

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Eighty-second Session
May 18, 2023**

The Senate Committee on Finance was called to order by Chair Marilyn Dondero Loop at 8:11 a.m. on Thursday, May 18, 2023, in Room 1214 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Marilyn Dondero Loop, Chair
Senator Nicole J. Cannizzaro, Vice Chair
Senator Dallas Harris
Senator Dina Neal
Senator Rochelle T. Nguyen
Senator Pete Goicoechea
Senator Heidi Seevers Gansert
Senator Robin L. Titus

GUEST LEGISLATORS PRESENT:

Senator James Ohrenschall, Senatorial District No. 21
Assemblyman Steve Yeager, Assembly District No. 9

STAFF MEMBERS PRESENT:

Wayne Thorley, Senate Fiscal Analyst
Cathy Crocket, Chief Principal Deputy Fiscal Analyst
Dee Chekowitz-Dykes, Committee Secretary
Marie Bell, Committee Secretary

OTHERS PRESENT:

Layke Martin, Nevada Cannabis Association
Alex Tanchek, Sierra Cannabis Coalition
Scot Rutledge, Green Life Productions; Deep Roots Harvest

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Brett Scolari, CPCM Holding; Curaleaf; Clark County Natural Medicinal Solutions; GreenMart of Nevada
Esther Badiata, Planet 13 Holdings; Jardin Cannabis Dispensary
Zach Conine, State Treasurer
Kent M. Ervin
Maria Moore, State Director, AARP Nevada
Chelsea Capurro, Las Vegas Urban Chamber of Commerce
Susan Fisher, The Pew Charitable Trusts
Chris Ferrari, American Retirement Association; American Rental Association
Brian Harris, Battle Born Progress
John Scott, The Pew Charitable Trusts
Andrew Remo, American Retirement Association
John Vellardita, Clark County Education Association
Marie Neisess, Clark County Education Association
Mary Pierczynski, Nevada Association of School Superintendents
Patricia Haddad, Clark County School District
Nancy Kuhles, Nevada Speech-Language Hearing Association
Chris Daly, Nevada State Education Association
Ben Contine, Honors Academy of Literature
Eric S. Perez, High Desert Montessori Charter School
Jenny Hunt, Mariposa Language and Learning Academy, Reno
Sarah Adler, Charter School Association of Nevada
Katrin Ivanoff
Cyrus Hojjaty
Brian Gordon, Applied Analysis
Ed Noonan, United Rentals
Mac Bybee, Associated Builders and Contractors, Nevada Chapter
Tray Abney, National Federation of Independent Business
Nick Schneider, Vegas Chamber
Terry Graves, Nevada Trucking Association
Vinson Guthreau, Nevada Association of Counties
Cadence Matijevich, Washoe County
Joanna Jacob, Clark County
Mary Walker, Douglas County, Lyon County and Storey County
Briana Johnson, Assessor, Clark County
Mary Ann Weidner, Assistant Director, Assessment Services, Clark County
Jeffrey Mitchell, Deputy Director, Local Government Services, Nevada Department of Taxation
Gabriel Di Chiara, Chief Deputy, Office of the Secretary of State

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Mark Wlaschin, Deputy for Elections, Office of the Secretary of State
Izack Tenorio, Campaign Legal Center
Emily Persaud-Zamora, Silver State Voices
Janine Hansen, Independent American Party of Nevada
Barbara Jones
Jim DeGraffenreid, Vice Chair, Nevada Republican Party
Alex Tanchek, Pyramid Lake Paiute Tribe; Shoshone-Paiute Tribes of the Duck
Valley Indian Reservation; Duckwater Shoshone Tribe
Kerry Durmick, State Director, All Voting is Local Action
Jamie Rodriguez, Registrar of Voters, Washoe County
Alex Rodriguez, Libertarian Party of Nevada

CHAIR DONDERO LOOP:

I will open the hearing on Senate Bill (S.B.) 195. We will consider S.B. 58 during a future meeting.

[SENATE BILL 195 \(1st Reprint\)](#): Revises provisions related to cannabis.
(BDR 56-452)

[SENATE BILL 58](#): Revises provisions related to the Judicial Department of the State Government. (BDR 1-436)

SENATOR ROCHELLE T. NGUYEN (Senatorial District No. 3):

Senate Bill 195 makes reforms to the Cannabis Compliance Board (CCB) regulations of the cannabis industry. A proposed amendment ([Exhibit C](#)) has been submitted by the Nevada Cannabis Association. The bill would require the CCB to consider self-reporting as a mitigating factor in CCB's practice of stacking multiple charges and to reduce excessive fines and fees. This includes eliminating the practice of time-and-effort billing as the CCB bills licensees for staff time by the hour. The CCB does not receive General Fund (GF) dollars. Pursuant to *Nevada Revised Statutes* (NRS) 372A.290, the CCB is funded by the Wholesale Excise Tax, which is more than sufficient to cover the CCB's operating budget. For example, the Wholesale Excise Tax revenue in 2022 was \$63 million and the CCB's operating budget was \$10 million. The potential reduction in fine-and-fee revenue addressed in the fiscal note does not impact the GF at all.

The fiscal note was based on fines and fees the CCB estimates it will collect from licensees. However, these numbers are based on projected noncompliance

by licensees. Ideally, with a functioning regulatory system, fines would decrease. We do not want to be overzealous regulators going after licensees to hit a budget number. The associated fiscal impact in the fiscal note does that and is based on time-and-effort billing. The CCB's practice of billing licensees for staff time-and-effort by the hour is not authorized in statute. It is essentially double billing because CCB overhead is covered by the Wholesale Excise Tax.

In presenting S.B. 195 to the policy committee, we explained the intent is to move away from a system that proactively works to hit budget targets by overregulating and penalizing licensees.

The first part of the proposed amendment, Exhibit C, aligns with what the CCB may do if it finds a licensee has violated the statute and regulations within NRS 233B, which is the Nevada Administrative Procedure Act (NAPA). This Session, Senator Robin L. Titus and I cosponsored S.B. 328 to remove the CCB exemption from the NAPA.

SENATE BILL 328: Makes various changes relating to the Cannabis Compliance Board. (BDR 56-519)

By removing that exemption, oversight of the CCB will be managed by the Nevada Legislative Commission and licensees will have clear and consistent processes for adjudicating contested cases. The amendment refers to NRS 233B.127, which sets forth the process for suspending licenses and states that the CCB process must be consistent with the NAPA.

For the second part of the amendment, we worked with the CCB to develop policy goals consistent with S.B. 328. Senate Bill 195 eliminates all time-and-effort billing, but the proposed amendment would narrow the eliminations and allow billing for some background investigations. For a new licensing application, a transfer of interest, a request for approval of management services or request for a waiver, the CCB's Investigations Division will be permitted to bill the applicant for reasonable costs. The CCB must also provide a cost estimate in advance that typically ranges from \$3,000 to \$12,000. The applicant can request documentation and appeal the final bill if it exceeds the estimate by more than 25 percent. Outside of the appeal, failure to pay costs could result in further disciplinary action. We are carving out this narrow exception, which is similar to the way the Gaming Control Board bills applicants for background investigations. If an applicant is coming to Nevada

with complex financial details, multistate or Canadian companies, we want to allow the CCB to bill those applicants for investigation costs. The amendment, [Exhibit C](#), will reduce the amount of the fiscal note.

SENATOR SEEVERS GANSERT:

The amendment reads "failure of a licensee or an applicant for license to pay costs of the Board shall not be a basis for non-issuance, nonrenewal" and so forth, though failure-to-pay costs could result in disciplinary action. What is the enforcement mechanism, especially when the CCB's billed cost is required to be within 25 percent of the estimate?

