

Bulletin No. 11-05



Logistics and Distribution Centers

Legislative Counsel Bureau



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LOGISTICS AND DISTRIBUTION CENTERS

BULLETIN NO. 11-05

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SUMMARY OF RECOMMENDATIONS

LEGISLATIVE COMMISSION'S SUBCOMMITTEE TO STUDY THE DEVELOPMENT AND PROMOTION OF LOGISTICS AND DISTRIBUTION CENTERS AND ISSUES CONCERNING INFRASTRUCTURE AND TRANSPORTATION

Assembly Concurrent Resolution No. 30
(File No. 96, *Statutes of Nevada 2009*)

On June 21, 2010, during the fourth and final meeting of the Legislative Commission's Subcommittee to Study the Development and Promotion of Logistics and Distribution Centers and Issues Concerning Infrastructure and Transportation (Assembly Concurrent Resolution No. 30, File No. 96, *Statutes of Nevada 2009*), the members conducted a work session and voted to forward five bill draft requests (BDRs) to the 2011 Legislature. The Subcommittee members also voted to draft five letters to various entities expressing their support for specific issues or encouraging certain action. During the work session, the members also voted to include statements of support for issues in the Subcommittee's final report. A summary of each BDR, letter, and statement follows.

During the drafting process, specific details of the following proposals for legislation and letters may be further clarified by staff in consultation with the Chair or others, as appropriate. If a proposal for legislation or letters includes reference to specific chapters or statutes of the *Nevada Revised Statutes* (NRS), as part of the drafting process, amendments to other related chapters or sections of the NRS may be made to fully implement the proposals.

BILL DRAFT REQUESTS

1. Draft a resolution asking Congress and the Federal Highway Administration, United States Department of Transportation, to designate U.S. Route 93 as future Interstate Highway 11. The Interstate Highway would begin at the border of Mexico (south of Tucson, Arizona), continue through Las Vegas, Nevada, and Reno, Nevada, and end at the border of Canada (north of Seattle, Washington). By designating this as an Interstate Highway, it would connect to the Interstate Highway 40 east to west corridor and assist in making Nevada the distribution and manufacturing "Capital of the West." **(BDR R-171)**
2. Draft a bill to allow a person who intends to locate a logistics-based business or renewable energy business, excluding businesses that would be currently eligible for the abatements [set forth in NRS 360.750 or 701A.365], to apply to the Commission on Economic Development for a partial abatement of one or more of the taxes imposed on the new business pursuant to Chapters 361, 363B, or 374 of the NRS. If the business

is in a county whose population is 100,000 or more or a city whose population is 60,000 or more, the business must meet at least two of the following requirements:

- The business will have 50 or more full-time employees on the payroll of the business by the fourth quarter that it is in operation;
 - Establishing the business will require the business to make a capital investment of at least \$500,000 in this State; or
 - The average hourly wage that will be paid by the new business to its employees in this State is at least 80 percent of the average statewide hourly wage established by the Employment Security Division of the Department of Employment, Training and Rehabilitation on July 1 of each fiscal year, and the business will provide a health insurance plan for all employees which includes an option for health insurance coverage for dependents of the employees. The cost to the business for the benefits the business provides to its employees in this State will meet the minimum requirements for benefits established by the Commission. **(BDR 32-175)**
3. Draft a resolution expressing the Legislature's intent to support economic development in two areas: (a) logistics-related businesses; and (b) renewable energy-related businesses. The resolution should further express the legislative intent that funds from any source which are used for job training, vocational education, or other relevant projects, be considered first for job training, education and development in logistics-related businesses, and renewable energy-related businesses, to develop expertise in the Nevada workforce. **(A.C.R. 4 [BDR R-174])**
 4. Draft a bill that makes various changes relating to logistics and distribution centers for the Legislative Commission's Subcommittee to Study the Development and Promotion of Logistics and Distribution Centers and Issues Concerning Infrastructure and Transportation. **(BDR -176)**
 5. Draft a bill that makes various changes relating to the development of infrastructure and transportation issues in Nevada for the Legislative Commission's Subcommittee to Study the Development and Promotion of Logistics and Distribution Centers and Issues Concerning Infrastructure and Transportation. **(A.B. 182 [BDR 22-177])**

LETTERS

6. Draft letters to Nevada's Department of Transportation (NDOT), the Board of Directors of NDOT, and Nevada's Congressional Delegation supporting the development of State Route 805, which will connect Interstate Highway 80 and U.S. Highway 50. According to testimony, the developers of the Tahoe-Reno Industrial Center in Storey County will donate the right-of-way to the State for the construction of

State Route 805. Further, it was noted that the creation of this road is vital to the continued growth and economic diversification of Nevada.

7. Draft letters to the Clark County Board of Commissioners, the Director of the Clark County Department of Aviation, and the Director of NDOT urging their support of the industrial development within the Ivanpah range along with the development of the future Ivanpah Airport. According to testimony, industrial development in the area should be included in the Environmental Impact Study, which is being prepared by Clark County's Aviation Department. Also, consideration should be given to the current capacity of McCarran International Airport as the Ivanpah Airport is developed. Additionally, funding should be allocated for the development of road, rail, and utility infrastructure into the Ivanpah area and consideration should be given to expand State Route 164 in order to serve the Ivanpah area.
8. Draft letters to the Clark County Board of Commissioners; City Councils of Boulder City, City of Henderson, City of Las Vegas, City of North Las Vegas; and the Board of the National Association of Industrial and Office Properties, Southern Nevada Chapter, requesting that they coordinate and designate funding and stimulus dollars for construction of infrastructure improvements including roads, electrical, sewer, and other utilities to large areas of vacant land in southern Nevada. It was noted that large sites should be developed quickly in order to attract major distribution centers and manufacturers.
9. Draft letters to the members of the Western High-Speed Rail Alliance, which include the Denver Regional Council of Governments, Maricopa Association of Governments, Regional Transportation Commission (RTC) of Southern Nevada, RTC of Washoe County, and the Utah Transit Authority, supporting their efforts of determining the viability of developing and promoting a high-speed rail (HSR) network to provide HSR connections throughout the Rocky Mountain region with eventual connections to the Pacific Coast and other regions of the United States. Additionally, the members of the Alliance should be commended for its plan to work jointly for the acquisition of funding to conduct studies of HSR options, to develop plans for HSR infrastructure, and to construct HSR facilities throughout the region as they are determined to be viable. Further, a HSR promotes economic expansion (including new manufacturing jobs), creates new choices for travelers beyond flying or driving, reduces national dependence on oil, and fosters urban and rural community development.
10. Draft letters to the Governor of the State of Nevada, Lieutenant Governor (serving in his capacity of Chair of the Commission on Economic Development), Chair of the Senate Committee on Finance, and Chair of the Assembly Committee on Ways and Means urging them to promote Nevada as the "Manufacturing and Distribution Capital of the West" and the "Best Business Climate in America." Focus should be on companies that have a large number of jobs, not only highly technical jobs but high-paying jobs. Additionally, a professional national media campaign should be designed to attract

