

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
April 19, 1977

The meeting was called to order at 4:00 p.m.

Senator Floyd R. Lamb was in the chair.

PRESENT: Senator Floyd R. Lamb, Chairman
Senator James I. Gibson, Vice Chairman
Senator Eugene V. Echols
Senator Norman D. Glaser
Senator Norman Ty Hilbrecht
Senator Thomas R. C. Wilson
Senator C. Clifton Young

OTHERS: Ronald W. Sparks, Chief Deputy, Fiscal Analyst
Howard Barrett, Budget Director
Cy Ryan, UPI
William W. Morris, President, Rebel Athletic Foundation
William G. Swackhamer, Secretary of State
Dr. Don Baepler, President, UNLV
Wayne Pearson, Director, Athletic Fund Raising
Dwight Marshall, Director, Continuing Education
John Gamble, Superintendent, Public Instruction
Jim Shields, Nevada Education Association
John Tom Ross, Board of Regents
Bob Best, Executive Secretary for
Nevada State School Board Association
Jim Sale, President, Nevada PTA

Senator Lamb said this was the time and the place set to hear A.B. 612. He asked who would be the spokesman for the University.

Mr. Morris said that the bill simply redistributes the Federal slot tax rebate between the University capital construction program and the State distributive school fund. Presently, the slot tax money amounts to \$11-1/2 million with the first \$5 million going to the University and the balance or approximately \$6-1/2 million going to the State distributive school fund. The proposed legislation corrects this inequity by redistributing on an equal basis all slot tax rebate in excess of \$15-1/2 million. With the first \$15-1/2 million, divided equally, that is \$7-3/4 million between the Distributive School Fund and the University Capital Construction Fund; the breakdown on that: the first \$5 million to the University and the next \$7-3/4 million to the Distributive School Fund and the University getting the next \$2-3/4 million.

The bill provides that the above \$2-3/4 million is earmarked for construction of an 18,000 seat basketball pavilion and center for continuing education on the UNLV campus and a similar project on the UNR campus, each costing \$14.8 million. The bill has no effect on the '77-'79 budget of the public school system. The cash flow is triggered to the University only after the slot tax rebate has reached \$12-3/4 million, and this is the amount projected by Howard Barrett over the next two years.

After the \$12-3/4 million mark is reached, the next \$2-3/4 million goes to the University and can be made available two ways: one by the gradual build up over the next few years of slot machine tax money, by putting into operation more slot machines; secondly, by Nevada's Congressional delegation winning approval of an increase in the slot machine tax rebate from 80 percent to 95 percent, at which time the 80 percent brings in \$200 per machine and the 95 percent would bring in \$237.50 per machine. It would im-

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mediately increase the taxes approximately \$2 million. He asked Russ McDonald to give the Committee the background on the legislative history of these taxes.

Mr. McDonald spoke of the 15 years that the legislature had attempted to get some rebate from the Federal government on slot machine taxes. In 1971, he suggested to Mr. Swackhamer that, since support of public education in 1971 seemed to have reached a pitch in the Congress, that if the legislature would accede to some device which would guarantee that if the money was returned it be used for specific educational purposes, and that might be the thing which would be a new attraction in the approach. He suggested that it be done in the name of the higher education capital construction fund. He asked Mr. Swackhamer to continue with the history of the fund.

Mr. Swackhamer said they took the bill as Mr. McDonald had suggested, and he and Mr. McDonald and some of the men on the Finance Committee went to Washington to try to get Congress to go along with this legislation. He said the suggestion of a higher education capital construction fund could not have come at a better time because the Community College program was just getting off the ground at that time, and at that time, and in that Congress, when you talked about education and the construction of educational facilities, you were talking to people who were very responsive, and in their talks with the members of the Congress that was the chief thing. In the first year, it was estimated that it would bring in approximately \$7-1/2 million, of which \$5 million was allocated to the University for capital construction and the balance to go into the distributive school fund. Since then, he understood that the return from the slot tax credit has nearly doubled.

Dr. Baepler said that the basic concept embodied in this particular piece of legislation was approved by the Board of Regents on February 18, of this year. The principal objective of this proposal is to provide sports facilities on both the campus in Reno and the campus in Las Vegas. Today he was focusing more on the campus in Las Vegas because there has been a considerable head start in planning the project, but it should be born in mind that it provides equally for both ends of the State. He referred to the last campus master plan which was developed in '68-'69, and that drawing shows a space on the campus of approximately 60 acres designated for a sports pavilion. Even with this provision for a sports pavilion there is adequate academic space available for a campus of 25,000 to 30,000 students, should they ever be forced to go that large, assuming a construction module of a four-story type of building on the campus, and they obviously have the option of going higher than that. This is land all under the control of the university now. They have no more land outstanding in the land foundation or land bank. There are approximately 4,500 spaces for parking allocated to the project which will be available during the daytime for campus use just as some of the campus parking will be available for the sports complex in the evening when it would receive its heaviest use.