LAYKE MARTIN (Nevada Cannabis Association):

Licensees are incentivized by the need to be licensed by the CCB by adhering to the Board's requirements. Disciplinary actions include license revocation or suspension and/or fines. We want to create an appeals process to allow for an opportunity to question levied fines.

SENATOR SEEVERS GANSERT:

You are going to create an appeals process through regulations. You can use existing authority for disciplinary action in a variety of circumstances. Licensees and prospective licensees may decide not to pay levied costs and forgo the process. Do you ever find that people do not go forward with the license application? When the State has expended time and money in the application process that is terminated by the applicant, what happens?

MS. MARTIN:

This was contemplated in drafting the proposed amendment. Because applicants initiate the process, the CCB would retain jurisdiction following a process withdrawal. Incurred fines and costs are the party's responsibility.

SENATOR SEEVERS GANSERT:

Are applicants required to make a nonrefundable deposit before the process begins in the event they withdraw their application?

MS. MARTIN:

An application fee is required though no deposit in anticipation of costs is expected. The process has existed for a couple of years and I am not aware that it has been an issue.

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CHAIR DONDERO LOOP:

Amendment costs are limited to a reasonable hourly rate. What hourly rate is considered reasonable?

MS. MARTIN:

In regulation, the rate is \$111 per hour.

SENATOR NGUYEN:

Senate Bill 195 is important because when licensees are billed for time-and-effort, they have not had input into the number of people involved or their level of training.

MS. MARTIN:

The CCB bills hourly for staff time for all inspections, audits and responses to compliance questions among other services. If a licensee meets with three CCB agents, he or she would be billed for \$111 per hour times three regardless of the agents' experience or expertise levels.

We sought to prohibit the practice because it is not authorized by statute and because CCB's overhead is entirely covered by the Wholesale Excise Tax. Licensees have no appeals process and are required to pay the bills or risk nonrenewal of their licenses. We had licensees billed \$47,000 following one inspection. Instead of investing funds in their businesses, they were required to pay tens of thousands of dollars to the CCB.

SENATOR NGUYEN:

To Senator Seevers Gansert's question regarding enforcement, this bill in combination with S.B. 328 addresses oversight, due process limitations and fairness. A licensee may receive a bill for \$47,000 that includes violations for not having paper towels in the bathroom. They have no choice in this system because there is no appellate process. They have to pay or risk losing their business licenses. Most of these businesses have invested millions of dollars and cannot afford to close the doors.

ALEX TANCHEK (Sierra Cannabis Coalition):

We support S.B. 195 and the proposed amendment.

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SCOT RUTLEDGE (Green Life Productions; Deep Roots Harvest):

We support S.B. 195. One of our clients spent over \$60,000 in time-and-effort billing without a violation. The billing was to research the company's product growing methodology.

BRETT SCOLARI (CPCM Holding; Curaleaf; Clark County Natural Medicinal Solutions; GreenMart of Nevada):

We support S.B. 195 and the amendment.

ESTHER BADIATA (Planet 13 Holdings; Jardin Cannabis Dispensary):

We support S.B. 195.

CHAIR DONDERO LOOP:

We will close the hearing on S.B. 195 and open the hearing on S.B. 305.

SENATE BILL 305 (1st Reprint): Provides for the establishment of a retirement savings program for private sector employees. (BDR 31-933)

SENATOR DALLAS HARRIS (Senatorial District No. 11):

As drafted, the fiscal note to S.B. 305 assumes the State will be running this program on its own because that is a possibility. If we cannot team up with another state, we will need to have our own advisor to help direct investments. We will have additional expenses for information services, in-State travel and operating expenses. However, for a couple of reasons, the most likely outcome is that Nevada will team up with another state with an existing program. This program is entirely funded by participant fees. If we join up with another state, the participant pool will be larger and fees to Nevadans lower. This would significantly reduce the fiscal note.

What you see before you is the most robust version of this program if we were to establish a retirement savings program for private sector employees on our own, but it is likely we will join other states. The fiscal note reflects costs that would be a loan to the program until it is self-sufficient. At that point, the program funds would pay the State back and run on those fees in perpetuity. We are not seeking a permanent funding from the GF. If the Finance Committee approves a one-shot setup fund, we will take it.

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CHAIR DONDERO LOOP:

To confirm, we do not have an amendment. We are looking at the first reprint.

SENATOR HARRIS:

That is correct.

CHAIR DONDERO LOOP:

The fiscal notes online are accurate?

SENATOR HARRIS:

That is correct.

ZACH CONINE (State Treasurer):

Senate Bill 305 would authorize a loan. One of two things can happen. We will run the program internally in the State, which would be costly as outlined in the fiscal note. Alternatively, we could join one of two existing state compacts. Colorado and New Mexico are already pooling assets. A larger asset base allows for decreased fees to participants and funds the underlying part of the program.

Oregon also has a relatively robust program. The program was established much like the one we are proposing with a loan from the general fund, which has been paid in full with participant fees.

From other programs, we learned the importance of educating and providing resources to small businesses and individuals in those businesses. We want to ensure an automatic IRA program is not a surprise and is easily understood.

SENATOR TITUS:

My concern is related to the participant fees. Are employers as a whole considered the participant or is the individual the participant?

SENATOR HARRIS:

The employee is considered the participant. There is no cost to the employer.

SENATOR TITUS:

Will the employer need to have the accounting ability and computerized systems to support the program?

SENATOR HARRIS:

The Office of the Treasurer will work with employers to update existing payroll systems. In a phased-in process, we will assist with system upgrades. Automated payroll systems are not required or mandated for participation, but we will work with other states for workable processes.

TREASURER CONINE:

During the legislative policy process, we created a minimum number of five employees. Companies with four or fewer employees would not be included. Starting in 2025, like other states, we will start by assisting large employers and move to the second largest. Most employers use one of approximately eight payroll systems that would be integrated for contributions to the program. I expect the ones not on those payroll systems will be those we get to last. Once the program is generating enough in fees, we can then fund an automated system for them.

SENATOR TITUS:

When we have a savings account in the bank, our funds are protected. Is this type of program insured?

SENATOR HARRIS:

There is always a risk in investing. This will be an IRA with no guarantee of maintaining a principal balance. It is not something the State or program administrators can promise. The program will likely be run through a third-party, which differs from a guaranteed FDIC savings account. We are talking about being able to take your IRA and invest in bonds or a Retirement 2030 Fund, or any other number of investment vehicles where the risk of loss is always present.

TREASURER CONINE:

Generally, automatic IRA programs are not meant to compete with the private retirement business. They are often a relatively small subset of risk-adverse asset classes, such as a long-term bond fund or a conservative equity fund mostly focused on indices and mutuals. While there is always some measure of risk, it is relatively mitigated in this context.

CHAIR DONDERO LOOP:

What are the terms of the loans we are discussing?

TREASURER CONINE:

The loan length is determined by several factors, including the amount of the loan and the repayment mechanisms. If we partner with another program, the asset base builds more quickly and expenses are smaller than they would be when the State administers the program alone. In a partnership, loans can be paid off within a couple of years.

When Oregon established its automatic IRA system, the state was able to repay the loans within five years.

CHAIR DONDERO LOOP:

Will an amendment be necessary addressing a mechanism for loan repayment?

TREASURER CONINE:

The flexibility to enter into a multistate compact is within the legislation. Functionally, a compact would include repayment and reversion methods. We could also provide updates to the Interim Finance Committee (IFC).

SENATOR SEEVERS GANSERT:

Senator Bill 305 provides a definition of retirement plans, but specifically, you are choosing to use an IRA. Plans such as a 401(k) allow investors to borrow against assets. This is not possible with an IRA. Individuals who participate in these plans may not understand that when they withdraw money they may be required to pay taxes and a 10 percent penalty, though the bill extends the payback period from 60 days to 120 days.

