



NEVADA LEGISLATURE JOINT INTERIM STANDING COMMITTEE ON COMMERCE AND LABOR

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

MINUTES

May 23, 2024

The fourth meeting of the Joint Interim Standing Committee on Commerce and Labor for the 2023–2024 Interim was held on Thursday, May 23, 2024, at 9:30 a.m. in Room 4401, Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. The meeting was videoconferenced to Room 3138, Legislative Building, 401 South Carson Street, Carson City, Nevada.

The agenda, minutes, meeting materials, and audio or video recording of the meeting are available on the 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 PRESENT IN LAS VEGAS:

Senator Pat Spearman, Chair
Assemblywoman Elaine Marzola, Vice Chair
Senator Jeff Stone
Assemblywoman Shannon Bilbray-Axelrod (Alternate for Assemblywoman Shea Backus)
Assemblywoman Heidi Kasama
Assemblyman Philip P.K. O'Neill
Assemblywoman Selena Torres

COMMITTEE MEMBERS ABSENT:

Senator Roberta Lange (Excused)
Assemblywoman Shea Backus (Excused)

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Cesar Melgarejo, Principal Policy Analyst, Research Division

Davis H. Florence, Senior Policy Analyst, Research Division

Crystal Rowe, Senior Research Policy Assistant, Research Division

Sam Quast, Senior Principal Deputy Legislative Counsel, Legal Division

Joe Steigmeyer, Senior Deputy Legislative Counsel, Legal Division

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

AGENDA ITEM I—OPENING REMARKS

Vice Chair Marzola:

Good morning, everyone. Welcome to the fourth meeting of the Joint Interim Standing Committee on Commerce and Labor.

[Vice Chair Marzola reviewed meeting protocol and information related to providing public comment.]

AGENDA ITEM II—PUBLIC COMMENT

Vice Chair Marzola:

We will move to public comment. Is there anyone in Las Vegas who wishes to provide public comment? I do not see anyone.

Is there anyone in Carson City who wishes to provide public comment? You may begin when you are ready.

Jay Cafferata, M.A., C.D.E.:

Good morning, I am a third-party provider for cultural competency training (CCT) for health care providers in the State of Nevada. I have already submitted my written testimony, but I wanted to reiterate a few points ([Agenda Item II A](#)). First, I would like to thank everyone on the Committee for your public service, because not everyone knows how difficult that is. In my family, we would like to honor that. Also, on the eve of Memorial Day, I would like to thank all the people who are serving, will serve, or have served in the military. My comments revolve around the idea of patient protections. These laws were created in many sessions and unfortunately, the new proposed regulations do not follow the letter of that law. They seem to undermine all the laws that have been passed in the last several sessions. I have submitted my written testimony, but again, would like to emphasize patient protection is our number one goal.

Sena Loyd, Director, Public Policy, Blockchains, Inc.:

Chair and honorable Members of the Committee, thank you for hosting such an important, educational, and informative session today on emerging technology and artificial intelligence (AI) ([Agenda Item II B](#)). Without proper regulation of emerging technologies, we risk perpetuating the same power imbalances that plague our current digital infrastructure. As we progress into the digital era, it is necessary for comprehensive legislation that supports privacy-enhancing technologies. This effort transcends mere advocacy for individual rights. It is about forging a future where the principles of personal autonomy and security are central in the digital realm. Your role as legislators of the Joint Interim Standing Committee is crucial in establishing a just and equitable digital environment for Nevadans. Moreover, legislation can act as a driving force for innovation in Nevada. By nurturing an environment that encourages experimentation and collaboration, you can stimulate the development of technologies that empower individuals and protect digital identities.

Blockchains, Inc. is a company advocating for policies that recognize the value of AI, digital identity, and social experience technologies to empower individuals to own, control, and

monetize their digital identities and personal data. Guaranteeing AI's ethical use is paramount for ensuring an individual is at the center of the experience, and an individual's data should not be exploited and used without that individual's consent. Our AI technology represents a paradigm shift because it is built with a privacy-first mindset and works solely for you, not the corporations seeking to profit from the data you are sharing. The premise of our AI is to use as little data as possible to customize, streamline, and enhance your experience. Thank you for your attention to these critical issues. We look forward to continuing collaboration and education efforts to ensure a secure and equitable digital future.

Escenthio Marigny, Jr., Diversity, Equity, Inclusion, and Accessibility+ Engagement Specialist, High Sierra Area Health Education Center (AHEC):

Good morning, Chair and Members of the Committee. I am here to talk about cultural competency. High Sierra AHEC has been a central supporter of Chapter 449 of NRS. We had concerns with the proposed regulation. In the last few years, we have successfully implemented cultural competency training to over 900 participants. I have submitted written comments, so I am just going to go over the finer points ([Agenda Item II C](#)).

As an organization, we believe in health equity. We want to develop the health care workforce for the State, but a key part of that is we believe in implementing and maintaining the integrity of CCT. We recognize there have been concerns about the length of the training and the cost of the training from various practitioners and facilities. We recognize some of the proposed regulations are in response to that. On our end, we have constantly tried to be flexible in implementing the training to practitioners and facilities, while maintaining the integrity of the law. We recognize things are changing and we want to meet that change by being flexible, but also maintaining the patient's protections. I wanted to be here today to state that for the record. Our organization is here to talk to legislators and those in the space who are interested in protecting patients, maintaining the integrity of the law, but also thinking of ways we can develop new modes to make it more affordable and flexible for those who are mandated to take the training. I want to thank you for your time today. Also, if you are interested in reaching out to our organization, I left our information in my written comments.

Sandra Richards, Resident, Incline Village:

Good morning and thank you for giving me the opportunity for public comment ([Agenda Item II D](#)). I live in Incline Village and I am a condominium owner in the homeowners association (HOA) of Ski Way Ridge. There are 100 condominium associations in Incline Village. I am also a part of a coalition for Incline condominium owners. This coalition was put together because of the non-renewal of home insurance. The reduction of coverage with the escalation of rates that has now created the insurance crisis. In my own condominium association, my HOA monthly rate has gone from \$600 to \$1,700 a month, and part of that is an assessment. There is a huge concern about insurance, not just in the Basin, because this is not an Incline Village problem. We are not in a vacuum and what happens here will have rippling effects that we do not even understand at this moment. The work of you, our lawmakers, is critical now. We need you. You are important. The coalition maintains the following: the insurance crisis here will devalue Incline Village real estate; it will slash tax revenues impacting Washoe County at large; it will destroy community identification and limit ownership to a narrow profile; it will negatively impact tourism; negatively impact generational wealth; and it gives them—

Vice Chair Marzola:

You have reached your two minutes. Please submit your statement to the Secretary in Carson City. Thank you for being here today.

Patricia Proctor, Resident, Incline Village:

Good morning. I am a retired educator. I also live in Incline Village, and I am on an HOA Board and a property owner in that HOA. It is a significant insurance crisis that we are facing in our community. We have many elderly and people on fixed incomes. We also are known for having a lot of wealthy people, but we have a lot of people who do not fall into that category. We are facing no reasonable options as an HOA Board in order to continue our property insurance. My own Board has been informed it is highly likely our policy will not be renewed come November. Many other HOAs have already been canceled. Some have been forced to not have insurance for periods of time as they struggle to find an option. If you do not have insurance, you cannot obtain a mortgage, which is significantly beginning to impact the home sales. If people cannot have insurance, they are going to have to sell their homes—individual homes. Our fire district, the North Lake Tahoe Fire District has the highest rating. We actively do everything, as a community, we can every year to mitigate our fire risk. We are involved with a program called Firewise that many of the HOAs are working on. We need options. We need you to act for us now because this is a crisis. I communicated with someone named Mark Garrett. He is the Property and Casualty Chief. He was unaware of what was going on when I spoke with him. I really want to get the word out and would appreciate everything you can do to take this crisis seriously, on our behalf, and take steps so we have options for property insurance.

Doreen McDaniel:

Good morning, Members of the Committee. I am here to express a personal experience on this insurance crisis, which truly is a crisis for many of us. I have been paying insurance for the last 40 years. All premiums are on time for up to five homes. I perform regular maintenance. I am compliant with defensible space with certifications from the Fire Department. I have removed lots of other things from my property, in addition to what the Fire Department requires. It is not as aesthetically pleasing as it should be, but I am doing what I can to protect my property and my family. I do other things to make sure when I leave the home that everything is okay. I have installed water detection systems. I get my roof inspected every year, and I have even had to agree, in one case where a policy did not come together, that I would replace my perfectly good roof because one of the insurance carriers said it could only be 15 years old. In 2020, I had a failed reverse osmosis system in my house in Arizona. Because of that, and the fire risk, last month I received a notice my homeowner's policy was going to be canceled as of July. After spending the last three weeks on the phone with every broker imaginable, I was left with two options. Either to sell my home that I want to stay in, in my forever community—it is not just a forever home, it is a forever community—or spend the next 15 months without insurance on a \$2 million home. Luckily, last night, out of the blue, I received a call from a broker who told me to reach out to one other person. At the end of the day, last night, only because my husband and I have credit scores over 850—which is probably not most people's scenarios—I received the opportunity to get coverage at a 64 percent increase in premiums for the same coverages and a 100 percent increase in my deductibles. All I can say—

Vice Chair Marzola:

You have reached your two minutes, can you wrap it up? Then, you can also turn in your written statement.

Ms. McDaniel:

All I want to say is we insure our homes for peace of mind, not just the property. It is for our safety and our futures. I appreciate your time.

Vice Chair Marzola:

Is there anyone else in Carson City wishing to provide public comment? I do not see anyone. Broadcast and Production Services (BPS), is there anyone on the phone?

BPS:

Chair, we currently have no callers to provide public comment.

Vice Chair Marzola:

There will be another public comment period at the end of the meeting, or you can submit a written statement which will be added to the record. Please submit your written statement no later than 48 hours after our meeting.

AGENDA ITEM III—APPROVAL OF THE MINUTES FOR THE MEETING ON APRIL 4, 2024

Vice Chair Marzola:

The next item on our agenda is approval of the minutes for the meeting on April 4, 2024.

CHAIR SPEARMAN MOVED TO APPROVE THE MINUTES OF THE MEETING HELD ON APRIL 4, 2024.

ASSEMBLYWOMAN KASAMA SECONDED THE MOTION.

THE MOTION PASSED (ASSEMBLYWOMAN BILBRAY-AXELROD ABSTAINED).

AGENDA ITEM IV—PRESENTATION ON ARTIFICIAL INTELLIGENCE, ITS TRENDS AND BEST PRACTICES FOR REGULATING POTENTIAL RISKS

Chair Spearman:

We are going to go to [Agenda Item IV](#), a presentation on AI, its trends and best practices for regulating potential risks. I was in Palo Alto a couple of weeks ago with Google looking at AI with other legislators from across the country, so I am happy to hear what you are about to give us. Please begin when you are ready.

Michael D. Hillerby, Director of Legislative Affairs, Kaempfer Crowell:

I am here on behalf of Google today. In a moment, I will let Ms. Cooke take over, because she is the expert. We want to thank you for the opportunity to present items for you to think about as you consider AI. We know it was a popular subject in Legislatures across the country this year, and it will certainly be when we reconvene in February.

Adelina Cooke, Global AI Public Policy Lead, Google Cloud:

Good morning, Chairs Spearman and Marzola and Members of the Committee. Thank you for the opportunity to testify today on the use of AI in state government ([Agenda Item IV](#)). In my role at Google, I wear a few different hats. As my title suggests, I support our legislative engagements around the globe, including across the United States, and particularly in the European Union (EU), where there is a hotbed of AI activity happening. My role truly is to support our product teams and our customers, including in the public sector, who use our products.

When I began this role three years ago, I was given the opportunity to serve as a representative on our manager-level AI principles committee. Google began developing these principles to guide the development and use of AI, resulting in their publication in 2018. Since then, we have begun working to improve implementation, operationalization, and governance of our AI principles across Google. Over the past year, and more, I have helped advise and guide on updates to our governance process to ensure alignment with forthcoming AI regulations, standards, and frameworks, including those we are seeing in the public sector.

We proudly contributed to the National Institute of Standards and Technology (NIST), U.S. Department of Commerce and Labor, AI Risk Management Framework (RMF). Within Google, our governance program is aligned to the AI RMF approach and underpinned by industry-leading research and a growing library of resources, tools, and recommended best practices. Importantly, the NIST approach, which has been successful in cybersecurity and privacy, is flexible and can adapt as the AI ecosystem continues to progress. The AI RMF provides guidance to developers and deployers of AI systems on how to use and strike a practical balance between optimizing beneficial use cases and addressing potential risks. We are also pleased to share with you the news that Google Cloud recently partnered with Coalfire Systems, Inc., a leading cybersecurity firm, to assess the readiness of our AI risk management program and our AI platform against these two new AI frameworks, including the NIST AI RMF and a global standard that is emerging called the International Organization for Standardization (ISO) 42001, which is the first management system standard to govern AI's use internationally.

At Google Cloud, we are committed to demonstrating AI trust and transparency. We believe Google Cloud is the first cloud service provider to invite a third party to assess our readiness and processes related to AI risk management. We value early independent and external perspective, we believe it offers critical objectivity as we prepare for the future of AI compliance. We look forward to our continued work with NIST and the many states across the country who are considering adopting NIST as part of their own AI risk management approach. As the AI ecosystem matures, new techniques and applications are developed and further progress is made. We think frameworks like NIST can help us all be aligned.

Alignment is important, especially in the delivery of government services. Whether it is administering unemployment benefits more efficiently or providing communities with authoritative information about things like the Coronavirus Disease of 2019 (COVID-19) vaccines. These practical applications of AI ease rote work and deliver better outcomes for the public at large. Artificial Intelligence can support agencies by processing paperwork, digitizing claims requests, and automating rote tasks, such as reviewing applications—the very things that slow service delivery and lead to civil servant burnout. Using practical and results-oriented AI means more satisfied customers, citizens, and more cost-effective service delivery.