businesses from the east that are considering moving west. In order to accomplish this, funding should be included in the *Executive Budget* to hire and pay for such a campaign. Further, the State should increase funding to local economic development agencies, including the Economic Development Authority of Western Nevada (EDAWN) and the Nevada Development Authority (NDA), to achieve their existing economic development goals.

STATEMENT IN THE FINAL REPORT

11. Include a statement in the final report supporting a partnership between the State, the business community, and the Nevada System of Higher Education, to further the logistics and supply chain management industry in Nevada. Members of the partnership should consider focusing its resources on a consolidated Supply Chain Management program, beginning in the elementary schools and continuing up to the university level.
12. Include a statement in the final report encouraging the Secretary of State, Commission on Economic Development, EDAWN, NDA, Las Vegas Chamber of Commerce, Reno/Sparks Chamber of Commerce, and any other interested parties, including leaders of the business community, to meet and develop a coordinated statewide economic development plan to promote diversification of the Nevada economy. The participants should consider consolidating resources and identifying targeted industries to relocate to Nevada. It is important to target such industries, particularly for education and training.

**REPORT TO THE 76TH SESSION OF THE NEVADA LEGISLATURE BY THE
LEGISLATIVE COMMISSION'S SUBCOMMITTEE TO STUDY THE
DEVELOPMENT AND PROMOTION OF LOGISTICS AND
DISTRIBUTION CENTERS AND ISSUES CONCERNING
INFRASTRUCTURE AND TRANSPORTATION**

I. INTRODUCTION

The 75th Session of the Nevada Legislature adopted Assembly Concurrent Resolution No. 30 (File No. 96, *Statutes of Nevada 2009*), which directed the Legislative Commission to conduct a study on the development and promotion of logistics and distribution centers and issues concerning infrastructure and transportation in Nevada. The Subcommittee was charged with considering the steps that need to be taken to create and promote the further development of Nevada as a logistics and distribution center.

The Subcommittee held a total of four meetings, including a work session, during the course of the study. All meetings were open to the public. Each meeting was conducted through simultaneous videoconferences between legislative meeting rooms at the Grant Sawyer State Office Building in Las Vegas and the Legislative Building in Carson City.

During the course of the interim study, the Subcommittee reviewed a variety of issues related to economic development and transportation. The minutes from each meeting are available through the Legislative Counsel Bureau's Research Library and through the Legislature's website at www.leg.state.nv.us.

At the fourth and final meeting, members conducted a work session at which they adopted 12 recommendations, 5 of which are bill draft requests (BDRs). The recommendations support the promotion of economic development in Nevada, such as: (1) designating U.S. Route 93 as future Interstate Highway 11; (2) economic incentives for a logistics-based business or renewable energy business; and (3) supporting economic development in the areas of logistics-related businesses and renewable energy-related businesses. Additionally, the Subcommittee members voted to send five letters to federal, State, or local entities expressing their support for various issues relating to the development and promotion of logistics and distribution centers, infrastructure, and transportation.

The following legislators served on the Subcommittee during the 2009-2010 Legislative Interim:

Assemblyman Kelvin D. Atkinson, Chair
Senator Shirley A. Breeden, Vice Chair
Senator Bob Coffin
Senator Dennis Nolan
Senator David R. Parks
Senator Maurice E. Washington

Assemblywoman Barbara E. Buckley
Assemblywoman Heidi S. Gansert

The following Legislative Counsel Bureau staff members provided support to the Subcommittee:

Marjorie Paslov Thomas, Principal Research Analyst
Wayne Thorley, Senior Research Analyst
Heidi A. Chlarson, Principal Deputy Legislative Counsel
Darcy L. Johnson, Deputy Legislative Counsel
Cindy Benjamin, Senior Research Secretary

II. REVIEW OF ASSEMBLY CONCURRENT RESOLUTION NO. 30 (FILE NO. 96, *STATUTES OF NEVADA 2009*)

Assembly Concurrent Resolution No. 30 directed the Legislative Commission to appoint a subcommittee to conduct a study and consider creating and promoting the further development of Nevada as a logistics and distribution center. The resolution sets forth the topics that must be included in the study, which includes:

- Identification of barriers to the development of logistics and distribution centers;
- The costs and benefits associated with expanding mass transportation systems and developing the necessary infrastructure for transportation systems;
- Delineation of future foreign trade zones;
- Prioritization of infrastructure needs, including energy and water, infrastructure and transportation systems, including mass transportation systems and light rail corridors;
- Formation of public-private partnerships for financing and incubation of new businesses;
- Funding options for the expansion of mass transportation systems and light rail corridors;
- Attraction of businesses associated with supply chain management activities, including assembly, manufacturing, warehousing and transportation; and
- Identification of strategic public policy actions to expedite the investments of private development companies in major logistics centers in Nevada.

III. REVIEW OF MAJOR ISSUES AND COMMITTEE ACTIVITIES

The Legislative Commission's Subcommittee to Study the Development and Promotion of Logistics and Distribution Centers and Issues Concerning Infrastructure and Transportation considered a number of issues relating to economic development and transportation. The presentations made to the Subcommittee were provided as background to aid in understanding Nevada's economic development and transportation issues. The following is a summary of the major presentations:

A. Nevada's Economic Vitality

It was noted by various presenters and Subcommittee members that the State must continue to shape an environment that strengthens business growth, job creation, and a superior quality of life. Members noted that a diversified economic base is important, especially during the current recession. The health of northern and southern Nevada's economies depend on a variety of factors including: (1) a tax structure that supports business growth and job creation; (2) a well-maintained transportation infrastructure that allows for the smooth flow of vehicle travel; (3) a superior educational system that yields a highly competent work force; and (4) dedication to advancing economic development and diversification. Many presentations were given to the Subcommittee concerning the need to develop competitive industry clusters such as manufacturing, distribution, and logistics throughout the State, which will enhance the operating environments of the area and make the State more competitive nationally and globally. Nevada is uniquely positioned to do this since its two major metropolitan areas are located along major transportation corridors.