Retirement plans are complex. I spoke to people who started these plans in other states and they have some real issues because people do not understand there are no take backs. An investor cannot put the money in and then take it out like a savings account.

TREASURER CONINE:

Retirement plans by their nature are complicated. In talking to people in those other states, we recognize the need for enough education upfront so individuals know the rules and restrictions.

As far as the selection of IRAs versus other programs, our focus was to join other state compacts to be able to mirror their programs, share assets and decrease costs. That was the driver.

SENATOR HARRIS:

I agree that retirement plans are at times complex, but in my experience people who may take money from their IRA have been turning to payday loans or other risky plans when they do not have savings accounts.

Automatic IRA plans will provide people some money to tap into. It may not be the wisest financial strategy, but absent this program, they would have little or no accumulated funds. The State Treasurer and his office will do a good job of educating folks. The fiscal note includes appropriations for education, awareness, marketing and outreach.

Ideally, at some point we will be able to expand the program allowing individuals to make a deposit into a savings account before investing in the IRA. Individuals could have both a savings fund and an investment fund.

TREASURER CONINE:

In designing this program and working with chambers of commerce, we also wanted to make sure it was a perfectly acceptable alternative for businesses participating in a retirement program through some other method. They may offer a 401(k) or are participating in a chamber-sponsored retirement plan. We know other people in this space are also educating individuals.

SENATOR SEEVERS GANSERT:

This is an opt-out program. Is that correct? The State offers a successful 529 Plan for education savings. Investors understand what they are getting into and that there is some risk to their after-tax dollars.

I am concerned about requiring companies to participate because of expenses businesses may incur, but also because individuals may experience unexpected costs and penalties, especially when they involve IRS fines. I do not want people to be penalized because they are trying to save money.

SENATOR HARRIS:

Owing the federal government money is not ideal. The last number we landed on was 90 days for individuals to repay withdrawals before a penalty is imposed. That gives folks at least six paychecks to catch up and see how their income is affected. People can elect a zero contribution at any time through a simple online process, while previously invested funds remain in their accounts and build in value.

We are trying to make sure there are lots of options for folks to leave the program when they experience hardship or cannot afford it. We will do our best to make sure people understand that this is not a savings account. I am firm in my belief that something is better than nothing.

SENATOR SEEVERS GANSERT:

If a person takes money out, it must be returned within 60 days or be taxed and penalized. It is essential that people understand program time frames and potential penalties.

KENT M. ERVIN:

I am speaking on my own behalf. Based on my experience at the Nevada System of Higher Education (NSHE), serving on the Employee Retirement Plan Advisory Committee since 2006 and the Nevada Deferred Compensation Program (NDC), I support S.B. 305.

I am a fan of retirement security. Social security is not enough. I have been in the position of reviewing budgets for many years. I am proud that NSHE was able to reduce absolute costs by a factor of three and reduce the percentage costs to participants, based on the rise of assets. Each of those programs has an administrative budget of approximately \$400,000 a year. It is a fixed cost for an investment consultant, auditors and personnel no matter their asset balances. The number of payrolls is the one variable. For NSHE, there is 1 payroll and NDC supports approximately 100 local government entities. Senate Bill 305 may accommodate hundreds or thousands of payrolls, but the program will apparently be automated. The fiscal note seems reasonable.

MARIA MOORE (State Director, AARP Nevada):

We support S.B. 305. AARP is a nonprofit nonpartisan organization and is dedicated to helping people aged 50 and older improve their quality of life as they age. In doing so, we also focus on those nearing or working towards retirement. We work at all career stages because we know that someday they will retire. This State, like many others, is facing a retirement crisis. In Nevada, 30 percent of the 566,000 social security recipients rely on those benefits as their only source of retirement and family income. We know it was never intended to be the sole source of retirement funds. We know that in this crisis, many will not be able to afford simple things like medicine, rent and utilities.

With fewer employers able or willing to offer traditional pension plans, workers are 15 times less likely to save for retirement if they do not have access to a payroll deduction. In certain groups, people are disproportionately impacted by the lack of access to retirement savings plans. Employees of color are significantly less likely to have access to workplace retirement plans. Households of color have disproportionately lower retirement savings than white households. Programs such as those proposed in [S.B. 305](#) are necessary to reach a large and underserved population.

CHELSEA CAPURRO (Las Vegas Urban Chamber of Commerce):
We support [S.B. 305](#).

SUSAN FISHER (The Pew Charitable Trusts):

We are a nonpartisan nonprofit public policy organization and our research indicates nearly 600,000 private sector Nevada workers lack access to a workplace retirement plan. We have submitted a letter ([Exhibit D](#)) and testimonials ([Exhibit E](#)) in support of [S.B. 305](#).

Nevada faces a crisis because workers are not saving enough. Insufficient retirement savings will increase pressure on public assistance programs serving older adults. New Pew research has three major findings. One, the number of Nevada residents aged 65 or older are expected to double to just over 1 million by 2040. Two, a shrinking population of working age taxpayers will need to cover the costs for the financially vulnerable. Three, over the 20-year period ending in 2040, insufficient retirement savings will result in additional State social assistance spending of \$1.8 billion or about \$90 million per year. If every Nevada household saved an additional \$110 per month, they could erase this taxpayer burden and maintain their standard of living in retirement.

How can households reach these goals? The answer is creating an automated savings program, such as the one proposed in [S.B. 305](#). These programs are effective. Fourteen states have passed legislation creating similar savings programs. In states where these programs are operating, roughly 650,000 savers have accumulated over \$800 million in assets. These programs help workers feel more financially secure. They enable small businesses to provide retirement benefits and compete with larger businesses to recruit and retain workers. While a new savings program will need funding to get started, Pew's analysis finds these programs can be self-financing over time. A modest investment for program startup is very small compared to the \$1.8 billion fiscal

impact of inadequate savings. Senate Bill 305 will benefit employers, workers and taxpayers.

CHRIS FERRARI (American Retirement Association):

One of the themes of the Session is to ensure that we are not leaving federal dollars on the table. Through the SECURE 2.0 Act of 2022, a tax credit covers administrative expenses up to \$5,000 for the first three years of program implementation. For the record, it is important to note that for small businesses who offer employees a 401(k) program, the credit would fully offset the administrative costs.

BRIAN HARRIS (Battle Born Progress):

We support S.B. 305 to create the Nevada employee savings program. Retirement savings are becoming more and more scarce. As a result, those of retirement age may have insufficient resources to sustain their retirement. That means more reliance on social services, meaning the taxpayer effectively subsidizes the lack of employer-sponsored retirement benefits. This is a poor use of taxpayer dollars. Otherwise, these dollars could be spent supporting working families, improving our public education system and creating jobs fixing our state infrastructure, among other things. This is a good bill and a good investment.

JOHN SCOTT (The Pew Charitable Trusts):

I am calling today in support of S.B. 305 to create the Nevada Employee Savings Trust. Questions have been raised regarding penalties for removing funds from IRAs and Roth IRAs and how penalties would impact the proposed program. Contributions made to IRAs would be after tax. Under federal law, contributions can be taken out without penalty or taxes. Only withdrawals of the investment returns would be subject to taxes. Even so, if the funds are held for a period of years, they can then be withdrawn penalty free. I wanted to clarify that one point.

ANDREW REMO (American Retirement Association):

We are a nonprofit education and advocacy organization for retirement plan and benefits professionals. Our members and their affiliated organizations support 95 percent of all the defined contribution plans, such as the 401(k), in the United States. We have over 35,000 retirement plan professionals nationwide including 184 members in Nevada. Our mission is to advocate for policies that give every working American the ability to have a comfortable retirement.