This year, Google was proud to support a great example of this with the Nevada Department of Employment, Training and Rehabilitation (DETR). We are working with the team to streamline their unemployment appeals claims process. Tools like the Google Cloud Vertex AI platform and our generative AI Application Programming Interfaces (APIs) are helping the Department to directly create their own solutions to gather data on the appeal and make a recommendation that agency staff can take into consideration when determining a case. A process that, in some cases, used to take multiple hours can now be completed more expeditiously to allow all Nevadans seeking appeals to receive the timely assistance they need. Notably, this System does not make any decisions or determinations. This is an important risk management decision the Department made, and was informed by responsible AI best practices.

I will leave you with three recommendations for government agencies across the State. First, governance structures and implementation mechanisms within agencies should be adequately resourced. When agencies are tasked with procurement and oversight, they need dedicated resources to establish their own AI governance systems and training for agency officials charged with carrying out oversight and procurement. Agencies will ultimately bear primary responsibility for oversight, because only they can verify the end uses to which their systems are being put and any additional data that has been input into training their system. They should receive robust training and resources to effectuate this responsibility, whether through the use of internal funding decisions or government-wide budgeting to enable repeatable, scalable, efficient, and effective use of the product.

Second, develop a privacy policy that is updated to capture AI and ensure your employees understand the difference between commercial and enterprise offerings. This is an important one that I remind customers across the private sector about as well. In 2020, Google Cloud announced our public AI Machine Learning (ML) Data Privacy Commitment. In this commitment, we promised that, by default, Google does not use Cloud customer data for model retraining purposes or for product improvement unless our customer has otherwise provided permission or asked us to do so. We provide our customers a frozen model that will not retrain the base model. Unlike our competitors, we extended this protection to our generative AI products from the very start. Our commitment to all Google Cloud customers includes your data is your data, your privacy is protected, and your data does not train our models.

Finally, prioritize portability and interoperability. As more government data is stored in the Cloud, interoperability is a critical factor in ensuring government agencies can facilitate data porting and interoperability within a multi-cloud ecosystem. Data portability and interoperability are central to innovation and to help boost competition across the State. Better delivery of government services requires better data collaboration across agencies. Google has always believed robust and reciprocal portability offerings should reduce or eliminate switching costs across Clouds, resulting in a more innovative and user-focused products. Portability and operability makes it easier for customers to choose among services and facilitates competition. Equally, when it comes to enterprise cloud services, choice and openness are fundamental to develop technology. We know from past technological advances it is necessary for key stakeholders to come to the table with a healthy grasp of both the potential benefits and challenges.

Google Cloud and I look forward to working with you this upcoming session to address additional ways we think AI might be able to help you address any issues you are facing where AI might be appropriate. It is an evolving space and the one thing we know is this technology will continue to progress, and we will see opportunities and challenges that will

require flexibility and adaptability. Thank you for the opportunity to speak with the Committee today. I am happy to answer any questions you may have.

Chair Spearman:

Members of the Committee, any questions?

Assemblywoman Bilbray-Axelrod:

I am fascinated with this subject. I spoke to you briefly before the Committee started. I am confused and I am probably not alone on this. It is such an emerging technology that we do not know what we do not know. Now, we are in the position, in government, and we are trying to put up guardrails. Obviously, we are turning to industry to help us, but it is hard for me to wrap my mind around finding best practices when it is so emerging. I appreciate what Google is doing, but where do we start?

Ms. Cooke:

It is the perfect question for the slide in front of you. We get this question a lot. Going back to what I was saying in the beginning of my testimony, we kicked off our AI governance process—the very thing you are asking about, where do we start—before there were any best practices. We had to look at the other areas of technology and risk management that we already knew. The two things we already knew were privacy risk management and security risk management. As we started to understand the risks that might be presented through AI, we recognized there are a lot of overlaps with privacy and security. We started there. We looked at our current risk management processes and we have slowly layered in, as we have identified new risks, other controls into that process. We did not start a whole new process. We created a new section of our risk management process, specific to AI risks. On this slide, you will see the things that stayed the same—things we did not change for AI risk management—like how we store and process sensitive data. We have always conducted risk assessments and security controls, but there are new things. How you make decision-making—we recognize we needed to make a control internally for which products could do automated decision-making and which ones should not. The example I used earlier, that we are supporting in the State, is a good example where somebody consciously, as part of that risk management approach, said, “This is not going to be automated, it must go to a human for review.” It is a new part of risk management. You need new kinds of expertise. You need people who understand that. A privacy professional and a security professional, they may not have the right expertise for these new AI systems—adding them to the team. Guidance on how you should not use this at all. At Google, as part of our AI principles, we have four red lines. These are things we do not think we have a specialty in or we have a conflict with—facial recognition is a good example. We have decided not to pursue that work at this time, that was our red line. State agencies might also consider in your specific domain, depending on your agency, which use cases might not be appropriate ever for that agency.

Finally, and this is a shared one for us at Google and in the public sector, how you are using the systems that interact with people. In the public sector, when you go to an airport, for instance, understanding that facial recognition technology is being used and how you can opt out of it. Those are critical to trust building with the citizens who these programs might affect and that is how we think about it. I try to demystify it. You should never start from scratch. You should look at the controls you have, and see what new gaps you might have.

Assemblywoman Torres:

I have been interested in AI policy and have seen different presentations on AI, like at the gaming conference a couple of months ago—I think Microsoft presented there. I have seen them in other legislative conferences. My question today is focused on specific policy recommendations because this is more of an overview of AI, how AI can be used, and what guardrails other organizations could put in place similar to what Google has put in place. I am more focused on specific recommendations, if you have any or if Google has any, because the industry has to be involved in the decision-making process about what policies are implemented. We are going to see lawmakers across the country put in pieces of legislation that stop or prevent use of AI. We know AI is used in everything from the facial recognition on my phone, to the stored passwords on my device. I know AI is more complicated than “Just ban AI.” It is not something we want to do. We want to foster creativity and the use of this technology, while also putting guardrails in place. What specific recommendations do you have for governments and states to consider when creating those recommendations specific to states and not the federal government?

Ms. Cooke:

Risk management is a fascinating area of AI. One of the interesting things coming down the pike is tools to support risk management. One of the things that I think scares people the most is this concept of a black box of AI. While that is somewhat true, the way states will be using it and the way most enterprises will be using AI is in very narrow use cases. For instance, two of the most popular applications Google sells to state agencies are Contact Center AI and Document AI. These are very specific, trained products which offer things like constituent communication—the Contact Center. Are you emailing, calling, chatting, and managing all of those contacts? How you respond to constituents is important. Let us take that use case and assume every agency across the State adopts it. The departments of labor, education, health and human services—whatever your department is, your risks look very different than each other. As a State government, you have an obligation to say, here is our statewide framework. Perhaps it is based on the National Institute of Standards and Technology (NIST) AI framework, that is the one we have chosen to use here in the United States. You do have to give the flexibility for labor, education, and health agencies to say, “In our domain, in the cases we deal with here in the State, these are our risks we will focus more time on to make sure we manage.” It is how it works in Google and I find that useful because I do not know much about YouTube, and I do not know much about Search. Their risks are different from the risks we see with our public sector customers and enterprise customers—there are banks, there are hospitals. My first and foremost recommendation is to always make sure everybody is harmonized at the top, make sure everybody below you has the resources, but then make sure there is flexibility. Everybody should be beating to the same song, but they might have a bit of a different rhythm and that is important to manage risk. You want the people who are experts in managing education risk, managing health risks to be the ones controlling the risk management in that agency.

Assemblywoman Torres:

You mentioned the management system you use and NIST, can you spell that out?

Ms. Cooke:

Sure, NIST is the National Institute of Standards and Technology. A couple of things I also find very compelling, NIST put out version of this framework in January 2023. When they put it out, this was the third version of risk management framework. They had a security version that kicked off risk management frameworks, that came out six years ago. The

privacy version came out maybe four years ago. They are already doing the second version cybersecurity. They are evolving frameworks and they are not statutory. This agency in particular, which rolls up through the U.S. Department of Commerce, has the flexibility to keep updating the framework, which is great. The other tip I have for you to look into is, they have these spinoff risk cards that can adapt the framework for specific use cases. The first one Congress asked them to work on was a generative AI use case. I am also aware that the U.S. Department of Labor has kicked off a labor-specific one. The idea is NIST has created a foundation, but they are giving the flexibility for each industry—or in a state—to adapt a risk card specific to their profile and adapt a risk profile specific to the framework. It allows us all to sing off the same playbook but go deep on risks that might be specific to the industry, agency, or domain.

Assemblywoman Torres:

I would like more information about whether or not we are using that to inform the profiles for the different agencies and governments we have here within the State of Nevada. This might be information you can get back to me or maybe somebody else later today will have that information, could we get examples of statewide frameworks, and what that looks like in policy? It would be helpful.

Ms. Cooke:

Yes, Mr. Hillerby and I were just talking about this. We are eager to send something over and will look into that.

Senator Stone:

There is going to be a lot of great utility and the utilization of AI worldwide in various industries, but I have concerns about AI and banking. We are seeing a lot of theft of senior citizens' money, without the utilization of AI. As a health care professional, I am concerned about medical records and people accessing them nefariously. Are you talking to governments about appropriate disclosures? Many times a client is on the phone or computer, they do not know if they are talking to a bot or if AI is giving them advice. Do you think there should be disclosures on behalf of the companies utilizing AI saying the client is communicating with a device or person utilizing AI in the responses being given so we have an informed client base that understands if they see something that does not look right, they can follow up with a real human being. What recommendations can you give us in government to make sure people have the appropriate disclosures to understand the advice they are given may be coming from AI, which is not always right. I am concerned about banking and H.R.3103 (Health Insurance Portability and Accountability Act of 1996), 104th Congress, introduced by U.S. Representative Bill Archer (R-Texas) (HIPAA).

Ms. Cooke:

As you were asking your question I was making a mental checklist of all the risk management decisions you could make and I landed on four, but let us see if I can remember them all.

First, security is paramount. It has become the topic du jour. Before generative AI exploded last year I did not spend as much time with my security colleagues as I have recently. One of the more exciting parts of our product offerings, and many of our competitors too, is adding AI capabilities to a lot of our new security products, which we sell now out of the box to a lot of customers. We have a lot of experience fighting attackers of [google.com](https://www.google.com). We have created this amazing library of attacks and we can now do pattern detection of what

these attacks look like. We also trace it back to if it a state actor causing those attacks? Is it this famous group in a different country who does these attacks? All these things help diagnose incoming security threats. We now sell that library as a product. We know state agencies and a lot of our customers do not have thousands of people to monitor their networks. Automating that work, self-healing the low risk or the easily identifiable healable risks is important. Then routing the most critical risks. Maybe they are net new—we do not know what they are, or they need a human or a team to triage them, getting those to them as quickly as possible. It is classic risk management, making sure you can get rid of the low-risk stuff and focus your time and resources on the high-risk stuff.

The second question you had was about banks using this technology. I call banks the bellwether of all the product needs we have for risk management, because they have a high threshold of standards they must follow to their regulator. There are a lot of new challenges they present. We put out a White Paper last year, which asked global financial regulators to make it more clear about what documentation they need from banks in order to be compliant. What ends up happening is banks say, "We think our regulator needs this," and we say, "We are not reading that the same." All this technology is new and banking regulations do not move as rapidly, so we think there are opportunities for regulators to update their guidance. At the end of the day, banks are cautious about how they use this technology, so we consider them our bellwether for meeting their needs.

Disclosure is a critical part. As I said earlier, transparency to the public for how they might be interacting with these technologies is critical. I will flag part of my recommendation—and we can follow up with more details—is how you inform a customer. I know we are all familiar with checking those boxes now to our privacy warnings. We do not even read them, we brush them aside. Making sure the flag to the consumer is meaningful, it helps make them aware and it is situational. One of my favorite things at Google is we work closely with our user research team. Understanding how a user is receiving information and using our products is unique. I go back to my suggestion about a health use case might have a different way to flag their interacting with a bot or an AI system, might be different than an education use case in the university system. I think it is 100 percent important and should be something on the table for risk management teams within each agency.

Assemblyman O'Neill:

A lot of AI, I think about as the same argument being made when they first learned to split the atom. It can be used for good, it can be used for bad, and how do you regulate that? Although the discussion today does not talk about regulation, it is talking about usage of it within government. When you were answering the previous question, you talked about situations where AI could be used to determine if the response can be automated or sent to a person. What I heard was that AI can be used to determine if it should be handled by AI or a person. I hear, automation is going to AI. Now, when I call a place and get the voice that says "Is your problem this or that," and it gives me the standard answers. Are you saying AI can handle that more logically?

Ms. Cooke:

The example I was using was in the cybersecurity context only. A human will have trained on the library of risks, and the human will say, "These are a category of risks well known to us; we know how to heal them." Like when you turn on your computer and you do a security check. It gives you check marks and says, "Do you want us to take care of these things?" You say yes, that is what I am talking about. But this is cybersecurity, and threats are changing all the time. Our library is trained on 20 plus years of attacks. There are new

attacks coming all the time, so if the incoming attack does not match our library, that is when it would be routed to a human.

Assemblyman O'Neill:

You said a human controls—

Ms. Cooke:

A human programmed the whole program.

Assemblyman O'Neill:

Is AI in a position where they say AI will teach AI, and that is part of the fear? I know it is a larger discussion. I also wanted to ask you about these programs you have on your services, is AI an open source? You said you provide the library, which to me is that programming, so we can see how it is being handled or—I do not want to use the term manipulated—managed. Google has been great at open source; I love Google versus others that are closed. Is it an open source you have available?