It is an 18,000 seat pavilion designed specifically for basketball, but a very significant portion of the building is dedicated to the continuing education program. He detailed the growth of this program and said that it is 95 percent self sufficient with 5 percent administrative costs coming from the state. This program desperately needs to have some classrooms, conference rooms, lecture facilities, kitchen and dining facilities and the new facility will provide eight classrooms of 50 students each, a 350 seat auditorium, dining facilities for 200, sufficient administration and registration areas to house the administrative staff, and registration areas to register 15,000 people.

This will give the continuing education program a dedicated home not sufficient to meet its total needs, it will still have to use campus needs, but some space to call their own for purposes of their instructional program. He said that the states contiguous to Nevada all have a large basketball pavilion on their campus. The facilities on the other state campuses prove that this becomes a real student center. It is used for commencement and there is a severe problem at UNLV in finding a place to hold these exercises. This will provide a place for the students to hold concerts and lecture series.

He said they were very interested in getting into the WAC Conference to affiliate with schools like New Mexico, Utah, BYU, Wyoming, Colorado State, and Texas, El Paso. There is no possibility of getting into this conference unless they have an expanded football stadium or unless they have a large on-campus basketball pavilion, and clearly it is their intent to move in the direction of getting into a major conference.

The revenue aspects are enormous, Dr. Baepler said. At the present time the entire athletic program is supported by the state at approximately a level of 25 percent; 75 percent of the revenue coming from public donations and from box office. The box office is the part of the revenue they would like to increase. It cannot be increased at the convention center; they are lucky to be able to schedule a year in advance there because it is incredibly busy. With their own facility they could schedule two and three years in advance, as other schools do, and play many of the major teams in the country. They could draw the kinds of people that would deliver the revenue to the campus, that revenue not going back into basketball, but instead going into track, tennis, golf, wrestling, soccer and all of the non-revenue producing sports that must be built up if they are to enter a nationally recognized conference. For all of the reasons that he had listed he urged support on the bill.

Senator Glaser asked how long this project had been on the drawing board. He asked if it had worked its way up on the priority list and been examined by the Public Works Board.

Dr. Baepler said that the project would conform totally with the Public Works Board, be reviewed by them etc. In 1968-69 they set aside the space for this particular sports facility. The urgency of this particular facility has been thrust upon them only recently. It has only been in the last two years that there have been sell out crowds in basketball and the turn-away crowds that have been experienced during this time have meant many hundreds of thousands of dollars of revenue. It has been only in the last several years that the continuing ed program has ballooned to such proportions that the campus facilities can no longer accomodate them. They work on a four-year capital budget projection which is presented to the Legislature at each session. So the buildings that would be now coming on line, like the addition to the library, were really part of the capital budget two and four years ago. This particular project has not been programmed on the regular capital projects list of either UNR or UNLV. It is not destined to come out of capital improvement funds, nor out of the first \$5 million of the slot machine rebate. Those are the two sources that are typically used for campus improvement.

Dr. Pearson spoke to the point of the possible revenue ramifications which Dr. Baepler had touched upon briefly. He enlarged upon the numbers of people who attended the football and basketball games. He spoke of the demands for seats at the basketball games and said they were only able to accomodate a fraction of the people in the county who wanted to come to the games. He said he estimated that over the last three years they have lost between \$500,000 and \$1 million a year in basketball revenue alone. He spoke of the support for the program which they receive from the community.

Mr. Marshall spoke next on the Continuing Education program. He detailed the number of students in the program and the programs offered. He enlarged upon the general areas that Dr. Baeppler had touched upon, the need for a dedicated space for the program. He said they had not come to the Legislature with a heavy pitch for more tax revenue because they had the support of a vast number of people in Las Vegas. He said they did need a small meeting space for groups of anywhere from 30 to 100 to 150; and they also needed specialized teaching space.

He answered questions from the Committee relative to the use of classroom facilities and other relative matters. He explained that the eight classrooms in the new facility were expandable for multiple use.

Mr. Ross said he was the Regent from the 15 small counties and he wanted to introduce a Reno contingent that was present to show that this was a north/south project.

He said he had calls from people in many of the smaller counties urging him to appear today to support the facility as a north/south project. He said he had gone to Washington, D. C., a month ago to talk with the Nevada delegation, and he had talked with two of them that morning to confirm the discussion. They confirmed that the extra 15 percent they are trying to get by the Congressional legislation, is Federal tax money, not State tax money. It looks, at this moment, that by tying a rider to a bill, it should be fairly easy to get this money for the state, if it is to be used for capital construction. If it is used for operation, then it would be difficult, as other states would protest this use. He felt that the passage of the bill under discussion would enhance the ability of the Congressional delegation to get the extra 15 percent. This, in fact, would be helping them to help us.

He spoke on the facility that would be built in Reno, describing the needs, citing the inability of advance scheduling at the Reno Convention Center and the need to be able to schedule a year or two in advance. He asked the Committee to recognize the priority of the bill.

