

MINUTES OF THE SEPTEMBER 28, 2023,
MEETING OF THE
INTERIM FINANCE COMMITTEE

Chair Daniele Monroe-Moreno called a special meeting of the Interim Finance Committee (IFC) to order at 3:16 p.m. on September 28, 2023. The meeting was held online, and in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada, and Room 4401 of the Grant Sawyer Office Building, 555 East Washington Avenue, Las Vegas, Nevada.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Daniele Monroe-Moreno, Chair
Senator Marilyn Dondero Loop, Vice Chair
Senator Nicole Cannizzaro
Senator Pete Goicoechea
Senator Dina Neal
Senator Rochelle Nguyen
Senator Melanie Scheible for Senator Dallas Harris
Senator Heidi Seevers Gansert
Senator Robin Titus
Assemblywoman Natha Anderson
Assemblywoman Shea Backus
Assemblywoman Tracy Brown-May
Assemblywoman Jill Dickman
Assemblywoman Michelle Gorelow
Assemblyman Gregory Hafen II
Assemblywoman Sandra Jauregui
Assemblywoman Heidi Kasama
Assemblyman Cameron "CH" Miller
Assemblyman Philip P.K. O'Neill
Assemblywoman Sarah Peters
Assemblywoman Shondra Summers-Armstrong for Assemblyman Howard Watts
Assemblyman Steve Yeager

COMMITTEE MEMBERS EXCUSED:

Senator Dallas Harris
Assemblyman Howard Watts

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Brenda Erdoes, Director, Legislative Counsel Bureau
Sarah Coffman, Fiscal Analyst, Assembly
Wayne Thorley, Fiscal Analyst, Senate
Brody Leiser, Chief Principal Deputy Fiscal Analyst
Cathy Crocket, Chief Principal Deputy Fiscal Analyst
Karen Hoppe, Principal Deputy Fiscal Analyst
Julie Waller, Principal Deputy Fiscal Analyst
Asher Killian, Legislative Counsel
Eileen O'Grady, Chief Deputy Legislative Counsel
Jessica Dummer, Deputy Legislative Counsel
Melissa Garvin, Fiscal Analysis Division Secretary

EXHIBITS:

[Exhibit A:](#) Meeting Packet

A. ROLL CALL.

MELISSA GARVIN (Secretary, Fiscal Analysis Division, Legislative Counsel Bureau [LCB]), called the roll. All members were present except Senator Harris and Assemblyman Watts, who were excused.

B. PUBLIC COMMENT.

There was no public comment.

C. APPROVAL OF FEDERAL GRANT SUBMITTED IN ACCORDANCE WITH NRS 353.335(2)(b) - REQUIRES EXPEDITIOUS ACTION WITHIN 15 DAYS - DEPARTMENT OF PUBLIC SAFETY - Office of Traffic Safety - FY 2024 - Addition of \$248,624 in federal National Highway Traffic Safety Administration grant funds to procure oral fluid testing kits. Requires Interim Finance approval since the amount of the grant exceeds \$200,000. Work Program #C65513. RECEIVED 9-13-23.

SHERI BRUEGGEMANN (Deputy Director, Department of Public Safety [DPS]):
This work program requests the addition of federal National Highway Traffic Safety Administration (NHTSA) funds to support drug-impaired driving programs.

CHAIR MONROE-MORENO:

Please elaborate on how these funds became available for the State of Nevada.

AMY DAVEY (Administrator, DPS):

These are federal funds that had been allocated to another national project which was ultimately not going to be implemented. On August 18, 2023, the NHTSA sent out a notice of funding opportunity to all states announcing that there was \$1.0 million of expiring federal funds that were specific to drug-impaired driving initiatives. After speaking with some subrecipients, my staff and I developed and submitted a grant application based on assessment results the agency received from the NHTSA on a Driving Under the Influence (DUI) assessment from January 2023. The DPS was notified August 24, 2023, that Nevada was being awarded a significant portion of that \$1.0 million based on the grant application. There is a very short turnaround time on this grant; it is unusual to receive a notice of funding opportunity and then a grant award within 24 hours of application. Because the funds expire at the end of the federal fiscal year, the DPS has a short timeframe in which to utilize the funds.

CHAIR MONROE-MORENO:

Once the testing equipment is purchased, will Clark and Washoe Counties be able to utilize the testing equipment as well?

