MINUTES OF THE
JOINT INTERIM STANDING COMMITTEE ON REVENUE
(*Nevada Revised Statutes* [NRS] 218E.320 – 218E.330)
May 13, 2026

Chair Dina Neal called the fourth meeting in calendar year 2026 to order at 9:39 a.m. in Room 4 of the Nevada Legislature Hearing Rooms, 7120 Amigo Street, Las Vegas, Nevada. The meeting was videoconferenced to Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada.

COMMITTEE MEMBERS PRESENT:
Senator Dina Neal, Chair
Assemblymember Shea Backus, Vice Chair
Senator Fabian Doñate
Senator John Ellison
Assemblymember Venicia Considine for Assemblymember Duy Nguyen
Assemblymember Reuben D'Silva
Assemblymember Danielle Gallant

COMMITTEE MEMBERS EXCUSED:
Assemblymember Duy Nguyen
Assemblymember PK O'Neill

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:
Michael Nakamoto, Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division
Susanna Powers, Deputy Fiscal Analyst, Fiscal Analysis Division
Hayley Owens, Deputy Fiscal Analyst, Fiscal Analysis Division
Kristine Jones, Economist, Fiscal Analysis Division
Bryan Fernley, Chief Deputy Legislative Counsel, Legal Division
Basia Thomas, Committee Secretary, Fiscal Analysis Division
Christy Kaiser, Committee Secretary, Fiscal Analysis Division

EXHIBITS:
Exhibit A: Meeting Packet
Exhibit B: Public Comment – Chris Daly, Nevada State Education Association
Exhibit C: Public Comment – David Lee Nace
Exhibit D: Public Comment – Amanda J. Johnson-Flocchini, Department of Business and Industry
Exhibit E: Agenda Item V – Governor's Office of Economic Development Presentation – Revised

I. ROLL CALL.

BASIA THOMAS (Secretary, Fiscal Analysis Division, Legislative Counsel Bureau [LCB]) called roll. All members were present except Assemblymembers Nguyen and O'Neill, who were excused. Assemblymember D'Silva joined the meeting in progress.

II. OPENING REMARKS.

CHAIR NEAL:

Thank you. We have a quorum.

III. PUBLIC COMMENT.

CHAIR NEAL:

We will go ahead and open up for public comment. That's Agenda Item III. Is there anyone here in Las Vegas for public comment?

CHRIS DALY (Deputy Executive Director of Government Relations, Nevada State Education Association [NSEA]) provided public comment for the record (Exhibit B).

ALEXANDER MARKS (Deputy Executive Director of Field and Communications, NSEA):

Good morning, last week was Teacher Appreciation Week. There was one appreciation letter we came across from Governor Lombardo touting some of what he believes were his accomplishments, but I felt compelled to share an op-ed [opposite the editorial] that was appearing yesterday in the *Nevada Current* from Rachel Croft, who's an educator in Carson City, because I think it really highlights the need for new revenue and on the heels of Teacher Appreciation Week seems more relevant than ever.

She writes, if Nevada truly wants to appreciate teachers, appreciation can't stop at coffee mugs and thank you cards. Appreciation must show up in policy, funding, and priorities. Our frustration did not appear overnight. During the 83rd (2025) Legislature Session, the NSEA repeatedly sounded the alarm over the Governor's proposed education funding increase of just $2.00 [per pupil] in 2025. That amount, a de facto education cut, became so symbolic of the disconnect between political rhetoric and classroom reality.

Two dollars—not enough to keep up with inflation; not enough to reduce class sizes; not enough to retain educators burning out under impossible workloads; not enough to support student mental health crisis that continues to grow in our schools; and it's certainly not enough to qualify for a raise for educators, many of whom who have not seen a meaningful raise while inflation continues rising. When costs go up and pay stays flat, that's a pay cut. And now under the realities of his budget, school districts across the state are forced to make painful decisions.

In Carson City, social workers are cut. In Douglas County, they're facing a $5.2 million shortfall. In Elko County, they're closing schools to manage an $11.0 million budget shortfall. Two weeks ago, Mineral County's board of trustees approved a reduction in force notices to manage their $1.4 million shortfall. These are not signs of a thriving education system. They are warning lights flashing for everyone to see, especially during Teacher Appreciation Week.

Real appreciation would mean funding our schools so districts are not forced to cut counselors, social workers, nutrition workers, and paraprofessionals. Teachers are tired of being praised publicly while struggling privately to meet the needs that should never fall solely on classroom teachers.

Because the way the state truly appreciates teachers is not found in a letter or a social media post during Teacher Appreciation Week, it's found in the choices and policies it makes for children the other 51 weeks of the year. Rachel says it best, and the only thing I can add with regard to revenue is seriously, pass the plan. Thank you.

HECTOR ARREOLA (Policy Fellow, Nevada Environmental Justice Coalition):

Good afternoon or not afternoon, good morning, Chair Neal and members of the Committee. I'm here to express our coalition support of ending tax abatements for data centers in our state. Data centers come with serious hidden costs to both the environment and Nevadans. *The Nevada Independent* reported $457 million in cumulative tax abatements over the past decade. This is lost public revenue that could have funded schools, infrastructure and essential services.

Large-scale data centers consume between one and five million gallons of water per day for cooling. At the same time, they can contaminate our state's limited water supply with toxic PFAS [per- and polyfluoroalkyl substances] chemicals found in their heat-and water-resistant components. We can also expect rising utility bills for Nevada's families due to lack of ratepayer protection and significant costs of building fossil fuel infrastructure to power data centers.

Beyond environmental impacts, we are concerned about the social and economic impacts to Nevadans. We understand the need to create jobs and attract diverse industries to strengthen our economy. Unfortunately, data centers don't provide long-term value to our community. A single data center typically only creates 10 to 50 long-term jobs, all while accelerating worker displacement across our state and country.

The easier we make it for AI [artificial intelligence] to develop, the faster we displace workers, including in industries we'll never expect. We're already starting to see AI displace workers in our state with driverless vehicles on the Las Vegas Strip commuting tourists. Back in March, Southern Glazer of Las Vegas [Southern Glazer's Wine & Spirits], the largest wine and spirit distributor in the United States, laid off around half of the warehouse employees due to automation.

Data centers are not job creators, they are job killers. Tax abatements for data centers greatly benefit corporations and billionaires far more than they benefit Nevadans. We are living in the driest state in the nation with the highest levels of unemployment and we do not support giving tax abatements to an industry that creates so much uncertainty for the future of our communities. Please end corporate subsidies for data centers in Nevada. Thank you.

CHAIR NEAL:

Thank you. Is there anyone up north for public comment? Seeing none we'll go to the phone line. Is there anyone on the phone line?

[LCB AUDIO VISUAL AND HEARINGS STAFF]:

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

DAVID LEE NACE (Constituent and Independent Fiduciary Investigator) provided public comment for the record (Exhibit C).

AMANDA J. JOHNSON-FLOCCHINI (Chief of Staff, Department of Business and Industry Director's Office) provided public comment for the record (Exhibit D).

CHAIR NEAL:

Thank you for that. We will then move to Agenda Item IV, which is the approval of the minutes from the February 11, 2026, meeting.

IV. APPROVAL OF THE MINUTES OF THE FEBRUARY 11, 2026, MEETING.

CHAIR NEAL:

I would take a motion to approve.

ASSEMBLYMEMBER BACKUS:

So moved.

CHAIR NEAL:

I have a first from Assemblymember Backus. Do I have a second? Second from Senator Doñate.

> ASSEMBLYMEMBER BACKUS MOVED TO APPROVE THE MINUTES OF THE FEBRUARY 11, 2026, MEETING.
>
> SENATOR DOÑATE SECONDED THE MOTION.

CHAIR NEAL:

All in favor of approval of the minutes from February 11, 2026, say aye. Any nays? Seeing no nays, the motion passes for the approval of the minutes for February 11, 2026.

> THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

CHAIR NEAL:

That moves us to Agenda Item V, which is overview of abatement programs.

V. OVERVIEW OF ABATEMENT PROGRAMS ADMINISTERED BY THE GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT.

CHAIR NEAL:

We will call Mr. Director Burns to the table and I believe, is it going to be Deputy Director Stonebarger and Director of Strategy Stephen Wood up north? You…when you're ready, you may begin.

THOMAS Burns (Executive Director, Governor's Office of Economic Development [GOED]):

Good morning, Chair and members of this Committee. Thank you for having me today.

CHAIR NEAL:

Director Burns, your mic is off. There's the one that's on over there. You can turn that off.

MR. BURNS:

Let's do that. How's that? You'd think I'd have done this before.

Good morning, Chair and members of the Committee. Thank you for having me today. I've been asked by the Committee to give you an overview of GOED's tax abatement programs and will be happy to answer any questions throughout the presentation or at its conclusion.

To start with, I'd like to walk through the five abatement programs that are currently available that encourage economic development throughout the State of Nevada. They are (slide 3, Exhibit E) the standard tax abatement, the aviation abatement, data center abatement, real property recycling tax abatements, and the abatements for investments of $1.0 billion and $3.5 billion.

I would also like to note as we get started that along with the statutory job creation wage and capital investment criteria for each package, the following criteria also must be met. All companies that apply for a tax abatement must maintain their business in Nevada for five years. They must register with…under the laws of the State of Nevada and for all tax abatements, the company is required to offer a health insurance plan and cover 65% of the cost for each employee. Lastly, standard data center and aviation tax abatements packages—businesses must have at least 50 full-time employees on the payroll by the eighth calendar quarter after the abatement becomes effective. The company must also provide a paid family and medical leave policy, employees who have been employed by the business for at least 1 year must be eligible for 12 weeks of paid leave at no less than 55% of their annual regular wage.

I'll discuss the standard tax abatement (slide 5, Exhibit E). Nevada offers three core abatements designed to attract and retain quality businesses that create good paying jobs for our state.

First, companies can receive Sales and Use Tax agreement [*sic*] up to two years on qualified capital purchases with rates reduced to as low as 2%. This directly lowers the upfront costs of getting the facility up and running. I would also like to note that the majority of states within the United States do not have sales tax on manufacturing equipment. Nevada does not qualify under that statement.

Second, the modified tax abatements provide at least 50.0% relief for up to four years on quarterly payroll exceeding $50,000 taxed at 1.17%. The reward…that rewards businesses that are actively growing their business.

Third, under NRS [*Nevada Revised Statutes*] 360.750, businesses can receive a personal property tax abatement up to 50% over a maximum of ten years providing a long, pardon me, providing long-term stability for capital intensive projects.

To qualify for these three thresholds the companies must…on wages they must pay at least 100% of the statewide average, which is currently at $31.57. On capital investment, urban companies must invest at least $5.0 million in capital and equipment for industrial or manufacturing facilities or $1.0 million for other facility types. Rural businesses will lower those thresholds to $1.0 million and $250,000.

On job creation, urban applicants must create at least 50 full-time jobs, and in rural, they must create 10 full-time jobs. For the standard abatement, a company must also generate more than 50% of the revenue for their project from outside the State of Nevada. Together, these abatements ensure that the businesses Nevada attracts will make meaningful, lasting investments in our economy and our workforce.

The aviation abatement (slide 7, Exhibit E). Nevada offers a targeted tax abatement specifically for aviation businesses recognizing the unique economic value in this sector brings to our state.

First, qualified aviation centers can receive a Sales and Use Tax for up to ten years on capital equipment purchases with rates reduced to as low as 2%. This is notably longer than our standard abatement reflecting the significant capital investment in aviation businesses require. I do want to note that reducing the rate to 2% requires approval of two-thirds of the GOED board.

Second, aviation centers can receive personal property tax abatements up to 50% over a maximum of ten years, consistent with our standard program but tailored for the aviation's operations.

To qualify, a business must meet two baseline requirements, create five or more full-time jobs within one year, and pay on an average at least 100% of the statewide average, as I stated, is $31.57. In addition, the company must qualify for at least one of the following criteria: make new capital investments of at least $250,000 in the first year, maintain tangible personal property in the State of Nevada valued at least $5 million, or develop, refine, or own a patent on intellectual property and hold an FAA [Federal Aviation Administration] certificate.

Data center abatements (slide 9, Exhibit E). Data centers, although a hot topic at this point in time, offer some of the largest capital investments of any industry. Qualified data centers can receive Sales and Use Tax on capital equipment purchases up to 10 or 20 years with rates reduced to 2%. As for the aviation, reducing the rate requires two-thirds of the vote of the GOED board.

On personal property, data centers can receive an abatement of up to 75% for a maximum of 10 or 20 years depending on what the company qualifies for. To qualify for the 10-year tier, a company must within 5 years employ at least ten full-time Nevada residents, pay wages at the 100% of the statewide average, and invest at least $25 million in cumulative capital expenditures between the applicants and its tenants.

To qualify for the 20-year tier, the bar is significantly higher. Within 5 years, the company must employ 50 full-time employees that are Nevada residents and again pay the statewide average and must invest at least $100 million in cumulative capital expenditures.

This tiered structure has given Nevada a tool to operate with mid-sized data centers as well as large-scale hyper facilities that are driving billions of dollars into this investment nationally.

Recycling abatement (slide 11, Exhibit E). This abatement package reflects Nevada's commitment to supporting the circular and alternative energy economy, rewarding businesses that are actively recycling materials and converting waste into usable power. Qualifying businesses can receive a partial abatement up to 50% of the real property taxes for a maximum of ten years. This is a meaningful long-term reduction that can significantly improve the economics of operating a recycling of waste of energy in our state.

There are two requirements. First, the business must be already…meet the standard abatement requirements for either urban or rural location, so the baseline jobs and wage thresholds that we discussed earlier still apply.

Second, and specific to this abatement, the business must be primarily engaged in recycling, meaning at least 50% of the trade involves recycling of raw materials or intermediate product on the site. This also extends to businesses that convert energy derived from recycled materials, whether it's industrial, domestic, agricultural, or municipal waste into electricity.

The abatements that reflect the $1.0 billion or $3.5 billion investment (slide 13, Exhibit E). This slide covers the Nevada's large-scale investment abatements designed to…that bring transformational projects to the State of Nevada that bring billions of dollars in capital and thousands of jobs to our state. Tesla and Redwood [Materials] would be the two examples of the companies that have used this package.

For the companies committing at least $1.0 billion in capital, the abatement package includes three components: Sales and Use Tax at a reduced rate between 4.6% and 6.125% for 15 years; Modified Business Tax abatements of 75% for 10 years; real and personal property tax abatements of 75% for 10 years.

For companies investing at least $3.5 billion, the package steps up significantly. It was the same as benefit as the sales…it has the same benefit of a Sales and Use Tax reduction but for 20 years. The Modified Business Tax rises to 100% for 10 years and property tax, both real and personal, abated at 100% for 10 years.

The core tax abatements in both tiers remain intact and are among the most important tools that Nevada has to attract large-scale investments in companies that move to the area. I'd also like to note that on the PowerPoint slide above (slide 13, Exhibit E), it incorrectly states that the number of years for the sales tax abatement for $3.5 million [*sic*]. Just to be clear, there was a typo when we submitted the slide last week.

Before we dive in, I'd like to note that Nevada's abatements are performance-based incentives to encourage investment and job creation in Nevada. The data provided shows how many companies were approved for incentives, how many utilize them, and the level of economic activity associated with those projects. Please note that not all the data requested is available for every company. Some metrics like revenues and construction information are not required to be reported to GOED.

With that context in mind, I'd like to move to question two in which the Committee asked the number of businesses approved for abatements and those that ultimately received incentives by Fiscal Year (FY)…from FY 2016.

As you can see in the graph above (slide 15, Exhibit E), there have been a total of 317 companies approved for the tax abatements from FY 2016 to FY 2026. Not all companies that were approved for incentives ultimately utilize them. Participating companies are found to be…participating companies are found to be compliant, and those few companies that are not found to be compliant will end up paying back, with interest, the full taxes that they were abated. This ensures that the state only provides incentives to companies that follow the commitments they've made.

Next, on to question three from the Committee asked the estimated abated revenue for those businesses who are approved for abatements and who receive the abatement by fiscal year by tax type. As you can see in the graph above (slide 15, Exhibit E), the abated revenue projections are broken down by tax type. The data provided on these projections is tied to participating companies in compliance.

Also important to note that it is not money paid to the companies but rather discounted rates based on performance that's required by the incentive. This represents an investment in the first couple of years to generate broader, longer-lasting economic activity. For instance, a projected $1.4 billion in abatements is expected to yield $4.6 billion in new taxes, which translates into $3.35 billion in new tax revenue for every dollar that was abated.

Question four, regarding the estimated tax revenues paid by the businesses approved for abatements and those that are ultimately received incentives by fiscal year, by tax type, and to the extent the information is available. Through our ongoing conversations with the Department of Taxation, we understand that they've upgraded their system, the My Nevada Tax will ultimately provide a level of reporting requested by the Committee. The system is currently in its final implementation phase with several tax types transitioning from legacy platform by the MYNT [My Nevada Tax]. As with any major system, the modernization, this phase transition and the associated data conversions require careful sequencing and as requested the information…as the information becomes available, we will provide it to the Committee.

Moving to question five (slide 16, Exhibit E), which asked the number of new employees that were projected to be employed by each business receiving the abatement and to the extent the information is available, the number of employees that are employed by the business. Over the last ten years, our incentive programs have created a projected 18,508 jobs within the first two years of the company's operations. Often the key operate…the key personnel operate for a couple of years and then once the operation is stabilized, they begin to hire more and scale up. This is represented in the projected five-year buildup of jobs to 35,158 over the last ten years.

Here you can see on the graph (slide 17, Exhibit E), that we compared projected employees to…employment to actual employment. The actual employment is only reported as a subset of companies, so the comparison is limited, but directionally shows that actual employment generally aligns or exceeds projections. I'd like to note that the data was from Nevada Taxation [Department of Taxation (Taxation)] and is not for all the

abated companies, so, the comparison for many of those companies Taxation has audit…pardon me, so the comparison is only for those companies Taxation has had an opportunity to audit.

CHAIR NEAL:

Director Burns, just really quick, I know you're moving along. On the slide (slide 16, Exhibit E), where we have question five and question six, is it safe to assume that this slide represents that the bulk of employees came from construction?