Mr. Morris ended the presentation by giving each of the Committee members a brochure of the plans for the new facility in Las Vegas. He said the foundation has obtained written pledges in the amount of \$1. million from Parry Thomas, Chairman of the Board of Valley Bank, and Jerry Mack, Vice-Chairman of the Board of Valley Bank. This money would be put into an endowment fund to assist in the operation of this facility, thereby giving the Committee assurance that the University will not be coming back for operational money.

Mr. Gamble said he was appearing in opposition to the bill as presented and amended. He said the Committee had the information which he had prepared earlier regarding A.B. 612 before it was amended. Copy attached.

Mr. Shields gave the Committee a handout showing the projected losses to the Distributive School Fund. Copy attached. He spoke against the bill. He said on the question of the merits of constructing these sports complexes at UNR and UNLV, his association takes no position.

He discussed the normal procedure for assigning priorities for state capital construction projects and noted that these would not be followed under this bill.

He said the Association did take a position on the projects, as they felt they were being funded at the expense of Nevada's school children. He projected that this would divert nearly \$31. million in the next ten years. He spoke about the tables which were listed in his handout, developing these projections. He said if this bill were passed either the Legislature and the

Governor would have to replace, in whole or in part, the lost slot tax revenues with general fund appropriations, or state funding of Nevada schools will be cut with the result of shifting more of the the funding responsibilities to local government sources. He urged that the Committee not give favorable consideration to the bill.

Mr. Best spoke and said that the school boards in Nevada are not opposed to a sports complex in Las Vegas or Reno. The school boards are opposed to this proposed financing method. He said the reasons had already been pointed up by the other speakers. Growth in the slot tax fund would stop from the time it reached \$12.75 million until it got beyond \$15.5 million. After that it would only grow, from this source, by one-half of the slot tax rebate over the \$15.5 million.

He felt there were legal and responsible ways to finance sports pavilions and capital improvements, and they recommended that this be the manner that should be followed whether it is general obligation bonds, revenue bonds, or one shot money that the Legislature sees fit that they can appropriate as they do with other priority C. I. P. items.

Senator Lamb asked if he was speaking from general information or had he contacted these school boards.

Mr. Best said he had called them by telephone since the bill came out.

Mr. Sale read from a prepared statement, copy attached.

Senator Gibson asked what their proposal required in annual funding, \$1.4 million in each campus per year?

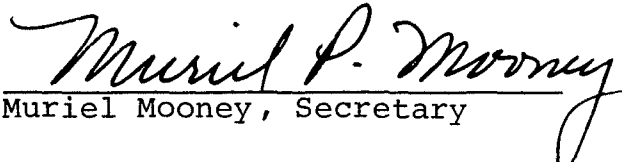
Mr. Morris said that based on calculations made by Mr. Hal Smith and Dr. Guild Grey, the \$29.6 million should be amortized annually at a cost of \$2.723 million. Once that figure is reached then the money coming back into the University C.I.P. fund can be used for other capital improvements like the initial \$5. million can be used.

Senator Gibson said he was wondering what the additional rebate would raise and whether it alone would cover, in other words, not disturb what is coming to the state now and its apportionment.

Mr. Morris gave the Committee some figures developed by Mr. Pearson on this subject.

The meeting recessed at 5:05 p.m.

RESPECTFULLY SUBMITTED,


Muriel Mooney, Secretary

APPROVED:


FLOYD R. LAMB, CHAIRMAN

4/19 P.M

Name	Organization	Address	Phone
Wayne Pearson	UNLV	UNLV Las Vegas	739-3614
John Tom Ross	UN. Regent - Rural	Carson City	882-1674
John R. Gamble	Dept of Educ	CC	885-5700
Bob Best	Nev. Schol. Board Assoc.	Carson City	883-4836
Jim Sale	Nev. Parent Teacher Assoc.	RENO	825-1451
WM W. Morris	REBEL ATHLETIC FOUNDATION	319 So. 3rd LAS VEGAS	382-1430
Donna McDermott	Washoe County	1205 7th St Reno	785-4179
Richard S. Pugh	Nev. State Med. Assn.	3660 Baker Ln. Reno	825-6788
GEORGE BEVIVETT	STATE BD OF PHARM.	1281 Tenth St Reno	322-0691
Joyce Woodhouse	NSEA	1711 E. 5th #42 Carson	883-2448
John Hawkin	CARSON CITY SCHOOLS	635 W. Long Carson	882-6895
Rosemary Clarke	St. Br. of Education	2544 Casey Ave	726-7988
C.H. Fisk	KLUX	LAS VEGAS	
J Shields	New State Ed. Assoc	CC	882-5574
Paul Ghilarducci	NSEA	Carson City	882-5574
Robert Rose	NSEA	CC	882-5574
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Don CARANO	UNIR	Reno	322-0635
Robert Cashell	UNR	RENO	345-6000
Don McWhie	UNR	RENO	322-9471
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