



NEVADA LEGISLATURE

JOINT INTERIM STANDING COMMITTEE ON GOVERNMENT AFFAIRS

([Nevada Revised Statutes \[NRS\] 218E.320](#))

MINUTES

June 6, 2022

The fifth meeting of the Joint Interim Standing Committee on Government Affairs for the 2021–2022 Interim was held on Monday, June 6, 2022, at 9 a.m. in Room 4100, Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412, Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada.

The agenda, minutes, meeting materials, and audio or video recording of the meeting are available on the Joint Interim Standing Committee's [meeting page](#). The audio or video recording may also be found at <https://www.leg.state.nv.us/Video/>. Copies of the audio or video record can be obtained through the Publications Office of the Legislative Counsel Bureau (LCB) (publications@lcb.state.nv.us or 775/684-6835).

COMMITTEE MEMBERS ATTENDING VIA REMOTELY:

Senator Marilyn Dondero Loop, Chair
Assemblyman Edgar Flores, Vice Chair
Senator Pete Goicoechea
Senator Dina Neal
Assemblywoman Tracy Brown-May
Assemblywoman Jill Dickman
Assemblyman Matthews
Assemblywoman Torres

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Jered M. McDonald, Senior Principal Policy Analyst, Research Division
Erin Andersen, Research Policy Assistant, Research Division
Heidi Chlarson, Senior Principal Deputy Legislative Counsel, Legal Division
Cathy Crocket, Principal Deputy Fiscal Analyst, Fiscal Analysis Division

Items taken out of sequence during the meeting have been placed in agenda order.
[Indicate a summary of comments.]

AGENDA ITEM I—CALL TO ORDER AND OPENING REMARKS

Chair Dondero Loop:

Good morning. I will call this meeting to order. Welcome to the fifth meeting of the Joint Interim Standing Committee on Government Affairs. Thank you to everyone joining us today. Our research policy assistant is going to call the roll today. Ms. Andersen, go ahead when you are ready.

[Roll call reflected in Committee members present.]

[Chair Dondero Loop reviewed virtual meeting and testimony guidelines.]

AGENDA ITEM II—PUBLIC COMMENT

Chair Dondero Loop:

Before we go to the phones, do we have anyone in person in Carson City?

Kent Irvin, Ph.D., State President, Nevada Faculty Alliance:

Good morning, Chair Dondero Loop, Vice-Chair Flores, and members. The Nevada Faculty Alliance is the independent association of faculty at Nevada's public colleges and universities. We work to empower our faculty to be fully engaged in our mission to help students succeed.

Empowering faculty means having the right to collectively bargain with the Nevada System of Higher Education (NSHE), who is our employer. There are many advantages for collective bargaining in higher education. Research shows that faculty unionization promotes shared governance and better outcomes for students, including retention and completion. As of now, NSHE professional employees are the largest group of public employees in the State of Nevada who do not have collective bargaining rights in statute. Our classified employee colleagues gained collective bargaining rights with Senate Bill 135 (2019). While the Board of Regents has allowed limited collective bargaining for faculty, that means we are negotiating with management who determines and interprets the rules. A collective bargaining statute for NSHE professionals would give access to the state's Government Employee-Management Relations Board for oversight of bargaining unit elections and prompt resolution of disputes. Collective bargaining agreements can promote and restore integrity in NSHE governance and management.

In the 2021 Session, SB 373 was introduced to provide collective bargaining rights for NSHE professional employees. Senate Bill 373 passed with a bipartisan vote in the Senate Committee on Government Affairs. Unfortunately, it did not move further in the legislative process—partly because of fiscal notes from state agencies outside of NSHE.

I am here today to inform you that the Nevada Faculty Alliance is prepared to offer a new version of SB 373 with amendments that remove any significant fiscal notes.

We ask the Committee to consider sponsoring the bill through your bill draft request allocation. We would be happy to meet with any of you to explain the bill and the advantages of collective bargaining rights in statute for professional employees in NSHE. Thank you. ([Agenda Item II](#))

Chair Dondero Loop:

Broadcast and Production Services (BPS), do we have anyone on the phones?

BPS:

Thank you, Chair. Your public line is currently working; however, there are no callers at this time.

AGENDA ITEM III—APPROVAL OF THE MINUTES FOR THE MEETING ON MAY 10, 2022

Chair Dondero Loop:

We will go to the approval of the minutes from the meeting held on May 10, 2022. The draft minutes were made available to Committee members and the public last week. Do I have a motion to approve?

VICE CHAIR FLORES MOVED TO APPROVE THE MINUTES FOR THE MEETING ON MAY 10, 2022.