B. Review of Current and Future Transportation Infrastructure to Support Logistics and Distribution Centers

The Subcommittee heard testimony from representatives of the Clark County Department of Aviation, Nevada's Department of Transportation (NDOT), and the Reno-Tahoe International Airport concerning Nevada's transportation infrastructure. Information was provided regarding the strength and weakness of Nevada's major airports and highway system and the role they have in logistics management and economic diversification for Nevada. Additionally, members received a presentation on existing transportation systems and Nevada's future economic development projects, such as high-speed rail, to attract businesses to the State and to develop logistical hubs. A representative of Arizona's Maricopa Association of Governments provided information on the proposal to designate U.S. Route 93 as a future Interstate Highway. This proposal would link Phoenix, Arizona, and Las Vegas, which are the only two major metropolitan areas in the United States with a population of 1 million or more that are not connected by an interstate highway. It was noted that Congress must make such a designation.

IV. FINAL RECOMMENDATIONS OF THE COMMITTEE

At its work session in June 2010, the Subcommittee considered several recommendations relating to economic development in Nevada. The Subcommittee members adopted 12 recommendations, including 5 recommendations for bill drafts to be presented to the 2011 Legislature.

A. Transportation Projects That Further Economic Development

At several meetings, the members of the Subcommittee received information about the quality of Nevada's transportation system and how it relates to the State's economy. Nevada's two metropolitan areas, Las Vegas and Reno, are uniquely positioned near many West Coast markets, which make them ideal logistics hubs. However, it was noted that there is only one Interstate Highway in Las Vegas connecting it to other western hubs. In order to remain competitive and provide economic development, it was noted that an Interstate Highway should be constructed from Phoenix to Las Vegas.

Therefore, the Subcommittee approved the following recommendation:

Draft a resolution asking Congress and the Federal Highway Administration, United States Department of Transportation, to designate U.S. Route 93 as future Interstate Highway 11. The Interstate Highway would begin at the border of Mexico (south of Tucson, Arizona), continue through Las Vegas, Nevada, and Reno, Nevada, and end at the border of Canada (north of Seattle, Washington). By designating this as an Interstate Highway, it would connect to the Interstate Highway 40 east to west corridor and assist in making Nevada the distribution and manufacturing "Capital of the West." (BDR R-171)

Nevada is at the center of a transportation network that moves cargo seamlessly throughout the State by several modes of transportation. The Subcommittee noted that today's economy requires a comprehensive logistics strategy. The transportation, logistics, and distribution industry is critical to Nevada's economic vitality and growing this industry will enable the State to take full advantage of its ideal geographical location in the west.

Therefore, the Subcommittee approved the following recommendation:

Draft a bill that makes various changes relating to the development of infrastructure and transportation issues in Nevada for the Legislative Commission's Subcommittee to Study the Development and Promotion of Logistics and Distribution Centers and Issues Concerning Infrastructure and Transportation. (A.B. 182 [BDR 22-177])

At each meeting, the Subcommittee heard presentations concerning transportation projects and the benefit to economic development. Based on testimony, the members learned that the Western High-Speed Rail Alliance, formed by five regional planning agencies throughout the Rocky and Intermountain West, is working to create a high-speed rail (HSR) system in the western United States. The plan includes a Denver, Colorado, to Los Angeles, California, corridor via a HSR network with regional hubs in Las Vegas, Salt Lake City, Utah, Denver and Phoenix, as well as linkages from Denver to Salt Lake City to Reno, and ultimately connection to San Francisco, California. Additionally, it was noted that such a HSR network will be a major step that promotes economic expansion by creating new manufacturing jobs and new choices for travelers, reducing national dependence on oil, and fostering urban and rural community development.

Therefore, the Subcommittee approved the following recommendation:

Draft letters to the members of the Western High-Speed Rail Alliance, which include the Denver Regional Council of Governments, Maricopa Association of Governments, Regional Transportation Commission (RTC) of Southern Nevada, RTC of Washoe County, and the Utah Transit Authority, supporting their efforts of determining the viability of developing and promoting a high-speed rail (HSR) network to provide HSR connections throughout the Rocky Mountain region with eventual connections to the Pacific Coast and other regions of the United States. Additionally, the members of the Alliance should be commended for its plan to work jointly for the acquisition of funding to conduct studies of HSR options, to develop plans for HSR infrastructure, and to construct HSR facilities throughout the region as they are determined to be viable. Further, a HSR promotes economic expansion (including new manufacturing jobs), creates new choices for travelers beyond flying or driving, reduces national dependence on oil, and fosters urban and rural community development.

During the interim, the Subcommittee heard a presentation by a representative of the Clark County Department of Aviation on the status of the Department's proposal to construct the Ivanpah Airport in Ivanpah Valley. The members learned that since 2005, the Department has been preparing a draft Environmental Impact Statement, as required by federal law, and was projected to finish the draft by 2013. The proposed Ivanpah Airport will be located along U.S. Interstate 15, which is a critical commerce corridor for the movement of southern Nevada's goods, as well as commuters and recreational and seasonal travelers. It was noted by the members that the I-15 corridor is important to the success of southern Nevada's economy. Additionally, members were given an overview of the existing relationship in Ivanpah Valley between industrial development, transportation, and utility infrastructure, and how a new airport will ultimately benefit southern Nevada.

Therefore, the Subcommittee approved the following recommendation:

Draft letters to the Clark County Board of Commissioners, the Director of the Clark County Department of Aviation, and the Director of NDOT urging their support of the industrial development within the Ivanpah range along with the development of the future Ivanpah Airport. According to testimony, industrial development in the area should be included in the Environmental Impact Study, which is being prepared by Clark County's Aviation Department. Also, consideration should be given to the current capacity of McCarran International Airport as the Ivanpah Airport is developed. Additionally, funding should be allocated for the development of road, rail, and utility infrastructure into the Ivanpah area and consideration should be given to expand State Route 164 in order to serve the Ivanpah area.

