

# **STATE OF THE STATE ADDRESS**

**GOVERNOR JOE LOMBARDO**

**STATE ASSEMBLY CHAMBERS**

**JANUARY 15, 2025**

Speaker Yeager; Majority Leader Cannizzaro; Lieutenant Governor Anthony; members of the Senate and Assembly; honorable Justices of the Supreme Court; constitutional officers; distinguished guests; my fellow Nevadans.

Good evening.

Before I begin, I want to acknowledge that all of us have friends and family who have been affected by the devastating wildfires in southern California. Our hearts go out to those who are dealing with the fire's aftermath, and I ask that we all keep the good people of Los Angeles and the first responders who are working to keep them safe in our thoughts and prayers.

I appear before you two weeks into the new year and two weeks away from the start of a new legislative session. I know we all feel a profound and abiding sense of duty....and honor....to serve the people. Every day we are entrusted with the distinct privilege of working for the citizens of this great state.

It's no secret that in the coming months we won't always see eye to eye on everything....and that's ok. What I do know, however, is that there

will be absolutely no disagreement among us on two essential mandates -- fulfilling the people's trust and giving them nothing less than our very best.

Tonight, let's take a look at where our state is headed. I'll highlight my executive budget, summarize the state of our state, and outline where I believe our state's resources should be prioritized.

Beforehand, I want to talk about who we are and where we've been.

100 years ago....almost to the day.... Nevada Gov. James Scrugham wrote to the Nevada Legislature in his State of the State message that economic progress should not be restrained "by burdensome legislation, excessive taxation or unnecessary interferences."

In 1925, Nevada's population was 85,000. Today, we're over 3.2 million. Gov. Scrugham was spot on 100 years ago and I'd bet what he wrote in 1925 will be true 100 years from now.

It's that kind of disciplined leadership that has enabled Nevadans to march through decades of unexpected downturns and rise again and again with a renewed spirit of hope and optimism.

I also believe that by embracing the Nevada Way, a concept that as Nevadans if we believe in ourselves sufficiently enough and trust one another to overcome adversity no matter the order of magnitude, we shall never fail.

We emerged from a brutal pandemic stronger and healthier. We instituted thoughtful changes in the way we operate. And we exercised our vested authority to substantially limit the growth of government. It's not about doing less. It's about doing better.

To give you a sense of what I'm talking about, when I took over as Governor, the I.T. project to replace our H.R. and financial operations

systems spent more than 100 million dollars but was no closer to implementation than when it started in 2017.

I am proud to announce that the first phase of the financial system went live on January 2 and is now paying Nevada's bills. And the H.R. system is on track to be fully implemented this summer.... on time and within budget!

We've made clear that our vision for Nevada's future is bracketed by the twin principles of fiscal discipline and decisive leadership.

To put it simply.... we're getting "sh\*#0%" stuff done.

Without hesitation, I can confidently say that after 24 months in office: WE ARE running government...government is not running us. Meaning in my administration results are more important than process.

I strongly agree with President Reagan's idea: "Government can and must provide opportunity, not smother it; it must foster productivity, not stifle it."

In two years, we've reduced the employee vacancy rate from 25 percent to half that. Morale and working conditions have improved dramatically, state employee productivity is significantly higher, employees are back in the office, and we are back in business! During that same period, we've welcomed a record number of visitors to the Silver State, and we are experiencing robust job creation.

Nearly 1.6 million Nevadans are working, marking the highest number in our state's 160-year history. This remarkable achievement reflects the resilience and determination of our citizens and the progress we've made in building an economy that delivers results.

But in an unusual twist, Nevada's unemployment rate stands at 5.7 percent - a number that reminds us there is still much work to be done.

My administration is committed to ensuring that every Nevadan, no matter their circumstances, has access to meaningful opportunities to contribute and participate in our state's success.

In my inaugural address, I spoke about unleashing the roar of Nevada's economy and we are well on our way. I attribute it to the fact that the world wants to share in our rich entertainment and sporting events, and at the same time, business leaders around the globe have heard and answered the call that Nevada is open for business.

These are good signs, no doubt. But as leaders it's our responsibility to be on the lookout for early warning signs of change.

While we can look forward with cautious optimism that our economy is stable, we must stay alert to sudden economic turns.

To that end, my budget includes a record high reserve in the Rainy-Day Fund of 1.3 billion dollars. Just imagine, 10 years ago the Rainy-Day Fund had a balance of 330 million dollars. Four years ago, due to the pandemic, it was drained to zero.