SENATOR NEAL SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

AGENDA ITEM IV—REVIEW OF THE IMPLEMENTATION OF ASSEMBLY BILL 184 (2021)—TEMPORARILY CREATES THE OFFICE OF SMALL BUSINESS ADVOCACY WITHIN THE OFFICE OF THE LIEUTENANT GOVERNOR

Chair Dondero Loop:

Today we are going to receive an update on the implementation of AB 184 from last session. As you may recall, AB 184 temporarily created the Office of Small Business Advocacy (OSBA) in the Office of the Lieutenant Governor. We welcome our presenters; when you are ready, please go ahead.

Michael Cullen, Chief of Staff, Office of the Lieutenant Governor:

Good morning, Chair, Vice Chair Flores, and all members. I am joined by Sonny Vinuya, who is our Director of OSBA; Melissa Saavedra, our Program Manager; and Daniel Marlow, the Administrator for Administrative Services Division, Department of Administration ([Agenda Item IV](#)).

As you are all aware, OSBA was created via AB 184 in the 81st (2021) Session. It was sponsored by Assemblyman Jason Frierson and Assemblywoman Teresa Benitez-Thompson. Assembly Bill 184 was a major priority for both Governor Steve Sisolak and former Lieutenant Governor Kate Marshall. According to the United States Small Business Administration (SBA), in 2021, over 297,000 small businesses were in operation in Nevada, which represented over 99 percent of all businesses in the state, and employed over half a million people, or about 43 percent of our state's workforce. According to an op-ed published by Assemblyman Frierson and Lieutenant Governor Marshall in *The Nevada Independent* titled, "[Nevada is Small Business](#)," they said:

Nevada small businesses have it tough. Only half of new startups survive their first five years in business, even in normal times. Larger, more established firms have easier access to banks and investors, while most small businesses lack this access to financial resources. Even if they are more flexible, small firms are more vulnerable to unexpected economic downturns.

They continued:

The pandemic has made these problems even more acute. The federal government funded programs to help businesses weather the storm, but many small businesses have been unable to take advantage of them either because they did not know if they qualify, or they did not know how to gain access. Even with CARES Act support, over 35 percent of Nevada's small businesses have closed their doors this past year.

With that being said, AB 184 passed with broad support from stakeholders, including but not limited to the Office of Economic Development, Office of the Governor (GOED); the Department of Business and Industry (B&I); the Las Vegas Global Economic Alliance; the Economic Development Authority of Western Nevada; the Las Vegas, the Henderson, the Reno-Sparks, the African, the Latin, and the Urban Chambers of Commerce; and the Nevada Outdoor Business Coalition.

Section 9 of AB 184 provides four actions that OSBA shall undertake: (1) refer small business owners with inquiries regarding starting, operating, or winding down their small businesses to the appropriate resources; (2) work with small businesses and local governments to facilitate interactions between small businesses and local government, including resolving issues as well as identifying and recommending improvements to processes; (3) assist state agencies with the regulatory authority over small businesses to ensure small businesses can provide comments and feedback to processes and outreach; and (4) coordinate with other state agencies to facilitate interactions between small businesses and those state agencies, develop processes to ensure small businesses receive timely responses regarding their inquiries, resolve regulatory and enforcement issues, identify and recommend efficient and responsive procedures, facilitate participation in events and meetings, identify causes of delays and inefficiencies, and make recommendations on resolving issues.

The purpose of OSBA is to serve as an advocate for small businesses within state government by serving as a centralized hub, connecting businesses to resources, and working to resolve challenges and barriers to ensure the long-term growth and resiliency of Nevada's small businesses and industry. The GOED Executive Director, Michael Brown, often says that there are a lot of agencies with oversight over small business in state government, GOED being one of them. Our purpose here at OSBA is to serve as that conductor of the orchestra and direct small business owners to the appropriate resources.

Section 10 of AB 184 provides that OSBA shall undertake its mission by completing the following goals: receiving, reviewing, and attempting to resolve any complaints from small businesses; compiling and analyzing data on complaints from small businesses; assisting small businesses in understanding their rights and responsibilities under state law and regulations; providing information to the public government agencies and the Legislature regarding problems and concerns facing small businesses and making recommendations; analyzing and monitoring the development and implementation of laws, regulations, and policies regarding small businesses and making recommendations on their

improvement; and disseminating information concerning OSBA's existence and availability to provide assistance to small businesses.

Lieutenant Governor Lisa Cano Burkhead was appointed on December 16, 2021, by Governor Sisolak, and it was an immediate priority for us to get this Office up and running. We conducted a wide search for our team and received numerous excellent applications for both our director and program manager roles. We are honored to bring on Sonny Vinuya, who will be speaking shortly, as Director. Sonny brings a wealth of knowledge to OSBA from his prior role as President of the Las Vegas Asian Chamber of Commerce. After Sonny's appointment by the Lieutenant Governor, we prioritized hiring a program manager with experience and expertise in northern Nevada, as well as bilingual Spanish abilities. We are fortunate enough to bring on Melissa Saavedra who has incredible knowledge of the small business ecosystem in northern Nevada and previously worked with *Northern Nevada Business Weekly*. Speaking of Director Vinuya, I am going to turn it over to him.