Ms. DAVEY:

The grant that the DPS wrote is specific to the agency's local partners; as such, the DPS anticipates that the funds will support local law enforcement agencies. It is my

understanding there are other budgeted funds at the state level for these DUI devices, so the agency expects that the funds will primarily go to Washoe and Clark Counties in support of major DUI mitigation efforts.

ASSEMBLYMAN YEAGER:

I understand the intent and I support the program. I believe Ms. Davey indicated there are state funds that could be used for state law enforcement. Is the state already deploying this technology in the field or would acceptance of this grant be the first time the state is using this particular machine and testing strips?

MS. DAVEY:

The equipment and testing strips are currently being deployed through local jurisdictions. The Reno Police Department has a limited number of testing devices and I believe there are some other agencies using the equipment and testing strips as well; however, it is not widespread. I do not believe Nevada Highway Patrol has implemented this equipment yet.

ASSEMBLYMAN YEAGER:

For many years there has been discussion in the state about how to address the issue of drug-impaired driving. Police officers have experience with detecting alcohol, but drug impairment is new for Nevada.

The current law with respect to implied consent requires that a driver submit to a breath test when they are stopped by a police officer under suspicion of driving under the influence. Would this new equipment fall under that law or does the driver have the option of declining this roadside test in the event that the officer has this technology and wants to use it during a traffic stop?

MS. DAVEY:

It is my understanding the test is entirely voluntary. Drivers can also decline a preliminary breath test.

ASSEMBLYMAN YEAGER:

Yes, drivers can decline a preliminary breath test; however, I think in certain circumstances it can potentially result in the revocation of the individual's driver license.

The amount of the grant is \$248,624. According to the backup documentation, the department plans to purchase 44 machines and approximately 1,100 test cartridges at 25 per box. How did the department determine that ratio? Is it based on experience in the field, or is that the recommended amount of cartridges per machine?

MS. DAVEY:

The DPS reached out to law enforcement agencies and posed this question. The DPS also runs the statewide drug recognition expert training program, so the agency has regular contact with law enforcement. The DPS asked law enforcement agencies the following questions:

- How many drug recognition experts are in the agency?
- Would the agency use these devices in an exploratory or testing-type manner?

- Would the agency deploy the tests for DUI mobilizations?

The DPS based the total number of machines and cartridges on the feedback received from local law enforcement partners. Also, part of the grant requirement was to describe the conditions under which law enforcement would deploy the tests, so the DPS focused on upcoming enforcement mobilizations around holidays and events where people tend to drive while impaired. I was pleased to learn that the DPS was awarded \$248,624 in grant funds.

SENATOR SEEVERS GANSERT:

Nevada received a substantial amount of federal dollars. It sounds like the DPS has educated itself on the best way to utilize the funds and ensure there are enough equipment and cartridges. Although the invoice would not be due until November 2023, it appears the funds need to be expended today. I wanted to confirm whether the agency would need a decision from the Committee today.

MS. DAVEY:

Yes, the DPS would need to execute the purchase today. The agency lined up everything in advance knowing that the deadline was quickly approaching. The DPS originally submitted the work program on August 24, 2023, and it was approved August 25, 2023; however, it was not received by the LCB until September 13, 2023, which put the department up against the deadline. The department has already completed the request for proposal process and let the NHTSA know that the agency can execute a purchase order. The DPS is prepared to place the order immediately upon the Committee's approval.

ASSEMBLYWOMAN SUMMERS-ARMSTRONG:

I have a question about the ability of the test to differentiate different types of substances. Legislators had questions during the 82nd (2023) Legislative Session about being able to test the amount of drugs like fentanyl. How sensitive is the testing?

MS. DAVEY:

With respect to the testing devices, the devices are not used to detect impairment, just presence. The results help a law enforcement officer make a test decision, not an arrest decision. When a law enforcement officer suspects impairment, the officer conducts standard procedures, including field sobriety tests and other skills, which helps develop a reasonable cause or the suspicion to arrest a person for DUI and conduct further testing. This device will show the presence of six substances; however, fentanyl is not one of those substances. The testing device will help an officer order a proper drug test. The standard practice of local laboratories is to test only for what a law enforcement officer orders, or to stop when a .10 alcohol level is detected. In the case of DUI, it is common for drivers to be under the influence of multiple substances.

The Reno Police Department found a significant benefit to the devices. An officer suspected cannabis impairment in a driver, and although the device did not detect cannabis, it did detect methamphetamine. Consequently, the officer was able to order specific toxicology tests that are required for evidential testing.