MR. BURNS:

There are certainly going to be more during the phrase of…during the phase of construction they're going to be significant jobs created in that but they are limited in scope obviously in time. Because once the construction is completed, obviously, they move on to other projects.

CHAIR NEAL:

When we look at question five and you look at the number of employees and actual employees provided by Taxation. Is there a different…at the beginning of the presentation, by statute there's a certain amount that need to be employed. Do we break out internally, do you have a different report that's…that would show by company how many employees?

MR. BURNS:

That information is kept by Taxation and they don't disclose it by company.

CHAIR NEAL:

Keep going. Thank you.

MR. BURNS:

Question six (slide 18, Exhibit E), where applicable, the number of construction employees that were projected to be utilized for each business receiving an abatement and to the extent the information is available, the number of construction employees utilized by the project. While projected construction employment is available, actual construction jobs are not tracked by us. The participating projects are estimated to have supported about 55,000 jobs over the last ten years. These construction jobs are employed for a limited time and are separate from the operating employment. These jobs supported an estimated $3.8 billion for those construction workers and their families.

Question seven from the Committee asks for information relating to projected capital investment and construction costs and to the extent the information is available, the actual capital investment and construction costs for each business receiving an abatement. As seen in the graph (slide 18, Exhibit E), over the past ten years, those participating companies have projected $16.4 billion in investment in the capital equipment and another $4.6 billion in other investment capital, which includes real estate. Combined that's $21.0 billion in actual capital investment. While construction costs are also not tracked…for the…and reported to us, the construction activity is projected to be over $11.0 billion in economic impact separate from those associated with the operation.

Next, I'd like to address question eight regarding data centers that receive abatements under NRS 360.754 and their business revenues by a year since the incentive was awarded. While we understand the interest in this information, GOED does not collect and maintain annual revenue reporting as companies are not required to disclose that with our agency. With that said, I can note that from 2015 until now, there have been 16 data center abatements in the State of Nevada.

Next is a brief overview of Storey County Sales and Use Tax (slide 19, Exhibit E). To understand the significance of these projects and incentives, it's important to remember where Nevada was economically coming out of the Great Recession. Nevada was among the states hardest hit by the recession and housing collapse. At the time, the economy was heavily concentrated in hospitality, gaming, and construction, which left the state particularly vulnerable during the economic downturns.

In response, Nevada made a deliberate effort to diversify the economy and compete for advanced manufacturing, technology, logistics, and data center investment. At the time, Northern Nevada had large amounts of undeveloped industrial land, but Nevada was not yet widely viewed by…as a major player for large-scale advanced manufacturing projects. Major inflection point came in FY 2015 when Tesla and Panasonic selected the Tahoe and Reno Industrial Center [TRIC] for the Gigafactory project. The investment helped establish TRIC as one of the largest industrial centers in the country and signaled to the broader economic development community that Nevada was successfully…can successfully support advanced manufacturing and operations. Since then, Nevada has experienced substantial industrial expansion, significant capital investment, job growth, and sustained increases in taxable activity.

Storey County provides one of the clearest examples of the transformation between the scale and the timing of the growth and is visible in its tax collection data. Storey County's Sales and Use Tax growth shown above (slide 19, Exhibit E), shows the total Sales and Use Tax collections in Storey County over time. We see a clear step change beginning in FY 2015 to FY 2017 timeframe followed by the sustained higher level of activity that continues to this day. Prior to the Gigafactory investment, Storey County collections ranged between $300,000 and $500,000 a month. In more recent years, the baseline has increased to a multimillion-dollar range.

While these countywide collections are not attributable to any single company, the timing and the scale of the increase closely aligns with the development and expansion of TRIC and the Gigafactory.

Sources of significant tax generation (slide 20, Exhibit E). Because complete company level data is not always available in a single unified data set, we looked at multiple sources to better understand the fiscal impacts associated with these projects. Tesla reported data…substantial direct payments and educated-related contributions since FY 2015. Separately, Applied Analysis estimated that additional generated taxes indirectly through employees, suppliers, and vendors connected to the Gigafactory operations. These are different measurements using for the same purpose. One reflects the direct payments associated with the company while the other reflects broader economic activity generated throughout the regional economy. Taken together, the data consistently points to significant and sustained tax generation. Even during the abated period associated with the growth of TRIC and the Gigafactory.

While no one project or policy explains all of Northern Nevada's growth, these investments played a substantial important catalytic role in accelerating economic diversification and expansion. Nevada is significantly more economically diversified than it was coming out of the Great Recession. The growth of TRIC provides one of the clearest examples and examples of large-scale economic development projects and can contribute to long-term job creation, capital investment, and ongoing tax generation.

With that, I'll conclude my presentation. Thank you for the opportunity to present today and would be here to answer any questions the Committee may have.

CHAIR NEAL:

Thank you for your presentation and thank you for answering all of the questions that were submitted.

Members, any questions? Assemblymember Backus.

ASSEMBLYMEMBER BACKUS:

Thank you so much, Madam Chair, and thank you, Director Burns, for your presentation. I'll try my best…I don't know if I have a slide number (slide 9, Exhibit E), but I'm looking at the data center tax abatements and for the requirements to qualify. One of my quick questions was, we have a lot of constituents obviously that get concerned about electrical usage and water usage for the data centers. One of my questions is…I was under the impression that when data centers are being constructed, if electrical lines, transmission lines, basically offsite improvements have to occur to draw out utilities to the data center, that the data center is responsible to pay for those to Nevada Energy [NV Energy]. With respect to that inquiry, does that…the question for you guys is, would that cost that they're paying go to offset the capital investment that they're required to do under the data center tax abatements?

MR. BURNS:

Thank you, Assemblymember Backus. One's a comment that…we work closely with NV Energy on these projects and we are assured that the people, the residents of the State of Nevada are not impacted by costs that are to provide additional power to those sites.

The abatements apply to the site itself; it's a site-specific event. To the extent there is electrical equipment attached to the building to receive the power, that would be part of that conversation, but that would be part of it for anything, but we don't abate the transmission lines.

ASSEMBLYMEMBER BACKUS:

Thank you for that clarity. Madam Chair, may I ask another question?

Looking at…and I think this would be a good update. I think you may have flown through it and I don't know if I heard it, but I was curious when we're looking at the bills from the special session, I think in 2015 [29th (2015) Special Session]. The $1.0 billion and $3.5 billion investment abatements (slide 13, Exhibit E), I noticed below there were some sunset periods and comments about whether certain transferable tax credits are no longer available. Can you explain, I guess to lay people, what exactly, if there's anything still available or if both of these programs are completed?

MR. BURNS:

Sure. There were transferable tax credits under the $1 billion investment. Those have sunset, so they're no longer available. There is a fund in statute called the Catalytic Fund or the Catalyst Fund, pardon me, that was put, I believe, in 2015 and you pardon me for I wasn't around then, so I'm dealing on hearsay, but I believe it was funded to the extent of $30 million at the time. There's $5 million left in that fund at this point in time.

ASSEMBLYMEMBER BACKUS:

When you say that there's $5 million left are those for projects if they meet the requirement that GOED can still issue?

MR. BURNS:

That's correct. If there was a project of particular note and we felt there was a need to this additional enticement there's a pretty competitive space that we play in and sometimes if there's the right project that's when that would be used.

ASSEMBLYMEMBER BACKUS:

Thank you, Madam Chair. I just…no secret…I put my little post-its and have questions when I'm looking at the slides. My next question, and I feel bad jumping around, but going back to the data center (slide 9, Exhibit E), I did have a question. Which I thought was interesting because I know a lot of the GOED board has a lot of…they approve a lot of projects that they meet certain parameters and always learn something. With respect to the decrease in the Sales and Use Tax abatement down to 2%, it would require a two-thirds vote by the GOED board. Has there ever been a time that the board wouldn't agree to that or is it pretty much kind of if they meet the requirements, that the two-thirds is easy to come by?

MR. BURNS:

I've been in this job since January 2023 and I have not experienced a time when the board didn't vote unanimously.

ASSEMBLYMEMBER BACKUS:

Thank you so much, Director Burns. I was going to preface it with that because I realized even though you have been there for a while it feels like you haven't been there since the beginning of when a lot of these bills had passed.

One other thing, I just kind of want to walk through this. I'm looking at your slide (slide 15, Exhibit E) on the approved abatements from FY 2016 to FY 2026 and looking at question three. Just so that I understand these numbers, with respect to the tax abatements, when we're looking at the bottom, it looks like there's right under $1.4 billion that have been given over the last ten years in abatements, which means basically someone's tax obligation is being reduced. But the new taxes because of the development that may have happened through this program, ended up being at $4.6 billion. As I'm understanding it, the $3.35 means for every dollar that GOED has abated under the abatement programs, the tax that's coming back, whether it's to local or state is $3.35?

MR. BURNS:

That's correct, Assemblymember.

ASSEMBLYMEMBER BACKUS:

My last question, Chair. Looking at the question five, question seven chart (slide 16, Exhibit E) and maybe I didn't hear you correctly…always I stand welcome to be corrected. My question was…and this is a broader sense question, is a lot of our GOED incentive programs mandate certain…meeting certain triggers, whether it's the employment of Nevada residents. I thought I had heard you comment that, a lot of this information on the employees is kept by the Department of Taxation and not disclosed. Is there no

mandate for these businesses that are subject to GOED incentives to meet those milestones? I'm just curious how you're checking the milestones. Because I know you've also clawed back some money at times…just if you could elaborate a little more on that and what you guys do to ensure that these milestones are being met?

MR. BURNS:

To be clear, well one, Taxation does go out at the two- and five-year marks because you're correct, there are hurdles to meet in that spot and audits the capital investment as well as the full-time employment figures that the operation provides.

To clarify, they do not provide…we get notification that they either satisfactorily or unsatisfactorily completed the audit. If they satisfactorily completed the audit, we don't get direct data as to how they met those hurdles, whether, how they exceeded them or they just met the minimum, we're just aware that they have held up their end of the deal.

ASSEMBLYMEMBER BACKUS:

Thank you, Director Burns, and thank you, Madam Chair, for the opportunity to ask my little multiple questions.

CHAIR NEAL:

Thank you for that. I will go online to Assemblymember Gallant.

ASSEMBLYMEMBER GALLANT:

Thank you, Madam Chair. Director Burns, thank you so much for that presentation. I am sorry, I'm going to also kind of focus on data centers since that seems to be a hot topic, particularly in my district. Then, if Madam Chair will allow me to just ask a couple of questions?

CHAIR NEAL:

Yeah, go ahead.

ASSEMBLYMEMBER GALLANT:

Thank you. It's curious and interesting that you had stated that, we've had 16 data center abatements. Does that mean we've actually had 16 data centers? Is that how that count is going?

MR. BURNS:

Our records show that there are 66 data centers in the State of Nevada.

ASSEMBLYMEMBER GALLANT:

Oh, there's 66?

MR. BURNS:

There's 66, there's only 16 have received incentives from the State of Nevada.

ASSEMBLYMEMBER GALLANT:

With those 66 data centers that…we have never seen any of our communities have an increase in their utility costs? Did I hear that correctly?

MR. BURNS:

I can speak to the most recent data I've shared with…from NV Energy and that is correct that they have not passed along those costs to the ratepayers. It's passed along directly to the company that requires the additional infrastructure.

ASSEMBLYMEMBER GALLANT:

What does Nevada do differently than some other states where those communities have seen that the increased costs passed on to the consumer?

MR. BURNS:

Well, again, the NV Energy and other power distributors require that the user of the power pay for the additional infrastructure upfront. Rather than amalgamating it into the rate process that's approved through the PUC [Public Utilities Commission of Nevada].

ASSEMBLYMEMBER GALLANT:

That's good information. Thank you. Do you have an idea about how many jobs these data centers have created and then maybe what the average salary is?

MR. BURNS:

Sure. The data center landscape has changed significantly since this abatement was put in place. Initially a data center would have provided 10 to 15 jobs, they are good paying jobs. They're most of the time in the six-figure range, so $100,000 or above. They do provide those. As we've evolved into the AI [artificial intelligence] data centers, those do employ more folks, they will employ somewhere between 35 and 60 employees again at that same wage I described.

ASSEMBLYMEMBER GALLANT:

Those are full-time employees, because I've also been seeing these data centers require very seasoned and expert electricians. I'm sure there's other trades. Have you measured that data as well?

MR. BURNS:

That data is not broken out within our presentation under the construction, but you're correct, oftentimes a data center is over $1.0 billion and the full-time jobs that are created are significant to the community. I don't have direct numbers for you, I regret on that at this point.

ASSEMBLYMEMBER GALLANT:

That's okay. Thank you so much.

VICE CHAIR BACKUS:

With that we'll go ahead and we'll go over to Senator Doñate.

SENATOR DOÑATE:

Thank you, Madam Chair, and thank you of course, Director, for your presentation. I think my questions are going to be more philosophical because I think it's part of the discussion that we had last session [83rd (2025) Legislative Session]. I'm recollecting S.B. [Senate Bill] 461, obviously that was introduced by the Governor's Office. It was my understanding that, that proposal is kind of trying to modernize the ways that our state does business with GOED in terms of, how do we attract businesses to come to our state and look at being really the entity that helps navigate businesses as they're trying to go through whether it's regulatory approvals or financing.

My question to you is…I've spoken to a lot of companies that…from the Intel's of the world to the [inaudible] and so forth. These mega projects, I'm going to call them mega projects, they're looking at different states that they can move into and oftentimes the one that we have…we lose projects to are Arizona, Ohio…Ohio has a strong robust infrastructure in terms of, I mean we're talking loan programs, we're talking cash grants, we're talking workforce tax incentives, tax credits and so forth. The question that I have is, to me the way that our tax abatements are structured right now kind of feels it's a little bit of a hodgepodge of, we have a recycling program, we have an aviation program but it's not really structured to me as a unilateral of whether you're a mid-market company or a large-scale company or a small company. What are the different levers that we have? My question to you, is there an appetite to reforming how we do tax credits in the state or tax abatements so that your office, when the company comes in, you have the ability to pull different levers as long as it's meeting the minimum metrics of wage requirements or benefits and so forth? What do we need to do to be competitive with other states? I'm going to ask you about the aviation abatement shortly.

MR. BURNS:

Thank you for the question, Senator. One of the things…so I want to preface this by, I don't want, this is going to sound like I'm coming across whining and it's not intended to be that, it's just a statement of where we're at. If we look at how economic development is funded in various states. For instance, in Ohio, the Jobs for Ohio [*sic*] gets 100% of the alcohol tax in the State of Ohio. That's how they're funded. That's not practical in the State of Nevada so please I'm not...but it is a reality of how their funding is. If you look at Ohio, you look at Texas, which is also a state that we compete head-to-head with a lot. Arizona, the funding mechanisms are substantially different than what we have here. You're right, in S.B. 461, there was some movement there to align some social needs or encourage some social behavior within the new companies that we had to meet the needs of our communities as they come in. That's still a desire of our agency.

SENATOR DOÑATE:

Thank you, Madam Chair, if I just may follow up? On the…I know you presented about the aviation abatement, it's my understanding that that was passed back in 2015 [Legislative Session]. Do you have any data or any results in terms of is this something that is being utilized, underutilized, perhaps the same thing with the recycling abatement? What's the status of these programs?

MR. BURNS:

Thank you, Senator. The aviation abatement is pretty underutilized at this point. I think it's only been used once since I've taken the office and not often prior to that. I can get you the direct data on that, but I don't have it at hand, but happy to share that with you. What was the second part of your question, sir? I'm sorry.

SENATOR DOÑATE:

The recycling one.

MR. BURNS:

Recycling is relatively new. We've changed some of the significant verbiage in that in the last session [83rd (2025) Legislative Session]. We've had an opportunity…Comstock Materials, which is a company based out of Northern Nevada which recycles solar panels and is opening up an operation here in North Las Vegas as well has availed themselves of that, and I think we're going to see more of that as things go on.

CHAIR NEAL:

Assemblymember Considine.

ASSEMBLYMEMBER CONSIDINE:

Thank you, Madam Chair, and thank you for the presentation. I do have a couple of questions if that is okay, Chair? The first one is how do these packages and the abatements and the end results compare, as was stated, to Arizona and other states that we're competing with who already have an income tax whereas Nevada doesn't have an income tax. How does that compare for the results? Because while you're giving these packages, they're still paying sort of income taxes, state income taxes, but we're not. I'm trying to figure out how to have a true comparison.

MR. BURNS:

How to square that up. I don't know that…I don't have that data at hand right at this point as far as that comparison. I'm happy to put it together for you, Assemblymember. That's a valid question. I'm open to looking into that, but I apologize not for having it at this time.

ASSEMBLYMEMBER CONSIDINE:

No worries. Thank you. I look forward to that.

My second question is more of a long-term question. Right now, and we can say data centers, but we're just saying overall growth, there's so much competition, especially when you're talking about AI, data centers, and all of that. There's so many competitors, but technology moves really fast and the way that the arc works is there's a lot of competitors to begin with, and then they start consolidating and there is fewer and fewer. At the same time, there is all this competition and all these states are building all these, centers, buildings, industrial areas. Just my long-term question is, I know earlier you said that for a lot of these abatements, there is a required time period, 10 years, 20 years. If they don't go past 5 years, there's some sort of a penalty for not existing after 5 years. I wanted to know what that would be and how that works, because just statistically there may be some that aren't here in 5 years or get bought out and consolidation happens. What happens to us?

MR. BURNS:

An abatement may be passed from the seller to the buyer so the buyer could realize the benefit of an abatement that took place five years ago or six years ago. As relates to the penalty, they just stopped receiving any tax benefit that they were promised that will…if they discontinue operations.

ASSEMBLYMEMBER CONSIDINE:

Just so that I'm clear, in that scenario when they just sort of walk away, like the entity goes bankrupt and walks away. There is no penalty? There is just no more abatements on an entity that no longer exists.

MR. BURNS:

We do have the ability to recapture if they haven't met made their…met their mark. We have done that on the rare occasion that that's happened. We only have one company in which we haven't been able to recapture; they declared bankruptcy. That was a number of years ago prior to my coming on board, but yes.