Sonny Vinuya, Director, OSBA, Office of the Lieutenant Governor:

Good morning. The OSBA officially launched on February 14, 2022, a week after I started as Director. We worked on getting our Intranet Quorum (IQ) set up as one of the ways for us to engage small business owners. The IQ system officially started at the end of February; however, our outreach and client services started immediately. We started listening sessions with our partner agencies such as B&I and GOED; they heavily advocated for this office, so it was important for OSBA to understand their vision on how we partner with them. We met with different state agencies such as SBA, Nevada Small Business Development Center (SBDC), Nevada Cooperative Extension—you name it—and explained the role of OSBA and how we could better partner. Then we started listening sessions with stakeholders and business ecosystem partners, such as the chambers of commerce and advocacy agencies to explain our role and get a better understanding of how we could assist each other.

We successfully helped with the Nevada Small Business Resource Fair on the west side in partnership with B&I. We have another fair on the east side coming up this week, and we have two other ones we are planning for the west side and northern Nevada. These fairs are designed to promote entrepreneurship and introduce resources to both aspiring and current business owners. We have also engaged a marketing firm to help us spread the word and promote OSBA. This will be done through websites, social media, and development of our own office identity.

We have helped advocate for over 60 small business owners—issues ranging from funding resources, licensing, and Medicaid approvals—and helped small business owners understand their rights and responsibilities. Here are some examples. We helped a candy shop on the west side that is over 20 years old obtain much needed funding through some of our resources. We helped a group of adult daycare owners with expediting their approval request for their residents, resulting in 26 immediate approvals. We set up a meeting with ECHO—Adult Residential Care Providers in the Bureau of Health Care Quality and Compliance (HCQC), Division of Public and Behavioral Health, Department of Health and Human Services, with their issues in licensing delays, which right now are reaching over a year, and we are looking into improving and possibly streamlining that process. We helped businesses with various licensing boards due to delay. Mortgage banking is one example for mortgage licensing, or western medical transport in the Nevada Transportation Authority (NTA). We helped new entrepreneurs with resources for starting their businesses by connecting them with SBDC or HCQC to learn about processes or requirements that are needed, sometimes even translation services. We advocated for business owners to the

Regional Transportation Commission of Washoe County for some bus pools. Transportation seems to be a huge issue in the northern Nevada territory. We advocated for health care companies for licensing and processes to change, and for a pedestrian crosswalk in Chinatown to help business clients. We started to compile some of these issues we are encountering in preparation for the next legislative session.

What is the future for OSBA? With the help of our marketing consultant, we would like to continue to increase the presence of OSBA in the business ecosystem, continue statewide listening sessions as each city area has different needs, create a better delivery system for resource information, continue to partner with stakeholders to keep on improving and streamlining our partnership, develop a liaison with each department to help us find solutions, and continue our funding and hopefully get a bit more so we can hire more staff. Thank you.

Mr. Cullen:

If you go to the Lieutenant Governor's website, any small businesses that wish to gain assistance from Director Vinuya and Melissa can go to our website. There is a form on there that will populate Director Vinuya's help site on IQ to assist small businesses. We encourage any small business owners to reach out to our Office and would love if everyone on this Committee would help by letting their stakeholders and constituents know about our existence.

Chair Dondero Loop:

I see several questions from our members, so I am going to start with Vice Chair Flores.

Vice Chair Flores:

Thank you to Director Vinuya, Mr. Cullen, and our Lieutenant Governor. I had some small businesses that had issues. They mentioned one of them that was having issues with nonemergency transportation services to get a license, and they were incredibly helpful, so I wanted to publicly say thank you to them. I know the Lieutenant Governor is invested in helping all businesses, and obviously with our director's wide experience, they want to help all communities. I want to dive deeper into how you are helping businesses that, in the past, have felt they had issues because there were language barriers, or for businesses who are providing a service that is not a traditional business model or a traditional restaurant model. The entrepreneurial spirit is big in immigrant and migrant communities, but because it is a different approach, it takes a different lens to understand it. Can you talk a little bit about how you have been able to cater to some of these untraditional businesses and directly help them out?

Mr. Vinuya:

Basically, the way I can help with that is truly through my experience and my connection with the community in my past role. There are a lot of different resources, both within and outside the state agencies, that I know we can tap into and use, especially when it comes to translation services, and explaining to a lot of these folks you are talking about exactly what resources are available for them, and some of their rights and responsibilities as business owners, as well. Translation services is a huge issue that we have. There are a lot of different small business owners who do not understand the processes, so getting somebody in their community who they trust and who can help translate is a huge factor. It is about connecting them to the right people, sometimes outside the state agencies, to help us give them a better understanding of what is needed.

Vice Chair Flores:

Thank you for that. I know that having all of you there is a huge asset to the state.

