

MINUTES OF MEETING - ASSEMBLY COMMITTEE ON AGRICULTURE - March 27, 1969

PRESENT: GETTO, R. YOUNG, B. HAFEN, HOWARD, BROOKMAN, CLOSE, DINI

ALSO PRESENT: Ira H. Hunt, Fallon, Nevada; Karl Weishaupt, Fallon, Nevada; Ray Knisley, Lovelock, Nevada; Fred H. Settlemyer, Minden, Nevada; Don Simpson, Carson City, Nevada; John Marino, Reno; Bill Hicks, Reno Agriculture Livestock Council; Tom Bahan, Reno; Senator Carl Dodge, Fallon, Nevada.

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Chairman Getto opened the meeting and called for a committee introduction of a bill. He stated that this discussion was necessary because of the wide misunderstanding of this bill and SB-239.

Comments were made to the effect that this covered cattlemen as well as produce growers and that each had to forfeit part of or all of their bond if produce is not sold within 24 hours and damage occurs. In the case of livestock one specific case was cited where there was trouble after the sale in Fallon and the owner was sued even though the owner had researched prior to the shipment of stock. A lien was received after shipment and because of the law the owner was sued. The court decided that the owner had shown good faith and the verdict was in his favor, had it not been this man would probably have had to forfeit his entire cash bond and most likely mortgage part or all of his assets through no fault of his own.

Senator Dodge, who authored and introduced this bill in the Senate then addressed the committee. He said that a hearing had been held at which representatives from the insurance and bonding companies had been present and that what was actually required by the bonding companies was the amount of the bond in cash and working assets of 10 times that amount. i.e., for a \$10,000 bond it would take that amount in cash and \$100,000 in assets. There are over 125 brokers registered with the bonding companies. Senator Dodge went on to say, however, since this measure has been instituted in about 1961 or 1963 there had been 7 recoveries and many instances of settlements being made to the sellers. Testimony offered that in no other state such as California are bonds required by law. The liability is an accumulative thing and with the Nevada law every buyer hurt would have to secure court decision. There was required bonding in other areas up to \$7500 and there were indicated some administrative problems. The question came up as to whether or not the arrangements could not be made whereby the cash payment could not be handled in payments stretched over a period of time and the answer was that if the application was accepted it was on a flat rate basis, for inflationary reasons. The fact that if they raised this from \$5000 to \$10,000 some of the smaller sellers, especially in produce, could not comply, that many of them could not even reach the \$5,000 level and it might put many of them entirely out of business and another suggestion was presented that it might be handled in payments of 20% over a period of time. Mr. Dodge said that if the department felt it could be handled that way it might be worked out.

Assemblyman Dini then asked if they could not have a \$5,000 minimum and Senator Dodge said that on some of their regulations they might be able to make some determination on this but he gathered they thought it best to work on a flat rate.

Assemblyman Howard made the statement that he thought the bond was raised because of the produce sellers rather than the livestock sellers but he would like to know why a cattlebuyer should have to stand both.

Mr. Dodge said that if inquiries were made he thought it would reveal that most of the stockbuyers were under PS and all they had to do was file for a PS bond. When asked how many claims were unsatisfied, Senator Dodge said he could not definitely comment on that but he knew of seven actions against the bonds and there were about forty cases settled by the intervention of the department.

It was then stated that many of the small buyers that came to buy would operate their own trucks and in all areas every time through credit investigation they would run into trouble and that they were interested in getting a little help on that score. And it was felt that the only way this could be remedied was thru legislation. Mr. Howard then asked if the \$10,000 covered the amount of business these men had and the answer was negative that in some cases bad checks had been given and if they had been checked out before it would have been discovered that these people did not anywhere near \$5,000.

Mr. Hicks then said that after many discussions they had arrived at the conclusion that livestock buyers should be bonded higher because of their investment being so much larger.

Mr. Knisely then said that anybody applying for a bond were thoroughly researched before they were allowed bond. That he did not think they were getting anymore protection for \$10,000 then for \$5,000 and that in his opinion if a man were asked if he was bonded in the livestock industry you just might lose a bidder that there was enough money evidenced in the sale without a background search. He said that Swift & Company, formerly one of the biggest cattle buyers that came to Nevada will no longer buy in the state because of having to post bond and that they were doing all their buying in this area at Stockton Calif. because of ^{not} having to post bond in California and that Swift absolutely refused to post bond.