We made smart fiscal decisions, and we instituted prudent policies to protect ourselves.

We should pause and note. Those of us who were here two years ago can be gratified knowing that *we are responsible.... for being responsible.*

It's safe to say we Nevadans are no strangers to hardship. It's the story of our nature and the nature of our story, so we must act accordingly.

Let me provide you with another example of what we've accomplished since taking office - this time in education.

Last session, we added over 2 billion dollars in new funding for Nevada students and schools - the largest education investment in our state's history. Hand in hand with that historic achievement, we worked last session to make our schools safer and more accessible to Nevada families in all 17 counties.

We heard the urgent voices of students, parents, and teachers that said the safety of our schools was under threat. They asked us to step up....to re-empower teachers.... and to give students the reinforcement they needed to grow academically while also learning the value of respect and responsibility.

I was proud to collaborate with the Legislature last session to pass two bills that re-established control and accountability in our schools.

Together, we also made major new commitments to state-funded Pre-K through building out additional capacity for our youngest learners. We created transportation options for students who choose to attend charter schools, and we supported our teacher workforce by creating new professional pathways and scholarships.

That level of cooperation, the willingness to come together and find common ground, is what I hope for in this session as we work to solve the needs of our students, parents and educators.

I'll share more in a few moments about what we propose to do this session to improve public education.

## **EXECUTIVE BUDGET**

First, I'm proud to present to you a 12.7-billion-dollar executive budget that meets the commitments we made last session on pay raises for public employees and teachers....and I am pleased to announce tonight my budget will make teacher pay raises permanent. *I'm also announcing that I will be extending pay raises to all charter school teachers.*

Additionally, my budget introduces important changes in how we conduct state business, it bolsters our purchasing power to save taxpayer dollars, and it's a budget that is transparent in addressing inescapable realities like program rollups amid the growing scarcity of federal dollars.

Let's face it. As we get ready for the 120-day session, we all know working families need to catch a break. I can assure you that every single one of my budget decisions was focused on delivering on that commitment.

Most important, this is a budget that's centered and balanced on the promise of not raising taxes on hard-working Nevada families.

My fellow Nevadans, I stand before you to tell you that the state of our state is steadily improving. We are certainly headed in the right direction and the outlook is positive. For it to remain sustainable, we must...we must sharpen our discipline and focus.

Prices are higher because of the compounding effects of inflation and the cost of living continues to weigh on families. Housing costs are stretching budgets thin. Health care costs remain a heavy burden and access to health care is too limited for too many.

With these concerns in mind, I'll share something with you. Last month I declined to include millions of dollars in state agency requests for more funding in this budget. Many of the proposed program enhancements were thoughtful but now is exactly the wrong time to strap more burden on the backs of hardworking Nevada families. So, I held the line.

Considering the added financial pressures Nevada families are feeling, I instructed my cabinet to lock in the resolve to say NO to more spending....and YES.... to more accountability and resourcefulness.

Among my top budget priorities, I want to mention one in particular. It's one I expect will be met with bi-partisan support: I am announcing that we will be splitting up the Department of Health and Human Service and will stand up the Nevada Health Authority, which will be assigned the critical responsibilities of managing Medicaid, the Health Exchange, Employee Benefits, Mental Health Funding, and other services.

This new authority will capitalize on the broad and strong purchasing power of the State when it comes to health insurance. Leveraging that power enables us to cut a better deal for taxpayers while offering better insurance options for Medicaid members, those Nevadans enrolled in the exchange, and state employees.

To lead this new agency, I am proud to announce I've asked one of Nevada's hardest working and most effective public employees to take on this assignment.

Please join me in recognizing Stacie Weeks.

Making this significant adjustment in the way we address health care is an essential step in helping all Nevadans and I urge your support for this critical shift in health care management.

## **PRIORITIES**

Nevada is entering a crucial phase, confronting challenges that demand serious comprehensive and forward-thinking solutions. From housing affordability and healthcare access, to educational outcomes, public safety, and economic policy.

To address these critical needs, I am introducing five priority pieces of legislation that reflect my administration's vision for Nevada's future.

Each of these proposals represents a comprehensive and strategic approach to addressing the challenges we face and are designed to

deliver tangible results, improve government efficiency and provide financial relief to taxpayers.

I would ask that before some of you say “no”; work with me.... collaborate with my agency heads.... ask questions....give input....offer alternatives.... and set aside partisan politics.