Chair Dondero Loop:

Senator Neal.

Senator Neal:

I was one of the people who wondered how this bill was going to work in real life. I have looked at the website and thank you for including Nevada Grow as one of the resources out there moving the needle for businesses. I was wondering, how are you advocating at the federal level in terms of business assistance and impediment? I am hearing two things: (1) a lot of people do not feel they are ready to pay back their federal loans that they received—the Coronavirus Disease of 2019 (COVID-19) Economic Injury Disaster Loans (EIDL); and (2) if you noticed recently, there was this destruction of tax records, and now businesses are receiving letters saying they have not filed. There is a need for federal-to-state advocacy to help navigate and narrate what is happening so that they know what to do and how to handle it. These businesses are getting notices saying they have not paid, and now they are going back to their accountants and saying, “You know I filed my taxes. I have my paper copy right here, but I am getting this thing from the Internal Revenue Service (IRS).” Is this something you guys have heard about or are engaging in?

Mr. Vinuya:

We have not encountered this particular issue at the moment, Senator Neal. I have not received any issues yet as far as the taxes are concerned. I have a good connection with the SBA and the regional director here. We can advocate for them to see what is available for our business owners if they are not ready to pay back the EIDL loan at this moment and see if something can be done. As far as the tax issue is concerned, I will start my research now so I can be prepared when we get those issues.

Senator Neal:

It was a CNBC story, but I also got a text message, and then I had to look it up because there was nothing on the IRS’s website that discusses it, but it appears to be a real thing that is going on. Maybe you should be aware of it. Madam Chair, can I have a second follow-up?

Chair Dondero Loop:

Sure, go ahead.

Senator Neal:

I see GOED, B&I, and the Office of the Secretary of State listed, but how are you guys coordinating? Please give me examples of how the coordination is working in real life between the three agencies.

Mr. Vinuya:

There are several examples I can give you. The business fair is one. I want to bring that up because that includes everybody. Of course, when we do have a business fair, we want to

make sure that everybody there is included. We have thrown out invites to a lot of the different state agencies that are available. This coming Friday, we are having a fair on the east side, and almost everybody represented there can come. That is a minor example. A real-life example I can give you of how it works, as far as resources are concerned, is an SBDC story. There was a would-be business owner who did not know how to start a business, who to go to, or call. They were referred to me by a chamber, and I immediately referred them to SBDC. As I dug in more, they also needed guidance on the requirements for opening a childcare business. I was also able to connect them to HCQC, and they gave them the exact requirements needed. Now SBDC is guiding them towards taking care of their business plan and going through the proper steps and road map. As Director Brown has mentioned, I am truly more of a conductor and getting the right resources in front of the people depending on what they need.

Chair Dondero Loop:

Assemblywoman Torres.

Assemblywoman Torres:

Thank you, Mr. Cullen and Mr. Vinuya for your presentation today. It is exciting to learn more about OSBA and some of the work you have been dealing with. I know the Office of the Lieutenant Governor has done a phenomenal job with outreach and making sure the community is more aware that they are there to help. You mentioned during the presentation today some legislative recommendations. What recommendations or issues have come before you the most that you are looking for solutions now?

Mr. Cullen:

We will eventually be making a formal recommendation to the LCB. I will let Director Vinuya dive into what he has seen so far.

Mr. Vinuya:

Most requests we are getting are licensing delays in different areas. For example, the first one we had, as Vice Chair Flores mentioned, at NTA, there was a delay in approval of ground transportation licensing for a couple of different businesses that came to me, and the delays were about a year. When you think about a year-long delay, these businesses are paying insurance and utilities for their offices with zero income during that time. It is a burden for them, so they need help moving that along. That delay and why it is taking so long is one issue I see, and right now we are currently working on that.

The other delay we see is with the county fire marshal. [Inaudible] homeowners, it is taking over a year to get their license. Again, they are paying for a mortgage or lease for that property, insurance, and utilities for over a year with zero income. That takes a huge toll. The biggest delay that we see is a six-month backlog on the inspection for our fire marshal, and the other inspections cannot be done until that is completed. We are trying to see how we can streamline that process.

According to their rules and regulations, Medicaid should be examining patients face-to-face; however, because of the pandemic, they have been examining patients by phone—telehealth. Now it is tricky because a lot of these clients who they are examining are for adult daycare needs. These are patients 65-years-old and above. They need to be seen in person instead of over the phone. Since that change, there has been a huge decline in the number of approvals. That is a preview of some of the things we are seeing out there.

Funding is another popular one. At least half of our requests have been for more funding for small businesses.

Chair Dondero Loop:

Senator Goicoechea, please go ahead.