Ms. Cooke:

I think this answers your previous question. We recently announced—maybe three or four weeks ago—our newest, only open model which is called Gemma. It is an open model based on our Gemini series of frontier models. The Gemini series of frontier models is our generative AI family of models. It is the new and fun stuff. The fun chatbots everybody talks about. Our generative AI APIs, before we release them to the public, go through a battery of tests. We add a lot of, what we call, mitigations on top of them, safety filters in many cases. These safety filters include things like terrorist content, child sexual safety material, and many others. Those are closed APIs, those are not open sourced. We took time to evaluate an opportunity to make a version of the model open. We did that very carefully because we believe we have a responsibility to make sure that model does not act in a way we did not expect. After careful evaluation, we released our open model which is available to all of our government partners and enterprise customers. I think it does answer the first question because your concern was—what if the model does not act in the way we expected? One of the reasons you keep a model closed is because you have a better ability to control the model and not have bad actors manipulate the model in the ways you would not want them to. When we did finally open a version of the model and made sure it did not present any challenges that gave us those same concerns.

Mr. Hillerby:

I want to be sure I understood your questions correctly, and we had an answer for you. It was if AI would make the decision whether to involve a human or not. For example, with the unemployment claims with DETR, the AI product would review the data sent to it by a human, it would kick out a summary and a recommendation back to the person. It does not decide what it is going to review and what it will send back out—file A in, file A comes back out.

Assemblyman O'Neill:

I appreciate that, because what I thought you were saying is AI makes all the decisions initially.

Ms. Cooke:

Just for that cybersecurity product. Mr. Hillerby is correct for the unemployment example, the program does not allow any decision making. A good example is, let us say we have two applications come in the door. One application is not filled out all the way; it might flag the application to a human and say, "It is not filled out," so the human can quickly say, "This needs more work." Or it will flag it and say, "Ready to process." It is the only decision AI would be making.

Assemblyman O'Neill:

I know we are going to have more discussions. I go back to splitting the atom is where I feel we are at somewhat with AI, and it is very interesting to me.

Chair Spearman:

I have a couple of questions. We talked about the security systems and the law enforcement side of me always looks for redundancy. Can you speak about that or did I miss that part?

Ms. Cooke:

Do you mean redundancy for security? Yes, this is key to the interoperability and portability question. One reason public sector customers are moving to the cloud is because you have a greater redundancy in the Cloud. If your on-premises server goes down, you are in trouble. At Google Cloud, and using any Cloud platform frankly, if one data center does go down, our workloads can easily shift to another data center, so you do not have any challenges. Redundancy is key to that. Going a step further, let us say you are using a provider of one agency—health has one provider and education has a different provider and they want to collaborate on something. But, unfortunately, health is using a provider that has switching costs. If you want to collaborate with a different Cloud, they put fees in place and challenges ensue. Also, let us say they have to collaborate. There is a health outbreak in schools and you are not able to appropriately move to find solutions. Those are reasons why we think interoperability between Cloud services and portability between them is critical. It is something we take pains to highlight because unfortunately, we have seen it before with ransomware attacks that hold cities hostage. If they are only using one Cloud provider, they are stuck. They have no backstop, no redundancy. If they had another Cloud provider, they could. There are a number of situations why we think this is important.

Chair Spearman:

We spent a lot of time in Palo Alto talking about deep fake, especially with this election cycle. I think they have already seen some. There have been instances where people have appropriated someone's voice, face, or other physical characteristic. Talk to me about what that looks like, especially when we start talking about security and authenticity.

Ms. Cooke:

In the last year, we put out a product that was our first watermarking product. Watermarking, as we know, is when you have a document and it has a watermark so you know it is authentic. We see it on all our financial documents. The real crown jewel with this new generative AI space is how do we watermark newly created digital images, voices, and text? Our research lab, Google Deepmind, created a synthetic ID product called SynthID, and it creates a watermark on videos and images created with Google products. Google

Cloud was the first product area within Google to onboard that product. All our video generation and image generation products in Google Cloud that we offer to the public sector and our enterprise customers comes with this synthetic ID watermarking technology. We think that is great. I will point out challenges. One, it is not standardized. We are part of a standards organization where we are collaborating with other providers to agree on a standard for watermarking. Obviously, we hope our technology prevails but like in many other areas, we are working closely with other providers to make sure we can all reach a watermarking standard that can be adopted across every platform. Right now, if you are a Google Cloud customer, any image generated that shows up in our Google Search product or Google Photos product— We know there are challenges, state actors can obviously get around some of our protections, but we feel good it is watermarking a lot of our content. There are some great promising technologies. There is a lot of work to do in the standardization space, but I am optimistic we will get there. I know we will continue working with policymakers around the country to keep you updated on where we are in the technology and standardization process. Certainly, it is something we should follow up with you on. I am sure by the time you are in Session in January, we will already have another announcement to tell you about.

Chair Spearman:

These last two are not necessarily questions, just statements. You mentioned state actors. I know some of the things that happen in government operations, are breadcrumbs. Even if they get around, there are breadcrumbs we could follow. There are some things that we, the public, do not need to know but we need to know they are there. It leads me to my point, we have the Homeland Security team here and I would hope you are working with them. It is probably more a rhetorical statement than anything. I see your north south nod.

Ms. Cooke:

Mr. Hillerby would know better if our Mandiant team has had an opportunity to brief the Homeland Security team, but we should follow up with that briefing.

Chair Spearman:

There are a couple of things I am thinking about. One is our grid, because it is the grid. Two, there are systems that are interlocking and by attacking one you do not have to get the rest of them, you just have to get that one. Then, my colleague mentioned banking and finance. You do not necessarily have to get finance if you can get something that looks like it. Trusting that those things are in place and we are working with our State government as well as our military and law enforcement.

Ms. Cooke:

We will follow up.

Mr. Hillerby:

A few months ago, the Kenny Guinn Center for Policy Priorities did a talk and brought in Russell Wald, Deputy Director, Institute for Human-Centered Artificial Intelligence, Stanford University, to talk about AI. It was interesting. The Guinn Center is in the midst of doing White Papers. I know it is an organization that has a lot of respect and your own Michael Stewart is now the Deputy Director there. It was at that meeting the expert they brought in talked about how AI is out there. It is being used. It will be used by foreign actors. It will be used by people. Putting our head in the sand and saying we are not going to have anything

to do with it is not an option for state, federal government, and others. I think that is part of what you are hearing today, that message. We can decide how much or how little to implement it, agency by agency. But having agencies aware of that, having that be a part of a conversation at the legislative level with the Executive Branch, agencies, information technology (IT) departments, and Chief Information Officer (CIO). How are you going to use it? How are you going to address the fact that it is being used? Some of this is not substantially different than the contracting the State has been doing for IT services for years. We determine how the data is going to be used, how the data will be owned, how it is going to be secured, how we are going to communicate with it, and how interoperable it was going to be. We have that experience. You are now adding this additional layer on to that framework. It is important that you, as the Legislature, when you convene next year, working with the Executive Branch and at the local government level. I represent local governments and it is an ongoing conversation there. The product is out there, it is coming. People are going to be using it, and we need to be prepared for that. The ultimate decision about how many places we will be asking our citizens to interact with that on behalf of government is a separate question; but to be aware of it, know how to use it, and understand the risk is going to be important for us in government.

Assemblywoman Torres:

The Joint Interim Standing Committee on Government Affairs is also going to be discussing AI with the local governments, and the Guinn Center is going to be presenting on AI next Thursday in Government Affairs. If you want more of this topic, tune in.

Chair Spearman:

Thank you for the presentation, I appreciate it. In addition to what you are doing with the Guinn Center, I know the Center for Naval Analyses (CNA) is also diving deeply into this. They are the research team composed of flag officers.

AGENDA ITEM V—PRESENTATION ON THE PRELIMINARY EFFORTS OF NEVADA'S STATE AGENCIES TO INTEGRATE AND ANALYZE THE ADVANTAGES OF ARTIFICIAL INTELLIGENCE AND ITS POTENTIAL RAMIFICATIONS ON THE WORKFORCE

Chair Spearman:

Now we move to Agenda Item V, a presentation on the preliminary efforts of Nevada's state agencies to integrate and analyze advantages of AI and its potential ramifications on the workforce. I am sure you have a heads-up lead, based on the questions we have already asked. Please begin when you are ready.

Timothy D. Galluzi, M.B.A., C.P.M., G.C.P.M., State CIO, Office of the CIO, Office of the Governor:

Good morning, Madam Chair and Members of the Joint Interim Standing Committee on Commerce and Labor. It is a pleasure to be here today to share insights on how we are exploring AI to advance our workforce and improve our operational effectiveness across state government in Nevada. It is great to be here to talk about something that is reshaping how we think about government work. Artificial Intelligence is more than just a buzzword for us, it is a tool that has the potential to make significant improvements in how we serve Nevadans. I would also like to send out appreciation for whoever set up the agenda; following that last agenda item—it emphasized we are moving in the right direction on the

Executive Branch side. A lot of the themes that were discussed are the same considerations and conversations we are currently having in the Executive Branch. Also, in light of that last presentation, I might skip a few things on my slide deck for the sake of brevity, so I am not too redundant for you.

What are we going to discuss today? We are going to talk about an overview of AI integration, exploring how AI is currently being utilized or proposed to be utilized within Nevada's state agencies ([Agenda Item V A-1](#)). We are going to talk about the objective for AI use. What are we trying to accomplish with using AI tools? Then, the significance for the Legislatures—what do we want to impart to this body and to other bodies that might be tuning in?

Artificial Intelligence, as everybody has been hearing, it is incredibly exciting. Why is it so exciting right now? It is exciting right now because with the release of these generative AI models, it has finally bridged the gap of usability. The average user can now touch it, interact with it, and get results from it. It also has crossed the threshold of what we, as humans, felt was uniquely ours—the ability to create, the ability to write language, and the ability to create pictures and video. It is either incredibly exciting, incredibly terrifying, or a little bit of both. There are real applications on how we can deploy these tools, as discussed with DETR, where we can impact how we deliver services to Nevadans. We can make them more efficient and effective. Our goal with AI is simple—make government operations smarter, so we can do our jobs better and make Nevadan's lives easier. Artificial intelligence tools have the ability to enhance everything from traffic management to public health delivery. Our vision for AI in Nevada is bold and straightforward—to enhance our service delivery, improve decision-making, and make our government's operations more efficient. This is not just about technology. This is not me, as the technology guy in State government, wanting to play with new toys. It is about delivering better services to Nevadans, but we have to do so cautiously—we have to do so with all the information laid out in front of us. It is also where we could ask for this body's help, when it comes to potential future regulations.

Some of the examples have already been discussed with DETR and their use of AI technology to rapidly enhance their decision-making ability in their claims adjudication process. There are also examples of virtual agents or chatbots. Chatbots have been around for quite some time, but they were not powered by generative AI until recently. Chatbots previously were built off of a long list of frequently asked question (FAQ) documents. When something was close to a match as possible, it would then feed you that information. Previously, chatbots were relatively clunky and you would not necessarily get as accurate of an answer as what we would see now. We are also seeing applications in documents. One of the pilots I am seeing right now is with large PDF documents training a chatbot to provide real language answers based off of the information in that document. For instance, if you look at something like the State budget manual that is hundreds of pages long, if you could ask a very simple question—how do I submit a technology investment notification? Then, it would give you a plain answer back, plus reference where it found that information. It is incredibly helpful. We also talk about the applicability of using virtual agents in call centers. This would not necessarily be constituent touching, this would be a tool we would provide to our call centers. When a constituent calls in, they could, with that AI tool, have real-time access to the data sources, policies, standards, NRS, and *Nevada Administrative Code* (NAC) to help inform the decision-making process as they are communicating with their constituents to help speed that process along. All of those things excite us. There are examples of using these technologies for licensing bodies to help answer questions for constituents, and the use cases are only limited by our imaginations at this point.

With all these opportunities, there is a lot of the same challenges that have already been discussed, but we are well on the way to creating the guard rails in State government to protect constituent data. Those challenges begin and end with State data, that is our number one resource. We need to protect State data because that is our constituency's trust. It is interesting that right now, as this meeting is going on, we have an AI and emerging technology working group discussing Executive Branch AI policy. About nine months ago, I stood up the State Technology Governance Committee. Within that Committee, we were able to stand up some working groups. This Working Group is incredibly exciting because it is made up of business and IT leaders from across the Executive Branch to put their heads together and talk about the concerns of their departments and formulate collectively good, solid Executive Branch policies. They are meeting right now to discuss how we can protect the State and also enable the use of these technologies to better serve Nevadans.

We are not doing this in a vacuum; we are engaged in collaborative efforts. We are constantly working with our partners from other states, my peers—the State CIO community, and local nonprofit organizations—the Guinn Center was previously mentioned. We are trying to bring all folks around the table, because this is an opportunity where we can develop good sound policy at the relative inception and first implementations of these technologies versus waiting until after they have been deployed and trying to clean up the mess. It is one of the things that excites us about the timing of this.

As we talk about the deployment of AI technologies and the potential impacts on workforce. I can only speak to the workforce needs of the Executive Branch, because that is where I have a expertise. There will be and is a skills gap. These are emerging technologies. We are thankful for the last Legislative Session and what it has done in order to be able to recruit and retain talent across the Executive Branch, but these skill sets still need to be developed. They need to either be grown from the talent we have within the Executive Branch or they need to be recruited from outside, and that is not going to be an easy task. With emerging technologies, these are new skill sets, but I do not think it is so insurmountable that we should not try. How can we do that? We already have examples of how we have deployed efforts across the State. For instance, the accessibility remediation program within the Office of the CIO has developed a train the trainer type model where we have worked with Executive Branch agencies to train their staff to help bring up the level of knowledge and maturity on accessibility remediation. We can do something similar when it comes to AI technologies, even if it is just awareness—this is how these technologies work, here are the risks, and here are the opportunities.