ASSEMBLYMEMBER CONSIDINE:

Thank you. Thank you, Chair.

CHAIR NEAL:

Members, Senator Ellison, do you have any questions?

SENATOR ELLISON:

Yes, thank you, ma'am. One was on the aviation and I'm glad that they brought this up. Was the only one you said that was due was the aviation. Is that…was that for drones or what was that for, that abatement? Could you tell us that?

MR. BURNS:

Yeah, I believe it was two years ago and it was, they manufactured a solvent that's used in the aviation world.

SENATOR ELLISON:

Thank you.

MR. BURNS:

You bet.

CHAIR NEAL:

I have a series. I'm going to stay on data centers for a while and then I'm going to go to a macro conversation just about economic development and abatements.

When I was looking at the slide (slide 13, Exhibit E) where it says we have the abatement on personal property not to exceed 75%. Under Chapter 361.030 [of the NRS], there's this list. I started wondering what exactly is the data center abating within the personal property? In the statute it says, you can abate all goods, it says wares and merchandise. You can abate all machines and machinery; all works and improvements. I'm wondering, are the servers included in their abated?

MR. BURNS:

That's correct, Chair Neal. My background was in accounting and when we were discussing personal property, if you pick up the building and turn it upside down, anything that would fall out is defined as personal property.

CHAIR NEAL:

When they abate the servers…that's the crux of the business itself. The amount…I don't know how much it costs to have a server. I don't know how much it costs to have this particular kind of server which the members on this Committee we're talking about how much water they use and how much heat is emitted from those servers. Do you have a guess on how much those servers cost?

MR. BURNS:

I don't, Chair Neal. I do want to share with you that about two months ago, we started a committee that I have Melanie Sheldon (Senior Director, GOED) chairing for us to review the data center abatement. We've been working with working groups throughout the state. We have what I believe will be our last meeting next week to get feedback from…we have discussed with the rural municipalities, the urban municipalities, the RDAs [Regional Development Authorities], their power providers, as well as the water providers. I'm staying out of that for the moment, to allow Melanie to come up with some conclusions and recommendations as we go forward.

CHAIR NEAL:

Because when I was…I look at the slide, within five years, they should employ at least ten full-time employees. When we think about per data center, how many employees are they actually employing?

MR. BURNS:

Can I get clarification on that, Chair Neal? Do you mean like through third parties or just the direct employments themselves?

CHAIR NEAL:

I'm going to get to the third-party piece. I have a third-party question.

MR. BURNS:

You're talking about direct employment?

CHAIR NEAL:

I'm saying construction's over in the building. How many employees average?

MR. BURNS:

For the data centers that were constructed, I'm going to say 10 to 15 years ago, because the character of them has changed a lot. They're going to be between 10 and 18 or 20. For the new AI data centers, they're significantly higher. They range more in the 40 to 60 or 65 range.

CHAIR NEAL:

For new AI data centers, 40 to 65.

MR. BURNS:

YES.

Chair Neal:

But they get a 75% personal property tax abatement. As you said, turn the building upside down. That includes the servers. It includes everything, office equipment. Ultimately, they are paying only…well they're only responsible for 25% of what it would cost to put anything into the building. Our tradeoff is 40 to 65 employees per data center.

MR. BURNS:

Couple points there for you, Chair Neal. You're right, it's 25%. They do pay real property tax, which is on the building itself, the building I picked up and those tend to be at about $1.0 billion. I would make the case and there's a reason we're reviewing the data center abatement as well, Chair Neal. But there's significant real payroll…real property tax that is paid to primarily the local jurisdictions that does apply and is a meaningful number. To your point, the landscape on data centers has changed significantly over the last two or three years to be honest with you, with the emergence of the AI and this…bigger needs that they have.

CHAIR NEAL:

When we think about…we had you do this kind of ten-year look. When we think about the capital investment that is required and the new landscape. Because there is…when we were thinking about what it could be and now what it is. In this conversation that you guys are having, are you examining what really should be their capital investment to the state? Should it be adjusted?

MR. BURNS:

Chair Neal, we're taking into account all of the things, but among the things that we're taking into account is the significance of the tax incentives that are given to data centers and what's necessarily in the marketplace for us to be competitive. Still drawing the ones that we want to draw and maybe discouraging ones that we don't want to have be here.

CHAIR NEAL:

Are we also including in that analysis that maybe they should just pay their own way and then we put a lot more constraints on them in terms of what they may have to be responsible for because of the environmental and social impact to Nevada?

MR. BURNS:

All of those things are on the table, Chair Neal.

CHAIR NEAL:

Okay.

MR. BURNS:

If I could provide one point of clarification.

CHAIR NEAL:

Go ahead.

MR. BURNS:

There's been a lot of or some discussion on water usage in the…on data centers. To be clear, the technology that is being built today and probably has been for the last 5 years or so uses a relatively minor amount of water. The water usage was significant 10 or 12 years ago when essentially, were using swamp coolers. I'm dumbing that down for me, I'm an accountant, not a construction guy. They were using that technology to…10 or 15 years ago to cool the data centers. That's not the technologies used today. It's…the water that is used is used in a closed loop system. It's about the amount that goes into a swimming pool.

CHAIR NEAL:

Thank you for putting that on the record.

I'm going to shift the conversation a little bit to another statute, which is in NRS 231. When we passed NRS 2310.54 [231.054], this was the language where we inserted that if you're a regional development authority in a county with a population of 100,000 or more, they must include strategies to encourage conservation of water resources in the state. They have to then submit that plan to the Executive Director.

What I'm trying to figure out…when I went looking at this and I have been thinking about this ever since the [Joint Interim Standing Committee on] Growth and Infrastructure (JISC G&I) meeting, I think it's over a month. How did the legacy data centers get approved to continue their usage of water? Because I didn't see anything in the statute that says, "Hey, grandfather them in."

MR. BURNS:

Chair Neal, I would have to defer that to my friends at the local water authorities. I don't have…GOED does not have the ability to grant or deny the usage of water. That's all…that's on the local planning commissions.

CHAIR NEAL:

Follow-up question to that because this one you probably do have control over. If they were a legacy data center, which I'm going to call them a grandfathered data center, because when you say the word legacy, it makes it sound like, number one, they're old and they're not that old. Does their water usage…because you know in statute, you weren't there but I'm sure you have experienced it, it popped up in the 83rd (2025) Legislative Session. When we talk about co-located, subsidiary groups where you can call, I call it falling under an umbrella, if a data center chooses to have a co-located entity, do they fall under the same grandfathered water usage?

MR. BURNS:

Chair Neal, I'm going to do some additional research on that, but my initial thought is that the co-location can take advantage…this is true, the co-locator can take advantage of the abatement that is granted to the location, but the abatement is directed at the location itself. So whatever circumstances that was approved on would be the circumstances that existed at the end of the day.

CHAIR NEAL:

When we look at the questions and we think about…do you know or does any of the staff know how many data centers are co-located at a location and so we can understand that aggregate abatement because of that co-location to the space?

MR. BURNS:

Yes, we can. I don't have that, but we can get that.

CHAIR NEAL:

Okay.

MR. BURNS:

I don't have that at hand, but that's data that we can get.

CHAIR NEAL:

I think that would be interesting to know, because, when [former Assemblymember] Teresa Benitez-Thompson was trying to go after the co-location and these, I call them subsidiary abatements, we were trying to figure out how to scale it back because it has a micro…a macro effect I believe on the abated taxes. I'm just…something I was curious about and clearly when I was watching the JISC G&I I couldn't ask through the TV…you're like, "Hey, I think you're missing this question."

Now I want to ask you something else, still on data centers. Have you got a chance to read the DRI's [Desert Research Institute] recent report? It was January 2026. I just happened to read it the other day, where they literally did a whole report on the data centers. It's called *Data Center Water and Electricity Consumption in Nevada*. Have you…are you familiar with it? Is it…are any staff members familiar with this study? Because it was very interesting to read.

MR. BURNS:

As I mentioned, we're having our last of our working group meetings next week that would be…that will include Water Smart and the rural water authorities (Rural Water & Wastewater Association of Nevada) as well as the rural municipalities and the DRI and that will be discussed at that time.

CHAIR NEAL:

Let me ask you this. What I thought was super interesting in this report, that kept me up, and I feel like it relates to the regional authority and potentially…if it goes to the county commission in terms of the application. There was this very specific sentence in the report that basically said at TRIC there was a recent change in applications that show municipal use but not the consumptive use of the data centers. What I was wondering is, if a data center, because it's a hot topic, goes in and changes their application, and then the application then shows a…on the surface, looks like you have a smaller water usage, but really, it's not really showing you the consumption over the period of time. Because they said it's not showing the consumption over eight years.

Do you ever get a chance to go and ask questions? Look at that document and say, "Hey, what you turned into us, under a water conservation statute under NRS 231, when we're looking at this local application, the two don't match." Because you're saying water use is just X, but really, we want to know your consumption of the water, so we can really understand the impact regionally on groundwater and surface water if we do this application. Do you ever get a chance to get involved in that?

MR. BURNS:

Chair Neal, we do not at this point go back and audit their consumptive water use. We do get…that is a requirement of their application and we get verification from the engineers that are putting the project together that the estimates are reasonable based on the information they've given us.

CHAIR NEAL:

I think it's something of value if no one's read it, it's a short read, it's only 39 pages. For me, that's a short read of awesome. You could read it overnight, not sleep, wipe it out in two hours or less. I think that's something to look into because all I kept thinking was are we changing the narrative so that we're not scrutinized on water? Because you're indicating a municipal use versus a consumptive use and therefore, no one's asking the right questions and then saying, "Oh, this is wonderful," and it's not. It might be something to think about.

I also noticed in the DRI report, I think they do a lot of really good research, is that they talked about the 12 data centers that I think are currently in the pipeline that are looking to be built over, I would say between now and eight years—they put…I think it was 2030, 2033—but they listed in their report that those 12 data centers will use 860 million gallons of water. That's in the DRI report. How does that fit into water conservation under NRS 231? How is it that someone can say 860 million gallons of water…because this report's been out since January, or the date says January 2026, and no one bat an eye? Then it made me think about the question that I wanted to ask you, which is—this is more of a philosophical question, because I care…860 million gallons of water and they had it per acre feet, but when you say per acre feet, folks are like, "I don't know what that means." You're like, "Oh, it's 1.4-acre feet." You're like, "I don't…what does that mean in real terms?" When you put 860 million gallons over eight years, you're like, wait.

They had this really interesting graphic because they put up how many alfalfa fields in the rurals—I think it was 11—that 11 alfalfa fields that could benefit from that gallon usage. They actually did a whole chart. It was…they threw a whole bunch of stuff in golf courses, alfalfa fields, and it made me ask the question, because in the report, there seems to be a heavy shift into the rurals.

What kinds of conversations are you having with the regional economic development authorities around the groundwater usage? Because it's not just surface, when we go into the rurals we're talking about groundwater appropriation, we're talking about the pricing. I'm getting into this because taxpayers are paying this at some point. What kinds of conversations are you having with the rurals and saying, when we talk about competitiveness, what are you saying to them?

MR. BURNS:

Go ahead.

MELANIE SHELDON (Senior Director, GOED):

Chair Neal, when a rural RDA or any of our RDAs bring in any kind of project, we have to determine whether it's going to be feasible for the community. What we'll do is we will work on the front end with the water authorities, the water providers, NV Energy, the Rural Electric Corporation, and we will determine whether that project is even feasible or viable before we actually move forward with any project that we're involved in. The conversation does happen on the front end.

CHAIR NEAL:

Thank you for that. Because, I'm…once I go down a rabbit hole, I really go into it. I was asking that question because I was trying to get an understanding of how are you doing this examination of economic development that serves the state?

I started to look back and I said, "Okay, well, let me look and see what was the public policy purpose when we created GOED in 2011 [76th (2011) Legislative Session]?" Then I went back and I looked at A.B. 449 (76th [2011] Legislative Session). It said that one of the key metrics, it was to look at the strengths and weaknesses of the state, which I think we do that in an economic development plan, but also, to look at the competitive advantages and the weaknesses of the state, which then made me think, how are we really examining the weaknesses of the state, when we're saying on the other end is an 860-million-gallon price tag that may not be able to be paid?

MR. BURNS:

Chair Neal, keep in mind that the data centers that you're, that the report is referencing haven't come forward to us so I'm a little bit tilting at windmills right now because I don't have any specific things that relates to those projects.

I will say that in no time do we…are we going to force a project upon a local community. You're always going to have healthy debate about when something new comes to town because there'll be some people that don't like this or they don't like that, but if the community as a whole, meaning their leadership comes forward and says we think that project fits us. And by the way we confirm that with the community, we don't just ask they

have, we have to get a letter from the RDA that says we recommend and that's part and parcel with…as a partnership with the local municipalities. If a community, one, I don't want to put something into a community that they don't want because that's not benefiting the community, and two, I, by statute, can't.

CHAIR NEAL:

Thank you for that. Because, it's important to have the conversation before it makes it to your desk, because the report was illuminating for a couple of reasons. In the report they also mentioned the impact around on ranches, the impact on farmland when you approve this level of water appropriation, no matter what the price is. They talked about when we think about an economic development plan, it's not just the south, it also includes the rurals.

If you're going to make a decision, because it's the hot topic and data center X is coming in and saying, "Oh, I'm going to buy the land, pay for nothing in the building," well, okay, "pay for…I'm only going to pay for 25% of what goes into the building." The broader question is, when we think about an economic development plan and the macro impact, should the conversation also be, can your agricultural community withstand the impact of the decision that you're trying to make right now for that immediate benefit?

Are we having those conversations with the rurals that see the shiny golden object? And then saying, "But in our economic development plan, we do want to build an agricultural community. We want it to be strong and we would like for the ranches and the farms to have water." We certainly don't want the local governments to say, "Well they gave us $123 million for the water, you should be fine." Because the actual cost is worth so much more, long term.

Are we having an economic development conversation with the rural communities about what is the agricultural plan for the state?

MR. BURNS:

Chair Neal, we communicate with the rural RDAs on a pretty regular basis. I believe you're going to hear from some of them coming up. We recognize…I travel to the rurals throughout the year on a pretty regular basis. We recognize that rural economic development is different than economic development in either TRIC or in Las Vegas. It has to be tailored to…people that live in rural Nevada aren't stuck there, despite what some people think. They're there because of the lifestyle, they're there with intention. I have a lot of respect for it, my family is from rural South Dakota. I have a lot of respect for that way of life and where they go. We work to tailor our economic development objectives to what the local community wants to see in their future.

CHAIR NEAL:

I'm not just, I mean to a degree, the state is somewhat like the, it's like the parent-child relationship, even though people frown upon that analogy. But if a rural community is seeking something that in the long term it's going to hurt their groundwater and then therefore hurt the future economic plan or idea of the future, I think we have a broader responsibility to say, "Have you looked at all of these things and don't discount all information and don't discount reports."

Because when I…I had to come to like an emotional space about data centers, which I feel we should potentially have a moratorium on. But I started to ask the question and this is the question I want to ask you. How long have you been here, Mr. Burns? How long have you been in Nevada?

MR. BURNS:

Chair Neal, 57 years.

CHAIR NEAL:

A long time. This is my philosophical question to you and as the GOED entity because you are responsible for the economic development strategy of the state, are we willing to be so competitive that we will risk the future of all Nevadans and the groundwater of Nevadans and the energy costs that are spread to Nevadans? Are we really going to be that competitive where the end result is the future of our state being severely limited by one client or one client type?

MR. BURNS:

Chair Neal, as you know, as it falls under our agency, I can affect what is incentivized. I don't have purview over property rights or what is approved by the local communities. There are 50 data centers within the confines of the State of Nevada that did not come before our board, and yet they were approved by local communities. I mean, I understand what you're saying and respect the point of view. But there's a lot of those things that take place without our jurisdiction or observation.

CHAIR NEAL:

In the conversation that you guys are having around solutions and coming to a conclusion on your thoughts around this, are you also considering legislative changes?

MR. BURNS:

That certainly is on the table. The other opportunity we have is because in the last legislation, discretion was granted to our board. Prior to that legislation being passed, the law said that the GOED board will approve an abatement or will approve a package if we checked the five or six boxes that I went over with you here earlier. Now it allows them, now it says they may approve and also gives them discretion to slide up and down the abatement scale. So illustratively, if an abatement can have a ten-year life, it can also have a five-year life. Before we didn't have the ability to have that flexibility. We either had to it had to be approved if you check the box, but now we could say well your, we want to approve 25% of the personal property tax and we can make that a GOED policy that that abatement changes over a period of time because of the flexibility granted.

CHAIR NEAL:

I get…I'm glad that you guys are having that conversation. Because I think, you've been around for a really long time in Nevada. I've been in the Legislature for a really long time. I've seen us make political decisions that aren't necessarily for the benefit of the good of the State of Nevada. When we look at the whole, when we look at what does the Nevada need to do economically? How does it need to sustain all populations?

I think what was really crazy in this DRI report, it's one sentence that I was like, "I sure hope that no one's thinking about this," is that they said that maybe a strategy is to take groundwater from the less populated rural communities because it won't hurt them so much. I was just, "Are we assuming that tributaries somehow have their own lane and do not flow into other ones?" Because that would be a mistake, but yet it could turn into a political talking point that is hurtful to communities because all communities are interconnected.

The larger question is, just because a data center makes the argument, "We're delivering AI and this is a wonderful innovation tool," and if they're the ones that are going to use 860 million gallons of water for the 12 new ones that haven't made it to your desk, what about the other businesses that want to come to Nevada? Are we saying that, "Oh, you were too late in time, so there's no water for you"? Because it's wild to say that this will be the only group that wants to come to Nevada.

When I was looking at the economic development plan and strategy from 2023, this is not the only. That was one bullet point; innovation and tech is one bullet point in the plan. One entity or group should not get the benefit of the water that we have in Nevada for its own personal gain.