Senator Goicoechea:

Would you be able to put together a short white paper on what exactly you are dealing with? I represent more of the rural areas, and people do not know where to go to access your program. I do not know where to send them. It is interesting you talk about the fire marshal; in most of the rural communities, it is the state fire marshal. I do not have to tell you they are struggling as well to meet the needs, so I was curious if you could put together a white paper for some of us on the Committee, so when I get a question, I can say, "These are the people who can help you best. This is how you access them, and this is what they can help you with." I do not think the rurals know you are available, so how do we get there and what can you help them with?

Mr. Cullen:

Getting the word out about our existence is something we are continually working on, and we would love to work on that white paper and send it to all the members of this Committee. We also want to get out to some of our rural counties and rural chambers and talk to some of the small business owners out there, maybe later this summer. We have no hard plans yet, but our goal is to physically get out there and meet with small business owners in our rural communities, and we would love to partner with you on that.

Senator Goicoechea:

Thank you. I look forward to it.

Chair Dondero Loop:

Assemblywoman Brown-May.

Assemblywoman Brown-May:

Thank you for the great information. It is nice to see you here, and I appreciate the good work that has been done out of your Office in the last few months. My question is relative to data. Do you have the number of inquiries that have come through the Office to date? Do you currently have a waiting list? Are there businesses that you are currently not able to meet their needs? As you have talked about the desire to expand this Office, what is currently the data load and the average time you are spending per client?

Mr. Vinuya:

As far as data, we started our outreach to the businesses before IQ was up and running. We have over 60; however, there are a few more names that I need to upload on my own. A lot of them came in through emails because of my connections with the chambers. They were passing my name along, which I am grateful for because that is exactly what we like. As soon as we get that updated, I will send that data to you. We need help, which is why I hope we can get more funding in the future so we can hire a third person. Yes, there is a waiting list. I can only get to certain businesses, but it also depends on how fast I can set

up a meeting with a department or board that is available. The wait times vary. Some of them are easier than others; I will make a few phone calls, and we can get it done. But there are some that require more research and meetings with different people. It is important to have connections in those areas and liaisons who can work with our office.

Assemblywoman Brown-May:

I appreciate that, and I would recommend you consider adding some of those details relative to the white paper that has been requested by the Senator. Thank you.

Chair Dondero Loop:

Any additional questions from the Committee? Not seeing any, I will add our gratitude for getting OSBA up and running so quickly. It is so important right now during this time. I love the suggestion of the white paper for us to all process and know what is happening not only in our major cities but in our rural areas, and to know how people can get a hold of you. The other thing I have heard is people do not know if they need to contact you. They have a problem, or their business is up and running but they could use a little help. Is there some criteria or benchmark they can think about when they are looking for help?

Mr. Vinuya:

Chair Dondero Loop, at this point, have them call me. It is a lot easier for me to determine how I can help them. My role is to connect them to the right people. If I am not the right person to help them, I can move them to that person. I do not want them to categorize themselves out of the help that I can probably give them. It is better for everybody to give me a call and we can decipher it from there.

Chair Dondero Loop:

That helps a lot. Any additional questions from the Committee? Not seeing any, thank you for all you are doing for our small businesses. They are the heart of our towns and cities. I am sure we will all be in touch.

AGENDA ITEM V—DISCUSSION OF FISCAL IMPACT TO PUBLIC LIBRARIES CAUSED BY COSTS OF OBTAINING DIGITAL MATERIAL

Chair Dondero Loop:

We are going to receive a presentation regarding the cost libraries must pay to obtain digital materials. This issue was brought to our attention by Ms. Julie Balderson Knight. She is Chair of the Carson City Library Board of Trustees. Good morning, Ms. Balderson Knight. Please go ahead and share your screen when you are ready.

Julie Balderson Knight, Chair, Carson City Library Board of Trustees:

Public library boards in Nevada are governing boards and typical responsibilities include establishing the mission and vision for the library, determining the policies that are implemented to govern the library, hiring and evaluating the director of the library, and overseeing the general management of the library, which include a budget review as well. Board trustee positions are voluntary and appointed by municipal elected officials, and in my case, the Carson City Board of Supervisors. While I am from Carson City, the issue I am raising for your consideration today is a concern shared across the state. The Las Vegas-Clark County Library District, the North Las Vegas Library District, the Washoe County

Library System, and the Nevada Library Association have all shared their concerns, so you might find that your local library is experiencing the same issue. ([Agenda Item V](#))

I would like to start off by setting the scene and offering up some background on how library users access electronic materials through our library. The Carson City Library uses a platform called Overdrive to create and maintain its digital book collection. The end user component of the Overdrive platform is an app called Libby. The Libby app is free and available across all the major device operating systems. The user downloads the app, inputs their library card number, and is then allowed to access e-books and audiobooks from their library's collection. Users can borrow, renew, or place holds on electronic library materials through the app. When the material is checked out, the title is available on the user's playlist within the app. When the term is up, the title is automatically removed from the user's playlist, but there are some limitations; electronic copies do not mean infinite copies. These materials are limited in the same way print materials are. In Carson City, we have about 5,100 e-book titles in our collection. On average, we have four people per title who have placed a hold and are waiting their turn to access the title in the digital collection.