We have already been working on guidance. When the utilization of tools like OpenAI's ChatGPT started taking off towards the latter part of last year, we released guidance to all Executive Branch agencies on the appropriate utilization ([Agenda Item V A-2](#)). Obviously, that is as high level as possible to not confuse folks. It also presents a real baseline of good hygiene on how to protect constituent and sensitive data with using these open-source tools. The previous presenters talked about the difference between enterprise versus open tool sets. It is a good point of clarification. The open tool sets—when folks are putting sensitive data into it, they might as well be releasing it to the public. If it is personally identifiable information (PII), Criminal Justice Information Services (CJIS), Family Educational Rights and Privacy Act of 1974 (20 U.S.C. § 1232g; 34 CFR Part 99) (FERPA), or HIPAA—you name the sensitive data type acronym; that is not a good thing. We wanted to make sure we got ahead of it with an education campaign to let folks know when they are using those open-source tools to be cognizant of the data they are inputting into them. The enterprise tools on the other hand, are more closed and compartmentalized. Those tools keep State data within the State environment, within our infrastructure—whether that be in

our Cloud environment or our private Cloud environment in our State computing facility. We are able to provide the same protection on that data regardless of the tool being used to access it.

Adoption of new tools—we already talked about this with DETR. There are also other examples, one of which is the presenter going after me with GetInsured. As I mentioned, there have also been a number of positive case studies on how this has reduced the amount of time folks are waiting on responses from government. I see this as an opportunity to add another tool to the employee toolkit to help us be more efficient and effective with service delivery.

Challenges—it is important to talk about this. It begins and ends with the data. We need to ensure State data is protected and that is why we produce the guidance we did. It is why we are moving forward with sound Executive Branch policy that is well informed by others within our community. We need to protect us; we need to protect the State. We need to ensure transparency, and transparency is one of the first steps we are going to be taking as an Executive Branch. As we are working with our vendor partners, we are going to ask them to disclose whether they are using these AI tools in the tool sets they are trying to sell us. If they are using these tools, we want to know which data sets are they gaining access to, and what is going to happen to our data after those tools have access to them. We want to make sure data is not being monetized and sold. We want to make sure data is staying within the confines of our State infrastructure and it is protected. We also want to make sure a complete security review is conducted, because with new technology comes new responsibilities. Data privacy is and always will be one of our first and foremost concerns.

To wrap up my piece of this, AI offers us incredible opportunities to enhance how our agencies operate and the services they deliver. The potential to improve decision-making and operational efficiency is substantial. It is often said, AI is not going to replace the doctor, you are still going to want that human involved—and that was talked about by the previous speaker. It is important and will probably be part of the Executive Branch policy that is coming out, to ensure a human is involved in decision-making processes that affect constituents. The doctor is not going to be replaced by AI. But there is a real possibility that the doctor who utilizes AI to be better informed and able to make better decisions, could potentially replace the doctor who does not. I urge continued investment and continued interest in these tool sets. I think having these conversations is the first step, and I look forward to continued conversations regarding AI tools and how that impacts not only the Executive Branch at large but the workforce of the Executive Branch.

I would like to now pass it to the next speaker, Ms. Korbolic from GetInsured, to talk about one of the examples of how AI is being utilized within State government.

Heather Korbolic, Vice President, Policy and Communications, GetInsured, Vimo, Inc.:

Good morning, Chair and Members of the Committee. Vimo, Inc. is the parent company of two different companies, one is called GetInsured. GetInsured uses Software as a Service (SaaS) technology for human service agencies across the country ([Agenda Item V B](#)). Then, we have a consulting wing named Change and Innovation Agency (CIA). We do business process optimization for state agencies in almost half of the states in the country. We have business in Nevada, specifically GetInsured runs the technology and call center for the Nevada Health Link or Silver State Health Insurance Exchange. The CIA has multiple contracts with various agencies across the State. Together our two companies create highly

tailored solutions including business process solutioning and technological solutions to unify and bring together stakeholders across states.

We have three different active initiatives in the State that we are working on right now: (1) the Virtual Agent—which is deployed in the Nevada Health Link call center; (2) the Robotic Process Automation—which I am aware is not new technology, but we are leveraging that in the work we do for state exchanges across the country; and (3) an Assistant Chatbot.

I also want to give you information about initiatives we have in progress. For the different states we are working with, we are working on tools that will do quality assurance and quality control. In this world, the quality assurance and control tools are effectively listening to every single call that comes to the call center and ensuring compliance, assessing performance, finding the training needs for the call center employees, increasing data and availability, and improving customer service. We are working on a policy in AI initiatives. I listened to the Google presentation and we are leveraging some of their tools to help state agencies who have massive documents, like policy manuals, to create and make those searchable. Then, also to take any legislation the state or the feds pass and automate the updates to those manuals, which can be time intensive, tricky, and prone to human error. We are also working on a worker assistance tool, which is something I think is great to help augment our workforce. This is a chat interface for call center representatives who are doing policy complex work and need access to quick and immediate assistance from either a supervisor or in this case a chatbot that can help answer those complex questions in a time efficient way.

What we are doing with Nevada Health Link is using a natural language understanding module to synthesize consumer interactions. We took the most predictable use cases the call center receives—things like password resets, unlocking your account, and activating your account—and we trained, tested, and implemented an interactive virtual agent who can help customers get answers to those questions and resolve those issues 24 hours a day, 7 days a week through an omnichannel self-service platform. I want to clarify that any time a customer is calling during business hours and want to speak to an agent, they can do so at any time during the call. They can transfer to a live agent and can get a call back if it is after hours. We built these tools because 80 percent of the calls we take across the country, in the various call centers we run, are the same. We built a corpus of material and queries from the interactions we had serving these states for over seven years. We have a closed enterprise-related model that has been trained internally on these interactions we specifically address. Nevada Health Link was the first State agency in the country to get approval from the Centers for Medicare and Medicaid Services to use their AI functions in their call center. The first time they used it was during this last open enrollment period, and it was able to resolve 15 percent of the calls without any human intervention. It was also nationally recognized as an American Business Award winner.

The work we are doing from the robotic process automation perspective is taking what are high-volume, simple, repetitive, and tedious tasks and then training a robot to address those tedious tasks. This engages people and training, but it also provides a higher accuracy and consistency in getting that work done. It is also able to do this work 24 hours a day, 7 days a week, so there is a faster turnaround. The work we are doing in this space is primarily in mail rooms. For organizations that need to collect information to verify someone's eligibility in a program, they can take that mail and the robot can process it and automate its validation. It can happen 24 hours a day, 7 days a week which can improve and increase the eligibility timeline to make sure that person is getting services as quickly as possible. We have been working on building those robots and automating as many

different use cases as our state clients can throw at us. We are working on gaining the necessary regulatory approval to go through that. We are excited about being able to free up staff manpower from tedious tasks that can be automated and allow them to spend more time on the complex human interactions that need to happen between them and the people who are looking for their services.

Finally, with our Agent Chatbot, in call center spaces the seasonal variance is tricky to manage in terms of the fluctuating demand. In call centers for health insurance exchanges specifically, Medicaid included, the peak is usually around the open enrollment period, and it is almost impossible to staff for the peak of the open enrollment period. We have been creating these robots that help to onboard staff quickly in order for them to absorb those complex policies, eligibility rules—that are constantly changing, and other system-related information. How do you use the system? How do I navigate to help this person in an efficient way to get where they need to go? Basically, this bot is helping the call center representatives talk to the caller and get their questions resolved in the quickest possible way. This is a module where we are using our own private data. Using the internal data we built over years of working in this space minimizes any hallucinations the bot would find. This is delivered in a way that minimizes errors.

I thought it would be interesting to quickly talk about where we see the opportunities for GetInsured and our company in terms of the workforce. Being able to automate and augment staffing by making routine tasks automated enables staff, whether it is state employees or private businesses, to focus on complex delivery. The families that have multiple children and have more questions, need more assistance completing applications. This is where the time should be spent with staff rather than checking boxes and doing tedious work. The ability to provide support 24 hours a day, 7 days a week in a state like Nevada, where we have people who work different hours and non-traditional hours is a critically important resource for the State constituents looking for help. We are also able to help maximize an agency's budget by providing better service, while aiming to retain staff so they can be retrained to do more evolution. Whether it is helping the bot learn or whether it is helping with more complex cases, you are able to retrain existing staff and use them in a way that is more meaningful for the humans on the other end looking for services.

The tools we have been building to help with augmentation of workforce skills provide an opportunity for people to quickly upskill. It has been important to the retention in our call centers. When we build our tools, we think a lot about how to minimize any kind of bias in them. In doing that, we adhere to a very strict process-based protocol. We are not asking our AI tools to make any decisions to use logic that is not process-oriented only—A leads to B leads to C. It helps us to ensure we are not providing any kind of biased responses. We also have been careful, and it is a compliance requirement for the regulatory bodies our clients work for, that we design linguistically diverse bots. They must be able to recognize multiple languages, dialects, and cultural expressions. They know how to say Nevada correctly. We are committed to making sure we have that respect for all of our users.

It has been wonderful to hear the previous presenters talk about the considerations this Committee, and other committees, during the Legislative Session will go through. As a former State employee, and now as a vendor, we want accountability. We want to have clear regulatory guidelines so we can strictly comply. We love having ethical framework. We work with the NIST framework that was mentioned earlier. We encourage you to think about scalable, sustainable solutions that will have clear guidelines, so we can be in compliance. I appreciate your time and look forward to any questions.

Assemblyman O'Neill:

We have the Point of Contact Firearms Program in the Records Bureau, Department of Public Safety, and they are backlogged regularly. It is a regular complaint I hear from constituents. As Ms. Korbolic was talking about the Silver State Health Exchange, I was thinking, have you looked at having them examine that to see if they can fit into the Brady unit, so we could be more responsive to firearms purchases?

Mr. Galluzi:

I do not have a definitive answer for you. I believe there would be unique considerations based off of the CJIS regulations on what we can do. It is something I would be interested in having a conversation with the Department of Public Safety about.

Assemblyman O'Neill:

I understand. You are right, CJIS has some regulations, but HIPAA has strong controls also.

Chair Spearman:

One of the things I was struck by was the comments about diversity, equity, and inclusion (DEI). It is a three-letter acronym people are now looking at it as though it were a negative. I thought it was interesting you have AI and DEI intersecting. Can you speak more about why that was important?

Ms. Korbolic:

In our world, it is important that people are getting access to the services they are eligible for, period. We know when AI is making decisions, when it is enabled to make decisions, there can be bias built into those. We want to make sure we are building tools that are eliminating bias or not even introducing it into this landscape, so that people are getting equal and whatever access they are eligible for.

Chair Spearman:

This is more of a comment than a question. If you are using that—and I am speaking specifically with our health care system—there are statistics that show you are between 19 percent and 25 percent more profitable, or bottom line, when you include DEI. I am mentioning it because we are in perilous times. I want to make sure if we are talking about AI, we also address the fact there are things that are common sense that are not so common anymore. As we move through the integration, not just the health care, but even what we are doing at the Executive level and throughout government agencies in Nevada, I want to make sure we are aware of what is going on globally, because that indeed would impact us locally.

Ms. Korbolic:

According to the H.R.3590 (Patient Protection and Affordable Care Act), 111th Congress, introduced by U.S. Representative Charles B. Rangel (D-New York), there was a real effort built in to make sure all Americans were getting access to the financial assistance and resources that were available to them without bias. We are committed to that at our Company.

Chair Spearman:

Committee Members, any questions? [There were none.] Thank you for your presentation.

AGENDA ITEM VI—PRESENTATION ON STRATEGIES FOR UPSKILLING AND RESKILLING NEVADA’S WORKFORCE TO MEET CHANGING DEMANDS

Chair Spearman:

We will go to [Agenda Item VI](#), a presentation on the strategies for upskilling and reskilling Nevada's workforce to meet changing demands. This flows well with what we have been talking about in terms of AI, because unbeknownst to some people, there are careers people have banked on that are going away. I want to make sure we are looking at that as a State, particularly for this Committee that looks at commerce *and* labor, so our folks do not fall behind. We have Ms. Bergson-Shilcock from the National Skills Coalition to present.

Amanda Bergson-Shilcock, Senior Fellow, National Skills Coalition:

Chair Spearman, it is a pleasure to be here. Thank you for the invitation to join the Committee and to Cesar Melgarejo, for his assistance in making sure the materials were available to the Committee. In the 15 minutes I have with you today, I am going to give you a whirlwind tour through resources related to workforce development ([Agenda Item VI](#)). The National Skills Coalition is a bipartisan coalition of workforce and education advocates, community colleges, workforce boards, nonprofit organizations, chambers of commerce, labor unions—anyone with an interest in making sure workers have access to high-quality job training opportunities, and that small businesses have opportunities to get the skilled workforce they need. This is where we are coming from and what we do.

I am going to go quickly through the slides. I am happy to answer questions, not only during the meeting today, but also to follow up individually with any of you who might want to drill deeper into the questions or issues I raised. We know you, as legislators, have an important role to play, not only in writing and implementing new legislation, but also in the oversight of federal funds coming to Nevada, and, as we heard in earlier testimony, from new technologies being adopted both in the public and private workforce. This is the context for the information I am going to share with you.

I am going to talk through a few best practices in upskilling and reskilling. This is both private sector workers and public sector. This can apply to folks within Nevada State government—as you were hearing from your CIO and State agency staff—as well as workers with private sector employers. I am going to share data from research the National Skills Coalition did on the demand for digital skills and then highlight a few opportunities.

The first big picture I hope you keep in mind is that as we are thinking about technology like AI—generative AI in particular and other rapidly changing areas—our research shows many of the tried-and-true practices in workforce development are also effective in helping people to build these new AI-related skills. It is an important point. It means the kinds of investments Nevada has already made in workforce development and higher education, particularly in community colleges, are going to pay off as you work to upskill your workforce for this new technology. What is different is the pace of change is faster. Portable industry-recognized credentials—this means making sure folks are earning credentials employers care about, that a hiring manager would recognize if they saw it on someone's resume. They are not specific to any one employer; so as you move from job to job, which is important for economic mobility, you can take that credential with you.