Small businesses support payroll-deduction savings programs. Pew has done some useful surveys that found that 86 percent of small-to-midsize employers without plans support the concept of a payroll-deduction retirement plan with automatic enrollment. Even among smaller employers, 51 percent said they would start their own plan like a 401(k) rather than enroll workers in a state-facilitated program.

Automatic IRA programs complement the private sector retirement plan market; they do not compete with it. Recently release data shows that private sector retirement plan adoption rates rose in three states as a direct result of their implementation of an automatic IRA program. Finally, new federal small-employer plans, designs and startup incentives would make it easy for small businesses to have a wide variety of plans to meet requirements.

SENATOR HARRIS:

We absolutely have to do something. If we do not get people saving money soon, our social programs are going to be crushed. The cost of medical care is on the rise. The cost of housing is on the rise. It is difficult for folks to set up these programs if they cannot do it through their employer. They have to go to a bank, to Vanguard or Fidelity Investments to open an IRA. They have to complete the appropriate forms when they file tax returns. It is a confusing process. Senate Bill 305 provides a way to ensure that people get in the habit of saving money. The government is not going to be able to sustain needed social services if we do not.

SENATOR DONDERO LOOP:

We will close the hearing on S.B. 305 and open the hearing on S.B. 231.

SENATE BILL 231: Makes an appropriation to the Interim Finance Committee for allocation to school districts that budget salary increases for certain employees. (BDR S-508)

SENATOR NICOLE J. CANNIZZARO (Senatorial District No. 6):

I am honored to be here this morning alongside my friend and colleague, Assemblyman Steve Yeager, Assembly District No. 9, to present S.B. 231. The bill was not heard by a policy committee because it impacts our budget decisions. This bill provides for the appropriation of money to school districts for the support of public schools. We are all aware that often teacher pay is viewed as a major factor in attracting qualified people into the profession. With severe

shortages in educational personnel, states across the Nation are using financial and other incentives to continue improving recruitment and retention rates of school staff.

According to the National Center for Education Statistics, teachers in the United States earned an average of \$66,397 compared to \$57,804 in Nevada in 2021 and 2022, which is a difference of over \$8,500. Recruiting and retaining Nevada's school personnel is critical to the educational performance of Nevada's students. Higher quality and more robust education gives our students a solid foundation upon which they can build a successful future. First, we must recruit and retain more educational personnel across the board.

I am a product of the Nevada public school system. My parents did not have high school educations. I had the opportunity to attend wonderful schools in Nevada. I went to Vegas Verdes Elementary School, C.W. Woodbury Middle School and graduated from Chaparral High School.

I am the type of kid who benefited from teachers and personnel who gave me the opportunity and the pathway to be sitting before you all today. Without that support, I do not know how a kid with parents who are uneducated and working every day can find a pathway to success. My parents are wonderful people, and I give them kudos for a fantastic job in raising me. However, there is no path for a kid like me to find themselves in the Nevada Legislature or in a courtroom without a good education. It starts first and foremost with the teachers in each of my classrooms. I remember my teachers' names, their encouragement and the ways they challenged me when I did not live up to my potential.

Nevada students deserve a qualified teacher in every classroom. We as a Legislature, owe it to them. I know Chair Dondero Loop is as passionate as I am.

Senate Bill 231 seeks to provide incentives to ensure that we are investing in teachers and support personnel who help run our schools every day. The bill appropriates \$250 million from the State GF to the IFC for allocation to school districts for the support of public schools. This money may only be allocated to a district if sufficient documentation demonstrates that the district has budgeted for an increase in salaries for teachers and other educational personnel or paraprofessionals from sources other than this money. It must be in addition to

any salary increase planned or bargained for prior to the effective date of this bill. Also, this budgeted salary increase does not replace or supplant any other form of compensation provided before fiscal year (FY) 2023-2024 or which was planned or bargained for in FY 2023-2024 or later. Additionally, the \$250 million may only be allocated if the school district has submitted a statement to the IFC concerning budgeted salary increases.

The district superintendent is required to submit a signed statement to the IFC certifying the information and that the district will provide the salary increases. Section 1, subsection 3 provides the allocation of this money to a district must not exceed a certain amount as outlined. Subsection 4 requires school districts to report personnel numbers to the Nevada Department of Education. The Department will then compile and submit this information to IFC by August 15, 2023. Subsection 6 addresses any remaining balance of the appropriation after September 19, 2025.

When S.B. 231 was drafted, we intended this bill to encompass opportunities not just for teachers in the classroom but also for staff. The bill included language referring to paraprofessionals, which is a very specific subset of staff. However, we had intended to include the opportunity for salary increases for all types of support staff. Proposed Amendment 3686 ([Exhibit F](#)) clarifies this goal. Section 1, subsection 7, paragraph (b) of the amendment, outlines education support staff classifications eligible for salary increases.

ASSEMBLYMAN STEVE YEAGER (Assembly District No. 9):

I am honored to serve as Speaker of the Nevada Assembly. If we all think back, we probably remember a teacher who made a real difference in our lives. I am not a product of Nevada public schools, but I am a product of public schools in southeast Michigan. When I think about my time there, I think about a particular teacher in the tenth or eleventh Grade. Her name was Ms. Kraft. She was probably my most influential teacher. It was not that I was not doing well in school, it was that I was coasting. She saw something in me that I did not see in myself. Ms. Kraft said, "You need to step it up, you are coasting. You have potential."

She was an amazing teacher who challenged us with inspiring assignments. Does anyone remember the Billy Joel song "We Didn't Start the Fire"? In the lyrics we hear names and concepts such as Harry Truman, Doris Day, Red China, Johnnie Ray, South Pacific, Walter Winchell, Joe DiMaggio,

Hemingway, Eichmann, *Stranger in a Strange Land*, Dylan, Berlin and Bay of Pigs invasion. Why do I talk about that? Ms. Kraft took all these concepts from the song and wrote them on pieces of paper, which we drew out of a bowl. The assignment was to do a presentation based on the person or place chosen at random.

To this day, I cannot hear that song without remembering the experience. I would have liked to have drawn Dylan, but I got Bay of Pigs. The assignment ignited a love of the history of international relations and the Spanish language. I did not know anything about the Bay of Pigs invasion, but I was curious and inspired to learn rather than just go through the motions.

Ms. Kraft offered more than academic inspiration. At a time in my life when things at my house were in turmoil, she noticed and took the time to ask how things were going. On her own time, she created after-school assignments for me to make sure I had a safe place to learn. For Ms. Kraft, teaching was not just a job. She did not just get a paycheck and go home. It was a passion. It was a way of life. I cannot thank her enough for what she did for me.

That is what we are here to talk about. We are here to talk about our educators. I know we have teachers all across the State who are doing the same for the next generation of Nevadans, and not just here in our State, but around the Country. Dedication extends beyond educators in the classroom to the professionals who make our schools operate and who support productive learning environments.

I see S.B. 231 as a way of saying loud and clear to our educators and support professionals, who have really had it rough over the last few years, that we see them and we appreciate them. We thank them and we want to do everything in our power to incentivize them financially. Teachers should probably be making \$250,000 a year or more. I urge the Committee's support of this measure because anything we can do to show our teachers and support staff that we appreciate them and we want them to be well compensated is well worth doing.

SENATOR CANNIZZARO:

When we talk about what happens in this Building, it is most important that we prioritize issues we believe in and issues deserving our attention. Our teachers and support staff who serve our students every day should be making more money. How do we ensure that that happens? How do we ensure that we can

continue to recruit and retain quality staff? We are aware of some of the difficulties within our education space, particularly with teachers and support staff. John Vellardita with the Clark County Education Association will provide more context on the challenges of school vacancies.