Literally what popped into my mind and I know people are just, "Don't get biblical," but I am. I started thinking because I was…when…at the JISC G&I was the Mormons Against Data Center, Mormon Women Against Data Centers. I was like, "Is this a real thing? This exists? All right." Which means it's touched not just the political realm but it is touched beyond the political realm. That means it's being spoken about it even in a religious sect

is that are we really willing to give the children's bread away to one client type at the sacrifice of any other entities that want to come in and change the landscape and at the demise of the rurals and their groundwater? To me the answer is absolutely not and no. I don't care what argument people make.

Because I'm hearing the data centers have come to it…they've created their own little consortium and then now they're using the "but for argument," but for your cellphone, data centers wouldn't exist. Really trying to dumb down the argument to say how much they're needed. But really what the DRI report really brought out was that as the AI data centers expand their capacity, meaning the more things they want to take on change in terms of, oh now I want to be your lawyer AI, I want to be your fiscal analyst AI, I want to be all of these things, that actually increases the energy demand, because the more they want to do, the more it costs. We should be examining that as well because they're not the only show in town. But they seem to have a current power seat. I'm not saying at your table, but they have a power seat where they are moving and trying to make sure that they get their footprint in the State of Nevada before we can do anything about it and then argue contract violation.

It's concerning to me because I care about the economic development plan of the state. I care about the diversification of the state. I don't want one client type such as data centers to get all the water, use all the energy, and then spread it to everyone else and say "Pay for us to exist" and then the lobbyists run around and say, "But for your cell phone," you should not kill this legislation. I'm just going to put this out here for all of the lobbyists who are running around in the data consortium, there is a bill coming to curb what's going on. Because I do care about the future and the bread for the children of this state. Not 8 years from now with 850 million gallons of water, I care about the 20 years from now when I'm not in office, nowhere to be found, that there is still something left in the State of Nevada and taxpayers are not running around saying, "Where did all the water go?" and they are like, "Oh, but the data centers took it." Because they paid the price of the groundwater, that we have no choice but to reverse course. I feel like we should be getting in front of this and saying "I don't care how much you pay. Because your impact to us as a state is negative. You're not the only business that we want to bring here to diversify." What about health care? If they need water, they're going to what? Bargain with the data centers to get some?

I did a little soliloquy, but I'm trying to make it plain that it's not okay for data centers to steal the show and then come around and plant these political seeds to say that we should exist, we should exist in our legacy form, and although we're using thousands, hundreds of thousands of gallons of water and because I'm a legacy, but there's no statutory language that even gave you the right to be a legacy. That we should be thinking about all aspects and clamp down on data centers and decide who do we want to be as a state and not at the expense and sacrifice of our own people.

That's my statement as the Chair of Revenue and I can tell you that it's one of the things that for 2027 I've very much a deep interest in going after amongst other things. I'll end that soliloquy.

We had a new member that came, Assemblymember D'Silva. Do you have any questions on data centers?

ASSEMBLYMEMBER D'SILVA:

Not at the moment.

CHAIR NEAL:

I'm going to…we're going to close the data center conversation, but don't get up because I really want to talk about economic development and then I'm going to get to the rural.

I've been thinking about economic development as a state, and I've been thinking about all of the abatements that go out of the door. You've been in several sessions. How many sessions have you been in with us now?

MR. BURNS:

I have been in two sessions in this position.

CHAIR NEAL:

The most painful sessions. Awesome.

I've been thinking a lot about…I don't know if you're planning on updating the plan. What are we going to do about the economic development strategy of the state? We need revenue. There's a couple of ways that I've been pitching it like this. I've been pitching it as, here's a table, Nevada's the table, and there's four legs. The first leg is, what abatements are going out of the door that potentially either could be cut in half and still meet the goal of economic development? Because we need to put money back into the General Fund and we can't just continue to have, $100 million going out every year.

Two, what is the modernizing of revenue? What can we look at and try to say "Hey, it's old, it needs to be updated, we're not capturing the revenue because the behavior has changed." Then the third leg of the table is, new revenue. What new revenue can be brought and how can we deliver it? Then the fourth leg of the table is how can we make sure that there is a true economic development strategy for the rural communities that is focused on a moderate and curated development where they can grow in their own space?

We've had…they're in the plans, you guys have used this theory that if they're adjacent to another state, that there's an opportunity to develop them in a different way because they have a kind of a bifurcated tourist attraction—if you're on the border of Oregon, you're on the border of California, that county may have a different kind of economic development pool.

Are we having a conversation or considering how to go in and examine that rural component and figure out how do we build small to moderate economies, so that they can share in the growth and also development of the state? Is that a conversation?

MR. BURNS:

Chair Neal, there's a big portion of that, that would fall under my friends with Tourism [Department of Tourism and Cultural Affairs (DTCA)], and I'm not trying to beg off, it's just a lane that I don't play in all the time. I was at the Rural Roundup, which was about three weeks ago up in Elko, in which all of the rural communities got together to show their wares.

In our shop we talk about unfair advantages. When we're marketing Nevada as a whole we talk about what's our unfair advantage. Where do we shine? What advantage do we have in the State of Nevada that my peers don't have and from an economic development standpoint.

I think that's exactly what my what the Rural Roundup was designed to do, was to show those economic opportunities and that is a big part of economic development in the rural communities. We do try to support that without getting in somebody else's lane, for lack of a better term, but we're pretty supportive of what they do in conjunction with the Tourism Division.

In as far as it relates to economic development one of our unfair advantages that we take…that we look to take advantage of is in the critical mineral space. There were 60 critical minerals that were identified by the Department of Interior [U.S. Department of the Interior (DOI)], I believe, 32 of them are in Nevada, 22 of them are currently mined. That is more than any other state. There's…we've been pursuing processing, and I'm not talking about processing, I'm talking about the processing that takes it to commercial grade, so it can be taken out of that plant and put into a manufacturing plant to make the final outcome of what it is.

One of the places that's happening at, and we're not incentivizing it, but we are helping them, is in the two lithium projects that are going up in Nevada right now. We have Thacker Pass, which is up in Northern Nevada, north of Winnemucca, and we have the Ioneer project, which is in Esmeralda County and is south, a little southwest of Tonopah. Both of them, they're different kinds of lithium finds. The Ioneer project is a hard rock find. The Thacker Pass is a clay find, so it's different technology, but they'll be refining the lithium on site, and the lithium that comes off of that will be able to be used directly into battery technology.

We are working with companies to pursue that same technology in other minerals that were found here because we do believe that that gives us the opportunity to attract the manufacturing that would be next to the processing. Can we do that in all 30…with all 22 minerals? Probably not, I get it, but I want to make sure that we get our fair share so that those manufacturing jobs that you described earlier stay in Nevada and provide wealth and benefit to the citizens of Nevada.

CHAIR NEAL:

What about outside of minerals? Other kinds of economic development strategies that may benefit? I think that meeting, I don't know if that was the same meeting because I know the DTCA is also doing an agritourism study. Are you playing in that? Are you adding value to say outside of mineral, we're going to do some other kind of development?

I'm looking at this because the south can't continue to absorb what's happening in the rurals. The rurals should be where they can grow, be allowed to grow and manifest a moderate economy. It's not going to be another Las Vegas, but it might be a moderate to small economy that can develop and give pride and give work within that community. Then there's still some entrepreneurial activity, but it's not just mining, there're other things. When I read and we'll get there in that…but there is an entrepreneurial vibe in the rural spaces. It's not all cities but it is specifically in certain cities.

We also…we don't talk about shifting our abatements for that. We give our abatements to the big fish. I am looking at this $1 billion and cutting that away and saying, "Hey, can that be reconfigured in a different way where it serves the purpose of scaling within rural communities but still not operating at that same number for larger companies?" Because I…that's my reset, but I don't know if you guys are thinking…

MR. BURNS:

Sure, Chair Neal, if I may provide some clarification. More than 75% of our abatements and incentives go to companies with less than 200 employees. Those are small- and medium-sized companies that we are incentivizing throughout the country. We've had one company that is qualified for the $1.0 billion investment and we have had one company that is qualified for the $3.5 billion investment in the history of the state.

CHAIR NEAL:

Then you would be okay if it didn't exist in statute anymore and we couldn't do another one?

MR. BURNS:

I would hate to miss out on an opportunity for us to compete with it. As stated earlier, as we go out and compete with other companies, other states, ours are not always the most robust incentives. I would hate for us to miss out on a great employer because we gave up on something like that.

CHAIR NEAL:

Are you at least willing to think and consider the option of re-evaluating what abatements do and who they perform for? To have a different vision about what economic development should look like in the State of Nevada and that maybe big fish are not what we want to do anymore? Main reason why is because we can't sustain it. I mean environmentally, we cannot sustain it. Really thinking about what is really going to get us to a stable economy and a stable workforce where we thrive without constantly trying to say, "Oh, Arizona, I saw you gave, $1.3 billion deal, we should try to look for that same fish." Why do we have to be like anywhere else? I feel like we're at a stage where we can pivot a little bit.

MR. BURNS:

I'm not of the opinion we need to be like everybody else, but as we look forward, you like to have tools available. Remember, as was stated earlier, for every dollar that we abated, that we gave away, we received $3.35 back, and that's during the abated period. After those abatements are gone, those taxpayers will not only continue to pay that, but they'll pay more taxes because they're here.

CHAIR NEAL:

Let's say your $100 million because we need to put money back into the General Fund and raise revenue. Let's say if there's $100 million that, I think it's like an estimate of how much goes out of the door with abatements. Maybe it is max $84 million. Let's say you only have $50 million to play with every year and then you had to work within that $50 million and figure out how to diversify the economy. How would that impede you? Because right now there's no cap…

MR. BURNS:

Correct.

CHAIR NEAL:

…in the abatement chapter. Of course, I'm looking at a cap so we can have certainty, meaning, that as on the fiscal side of the Legislature. It's like in the abatement statutes, you know, only $50 million is going out of the door. You can only approve $50 million. There's no such thing as, "Oh, well it turns out that it was $150 million." Nope, just $50 million.

MR. BURNS:

The alternative to that conversation is you don't want the other $112 million that was coming in. That is three and a half times the additional revenue that was described.

CHAIR NEAL:

What I want is a General Fund that can pay for services and needs of three million Nevadans. That's what I want. We have to sometimes make hard decisions, which is, should we keep some control over how much is abated so we at least have certainty on the number rather than an unknown number?

MR. BURNS:

But again, Chair Neal, during that abated period, those companies that we're incentivizing are bringing an extra $2.71 to the State of Nevada during that period of time.

CHAIR NEAL:

I understand what you're saying, but there are also some companies that got their taxes abated who could pay for themselves. We don't necessarily have that conversation to say, "Well, you actually don't need anything abated, you can pay your own way." That should also be a part of the calculus. Because at the end of the day, you're on the GOED economic development side, we're on the we need to pay for the three million Nevadans, health care, teachers, state employees, raises. We have to pay for foster children. We have to pay for all of these things that we don't have enough money for.

I'm looking at it because every time I go to session, no one can say that I didn't bring a tax bill because I probably did and probably brought three, they die. We don't want to raise revenue. If we don't want to raise revenue, then of course, I'm looking at how do we keep revenue from going out the door? If there is certainty and say, "Okay, you can only abate $50 million a year," that's certainty for the Legislature to know what is being…happening.

Economically, you would want to know that. I mean your bank account, if I said, I have a blank check every year and I can spend up to however much I want and you're going to have to pay it regardless. I mean because ultimately, we're paying it because it's not being paid by someone. It's abated because it's not being paid. We have to consider that. You don't think that's a worthwhile discussion?

MR. BURNS:

Chair Neal, I have a feeling I'm going to have that discussion whether I think it's worthwhile or not.

CHAIR NEAL:

Yeah, I know. This is true. I am going to have that discussion. Because I'm trying to figure out if we'd never raise money, what are other ways that we can know that certain money is staying in the economy and not…and it's going to be paid in tax revenue?

Like I said, I'm looking at the table, I'm looking at those four legs and I'm thinking through, how to get money to pay for the three million Nevadans that live here, and so that we're not doing these one-offs every two years and saying, "Well, I can give you the raise this year but I can't give it to you next year. I can pay for homelessness this year, but I can't pay for it the following year." And then at the other end, regular citizens are saying, "But didn't you just give an $84 million abatement, tax abatement to Company X?" Because that's how real people see it. That the tradeoff is this large company, I don't work for them, they didn't hire me, and I still don't have anything to eat.

The federal government is pushing more our way to pay for, I don't think we're going to get around that, not through…until we get through 2028. But ultimately the federal government is also telling states, you're going to pay for this too, and we don't have the money. So yes, I'm thinking long term, how do we get it in 2027 instead of having a bill where we basically have a negative.

I'm just putting it out there on the record, it's been on my mind, now you know, and we're going to have lots of conversation. It's not going to be like the conversation we had when I came back in April. But I am trying to have thoughtful dialogue around a real economic development strategy that includes the entire state and includes those four legs. One of them is cutting abatements in half and putting certainty into the statute. That is a key part. I'll go around the building and try to get my votes for it, we'll have this conversation.

I believe to close out this conversation we have Assemblymember Gallant. She has an additional question.

ASSEMBLYMEMBER GALLANT:

Thank you, Chair. Director Burns, I have a question, a couple of questions. In your opinion, if we did not offer these abatements over these last ten years, do you think these companies would have chosen Nevada as a home?

MR. BURNS:

I would tell you that in the vast majority of the cases they would not.

ASSEMBLYMEMBER GALLANT:

They wouldn't have. Then, and I understand that we've given some tax abatements, but over those ten years, how much revenue would we have lost if we did not offer these tax abatements?

MR. BURNS:

Just one moment, Assemblymember. The projected new taxes on that period of time was a little over $4.6 billion.

ASSEMBLYMEMBER GALLANT:

That would've been $4.6 billion that we would've not received along with the multiple jobs that came along with it as well, correct?

MR. BURNS:

A significant portion of that would not have arrived to the State of Nevada, both the jobs and the revenue.

ASSEMBLYMEMBER GALLANT:

It's interesting and I like that Chair Neal brought up the issue with the rurals in particularly on these border states. I'm…in my district I have Laughlin, which borders Bullhead City in Arizona. What I consistently hear is that there is a suppression in development in Laughlin for a multitude of causes. One of them is that our gas tax is higher than Arizona, so everybody from Laughlin goes over to Arizona because it's a few minute drive, and so they're…so Laughlin's been asking, could we have a…for border towns, maybe a reduced gas tax so that we can at least collect something rather than nothing.

Then particularly in Laughlin we have some issues with getting contractors and vendors and things like that down there. There's no reciprocity between these border towns or these border states and those particular cities so that they can't get reasonable handymen, plumbers, electricians, so on and so forth, to be able to build some of these private projects.

Has GOED taken a look at what would be the economic impact for those rural communities if the Legislature approved doing some type of exception for these border towns when it comes to development and being able to use some reciprocity or gasses or, you know, so on and so forth, have you guys looked at that?

MR. BURNS:

Assemblymember, we have not put numbers to it. We have been working directly with our peers at B&I [Department of Business and Industry] as they have jurisdiction over reciprocity in the licensing, and I do think that's a critical thing that we need to take a look at. That issue happens also in communities like Ely and Elko and Jackpot and other border towns with smaller, and I think that's an important thing for us to be able to figure out. I do have…I'm supportive of that, but I've been working with the, like I said, B&I is the one that has jurisdiction over that and we have been working with them.

ASSEMBLYMEMBER GALLANT:

Would there be something within the GOED framework where we could give some relief to some of these businesses or companies that want to set up in these border towns to offset these costs? Maybe not just in the traditional sense of what we currently have, maybe something on a smaller scale.

MR. BURNS:

Yeah, a lot of our…I know we make the news and get everybody's attention over the big abatements to the big companies, but a lot of our programs are set up for smaller businesses. We have loan programs through the SSBCI [State Small Business Credit Initiative] that can be part of that. We have other…we work with small communities on the Main Street program, which puts a lot of investment into the smaller communities throughout the state. We do have programs that will do that and are supportive of that.

ASSEMBLYMEMBER GALLANT:

Thank you so much.

CHAIR NEAL:

Thank you for that. Members, any final questions? Seeing none. Thank you for the thoughtful conversation. I look forward to our future conversations.

MR. BURNS:

Thank you. Always.

CHAIR NEAL:

I will move to Agenda Item VI, which is the overview of economic development efforts in rural Nevada.

VI. OVERVIEW OF ECONOMIC DEVELOPMENT EFFORTS IN RURAL NEVADA.

CHAIR NEAL:

I will call Mr. Taylor Adams, Sheldon Mudd, and Jeff Fontaine to the table. After this presentation, members, then we'll go to lunch and then we'll hear the last two presentations and then do public comment, which are staff presentations.

Let me know when you're…

TAYLOR ADAMS (Chief Executive Officer, Economic Development Authority of Western Nevada [EDAWN]):

Good morning, Madam Chair. May we, may we begin?

CHAIR NEAL:

Yes, go ahead.

MR. ADAMS:

Thank you so much for having us this morning. I'm going to provide a brief overview of the plan that was referenced from April 2023 regarding entrepreneurial activity in the rurals. Then I'm happy to step out of the way and let the folks that are actually in the rurals doing this job every day speak on behalf of what is going on in their communities.

We proudly worked with the Governor's Office of Economic Development [GOED], the Las Vegas Global Economic Alliance [LVGEA], and the then Biden administration to the Small Business Administration [SBA] appropriation to commission this study. EDAWN spearheaded the project because at that point we had a fully staffed entrepreneurial development division who was a little ahead of the rest of the state as it relates to formation. The report was built as a shared playbook for all of Nevada's entrepreneurial ecosystem and rural action plan items were assigned, throughout GOED some of our Main Street programs, Regional Development Authorities [RDAs], the Small Business Development Center [SBDC] network, and also Great Basin College was a partner.

Several things directly related to economic development and EDAWN have come out of the action plan. First, Ecomap was a statewide entrepreneurial resource hub serving Northern, Southern and rural Nevada. Once EDAWN served as a catalyst for that work and then once it was stabilized, GOED was great to take that and continue that work, it's ongoing today. Thank you to the support of this group and the general assembly.