SENATOR NGUYEN:

I have some concerns about using these federal funds to begin a program like this. Does the DPS have information regarding the peer review process for these testing strips? I am aware that the National Academy of Sciences has weighed in on the other preliminary breath tests that are conducted for suspected DUIs.

MS. DAVEY:

Yes, there is a body of work that substantiates oral fluid testing. I researched the standardized testing and validity of the tests. The National Conference of State Legislatures has a good resource section that includes a number of reports from the U.S. Department of Transportation (USDOT) and the Federal Motor Carrier Safety Administration. In fact, the USDOT and the Federal Motor Carriers Safety Administration recently approved oral fluid testing. It is also approved by the NHTSA. The NHTSA conducted national pilot projects and created studies and reports. The National Institutes of Health and the National Traffic Law Center have both published reports on it. The American Automobile Association (AAA) has released an entire toolkit on the use of oral fluid testing to detect drug-impaired drivers.

There are a number of devices on the market; however, the DPS is aware of the devices that meet approved standards.

SENATOR NGUYEN:

I understand that drivers can decline a breath test or blood test; however, that places the driver in jeopardy for suspension or revocation of their driver license. Will these devices remove the need for a warrant or does this fall within the statute that authorizes the other consent tests?

MS. DAVEY:

I am not qualified to speak to the legal standards; however, the device in no way replaces current practices or requirements for warrant in the case of a refusal to test. The device does not supersede any of the current laws or practices. It is my understanding that under the state's current implied consent statutes and requirements, these devices are eligible for use on a voluntary basis.

SENATOR NGUYEN:

I have concerns that there will be constitutional or legal challenges that may require the state to dismiss these potential DUI convictions because it is not authorized in the *Nevada Revised Statutes*. I believe legislation was proposed during the 82nd (2023) Legislative Session regarding this technology. Is the DPS aware of that legislation?

MS. DAVEY:

That is correct. There were two pieces of legislation that touched on DUI testing, one of which did not pass out of the Senate Committee on Growth and Infrastructure. That specific legislation would have added authorizing language to the statute for the use of oral fluid testing. I believe there was substantial questioning about whether the Legislature wanted to include in statute something that would create another standard for reasonable cause, similar to the preliminary breath test.

The bill that did pass out of committee was related to the Committee on Testing for Intoxication (COTI). In Nevada there is a committee of experts and toxicologists that are charged with studying and creating standards for DUI testing in the state. Prior to the 82nd (2023) Legislative Session, the authorizing language was specific to the breath alcohol program. I believe Assembly Bill (A.B.) 239 (82nd [2023] Legislative Session) allows for the study, collection of evidence, and conduct confirmatory testing on oral fluid devices. The COTI stated: "The COTI members agreed the purposes should be to collect data on drug presence to compare the roadside oral fluid device results to forensic toxicology results where possible, to assist officers in determining evidentiary testing decisions, and to assist with making pre-trial supervision and post-trial treatment decisions for persons who are arrested and prosecuted. It was made clear that oral fluid testing results would not be used for officer arrest decisions since the device does not test for impairment. The officers in all cases must base their arrest on evidence of impairment and whether the evidence meets the legal standard of probable cause."

The DPS is not seeking to develop a program. The department can purchase the devices now with the federal funds. The DPS decided to propose this grant based on the purchase of the devices for a couple of reasons, the first of which is the short turnaround time. The DPS knew it would not have adequate time to establish a data collection system or some kind of other elaborate program. Secondly, when the DPS polled local law enforcement agencies, the agencies said they would like to use the tests as a resource in their DUI mitigation efforts. The department is not intending to start a program at the state level. I will run a request for proposal through the regular grant process and local law enforcement agencies can apply for the funds.

SENATOR SCHEIBLE:

I wanted to get some clarity because the testing in Reno may be different or perhaps the technology has changed. In my experience, there has always been only one test that is run for all the controlled substances aside from alcohol. If an officer suspects that there is impairment other than alcohol, the officer gets a blood test either through consent or through a warrant, and then an entire panel is run to see if there is cocaine, methamphetamine, cannabis, or any other detectable substances. Does this mean if an officer has somebody in custody, the officer would, for example, pick option A for cannabis impairment and option B for methamphetamine impairment?