JOHN VELLARDITA (Clark County Education Association):

I request that the Committee view this piece of legislation in the context of "yes." Senate Bill 231 proposes additional compensation for educators, but it is also about students. We have a vacancy crisis nationwide, Statewide and particularly in Clark County. The numbers are so daunting, we become numb to the figures. Over the next 10 years, we are going to need 14,000 educators in Clark County alone by virtue of attrition and student population growth. Statewide, we anticipate 19,000 vacancies. Today, in Clark County, we have 1,400 vacancies of which 86 percent are considered hard-to-fill positions.

The Clark County School District (CCSD) hired 2,161 teachers but lost 1,224 during the previous school year, meaning a loss of 53 percent of lost-over-hired positions. In 12 years, I have not seen an emerging trend like this one.

What does it mean for kids? The majority of these at-risk kids are in buildings in working class communities. They are kids of color. We have 500 vacancies in Title 1 elementary schools with approximately 14,000 students. We have 337 vacancies in English, math and science courses. Over 12,500 students are affected, including special needs kids. In Clark County, we have close to 30,000 students starting and ending the school year without a classroom teacher.

Senate Bill 231 addresses retention and the ability for the State to compete for education staff. If we are not able to do that, data suggests that student proficiency levels will continue to drop. As of school year (SY) 2021–2022, student proficiency levels in at-risk buildings in elementary schools were 23 percent in math proficiency and 33 percent in English as a Second Language (ESL). Math proficiency in middle schools was 15 percent and ESL was 33 percent. In high schools, math proficiency was 12 percent and ESL was 33 percent. By graduation, only 19.7 percent of students were proficient in math and only 44 percent were proficient in ESL. These students are coming out of classrooms without a full-time educator.

In terms of teacher shortages, we have a pipeline issue. From Clark County's perspective, only 67 percent of vacancies are filled by educators in the State, meaning 23 percent are filled from outside of the State. Out of that 23 percent, 8 percent are from out of the Country. We are still left with an 8 percent to 9 percent vacancy rate. We are not market-competitive. What do I mean by that? In SY 2014–2015 and during the Seventy-eighth Session, Clark County experienced 1,500 vacancies and we were competing with 10,000 openings in the western United States. We continue to compete in the western United States market for teacher recruitment.

In 2015, the average market salary was \$40,000 and Nevada was offering \$37,000. Legislation in the Seventy-eighth Session allocated a \$500 recruitment bonus for K-12 as well as a \$5,000 bonus upon completion of one year of service. The following year, we had 500 vacancies, a reduction of 66 percent, and were able to boost starting pay to \$42,000.

Eight years later, the retention trend has worsened, particularly in hard-to-fill positions. This bill attempts to infuse more dollars into addressing this issue. Some will say this is intervening with collective bargaining. I would argue this is addressing guidelines for a Statewide funding system for school personnel recruitment and retention. That is why we think it is time that this type of legislation is not just proposed but passed.

Is it enough? Obviously, we could always use additional funds, but we also know other challenges are facing the State, and Legislators have a difficult job balancing resources. Senate Bill 231 is an attempt to tell school districts that we need to address this issue. We need the approach to be prescriptive. School districts are resisting because they say that, even with S.B. 231, it will not be possible to provide significant raises. At school board meetings, they argue that a State-level approach will not solve recruitment problems. I disagree. This could not be further from the truth. This bill is a step in the right direction. We need strong language in S.B. 231 that directs expenditures. Both the Senate Majority Leader and the Assembly Speaker have agreed. We are facing a Statewide crisis and it is appropriate to consider Statewide solutions.

I suggest to Governor Joe Lombardo this is the type of legislation we need to fix the issue of putting a teacher in every classroom. This is not something that we can ignore any further. From the CCSD point of view, the Governor has done

a good job in allocating over \$2 billion in the State budget. We ask for continuing support.

SENATOR SEEVERS GANSERT:

This is one-shot money, but the way this bill is designed, it is 4 percent increases versus recruitment bonuses or retention incentives. Is this sustainable? Will a percentage increase allow school districts to allocate funds at their discretion because the legislation includes staff beyond teachers? What measure of flexibility will school districts have?

SENATOR CANNIZZARO:

First and foremost, what I would note about S.B. 231 is that, as we look at education funding and how it works under the new Pupil-Centered Funding Plan (PCFP), any increases in revenue to the State, either through increased GF revenues or other funds such as the \$2 billion we have been discussing are part of the education budget. In this Session, we are contemplating funding education from those other sources. It is a product of an anticipated increase in collections for those particular revenue sources. When we talk about the GF portion, however, the pieces of the GF that we would expect to see increased revenue flow into were not provided within the Executive Budget. The Governor made the choice not to include additional revenue into the PCFP as a result of increased projections from GF revenues.

From my perspective, when we look at the idea that there should be additional money flowing into the PCFP, and when we look at the decision not to distribute additional GF revenue, there is additional money we can utilize within the State budget for a variety of reasons. One of those reasons is incentivizing teacher and support staff with raises.

As S.B. 231 is written, it is a grant fund allowing this particular money to be used for that particular purpose. In my view, because of the revenue we have been looking at and the overall funding that we have put together in this budget, this is not setting us up for a fiscal cliff and is not fiscally irresponsible. We want to find a way to invest in our teachers and support staff.

Senator Seevers Gansert, you are correct. As written, S.B. 231 is a percentage. We want to make sure school districts are putting together plans to talk about how to increase personnel pay. We know that is a problem and districts are

differently situated, have varied vacancy rates and may find unique ways to offer incentives. We are always happy to talk about ways this can work.

The reason for S.B. 231 is, in my view, because funding is available. The proposed \$250 million is an appropriate and responsible amount of money. It would be irresponsible for us not to find a way to pass a budget increasing educators' pay when funds are available and the problem is serious. It would be smarter for us to include this as a match to match grant money for percentage raises rather than retention bonuses.

I am happy to have conversations about the mechanics of the bill, but the purpose is to create sustainable funding for recruitment and retention of teachers and their salaries. That has to be something we are invested in, not just today, not just through this biennium, but in the long term. I would prefer that we talk about percentage raises because they are going to help us keep teachers.

SENATOR SEEVERS GANSERT:

Originally, the bill contemplated licensed personnel, but the proposed amendment, [Exhibit F](#), expands the personnel categories. If statute requires payments based on percentages for licensed personnel, school districts may be allowed to figure out how they want to use the bucket of money. That is an idea.

The bill uses the term "head count." Would the term "full-time equivalent" (FTE) be more appropriate? Many people are part-time, and because the money is divided differently when considering FTEs versus a head count, it raises logistics questions. How does the bill address long-term substitutes? This will vary among school districts.

SENATOR CANNIZZARO:

Because we know there may be differentials in the number of long-term substitutes, the number of part-time employees or the makeup of support staff, S.B. 231 includes accountability and reporting requirements for districts. We need to see a plan for district expenditures.

We purposefully included support staff in the bill as originally written because the critical personnel shortage applies to them as well as teachers. Senate Bill 231 requires school districts to submit expenditure plans to the IFC

and to include the extent to which individuals in various employment categories would qualify for raises. The expenditure report would include how raises are funded. Matched dollars from the \$250 million in S.B. 231 would be available. I expect there will be flexibility in respect to head count versus FTEs. We would be happy to continue the conversation, but the intent would be accountability in reporting to make allocation decisions.

SENATOR SEEVERS GANSERT:

We need to make sure the school districts report consistently whether we are using the term head count or FTE.

Public charter schools are the second largest school district in the State after Clark County. I want to make sure charter schools are included in this legislation.

SENATOR CANNIZZARO:

Charter schools are not included in S.B. 231. We can have a separate conversation on that topic. This is designed for our public schools and would apply to all the public school districts within the State.