B. Incentives for Logistics-Based Businesses and Renewable Energy Businesses

At several meetings, members of the Subcommittee discussed the potential advantages and disadvantages of modifying incentives for businesses, which include logistics and renewable energy. One potential advantage is that lowering thresholds would achieve incentives for start-up businesses in targeted industry clusters. Further, the current incentives are not "giveaway programs" because the incentives are not provided in dollars so the return on investment occurs quickly as compared to a lengthier period in states that offer large monetary incentives.

Representatives of Nevada's Commission on Economic Development (NCED) suggested that Nevada's incentive program for logistics-based businesses and renewable energy businesses needs to be modified. Based on the current economic environment, it may be necessary to lower thresholds for capital investment and the number of jobs.

Therefore, the Subcommittee approved the following recommendation:

Draft a bill to allow a person who intends to locate a logistics-based business or renewable energy business, excluding businesses that would be currently eligible for the abatements set forth in NRS 360.750 or 701A.365, to apply to the Commission on Economic Development for a partial abatement of one or more of the taxes imposed on the new business pursuant to Chapters 361, 363B, or 374 of the NRS. If the business is in a county whose population is 100,000 or more or a city whose population is 60,000 or more, the business must meet at least two of the following requirements:

- **The business will have 50 or more full-time employees on the payroll of the business by the fourth quarter that it is in operation;**

- **Establishing the business will require the business to make a capital investment of at least \$500,000 in this State; or**
- **The average hourly wage that will be paid by the new business to its employees in this State is at least 80 percent of the average statewide hourly wage established by the Employment Security Division of the Department of Employment, Training and Rehabilitation on July 1 of each fiscal year, and the business will provide a health insurance plan for all employees that includes an option for health insurance coverage for dependents of the employees. The cost to the business for the benefits the business provides to its employees in this State will meet the minimum requirements for benefits established by the Commission. (BDR 32-175)**

C. Support of Economic Development in Logistics-Related Businesses and Renewable Energy-Related Businesses

Throughout the study, there was discussion on promoting and supporting workforce, training, and education programs in order to develop skills to fulfill the logistics and renewable energy industries' current and future needs for skilled workers. It was noted by members that Nevada does not currently focus job training or education funds on the jobs the State is trying to attract. In order to have a successful economic development program, the funds need to be aligned with the projected needs.

Therefore, the Subcommittee approved the following recommendation:

Draft a resolution expressing the Legislature's intent to support economic development in two areas: (a) logistics-related businesses; and (b) renewable energy-related businesses. The resolution should further express the legislative intent that funds from any source which are used for job training, vocational education, or other relevant projects, be considered first for job training, education and development in logistics-related businesses, and renewable energy-related businesses to develop expertise in the Nevada workforce. (BDR R-174)

At each meeting, the Subcommittee heard presentations concerning the State's efforts to increase economic development, particularly in southern Nevada. Based on testimony, the Subcommittee learned that many companies find southern Nevada attractive as a potential warehouse and distribution center due to its business-friendly environment, amenities, low taxes, large and affordable employment base, and access to large markets in Nevada, Arizona, California, and Utah. Unfortunately, this initial interest is too often deflated by the relatively high price of land and scarcity of "ready to go" appropriately sized parcels necessary for large-scale warehousing and distribution.

Therefore, the Subcommittee approved the following recommendation:

Draft letters to the Clark County Board of Commissioners; City Councils of Boulder City, City of Henderson, City of Las Vegas, City of North Las Vegas; and the Board of the National Association of Industrial and Office Properties, Southern Nevada Chapter, requesting that they coordinate and designate funding and stimulus dollars for construction of infrastructure improvements including roads, electrical, sewer, and other utilities to large areas of vacant land in southern Nevada. It was noted that large sites should be developed quickly in order to attract major distribution centers and manufacturers.

Nevada has several advantages over other states when it comes to attracting and helping businesses grow, including a favorable tax climate. It was noted that many companies are not aware of the tax diversity in Nevada. The members received testimony regarding the importance of designing a national media campaign to promote Nevada and attract businesses from across the country that are considering moving west. Such a media campaign should focus on companies that employ a large number of people, as well as promoting the many economic incentives offered to businesses that locate in Nevada. The members of the Subcommittee agreed that it is important to consider promoting Nevada as the “Manufacturing and Distribution Capital of the West” and the “Best Business Climate in America” by providing funding for a national advertising campaign during the 2011 Legislative Session. This approach will directly benefit the State as it capitalizes on resources that are already available. Additionally, members discussed that an allocation in the upcoming budget should be considered to fund local economic development agencies including the Economic Development Authority of Western Nevada (EDAWN) and the Nevada Development Authority (NDA), which work to improve the economy in northern and southern Nevada, respectively.

Therefore, the Subcommittee approved the following recommendation:

Draft letters to the Governor of the State of Nevada, Lieutenant Governor (serving in his capacity of Chair of the Nevada Commission on Economic Development), Chair of the Senate Committee on Finance, and Chair of the Assembly Committee on Ways and Means urging them to promote Nevada as the “Manufacturing and Distribution Capital of the West” and the “Best Business Climate in America.” Focus should be on companies that have a large number of jobs, not only highly technical jobs but high-paying jobs. Additionally, a professional national media campaign should be designed to attract businesses from the east that are considering moving west. In order to accomplish this, funding should be included in the *Executive Budget* to hire and pay for such a campaign. Further, the State should increase funding to local economic development agencies, including the EDAWN and the NDA.

D. Creation of Inland Ports

Information was provided that growth in the global economy, including new logistics and distribution centers, has increased the need for more efficient transportation systems. Testimony provided to the Subcommittee indicated that in order for Nevada to be competitive in the logistics industry, transportation-related costs must be reduced. One way to achieve this is to create inland ports, which optimize transportation-related costs associated with supply chains. At inland ports, transportation capabilities in the form of access to the interstate highway system, intermodal rail facilities, or air cargo operations, are viewed as building blocks for businesses seeking competitive advantages. They allow businesses the feasibility to choose the appropriate modal alternative for their logistics needs. Further, Las Vegas and Reno are uniquely positioned near many West Coast markets and located along interstate highways, railroad lines, and major airports, which makes them ideal inland ports.