The stubborn reality is that if we do nothing these challenges will only become more difficult.

### **Nevada Housing Attainability Act**

Let me say this plainly: Donna and I are grandparents, and we feel firsthand the struggle young families are having with housing costs. We know too many Nevadans who are seriously questioning if they’ll ever have the chance to own a home.

Everyone watching and listening tonight has been affected by this crisis. No one is untouched.

Finding sensible solutions requires leadership, partnership and bipartisanship. I know we can do this if we set our minds to it.

The root cause of our crisis is Nevada’s families and builders are being held back by the federal government’s reluctance to release the land we need for housing. With over 80 percent of our state under federal control, bureaucratic delays have driven up costs and shut down opportunities.

My administration has fought hard to change that pushing Washington to make land available for the people who need it most.

I’ve spoken with President Trump on multiple occasions to let him know how important it is that more federal land be released, so we can relieve the mounting pressure on our housing inventory. I have great confidence that the President understands and will help.



I've also been in constant contact with our congressional delegation who are working closely with us to cut through the D.C. bureaucratic red tape.

But, while we press for federal action, we're not waiting.

We bear an important responsibility to protect the natural splendor of Nevada while solving our housing crisis. That means supporting what works and shedding outdated practices that slow progress or drive-up costs.

By streamlining permits and prioritizing the use of every buildable acre of land for Nevadans - not out-of-state investors looking to cash in - we're creating a route for housing attainability for all.

The Nevada Attainable Housing Act is our action plan to get this done. This comprehensive legislation tackles housing needs on multiple fronts, from reducing fees and fostering innovation to incentivizing development and creating public-private partnerships.

The bill prioritizes state funding that will support 1 billion dollars in new attainable housing units across Nevada.

This investment empowers Nevada builders to create homes for the people who live and work here, helping families secure stable housing, creating pathways to homeownership for essential workers like teachers, nurses, and first responders, and supporting transitional housing for those starting over.

By focusing on solutions that expand housing supply through collaboration - not heavy-handed mandates that choke growth - this plan is about partnerships: builders, governments and communities working together to create housing by Nevadans for Nevadans.

We also need to continue the great work our fire agencies and stakeholders are doing to protect us from the growing risk of wildfires.

If fires do occur, despite our best efforts, we need to ensure that our homeowners and residents can have adequate insurance in place to help recover from loss and to stay in their homes.

We know a house isn't just four walls and a roof: it's the foundation for a better life. Whether you're renting, saving for your first home, or starting over, know this: we see you, we hear you, and we're in this together.

Just this week, the Office of Economic Development formally approved the Campus for Hope, a 200-million-dollar initiative that embodies the power of public-private partnership. Funded by the state and the private sector through the Campus for Hope Foundation, this groundbreaking project will provide life-changing resources for those experiencing homelessness.

By bringing together the state, local governments, and our business community partners, the Campus for Hope exemplifies Nevada's commitment to innovative results-driven solutions. More than just a building, the Campus represents the promise of a better future.

Combining the collective will of the 63 of you and me, we can build more than houses; we can convert Nevada's promise into reality, a place where every family can thrive, every community can grow, and every dream can find a home.

That's the Nevada Way.

### **Nevada Healthcare Access Act**

Nevada is home to some of the best doctors, nurses and hospitals in the country, but we face a significant challenge: we don't have enough of

them. With some of the lowest provider-to-patient ratios in the nation, far too many Nevadans are left waiting for care, or worse, going without it.

This session, we're confronting this issue with a bold plan to modernize and strengthen our healthcare system.

We're also removing barriers that prevent providers from focusing on what matters most: delivering high-quality care. By 2028, all health insurance plans in Nevada will be required to adopt standardized and digitized prior authorization plans, thus reducing delays for patients and providers.

Concurrently, we are investing in partnerships that address both healthcare and economic development challenges. By doubling our investment in graduate medical education, incentivizing providers to serve in underserved areas, and leveraging telemedicine, we are creating new career opportunities and ensuring that quality care reaches every corner of the state.

These initiatives are grounded in a simple but profound belief: the strength of Nevada's communities begins with the health of its people. As I mentioned earlier, at the heart of this effort is the creation of the Nevada Health Authority; a streamlined agency designed to address our state's most pressing healthcare needs.

This agency will include an Office of Mental Health to expand access to behavioral health services and ensure better coordination of care for Nevada's most vulnerable residents.

We're building a system where families can trust they will find the care they need closer to home, where providers want to practice, and where every investment enhances the health and prosperity of our state.