SENATOR SEEVERS GANSERT:

Charter schools are also public schools, but we can have that conversation at another time. Charter schools account for over 65,000 students. These schools have teachers and support staff as well.

SENATOR NEAL:

Lines 6 through 13 on page 2 of the bill say the school district has budgeted money. Is there an expectation the additional \$250 million can be accessed to match budgeted funds?

SENATOR CANNIZZARO:

The section is to ensure school districts have planned for salary increases and that they provide documentation to be eligible for matching funds. Who will be receiving raises? How will the money be budgeted? We want to avoid the scenario where a school district simply states the intention to provide raises and makes a request for funds.

SENATOR NEAL:

Clark County School District has unspent COVID-19 funds that could be allocated to increasing salaries. Are we encouraging that effort?

SENATOR CANNIZZARO:

Senate Bill 231 does not address or prescribe budgeting for surplus funds. Incentivizing increased funds for salaries from all sources is an idea worth exploring. Accountability pieces within S.B. 231 ensure salary increase expenditures are tracked.

MARIE NEISESS (Clark County Education Association):

We applaud the introduction of S.B. 231. This bill earmarks \$250 million for salaries for all licensed education professionals and support staff. Majority Leader Cannizzaro and Speaker Yeager are demanding that school districts ensure that this money will go to education staff and that the bill has strict requirements on accountability and reporting. In part, it requires school districts to spend dollars on salaries in order to access these matching funds. It states this funding for salaries is to supplement and not to supplant salary increases for employees. It requires districts to give detailed reports on how they are spending that money as well as how many licensed education and support professionals districts employ. It specifically requires school district superintendents to sign a statement stating they have complied with these provisions. We believe that this type of legislation is long overdue. For too long, there has been no oversight on CCSD spending, often at the expense of frontline educators and students.

MARY PIERCZYNSKI (Nevada Association of School Superintendents):

We appreciate the spirit of S.B. 231. Improving student achievement by providing qualified teachers and support staff in the classrooms is the top priority of the superintendents.

We know there are reports that will need to be made and our superintendents are certainly ready to explain what they have done with this money. We are looking forward to learning more about the mechanics of the bill to be certain all of our school districts can benefit.

PATRICIA HADDAD (Clark County School District):

Senate Bill 231 prioritizes investment in education professionals throughout the State. The inclusion of education support professionals is a welcome addition

and these funds will also provide us with a much needed opportunity to address the teacher salary schedule. We appreciate the discussion on the one-time funding and its sustainability. We appreciate Majority Leader Cannizzaro's commitment to ensuring the mechanics of the bill work. The District is fully aligned with the bill sponsors, and we would like these funds to be sustainable. We are concerned that the required use of one-time funding only to provide recurring salary increases may create some financial problems. We know it is not the intention of the bill sponsors. We support S.B. 231.

SENATOR NEAL:

Can you help the Committee understand what CCSD is willing to do to support the sustainability portion of this bill?

MS. HADDAD:

The bill ties salary increases to a time period beyond the funding provided in the legislation. We are continuing to have conversations around not requiring that the funds be used specifically for permanent salary increases and the possibility of providing one-time compensation incentives as an alternative.

SENATOR NEAL:

What funds are CCSD planning to contribute outside of S.B. 231?

MS. HADDAD:

This Legislature is making a large investment in public education with the increase to the PCFP formula. To leverage these dollars, I would have to confer with our chief financial officer to see whether there are additional opportunities.

You referred to the Elementary and Secondary School Emergency Relief Fund. The District will need to expend those dollars before funding expires in October 2024. Going back to the question of sustainability over time, S.B. 231 funds are tied specifically to salary increases which, it should be noted, are bound by bargaining agreements.

CHAIR DONDERO LOOP:

Based on your testimony, I am confused about CCSD's position on S.B. 231. If there are questions about the bill at any level, CCSD needs to be opposed or neutral. That is something for the bill sponsors to sort out.

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NANCY KUHLES (Nevada Speech-Language Hearing Association):
We have submitted a letter ([Exhibit G](#)) in support of S.B. 231.

CHRIS DALY (Nevada State Education Association):
While we appreciate the intent of S.B. 231, the Nevada State Education Association (NSEA) submitted a letter ([Exhibit H](#)) in opposition and a proposed amendment ([Exhibit I](#)) to facilitate a "Clean 20" raise for every Nevada educator.

Yesterday, nearly 1,000 educators and supporters rallied here in front of the Legislature to say it is time for 20 percent raises for every Nevada educator, starting pay of \$20 an hour and average class size of 20 students. Senate Bill 231 seems to have been drafted to address the specific needs of a single bargaining unit. However, every Nevada educator deserves a raise. That is why NSEA has concerns with the overall construct of S.B. 231 as a matching program.

Even with recommended increases in the State Education Fund, the Storey County School District is projected to lose 5 percent of their funding next fiscal year. Several other school districts will only receive small increases. These districts will have a limited ability to access matching funds, especially as fixed non-personnel costs have increased.

An unintended consequence could be even larger class sizes as the matching mechanism in S.B. 231 could incentivize districts to increase class sizes to access matching funds. Several school districts including Clark and Washoe, have expressed concerns that S.B. 231 appropriations are one-time and they are hesitant to use them to cover ongoing expenses like educator pay. That is a big problem.

The NSEA offers amendment language to deliver a Clean 20 for all Nevada educators. Even with recommended appropriations to K-12 and the proposed \$250 million, most Nevada educators would fall short of a 20 percent raise. The NSEA amendment would increase the total appropriation in S.B. 231 from \$250 million to \$500 million, giving districts like Washoe and Clark the opportunity to negotiate significant increases in salary. With nearly \$3 billion recommended for reserves next biennium, more than enough funds are available.

Our amendment would delete the matching mechanism allowing all districts to access funds proportionately and increase pay equitably. Flexibility would be granted to districts to first increase starting pay for employees earning less than \$20 an hour. Finally, monies would be appropriated to the State Education Fund to ensure their availability to continue to fund personnel into the future.

BEN CONTINE (Honors Academy of Literature):

We are a small independent public charter school in downtown Reno serving 232 K-8 students and their families. It is with a heavy heart that I sit here in opposition to S.B. 231. I agree with almost everything that Senator Cannizzaro and Speaker Yeager said. I come from a school with a lot of Ms. Krafts. We are an independent school and are not managed by a chief financial officer. We were founded by two Reno mothers who met at the University of Nevada, Reno, Educational Leadership program with a vision to create a small intimate family type of school. They conceived a place where teachers and families have autonomy and voice; their vision is thriving.

We were recently named winner in the Best of Reno Community's Choice Award for public schools. However, we are at risk financially because of skyrocketing costs for health care, utilities and rent. We spend \$920 for every student or about 13 percent of our budget on rent. The Committee can imagine, because we care so much about our school and each other, how thrilled we were to hear that there is a desperately needed increase in per pupil funding. We heard there was the possibility of funding for increasing teachers' salaries, some of whom are struggling to make ends meet. The Committee might also imagine how devastating it was when I had to tell teachers they would not be included in this bill. Somehow the children they teach and their classrooms are not worthy of the benefits of this bill. They do not understand why they, as public school teachers who serve students with passion and professionalism, are not included. I have tried to explain the politics, but it is still hurtful to them.

I want to honor the work that the teachers' associations have done. I want to honor the work that all public school teachers have done. I would love to be sitting here testifying in unity with all of the teachers across the State in support of this bill. I am crushed that I have to come and testify against S.B. 231. I respectfully ask the Committee to consider the inclusion of schools like ours that are a critical piece of the educational infrastructure of the State.