MS. DAVEY:

I cannot speak exactly to the process of the local testing labs. I know in Clark County the primary lab is the Las Vegas Metropolitan Police Department testing lab; Henderson also has a testing lab. In my previous conversations with the forensic labs, they were working toward aligning their processes and standards across the state. The labs had developed processes and standards for how things were requested and tested that were unique to their agencies and organizations.

SENATOR SCHEIBLE:

Please briefly explain again the value of this device. If an officer can do an oral fluid test to presumptively determine if a driver is under the influence of methamphetamine, cocaine, etc., how does that change the rest of the interaction compared to the current process where the officer uses field sobriety tests such as the modified Romberg and the horizontal gaze nystagmus tests if a driver is suspected of being under the influence of

drugs? How does that change the safety of the community by having a chemical presumption of being under the influence?

MS. BRUEGGEMANN:

When an officer is conducting the roadside testing and needs to determine whether a blood test is necessary or if the driver should be arrested, the device will help the officer determine which substance to test for.

MS. DAVEY:

The agency received a support letter from the NHTSA on this grant and the interest in supporting states with these funds. The letter, written by NHTSA Regional Administrator Gina Espinosa-Salcedo, states that oral fluid testing devices have significant potential impact for Nevada including the removal of drug impaired drivers, advanced data collection and analysis, reduced toxicology costs, and officer training and skill building. In my notes I have written that the devices are used in a screening capacity to confirm suspicion of drug use. After law enforcement conducts a standardized field sobriety test, the device is used to assist with making the next decision and not the totality of the arrest decision.

MS. DAVEY:

There is a lot of conversation about this in Nevada. Any time something is new there needs to be a lot of discussion to determine if it is the best fit for the state. However, this device is not new at the national level. There are states that have adopted it into implied consent standards and have made it mandatory. I am happy to provide as much documentation as possible. The DPS wrote the grant in this way because the department wanted to bring the funding in and use it to support local law enforcement. The intent of the DPS was to seek grant funds and support local law enforcement.

SENATOR TITUS:

I want to acknowledge and thank the agency for applying for the grant expeditiously. From a medical viewpoint these devices are beneficial. Everyone is aware that a blood alcohol level of .08 does not indicate impairment, because it depends on body type. However, the Legislature had to determine a blood alcohol level cutoff. That level was determined based on science and data. Unfortunately, with the legalization of marijuana in Nevada and the influx of illegal drugs, the state does not have a good starting point to determine level of impairment. That cannot be determined without data. I think these devices will help the law enforcement officer as well as the driver suspected of driving under the influence. It will help the officer determine if the individual needs to go to jail or a hospital.

Will the data from these devices, such as the number of arrests, etc., be used to help legislators understand drug impairment and assist law enforcement officers in their job?

MS. DAVEY:

Yes, there is a keen interest from the forensic laboratories in conducting studies against their own toxicology testing so that the laboratories can provide information to the Legislature and provide information to the DPS about the validity of the tests. The department has seen the pilot programs, read the literature, and knows there is a very strong scientific background to using the devices; however, the agency's testing labs and toxicologists and those that are charged with overseeing the DUI program are interested

in collecting that data as well. They are interested in learning what substance the device detected and what the laboratory equipment confirmed. As part of A.B. 239, there is interest in data collection and in studying how this device can assist with that data.

SENATOR NEAL:

Is there anything in the federal grant that limits the state from adding additional conditions upon the acceptance of the money, or can the Committee place stipulations on the use of the funds?

MS. DAVEY:

When the agency writes a grant, it is written to the standards that are released in the notice of funding opportunity. I would like to ask NHTSA Regional Administrator Gina Espinosa-Salcedo, to respond to the question.

GINA ESPINOSA-SALCEDO (Regional Administrator, NHTSA):

Yes, the NHTSA would be open to conditions that the state chooses to place on the grant funds. Currently, the state has flexibility to spend the grant money on the equipment. The NHTSA does not have additional requirements other than some reporting that will follow. The NHTSA is excited for Nevada to accept the opportunity to quickly develop a grant and test some equipment to support the drug recognition expert program in the state. The NHTSA would be receptive to additional conditions placed by the Committee.

SENATOR NEAL:

To obtain more information around the flexibility of the grant funds, what are the parameters in which the Committee can operate to give those conditions? To determine what conditions the Committee could legally impose, I would like to know what conditions are excluded.