Despite those limitations, there are significant advantages for libraries to invest in developing their electronic collections. This modality enables libraries to serve folks with limited transportation or folks whose eyesight requires larger fonts or audio formats. Of course, the 24-hour access to browse and check out or place holds has certainly expanded access. As you might imagine, we have seen an increase in demand for electronic materials that has been sped up by COVID-19 and gas prices. We do not anticipate the demand to drop off anytime soon since this point of access is becoming increasingly ubiquitous. It is of the utmost importance that libraries have sustainable business practices in developing their electronic collections.

That brings me to the business end of all this. There are only a handful of publishing companies, so-called the "Big Five"; these are publishers that control the market for the vast majority of bestselling titles, which are the titles that are in high demand at public libraries. Over the past decade, there has been a dramatic shift in how these publishers do business when it comes to electronic materials for libraries. We have seen a move to a model where electronic titles can no longer be purchased for perpetual access but instead must be licensed. Given the extremely durable nature of electronic materials where there are no physical pages that wear out and no reason to repurchase materials simply for the sake of replacing worn out editions, there is some logic to this, assuming the costs of electronic materials are equitable.

This graph shows the work of a public librarian back East, Jennie Rothschild, who spent a year tracking what was on the best seller list, how much those books cost—specifically how much her library would spend to buy those titles in a paper book or any book—and how much those same books, paper and digital, would cost for an average consumer. Her results are comparable to the situation we are facing in Carson City, and it is not just Carson City. In 2019, electronic materials accounted for 20 percent of total circulation across Nevada's public libraries and 30 percent more than all the print materials combined. Her data covers one year, but the trend is not new. In fact, a 2018 survey showed the average price per copy of electronic materials has tripled in nine years. At the same time, license models have become much more restrictive. What I mean by that is that it is not just the prices going up, we are seeing publishers enact two-month embargoes on all new e-book titles; when a title comes out as an e-book, it is not available for a library to even license at triple the cost for two months. In some cases, an embargo on a title can last an entire year. It is absolutely critical that "access to" and "use of" electronic materials equitably balance the rights and privileges of readers and authors and publishers. As you can see, maintaining

electronic collections is becoming unsustainable. My hope is that we can find a solution before it is too late.

There are a handful of other states actively working to address this disparity, and I hope Nevada will join the movement. Right now, two strategies have surfaced. The first is addressing the issue through contracting rules. This could entail setting some clear statutory definitions for *publisher*, *e-book*, *audiobook*, *reasonable terms*, and *deceptive practices*, and directing libraries to not engage in agreements that are not reasonable. As a trustee, that would be a very handy tool in my tool belt when we review our budgets.

Other strategies that some states are floating is around regulating business practices of publishers, something along the lines of requiring that if a publisher sells a product to the public, that same product must be made available to a public library at the same cost. I am not sure I can point to any state that has come up with the best model or language so far; perhaps there is another angle to consider that has not been revealed. I do not know what this might be, and I hope that perhaps this is something you all might consider or have thoughts or guidance on that you could share when it comes to finding a solution to this. I am all ears. This is a big problem, but I do not think it is unsolvable.

I would like to close by thanking you for your time and for your attention, and a shout out to BPS for your help advancing my slides. I will turn it back to you.

Chair Dondero Loop:

Thank you. Do we have questions? Assemblywoman Torres, please go ahead.

Assemblywoman Torres:

Thank you for the presentation. This is an issue that is near and dear to my heart as an English and reading teacher. Have there been any conversations with the school districts because there are similar issues right now with accessing e-libraries for our schools and with online materials and relicensing? We have seen those fees continue to go up, and post-COVID-19, more and more schools have been dependent on online materials because as we have more one-to-one with Chromebook and access to digital within our schools. There is this big shift, but we are having a lot of issues with the pricing going up. Programs like [inaudible] and the libraries that schools maintain are going up. Is there a greater conversation that can be had between government agencies?

Ms. Balderson Knight:

I have not had any of those types of conversations. I am glad you raised this issue, and I am heartened to hear that someone else is also struggling this way but also sad that we must face this challenge. I will absolutely pick that up, run with it, and reach out to our education partners. Maybe there is some solution in terms of collective bargaining or joint contract. Thank you for that suggestion.

Chair Dondero Loop:

As a former school librarian who purchased books, compact disks, and then went to digital, I appreciate that. My suspicion is, unfortunately, that the school district does its request for proposals (RFP) separate from the county's RFPs. While the conversation could be had, it is the old "never the two shall meet" because of separate entities with separate funding structures. That would be a good conversation to have. Senator Neal.

Senator Neal:

Thank you, Madam Chair, for putting this on the agenda; I got excited. For the licensing fees, how much are they?

