

September 11, 2014

RE: Sections 24 through 36 of Senate Bill 1 of the 28th Special Session of the Nevada State Senate

Honorable Members of the Nevada State Senate

Please let me start by stating that we are not opposed to smart economic development, in fact, we realize that diversifying our economy is critical for the State to stabilize its revenue stream in the future, become less dependent on sources of revenue that are cyclical in nature and ultimately create chaos for you, the people who are charged with ensuring that programs are properly funded in the State. With that being said, we do not believe that the Bill that you are considering fully protects the people of our great State.

Section 24 of the bill proposes adding a new Chapter to Title 22 of the Nevada Revised Statutes which primarily deals with the establishment of Cooperative Agencies, Regional Transportation Commissions, Economic Development Agencies, Redevelopment Agencies and others. In most cases the provisions contained in each chapter are fairly consistent as they pertain to local government investment in private development. There are two provisions in particular that we believe should be included as a part of this bill, to be included in this new chapter which will help guarantee that the prospective developer(s) contemplated by this bill will be able to meet the requirements contained in it as they pertain to hiring.

The first issue that isn't addressed is the ability to obtain specialized training to operate components in a facility once it is able to begin production. In NRS 274 (Zones For Economic Development), this is contemplated. I have copied the language and inserted it here for your convenience. While I do not necessarily believe that the State or Local Government should be required to pay for this training, the language could be used as a model. I would believe that given the nature of certain businesses that may be attracted to Nevada by the package of bills being considered during this special session, at least some of the training may be proprietary and as such, the prospective business should provide it.

NRS 274.210 Program for training and employment of residents in zone; report to municipality and Legislative Commission.

1. In order to stimulate opportunities for employment for residents of a specially benefited zone, the Administrator shall initiate a test of a program for the reimbursement of vouchers for the cost of training residents of the zone eligible under the provisions of the Internal Revenue Code concerning tax credits for the employment of members of targeted groups in private industry. This program must not be designed to subsidize businesses, but is intended to make

available opportunities for jobs and training not otherwise available. Nothing in this subsection requires businesses within a zone to utilize this program.

2. The program described in subsection 1 must be designed:

(a) For those persons whose opportunities for obtaining employment are minimal without participation in the program;

(b) To minimize the period during which those persons collect benefits under programs for public assistance; and

(c) To accelerate the transition of those persons to unsubsidized employment.

□ The Administrator shall seek agreement with business, organized labor and the appropriate state and local agencies on the design, operation and evaluation of the test program.

3. A report with recommendations, including representative comments of governmental agencies and business and labor organizations, must be submitted by the Administrator to the designating municipality and the Legislative Commission not later than 12 months after the test program commences, or not later than 3 months following the termination of the test program, whichever first occurs.

(Added to NRS by 1983, 1977)

The second key issue that we believe should be addressed in this new Chapter is fair competition. Prospective businesses who choose to relocate to Nevada are required under the terms of this bill to utilize no less than 50% of Nevadans as its construction workforce. To say that we would like to see a higher standard would be an understatement, however, the same can be achieved if all contracting firms were required to compete on level terms. This is not a new concept in other Chapters contained in Title 22. We believe that the appropriate standards should be applied for the area where construction work will occur and as such, believe that the provisions contained in NRS 279.500 should be included in this new Chapter to ensure that Nevada Contractors and workers are able to fairly compete for the construction jobs that the Chapter may create. I have again copied and inserted the language here for your convenience.

NRS 279.500 Applicability of provisions governing payment of prevailing wage for public works projects.

1. The provisions of [NRS 338.010](#) to [338.090](#), inclusive, apply to any contract for new construction, repair or reconstruction which is awarded on or after October 1, 1991, by an agency for work to be done in a project.

2. If an agency:

(a) Provides property for development at less than the fair market value of the property;

(b) Provides a loan to a small business pursuant to [NRS 279.700](#) to [279.740](#), inclusive; or

(c) Provides financial incentives to a developer with a value of more than \$100,000,

□ regardless of whether the project is publicly or privately owned, the agency must provide in the loan agreement with the small business or the agreement with the developer, as applicable, that the development project is subject to the provisions of [NRS 338.010](#) to [338.090](#), inclusive, to the same extent as if the agency had awarded the contract for the project. This subsection applies only to the project covered by the loan agreement between the agency and the small business or the agreement between the agency and the developer, as applicable. This subsection does not apply to future development of the property unless an additional loan, or additional financial incentives with a value of more than \$100,000, are provided to the small business or developer, as applicable.

(Added to NRS by 1959, 656; A [1991, 2345](#); [2013, 799](#))

Additionally, we are concerned about the way that this new Chapter may interact with other Chapters within the Title. This was an issue that was addressed in Assembly Bill 50 during the 2013 Legislative Session which was a bill that addressed Redevelopment Agencies. The specific provision that I am referring to is how RDA's interact with Tourism Districts and the application of incentives for specific projects that exist in areas where one of each of them overlap. The bill lifted a prohibition on overlapping, but it also prohibited an entity from receiving incentives from both agencies at the same time.

I am looking forward to the opportunity to watch and participate in the discussion regarding this important piece of legislation.

Sincerely,

Jack J. Mallory

Director of Government Affairs

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