Going back two sessions ago when as recommended as part of this study the office of entrepreneurship within GOED was established and funded. Reno Startup Week is now running in its third year. It was inspired by and launched the year that this report was completed. It is still a free and open event to all attendees from across Northern Nevada, including our rural communities, and the event now hosts more than 1,400 registrants each year and is the largest startup convening in the state on an annual basis.

The statewide infrastructure EDAWN and GOED have invested in has also empowered the ecosystem partners like StartUpNV to deliver direct rural and underserved programming since this report came out. A great example of this, and Director Burns mentioned this a few moments ago, the Rural Nevada Road Show, the 2024 road show was impacted by this. Of course, as Director Burns just mentioned, there have been two subsequent convenings. It's important to know that this…the initial road show was in partnership with GOED and also sponsored by the USDA [United States Department of Agriculture].

I visited eight rural communities across seven counties, those being Laughlin, Alamo, Caliente, Tonopah, Elko, Pahrump, Moapa Valley, and Ely. This brought…this convening brought live businesses, education, or live business education directly to rural founders, removing the cost and time barriers of traveling to our population centers. Covered business models, customer needs, market sizing and value proposition. It plugged participants into GOED's international trade and export services. Provided each participant ongoing access to Incubate NV after the event, built durable connections

between rural communities and statewide founder support networks additionally. We also…this work also revealed the need for an entrepreneur readiness program, which is a GOED and an SSBCI [State Small Business Credit Initiative] backed program.

If I may pause for just a moment before I talk about the program. Particularly in the rurals I think it's important to note that we often lose sight of the fact that agriculture is economic development as well. So many of our local farmers, ranchers, shepherds, and I would say just home farms are able to benefit directly from the programming that I'm about to talk about. In many ways these are Nevada's earliest entrepreneurs.

This is…the entrepreneur readiness program, it's a six-week online program for founders, with explicit focus on underserved communities. It's an online format that opens access to statewide, but most importantly is that we're able to deliver without requiring travel. It is free to participate, which therefore removes the financial barrier that disproportionately impacts some of our rural communities. It covers business models, customer discovery, legal setup, financials, investment basics, and how to construct pitch decks for both investment and ongoing client acquisition. The curriculum rural founders typically cannot access locally and so we are finding real value in the program. There is a current cohort that is running through April 15…that will run…that began on April 15 and will run through May 20, so we're about to wrap up the spring cohort for this program.

Additionally, there's a tribal entrepreneur development program that came out of this, it's also free to the public. It's also, it is a six-week program for Nevada's tribal communities, many of which are in rural counties of course. It also is administered online statewide, but there is an in-person opportunity in Las Vegas for this program as well. It delivers business development and startup incubation for first time entrepreneurs and underserved small businesses. It builds local entrepreneurial capacity in communities historically underserved by economic development resources. And the upcoming cohort for this program will run September 28 through November 6 of this year. I just share those dates so that it's clear to the community who may be watching that this study was used to not just drive program in the moment but continues to drive on ongoing impact in the state.

Incubate NV is a statewide self-paced online incubator. It is online, has rolling access, it's designed to fit the schedules of our rural founders who may not be able to commit to a fixed cohort. It is free for pre-revenue businesses, which matters a great deal in our rural communities where we don't find as robust an access to capital as we can find in our metropolitan areas. It's built for early stage and aspiring founders, and businesses that are going through feasibility. It focuses on ideation, concept validation, and early product or service development. It brings incubator grade resources to rural communities that generally are not going to have a…an incubator based on the number of potential founders that are required to make that model viable.

Finally, I'll mention FounderNV, it's a free statewide online founder community. It offers virtual events, education, peer networking, and founder resources that are all accessible to every rural community in Nevada. It connects isolated rural founders to a statewide community of peers…to go through all of the benefits of networking and collaboration that we find in our metropolitan areas and around the country. It hosts a two-hour boot camp, and it's focused on actionable topics for early-stage entrepreneurs. Then there's…there are master class sessions with subject matter experts that offer expertise to our rural founders that they often can't find locally because of size.

One last thing I'll mention before I stop is that the Knowledge Fund has been a critical contributor to the success of our work in rural communities. It's been a driver of the innovation economy that reaches well beyond our metropolitan areas and it matters significantly in rural Nevada. Most specifically I'd like to mention that it's a great supporter of university research that directly impacts our rurals particularly around agriculture. But then also mining and then the lithium loop that we're working through with the tech hub.

The Knowledge Fund has been a great strengthener of tech transfer and it's been helping us move university research into Nevada communities, companies, and creating jobs.

With that, Madam Chair, I hope that was an adequate summary of how we have used the plan since its completion in 2023 and I thank you for the time.

CHAIR NEAL:

Thank you for that. We have…the Northeastern Nevada, who's presenting? You? Yeah, go ahead.

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Division, LCB):

Madam Chair, I apologize for the oversight. The study that Mr. Adams referenced, we do have available and we're getting it up into NELIS [*sic*] right now so that all of the members of the Committee and the public can read through the entire document that was being referenced. Thank you.

CHAIR NEAL:

Thank you for that. Go ahead.

SHELDON MUDD (Director, Northeastern Nevada Regional Development Authority [NNRDA]):

Yes, ma'am, Madam Chair and Committee members, I am the Director of the NNRDA, one of six rural RDAs in the state. When asked to come and present, number one, I am grateful that you folks are willing to hear out what we have to say. We're always appreciate being a part of the conversation. I was asked to give an overview, some opportunities, some successes, and of course some obstacles that we face.

I can probably sit here and talk to you folks all day long, so definitely push me along if that's the case. If there's a certain section you would prefer that I focus on then of course, I'm willing to do that. Otherwise, I'll bounce through these slides, but I will encourage you, if you need to stop me to elaborate, because I'm kind of given that 30,000-foot level, I'm happy to do that.

I'm going to speak primarily of my region, which is northeastern Nevada (page 80, Exhibit A), four rural Nevada counties which include Lander, Eureka, Elko, and White Pine. There's five incorporated cities there and that is roughly 76,000 Nevadans. They cover about 40,000 square miles, and to put that in perspective, we are about the same size as South Carolina. We are larger than several U.S. states and of course, about the same size as many.

As an RDA (page 81, Exhibit A), we're a little bit different than some of the others. We're not a nonprofit, we were established as…through an interlocal agreement with Elko County really being our primary agency. We have board representatives from each of our communities and then of course we have private industry members as well. As such, we too are subject to open meeting laws.

When it comes to economic development, we kind of view it in these three pillars (page 82, Exhibit A), which is workforce development, community development, business development. I like to bring this up simply because when it comes to business development, we hold a lot of the cards in regards to what we're doing up in northeastern Nevada. With community development and workforce development, we have to work hand in hand with our local communities and municipalities or our K-12 and higher education folks. We don't necessarily have as much influence in those spaces, but have to rely on what they feel is necessary in order to move forward.

I mentioned that primarily due to this slide (page 83, Exhibit A). As we approach economic development, we look at quality infrastructure as really the baseline and foundation of being able to attract quality and diversified business into our area. This results in industry growth and diversification, which naturally results in population growth. Eventually, we get that retail and commercial growth which most of our citizens think about when they think about economic development.

For us, our lead progression as you see that pyramid on the right, looks kind of like this (page 83, Exhibit A). We don't have the massive numbers that you're going to see in the metro areas by and large. We get about one to two solid leads every month, and these are folks that actually have some potential. With that, as you start to go up the pyramid, we start to lose them for various reasons. Some of them don't have enough money or the environment changes. We've seen that in many occasions where construction costs have went up to a degree that they've changed their mind. Oftentimes, we don't necessarily have the capacity to, we don't have enough power, we don't have access to rail or something. But as you can see as we go up the pyramid, we start to lose these folks, and by and large, we average about one to two solid wins every year. I would say that that is…these are multi-million-dollar projects, not necessarily the folks that are coming in and with a capital expenditure of $250,000, we're talking about multi-million in this case.

Most of you folks are aware of their existing industry (page 84, Exhibit A), which is of course, mining, agriculture, gaming of course, and hospitality and tourism. By and large, our gross regional product is about $7.7 billion, that went up 30% in the last five years. I contribute that primarily to raising gold prices. We've seen, in 2020 about $1,800 an ounce, and today we're I think over $5,000. If you're not aware, Nevada is always number one on the Frazier Institute Index for mining investment.

We have some of the top beef producing counties in the country. We have two leading export counties, which are Lander and Eureka County, for their alfalfa that go to the Orient and to Saudi Arabia. Then of course, we're proud to host Great Basin National Park.

As we get into opportunities and successes, excuse me, from a logistical perspective we like to say that we are the bull's eye of the inner mountain west. As you can see in this graphic (page 86, Exhibit A) that that becomes evident and so that's unquestionably an opportunity from a logistics standpoint. We also see the major logistic arteries running through northeastern Nevada (page 87, Exhibit A) which include an interstate, a couple of U.S. highways, and of course, the Union Pacific mainline.

We do have a regional airport (page 88, Exhibit A), which currently has a connection to Salt Lake City. That goes back and forth twice a day. We would love to see that expanded to Reno and to Las Vegas. Unfortunately, I had to drive here yesterday and for me that's a seven-hour drive. As much as I love the drive, it sure burns up a lot of the day. This is very important because this is subsidized heavily by the city and the county in order to keep this going. Even though ridership has increased over the last few years, we are always at risk of losing this airport, commercial service to this airport, which is going to be devastating from an economic development perspective.

We have a couple of industrial parks that are worth mentioning (page 89, Exhibit A). One, the City of Wells, which is fully developed but unfortunately does not have natural gas going into it, but we've seen a lot of activity there. As well as the White Pine County Industrial Park, which is off of U.S. 93 there in…just outside of Ely.

We have several large parcels that are privately owned (page 90, Exhibit A), and the reason these are important is because of their size, over 5,000 acres, it's hard to find contiguous land masses like this across the state and especially across the country. So, for those companies that need large area for whether it's security or buffer zones for hazardous material or whatever the case may be, we have not only this one, but of course we have this one coming soon (page 91, Exhibit A), which is a transfer from the BLM [Bureau of Land Management] and the Air Force. It's always within 12 months of being completed and that was the case 5 to 7 years ago. But we're hoping this year will be the situation. This has been a 20-year process. This is just outside of West Wendover and of course it borders Utah, and there's a lot of opportunity here where the city will annex that into their jurisdiction.

Also coming soon and very important is the Lander County Industrial Rail Park (page 92, Exhibit A). Lander County went ahead and put up the funding to begin construction on a rail siding there west of the town. There's over 300 acres there, actually we have got over 500 acres available, and we're looking forward to that beginning construction here before the summer really kicks off. We're really hoping that this is going to attract a lot of diversified business out into that area.

When it comes to health care out in northeastern Nevada, we do have one major regional hospital, several community hospitals which do the best they can with the resources they have, and then of course several clinics (page 93, Exhibit A).

From an education standpoint, we have our K-12 and also several charter schools as well which we are definitely proud of as options for those who choose to go that route (page 94, Exhibit A).

Probably our crowning glory out in rural Nevada is Great Basin College (page 95, Exhibit A), who I would say works best, better with industry than any other higher education institution. They've been doing it for a long time. There's over 40 areas of study, they do offer both associate and bachelor's degree, and have several programs that work hand in hand with our mining industry up there. It's a great campus and a great staff there that that are making a difference in workforce development.

One thing we like to say about rural Nevada is our economic stability (page 96, Exhibit A) is because gold by and large is usually inversely related to the market, as we tend to be…I don't like to say recession proof, but definitely insulated as a result. I always say when times are good, things are good in rural Nevada, especially in northeastern Nevada. When times are terrible, things are great in northeastern Nevada. We, that is definitely an added benefit, not only for the folks that live there, but those who are potentially, thinking about coming to the area.

Some of our target industries that we're trying to attract (page 97, Exhibit A). Value-added mining as mentioned earlier by Director Burns, we're trying to find those companies who can take a resource that we mine and extract in northeastern Nevada and eventually have a product that can be sold on the market as a final product. This case is true for value-added agriculture, whether it pertains to beef production, alfalfa, or the various others such as hemp, it's the same issue. Most of that stuff has to leave the state in order to be further processed.

We're trying to work with local investors right now to get a slaughterhouse just outside of Elko to hopefully be able to push over 100 head of cattle through a day, which is going to be a huge economic boon for the area.

We also do our best to target warehousing and distribution primarily because of the logistics aspects and assets that we have in the area. We're starting to see a little bit of traction in that space.

Then of course, aerospace and defense. Nevada's known as an aerospace and defense state, but none of it happens where I'm at. We're trying to fix that and once again we're seeing a little traction there in White Pine County with the DSA 2000 [Deep Synoptic Array] project and so we will continue to foster those.

Two thousand twenty-five was actually one of our best years up in northeastern Nevada (page 98, Exhibit A). We had a company commit to 157 lots for as far as housing goes in three phases over the next five years in Jackpot. I said if you can get houses in Jackpot, you can get houses anywhere. Now fortunately, we had a developer out of Utah that decided to take a shot and take a chance, and that primarily has to do with the critical mineral aspect and deposits that have been found in the nearby area. We're very grateful and we expect them to start pushing dirt at any time.

Aultra Tank and Equipment was a company that we recruited into the little town of Wells. They put up a 26,000 square foot building. Their estimated total tax revenue over the next ten years is roughly $2.0 million with a total economic input or impact over the next ten years of $4.1 million. Quite frankly, I think those numbers are a little bit low, but we'll kind of see what happens there.

We also were fortunate enough to recruit an Amazon last-mile distribution center into the same park. It's a little bit smaller, but it's estimated to add roughly $6 million to the tax revenue in the next ten years and with a total economic impact over the next ten years at about $107 million which, this seems a little high to me.

But anyways, between these two companies, we're looking at about $50 million in capital expenditures and a little over 100 employees in a town of 1,200. This is going to have a huge impact to this small town in Wells, Nevada, and of course now we're reeling from some growing pains that we have to take care of.

We also launched our, what we call, ReadyAim.Academy, which is a free small business training for Northern Nevada residents, which is online. Essentially what happened here was we had several folks come to me and say, "Sheldon, there's a lot of programs out there, but they don't speak our language," and so having a business degree myself and owning a small business as well, we decided to put a curriculum together that was really fit for Nevada's rural entrepreneurs.

Just a quick annual average (page 99, Exhibit A). For our organization, we average adding about 50 jobs to the market every year. These are not huge numbers, it doesn't sound that exciting, but as we say in rural Nevada, we're not looking for home runs, we're just trying to get some base hits. These have averaged about $34.79 an hour over the time I have been there, essentially this is from 2017. We're averaging about $40 million in capital expenditure to the area every year. This is what our office is facilitating. This is not all that is happening in the region. This is just what our office tends to facilitate.

When it comes to difficulties and challenges (page 101, Exhibit A), first and foremost, housing is number one, the biggest challenge we face in my region, 110%. What I have here, is I have in each one of these jurisdictions, in White Pine County, based off of our just some rudimentary surveys, we're looking at about 150 units shy of where we need to be just to be on par. A lot of that in White Pine County has been driven by the state prison, by the local mines, and by various farms such as Silver Lion Farms north of town, and the hospital as well. In Eureka County in the next five years, we are expecting over 800 new employees to that area, and that's primarily due to mining expansions between Nevada Gold Mines, McEwen Mining, I-80 Gold, and Kinross [Gold] mining. We are scrambling out there.

Those numbers in parentheses (page 101, Exhibit A) are how many houses over one bedroom were available on Zillow in those communities. That was as of last week. In Wells, like I said, we're expecting 100 new employees, and there's 7 houses for sale there. Now we do have a small developer trying to do what they can out there, but there's one or two houses at a time. Then of course, the City of West Wendover has indicated they need about 60 units in order to be up to par with what they need in their community.

Where we're at is we really need well over 1,000 houses in northeastern Nevada to accommodate the growth that we are expecting in the next five to ten years, so we are really scrambling in order to try to meet that need.

Next up is infrastructure (page 102, Exhibit A). Industrial power—by and large in northeastern Nevada, we just don't have a lot of juice. On the east side is its primarily co-ops, and when we have a company that comes to us looking for more than three to five megawatts of power, that's a stretch. There's too many companies we've had to turn away because they needed ten megawatts. A lot of that has to do with just the way it's structured out there with the two co-ops.

If you get on the west side, there's a little bit more power available, but we are highly restricted. I'm just going to put it out there, and I know it's kind of a bad word, but in northeastern Nevada, our communities tend to be very optimistic and promote the idea of nuclear power generation out there.

Next up, rail access points. We have the mainline going right through our region, but we just don't have any access points to them. That's why Lander County jumped in and said, "Hey, we're going to put up several million dollars to try to get an access point here." We have several spots where access points could be established, but those communities, a good example being Wells, just simply doesn't have the money, in order to do that. Of course, we rely heavily on industry to put some of that together. But most of the time what we run into is industry comes to town and they say, "We want a turnkey solution here. We don't want to wait 18 months for you guys to build a rail for us."

Just a couple of other quick things (page 103, Exhibit A), workforce shortages are always an issue simply because we just don't have people and we don't have people because we don't have houses. There's no doubt in my mind if we could build a few houses, we could easily recruit from southern Idaho and northern Utah just based off of wages. The average mining wage in northeastern Nevada is north of $100,000 and a lot of times those are starting wages. It would not be very difficult to pull some of the agricultural workers out of southern Idaho in order to work in northeastern Nevada, but we just don't have houses to put them.

Federal lands always seem to be an issue. We've been having this fight in rural Nevada for the last 50 years, quite frankly. Now that some of the folks in the urban areas are starting to talk about it, I get a little bit more excited because I feel like we may be able to get over that hurdle at some point. When you start talking about federal land issues, most of the time people really get excited thinking that we're trying to get rid of Great Basin National Park or various wilderness areas and that's just not the case. A prime example being the small town of Jackpot, which might as well be out in the middle of the Pacific Ocean because it is completely landlocked by federal land and we can't do much with it. I've got more examples I could go into.

The regulatory pipeline still seems to be a little bit of an issue. We need to be able to tweak both on the federal and state level some of those regulatory requirements so that we can pass through this process and navigate these waters a little bit more efficiently. From time to time, I will say in the last five years or so it has gotten better, but I feel like we still have some work to do.

