psychiatric unit at the Northern Nevada Correctional Center.

In the area of criminal justice legislation, it is my firm belief that mandatory prison terms should be imposed on persons convicted of committing crimes while using firearms or other deadly weapons.

As you know, we now have a law which doubles the sentence upon conviction of a crime involving a deadly weapon; however, it is not always uniformly enforced. Under my proposal, a stiff sentence would be compelled under all circumstances. No longer could the criminal expect probation or a suspended sentence if he or she used a lethal weapon, even though the weapon might not be an element of the crime itself.

MENTAL HYGIENE AND RETARDATION

A considerable number of the capital improvements I am proposing include much needed facilities for the state's mental hygiene and retardation programs.

This reflects the perpetuation of a commitment to insure that these vital programs continue to progress as they did during the previous administration. And here I would like to pay special tribute to Governor Mike O'Callaghan for his compassion and visionary concepts in the entire spectrum of mental hygiene and retardation. All Nevadans owe him a great debt of gratitude.

Numbered among the capital improvements in the budget are the following:

— \$2.9 million for remodeling and new construction of facilities for the care of adolescents at the Las Vegas Mental Health Center.

— \$688,000 for construction of counseling facilities for out-patients in the rural clinic facility in Elko.

— \$425,000 for construction of a residential building for multi-handicapped citizens at the Desert Developmental Center in Las Vegas.

— \$403,000 for construction of an in-patient residential training facility for retarded citizens at the Sierra Developmental Center in Sparks.

— \$519,000 for improvements in the security system at Lake's Crossing Center of the Mental Health Institute.

In addition, there is a clear and compelling need for personnel increases within the division of mental hygiene and retardation. The budget document calls for an increase of 86 new positions, most of them for current programs, but some of them for innovations such as a secure juvenile facility at the Mental Health Institute in Sparks to accommodate our most disturbed adolescents.

I commend this portion of the budget to you with my enthusiastic recommendation.

HIGHWAYS AND TRAFFIC

Nevada's astonishing growth rate has brought with it myriad problems, not the least of which are traffic congestion in the urban areas and the gradual deterioration in the condition of many of our highways.

With this in mind, the budget proposes two appropriations from the general fund surplus which will have the effect of providing additional money for the construction and maintenance of the state highway system.

The first proposal is \$5.2 million to build additional office facilities for the Department of Motor Vehicles in Carson City. The second would provide \$5 million for the purchase of equipment for the Highway Department.

This \$10 million expenditure seems worthwhile as it will free gasoline tax revenues for use in construction and maintenance. And those tax revenues can be stretched much farther as they are often put to work in conjunction with federal highway funds.

The attention of the Legislature also is invited to a proposal which would streamline the mission of the Nevada Highway Board through the creation of a State Department of Transportation. The new agency would continue under the direction of the Highway Board and would have a Director and Deputy Director who would supervise the activities of four major division chiefs. This restructuring would take place through reassignment of existing personnel.

SOUTHERN NEVADA MUSEUM

As Nevada grows, so does the appetite of its citizens for cultural pursuits and historical knowledge. In the past few years, we have seen a refreshing expansion of programs and institutions which meet this need. Historic preservation commands high priority among our people. Equal emphasis is placed upon contemporary activities which are advocated by the Council of the Arts and other worthy organizations.

You will find in the budget a recommendation for \$2.7 million to construct a southern Nevada museum in Las Vegas. The need for this facility seems obvious as many of our southern residents, and especially children, are unable to travel to the museum in Carson City.

If we are to plan for the future, it is essential that we be aware of the lessons of the past. Our heritage is a rich tapestry of human thought, human enterprise and human triumph. We need to be reminded of it in tangible ways.

It is my earnest hope that this proposal will be favorably considered.

ONE TIME APPROPRIATIONS

I have mentioned tonight a number of capital improvement projects which I submit to you in the proposed budget.

There also are a number of one-time appropriations from the expected \$168 million surplus which I favor.

Included in the budget document are:

- \$16.5 million to be invested in a special account and then used, both the principle and interest, to pay off the state's present bonded indebtedness.
- \$3.75 million to be designated for use by local school districts for energy conservation programs and removal of architectural barriers.
- \$1.5 million set aside specifically for use in improvements in the state park system.

LAKE TAHOE

A matter of continuing concern to my Administration is Lake Tahoe and the surrounding basin.