Ms. Balderson Knight:

We are looking at about triple the cost of what we are paying for printing per title. Libraries across the state have had to make judgment calls in our collection's development. With our pot of money for the purchase of materials, some libraries, like Carson City and Washoe County, have split their dollar amount in two. They spend about half of their collection development budget on print materials, and the other half on electronic materials. As I said in my presentation, the dollars do not go nearly as far when purchasing electronic materials. That is not the only way to do it. Some libraries across the state have opted not to purchase any new print materials and have put 100 percent of their collection development budget toward electronic materials. Other libraries have done the inverse and doubled down on print materials and decided that electronic materials are too expensive, and they are not spending money on them. It really depends.

Senator Neal:

I am interested in regulating the market and the other piece you talked about. In my digital goods journey, which has been going on since 2019, I noticed there was inequity in terms of the digital good versus the tangible. There needs to be a conversation about parity around pricing, which then puts us in another set of statutes. If you were to grow your electronic collection, what would be the universe that you would even have access to? What I heard was they are monopolizing how the titles come out. They are controlling the market in a way where you only get a bite of the apple for two months, or you must wait, so they build up this interest and then you are paying more. Even if you grew the collection, would you have access to 20,000? Or would that then be staggered because of the publisher's behavior?

Ms. Balderson Knight:

It is the latter, unfortunately. Even if we do spend all that we can and grow that electronic collection, these terms are, in my judgment, unreasonable. That is what we must deal with without some type of regulation in the market. I would say that we would be getting about more of the same, meaning the embargoed access would still be there, and the high cost would still be there as well.

Senator Neal:

On the contracting side, you are asking for price constraint. That is what I am hearing. You want the State Purchasing Division to engage in developing a price constraint type of legislation? Is that what you are thinking? There is a lot to vet in that conversation when you start doing price constraint, because then we must consider the Sherman Anti-Trust Act (1890) and other things, such as how far can the state engage in controlling the market? There is some leeway, but it must be pitched in a certain public policy purpose that makes sense.

Ms. Balderson Knight:

When it comes to procurement and the contracting piece, you hit it right on the head. It would come down to having some type of definition of what is *reasonable*, what is a

deceptive practice, and saying, “Hey, library, you are not allowed to contract with folks who engage in these types of practices.” Now, if you were to go the other way, back to the market regulation piece, we do have one case example with Maryland. They passed a law attempting to regulate the market that said to the publisher, “If you are going to be selling an electronic material to the public at a cost, you need to offer that same material to public libraries at the same cost.” That law ended up going to court. The publishers argued that the way the language and the law was written forced publishers to sell where they did not necessarily have to sell. The court said that while they agreed with the spirit of the law, they did not necessarily agree with the way it was worded, so they ruled on the side of the publishers on that one. That is a needle to be threaded. In terms of where I would probably want to go, even though it is an undertaking, it still might be easier to focus on the contracting and procurement end of things. If we do want to reach into the market regulation piece, I would be happy to see that bold action. I am not necessarily confident that we would not meet the same demise that Maryland did.

Senator Neal:

I appreciate that. If you could share that case, that would be helpful. Madam Chair, if this is something that you plan on researching and going deep, I am all in.

Chair Dondero Loop:

Good to know we have a cheerleader for the cause. Additional questions from the Committee?

Ms. Balderson Knight, if I am going to get a cookbook or something that is on the shelves now at Barnes and Noble or the library, is one \$40 and one \$10? Can you give us an example like that?

Ms. Balderson Knight:

I would say average book prices have a suggested retail price, which comes from the publishers. For print material or something new coming out, or a best seller, the suggested retail price would be about \$24. If you wanted to purchase that on Amazon, it would be a little bit cheaper at about \$16, and a public library would pay about the same, \$14, or so. Now, if you were to purchase that same bestseller as an e-book on Amazon, you would be looking at about \$12, but the library would be looking at \$45 for that same bestselling title in an audiobook format. It is more expensive on both ends; on Amazon you would be looking at about \$27, but the library would be looking at \$69, and those are averages, of course.

Chair Dondero Loop:

I do not know that this matters a lot, but for your information, the books that you buy in a store—in a Barnes and Noble—might have a different binding than the library binding because the library binding is heavier because more people use it. That has been my experience as a school person. But the disparity between buying the e-book for my Kindle versus the library buying it is quite large, so I am not sure where the difference is.

Any additional questions from anyone? Senator Neal.

Senator Neal:

I am going to control my excitement, but one thing Ms. Balderson Knight should look at is the price gouging statute from Attorney General Aaron Ford during the COVID-19 shutdown; there might be language in there that may assist. He touched on price constraints that may have been derived from the shutdown, which may have created this relationship they are having right now with the overpricing of digital goods. It is an extreme markup on your chart, so I think you should pull that statute and look at it.