Therefore, the Subcommittee approved the following recommendation:

Draft a bill that makes various changes relating to logistics and distribution centers for the Legislative Commission's Subcommittee to Study the Development and Promotion of Logistics and Distribution Centers and Issues Concerning Infrastructure and Transportation. (BDR -176)

E. Partnership Between Public Agencies and Private Industry to Further the Logistics and Supply Chain Management Industry

The Subcommittee heard testimony on formulating a strategy to promote the further development of Nevada as a logistics hub and distribution center. One of the topics the Subcommittee learned about was the development of State Route 805, which is a four-lane highway between Interstate Highway 80 (I-80) and U.S. Highway 50 that connects with I-80 near the Tracy Clark Station in Storey County. State Route 805 will eventually continue south to connect with U.S. Highway 50 at the Ramsey-Weeks Cutoff near Silver Springs, Nevada, in Lyon County. To date, ten miles of the highway have been completed using private funding, with an additional four miles awaiting asphalt; an additional seven miles remains to be constructed. It was noted by representatives of the Tahoe-Reno Industrial Center (TRIC) that this project is vital for Nevada's continued growth and economic diversification. Testimony stated that the completion of S.R. 805 will bring in more than 10,000 jobs over the next 20 years, improve access to employment by reducing travel times, and decrease vehicle operating costs.

Therefore, the Subcommittee approved the following recommendation:

Draft letters to Nevada's Department of Transportation (NDOT), the Board of Directors of NDOT, and Nevada's Congressional Delegation, supporting the development of State Route 805, which will connect Interstate Highway 80 and U.S. Highway 50. According to testimony, the developers of the

Tahoe-Reno Industrial Center in Storey County will donate the right-of-way to the State for the construction of State Route 805. Further, it was noted that the creation of this road is vital to the continued growth and economic diversification of Nevada.

The Subcommittee received information that, after gaming, the logistics and supply chain management industry, which includes manufacturing and distribution, is the second largest in the State. The economic impact of the logistics industry accounts for 22 percent of the employment in Nevada. Members discussed the importance of having public agencies partner with private organizations to support this industry and requiring the groups to work together to develop a seamless education career pathway that supports lifelong learning. Early stage logistics curriculum should be developed and promoted as a positive career option in the schools. Also, stakeholders with an interest in promoting the logistics industry should combine their financial resources to maximize their ability to educate students. Finally, members noted that education affects an individual's success in life and also plays a significant role in the State's economic development.

Therefore, the Subcommittee approved the following recommendation:

Include a statement in the final report supporting a partnership between the State, the business community, and the Nevada System of Higher Education to further the logistics and supply chain management industry in Nevada. Members of the partnership should consider focusing its resources on a consolidated Supply Chain Management program, beginning in the elementary schools and continuing up to the university level.

F. Development of a Statewide Economic Development Plan

Members of the Subcommittee noted that the State must develop a coordinated economic development marketing strategy that drives the State's national and international business development efforts. Nevada would benefit from a central plan that helps define the State's benefits for business customers. Currently, Nevada does not have an integrated economic development strategy and several agencies have various marketing assignments and approaches.

Therefore, the Subcommittee approved the following recommendation:

Include a statement in the final report encouraging the Secretary of State, Commission on Economic Development, Economic Development Authority of Western Nevada, Nevada Development Authority, Las Vegas Chamber of Commerce, Reno/Sparks Chamber of Commerce, and any other interested parties, including leaders of the business community, to meet and develop a coordinated statewide economic development plan to promote diversification of the Nevada economy. The participants should consider consolidating

resources and identifying targeted industries to relocate to Nevada. It is important to target such industries, particularly for education and training.

V. CONCLUDING REMARKS

The Subcommittee wishes to thank the many individuals who contributed to this study through their correspondence or testimony at public hearings. The Subcommittee members also recognize the cooperation and assistance provided by the staff of the American Trucking Association, Clark County Department of Aviation, EDAWN, Industrial Properties Development, Inc., NCED, NDOT, NDA, Nevada Manufacturers Association, Reno-Tahoe International Airport, Restrepo Consulting Group, the Skancke Company, the TRIC, and the Department of Economics of the University of Nevada, Reno.

VI. APPENDICES

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APPENDIX A

Assembly Concurrent Resolution No. 30 (File No. 96, *Statutes of Nevada 2009*)

Assembly Concurrent Resolution No. 30
(File No. 96, *Statutes of Nevada 2009*)

Assembly Concurrent Resolution No. 30—
Assemblymen Buckley and Atkinson

FILE NUMBER.....

ASSEMBLY CONCURRENT RESOLUTION—Directing the Legislative Commission to conduct an interim study on the development and promotion of logistics and distribution centers and issues concerning infrastructure and transportation in this State.

WHEREAS, The creation of new jobs and promoting diversification of the Nevada economy is a critical need and an overriding goal of the Legislature; and

WHEREAS, Nevada is uniquely positioned by virtue of its location and favorable business climate to serve as a logistics and distribution center for the receipt, shipment and assembly of goods on the West Coast to points north and east; and

WHEREAS, The Nevada System of Higher Education, including the state universities in Reno and Las Vegas, has expertise in supply chain management and can provide consulting support, managerial development through degree programs and job training opportunities; and

WHEREAS, Foreign trade zones exist in both southern and northern Nevada for the purpose, among other things, of facilitating the growth of logistics and distribution centers; and

WHEREAS, The Clark County Regional Airport System, the Tahoe-Reno Industrial Center in Storey County and the Reno-Tahoe International Airport are poised for future development as logistics and distribution centers and for the creation of a wide range of jobs in supply chain management; and

WHEREAS, The Elko County Rail Port provides additional opportunities for east-west distribution of goods and development of a logistics cluster; and

WHEREAS, The continuing growth of the population in Nevada has caused growing traffic congestion, environmental issues as a result of such congestion and difficulty in maintaining and expanding the transportation infrastructure in this State because of financial, environmental and physical constraints; and

WHEREAS, Mass transportation systems and the infrastructure for transportation systems play an integral role in supporting the diversification and expansion of the workforce and economy; and