When it comes to options and solutions (page 104, Exhibit A), and I'm guessing this is what you folks are primarily interested in and I'm happy to elaborate on any of this—this is just my opinion based off of what I see in my area—it is rural housing and infrastructure program allocation specifically for those 14 rural counties, that are dedicated to those 14 rural counties. An economic development funding paradigm shift essentially put the money where it's needed, not necessarily where the population is.

Concentrated rural marketing and lead generation, some of these smaller rural RDAs, they need assistance. For…in many cases, some of our rural RDAs are funded just enough to pay for their staff. I think that a little bit of help in marketing and lead generation would help. Fortunately, I'm not one of those, I'm just kind of speaking on behalf of all of rural Nevada in that situation.

Once again, as I mentioned, state regulatory pipeline refinement, talk about that, and then of course, as always is a conversation is state abatement modifications. Whether, regardless of what side of the fence you are on in regards to that, as I think we all agree, that we do need to sit down and evaluate those and see if…what they need to look like today as opposed to when they were initially instituted roughly 15 years ago.

That's what I had, hopefully that's what you were looking for and as mentioned, Ma'am, I can elaborate on any of that.

CHAIR NEAL:

Thank you for the presentation. We're going to do Lincoln County and then we'll ask on all three. That all right?

MR. MUDD:

Yes, Ma'am.

CHAIR NEAL:

Is it Mr. Fontaine who's doing Lincoln County?

JEFF FONTAINE (Executive Director, Lincoln County Regional Development Authority [LCRDA]:

Yes, I'm here and I just put my PowerPoint up here so I'm not sure why it's…okay. Chair Neal and Committee members, thank you for inviting me to present on economic development in Lincoln County.

I'm going to start with the LCRDA. It was also created by an interlocal agreement between the Lincoln County Board of Commissioners and the Caliente City Council back in 1993. Same as Mr. Mudd described for his NNDA [*sic*], we have a nine-member board of directors. It includes county commissioners, city council members, appointed business community representatives and I think perhaps the LCRDA is one of those small rural RDAs that Mr. Mudd was referring to in terms of needed resources. We have a pretty lean budget, it's about $70,000 a year. That covers contracts for management services and also for various consultants that we need from time to time for things like engineering and natural resources consulting.

I'm sure you're all familiar with Lincoln County, but just a quick background (page 108, Exhibit A), Lincoln County is a frontier county and by definition frontier counties are rural, sparsely populated, and typically lack infrastructure. The county has a population of less than 5,000 people, about 1,000 of which live in the City of Caliente, which is the only incorporated city in the county. Then the rest reside in smaller communities that you may've heard of or visited, Alamo, Pioche, Panaca, and Rachel. It's also a very large county with over 10,000 square miles, and that makes it the seventh largest county in the United States. Ninety eight percent of the land is federally managed and that is mostly BLM [Bureau of Land Management] managed land.

Lincoln County is endowed with an abundance of natural resources and those natural resources really provide a range of all kinds of recreational opportunities as well as high potential for renewable energy sites and diverse wildlife.

Lincoln County is also home to numerous cultural and heritage sites. The Town of Pioche, for example, with its significant wild west history is just one of those.

These are a few key trends and business indicators (page 109, Exhibit A). This is from the U.S. Census Bureau's community survey estimates for the most recent five-year time period that they have 2018 to 2023. These are estimates, but these are also used for planning purposes and I'll get to that in just a moment. Then also, for determining eligibility for certain federal grants as well.

Declining, according to the survey, Lincoln County's population declined between 2018 and 2023 and unemployment also declined. That's good, but there was also a significant decline in the workforce, which we think is attributable to an aging population and perhaps workers who have stopped looking for jobs. Also, the total number of households declined during this period.

Increasing is the median household and per capita income. Again, that's good, but it's still lower than the statewide numbers. According to the U.S. Economic Development Administration [EDA] guidelines, Lincoln County is not considered an economically distressed community based on its unemployment rate or per capita income. But an aging population, declining workforce, high dependency on minimum wage, retail and service sector jobs, and a lack of available land is something certainly that the EDA recognizes as a special situation.

An overview of economic development efforts (page 110, Exhibit A). This is really based on…this is really based on and guided by a comprehensive economic development strategy that is a five-year effort. It's the most current one, was initiated in 2023. It was developed in collaboration with the local community, the county, the City of Caliente, and with great help from the University Center for Economic Development at UNR [University of Nevada, Reno]. The strategy is really based on 12 goals that contribute to economic growth and diversification while preserving and enhancing the quality of life, the rich culture and heritage, and abundant natural resources, and amenities and assets in the county. I just want to point out that the community really has a strong desire to preserve its quality of life and heritage, and this really guides the types of businesses and industries that we target.

These are the goals (page 111, Exhibit A). At the top of the list is increasing employment in food processing, and biofuel production, and waste to energy. Acquiring land, reducing retail and service industry leakage, developing new housing units, sustainably growing the county's workforce, increasing access to broadband, and increasing the number of housing construction permits.

Some additional goals that really, I think reflect the importance of preserving historic preservation and tourism (page 112, Exhibit A), including the complete refurbishment and adaptive reuse of the Caliente Depot and Gem Theater, increasing number of visitors, increasing the number of licensed firms in construction and trade, the number of businesses operating in the Pioche commercial district, and continuing support for growth of the public sector employment opportunities.

Progress has been and continues to be made towards achieving a number of these goals in the community development area (page 113, Exhibit A). The LCRDA secured a number of federal and state grants. It's also assisted in applying for grants with the city and the county, primarily for community development projects, and this includes, trails, streets improvements, and also the refurbishment of the depot [Caliente Depot] and the Gem Theater that I mentioned earlier. I would mention also that Nevada Rural Housing [Authority] recently completed the Pioche Apartments for small families, seniors and people with disabilities.

Under land acquisition and development, the Lincoln County Conservation Recreation Development Act of 2004 authorized about 90,000 acres of land for sale in Lincoln County, but to date, less than about 1,000 acres have actually been sold. Last year the BLM approved the sale of 66 parcels totaling 5,500 acres, and has committed to prioritize the sale of 1,700 of those acres for our top economic development goals by the end of the year. These are parcels that were nominated for sale as far back as 2014.

For infrastructure, I would say the expansion of broadband is probably one of the most important infrastructure developments in the county. The LCRDA did complete a technology action plan and supported the efforts of the Lincoln County telephone system to connect anchor institutions and residents and expand their broadband. I would also mention that the state's eastern Nevada 432-mile-long fiber project currently under construction along U.S. 93 is definitely going to improve regional redundancy and provide significant opportunities for economic development.

Tourism and recreation. I want to focus on this a little bit and I would say that this is certainly a bright spot in the economy for Lincoln County. Thanks to the efforts of the Lincoln County Authority of Tourism [LCAT], a mostly volunteer organization, and the support of Travel Nevada, Lincoln County has become really a premier outdoor recreation destination.

Lincoln County is seeing and experiencing significant growth in tourism and recreational activity. That brings more visitors and people to town. It really took off in 2020 in the COVID-19 era where people wanted to get out and get into less populated areas, have some space to move, and roam, and enjoy. That was really, I think, the beginning of a lot of the…what we're seeing now in terms of the acknowledgement of Lincoln County as being an outdoor recreation destination.

I'd also mention one of the really great successes, I think, is that Lincoln County now hosts a 4H camp in Alamo for Southern Nevada. This was, a partnership between the Cooperative Extension at UNR, Clark County, and Lincoln County. Camp Alamo is a 72-acre outdoor learning center where youth build skills through hands-on experiences and it's also…the facility is also available to Lincoln County for special events.

Renewable energy is another area where we're seeing some growth. We have the just recently completed Estuary Power, 185 megawatt escape solar project and battery storage project in Lincoln County. It's the county's first utility-scale solar project.

Lincoln County also is now part of, I guess, officially part of the state's lithium supply chain. Nevada Industrial Storage, which is a 132-acre parcel in Alamo, is where Redwood Materials is storing lithium batteries for second life applications. This is a significant industrial development for the Town of Alamo. Just to put things in perspective, it has created somewhere between 12 and maybe 20, I think they're projecting 20 full-time jobs with benefits, and they're all local jobs. That is a significant increase in jobs for the Town of Alamo, 10 to 20 is a big success.

I just want to, before I get off of this slide, just make one comment about successes and really what we find is that it's really the strong partnerships and support that are critical in meeting our goals. We have lots of partners, obviously our members Lincoln County and the City of Caliente, but starting with the Nevada BLM office, number of state agencies—GOED, of course, the Office of Federal Assistance, OSIT [Office of Science, Innovation and Technology], NDOT [Nevada Department of Transportation], Department of Agriculture, Travel Nevada, DCNR [Department of Conservation & Natural Resources], the Center for Economic Development at UNR, and others. We've had a lot of support, a lot of people pitching in to help get things moving in Lincoln County.

I'm not going to get into a lot of detail here, it's already been mentioned (page 114, Exhibit A). Lack of land for private development, inadequate infrastructure, similar to what Mr. Mudd indicated, there is no natural gas in Lincoln County, water and power are the primary infrastructure needs that limit development.

Lincoln County has relied on inexpensive Hoover Dam power for generations. That power is being curtailed and we're at the point now where it's becoming very difficult and very costly to obtain power to meet all of the demands, let alone create new industrial types of opportunities. In addition, just the transmission lines that serve Lincoln County from Hoover Dam are the original power lines constructed back in 1936, so the prospects of upgrading those or expanding the capacity and those lines is certainly really limited.

Then as far as water is concerned, Lincoln County does have a fair number of groundwater basins that are very productive. We also have groundwater basins where there are limits on the ability to use those basins, and so that's certainly something that can hinder development as well.

Opportunities (page 115, Exhibit A). Our top prospect and has been for a number of years now is the Crestline Industrial Park. It's a private entity that purchased property at Crestline, about 1,200 acres, back in 2024. They are actively pursuing tenants, pursuing additional land. Nevada Industrial Storage, which I mentioned just a few minutes ago, is strategically located on U.S. 93 between Las Vegas and Boise. They are pursuing additional land to expand.

Another viable industrial site is within the Coyote Springs development and that is 70 miles north of Las Vegas.

Agricultural food processing is one of the goals, increasing that, and ranching alongside hay farming and some greenhouse operations really is a foundational part of the local economy and rural landscape in Lincoln County. There really only are a few USDA-certified meat processing facilities in the State of Nevada, and I think they're all in the north. Consequently, the ranchers in Lincoln County, they send their cattle out of state for processing. That's a high cost and there's no value added when that's done. We do have a local rancher who started construction of a USDA-certified meat processing facility at the Meadow Valley Industrial Park in Caliente. That has yet to be completed, and we're working to get that project back on track.

Mining—there are no gold mines, active gold mines. There's one active mine in Lincoln County, that's for perlite. There are significant pozzolan deposits and claims by a leading supplier of cement called Salt River Materials. They have some claims in Lincoln County for pozzolan.

Strategic minerals—there has been interest in remining the processing or the tailings at the Tempiute Mine. This was one of the largest tungsten mines in the United States during World War II and the Korean War. It closed in the 1980s and it was a source of jobs and economy for Lincoln County. There is interest in reopening that mine, processing tailings, perhaps expanding the footprint. Then there's interest from time to time in going back into some of these legacy gold mines that exist in Lincoln County as well.

Regional partnerships, I already talked about that.

Tourism and outdoor recreation—again, I think that it's really pretty unlimited in terms of the types of opportunities that would be associated with outdoor recreation. There's significant opportunities, and we work closely with our Lincoln County Authority of Tourism to try to create some business opportunities around that.

Businesses, entrepreneurs, and remote workers. Using the outdoor recreation opportunities, the small-town atmosphere in proximity to Las Vegas to promote remote workers, the availability of broadband and such. We think that there is a real opportunity there to bring people into Las Vegas that want to live there, be close to Las Vegas, and, be either a remote worker or be an entrepreneur in the county.

Regional partnerships. Talked about previously. I would mention in addition to the partnership with Clark County, there is really a great relationship with counties in Utah, Beaver and Iron Counties in Utah, and specifically, now with the interest in expanding the renewable energy portfolio.

Data centers, I guess I hesitate a little bit to get into this but, there is interest in data centers in Lincoln County. I have spent quite a bit of time not only in this position but also in my work with the Central Nevada Regional Water Authority [CNRWA], which has ten rural county members, about data centers and specifically about the impact on water. That's certainly a discussion that needs to take place about whether data centers fit here or fit there. But data centers do come in different sizes and shapes. I'm…can pretty

much guarantee that we're not going to be seeing a hyperscale data center in Lincoln County anytime soon or maybe or hopefully never. But there are perhaps opportunities for smaller scale data centers that are powered with renewable energy and really have minimal or no consumptive water use. Again, those discussions are taking place and certainly more than happy to engage in those as well.

This is a little bit about Crestline and the Industrial Park (page 116, Exhibit A). Again, it's about 1,200 acres currently that's approximately 20 miles west of the Town of Panaca, just about on the Utah border. One of the significant opportunities here is that line that you see going through there, that is the southern mainline of the Union Pacific Railroad that connects Salt Lake City to Los Angeles, it runs right through the property.

In addition to that line, there are proposed renewable energy lines that are scheduled or in the process of being developed for bringing transmission, or bringing renewable energy in from out of state going through that property as well. That property does have certificated water rights in good standing. It has broadband. The main access is off of State Route 319, but it's via a 12-mile unpaved road, so we're trying to find some grant funding to make some improvements there.

Also, there's no power at this time out there and so the opportunity here is for the development of solar and other renewable energy, battery storage, and create basically a micro-grid at that site. It's unique because it's a waste-to-energy project. It's basically utilizing pervasive Pinyon-Juniper Woodlands in Lincoln County and perhaps expanding beyond that even into the Great Basin in eastern Nevada. Working closely with the BLM through a formal agreement to treat those areas that they need treated, to facilitate wildfire risk reduction, and habitat, and watershed restoration, and basically watershed resilience and, do those treatments. Use the Pinyon and Juniper Biomass as a feedstock to create advanced biofuels primarily for drop-in fuels, if you will, for transportation.

Finally, the needs of the region (page 117, Exhibit A). Again, like Mr. Mudd indicated, and you'll probably hear this from most, if not all of the rural RDAs, and that's expanded and improved infrastructure, primarily to support target industries and build resiliency. Again, for example, in Lincoln County where it's dependent, mostly it has been for generations, dependent upon diminishing power supply perhaps from Hoover Dam. There needs to be resiliency not only for economic development but for community development as well.

Access to electric transmission lines. We, as I mentioned earlier, in Lincoln County there are plans for at least two new renewable energy transmission lines to come through the county, and we would…believe it's really important to have the ability for Lincoln County, to be able to access those lines both to receive energy as well as to provide energy that can be produced in Lincoln County, particularly at the renewable energy site to put it back in the grid and create some economic opportunities there as well.

Enhance local government capacity to address community and economic development. This is probably an area that we can spend a lot of time on, but I just want to say this, we rely heavily, on as most RDAs do, on the local governments to support the work that we do. Lincoln County does not have a dedicated economic development purpose, or person, excuse me. They don't even have a county manager and the staff that they do have, is really responsible for a lot of different activities.

When it comes to things that we need to work with the county and the city on, code changes, permits, those types of things, certainly the commitment is there. The capacity and the resources to do a lot of that work isn't always there. Increasing that capacity at the local level is really important. I would just say this, just again for sort of a point of reference, starting with the fact that Lincoln County already is at the maximum property tax cap of $3.66. That tax, property tax in Lincoln County, nets about $6.0 million a year for all local governments. In Lincoln County that includes the city, the county, I don't believe it includes the school district, but the city, the county, special districts, and townships. That's important for us as well.

Lastly, I'm not going to repeat what Mr. Mudd brought up about economic development opportunities and incentives for frontier counties. Since I've been working with Lincoln County in this capacity, it's going on ten years, I'm not aware of any property tax abatements or any abatements really that have been granted in Lincoln County. I don't know the reason for that except that there just haven't been any that I'm aware of. I would say that this new solar development is probably the only renewable energy tax abatement that I'm aware of that has occurred in Lincoln County as well. Again, appreciate the time and the opportunity to present on behalf of Lincoln County.

CHAIR NEAL:

Thank you for your presentation. Members, any questions? Assemblymember D'Silva.

ASSEMBLYMEMBER D'SILVA:

Thank you, Chair. I have a question for Mr. Mudd and this is in regards to the Elko Regional Airport. We know that when it comes to connecting our economies and building robust economic development, air transport is pivotal. What's really been the issue in expanding the amount of commercial flights out of Elko? I know that we've talked about this amongst ourselves often, but I know there's two flights that are going into Salt Lake City. I believe they are $250 per ticket or something like that. What's been the issue in connecting Reno and Las Vegas to Elko directly? Thank you.

MR. MUDD:

Yes, sir. At the end of the day, I think a lot of it has to do with cost. As mentioned, a lot of times when we have individuals who are coming into town or on a personal level when people are flying various places, it almost adds, it almost doubles the cost to go out of Elko. Many people say, "Well, I'll just drive to Reno, or I'll drive to Salt Lake." Unfortunately, that…it's a double-edged sword because they're saving a little bit of money, but if they would just take that flight, in time, those prices would go down.

I think what has happened is we've just gotten used to and the airlines have certainly got used to this minimum, oh gosh, now I forgot there's a term for it, but this minimum cost to operate essentially. That's been paid by the City of Elko and by Elko County over the years and they've got accustomed to that.

Now I will say I know the City of Elko have…they've went out to other airlines in order to try to pick up some new flights and they've just simply been unsuccessful. They did develop what they call a FANN, which is, Flight Alliance of Northern Nevada, which they're trying to utilize in order to drum up money in order to, from industry as well, in order to subsidize those flights. But at the end of the day, it's just the simple cost of those flights, I think, is somewhat prohibitive.

From an economic development perspective, as mentioned, if we lose that, that's going to be detrimental, because oftentimes when companies are looking at the area, they say "How close is the nearest commercial airport?" For some of the big guys and certainly for our mining and mine support companies that is a crucial aspect of their business because they are flying people in and out constantly. From what I can tell, personally, is I think if we can get the cost of those tickets down, more people will be willing to take that flight.