MS. DAVEY:

One of the things the DPS must adhere to is the timeframe. The agency asked for an extension for receiving the award, but the NHTSA is unable to extend the timeline. Another issue relates to the funding, which is specific to drug-impaired driving support at the state level. The NHTSA provided a list in the notice of funding opportunity of the items that qualified under that approach. Lastly, the NHTSA also required that the DPS utilize the NHTSA assessment tool. Fortunately, Nevada recently underwent a full NHTSA impaired-driving program assessment in January 2023, so the NHTSA was familiar with the recommendations that were made to the state. The DPS was able to use those recommendations as a foundation for applying for the grant.

MS. ESPINOSA-SALCEDO:

Correct, those are the conditions.

MS. BRUEGGEMANN:

I would like to add that any information that is gathered, mainly whether the test results matched the forensic evidence, can be shared. If there are concerns about whether these devices are accurate, that information would provide proof. I am certain the department could find plenty of information to share based on the numbers that would be gathered. There would be no restriction on sharing that information, correct?

Ms. ESPINOSA-SALCEDO:

That is correct. Any data or information that the DPS would obtain through this process belongs to the program. There is a reporting element at the end but the conditions for that [inaudible].

CHAIR MONROE-MORENO:

Would the DPS have data and information on the demographics of who is using the tests, who they are performed on, and the results of those tests, and would the Committee be able to receive that information, perhaps on a quarterly basis?

Ms. DAVEY:

Certainly, that could be a request the DPS would pass through to local law enforcement partners that apply for these funds. Again, it is not a state program, the DPS intends to offer a grant application opportunity to local jurisdictions. The department could include reporting of additional information in the grant requirement. The law enforcement agencies would have to determine if they felt they could report that information, but the DPS could certainly include that as a requirement of the grant.

CHAIR MONROE-MORENO:

That would be very helpful. Although it is a federal grant and not a state grant, the tests will be utilized on Nevada citizens, so that demographic information would be extremely helpful and beneficial to the Committee. A quarterly report would be a minimal request for the local law enforcement agencies. At the end of the day, Nevada roads should be safe for everyone and this is another tool for law enforcement to use, which could be great, but the Committee wants to ensure that it is used properly and know on whom it is being used.

SENATOR GOICOECHEA:

This appears to be another tool to remove impaired drivers. I am really struggling with this and I want to walk through the procedure. After an officer conducts a field sobriety test, if the officer does not detect any alcohol, I understand it would be necessary to do the oral fluid test if the driver is obviously impaired.

ASSEMBLYMAN O'NEILL:

If I understand correctly, this test is already being utilized by the Reno Police Department and it has also been approved by the NHTSA and other agencies; therefore, the validity of the test has already been proven. If the Committee includes reporting requirements it will create more work for officers and other staff. Is it correct to say this is already a validated testing procedure or did I misunderstand?

Ms. DAVEY:

This testing procedure is in use in several states and jurisdictions so there is a body of scientific and legal work behind it. I know this is an interesting conversation and an interesting technology. I thought I was just applying for a grant so I am a little nervous about where this conversation has gone. The state was having similar conversations about ten years ago related to autonomous vehicles.

ASSEMBLYMAN O'NEILL:

You mentioned earlier that the Reno Police Department is currently using this equipment, correct? Do you know of any other law enforcement agencies in Nevada or adjoining states that are utilizing it?

MS. DAVEY:

Yes, that is correct. It is a voluntary testing procedure so a law enforcement agency that owns the device may use it. It is not that my office is trying to disseminate a new practice or start a pilot program; there are law enforcement agencies in Nevada that currently use this equipment.

ASSEMBLYMAN O'NEILL:

What agencies are using this equipment?

MS. DAVEY:

I would prefer not to comment, because I do not want to put any agencies on record. I will provide the Committee with a list of agencies.

CHAIR MONROE-MORENO:

Please do not feel nervous. The job of the Committee is to ask hard questions. The Committee understands that other agencies have been utilizing this equipment through their own budgets; however, this request is coming through the state so there is a natural concern because there have been conversations about this during a few legislative sessions. It is important to ensure the Committee receives the information since this is something new for all of the members as to the effectiveness of these tests and who is being tested.

ASSEMBLYMAN YEAGER:

I echo Chair Monroe-Moreno's comments. I am supportive of this program. I think the interest you are seeing from the Committee members is an effort to understand the program. This has been a long-standing conversation for the Legislature. Depending on the success of the program, future Legislatures may be asked to help support a similar type of state program if federal funds are not available.