Earn and learn strategies—there has been a big bipartisan push, at the federal level, to increase registered apprenticeships. There are other kinds of earn and learn that are also important. As we think about helping workers to build skills, many folks cannot afford to quit work and go to school full time. Particularly if you are a working adult with a family, having either an apprenticeship or another type of earn and learn model that allows you to hold down a job while you are still learning and upskilling is important.

Supportive services and resource navigators—we have seen this in some of the major federal investments Nevada is receiving, including under H.R.4346 (Chips and Science Act), 117th Congress, introduced by U.S. Representative Tim Ryan (D-Ohio). For example, we know women workers are disproportionately caregivers. If they cannot get effective childcare—particularly if they work unusual hours, overnight shifts, or in more remote locations—they may not be able to participate in training or take jobs in high paying fields like AI. Investing in those services is important.

Contextualized and integrated education and training—this is common sense. If I walk in the front door of a community college and say I want to learn nursing or welding. Then you tell me, “Your math skills are not up to par; you need to go into this math class first.” I may get discouraged. But if you enroll me in a welding class that has a math instructor working side by side with the welding instructor, I will be able to learn math in the context of the job I am training for. This is equally important when we think about technology-related jobs. Industry sector partnerships bring together small groups of employers, along with education and training partners, to create a talent pipeline of new workers. This is especially important for small businesses. You heard a lot from Google and others this morning about what it means when large state agencies or major employers adopt AI tools. When small businesses adopt these tools, they often do not have the resources to provide in-house training to their workers. They depend on the public workforce development system, community college system, and other education and training partners to help their workers prepare for these new technologies.

I want to turn to research we did to understand in real time terms, what employers are looking for in terms of technology skills, and how that differs across different parts of the labor market. We carried out this research with the Federal Reserve Bank of Atlanta. I am obligated to tell you the opinions expressed in this report reflect those of the authors and do not necessarily reflect those of the Federal Reserve System or the Federal Reserve Bank of Atlanta. We looked at 43 million help wanted ads that were posted by real employers who were hiring for real jobs with real workers, including hundreds of thousands of postings from Nevada specifically. On average, a job posting looks for a candidate with eight different skills. Across those millions of job ads, there were more than 15,000 skills. We hand coded the top 50 percent of those skills to understand whether they were requiring definitely or likely digital skills. A definitely digital skill is something like Microsoft Excel, the Python programming language, or data science. If you saw it in job ad you would say it involves computers. A likely digital skill is something like bookkeeping. There are still folks who do bookkeeping on pen and paper with a ledger, but most people these days are using a software product like QuickBooks. Then there are not digital skills, things like problem solving.

If you look at Nevada specifically, Nevada is close to the national average in the demand for digital skills. Of the hundreds of thousands of help wanted ads we looked at for Nevada, 90 percent, across all industries, likely required a digital skill and 45 percent required a definite digital skill. This is overwhelming across different industries. It is not limited to industries you might think of as requiring tech skills. It is also true in manufacturing, construction, and accommodation and food services, which I know from my trip to Clark

County a few years ago—as part of the National Association of Counties meeting—is a huge industry for Nevada.

Let us talk about what these digital skills look like. We increasingly see the adoption of AI and AI-related tools, even in sectors that might seem unlikely. I interviewed one construction company that told me most of their folks are front-line construction workers. They have a high school level education, speak Spanish as a first language, and need to use four or five different mobile apps every day on the job to communicate work order changes to the general contractor or flag things not up to code. These are major issues for workers that we may not think of as needing tech skills. In advanced manufacturing, the price of collaborative robots has dropped dramatically. It used to cost \$1 million for certain robots, a few years later it is now down to \$180,000. If I am a small employer and buy this expensive piece of new equipment, I need to make sure my workers are trained in using it effectively. We saw during the pandemic the critical importance of telehealth. It is especially important for rural areas of Nevada where we know that many rural residents depend on telehealth to get services. In meat packing and food processing plants—we may think of that as cold, messy work. It is also work that increasingly involves robots. These workers used to lift 40 pound boxes of frozen meat. Now the robot is doing that, and the humans are in charge of programming the robot—using the human machine interface—to handle the palletizing of those boxes. We see the increasing use of augmented reality. This is an example from aircraft manufacturing.

The bottom line is that even entry level jobs are requiring digital skills, including things like prompt engineers for generative AI roles. It is true even in the help wanted ads we looked at for jobs that require a high school diploma or an associate's degree, this is not just about bachelor's degree-level workers. It is increasingly true that younger workers need opportunities to build these skills. Sometimes we think young people are all digital natives, but in reality, young people—like people of any age—often have fragmented knowledge. They are comfortable with some digital skills, but not comfortable with others. For example, they might be great at sending text messages or creating a TikTok video, it does not mean they are comfortable managing a budget spreadsheet or being able to critically assess the output of a generative AI document to know whether it is accurate or it is hallucinating. We know jobs that require digital skills pay more, an average of 23 percent more across industries and that is pretty substantial. Small businesses have almost as high of a demand for workers with digital skills as their larger counterparts. We know people do not just need basic or foundational digital skills. You cannot park people in a Microsoft Office class and say, “You are good to go; you have digital skills.” You need industry-specific digital skills and opportunities to build from the skills you have to the skills you need.

I want to give you Nevada specific data about the skills in high demand. On the foundational digital skills side, you see things like typing, data entry, basic computer literacy, and point-of-sale systems. On the more sophisticated side, you see things like electronic medical records, enterprise resource planning software, and property management software. Each industry has its own software and increasingly its own AI products that require sophisticated understanding and usage.

I have given you a quick whirlwind tour through our data and you may want to go back. I am happy to answer questions. I am going to use my last couple of minutes to wrap up with specific recommendations for you as State leaders. As draft legislation is coming through your committees in the new Legislative Session, you can assess draft legislation with an eye towards whether it reflects those best practices in reskilling and upskilling. Use the new data on the demand for digital skills to inform the development of any new legislation you may be developing. Then, in your oversight role of looking at H.R.3684

(Infrastructure Investment and Jobs Act), 117th Congress, introduced by Representative Peter A. DeFazio (D-Oregon) (IIJA), you make sure it is responsive to workforce needs.

We listed the best practices we talked about and an affirmation from our report we published a couple of years ago that highlights these tried-and-true practices from workforce development are effective when we talk about digital skills in particular. As we think about building out broadband connections, so more remote areas of Nevada have high speed Internet access, there are opportunities to make sure broadband workers have the digital skills they need to help build out fiber networks and bring together those industry partnerships I talked about before.

The last point I want to mention about the federal dollars coming is, many of them are coming through the U.S. Departments of Energy, Transportation, and Commerce. You will notice those are not the U.S. Department of Labor or the U.S. Department of Education. What that means is the federal officials rolling out this money are not necessarily experts in workforce development. As Nevada implements State-level legislation that dictates how the federal funds will be implemented, or in your oversight of State agencies as they apply for discretionary grants, it gives you a chance to spell out your priorities and your vision for how this new federal funding can be used to upskill Nevada's workforce. We have concrete suggestions in a Playbook for states that we published recently, links are in my slides. To go back to the comment earlier about how AI is like splitting the atom. There are opportunities for good that can come from AI as well as areas of concern. We have decades of research that tell us human beings are susceptible to automation bias. Oftentimes, humans do not second guess the computer and that can be dangerous when we think about the applications or recommendations of AI. For example, there have already been studies of AI flagging human services benefits incorrectly and suggesting they were fraudulent when in fact they were not. Or AI flagging people for recidivism risk coming out of the criminal justice system that was not accurate. When we think about workforce development and upskilling and reskilling Nevada's workforce, one of the factors to consider—from an AI perspective—is if that training is helping people to be aware of the automation bias so they do not unconsciously depend on an AI system without having appropriate skepticism and critical thinking applied to the decisions AI may be recommending.

Thank you for the opportunity to speak with you today and I am happy to take any questions.

Chair Spearman:

First of all, I want to thank you for validating something we have been talking about for a while and that is the energy sector as one of the most promising sectors for employment and looking at that digitally. I think President Biden put in \$8 billion in energy alone. It is not just turning the lights on and off, that is all the other accoutrements. There are a couple of places where I think we have to be more intentional, like in the rural areas and previously underserved communities. Can you speak about what we need to be looking for, specifically when we talk about making sure the digital divide is not as elongated as it is?

Ms. Bergson-Shilcock:

I am glad you mentioned the energy sector, because in addition to the investments in the IIJA, there are also federal investments coming through H.R.5376 (Inflation Reduction Act of 2022), 117th Congress, introduced by U.S. Representative John A. Yarmuth (D-Kentucky), which could be substantial in impacting Nevada's energy economy. Talking about remote areas and making sure there is appropriate digital infrastructure, Nevada will be receiving

tens of millions of dollars through the Broadband Equity, Access, and Deployment (BEAD) Program under IIJA, as well as a program under H.R.1841 (Digital Equity Act of 2021), 117th Congress, introduced by U.S. Representative Jerry McNerney (D-California). Those two programs are creating roadmaps for how we: (1) get high speed Internet to all corners of Nevada; (2) make sure Nevadans have access to appropriately updated digital devices so they can take advantage of remote work opportunities or online learning opportunities; and (3) make sure they have the digital skills they need to make use of that high speed Internet and those devices.

Some states have been proactive in laying out their vision for how they want to think about this federal funding. For example, Colorado and Hawaii have been leaders in outlining how they are going to effectively use this money. Nevada has taken good steps, but there is room for the Legislature to take advantage of the expertise your members have. No one knows your districts better than you, and no one knows the gaps in service or the gaps in opportunity small businesses may be facing in your districts better than you. Making sure this Committee is keeping a weather eye on how Nevada is implementing this BEAD funding and digital equity funding can help ensure that every corner of the State, and not just the major population centers, is benefiting as intended from these federal investments.

The other puzzle piece though is even in the urban areas, there are folks who are overlooked and underserved. We see it sometimes in multiple dwelling units—apartment buildings or public housing. On a map it might look like they have access to high-speed Internet, but in reality, it turns out their building was skipped. They do not have access. It disproportionately affects low-income residents and residents of color. We have plenty of data to show that a higher degree of high-speed Internet access, and having a computer at home, increases labor force participation rates and is correlated with greater economic mobility. It is common sense. If you can work from home—perhaps you are a parent or caregiver, or it is not practical to commute a long distance from a rural or remote area—you have more economic opportunities open to you. We also have powerful data on first generation college students. This sounds like common sense, but the research backs it up. If you have an old, slow computer or are trying to write college papers on your smartphone, you are going to have higher stress levels and a lower grade point average than your classmates who have an up-to-date computer and a large desktop or laptop computer.

Nevada has powerful intervention points this Committee can keep its eye on and lean in on to make sure rural residents and low-income folks throughout the State are appropriately served with these investments—which their tax dollars helped to fund through the federal government.

Chair Spearman:

There are a couple of things this presentation will be useful for, not only today, but in the future. One that we have been working on and I think we have done pretty good in Nevada. We have been a female majority Legislature since 2019. We have gotten a lot of things done because when we come to the table, we come ready to work. We have been putting in statute the requirement for pay equity. When we talk about digital and AI there are opportunities for pay across the board.

The other piece is when you talked about multiple dwelling units and buildings getting skipped. We also have buildings where there are seniors. I think the average age of retirement is 63 in Nevada, but there are people who are working well into their seventies. As we move more to remote employment opportunities, we should try to figure out—and I am thinking about policy now—what does that look like? If we can get across the board

equity regardless of zip code, ethnicity, and other things—if we can put the DEI overlay on this—then we can capture a lot of our people. When people do not work, it means they also cannot contribute to the economy, and it is not just about contributing to the economy, it is about how they feel about themselves. If we can help more people get to work—because there are a lot of people who want to, but those jobs are going away.

What can we do to make sure the policies we are putting in place take into consideration the rural, underserved, and senior communities? Seniors are probably underserved as well. How can we put together policy that looks at that under the umbrella—or put DEI as a thread weaving in and throughout that, because I think that is probably our best opportunity to improve our employment numbers? It is our best opportunity to make sure in ten years when those low skilled jobs have gone away, those people have something to do, a place to go, and are contributing positively to their families and society. I am looking at a way we can make sure we are using statistical data to improve workforce development, while recognizing Nevada is one of the most diverse states in the country. We cannot afford to leave anybody behind. Can you speak to that?

Ms. Bergson-Shilcock:

There are a few things the Legislature can do. The first is to be more specific about the reporting requirements that are going to be attached to your federal digital equity and BEAD funding. Congress has already identified the covered populations every state has to serve with this money. Those covered populations do include older Americans—over the age of 60, rural residents, Veterans, folks with income below 150 percent of the poverty line, folks with disabilities, folks with limited English or literacy skills, and people of color. There is a range of populations that states are already on the hook to serve, but the federal government has not been specific about the data states will be required to report so we know how effectively those different communities are being reached under this federal spending. Some state legislatures have gone above and beyond the federal requirements to make sure they are capturing accurate and disaggregated information.

The second thing you can do is, as you review or approve any commerce or labor related legislation, ask whether it is helping to build digital skills and capturing disaggregated data—whether it is by zip code, county, or legislative district—so you can analyze how successfully it is reaching folks in different parts of the State.

Nevada has a lot to be proud of in terms of how you have supported folks in pursuing additional higher education. The College of Southern Nevada has been nationally recognized in supporting first generation college students. There are a lot of good things already happening, but the Legislature can provide both oversight and leadership, a bold vision for what would good look like? How do we make sure, as new workforce and small business related legislation is coming in front of your Committee, that you are embedding digital skills across that legislation and putting in reporting requirements so there is the ability for accountability and monitoring to make sure those investments are reaching the diverse communities you want to make sure are reached?