WHEREAS, Efficient mass transportation systems and the infrastructure for transportation systems reduce environmental



degradation and decrease congestion on major roadways; now, therefore, be it

RESOLVED BY THE ASSEMBLY OF THE STATE OF NEVADA, THE SENATE CONCURRING, That the Legislative Commission is hereby directed to appoint a subcommittee to study the development and promotion of Nevada as a logistics and distribution center and issues concerning infrastructure and transportation; and be it further

RESOLVED, That to facilitate the investment of private capital in logistics and distribution centers, the subcommittee may solicit input from representatives of state and local economic development organizations, interstate transportation facilities in Nevada, transport and logistics companies, manufacturing and other business interests, foreign trade zones, institutions within the Nevada System of Higher Education, and such other governmental or private stakeholders as the subcommittee deems appropriate; and be it further

RESOLVED, That the subcommittee shall formulate a strategy and develop an implementation plan detailing the steps that need to be taken to create and promote the further development of Nevada as a logistics and distribution center which must include, without limitation:

1. Identification of barriers to the development of logistics and distribution centers;
2. The costs and benefits associated with expanding mass transportation systems and developing the necessary infrastructure for transportation systems;
3. Delineation of future foreign trade zones;
4. Prioritization of infrastructure needs, including energy and water, infrastructure and transportation systems, including mass transportation systems and light rail corridors;
5. Formation of public-private partnerships for financing and incubation of new businesses;
6. Funding options for the expansion of mass transportation systems and light rail corridors;
7. Attraction of businesses associated with supply chain management activities, including assembly, manufacturing, warehousing and transportation; and
8. Identification of strategic public policy actions to expedite the investment of private development companies in major logistics centers in Nevada; and be it further

RESOLVED, That the Legislative Commission shall submit a report of the results of the study and any recommendations for legislation to the 76th Session of the Nevada Legislature.



APPENDIX B

Committee Letters Approved During the Final Work Session

KELVIN D. ATKINSON
ASSEMBLYMAN
District No. 17



DISTRICT OFFICE:
5631 Indian Springs Street
North Las Vegas, Nevada 89031
Office: (702) 457-9995
Fax No.: (702) 457-9995

COMMITTEES:
Chairman
Transportation

Vice Chairman
Commerce and Labor

Member
Government Affairs

LEGISLATIVE BUILDING:
401 South Carson Street
Carson City, Nevada 89701-4747
Office: (775) 684-8577
Fax No.: (775) 684-8533
www.leg.state.nv.us

State of Nevada Assembly

Seventy-Fifth Session

October 15, 2010

The Honorable Harry Reid
United States Senator
528 Hart Senate Office Building
Washington, D.C. 20510-0001

Dear Senator Reid:

The Nevada Legislative Commission's Subcommittee to Study the Development and Promotion of Logistics and Distribution Centers and Issues Concerning Infrastructure and Transportation (Assembly Concurrent Resolution No. 30, File No. 96, *Statutes of Nevada 2009*) was charged with making recommendations in the best interests of future generations of Nevadans by formulating a strategy to promote the further development of Nevada as a logistics and distribution center. After considering a broad range of issues relating to economic development and transportation infrastructure, the Subcommittee has completed its work for the 2009-2010 Legislative Interim.

One of the topics the Subcommittee considered was the development of State Route 805, which is a four-lane highway between Interstate Highway 80 (I-80) and U.S. Highway 50 and connects with I-80 near the Tracy Clark Station in Storey County. State Route 805 will eventually continue south to connect with U.S. Highway 50 at the Ramsey-Weeks Cutoff near Silver Springs, Nevada, in Lyon County. To date, ten miles of the highway have been completed using private funding, with an additional four miles awaiting asphalt; an additional seven miles remains to be constructed.

This project is vital for Nevada's continued growth and economic diversification, especially in the north. The developers of the Tahoe-Reno Industrial Center (TRIC) estimate that the completion of S.R. 805 will bring in over 10,000 jobs over the next 20 years, improve access to employment by reducing travel times, and decrease vehicle operating costs. Additionally, completion of this route will reduce motor vehicle emissions saving \$59.2 million over the next 20 years and reduce green house gasses saving nearly \$6 million in the next two decades.

The Honorable Harry Reid

Page 2

October 15, 2010

Since 2001, the Legislature has supported efforts at the TRIC to develop and diversify Nevada's economy. The Legislature passed Assembly Concurrent Resolution No. 6 (File No. 86, *Statutes of Nevada 2001*), which noted that when development of the TRIC was complete, it would employ thousands of workers, produce significant tax revenue, and provide additional electrical power for northern Nevada. A roadway connecting I-80 and U.S. Highway 50 will also decrease travel time between Reno and Las Vegas by one hour. Therefore, at its final meeting in June 2010, the Subcommittee voted to send you this letter urging your support to develop the remaining portion of S.R. 805 by helping coordinate federal and State funding to complete this vital transportation project.

Thank you for your attention to this request and, as always, please contact me if the Subcommittee or I may be of any assistance.

Sincerely,



Kelvin Atkinson, Chair
Legislative Commission's Subcommittee to
Study the Development and Promotion of
Logistics and Distribution Centers and Issues
Concerning Infrastructure and Transportation

W101022

cc: Lance Gilman, Broker, TRIC
Yvonne Murphy, Lobbyist, TRIC

An identical letter regarding support for the development of State Route 805 was sent to:

The Honorable John Ensign
United States Senator
119 Russell Senate Office Building
Washington, D.C. 20510-0001

The Honorable Shelley Berkley
Congressional District 1
405 Cannon House Office Building
Washington, D.C. 20510-0001

The Honorable Dean Heller
Congressional District 2
125 Cannon House Office Building
Washington, D.C. 20515-0001

The Honorable Dina Titus
Congressional District 3
319 Cannon House Office Building
Washington, D.C. 20515-0001

Susan Martinovich, P.E., Director
Department of Transportation
1263 South Stewart Street
Carson City, Nevada 89701-5229

The Honorable Jim Gibbons, Governor
Chair, Board of Directors
Department of Transportation
1263 South Stewart Street
Carson City, Nevada 89701-5229

KELVIN D. ATKINSON
ASSEMBLYMAN
District No. 17



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Chairman
Transportation

Vice Chairman
Commerce and Labor

Member
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State of Nevada Assembly

Seventy-Fifth Session

October 15, 2010

Randall H. Walker, Director
Clark County Department of Aviation
P. O. Box 11005
Las Vegas, Nevada 89111-1005

Dear Mr. Walker:

The Nevada Legislative Commission's Subcommittee to Study the Development and Promotion of Logistics and Distribution Centers and Issues Concerning Infrastructure and Transportation (Assembly Concurrent Resolution No. 30, File No. 96, *Statutes of Nevada 2009*) was charged with making recommendations in the best interests of future generations of Nevadans by formulating a strategy to promote the further development of Nevada as a logistics and distribution center. After considering a broad range of issues relating to economic development and transportation infrastructure, the Subcommittee has now completed its work for the 2009-2010 Legislative Interim.