CHAIR NEAL:

Senator Doñate.

SENATOR DOÑATE:

Thank you, Madam Chair, and thank you so much to the presenters. Your commentary, the second presentation was actually one of the most interesting ones, I was looking at the challenges that you mentioned. It's funny because when we look at developments of projects, the things that we always look at is access to water rights, or proximity to water, access to any energy substations and so forth, and the last one is rail, and that was one of the challenges that you mentioned.

I think my questions…I'm really thankful that Director Burns is here because I think my questions are probably directed to him and of course, I would love the folks who presented to give me some feedback. Has there been…when we talk about improving rail access, is there certain mechanisms that the state can apply to in terms of when abatements are approved that companies are investing in developing those access points? Specifically, as they're going into the industrial zones that you already have as part of your networks and so forth? I don't know if the state has any grant program…and maybe this is more of a question of how your coordination with NDOT and other state agencies. Does the state have any leverage point in terms of providing supplemental grants for the increase of access points to rail? I don't know, I know that there are federal programs, specifically the CRISI [Consolidated Rail Infrastructure and Safety Improvements] that I looked at that are available. I don't know if this is something that we can work with your agencies to take more leverage of those federal grants.

I guess my question is what can we do to support you to address that challenge given that we're not going to be able to fix the manufacturing part until you have reached the rail access points to be able to ship the productions that they're making. I don't know if you have any feedback on that.

MR. MUDD:

Sure, Senator, thank you. I will try to address as best I can, if Director Burns wants to jump up, by all means. I will say just to chat about that for a moment, about a quarter of our inquiries that we get ask for access to the rail. We're losing 25% of our leads just for that reason. I mean this is crucial. There are some things out there such as the State Infrastructure Bank and we've worked with the Office of Federal Assistance as well in order to identify various grants, specifically for the City of Wells, because we did have a lead there. The city put up the funds for a developmental concept just to see if we could pull rail from the main line and get into their industrial park. But then we go to the next step and you need a comprehensive design which is about $250,000 and we found a grant through the Office of Federal Assistance that would accommodate that, but unfortunately, they needed a 50% match and the City of Wells, 1,200 people, simply didn't have $125,000 to put up for that. Do you want to add to that, sir?

MR. BURNS:

Senator, you're correct. Rail is in dire need throughout the state because of the sparseness of parts of our state. We have no connectivity. We have tried to work with our friends at Union Pacific. I'd rather work with the IRS [Internal Revenue Service], they're more accommodating. We'll continue to have that conversation, but, I'm not aware of any money specifically set aside with NDOT that it relates to rail. Although I think there's an appetite there for expanding.

SENATOR DOÑATE:

Thank you, Madam Chair. Just for more commentary purposes. The reason why I'm asking these questions is I think when we…since this is an economic development committee, I think when we look at economic development and we have companies that are looking to come to us, the challenge that often, that I'm seeing is if I have a multi-jurisdictional project…I mean, I think everyone was kind of mentioning it. I know that Assemblymember [Gallant] was mentioning it with reference to Laughlin. When companies are coming in, it's one thing to be able to purchase the land, to redevelop the land and so forth. As I mentioned, you look at, for energy, water, rail. It's also difficulty navigating the complexities of state, federal, local jurisdictions.

I think what I would like perhaps that the members of the Committee can work on and maybe we can work on with GOED is how do we centralize and empower GOED to be the streamlined approach of a multi-jurisdictional permitting process where you can coordinate the initial application and the monitoring and the guidance of application processing and work with the local jurisdictions so that all of the projects are being approved at the same time.

I was reading the recommendations from project, NV Energy's project they've been doing to develop more energy infrastructure, and that was one of the main impediments. Which is, it's easy to create Project Greenlink and go through different counties but working with each of the separate local subdivisions is just what creates the project to become more onerous, to become more expensive and so forth. I'd like to hear feedback from you over time of working with this, with the agencies and so forth and what it would take to get that to that?

MR. BURNS:

I will just say briefly we would welcome that conversation.

CHAIR NEAL:

Assemblymember Backus.

ASSEMBLYMEMBER BACKUS:

Thank you so much, Madam Chair. I just have two, probably two questions and mine would probably be for Mr. Fontaine for Lincoln County.

I was looking at…you had made a comment and I just wanted to understand because I didn't really understand it when it came out really quickly about the inadequate infrastructure. Mainly with respect to the power and it said Hoover Dam is being curtailed. I understand the struggles that you're having with the 1930s transmission lines, but I was curious if, maybe those went together, but I was curious about what was being curtailed by the Hoover Dam power source.

MR. FONTAINE:

Chair Neal, through you to Assemblymember Backus.

CHAIR NEAL:

You can just go straight.

MR. FONTAINE:

Okay, thank you. Lincoln County has relied on really inexpensive renewable energy from Hoover Dam, its hydropower, for decades. The infrastructure, at least the, specifically the transmission lines that bring that power to Lincoln County are the original power lines constructed in the 1930s. They mostly cross federal land and looking at the feasibility of replacing those lines, and by the way, Lincoln County is served by the Lincoln County Power District and I don't want to speak on their behalf. But we work with them, we get briefings from them and they're really good about updating everybody in the community about the status of what is going on.

The fact of the matter is they've got an antiquated transmission system or connection to the grid. The power in Hoover Dam is the actual power delivered has diminished. Given where we are now with the Colorado River, the likelihood of it rebounding anytime soon is not really encouraging.

They've been looking for supplemental power sources. I know they're working on a maybe a 2-megawatt or 5-megawatt solar development. What happens now is they are basically forced to purchase power to meet peak demand to supplement what they're getting from Hoover Dam, and that's expensive power, because they're competing with everybody else who's looking for power to meet peak demand in Nevada and probably California as well.

It's not only a lack of power but it's also uncertainty about what power is going to look like and the cost of it going forward. I just, we'll just sort of segue into this, that is one of the things that we are hoping to have developed in addition to the biomass-to-biofuels project at the Lincoln, excuse me, Crestline Industrial Site…is the ability through all of the various processes—by the way, that site is designed to be a circular bioeconomy modeled after a concept in Denmark called GreenLab where everybody's just, it's a symbiotic type of industrial environment—is to be able to produce and generate power on that side as well, so that can be put into potentially the grid.

The other comment I made was about the fact that there already is, in Lincoln County, a renewable energy transmission line; it's an interstate line. There are plans to bring another at least one more interstate renewable energy line right through Lincoln County. Having access to that line is absolutely vital, I think, for not only the community but for the opportunity to be able to produce power in Lincoln County and put it back into the grid. It's probably more than, you were asking about, but I just want to make sure I answered the question.

ASSEMBLYMEMBER BACKUS:

Thank you so much, and Madam Chair, I do have a follow-up for him. I was curious of that, especially when considering looking at data centers. I think one thing we heard is they do use a lot of energy. If they're already struggling, but now it sounds like you have these other two transmission lines looking at other solar development.

Lincoln County is a beautiful part of our state. I drove up through Lincoln County last time we went to a special session, mainly because I wanted to visit another part of our state. It was a beautiful drive and with that, if, considering, I think about like little towns like Alamo, I know a lot of farming families that have generations that move out to Las Vegas to get jobs. I'm just thinking it must be very interesting having these conversations between your ranchers and your farmers, segueing into data centers.

Now I'm obsessed, I don't know if you've had an opportunity, but this DRI [Desert Research Institute] article, when you're looking at…I was hearing in the past, how much water our alfalfa farms used and when I look at this chart and it's 814-acre feet versus potentially what a data center could use. I know a lot of subsequent generations to farming and ranching are kind of moving away from that industry. Are you getting pushback from your ranchers and farmers or is this being accepted? I'm very intrigued by that.

MR. FONTAINE:

It's a great question. There has been a lot of discussion in rural counties and I know that. I'm a member of the Nevada Water Resource Association and at their annual conference they had two panels on water and water resources and data centers and there was discussion about the data center, for example in Lyon County, and all that. But in Lincoln County, again, I think what we're talking about here is much smaller operations compared to maybe what you see at TRIC or even what's being proposed.

I have had at least one inquiry from a farmer who is no longer interested in farming, has a lot of property, about the possibility of leasing—and by the way, it's less about the land, as you mentioned and more about the water—about leasing his land or selling his land and his water rights to a data center. That would be a little bit closer to town and I think would probably raise eyebrows from a lot of people.

If you're talking about something that's a little bit more remote and it's being powered by a micro-grid and the water is there and its low consumptive. And by the way there, I know there's a lot of…and I did read the DRI report by the way…but there is a lot of work going into reducing the consumptive use of data centers, there's even purported…it's purported that data center…there's some data centers that basically have zero consumptive use. I'm not sure I would really agree with that or understand that. But it's a balance between if you use more energy you can reduce your consumptive water use, if you use more water and it's evaporative cooling, you reduce your energy use. It's really a balance.

Again, these are discussions only. There's been interest, I can say that much, and the other thing I would say about data centers is because of the pushback they're getting in other parts of the country, particularly in the East and the Midwest and I guess in California as well or the rest of the West, really at this point what we're seeing is less about the specifics of the data center but more about marketing of sites for data centers. That seems to be what we're dealing with more than anything, at least at this point, that I'm seeing. Here's a site, it's close to Silicon Valley or it's along Interstate 80 and there's fiber there and there's water rights, and maybe there's power. But it's more about marketing the sites in, at least in Northern Nevada, and maybe not so much at least for us or at least the counties that I work with in the CNRWA about specific project proposals at this point.

ASSEMBLYMEMBER BACKUS:

Thank you for that. Thank you, Madam Chair.

CHAIR NEAL:

Senator Ellison, do you have any questions, or Assemblymember Gallant?

SENATOR ELLISON:

Yes, I did. There was a question brought up about small agricultural farmers and stuff being able to apply for grants or whatever in rural Nevada. I would like to try to get some information on that. Then the other thing, we did get two grants to expand that airport for a flight outfit to hit Las Vegas, Elko, Salt Lake, and Reno. That, because of politics, got killed several years back, but former Senator Goicoechea and I fought on that for years trying to get that airport going. But right now, there's a lot of small people that want to put in farms and they got the water rights, they've got the land. I just want to know how small or how big they got to be where I can let them know and maybe I can get that answered.

CHAIR NEAL:

Who, Senator Ellison, is there somebody in particular you want to answer that?

SENATOR ELLISON:

Yeah, it was a state agriculture. We're trying to find out if that's the case, we could let these people know.

CHAIR NEAL:

We'll try to get that information. I think, Mr. Woods, do you have information on what Senator Ellison is asking?

MR. WOOD:

I don't have it, but we will follow up with you.

SENATOR ELLISON:

Thank you.

CHAIR NEAL:

Thank you for that. Was that the only question or do you have another one?

SENATOR ELLISON:

No, that's it. The one is to get the information on the airport and the other one was the try to get some help for some of these smaller people that are trying to get started.

CHAIR NEAL:

Okay.

SENATOR ELLISON:

And that was brought up in the first testimony that they done. Thank you.

CHAIR NEAL:

Assemblymember Gallant, do you have any questions?

I will work backwards. I'll go from the Lincoln presentation and then go to you, Mr. Mudd, and then Mr. Taylor [Adams], I believe. On your opportunity slide, which is on page 9 [*sic*] (page 115, Exhibit A), you talked about the agricultural food processing, the USDA food processing center, and the local rancher who had started the USDA process but somehow it got waylaid, but it's not complete. I guess my question here is what kind of support has anyone asked for? Has this been a project that has been presented to GOED? Are folks...how much does it cost?

MR. FONTAINE:

Thank you for the question, Chair Neal. That project was a real joint effort between the local rancher and the City of Caliente, Department of Agriculture to some extent and certainly the LCRDA to try to develop a USDA-certified meat processing facility. It's located in the Meadow Valley Industrial Park. There are no other tenants in that industrial park, because the industrial park really isn't fully developed and the city did as much as they could to bring enough power in, enough water, and sewer to get that project started. There's still some infrastructure issues there. Then the developer started working on the facility and then COVID-19 hit and things changed. Then costs went up and all those sorts of things, and then the local developer had some other financial issues, none that were his own fault, I would say. It was a sort of caught up in the flood so to speak. That's where it sits.

I'm not sure if or how we're going to get that done, if it can get completed. But I think enough work went into it, enough of investment went into that project. That someone, if it's not the original developer, someone else, can pick it up. The need is huge. I mean, you've got, cattle ranching in Lincoln County and these ranchers are taking their cattle out of state to Utah. They often have to be put on a waiting list to take them to another state to be processed and it costs them a lot of time and money. There's no value added to any of that supply chain if you will. To answer your question, I'm not aware...we have tried to find some grant funding to help that project along. I'm not even sure that that's the type of project that would necessarily qualify for any of the current tax abatements. I don't know the answer.

I do want to bring up one other comment if I may about agriculture. I know that this isn't something that the Legislature really had much control over. We started to see some real interest in the Home Feeds Nevada program in Lincoln County. There are at least a couple of small farming operations that have greenhouse types of grows and grow sort of these niche crops that were initially shipped down to Las Vegas, to the casinos and the resorts, but then they were able to...but the costs were just too high for transporting those agricultural products. When the Home Feeds Nevada program was funded, there was an opportunity to help offset some of those costs for some of the farmers, at least one in particular that I'm aware of in Lincoln County, to be able to provide fresh grown produce to the food bank and food banks in Las Vegas area. You asked about opportunities, that was one that we had, but because of budget cuts, was quite frankly lost.

CHAIR NEAL:

Thank you for that. I think…Director Burns, I have a direct question to you or staff or whoever. What Mr. Fontaine is saying, in my memory bank sounds really similar to kind of what happened at Apex. I know you weren't around, but Apex had stalled for a period of time and it was just there. Then they had...things kind of changed and then they were able to pull things together, but ultimately, they had GOED's support. TRIC has had GOED's support. There are key industrial areas that…where GOED has infused and has assisted in order to help vacant land come to fruition.

Now that you're hearing this conversation here, number one, there's a direct relationship to the agriculture community and the development here and then keeping dollars in the county. I'm wondering if number one, there can be some kind of conversation around what currently is in existence that's either in a programmatic structure, either in infrastructure dollars that we have already approved that could assist in this conversation?

MR. BURNS:

Chair Neal, certainly I can deal with Director Fontaine and find out what's going on and why the slaughterhouse is stalled. We have put a significant, and I think that Mr. Fontaine would concur, significant amount of resources and time into the Crestline project over the recent years. We're on the phone with them once a week...every...for three and a half years and have put a lot of time and effort into that, so we're very supportive of that.

CHAIR NEAL:

Then I was also thinking about renewable legislation that we've moved to renewable…it's been a mixed bag. I think there's language starting in 2017, where we allowed for some kind of crossover in economic development. When we talk about renewable projects, whether or not it's electric vehicles, whether or not it is solar projects and trying to figure out how to do investment there.

I'm putting this out as food for thought as something that may be going back and looking into those statutes and seeing if there is a need to specifically curate, change language so that it can actually meet the need of a rural community need versus a larger community need. Where the language might have been set up for, something that was happening in the south but it was not set up for a specific thing. Because what I kept...what I think what kept running through my mind was there've been several instances since I have been in the Legislative Building where a locality has asked for support on infrastructure and we have obliged in one way or the other. Whether or not it was through the infrastructure bank, whether or not it was saying we'll reimburse you for what you put in, because we have a vested interest in the outcome. The General Fund was put on the line for however much money to say, "Hey, you do it, we will reimburse you," or however we worked it out.

I'm wondering if we should be thinking around those lines? Around what can we retool, what can we tweak? As I ask the questions, I think I want you to be thinking about those things, just because I'm trying to...I'm just thinking how many tools we've put on the table but they weren't for this, but they were for something else. When I was...when their presentations were going, I found at least two different legislative pieces that dealt with solar, EV [electric vehicle], renewable energy, but nothing that specifically is dealing with these transmission lines. We've directed under another statute under NRS 701B in the energy department to set aside 5% to pay for low costs and low-income communities. I know that these are run by co-ops, but I'm just thinking we've been creative before. It just baffles me that a county is saying, "We don't have enough energy to support business development." It's crazy talk actually.

I feel like the solutions...I don't know if we've ever had a solution table to just talk about what is it that we already have in place that should be tweaked for your problem and it's in statute? We may need to change six sentences to get that goal and redirect dollars in that direction to get something done. I know I'm simplifying it, but honestly, if it's possible to do all kinds of other things, then I feel like it's possible to do this. We've done worse, we've given money away to people who didn't deserve it. Why wouldn't we be able to give a pass and support rural communities so they can be healthier and support the Nevada ecosystem?

I thought, coming into this meeting, I thought, I was going to be talking about the middle mile and how we're going to get to the last mile, not energy. Just something to think about. I'll send the bills, but this is for the creative person. This is the one who says, "I'm looking at the statute and I need to rethink what this energy bill should do for economic development." I'm always thinking laterally across subject matters to try to figure out how does something we've already done; how can we go back and look at it again. Because even when I think about the 2025 legislation that you guys brought forward, this past session that we were in conflict over, I didn't see anything in that language that supported, I mean I saw biomass, but I didn't see anything that was nuanced to these kinds of problems that we're hearing today. I think when I, and I know it comes off as criticism and it is…when I always say we're going after the big fish and we're tailoring legislative product for the big fish, tailor it towards the small county and let's get some movement there. I feel like that's where the real gain is going to be, even

if it's a balanced approach. Half and half, but it can't all be big fish. I'll just put a period there. I'm just saying…maybe that made it better to be like if I cut abatements and make abatements do something else in the local rurals.

My other question, Mr. Fontaine, was on this tourism and outdoor rec. [recreation]. Department of Tourism [Department of Tourism and Cultural Affairs] did they…they are, they have a study or they have a guy going around. I believe there was a meeting in Elko, I think it was in March on agritourism. Are you guys playing into that conversation?