Before the federal infrastructure bill was passed, Hawaii's Legislature funded their Department of Labor and Industrial Relations to conduct a survey of State residents to get a baseline of digital skills. Their survey is a wealth of resources and they included their telephone survey instrument publicly. You can look it up and I am happy to send you the link. It was a valuable opportunity for the State to get a snapshot in time to better understand where they were currently, and where they are trying to go, to make sure that we are not missing— You might be surprised, but Hawaii has rural areas. It is not all

Honolulu or touristy areas most of us think of. I think Nevada has collected some data already, but there are always opportunities to go deeper, be more rigorous, and say, what is the current snapshot? What does it look like? How might we get that to be better for residents, particularly those in rural and remote areas of the State?

Chair Spearman:

Tina Dortch, Program Manager of Nevada's Office of Minority Health and Equity (NOMHE), Department of Health and Human Services (DHHS), is here. We had a bill in 2021 that required funds that come into the State, address issues related to pandemics and epidemics. One of the slides you had showed health care as not just a need now, but a growing need in the future. My challenge is going to be to Ms. Dortch to talk about what that looks like from the standpoint of training health care workers because if we can do more with people who are in the communities right now that are underserved. We train them and they go back, they understand the population, and they understand the nuances of the community. Then, they have the skill level that increases economic stability, economic security, and now they are back into their own neighborhoods. It is one of the ways we get to generational wealth.

Ms. Bergson-Shilcock:

It seems like such an important point. I want to emphasize two things. The first is in Colorado, the Office of the Future of Work, Department of Labor and Employment, which is overseeing their digital skills work, is partnering with their Office of eHealth Innovation on these kinds of issues. It sounds like NOHME is already putting their finger on the pulse of these issues, and that is terrific. One thing they did in Colorado was add a digital skills and access question to a health survey that was already going out the door for State residents. It got them powerful information about racial differences in access to telehealth, for example. The flip side of that is the health care workforce, as you identified. We have seen AI be adopted in many sections of the health care sector already. It is likely if you had an X-ray or mammogram in the past ten years, AI probably helped the radiologic technician analyze your results. This is already happening. The question is how we continue to help health care workers upskill once they are already in the workforce. This is not about 17- or 18-year-olds coming out of high school and entering the workforce for the first time. It is about existing workers and making sure they have the skills to stay employed as their jobs change under their feet. It is a challenge. I cannot tell you there is any state around the country, where I am doing work, that has fully figured this out. It is committees like yours, that have the bird's eye perspective, to think from the big picture realm—how do we want this to play out in Nevada and how do we direct investments and oversight to make sure it does play out that way?

Chair Spearman:

Committee Members, no questions? We will be in touch. I have additional questions we can take offline. Thank you for this presentation, it has provided us with a wealth of information.

AGENDA ITEM VII—PRESENTATION ON THE ROLE OF DIVERSITY, EQUITY, AND INCLUSION IN THE CHANGING MULTICULTURAL LANDSCAPE AND ITS INFLUENCE ON BUSINESS IMPLICATIONS

Chair Spearman:

Next, we have Agenda Item VII, a presentation on the role of diversity, equity, and inclusion in the changing multicultural landscape and its influence on business implications. Please begin when you are ready.

Wilhelmina Tribble, Founder and President, Lowe Tribble & Associates, Inc., and Chief Diversity Officer and Senior Advisor to the President, Florida Southern College:

Chair Spearman, Committee Members, and distinguished guests, I am honored to be here today to share my thoughts regarding the economic importance of embracing diversity, equity, and inclusion, as well as the varied costs of ignoring or rejecting it as it relates to Nevada's businesses. Madam Chair, I commend you for your selection of this topic and your willingness to have an external professional address your Committee. Given the polarization and the mischaracterization of DEI, I will begin by reminding us of what we mean by DEI—and now DEIB, B is for belonging, then comment on what you are doing well, share trends, and close with recommendations.

Let us start with the definition. Diversity is straightforward. It is the various ways people are different: race, gender, religious beliefs, age, et cetera—that is easy. Diversity is a fact. Equity looks at the needs or circumstances of individuals or groups and provides resources necessary to be successful. We get that confused sometimes with equality, which means providing the same for all. Equity is adjusting imbalances—think about free or discounted broadband services in low-income areas, so they can use the Internet to do their jobs from home. Equity is a choice. Inclusion puts diversity into practice where employees at all levels are engaged. This is essential for businesses to retain their talent and unlock the power of their diverse workforce. Inclusion is an action. Belonging is the new kid on the block. It is a feeling. It is that space where all people, regardless of our differences, feel welcome and accepted. When employees have a feeling of belonging, trends are upward for attendance, productivity, creativity, and likely profitability. Belonging is an outcome. Given these definitions, the outlook for Nevada businesses with the integration of DEI and B is promising and exciting. Nevada is on the right track.

There are three descriptors that for me capture your business relationship with DEIB. The first is quiet success. Quiet success is Nevada moving forward and growing in DEIB without fanfare. Until I researched Nevada, who knew that two of Nevada's seven public colleges and universities has had African American presidents. DeRionne P. Pollard, Ph.D., was the first African American woman president of Nevada State University (NSU). By being in that position, she gives recognition and power to women and women of color signaling Nevada values women as leaders. Not to mention that 60 percent of the NSU student body is diverse. Keith E. Whitfield, Ph.D., President, University of Nevada, Las Vegas, is the first Black president in 63 years. Who knew that Nevada's professional football team, the Raiders—and I lived in Oakland for ten years, so I am a fan—had the first woman of color as a National Football League (NFL) president? Nevada can take credit for preparing Sandra Douglass Morgan for this role after supporting her as the first woman of color to chair Nevada's Gaming Control Board. Lastly, who knew that Northern Nevada announced a Black community collective, an organization formed to support Black-owned businesses in Reno. This signals to underrepresented business owners that Northern Nevada is prepared and

committed. These are a few examples of decisions you made that demonstrates where DEIB are part of your landscape—that quiet success is getting louder and louder, and it is good for business.

The second descriptor that came to mind, as I looked more closely at Nevada's business success, is smart minded. You are willing to make tough, even risky, yet smart decisions for Nevada. Here are three solid examples. Sports naturally diversify a community and bring together all types of people who may not otherwise see commonality. You made a huge risky change to Nevada's entertainment industry. You went from no professional sports to an NFL, National Hockey League, Women's National Basketball Association team, and then a Super Bowl host. With baseball and basketball in the wings, this has added a new reason for people to come here and not just to see these sports but to live and do business here—that is diversity and inclusion. The second is industrial projects. The website nevadabusiness.com said, "Industrial projects at both ends of the state, especially big box warehouse and distribution facilities, play a pivotal role in diversifying Nevada's tourism dependent economy." New industries bring new people. New people bring diverse perspectives. The third, the energize Nevada initiative. One way Nevada is leading the nation in economic diversification is through the growth of the sector related to energy transformation. Looking at the lithium supply chain alone, which includes clean mining, extraction, manufacturing, research and development, recycling, and construction requires a varied workforce. As this investment continues to scale, so will a wide spectrum of job opportunities. These are a few obvious examples of smart minded business decisions that support DEIB.

The third descriptor is being hospitable and that is natural for you. Nevada keeps redefining what it means to be welcoming and to create lasting memories for its visitors. Whether on a tight budget or a high end luxury, business or fun, Nevada delivers. You have diverse hospitality workers across many entertainment choices, allowing guests to have a better chance at a sense of belonging, no matter where they go. You know how to please return customers and entice new customers. You have gaming and non gaming activities. You have adult entertainment and family-friendly activities. You have sports and spas. But the key here is that within each of these sectors multiple languages are spoken, different religions are represented, and culinary choices are plentiful. This example of diversity and inclusion is intrinsic to being a leader in hospitality and is good for Nevada businesses. These three descriptors are powerful and you should be proud of what you have done to date.

Let us look at a few trends for 2024 and ahead, all of which will affect Nevada directly. Demographics are changing. This year, *Harvard Business Review* stated that as soon as 2030, the U.S. workforce will be a non-white majority with labor shortages continuing; and the need for everybody—including women, LGBTQ+, the older population, and those with disabilities—will be amplified. Second, a shift from talent acquisition to talent access, you heard about this earlier. With the labor shortages, the demand for specific skills is getting harder to meet. It means we need to look at updated hiring approaches. For example, a hotel chain may have a requirement for seven years for a particular position so a person can just walk in and do the job—and that is nice—but if you have six years, you may be eliminated from consideration. What about the person with five years of airport experience? With time and training, they could make the transition to be a good employee. You are going to see a shift in hiring, hiring potential, and then training them to do the job you need. Then, we have heard it today in every presentation, and that is AI. We heard about applications, governance, and services; but AI has a DEI component. This quote encapsulates the interdependencies between AI and DEI and it is, "unmitigating bias in AI algorithms can perpetuate and amplify existing inequities"—that is the E—"widening the inclusion gap"—that is the I—"for underrepresented groups"—that is the D. As we rely on

AI for efficiencies, we must eliminate biases that may inadvertently harm our employees and customers, taint our product output, skew our communications, and impact the bottom line.

Let me end with where I started and offer a few suggestions. Using the three descriptors I previously mentioned: (1) your quiet success; (2) your smart mindedness; and (3) your leadership in being hospitable—just a word about how we can advance them even more. Let us move from quiet success to amplified messaging and recognition. Consider documenting and communicating your successes—tell your DEIB story through your business sector. If you do not tell it, someone else will and you can lose control of your message. For example, create an annual DEIB recognition award for small, medium, and large businesses. This will create competition, creativity, and publicize your actions. Next, build on your smart mindedness, your smart-minded decisions, and include an intrinsic DEIB philosophy. Show that your DEIB is natural and rooted, not forced or mandated. Make a DEI row on your business culture; make it a row embedded across the organization, not a column that is easily chopped off. I can tell you from Florida, I know about the chopping off of DEI. Consider an annual state-level training for businesses on cultural appropriation, so it continues to be foundational. Training is key. For example, no food festivals during Ramadan. Those kinds of cultural pieces of information about groups coming to the State. Lastly, elevate being hospitable by broadening your view of hospitality. Focus on the full ecosystem that supports an influx of businesses and diverse families. Are your support structures in place? For example, are the schools prepared to offer new families coming into the State a competitive education? Is the transportation system available and able to handle the increased population? Are multicultural community programs funded? I commend you for staying above the DEIB fray and I commend you for your quiet successes, your smart minded decisions, and your leadership in being hospitable. However, be careful, do not be complacent. Rather treat the changing demographics as an economic and social advantage. Continue to be a leader. Look for ways to improve and ward off mistakes that can be avoided through training, communication, and embracing all elements of DEIB.

Chair Spearman:

Committee, any questions or comments? [There were none.] Ms. Tribble, if you are going to take that on the road, you might also want to include that Nevada has the most expansive equal rights amendment in the country. We passed a constitutional amendment in 2022. There is no other state that covers all the aspects of Nevada life and people. We had a bill draft request that we passed last session—and this will work well with our Veterans, senior citizens, and adults with disabilities—which established the State as a Model Employer program within the Division of Human Resource Management, Department of Administration. When you put the piece in there about disability, I will make sure we pick that up as well, I chair that Committee too. Last but not least, we had the first female Majority Leader to appoint the first female President Pro Tempore. As you go across the country, I keep telling people, in Nevada we are doing the thing.

Ms. Tribble:

The wonderful part is you have these things going on where DEI is natural across it. Tell your story and be the leader you are.

Chair Spearman:

We are a small State, but we are getting things done. With the direction we are going, there are more companies looking at Nevada, not just sports teams. Are there any suggestions

you might make that would help us? I know we need to do more with respect to supporting diversity and support systems for diversity. Is there anything else we might look at in terms of making sure we are shoring up opportunities for economic diversification and security?

Ms. Tribble:

There is a bill you just passed that requires a \$1,200 fee to do business on the sidewalk. Here is an example of equity. How about letting them have a payment plan for those who do not make enough? If they are starting out, they may not have \$1,200 to pay. This is an example of using equity and providing resources, so they can start at a level pace. It is one thing I can suggest that is current.

You are lucky, it is nice here. Everybody is friendly and it is such a delightful change to walk through a place and people are saying hello—you can tell the difference between a genuine hello and a hello. It happened in the two days that I have been here. It is noticeable. I would say show people who you are through your diversity, and do it through your businesses, and you are going to be fine.

Chair Spearman:

Thank you for your presentation, and welcome to Nevada.

AGENDA ITEM VIII—PRESENTATION ON CULTURAL COMPETENCY TRAINING CONDUCTED BY AGENTS AND EMPLOYEES OF CERTAIN MEDICAL FACILITIES AND THE SYSTEM FOR RATING CERTAIN HEALTH CARE FACILITIES ON COMPLIANCE WITH CERTAIN REQUIREMENTS RELATING TO STAFFING

Chair Spearman:

Now we are on [Agenda Item VIII](#), a presentation on cultural competency training conducted by agents and employees of certain medical facilities and the system for rating certain health care facilities in compliance with certain requirements relating to staffing.

Paul Shubert, Chief, Bureau of Health Care Quality and Compliance, Division of Public and Behavioral Health, DHHS:

Thank you for the opportunity to present this information to the Committee ([Agenda Item VIII](#)). Forgive the inaccurate Assembly Bill number there; it is actually Assembly Bill 267 (2023), and you will see that throughout the presentation as I go forward. My first objective is to provide an overview on the progress of the implementation of AB 267 on CCT. Then, I will provide information about the statutes regarding the star rating for staffing requirements in hospitals.