During the interim, the Subcommittee heard a presentation by a representative of the Clark County Department of Aviation on the status of the Department's proposal to construct the Ivanpah Airport in Ivanpah Valley. The members learned that since 2005, the Department has been preparing a draft Environmental Impact Statement (EIS), as required by federal law, and was projected to finish the draft by 2013. The proposed Ivanpah Airport will be located along U.S. Interstate 15, which is a critical commerce corridor for the movement of southern Nevada's goods, as well as commuters and recreational and seasonal travelers. The I-15 corridor is important to the success of southern Nevada's economy.

Recently, Clark County's Department of Aviation indefinitely suspended work on completing the EIS based on the downturn in the economy and a corresponding drop in airline traffic to McCarran International Airport, which officials say negates the need for an additional airport. However, we urge you to reconsider this decision and complete the EIS so that as our economy improves, we will be in a position to begin immediately building a new airport. In addition, we urge you to take into consideration the existing relationship in Ivanpah Valley between industrial development, transportation and utility infrastructure, and how a new airport will

Randall H. Walker

Page 2

October 15, 2010

ultimately benefit southern Nevada. Members of the Subcommittee understand the challenge of making decisions in the best interests of future Nevadans during this difficult economy; however, by continuing to explore building a new airport in Ivanpah, we can help ensure that our economy will continue to thrive. Therefore, at its final meeting in June 2010, the Subcommittee voted to send you this letter urging your support of coordinating efforts for industrial development and transportation infrastructure along with the future development of an airport at Ivanpah.

Thank you for your kind consideration of this letter. As always, please feel free to contact me if the Subcommittee or I may be of assistance to you.

Sincerely,



Kelvin Atkinson, Chair

Legislative Commission's Subcommittee to
Study the Development and Promotion of
Logistics and Distribution Centers and Issues
Concerning Infrastructure and Transportation

KA/lb: W101023

cc: Rory Reid, Chair, Clark County Board of Commissioners
Susan Martinovich, Director, Department of Transportation

KELVIN D. ATKINSON

ASSEMBLYMAN

District No. 17



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Vice Chairman

Commerce and Labor

Member

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State of Nevada Assembly

Seventy-Fifth Session

October 15, 2010

Rory Reid, Chair, and Board Members
Clark County Board of Commissioners
500 South Grand Central Parkway
Las Vegas, Nevada 89155-1601

Dear Chair Reid:

The Nevada Legislative Commission's Subcommittee to Study the Development and Promotion of Logistics and Distribution Centers and Issues Concerning Infrastructure and Transportation (Assembly Concurrent Resolution No. 30, File No. 96, *Statutes of Nevada 2009*) was charged with making recommendations in the best interests of future generations of Nevadans by formulating a strategy that will promote the further development of Nevada as a logistics and distribution center. After considering a broad range of issues relating to economic development and transportation infrastructure, the Subcommittee has now completed its work for the 2009-2010 Legislative Interim.

At each meeting, the Subcommittee heard presentations concerning our State's efforts to increase economic development, particularly in southern Nevada. Based on testimony, we learned that many companies find southern Nevada attractive as a potential warehouse and distribution center due to its business-friendly environment, amenities, low taxes, large and affordable employment-base, and access to large markets in Nevada, Arizona, Utah, and California. Unfortunately, this initial interest is too often mitigated by the relatively high price of land and the scarcity of "ready to go" appropriately sized parcels necessary for large-scale warehousing and distribution.

Therefore, at our final meeting in June 2010, the Subcommittee voted to send you this letter urging you to coordinate and designate county and local funding for construction of infrastructure improvements including roads, electrical, sewer, and other utilities to begin developing large areas of vacant land in southern Nevada. This area will then be in the unique position of having land that is "ready to go" for warehousing and distribution companies that are interested in locating to our State.

Rory Reid
Page 2
October 15, 2010

Thank you for your consideration of this important request. Please do not hesitate to contact me if the Subcommittee or I may be of assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Kelvin Atkinson", with a long horizontal flourish extending to the right.

Kelvin Atkinson, Chair
Legislative Commission's Subcommittee to
Study the Development and Promotion of
Logistics and Distribution Centers and Issues
Concerning Infrastructure and Transportation

KA/lb: W101024

An identical letter urging support of coordination and designation of county and local funding for construction of infrastructure improvements was sent to:

Roger Tobler, Mayor, and Council Members
Boulder City Council
P. O. Box 61350
Boulder City, Nevada 89006-1350

James B. Gibson, Mayor, and Council Members
City Council of Henderson
240 Water Street
Henderson, Nevada 89015-7227

Oscar B. Goodman, Mayor, and Council Members
City Council of Las Vegas
400 Stewart Avenue
Las Vegas, Nevada 89101-2986

Michael L. Montandon, Mayor, and Council Members
City Council of North Las Vegas
2200 Civic Center Drive
North Las Vegas, Nevada 89030-6314

KELVIN D. ATKINSON

ASSEMBLYMAN

District No. 17



DISTRICT OFFICE:
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State of Nevada Assembly

Seventy-Fifth Session

October 15, 2010

Jacob Snow, General Manager
Regional Transportation Commission of Southern Nevada
Administrative Office
600 S. Grand Central Parkway, Suite 350
Las Vegas, Nevada 89106-4512

Dear Mr. Snow:

The Nevada Legislative Commission's Subcommittee to Study the Development and Promotion of Logistics and Distribution Centers and Issues Concerning Infrastructure and Transportation (Assembly Concurrent Resolution No. 30, File No. 96, *Statutes of Nevada 2009*) was charged with making recommendations in the best interests of future generations of Nevadans by formulating a strategy to promote the further development of Nevada as a logistics and distribution center. After considering a broad range of issues relating to economic development and transportation infrastructure, the Subcommittee has now completed its work for the 2009-2010 Legislative Interim.