MR. FONTAINE:

I'm aware of the initiative for agritourism and again that's something that we would be happy to talk to the state folks and certainly work with our local LCAT on. I think there's tremendous opportunity in Lincoln County. If anybody can help move the dial on that I think it'll be our local tourism authority with the support of Travel Nevada and the agriculture community as well. I haven't really got involved in it to date, but I'm looking forward to doing it in the future.

CHAIR NEAL:

Yeah, I think you should because they're trying to figure out how to leverage your existing cultural niche areas and outdoor recreation into spots where people who are outside of the state are just like this is what I want to do low key, come out and participate in this activity and it's a different way to spawn economic growth top up, I mean well, bottom up. But there's some other things that need to happen alongside it, but it's at least a conversation.

I also want to know, and this is going to be also the same question for you, Mr. Mudd, is how are you guys taking advantage of the housing tax credits that we actually have in statute? Have you ever used them? Have they ever been applied to housing in either Lincoln County or in the northeast? They exist, but let's say it was refunded because...have you ever used them to try to build housing?

MR. FONTAINE:

I'll take a stab at that and I don't want to speak definitively on behalf of Lincoln County or the City of Caliente, but I'm not aware of any use of those tax credits for housing in Lincoln County.

CHAIR NEAL:

Mr. Mudd?

MR. MUDD:

Madam Chair, I have the same answer. I'm not aware of anybody using those tax credits in our area.

CHAIR NEAL:

Have either one of you, on the recent legislation, it was the A.B. 540 (83rd [2025] Legislative Session), which was the big housing bill that just came from the Governor. Have any of you guys participated in their...I believe it's a, I think it's $20 million that was set aside for local governments. Have you guys applied for any of those dollars?

MR. MUDD:

Madam Chair, the short answer is we participated in the process. We testified in favor of that bill; we participated in the workshops. I gathered up developers and so forth to apply for those incentives, and they were all rejected. From what I understand is that there were $64 million allocated in February, 80% of that went to Clark and Washoe County, about 19% went to projects in Fernley, $750,000 went to the Rural Nevada Development Corporation out of Ely for down home, or down payment assistance. That all that equated to 1% of that total allocation. We had one entity in my region that actually got through the process, got some of that funding. The only question I have with that is there's not a lot of homes for sale in White Pine County, so down payment assistance doesn't really, it's not going to help very much when there's not a house to put a down payment on.

CHAIR NEAL:

Can I ask a different question? For the developer that was interested, what was the barrier? Because it's my understanding in A.B. 540 and this was something that at the time I was more frowning upon it for the larger cities to use. There's a reimbursement piece for infrastructure cost. You're actually paid back for…you can submit a reimbursement to the state for anything that you need in order to develop. What was the barrier?

MR. MUDD:

Correct. Some of the feedback that I have received is, and it's primarily from the developers themselves, is we had some developers who didn't necessarily have property in place and I think that was part of the requirement is you had to have, essentially have your funding and your bill, everything had to be ready to go, including a property. We had one individual who had essentially a letter of intent to secure property, but that wasn't good enough. We had another developer who sim…they said they were rejected prior to the deadline. The exact...I think the best thing I can do is just give my opinion on this, is that there're projects that were already essentially in the pipeline, ready to go, had everything in place, those were selected. For us out in rural Nevada, we oftentimes, we can't put those projects together because we don't have this one piece, this third leg of

the stool, which oftentimes is funding. Some of those applicants couldn't put those pieces together…in order....and like I say, that is speculation on my part. I have reached out to the Housing Division to have those conversations, and we have not had those to date.

CHAIR NEAL:

Yeah, I just, I guess I just thought it was interesting just because we've had the housing tax credit program I think since 2017 under, 2019, [former] Senator Ratti brought it in. Then we had this other bill, because it seems like one of your major barriers was housing...

MR. MUDD:

It is the major barrier, ma'am.

CHAIR NEAL:

Yeah, and then we put, I think that bill was $133 million specifically for housing and there was building housing from ground up. To be eliminated because you weren't a shovel-ready project, that's not how we understood the legislation like it was set up for a shovel ready, that it was set up to build housing where there was no housing and all across the state.

Homework assignment. I think this is going to come up in this Committee in July, the housing credit bill. If there was another bite at the apple, what's the missing language to make sure that the rurals are included and that it's appropriately set up? There's still a cache of dollars out of the $133 million, it hasn't all been expended. Is there, now that there's been a little bit of time, is there someone who is maybe better prepared now? Is it a…do you need one of us to help with a Housing Division conversation to see…? Even if you were able to get, I mean you had small numbers, but even if you were able to get 30 houses online it would make a difference, created and built. It's just something I want you to think about. I don't know, go back into A.B. 540, highlight it. It didn't come through this Committee; it went through [Assembly Committee on] Government Affairs. However, the housing tax credits it's still, it's a relevant point and I think it matters.

My other question to you was on, when you talked about the railway access. I wanted to know if you're using inland ports. Inland ports has been in statutes since 2015, Assemblymember Backus updated it in 2025. The tools that are in that are tax increment bonding. The idea was to be able to create access points within Nevada to connect rail, other kinds of access points that, not just highway but other points in order to move goods and try to help with an economic ecosystem. Are you familiar with the inland port? Has it ever been of use to you?

MR. MUDD

Yes, ma'am. We definitely bring up that conversation with some of these leads that we bring to our office, especially if that is a deal breaker, is we make mention of that. We'll pass those leads on to those represented RDAs in that area. But by and large, our volume, we don't have a tremendous amount of volume when it comes to leads and so up to this point, nobody has really taken interest. Their specific interest is, we want this right out our back door so that we can load and offload right here. A lot of times that has to do with the products that they are dealing with, which primarily has to do with the mining industry, right there.

CHAIR NEAL:

That's good to know. I guess the same question for Lincoln County, inland port and the northeastern, are you guys using inland ports? Mr. Taylor…Adams?

MR. FONTAINE:

I guess I'll answer that, Chair Neal. As I mentioned with the project that we're working on in Lincoln County at Crestline, the Union Pacific Rail mainline, so the main line goes right through the property, that industrial property. There has been discussion about an inland port set up around that, but we haven't really gone much further than the discussion stage. I think it would be an important tool potentially, but to date that has not really gone beyond the, at least the initial conversation stage.

MR. ADAMS:

Madam Chair, excuse me.

CHAIR NEAL:

Go ahead.

MR. ADAMS:

Madam Chair, we do have a provider in our area that is in the process of developing infrastructure that could lead…that should lead in time to the designation of an inland port. Important to know though in the present where this developer, IRG [Industrial Realty Group] is working at risk. They have not yet elected to go through the formal process of working with our local agencies and GOED to get formal designation of a port. They are, however, building the infrastructure.

CHAIR NEAL:

It's potentially viable for you but not for everyone else. What I'm wondering is, is it the wrong tool to help with transportation of goods? Is there a different tool? Is it not, can you not do tax increment? What is it?

MR. ADAMS:

It's important to know where, my office is in downtown Reno, it's important to know the asset that is being developed is in rural Nevada. We're a believer in this tool, Madam Chair, we think that the multi-modal transportation assets into…throughout Nevada are necessary to ensure that, ensure our long-term economic future. We believe the tool is right. We just, we think, we need to get the first one done so that we can set the example for everyone else. But we do believe that the tool is needed and important.

CHAIR NEAL:

Thank you for that. I want to shift to Knowledge Fund and I'm going to just combine it, Knowledge Fund and Main Street. Main Street legislation already exist. The three, do we use it? I know it's underfunded; I think it's $300,000 a year, it's not enough. What would you, if you use it, if you don't use it, what would help you to use it? Is it making sure that it's not a $300,000 a year program? That it actually has a true funding source attached to it. I saw also, second part of the question, in your documents that I believe it was Lincoln County or I don't know if it's in the CEDS [Comprehensive Economic Development Strategy] or there's one of them. It said that the Knowledge Fund, the ideal number was $15 million to put into the Knowledge Fund to make it make sense. Those are the two questions.

MR. ADAMS:

Thank you, Madam Chair. I'll take those in reverse if I may. As it relates to the appropriate amount of funding for the Knowledge Fund, I would obviously, yield to your body. We would welcome any support that we can get there, but I don't know that I'm qualified to…as I serve a specific region, I don't know that I'm qualified to speak on what an appropriate state allocation or appropriation might look like. GOED might have more perspective on that. Looking at the two funds, or the two tools in aggregate, my organization works exclusively in the commercial and industrial economy. We don't do an abundance of work with Main Street and so I would yield to anyone in our robust network of chambers of commerce across the state who work with those funds more directly, also to talk about the appropriate funding level.

In my world and the work that my team does, the Knowledge Fund is critical. Because we, one of the things that the report that we're talking about on the entrepreneurial side and rurals clearly outlined was the opportunities that exist within tech, both tech manufacturing development and technology transfer in our rurals. We also see that access to capital in our rural economies is incredibly challenging. Any support that we

can get in the Knowledge Fund helps us advance work to create, recognizing a great deal of it will likely be tech that directly supports agricultural uses, water uses, and renewable energy. We would welcome any support that we could get to enhance the Knowledge Fund so that we could continue that work in the rurals.

CHAIR NEAL:

Mr. Nakamoto, I have a question. Is there something legally that says that we can shift the focus and make sure that the Knowledge Fund like rurals get first dibs before southern entities?

MR. NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):

Thank you, Madam Chair. As soon as you said the word legally, I realized that this is probably not a question for me, and I would ask, Mr. Fernley, if he would weigh in. Otherwise, we can get an answer back to you. Thank you.

CHAIR NEAL:

Because we listened to the Knowledge Fund and of course, yes, the Legislature is guilty of cutting it. However, I see a lot of the south access it before probably you do. Mr. Burns?

MR. BURNS:

Currently, we get $2.5 million a year. That is split up between three institutions, it is split up, rounding numbers, so forgive my little grace, but about 35% to the UNR, 35% to the University of Nevada, Las Vegas [UNLV], and 30% to the DRI. I believe, and this one I would defer to the gentleman, I'm assuming with a legal background, but I believe under current statute they have to be four-year research institutions.

CHAIR NEAL:

It certainly begs the question of how to raise revenue or how to figure out how to keep revenue in the pot in order to spread it to try to help cover needs, because that's not enough to get to the rurals, and clearly the south gets first dibs or first action when it comes to the Legislature. If it goes to UNR that doesn't mean that it touches the rural community. I think it's one of these conversations like when I'm talking about how do we raise revenue or how do we keep revenue. We have a lot of things to fund in order to make economic development real across the state. We have programs that are in place and I'm, and I guess as we're having this conversation, I'm trying to figure out, in the rural communities…is it…if Main Street is not what you use, should we create something else? Should it be something else? Should it be designed a different kind of way to get the outcome that you need? Because this has been around for, I think, [former] Assemblymember [Heidi] Swank did the Main Street in the 78th (2015) Legislative Session. The question is, if the tools are on the deck in the 84th (2027) Legislative Session, what is the revisioning of the tool? I think that's where we need to really, that's where I want you guys to think about.

MR. MUDD:

Madam Chair, if I may. Just to speak on Main Street out in northeastern Nevada. I know several of our communities are participating in that program. I'm going to resonate, or mirror what Mr. Adams said, our organization tends to play primarily in the commercial and industrial space. Recently, especially since 2020, as we have offered to assist more small business throughout the region, the Main Street program, the folks, some of our communities that participate in that tend to provide very good feedback. Outside of that I can't speak to specifics, but I will say we have multiple communities in my jurisdiction that participate in that program and tend to, speak highly of it.

CHAIR NEAL:

This is what I see and we don't even have all of the rural counties. Every county or every city in the rural is a very unique, I'm calling it "curated development." This is more like the homework assignment. I want you to think, because what Lincoln County needs is not what you need. What would be the curated tool that would need to exist? You went into the statute, you looked at all the tools, you said, "This doesn't exist." What would need to be created? Is there something there that misses the mark? Because it doesn't speak to your tax base so it's not something you can use. We use tax increment financing a lot. What is the barrier on you being able to leverage that? Why is that not a tool that's going to create an economic development change for you? If I look at Lincoln County where you are like 5,000 people, where is the tax increment going to come from? These are the things that I'm thinking about that I want you to think about. We have some time between now and the 2027 Legislative Session. Because, I think we at least need to put two steps forward to deal with this. I believe that this is…if we don't get this right or at least start trying to fix it, the economic development plan of the state I think is missing, that is my opinion, that it's missing the mark when it doesn't include how to grow those economies. Based on the assets that you have and trying to at least remediate some of the most significant barriers, at least in the 2027 Legislative Session. You think what can you mitigate in 2027 Legislative Session, what can you mitigate in the 85th (2029) Legislative Session, and then what can you mitigate in the 86th (2030) Legislative Session? Then I'm not here anymore. Then someone, some other human will give you grief. But that's what I think you need to think about. Director Burns, sorry.

MR. MUDD:

Madam Chair, I don't want you to think that these conversations have never happened before. We've had several of these conversations with our communities trying to promote and leverage various economic development tools, including a tax increment financing. By and large, what I've seen is, especially with our smaller communities…communities like Elko have a pretty robust city staff and so forth, and certainly have the capabilities and capacity to put some of that stuff in place. Why they don't, they have their various reasons.

Some of our smaller communities, however, I think get somewhat intimidated by some of that information, they're not sure exactly how they can implement it. You have individuals who are wearing two or three different hats, and so the fear of being overwhelmed. I do think what you're talking about is important and maybe a situation where somebody, whether it's GOED or somebody else, essentially puts forth best practices. Here's how this can be done, here's how you can do this. In order to really coach some of these smaller communities through that process. Now they can choose not to adopt it. But I think that tends to be one of the biggest barriers is, "This sounds good, but how in the world do we do it in a community with a population of 2,000 people and staff that already feel somewhat overworked?" That tends to address that.

As far as some of the other points that were made. How do we get some of these programs to work for rural communities. I think language has to be put in place that certain allocations are made specifically for those 14 counties. This money has to go to one of these counties or not, but…because I think several of our communities do kind of feel like they just simply can't compete with some of our larger communities and our larger counties. Putting some of that language in place that, let's use A.B. 540 for example. Let's put this bill together that specifically addresses this in one of these 14 counties, and this money is only available to those counties. Something along those lines, I think, would be useful. I had another point, but it got lost in there, so I will yield to Director Burns.

CHAIR NEAL:

That's fine. Director Burns?

MR. BURNS:

I would advise Mr. Mudd that happens more as we mature more.

I was just going to provide clarity on dealing in the Main Street space in that the preponderance of the folks that we deal with are really, to Taylor's point, are set up by the local chambers of commerce, tend to be standalone entities that are volunteers that just do the Main Street project.

CHAIR NEAL:

Thank you for that. I'm going to…I have a lot of questions I'm going to ask offline and just shoot them over. We're going to close this presentation so everybody can have lunch. But what I want folks to think about is that for this particular Interim Revenue, our bills, our drafts are due what, August, or at least, August 31. I want you to at least think about some rural components. I know it's a short win but if we put it in, we have a few months to talk about it after. But to really talk about what is a true economic development strategy that is…it can be as nuanced as possible. But I feel like this is the time to really have a conversation about where does this go. I've seen the studies; I've seen…this has been a conversation point. I've read lots of documents that are eight years old. Someone's talked about it, I agree with you that this has been a conversation.

I'm also trying to make it a priority for the 2027 Legislative Session. I'm trying to figure out how to reshuffle the deck, how to reshuffle who eats first, and make sure that the rurals are included equally with the south. That we, although we dominate a lot of the conversation, I truly believe that a…building moderate economies in the rural is going to help the state overall in terms of economic development growth.

When we talk about…because whenever we talk about tax policy, there's a reason why you guys are like, "I hate you, why are you guys trying to tax us all the time?" Because you can't absorb it. There is no economic foundation. I mean, yes, there's mining, but in terms of the ability to absorb that hit, that's why it's a constant, "Okay, you southerners trying to tax us." But you cannot absorb it. We need to be thinking about what does this look like in the revenue needs that we have in the economic development strategy? It's there, it's not like agriculture's not in the plan, it's in the plan, transportation's in the plan, inland ports in the plan, it's in the broader state plan. You have the whole category of other. That's what I think we should be doing, think about that.

Up north, think about what it is…I know Reno, you guys are different, but you also have some other parts under the umbrella for the RDA up there. If you were talking about RDA funding, because that was one that all three of you mentioned. What is that number?

At the end of the day, I'm trying to raise revenue, but we also need to consider what does that look like and what are those needs? If you don't know what the need is and what are you raising for, in totality? It's not just services, but it's also trying to help the economic development strategy make sense for the rest of the state.

That's my two cents, I'm sticking to it. We will go ahead and close this Agenda Item VI and then break for lunch and then after we come back, we'll have staff presentation.

Thank you, guys for spending your time, thank you for the seven-hour drive, we appreciate it. We will go into recess. We'll be back in 30 minutes. Not going to be long. It'll be quick.

Chair Neal called a recess at 1:26 p.m. The meeting reconvened at 1:27 p.m.

We're going to come back to order. We have had some technical difficulties so we are going to close our meeting out and open up for public comment.

VII. OVERVIEW OF STATE TAX CREDIT PROGRAMS USED FOR ECONOMIC DEVELOPMENT AND RELATED PURPOSES.

This agenda item was deferred to a future meeting.

VIII. REPORT AND DISCUSSION OF FY 2026 YEAR-TO-DATE ACTUAL COLLECTIONS FOR THE STATE GENERAL FUND.

This agenda item was deferred to a future meeting.

IX. PUBLIC COMMENT.

CHAIR NEAL:

Is there anyone here in Las Vegas for public comment? Seeing no one, is there anyone on the phone line for public comment?

[LCB AUDIO VISUAL AND HEARINGS STAFF]:

Thank you, Chair. The public line is open and working; however, we have no callers at this time.

CHAIR NEAL:

We will go ahead and adjourn this meeting. We're going to move the agenda items that we couldn't do to our July meeting, or potentially August, but it will be moved to another date. We appreciate you guys.

X. ADJOURNMENT.

Chair Neal adjourned the meeting at 1:27 p.m.

Respectfully submitted,

_____
Christy Kaiser, Secretary

APPROVED:

_____
Senator Dina Neal, Chair

_____
Date