An overview of AB 267—it modified and clarified who must be trained and indicates any agent or employee of a facility that has direct patient contact at least once each week, or who oversees such an agent or employee. It also describes the circumstances when the facility is not required to provide training—that is when any agent or employee who has completed a cultural competency as continuing education for their individual professional license. Then, it requires regulations to set forth the frequency of CCT and our current regulations, the proposed regulations, set that frequency at least two hours within 90 days of hire and then biennially thereafter. It modified requirements with regards to NOMHE. There is a requirement for them to list approved cultural competency courses on an Internet

website. It requires NOMHE to distribute a list of the approved CCT courses to licensed health care facilities. Currently, NOMHE has a link on its website which lists those approved courses. It also modified requirements for DHHS to approve or deny approval of any CCT course that has been submitted within ten business days after submission. It is a tight schedule for us to achieve, but we have a plan to make that happen. It also requires DHHS to report, through LCB to this Committee and the Committee on Health and Human Services, before October 1 of each year, the average length of time it takes us to approve those CCT courses in the immediately preceding year. Finally, it modified requirements for specific professions regarding the hours required for CCT. The professions listed in the bill are: (1) nursing; (2) psychological examiners; (3) marriage and family therapists and clinical professional counselors; (4) social workers; (5) alcohol, drug, and gambling counselors; and (6) applied behavior analysts.

This is the implementation we have worked on—so far, the Bureau has drafted the modifications to our current CCT regulations to implement requirements in AB 267. We established requirements for the course time and frequency, which I discussed earlier. We recognize the requirement to ensure the responsible State agency can review the CCT submissions within the ten-day allowance. It establishes new language that allows some flexibility within the development of courses so they can be done in a modular fashion, rather than a one-time bolus of all the information. Then, we eliminated the requirement for health care facilities to report the specific CCT course the facility will use. This is to accommodate facilities in allowing them to use different courses at different times, so they do not have their employees take that same course, year after year or biennially, over time. We drafted the new regulations. We conducted a small business impact study and developed a small business impact statement. We held public workshops for the regulations, and we posted the notice for the public hearing, which will occur on June 7, 2024, for the adoption of the regulations.

Now, I will shift gears and go into the discussion about the star rating requirements for hospitals. The NRS requires us to rate hospitals by a star rating system. We set up regulations that would allow us to do that and those were ratified in January 2019. If there are no deficiencies when we conduct an investigation or inspection at a facility with regards to staffing requirements, then the facility has a five-star rating. If there is at least one deficiency with severity level one, that is an administrative requirement, then it drops their star rating to four stars, so on and so forth, down to a single star if there is a severity level four, which means harm has occurred.

In addition to the star rating scheme, the regulations establish criteria for the size and placement of the placard we issue to facilities for the star rating system. There is a requirement that it is at least a letter size signage, at least 20-point type, and it contains certain specific language with regards to who is providing this star rating.

This is information about the 31 hospitals, located in Washoe or Clark County, required to have the star rating with regards to staffing requirements. We have issued the 31 placards; 20 of those facilities are five-star facilities and 11 are four stars. We do not have any lesser or fewer star ratings for facilities. This ends my presentation, if you have questions, I would love to answer them for you.

Chair Spearman:

Committee Members, any questions? Assemblyman O'Neill.

Assemblyman O'Neill:

I have a couple curiosity questions. You are doing the regulations for AB 267, have you had input from the public and businesses? You have not had the public hearing yet, correct?

Mr. Shubert:

Correct.

Assemblyman O'Neill:

But you have opened up for a written response.

Mr. Shubert:

Absolutely.

Assemblyman O'Neill:

I am curious because I have had input from them.

Mr. Shubert:

This has been a regulation set that we have received the most feedback from the industry, public, and training organizations or programs. There has been a plethora of information written, in the public comments we received, as well as comments on the small business impact study we conducted. We received a lot of information. We tried to compile or collate that information, so we could address things and make the necessary changes, in accordance with AB 267, but still maintain what we felt would be an effective system of approving programs and making sure those programs were going to be effective in providing training.

Assemblyman O'Neill:

I know you are going to have a public hearings up north, south, and in Ely or Elko—I would like to attend the public hearing. I will be honest with you, I do not sit and watch the board to see when you put things up. If I give you my email, I would appreciate if you would let me know and I will try to adjust my schedule in order to attend.

The other question I had is, you are going to do the star ratings on Clark and Washoe Counties, do you think we will expand that out?

Mr. Shubert:

Currently, the statutory requirement is only for counties with 400,000 or more, and that is why we only do Clark and Washoe. If the statute was to change, then we would do it on the more rural counties. I think the intent is to ensure that in those counties, where there should be a sufficient number of nurses and certified nursing assistants to work in the facilities, the facilities are going through their staffing plan and making sure they are staffing in accordance with those plans and they have set up those committees. Whereas the rural hospitals, it is more difficult for them to find staffing. It is still a necessity for them to have sufficient staffing to provide services, but I do not know it is a necessity to have the same requirement.

Assemblyman O'Neill:

Whether it is Clark, Washoe, White Pine, Carson, or Douglas—all of them have trouble attaining. We have a nursing shortage. I was out last night in community in Las Vegas and was talking to X-ray technicians—there are not enough of them. They are working overtime. We are short. Do you take that into consideration of what is available in the market, because the pie is only so big. In Washoe County, with the new hospitals opening up it is difficult—you will take one from this hospital to that hospital.

Mr. Shubert:

We see it over and over—whether it is Washoe, Clark, or anywhere else. A new facility opens up and staff tend to move, or the new facility offers a bonus that is not at their current facility. They will go. It is across the board for the professions. The shortage is recognized in the industry and elsewhere.

Assemblyman O'Neill:

Is any of that taken into consideration when you do your star ratings—the shortage for staffing?

Mr. Shubert:

We do not necessarily take the shortages into account, because the rating is based on whether the facility set up their committee in accordance with the statutory requirements. Did they develop their staffing plan? Then, of course, did they follow the plan? The difficult piece is following the plan and having the sufficient staffing.

Chair Spearman:

In 2019, that was my bill. The whole idea behind the bill was because you had people going into hospitals they did not know—like in a restaurant, if someone sees a “C” rating, you usually do not go to that restaurant and eat. We wanted to make sure consumers knew when they went into the hospital, what the star rating was. Is it the Centers for Medicare and Medicaid Services (CMS) that do a star rating?

Mr. Shubert:

They also do a star rating.

Chair Spearman:

You had several that, by reputation, people thought were good hospitals, but the number of inconsistencies with quality were numerous. As a way to advise consumers when they are going into this hospital, it is supposed to be at the main entrance and the emergency room, but I have checked several times and they are not doing it.

Mr. Shubert:

It is supposed to be at all entrances used by the public.

Chair Spearman:

This was the idea and the staffing models were a part of that, but the staffing came in 2017—that was my bill too, for nurse-to-patient ratios. We have always been short and that

has been the issue. The shortage of nurses or medical support staff is that way around the world. It is why I was pressing so hard this morning when we were talking about DEI and what we need to be doing to make sure we are reaching back and building a bench, so to speak. It is not to penalize the hospital. It is to make sure consumers know when they go into a hospital—what kind of hospital it is and what the rating is there. You had some hospitals, by the time they did the evaluation, only came up with one and a half stars. People were going into those hospitals and did not know it. They thought the name of the hospital meant it had a good reputation.

Assemblyman O'Neill:

My main curiosity is because of the CMS ratings and the consideration we have. The hospitals are always trying to look at what their population is going to be and budget or staff accordingly. It is not consistent—almost hour to hour. My curiosity was about those extraneous activities or influences into their staffing levels and the shortage we have. I agree we have a worldwide shortage. My biggest concern, as is yours, is for Nevada and our citizens and visitors here. I strongly believe we have to recruit, but we are all recruiting in competition with the various hospitals or whatever it may be.

Vice Chair Marzola:

Are you able to provide us with the 20 hospitals that received the five-star rating and the 11 that received the four-star rating? You do not have to do it today, but if you could submit it to the Committee Secretary so the entire Committee can have it.

Mr. Shubert:

I will do that.

Assemblyman, I have your email, so I will send you the information about the public hearing.

Assemblywoman Torres:

Obviously, I have a lot of interest in AB 267, as that was my bill during the last legislative cycle. It is good to hear an update. I have heard about multiple issues that have come up during the regulatory process. I look forward the hearings with public comment and seeing the regulations once those are finalized. My question is—and this was something that came up during the legislative cycle—do all the professions impacted by AB 267 have the updated licensing requirements on their websites? This was an issue in 2021, when we had a bill that required the two cultural competency credit hours. Once we increased it to the six, where are they in updating those sites? There were several professions that did not update it in 2019, and that was concerning.

Mr. Shubert:

I appreciate the question. Unfortunately, I do not have an answer with regards to the professions. We do not regulate them, we regulate the facilities; but I can get back to you and provide an answer.

Assemblywoman Torres:

I know you do not oversee that, but it would be helpful to us as well.

Chair Spearman:

You are correct. It is supposed to be at every entrance, but I barely see them at the main entrance at the emergency room. Part of what I put in the bill was that noncompliance would put their licensure in jeopardy, and you may want to send a note out to people and let them know it is not a suggestion; it is the law.

Mr. Shubert:

Chair, we can do that. We can send, through our Listserv, a technical bulletin to make sure they are posting this stuff.

Chair Spearman:

Legislators are not the only people who look for these things. There are other people, consumers, who look for this, and it is better if they do it instead of a consumer saying they are out of compliance.

AGENDA ITEM IX—PRESENTATION ON THE ANNUAL REPORT REGARDING NEVADA'S SERVICE CONTRACT INDUSTRY

Chair Spearman:

Agenda Item IX is a presentation on the annual report regarding Nevada's service contract industry. Please begin.

***Adam Plain, Insurance Regulation Liaison, Division of Insurance (DOI),
Department of Business and Industry:***

With me today is Derick Dennis. He is our subject matter expert on the service contract industry. Before I begin, I want to apologize on behalf of Commissioner Kipper that he was unavailable to attend today, it was a scheduling error on my part. He is in Washington, District of Columbia, meeting with our federal delegation on insurance matters related to Nevadans and expressed his regret.

The primary reason we are here is to present the results from our reporting relating to Senate Bill 436 from the 2023 Legislative Session ([Agenda Item IX A](#)) ([Agenda Item IX B](#)). This is a brief overview of what was contained in SB 436 and the type of information we are presenting to the Legislature on the service contract industry.

Next is a brief overview of our compliance with the provisions of Senate Bill 436. In September 2023, we issued Bulletin 23-001 addressing compliance with the provisions of the bill and what service contract providers needed to do, generally, to comply with the statutes of Nevada. On September 28, 2023, we sent a data call to all registered service contract providers in the State to start collecting data based on the Calendar Year 2022, and we required that data be submitted to the Division by November 30, 2023.

In terms of compliance, we sent this data call to 243 registered service contract providers with that first date of September 28, 2023. We sent a reminder on November 13, 2023, and an additional reminder on November 27, 2023. After those three—the initial data call and two reminders were sent—we had 214 registered service contract providers respond with the data requested. The 29 noncompliant registered service contract providers were issued orders to compel. To receive that data we issued \$85,500 in fines against those noncompliant service contract providers, which was collected and sent to the State General

Fund. As a result of those orders to compel, the 29 noncompliant providers did eventually send in the data required.

Looking at the scope of the service contract industry in Nevada, it is important to pause and talk about what a service contract is and what it is not. There are several stipulations in State law covering what a service contract is and is not; some of the things you may be familiar with. If you buy a product like electronics, you go into a retail store or from an online retailer, maybe you are buying a new video game console for a family member or yourself, and they ask you, "Do you want to buy protection for this product—one year for \$50, or two years for \$75?" The protection plan is a service contract. If you get those emails that say, "Contact us about your auto's extended warranty." Technically, that is a service contract. It is an agreement to offer repairs from someone other than the initial manufacturer or seller of the vehicle. If you purchase a home, the previous owner may include a service contract for repair of the refrigerator, range, or the washer and dryer. Typically, a service contract has to be on a good that has a value of \$250 or more. There are certain things that are excluded inherently, like manufacturer warranties; they are not service contracts. Generally speaking, items included in manufactured housing are also not service contracts.

Continuing on, we looked at the data provided to us by the service contract industry, and they reported a total of \$689,400,000 of revenue collected industrywide in the State of Nevada in Calendar Year 2022. Of that revenue, the service contract providers reported \$175,500,000 in claims paid on service contracts in Calendar Year 2022. The service contract providers reported to us they received a total of 4,653 complaints from contract holders directed to the service contract providers themselves. The Division received 594 consumer complaints in 2022.

Next, is the requested breakdown by county. As expected, based on population, the bulk of service contracts sold within the State of Nevada were in Clark County, with Washoe County coming in a distant second, and the remainder of the counties quite a bit behind that as well. There is an interesting item here, Nevada has 17 counties, but we have 18 rows on the chart. Current statute does not require service contract providers to obtain an address for service contract holders. In most cases, they are encouraged to do so. If they do get that address, there are other requirements around the retention of that address. We did have 512,000 service contracts sold in Nevada that did not have the contract holder's address information attached to them.

The next chart breaks down the growth of the service contract provider industry in Nevada over the last 20 or so years. We had a steady increase in the number of registered service contract providers with the DOI. I think it correlates closely to the population growth and general increase of market share.

Our next slide breaks down the number of service contracts and number of service contract providers by contract type. The vast majority of service contracts are for consumer electronics—mobile phones, video game consoles, personal computers, laptop computers, tablets. People will often purchase service contracts, because they understand that water damage, screen breakage, et cetera, lead to repair expenses they do not want to take on themselves.

The next slide is a busy chart. It gives a breakdown of the complaints the DOI received from service contract holders and how they can be categorized into various buckets. It also has definitions of the resolutions and why we placed them into these categories. Most of the complaints we receive relate to claims handling practices. Typically, the consumer disagrees

with whether a particular claim is covered or the value of the covered claim. Sometimes the Division is able to work on the consumer's behalf, talk with the service contract provider, or receive a more favorable adjudication of the claim for the consumer. It depends on the specific information for each consumer's case. As a consumer protection agency, we receive quite a few calls from consumers asking us to step in and assist them in their claims processes.