At each meeting, the Subcommittee heard presentations concerning transportation projects and the benefit it has on economic development. Based on testimony, we learned that the Western High Speed Rail Alliance, formed by five regional planning agencies throughout the Rocky and Intermountain West, is working to create a high-speed rail system in the western United States. The plan includes a Denver, Colorado to Los Angeles, California corridor via a high-speed rail network with regional hubs in Las Vegas, Nevada, Salt Lake City, Utah, Denver and Phoenix, Arizona, as well as linkages from Denver to Salt Lake City to Reno, Nevada, and ultimately connection to San Francisco, California. Additionally, it was noted that such a rail network will be a major step that promotes economic expansion such as new manufacturing jobs, creates new choices for travelers, reduces national dependence on oil, and fosters urban and rural community development. We commend you for your vision to create an efficient, cost-effective option for passenger and freight customers.

Therefore, at our final meeting in June 2010, the Subcommittee voted to send you this letter urging the Western High Speed Rail Alliance to prepare their request for \$50 million from the

Jacob Snow
Page 2
October 15, 2010

reauthorization of the Surface Transportation Act and for Nevada's Congressional Delegation to support and advocate for such an allocation as the next transportation spending bill is developed. A shared commitment to developing a Western high speed rail plan will foster economic development and ensure a vital economy in the years ahead.

As always, please do not hesitate to contact me if the Subcommittee or I may be of any assistance.

Sincerely,



Kelvin Atkinson, Chair
Legislative Commission's Subcommittee to Study
the Development and Promotion of Logistics and
Distribution Centers and Issues Concerning
Infrastructure and Transportation

KA/lb: W101027

cc: Rod Bockenfeld, Chair, Board of Directors, Denver Regional Council of Governments
Dennis Smith, Executive Director, Maricopa Association of Governments
Dave Aiazzi, Chair, Regional Transportation Commission of Washoe County
Gregory Hughes, Chair, Utah Transit Authority

KELVIN D. ATKINSON

ASSEMBLYMAN

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State of Nevada Assembly

Seventy-Fifth Session

October 15, 2010

The Honorable Jim Gibbons, Governor
Office of the Governor
101 North Carson Street, Suite 1
Carson City, Nevada 89701-4786

Dear Governor Gibbons:

The Nevada Legislative Commission's Subcommittee to Study the Development and Promotion of Logistics and Distribution Centers and Issues Concerning Infrastructure and Transportation (Assembly Concurrent Resolution No. 30, File No. 96, *Statutes of Nevada 2009*) was charged with making recommendations in the best interests of future generations of Nevadans by formulating a strategy to promote the further development of Nevada as a logistics and distribution center. After considering a broad range of issues relating to economic development and transportation infrastructure, the Subcommittee has now completed its work for the 2009-2010 Legislative Interim.

The Subcommittee is aware of the challenges of balancing the State budget with the current economic downturn. However, we must consider new approaches to increasing economic development as it is crucial for our State to continue expanding job creation and business growth. As you are aware, Nevada has several advantages over other states when it comes to attracting and helping businesses grow, including our favorable tax climate. It was noted that many companies are not aware of the diversity in Nevada. The members received testimony regarding the importance of designing a national media campaign to promote Nevada and attract businesses from across the country that are considering moving west. Such a media campaign should focus on companies that employ a large number of people, as well as promoting the many economic incentives offered to businesses that locate in Nevada.

At its final meeting and work session, the members of the Subcommittee agreed to send you a letter encouraging you to consider promoting Nevada as the "Manufacturing and Distribution Capital of the West, with the "Best Business Climate in America" by providing funding for a national advertising campaign during the 2011 Legislative Session. We believe this approach will

The Honorable Jim Gibbons

Page 2

October 15, 2010

directly benefit the State as it capitalizes on resources that are already available. Additionally, an allocation in the upcoming budget should be considered to fund local economic development agencies including the Economic Development Authority of Western Nevada and the Nevada Development Authority, which work to improve the economy in northern and southern Nevada, respectively.

Thank you for your consideration of this important request. As always, please do not hesitate to contact me if the Subcommittee or I may be of any assistance to you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kelvin Atkinson', with a long horizontal flourish extending to the right.

Kelvin Atkinson, Chair
Legislative Commission's Subcommittee to
Study the Development and Promotion of
Logistics and Distribution Centers and Issues
Concerning Infrastructure and Transportation

KA/lb: W101071

An identical letter regarding support for consideration of promoting Nevada as the “Manufacturing and Distribution Capital of the West, with the “Best Business Climate in America” by providing funding for a national advertising campaign was sent to:

The Honorable Brian K. Krolicki, Lieutenant Governor
Chair, Commission on Economic Development
108 East Proctor Street
Carson City, Nevada 89701-4240

Bernice Mathews, Co-Chair
Senate Committee on Finance
P.O. Box 7176
Reno, Nevada 89510-7176

Steven A. Horsford, Co-Chair
Senate Committee on Finance
3450 W. Cheyenne Avenue, Suite 100
North Las Vegas, Nevada 89032-8223

Sheila Leslie, Vice Chair
Assembly Committee on Ways and Means
825 Humboldt Street
Reno, Nevada 89509-2009

APPENDIX C

Suggested Legislation

The following Bill Draft Requests will be available during the 2011 Legislative Session, or can be accessed after “Introduction” at the following website: <http://www.leg.state.nv.us/Session/76th2011/BDRList/>.

- BDR R -171 _JR: Requests Congress and the Federal Highway Administration designate U.S. Route 93 as an interstate highway.
- BDR R -174 _CR: Resolves that the State prioritize certain types of economic
A.C.R. 4 development.
- BDR 32-175 Authorizes tax abatements for certain companies to locate in Nevada.
- BDR -176 Makes various changes relating to logistics and distribution centers.
- BDR 22-177 Makes various changes related to the development of infrastructure and
A.B. 182 transportation issues in Nevada.