Ms. Balderson Knight:

I will absolutely do that. I am glad that you got me on the agenda here to get these great ideas. I will absolutely follow up.

Chair Dondero Loop:

Great idea, Senator. Any additional questions? This topic is interesting because so many people are now using e-books, even within our schools because we have online schools, hybrids, and all kinds of things going on. Assemblywoman Dickman.

Assemblywoman Dickman:

As you were asking your question about comparing the price for the book for your Kindle versus the library, I was wondering if this could have something to do with the fact that you might share your book on your Kindle with a friend, but a library version is going to go to possibly hundreds of people, so the publisher loses money on sales on these books. Could that be the reason for the difference in the price?

Chair Dondero Loop:

I will let Ms. Balderson Knight answer, but I do know that when you check out from a library, once your time is up, it goes away on your Kindle. You cannot keep it forever.

Assemblywoman Dickman:

But it goes to the next person and the next person, so the publisher is potentially losing sales on you buying it for your Kindle because I can get it at the library for free, even though I might have to wait for it.

Ms. Balderson Knight:

There are a couple of pieces to consider there. There have been some studies that suggest accessing materials at a public library for some functions as a test drive, and folks tend to purchase the title after they have read it at the library. If they liked it so much, they purchase it. You make an excellent point that the lifecycle of an electronic material absolutely eclipses print material. What you might see with print materials is that they wear out. A library purchases the material and circulates it through the users. Eventually, the spine and pages wear out, and we buy that book again. You are not going to see that electronically. That is why you have seen a shift to where we do not purchase the electronic title; we essentially lease it. Through licensing, we pay for it once and then it expires, so then we pay for it again. It could be a one-, two-, or three-year lease. The solve for that has been to switch from purchasing to licensing. Given that licensing has replaced that repurchasing model that you saw with print, I would say that publishers can stay in business that way. The costs, when it was print, were comparable. Given that we are

repurchasing, the very high price of what must inevitably be repurchased has become a concern.

Assemblywoman Dickman:

I was curious, if that could be a reason.

Chair Dondero Loop:

Very good points and good question. Additional questions? Any follow-up, Assemblywoman Torres, on the schools?

Assemblywoman Torres:

No, I hope it is a consideration. I am happy to work on this; Senator Neal is excited about it, and I am, too, because it is an issue that is impacting our library system. I know it is impacting our schools as well, so if we can make one bill that addresses both issues, I think that would be helpful for all of us.

Chair Dondero Loop:

Thank you.

AGENDA ITEM VI—PUBLIC COMMENT

[Chair Dondero Loop reviewed virtual meeting and testimony guidelines.]

Chair Dondero Loop:

Is there anyone in Carson City or Las Vegas? Not seeing anyone or hearing anyone, we will go to the phones; BPS, go ahead when you are ready.

Dora Martinez, Nevada Disability Peer Action Coalition:

Good morning, Madame Chair, and Vice Chair. I appreciate you listening to my public comment. I want to say I support the library. With the pandemic going on, my son had to look for *David Copperfield* in the electronic version. We could not find it at the nearest library to us, so we went online, and we found it in Spanish Springs, and he had it for [inaudible] class. I do appreciate it if it becomes a bill to regulate the prices. I love our libraries, and I appreciate all of you. Have a great week and thank you.

Chair Dondero Loop:

Next caller, please.

BPS:

Thank you, Chair. Your public line is open and working; however, there are no more callers at this time.

Chair Dondero Loop:

Are there any comments from the members before we adjourn? Senator Goicoechea.

Senator Goicoechea:

Yes, thank you, Madam Chair. Pertaining to the white paper from OSBA, if they could include their definition of what a *small business* is as well, the more information I have, the better it is going to be for me. I assume that goes for the other members as well.

Chair Dondero Loop:

I will have staff reach out to them and make sure they include that in the white paper.

Any additional comments from the Committee? Not seeing any, we are currently looking to schedule a final meeting in August. Staff will reach out to check on availability for a possible meeting date. That concludes our business for today, and with no more comments, we are adjourned

AGENDA ITEM VII—ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 10:17 a.m.

Respectfully submitted,

Erin Andersen
Research Policy Assistant

Jered M. McDonald
Senior Principal Policy Analyst

APPROVED BY:

Senator Marilyn Dondero Loop, Chair

Date: _____

MEETING MATERIALS

AGENDA ITEM	PRESENTER/ENTITY	DESCRIPTION
Agenda Item II	Kent Irvin, Ph.D., State President, Nevada Faculty Alliance	Written Public Testimony
Agenda Item IV	Michael Cullen, Chief of Staff, Office of the Lieutenant Governor Sonny Vinuya, Director, Office of Small Business Advocacy, Office of the Lieutenant Governor	Microsoft PowerPoint Presentation
Agenda Item V	Julie Balderson Knight, Chair, Carson City Library Board of Trustees	Microsoft PowerPoint Presentation

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