This is the end of the brief presentation based on the requirements of the Senate Bill. We would be happy to field any questions you have about the data, the bill, or the service contract industry.

Chair Spearman:

Committee, questions?

Assemblyman O'Neill:

Mr. Plain, thank you for an informative presentation. Regarding the number of complaints, the 4,600, who were those to? Then, you mentioned your office received 500 complaints.

Mr. Plain:

Those 4,653 complaints you are referencing are complaints from consumers to the service contract providers. Something was not being handled quickly enough or there was a denial and they called their contract provider directly and complained with them.

Assemblyman O'Neill:

They were not claims, they were the complaints about their claims. I was trying to get a better understanding. Out of the 594 you received, were you able to identify any repeat offenders, or a high number, where one company was exceeding others outside the norm?

Mr. Plain:

We have a couple service contract providers that had an outsized number of complaints lodged with the Division. I do not have the information on hand as to the specific contract providers.

Assemblyman O'Neill:

Are you taking any action to address that situation and protect our consumers or citizens?

Mr. Plain:

We do. When we get a consumer complaint, we adjudicate each complaint from consumers on an individual basis—trying to evaluate the specific terms of their contract, what the service contract provider should be held to. We have examination authority over service contract providers. If it comes to a point where there is a locus or a critical mass of complaints not being resolved appropriately, the Division has the ability to do an examination, issue fines, and potentially revoke the certificate of registration of the service contract provider. My understanding is, at this time, while we have a few service contract providers that have a disproportionately large number of complaints, nothing has yet risen to the level of needing to take such drastic action.

Chair Spearman:

You said nothing has risen to the point of taking drastic action, what would that point be? Can you give us an example?

Mr. Plain:

Typically, we would be looking at either a large enough mass of complaints not resolved appropriately or something potentially so egregious it offends all sensibilities. If the average service contract provider receives five complaints to the DOI in a calendar year, a service contract provider that receives ten times that number—50 complaints—might warrant an examination by Division staff or third-party examiners. Depending on the violations, if any are found during such an examination, it comes down to—what is the nature of the violations found? Would an administrative fine or penalty be appropriate? Generally speaking, as a regulatory agency, while we have the hammer of revocation of a certificate of registration, or certificate of authority, it is not a tool used lightly because there are other considerations involved. I know that is probably not a satisfactory answer for your question. To a certain degree it comes down to the old Supreme Court response of, it is hard to define, but you know it when you see it.

Chair Spearman:

One of the reasons I brought this bill was because I was getting a lot of complaints from constituents who had purchased a home warranty. It is about the most expensive investment, after the mortgage, someone makes, and they make it with the company. The contract being that I am going to pay you X number of dollars and when any of these items covered under the warranty are not working, you will come and fix it. If they cannot be fixed, then you will replace it. There was one particular company I had about four different complaints for major appliances, and they would not respond to the consumer. What is the threshold? If the normal is five and a company receives ten times that many, is that like where there is smoke there is fire?

Mr. Plain:

Yes, that is true. There is an expectation when the DOI receives a complaint from a consumer, and we reach out to a service contract provider on the consumer's behalf, the service contract provider is going to respond to us. Absent a response from them, is when additional regulatory action can be taken. In terms of critical mass—the individual cases vary and it is hard to put a number on it—to say six complaints in a year or 25 percent more complaints than the average. Our consumer services staff in Las Vegas handles those calls and complaints on a daily basis. They do a good job of making those determinations of when it needs to be elevated to market enforcement for additional action. It is difficult to put a specific threshold on any particular number of what might trigger a regulatory action.

Chair Spearman:

Depending upon the egregiousness, some of that would include—I am not an attorney, but let me try this—theft by deception. Someone has paid \$600 for a home warranty and one of the appliances goes out. Replacing the appliance would be, say \$200, but the contract company refuses to deal with them. I do not know what \$400 looks like, but it seems to me that should be referred to the Attorney General's office or other law enforcement, however the statute reads. Legal, you can help me with that, since we are talking about people operating in the State. The other thing is, do you send bulletins to companies operating in Nevada?

Mr. Plain:

Correct, we do issue bulletins.

Chair Spearman:

Nevada Revised Statutes 598.0973 provides for additional civil penalties for committing a deceptive trade practice against a person 60 years or older. I would encourage you to include that in, at least, your next three bulletins so people understand in Nevada, we are not playing when it comes to seniors and other vulnerable people in our community. The people who called me were all over 65 years old. One had a water heater that went out. Another had an air conditioner that went out, they were asthmatic, and the contracting company refused to take the call. This person was around 78 years old. I would strongly encourage you to let people know that when they do something like this, if they take people's money, there is an expectation that as money changes hands the service will be provided. Does that make sense to you?

Mr. Plain:

Yes, that makes perfect sense.

Chair Spearman:

One of the things we did not include in this briefing, but if you could get back with us and let us know the process with respect to any criminal actions that could be placed upon these people. I would like to know, because if I had five, there are probably other people that wish they knew who to call but did not know who to call. It is why I brought the bill. I want to make sure that everybody who does business in Nevada, whatever they put up as their mission statement, that ought to be their mission. If they are not capable of doing it or have decided they do not want to do it again, they need to change the mission statement. The people that came to me, it was heartbreaking to listen to those stories. The other people who did not comply when you requested information and it shot back to you, did you do anything to make sure the next time the request goes out they will be compliant?

Mr. Plain:

Yes, we did issue fines to the service contract providers that refused or failed initially to provide the data under this data request. I think they have been put on notice that compliance with this request and reporting going forward are mandatory items, and additional fines and potentially escalating penalties will ensue in the future if compliance is not met. I did want to say too, like you said earlier, I am not an attorney. My understanding is most of the provisions of Title 57 ("Insurance") of NRS do not necessarily come with criminal penalties attached to them. Most of our regulatory authority is as a civil regulatory body. We do have an ongoing relationship, as a legislative body, with the Attorney General's office and can make referrals to the Attorney General's office on issues as needed. I will get you a more definitive answer on your question about the criminality of violating these particular statutes.

Chair Spearman:

Yes, thank you. Not to belabor the point, but that is where I was going with this—the people who contacted me do not have unlimited financial means. I want to make sure people understand this is how you do business in Nevada. If they cannot do that, then we need to make sure they act right, and the next place they go they will do business the right way.

I am concerned, because when I am looking at the most vulnerable populations and if this is happening to them, what is happening to people who are not 60 or 50? What is happening then? Nobody can afford to put out \$600 to \$800 a year for a homeowner's warranty and not get the service provided. Please do not take it personal. When I get these people calling me, I think there is a certain place in hell for people who would do that to older people.

If I can make a suggestion on your front page, you said there were some who had an outsized number of complaints. Is there any way to put them on your front page? Is that a policy decision you can make or you would need to go higher? I think when people go to the various State agencies, if there was some place they could go to and say, "This is somebody, if I am doing my due diligence, I do not want to do business with them, because they have a lot of complaints." Is that something you do or something you might consider?

Mr. Plain:

I do not know the applicability of complaint data to Nevada's public records law; I am not an expert in public records law. I can check with our staff and see what the applicability is and speak with Commissioner Kipper about the appetite for making that posting. As legislators, when you receive constituent phone calls or inquiries about the insurance industry, service contract providers, or anything that might be related to the Title 57—please feel free to refer them to us and our consumer services folks. Refer to us yourselves for questions and inquiries. There is a feeling our agency flies under the radar to a certain degree. There was an opinion in the *Las Vegas Review Journal* a week or two ago, praising the Division's consumer services staff for helping this particular consumer with their issue. They said it is a "little known agency," and we should not be a little known agency. I have worked with several legislators in the eight months I have been in this job. If you have constituent questions, inquiries, or problems, please refer them to us so we can assist them.

Chair Spearman:

You are on my speed dial. By the time it gets to me, the people are exasperated and do not know who else to call. One of the things that might help you with your notoriety is putting those names of people who are dubious actors on the front page, because when people know there is a penalty that will be paid, they are not so willing to take the kind of risk that some folks operating in Nevada have taken, especially when you start taking money from older people. Member, any questions or comments?

Assemblyman O'Neill:

I will make a quick comment. Mr. Plain did an outstanding job. We had several conversations lately, particularly on issues related to homeowners and fire insurance and he represents the agency well. I would make a suggestion to look at doing Public Service Announcements (PSAs) on the radio or some kind of advertising for you; we need to advertise you more. You said you got good reviews in the Las Vegas paper as doing great work but were a barely known agency of the State. Thank you for your presentation today. I look forward to working with you more.

Chair Spearman:

Thank you for your presentation and responding to my concerns; I appreciate it. With that, we will close out Agenda Item IX.

AGENDA ITEM X—DISCUSSION OF SOLICITATION OF RECOMMENDATIONS AND POSSIBLE TOPICS TO BE ADDRESSED AT FUTURE MEETINGS

Chair Spearman:

We will move on to Agenda Item X, a discussion of the solicitation of recommendations and possible topics to be addressed at future meetings. We heard about the concerns of the people who presented during public comment about the homeowner's insurance and fires in the Lake Tahoe area. Certainly, let us take a look at that. Are there any other topics?
Senator Stone.

Senator Stone:

A problem resonating across the United States and starting to infiltrate Nevada is the issue of squatting. It was brought to my attention about a case where a senior citizen couple had a son living with them and invited a few people to live in their dwelling unit. When they were asked to leave, they said they were not going to leave and threatened the lives of one of the senior citizens—if she called the police on them, she would be killed. The person was ultimately arrested and unfortunately, bailed out the next day. The person went back into the unit and the landlord successfully tried to have them removed and the police said it becomes a civil matter. It is no longer a criminal matter. It would be nice if we could hear from our police organizations about the issue of squatting or have a representative from the apartment association to see what the incidence is in Nevada. What kind of compassionate services can we offer those people who are squatting, going to get evicted, and where can we place them? We do not want to exacerbate the homeless problem we have growing in Nevada, but squatting is an unfortunate issue that can become violent, and unfortunately senior citizens are the targets. I know that is one of your top priorities, Chair, our senior citizen population. They are always friendly and wanting to offer a helping hand and sometimes they get taken advantage of. I hope we can invite professionals to come in and talk to us about that.

Chair Spearman:

I think that is a good idea, but for the portfolio of this Committee the topic seems better suited for Judiciary since we are talking about statutes. We did deal with the eviction process during the February 29, 2024, meeting, but that is different than what we are talking about here. It is a good topic, unfortunately I think it is outside of our portfolio, but I will check and see.

Senator Stone:

It has a nexus to evictions because ultimately, they had to evict.

Chair Spearman:

I understand that.

Senator Stone:

The senior citizens were evicted out of their own homes because of the bad actors.

Chair Spearman:

I am not saying it is not legitimate. I am saying there are topics that deal specifically with health care and even though it might have some flavor with licensing, it is still not in our portfolio.

Any other topics? If you have any additional recommendations, make sure Mr. Melgarejo gets those. We have two more meetings and the last meeting will be the work session. There may be items presented that will not only be for listening but also for action. If you have others, then let us take a look.

AGENDA ITEM XI—PUBLIC COMMENT

Chair Spearman:

The last item on the agenda is public comment. I do not see anyone here. I do not see anyone in Carson City. Broadcasting, do we have anyone on the line?

BPS:

The public line is open and working, but there are no callers to provide public comment at this time.

Chair Spearman:

Let us wait a couple of minutes and see if anybody might be trying call in. Still no one?
[There was no additional public comment.]

Thank you for staying with us—those who are here and those of you who joined us online. We had a good meeting; it was informative, at least for me.

AGENDA ITEM XII—ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 1:58 p.m.

Respectfully submitted,

Crystal Rowe
Senior Research Policy Assistant

Cesar Melgarejo
Principal Policy Analyst

APPROVED BY:

Senator Pat Spearman, Chair

Date: _____

MEETING MATERIALS

AGENDA ITEM	PRESENTER/ENTITY	DESCRIPTION
Agenda Item II A	Jay Cafferata, M.A., C.D.E.	Written Remarks
Agenda Item II B	Sena Loyd, Director, Public Policy, Blockchains, Inc.	Written Remarks
Agenda Item II C	Escenthio Marigny, Jr., Diversity, Equity, Inclusion and Accessibility+ Engagement Specialist, High Sierra Area Health Education Center	Written Remarks
Agenda Item II D	Sandra Richards, Resident, Incline Village	Written Remarks
Agenda Item IV	Adelina Cooke, Global Artificial Intelligence Public Policy Lead, Google Cloud; and Michael D. Hillerby, Director of Legislative Affairs, Kaempfer Crowell	PowerPoint Presentation
Agenda Item V A-1	Timothy D. Galluzi, M.B.A., C.P.M., G.C.P.M., State Chief Information Officer, Office of the Chief Information Officer, Office of the Governor	PowerPoint Presentation
Agenda Item V A-2	Timothy D. Galluzi, M.B.A., C.P.M., G.C.P.M., State Chief Information Officer, Office of the Chief Information Officer, Office of the Governor	Memorandum
Agenda Item V B	Heather Korbolic, Vice President, Policy and Communications, GetInsured, Vimo, Inc.	PowerPoint Presentation
Agenda Item VI	Amanda Bergson-Shilcock, Senior Fellow, National Skills Coalition	PowerPoint Presentation

AGENDA ITEM	PRESENTER/ENTITY	DESCRIPTION
<u>Agenda Item VIII</u>	Paul Shubert, Chief, Bureau of Health Care Quality and Compliance, Division of Public and Behavioral Health, Department of Health and Human Services	PowerPoint Presentation
<u>Agenda Item IX A</u>	Adam Plain, Insurance Regulation Liaison, Division of Insurance, Department of Business and Industry	PowerPoint Presentation
<u>Agenda Item IX B</u>	Adam Plain, Insurance Regulation Liaison, Division of Insurance, Department of Business and Industry	Report

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