Because healthcare is more than just a service; it is a lifeline. It's an equalizer. It's a promise that no Nevadan no matter where they live will be left behind.

### **Nevada Accountability in Education Act**

In 2023, we delivered the largest investment in K-12 education in Nevada's history. We did it because we believe every Nevada child deserves an education that prepares them for careers, college and life.

We've invested the money. A lot of it. And we've made a solid commitment to students, families and educators. Together, we ensured that students facing the greatest challenges, those learning English, or those at risk of falling behind, or those with exceptional talents, received the support they need and deserve.

I'm proud of what we've done.

But, folks, we can no longer accept lack of funding as an excuse for chronic underperformance.

I'm a big believer in school choice, some of you are, too. And I recognize some of you are not.

When it comes to our education system, let's ask ourselves two direct questions.

One, are we satisfied with the status quo that results in our education system year after year bouncing near the bottom of national metrics?

I know I'm not.

And two, shouldn't we collaborate more to close the achievement gaps plaguing our schools and challenge ourselves to try something different?

I believe we should.

To change the outcome, we must be willing to change the model.

My view is, and other states around the country are adopting similar views, no child should be trapped in a failing school because of their ZIP code or held down because of how much their parents or grandparents earn.

The Nevada Accountability in Education Act sets out four specific areas of how we intend to impose accountability, accelerate improvement, and give every student a legitimate shot at success.

First, we are advancing policies that demand stricter accountability, equity, and excellence across every level of our education system. We are raising the bar for our schools, school districts, and school boards.

Second, we're expanding open enrollment policies to break down geographic barriers and provide transportation support to make choice available for all families. Every parent deserves the freedom to find the best educational setting for their child – no exceptions.

Third, we're doubling down on teaching excellence. The Excellence in Education Fund will reward Nevada's highest-performing teachers and administrators.

Finally, we're addressing one of the most fundamental issues in education – early literacy.

For those schools that are struggling, we will dedicate targeted resources to drive improvement while holding everyone accountable for results.

If a school is found to be consistently underperforming, make no mistake, my bill proposes decisive action.

We've done good work together. We must do better. Let's make a permanent difference in our schools.

## **Nevada Safe Streets and Neighborhoods Act**

The safety of our citizens continues to rank as a top priority, and in 2022, Nevada voters elected a Sheriff to be their Governor.

Several years ago, laws were put on the books that softened criminal penalties, weakened judicial discretion in sentencing, tied the hands of prosecutors, and restricted justice for the victims of crime.

In 2023, we set out to change that. I sponsored, and you passed, legislation strengthening certain elements of Nevada's criminal code, but we must do more.

As a part of my commitment to protecting Nevada families, I'll be forwarding for your consideration the Safe Streets and Neighborhoods Act.

This legislation supports victims of crime, holds repeat and violent offenders accountable for their actions, and invests in curbing the abuse of drugs that are so often the central cause of criminal activity.

Imagine a world where California is tougher on criminals than Nevada. That's the reality we face today. California voters recently approved stricter measures to address smash and grab crimes, lowering the threshold for felony prosecution and imposing enhanced penalties for repeat offenders.

To restore a sense of law and order, my proposed legislation reduces the felony theft threshold and implements enhanced penalties for repeat offenders, regardless of the value involved.

Let's make it harder for these career criminals to victimize Nevadans.

My bill also addresses a broad range of other public safety issues including DUI laws, domestic violence, bail policies, stalking and cyberstalking.

Perhaps most notable is that The Safe Streets and Neighborhoods Act prohibits the use of diversion courts for offenders who commit crimes against the most vulnerable among us: children and the elderly.

We can't understate the role drug traffickers play in fueling a vicious cycle of addiction and crime.

My bill takes direct aim at this crisis by reducing trafficking thresholds to stop illegal drugs and the criminals who push them.

I know everyone here tonight believes strongly in the importance of public safety. Last session, we made noteworthy progress and helped make our communities safer.

Let's build on that momentum.

### **Economic Development Policy Reform Act**

Our state is at a pivotal moment emerging from the challenges of recent years and poised to reshape its economic future. To foster growth, we are rethinking economic development to focus on strategies that directly benefit businesses, workers, and families already established in our state.

By modernizing incentives, we are ensuring that industries that create high-quality jobs, advance clean energy, and address essential needs like healthcare and childcare are encouraged and rewarded. By embracing innovation and sustainability, we will be able to empower a diverse economy and strengthen local businesses.