I did find some information that the Michigan State Police has been using this program. There was some data provided on the Abbott Toxicology webpage, which is the maker of the equipment, that the confirmatory accuracy of the equipment is approximately 85% to 90%. I am glad to hear that reporting will occur in Nevada. I think it is important to know these tests are accurate. It sounds like the tests are accurate based on programs in other states.

The DPS mentioned it would be subgranting funds to local agencies to decide how to deploy the tests in local communities. Has the department decided how it will determine where the tests get deployed in local communities? I would think that law enforcement would want these devices because it makes things easier in the field. Has the department determined how the funds will be administered in the event that there is high demand?

MS. DAVEY:

I believe there will be more demand than supply. The DPS has already received requests for access to these devices from the law enforcement officers. The DPS Office of Traffic

Safety brings in approximately \$7.0 million dollars a year in federal funds for traffic safety programs.

As far as how the funds will be distributed, the notice of funding opportunity outlines how the funds may be used. One of the approved uses is to support drug-impaired driving through oral fluid testing, through a DUI strikeforce. When writing a grant, it is important to include the information contained in the notice of funding opportunity to qualify for the grant. Therefore, the department mentioned that mobilizations are conducted throughout the year with the department's law enforcement partners around events such as the Super Bowl, St. Patrick's Day, etc. The DPS noted in the grant that data showed that impaired-driving issues are high in Clark and Washoe Counties so the intent is to make the equipment available to those counties to be used as part of their mobilization efforts. The department also provided examples of those mobilizations related to events and activities with instances of impaired-driving issues. I believe that primarily these devices will be going to Washoe and Clark County agencies.

ASSEMBLYMAN YEAGER:

I think that makes sense to use the equipment during those activities.

In the past, there have been discussions about the breath interlock devices that DUI offenders need to put on their vehicles. Although those devices only test for alcohol, often individuals who are convicted of driving under the influence of drugs nonetheless have to get breath interlock devices. Is the DPS aware of any existing technology like this that is being considered for breath interlock devices for vehicles? I think that a breath interlock device would be a welcome technological advance for drivers who have been convicted of operating a vehicle under the influence of drugs, to ensure the driver is not continuing to do so.

MS. DAVEY:

I agree. Yes, that technology is under development. It is similar to Secure Continuous Remote Alcohol Monitor (SCRAM) bracelets or dermal devices for when a person has been ordered not to use substances. There are a number of different types of detection. I agree it would be a welcome and appropriate device. Polysubstance use is the highest component of DUI driving; polysubstance being a combination of alcohol and/or multiple drugs. People who have substance use or substance abuse issues frequently mix alcohol and other substances, and the ignition interlock device only detects alcohol. I believe those devices may eventually be built into vehicles, similar to airbags.

CHAIR MONROE-MORENO:

There has been a very robust conversation on this topic today. It is the Chair's request that the Committee approve this item. There is a reporting requirement associated with the grant that must be provided to the federal government; however, I would also request that the agency provide a quarterly report to the Committee. In addition, the Committee would like to receive reports from the agencies that receive subgrants. The report should include demographics such as to whom the tests are conducted and the test results.

ASSEMBLYWOMAN SUMMERS-ARMSTRONG MOVED TO APPROVE AGENDA ITEM C, REQUIRE THE DEPARTMENT OF PUBLIC SAFETY TO PROVIDE QUARTERLY REPORTS TO THE INTERIM FINANCE COMMITTEE, AND REQUIRE THE SUBGRANT RECIPIENTS TO PROVIDE QUARTERLY DEMOGRAPHIC REPORTS TO THE INTERIM FINANCE COMMITTEE.

SENATOR DONDERO LOOP SECONDED THE MOTION.

SENATOR SEEVERS GANSERT:

I understand the agency is required to provide reports to the federal government. Will the reporting provided to the Committee line up with the federal requirements?

CHAIR MONROE-MORENO:

I am uncertain about the federal government's reporting requirements; however, I would like quarterly reports provided to this Committee.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

D. DEPARTMENT OF BUSINESS AND INDUSTRY - Housing Division - INFORMATIONAL ONLY - Status report on the Home Means Nevada Initiative for affordable housing as requested during the April 7, 2022, meeting of the Interim Finance Committee.