ERIC S. PEREZ (High Desert Montessori Charter School):

Our school is located in Reno. We are a Washoe County School District-sponsored self-managed public Montessori school that serves the community as a choice for families for Pre-K-8. Our students go to high school with extraordinary skills in critical thinking, collaboration and problem solving. Many of our students come to us from underserved communities of color and qualify for free-and-reduced lunch. We do not receive equal funding in comparison to district schools in many areas.

For example, we spend roughly 25 percent of our State per-pupil funding on facilities costs. We strive to pay our highly trained and highly qualified staff on par with District pay scales. Roughly 90 percent of our budget is spent on payroll. I am disappointed and surprised that our teachers and staff are being left out of this bill. Not being included tells our teachers who are State-licensed and receive high-quality Montessori training far beyond State requirements that they are worth less than District teachers. This will result in a loss of teachers, inconsistency for our amazing students and will diminish our ability to complete our mission to provide a high-quality Montessori education to our community. Recruiting highly qualified teachers will be even more difficult if we are excluded from these funds.

Please consider including charter schools in this bill to make sure all teachers, students and schools are funded equitably. It is difficult to oppose this bill because I agree with almost everything it intends to do. But for those reasons, I am opposed to S.B. 231 without the inclusion of charter schools.

JENNY HUNT (Mariposa Language and Learning Academy, Reno):

We are a Title 1 school with a 90 percent Hispanic student population, 50 percent of whom are ESL. We are a self-managed District-sponsored charter school. Mariposa's staff and students have worked hard and made remarkable progress during challenging times. We have progressed from being a one-star school in 2017 to recognition as one of the highest performing Title 1 schools. With 90 percent Hispanic students, Mariposa is a four-star school. It is with great surprise, sadness and concern we learned S.B. 231 excludes the staff at our charter school.

Mariposa serves statistically underserved students. This bill adds another layer of barriers and inequity to educating them without the money to support our staff. Our students are getting less money compared to their peers down the

street. Our school pays in excess of \$15,000 a month for our facility, and it increases annually based on the consumer price index.

Students will suffer with the possible loss of a highly-skilled, dedicated teacher who has been with them at Mariposa for years. Teachers meet their diverse needs but may be forced to choose money for the well-being of their family over their teaching location. This bill sends the message not only to our students, staff and families but to the Country that we do not value charters and choice, and we discriminated against public charter school options.

Many of you met nine students from Mariposa last week. You made connections with them, congratulated them on their testimony and thanked them for coming to the Legislature. I implore you to amend S.B. 231 to include and authentically value those students by ensuring equitable access to these funds for their teachers. As Senator Cannizzaro mentioned, public school teachers make a difference, and we need the tools to ensure our staff is compensated just as other public educators across the State are. These are our students and the future of Nevada. They are not Democrat versus Republican, union versus non-union or north versus south, they are public school students and public school teachers who must be funded equitably with public dollars.

SARAH ADLER (Charter School Association of Nevada):

Grace Adler, whose seventh birthday is today, has a teacher at Carson Montessori School, a district-sponsored charter school. Her name is Mrs. Hogan. Mrs. Hogan is making an amazing difference in Grace's life. Some of you have been here for many years and know the charter law was established making charter schools a part of public schools in Nevada in a bipartisan effort in 1997. Former Senator Ernie Adler was one of the sponsors. Charter schools enroll 64,000 public students in the State. Their enrollment is projected to increase to 69,000 or a 6.5 percent increase. By next year, charter schools are projected to enroll 14.6 percent of Nevada's public school students.

Charter schools have continued to provide quality education across all demographics to all students. Our Native American students are performing 22 percent better in English Language Arts in charter schools and 18 percent better in mathematics. All kids need opportunity and charters are providing it.

Charter schools receive no public funding for their facilities. On average, 15 percent of their PCFP dollars are used to keep roofs over the kids' heads. They start with only 85 percent of what districts have to pay their teachers and staff. Washoe County School District (WCSD), by contrast, has traditional property tax dollars and funds authorized by WCSD. Senator Neal asked about Elementary and Secondary School Emergency Relief (ESSER) funds. Washoe County School District allotted 40 cents of every ESSER dollar to their District-sponsored charter schools.

We were thrilled when the joint money committees proposed additional dollars above the Governor's recommendation for the PCFP. It was a boon for all educators; then comes S.B. 231 and we all applauded efforts to provide more money to educators. Yet, the bill treats charter school teachers and staff poorly. It provides \$311 per pupil of total district enrollment. It would only cost districts \$45 per pupil to let charter schools into this opportunity to treat their staffs with respect and keep these learning opportunities across all demographics in Nevada.

CHAIR DONDERO LOOP:

Are you suggesting that we pay all charter school teachers, whether they are certificated or not?

MS. ADLER:

That would be an option for the Committee. We would like to be treated equitably within the district.

CHAIR DONDERO LOOP:

Public school teachers need to be certificated. There is no percentage. I could not teach a first-grade class, a mariachi band or a dance class without being certificated in a public school. In a charter school, I can.

MS. ADLER:

It would be an appropriate constraint. In fact, these additional dollars would incentivize teachers to achieve certification. If that were the criteria for charter schools, they would understand the message you were sending.

KATRIN IVANOFF:

I am here as a concerned mom. People support S.B. 231 because it is not popular to oppose teachers' raises and thus their efforts to help their students.

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I support raises for our teachers and their hard work. The bill as written does not achieve the goal and excludes charter school teachers.

Without reliable accountability measures, school districts will spend money without solving targeted problems. As parents, we want teachers to have enough money to take care of their children, and we want them to be rewarded for all of the work they do to take care of ours.

Teachers' raises are long overdue. However, charter schools are public schools and these teachers also deserve raises. If the Legislature approves the Governor's recommended PCFP, we will have better schools and better teachers. Students and parents will go where the good teachers are. Ultimately, they should have the choice.

CHAIR DONDERO LOOP:

We need to remember that, for the most part, charter school teachers were public school teachers, which means they were qualified, competent and hardworking teachers. Many times teachers from charter schools go back to public schools. We need to remember all teachers work hard no matter their venue.

CYRUS HOJJATY:

I oppose S.B. 231.

CHAIR DONDERO LOOP:

I will close the hearing on S.B. 231 and open the hearing on S.B. 233.

SENATE BILL 233: Revises provisions governing taxes imposed on certain heavy equipment. (BDR 32-87)

SENATOR NICOLE J. CANNIZZARO (Senatorial District No. 6):

We have submitted Proposed Amendment 3657 ([Exhibit J](#)) as we continue to work through the bill. Senate Bill 233 seeks to revise the tax structure governing the rental of heavy equipment. In Nevada, we assess a full year of tangible personal property tax on any piece of heavy equipment in the State on July 1 of a given year, even if that piece of equipment is in the State for one day.

Nevada is one of only six states continuing to use that form of taxation on heavy equipment. The other 44 states have moved to various forms of taxation or fees. This is an opportunity to implement business-friendly legislation which helps support our tax structure. We have been working diligently with this bill to accommodate stakeholders. We have not alleviated all opposition, but have been working toward revising the tax structure to make it revenue-neutral and to bring our State in line with the other 44 states.

BRIAN GORDON (Applied Analysis):

I have a presentation ([Exhibit K](#)) for the Committee's consideration. Heavy equipment rental companies do not necessarily fit neatly into existing taxation structures in the State. In Nevada, heavy equipment is taxed as personal property. This equipment is mobile and is often moved from county to county and outside the State. The mobility of this particular equipment is unique and one of the reasons this legislation has been proposed.

Only six states do not tax heavy rental equipment in some form. A significant number of states do not have personal property taxes. About 18 states have passed legislation altering the taxation structure to move or migrate to an excise tax on rental revenue, as opposed to a personal property tax. Oklahoma is continuing to work through a proposal in 2023.