Targeted tax credits for childcare facilities, for example, help working families but also support businesses in building a stronger, more inclusive workforce.

Economic Development is about more than dollars and deals - it is about creating opportunities that benefit every Nevadan. This effort is

grounded in the principle that economic growth must uplift communities and improve lives.

Through investments in infrastructure and strategic partnerships, we're closing gaps that have long held us back from meeting the needs of underserved rural areas and emerging industries.

Nevada will not simply follow the future; we will define it.

### **Creating More Government Effectiveness**

In our state government, we have over 300 boards and commissions.

Thanks to the Legislature's passage of SB 431 last session, we made early strides in centralizing oversight, improving transparency, and implementing uniform standards for these boards and commissions.

But it's become clearer to me that our system of boards lacks the organization, the efficiency, and the accountability that our citizens expect.

That's why I asked my Director of Business and Industry, Dr. Kris Sanchez, to take a hard look at the functionality of the system and to evaluate the purpose of every board.

He was tasked with finding ways to streamline, to consolidate and to ensure that these panels are performing to their maximum potential.

We know many of these boards are necessary. They provide technical expertise, safeguard public interests and help keep our communities safe and strong.

But we must ask ourselves, are these boards efficiently fulfilling their mission? Are they making the best use of your hard-earned tax dollars? Or have they outlived their usefulness?



Together, let's expand on what we did last session and finish the good work that Director Sanchez has already begun. We need an effective system of boards and commissions that reflects the needs and values of Nevada: a system that is smart, lean and productive.

### **Restoring Common Sense in Nevada's Election Process**

Two years ago, I said to you that the right to vote is one of the most fundamental rights in American society.

I also said that for our elections system to function properly, it is vitally important to 1) verify the identity of voters; and 2) ensure that all mail-in ballots are received by the time the polls close on Election Day.

On the first point, I argued that while we require people to have a valid form of ID for many daily functions - but not an ID to vote - makes no sense. I vowed that if we couldn't reach agreement that I would put it before the people and ask them to get it done.

Do you know what happened? Nevada voters agreed with me and Voter ID received more total votes than any candidate or any question on the 2024 ballot. And I expect it to pass overwhelmingly again in 2026.

On the second point, it makes ZERO sense to keep counting ballots four days after an election. We can be proud that Nevada is one of the easiest places to cast a vote but it's time we make sure the votes are in and counted by Election Day.

I have no doubt whatsoever that we can get this done. Working together with Secretary of State Cisco Aguilar, we can enact this simple bi-partisan fix to finish our elections on time. It's just good common sense.

I hope that this is one of the first bipartisan bills I sign. Honestly, I'd prefer not to go to the ballot on this issue, but if the Legislature chooses not to pass it, I'll again take it to the voters and ask them to decide.

## **FIRST LADY**

Before I conclude tonight, I'd like to recognize the First Lady who does so much for our state.

The truth is I could not effectively do this job without her by my side. She keeps me grounded and she is a steady and reliable voice of reason. She has her own full-time job and still has enough energy at the end of the day to listen to me and to give me sound advice.

She's an excellent role model, a terrific mother and grandmother, and the best friend a Governor could have. Donna Lombardo, thank you for everything you do for me, our family, and for Nevada families across the state.

## **CLOSING**

In closing, I want to invoke the genius of Lincoln and Jefferson to let us reaffirm that in this Chamber tonight there are no Republicans, no Democrats, just regular Nevadans who are bonded by our shared history that teaches us again and again there are no challenges we cannot overcome if we summon the will to work together.

The voters of Nevada hired us and tasked us with conducting their business - efficiently and ethically.

Before you adjourn this session and return home, let's strike a solemn pledge to the people we represent to do something remarkable that is worthy of being remembered in the areas of housing, healthcare, education, public safety and economic diversification.

My fellow Nevadans, to succeed we must focus on what unites us. We must set our sights on shared goals and rise above harsh political

rhetoric. In five months, we will be judged - you and me - by the results we achieve together.

In my first State of the State, I stood before you and said my administration will govern with transparency, candor, and integrity and we've kept that promise. Tonight, I stand ready to renew that commitment with equal resolve and enthusiasm.

A century from now, let's enable our grandchildren's grandchildren to look back to 2025 as a time when Nevada elected leaders were unrestrained by unnecessary interferences and followed the Nevada Way.

God Bless our Nevada military service members, God Bless Nevada, God Bless You, and God Bless America.

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