STEVE AICHROTH (Administrator, Housing Division, Department of Business and Industry): I want to focus on the report that the Housing Division has provided to the Committee in three areas on the spreadsheet that is entitled *Home Means Nevada Awards Status 09.21.2023* (page 26, [Exhibit A](#)). First, there are some numbers in the box in the upper lefthand corner of the spreadsheet. I would like to point out in this update that the division's obligated funding is \$226,560,999, which represents 45.68% of the available funding. As a reminder, the obligation date for these funds is December 31, 2024, which is roughly 15 months away. At the last IFC meeting on August 9, 2023, when the division provided this report to this Committee, the division had expended 25.7%. In approximately one month, another 20% has been obligated, so the division is making great strides in that area.

The second thing I would like to point out on the report are the yellow boxes in the column titled *Agreement Status*, which talks about ongoing discussions. During these discussions, \$160.0 million in funding has been awarded specifically to four entities which form the bulk of the ongoing discussions: Reno Housing Authority, Southern Nevada Regional Housing Authority, Ovation Development, and Nevada HAND. This \$160.0 million represents 32% of the funding. Please note these are traditional partners, historic partners that the division works with regularly to provide affordable housing in the state.

Many of these projects require bond funding, and the division has earmarked enough bonding capacity to support these projects. Typically, there is an extensive amount of due diligence that is required before bonds are awarded to a project, which is why it is indicated that discussions are ongoing. The division has been in contact with all the awardees, including the four mentioned previously, regarding the obligation date, the need to have the

financing to ensure that the projects proposed will meet the obligation date, and to be certain the division either has bond approval or submissions by spring 2024.

Finally, I want to focus on some results specifically in regard to the division's homeowner program. In the section titled *Home Ownership and Rehabilitation*, the first line representing the Home Means Nevada Down Payment Assistance Program shows \$7.5 million in down payment assistance, allowing \$15,000 to eligible homebuyers in Nevada (page 26, [Exhibit A](#)). More than 50% of that funding, or approximately \$4.2 million, is reserved for the support of \$78.0 million in mortgages. Of the 279 reservations, 249 are in Clark County; those are reservations for people who have worked with various lenders to obtain homes. However, 203 loans have currently been funded resulting in \$3.0 million in expenditures as opposed to the \$2.5 million that is indicated in the column titled *HMNI Funding Expended 9.21.23*. In the last week the division has advanced more. Of the allocated funding in this particular tranche, 40% has been distributed, which has allowed people to purchase homes.

Regarding the reservations, 204 of the 279 reservations are for households with annual income under \$75,000, with an average household size of three. The average purchase price of the home is \$297,000. The average household income is \$64,000, and the average mortgage is \$279,985. At today's rate, a 30-year mortgage for \$279,985 equals about \$1,886 per month, excluding taxes, insurance, or homeowners association fees. If the Housing Division can get people qualified, a monthly mortgage of \$1,886 is probably comparable to the cost of rent. It is a credit to this Committee for allowing the division to run this program, which has helped 203 households purchase a home.

SENATOR NEAL:

A recent report indicated there has been an increase in foreclosures in Nevada. I know there is still a foreclosure mediation plan in Nevada. Has the Housing Division received any information on whether people who have purchased a house could not remain in the home due to financial issues, even after receiving mortgage assistance?

MR. AICHROTH:

It is probably too new to see if any of the recipients of this funding have fallen out of the program, but through the division's typical programs, yes, the division tracks who ends up in a foreclosure situation; however, I do not have that information for this specific program.

SENATOR NEAL:

I will share that report because apparently Nevada is now high on the list for foreclosures. The state is gradually being ranked similar to where it was in 2011 so I wanted to see if the division had any additional information on the factors that are driving it.

MR. AICHROTH:

The division does not have information on the factors; however, to your point and to any other legislators that need information regarding where to direct constituents who might have foreclosure situations, they can contact the Nevada Affordable Housing Assistance Corporation (www.nahac.org). Again, not germane to this program, but the Nevada Affordable Housing Assistance Corporation was provided \$121.0 million in homeowner assistance funds, of which approximately 30% has been expended. That funding is available until December 2026.

There was no further discussion on this item.

E. PUBLIC COMMENT.

There was no public comment.

F. ADJOURNMENT.

Chair Monroe-Moreno adjourned the meeting at 4:31 p.m.

Assemblywoman Daniele Monroe-Moreno, Chair
Interim Finance Committee

Brenda Erdoes, Director, Legislative Counsel Bureau,
and Secretary, Interim Finance Committee