Mr. Dodge said he felt that most of these fellows were speculators and if he has only a \$5000 bond and buys while the market is down then the \$5000 bond can avoid a lot of trouble especially if the product was hay. A man would have a little more chance to operate even with a down trend.

Mr. Close then asked what terms could be worked out with a credit reference.

Mr. Settlemyer said that when the bill was first brought out he had felt it would be better if it did not apply to cattle buyers and that he investigated thoroughly asking hay producers and felt it might well apply to them but even the hay people felt that it should not effect livestock as they dealt in such quantities. Mr. Dodge said they were covered by stockyards and it could be they do not have to buy but one bond.

The question as to a state license was raised and Mr. Dodge said he thought he could find out as to such a license. Mr. Branch then asked how many of these were covered by PS. He was answered that as far as the hay buyer

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was concerned the feeling was that they would be amenable to the system of just filing for the bond.

Chairman Getto projected the question as to how many there were from each area and also that the ranchers or at least some of them were buying and trading and were these people to be termed buyers, many of them could go to \$10,000.

Mr. Getto announced that the committee would continue the study of the bill and would consider it at a later meeting. He then asked for discussion on, AB-728.

A general discussion followed in which it was stated that it seemed that the present bill covered the milk drive-in issue as six or seven years ago a company started promoting this in the Reno area and all they had to do was go to the Dairy Commission and arrange prices with them. The thought that the bill would better to more clearly define what a milk drive in was to be. A strong objection was raised to the term "bottled on premises" due to the fact that a facility encompassing this operation would raise the cost and therefore more would have to be charged for milk therefore making the cost to the consumer higher and it was doubted that there would much of a saving to the buyer, this would also involve stricter building and health codes.

Previously Mr. Getto had ask Assemblyman Close to get data on these operations in California which Assemblyman Close presented to the Committee (see copy of report attached). He said that he felt the only persons to be hurt thru this function was perhaps the retailer and that the consumer would benefit immensely, and that whether the person opening one of these drive-in places made a success or not was not the reason for the bill it was to make it possible for anyone who wanted to invest to have the legal right to do so.

It was also brought out in the discussion that the Dairy Commission was not opposed to this kind of operation. It was the general opinion of all that the "bottle on premises" was the one thing that would raise otherwise these places could be operated at a great savings to the people. There was some thot given to the issue of the small population in Nevada compared to other states and whether or not it could pay.

Action on AB-728 was postponed until later meeting - no quorum.

On AB-367 Amendments were discussed, word changes suggested by Agriculture Counsel. Proposed amendments read [would levy head tax on tax roll (once per year taxpayers could get refund changes method of levying) collecting taxes 410,000 cattle, not to exceed \$25,000.

Assemblyman Young suggested passing bill with later effective date so concerned could study, the provisions, suggested date effective July 1, 1971

Assembly Committee on Agriculture

March 27, 1969

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The Agriculture Counsel said bill is not supported because of lack of under-
standing

Motion made by Young that bill be amended to be effective July 1, 1971
and wording changes, offered by Mr. Hicks.

Motion seconded by Mrs. Brookman
Motion carried.

Meeting adjourned until 3:15 PM

Meeting re-convened by Chairman Getto who ask for action on AB-728 367

Motion by Young to pass AB-³⁶⁷~~728~~ as amended including Hicks amendment.

Motion seconded by Assemblyman Brookman

Motion carried 5 ayes.

Meeting
Motion adjourned

See
correction
page in
front of this
vol.

CORRECTED MINUTES FOR MARCH 27, 1969 - PAGE 4
COMMITTEE ON AGRICULTURE

The Agriculture Counsel said bill is not supported because of lack of understanding.

Motion made by Young that bill be amended to be effective July 1, 1971
and wording changes. offered by Mr. Hicks.

Motion seconded by Mrs. Brookman
Motion passed

Meeting adjourned until 3:15

Meeting reconvened by Chairman Getto who ask for action on AB-367

Motion by Young to pass aAB-367 as amended including Hicks amendment

Motion seconded by Assemblyman Brookman

Motion carried 5 ayes.

Meeting adjourned

MINUTES OF MARCH 25th
CORRECTION PAGE 2

MOTION made to indefinitely postpone action on AB-718 change to AB-728
MOTION SECONDED
MOTION CARRIED 6 AYES (CHANGE TO 4 ayes 2 naves)