It is my belief that there is a moral mandate to provide for the protection and preservation of this tremendous natural resource with a full recognition also of the necessity of protection of personal and private property rights within the basin.

The Regional Agency concept is logical and can be effective. However, amendments to the Tahoe Regional Planning Agency are necessary. The 1977 Legislative Session approved such amendments, but there was no action on the part of the State of California. There have recently been concerted efforts by representatives of the Executive Branch of both States and the appointment of an Interim Committee of the Nevada Legislature to consider appropriate amendments to the Tahoe Regional Planning Agency Compact.

Although I cannot completely support proposals advanced by the State of California, it is my hope that concerted, good-faith legislative negotiations by the states will produce an effective result. We must reject any unwarranted interference by the State of California or the Federal Government in matters primarily jurisdictional to the State of Nevada.

In the absence of an effective regional agency, I would urge a Nevada legislative effort to modify existing statutes so the Nevada Tahoe Regional Planning Agency would have jurisdiction to effectively protect the resources within the Nevada portion of the basin, should that become necessary.

It is my belief that additional Federal intervention in the Tahoe Basin must be avoided, and I urge not only this Legislature, but also the California Legislature, to come together in a joint effort to avoid such intrusion.

I also respectfully call on the Nevada Legislature to enact a law which would clear up the shoreline controversy at Lake Tahoe.

It presently is unclear as to where private ownership along the lake's shore ends, and state ownership begins. Clearly, legislation is needed to establish the boundary once and for all. A logical solution to the problem would be to designate a fixed point, at the low water level, for a permanent boundary.

FISH AND GAME

Finally, I commend to your attention a proposal involving the Department of Fish and Game.

This department, as much as any in state government, has seen its role change drastically in the past few years, and the time has come to expand its role beyond programs benefiting solely hunters and fishermen.

The scope of the department's responsibility has widened tremendously as we, as a society, have become more keenly aware of our environment and our wildlife.

Today, the Fish and Game Department oversees endangered species and works hard to maintain the threatened natural habitat of wildlife of all types. As man has expanded his own domain, we have seen diminishing populations of birds and animals—both game and non-game varieties. Those who hunt, fish or simply enjoy nature and its creatures have all suffered the consequences—and they all deserve improved conditions.

Traditionally, the Department of Fish and Game has been funded entirely through user fees.

The time has arrived when General Fund support should be provided.

It is a worthwhile endeavor which will enable our children and their children to better enjoy this beautiful land of ours.

I propose General Fund money be allocated in the amount of \$104,000 the first year of the biennium and \$147,000 the second year to support the activities of the department.

This would be done in conjunction of transferring the present user fees, deposited in special account, into the General Fund.

CONCLUSION

My presentation this evening has been necessarily lengthy, and I sincerely appreciate your attentiveness.

I have made mention this evening of a number of programs which I believe merit increased support from the General Fund—Mental Hygiene and Retardation, Corrections, Education and Gaming. These, of course, represent only a very slender percentage of programs within the executive branch.

Hundreds of other requests for increases, most of them worthwhile, were rejected because we simply do not have the money to do everything that needs to be done and at the same time maintain fiscal responsibility.

As I indicated at the outset of my message, this is a lean budget which provides for absolutely essential needs but allows no room for luxuries.

I believe it strikes a fair balance between the legitimate needs of those whom we serve, and their legitimate concerns about the costs of meeting those needs.

That is the responsibility we share, for the people have entrusted us with striking that balance.

In conclusion, permit me to extend my cooperation to you during the coming weeks as you deliberate the laws which will affect all our citizens. My Administration stands ready to provide you with all possible support and assistance.

Each of you has my warm good wishes for success. Let us together meet the challenges of the New Nevada. May God be with us all.

Thank you, and good night.

Senator Raggio 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 Vergiels.

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 Wilson moved that the Joint Session be dissolved.

Seconded by Assemblyman Bedrosian.

Motion carried.

Joint Session dissolved at 7:57 p.m.

ASSEMBLY IN SESSION

At 8:03 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 Bills Nos. 1, 2.

REMARKS FROM THE FLOOR

Assemblyman Coulter requested that Assemblyman Robinson's remarks be entered in the Journal:

H. P. CHUNG, *Consul General*, Consul General Office of the Republic of China

Mr. Chung is a retired navy captain from the Republic of China Navy for 20