This presentation addresses a number of questions and concerns which have been raised relating to the bill and how it would ultimately perform. The Committee may consider some proposed alternatives offered by the industry in an effort to alleviate some of those concerns. The first concern is appropriateness of the proposed tax rate and the uncertainty of whether rental revenue would effectively offset any exemption on personal property tax. The industry proposes that Applied Analysis perform a three-year review of historical operating data and provide a two-year projection.

The American Rental Association, the trade association that oversees heavy equipment rental companies, allowed us to serve as the intermediary between its members and those in the public who rent equipment. In an effort to ensure confidentiality among its members and not share company-specific information, the Association asked us to be a warehouse of this information. We looked at two data points, the amount of personal property taxes paid over a three-year period and the rental revenue generated from the same equipment.

The aggregate figures demonstrate that over the period, businesses paid \$12 million in personal property taxes while collecting \$600 million in rental revenue. This represents an effective tax rate of 2 percent in Nevada.

Page 6 of [Exhibit K](#) discusses the industry's offer of a potential replacement fee, given the concerns expressed about the appropriateness of the 2 percent tax rate. The proposed amendment, [Exhibit K](#), provides that in FY 2024-2025 and FY 2025-2026 the industry will submit data on its equipment to the Nevada Department of Taxation, both on generated rental revenue and, at the beginning of the year, a listing of all heavy equipment subject to the existing personal property tax structure. The Department of Taxation would take that data and compare rental revenue relative to personal property tax liability absent the amended bill. They could then determine whether the effective tax rate is higher or lower than 2 percent. After two consecutive years, they would post the analysis on their website for public view. No later than October 1, 2026, the Department of Taxation would report to the Nevada Legislature the results of the two-year analysis and make recommendations for adjustments to the overall rate. The proposed amendment attempts to provide confidence in where the effective tax rate ultimately shakes out.

The American Rental Association notes that in the 18 states where they have employed a similar methodology, they have yet to have one state dispute the generated revenues as less than anticipated.

Page 7 of [Exhibit K](#) addresses the counties' concern that revenue may be negatively impacted as a result of this proposal. The intent is for tax revenue to follow where the equipment is located and to ensure an equitable and transparent distribution of revenue where rentals are taking place.

Page 8 of the presentation concerns section 17, subsection 2 of the proposed amendment and the revenue implications for counties. Rental company branch offices rent equipment; sometimes the equipment is picked up and sometimes it is delivered to a job site. The submitted tax revenue would be allocatable based on the location information provided by the renter. The industry has indicated it is willing to accept location information from renters to include reports to the Department of Taxation to allocate that rental revenue.

Page 9 of [Exhibit K](#) addresses concerns that reliance on the North American Industry Classification System (NAICS) would create uncertainty. [Senate Bill 233](#) narrows equipment eligibility to heavy rental equipment companies falling within two NAICS codes. Companies also need to be primarily engaged in the business of renting heavy equipment to third parties within the State. This would exclude owner-operators and sellers of heavy equipment.

Other proposed amendments are designed to update legislative intent; impose a 40-year sunset, similar to other legislation on tax policy; provide that if the property tax exemption is repealed, the excise tax would also be repealed; and provide more timely distribution of revenue.

CHRIS FERRARI (American Rental Association):

This is a policy endeavor that has been pursued for three Sessions. Change can be uncomfortable. We have worked with county assessors extensively. Majority Leader Cannizzaro's amendment is the result of many meetings discussing every possible issue, most importantly ensuring revenue neutrality. It is not the objective of the new policy to deny revenue to existing entities. This is simply a streamlining process. Good faith is demonstrated through a "true-up provision," meaning if anybody is left short-changed, the industry is going to step up and get it fixed. Let us ensure counties are made whole.

SENATOR GOICOECHEA:

I am trying to figure out the limitation. You say changes only apply to equipment leasing companies, but typically larger companies have lease-to-own programs. They both sell and rent equipment. How do you capture those companies or are they exempt?

MR. GORDON:

All of the rental-related activities would be subject to this alternative excise tax. Sellers of equipment would not be eligible. Rental companies primarily offering their equipment to the public with rental revenues falling within the two NAICS codes would be included in this measure.

SENATOR GOICOECHEA:

You hit on it in your introduction, mobility is the problem. I can go to Elko or Sparks, rent a piece of equipment, load it on my low-bed truck and say it will be used in Lander County even though I may take it back and forth over county lines.

The proposed system may work and 2 percent is probably fair. Typically, most of the smaller rental equipment is not captured for taxation on July 1. Senate Bill 233 may establish some parity, but I continue to be concerned about the mobility issue and the self-reporting aspect of the bill.

MR. GORDON:

We will take the information from the renter. That is where that rental revenue, and ultimately the tax revenue, would be allocable. That does not change anything that is being done today within the personal property tax system.

SENATOR GOICOECHEA:

Yes, I appreciate that. This might stop businesses from shopping tax rates. Some counties have a lower tax rate than others. Without the bill, businesses may go to Eureka or Douglas County where assessments are lower.

SENATOR NEAL:

Does the assessor impose a tax based on the NAICS code?

MR. GORDON:

My understanding is the approved *Personal Property Tax Manual* published by the Nevada Department of Taxation recommends collecting information at the NAICS code level. I do not know whether the information is submitted with every return.

SENATOR NEAL:

If I am correct, assessments at the county level are not based on the NAICS code. Are affiliates in or out?

MR. GORDON:

Affiliates, or commonly controlled entities, would be excluded to avoid tiering of the tax. The goal is not for businesses to set up affiliates to opt into the system. The intent of this legislation is to exclude them.

SENATOR NEAL:

Section 39.3, subsection 3 of the proposed amendment, [Exhibit J](#), describes the provisions for cases when the total amount of the tax imposed, pursuant to section 12 of S.B. 233 on all taxpayers for FY 2024–2025, is greater than the property tax on heavy equipment rental property that would have been owed absent the bill. Then there is a refund provision. Help me understand how we

are aggregating all the taxpayers but exempting some. Can you explain the calculation process?

MR. GORDON:

The bill applies to heavy equipment rental companies that provide their list of heavy equipment at the beginning of the year and those that submit their rental revenue and related taxes.

SENATOR NEAL:

Companies exempted in this bill will provide a list. After a calculation, if the rental tax revenue collected exceeds the potential property tax, the Department of Taxation must pay back an amount equal to, or the difference between, the amount that would have been remitted to the State. I do not know what circumstance occurs where this aggregate calculation applies or who would be the recipient of the check.

MR. GORDON:

Rental companies will be reporting their revenues and applying a 2 percent tax. They will also report the amount they would pay under a personal property tax regime. The Department of Taxation would compare the numbers. If more revenue results from rentals, equipment rental companies would receive a refund. If the rental revenues came in short relative to what the personal property tax would have been, the companies would be billed for the difference. The industry is willing to pay any shortfalls.

SENATOR NEAL:

I saw that provision in section 39.3, subsection 4. This is a new heavy equipment rental tax account. If less comes in, then there is a deposit into a new account and a payout to the counties. Is that correct?

MR. GORDON:

The separate account is primarily an accounting function for the State. Those revenues come to a dedicated fund or bank account essentially. Any overpayments would be refunded to heavy equipment rental companies and any underpayments would be made by those same companies into that same account. They are ultimately distributed to the counties.

SENATOR NEAL:

A lot of these provisions apply to FY 2024–2025 and FY 2025–2026 even though they expire. What happens after 2026?

MR. GORDON:

This provides the State and the counties an opportunity to see how this tax performs for a two-year window. The Department of Taxation will submit a recommendation based on monitored activity and provide recommendations for rate adjustments. Beyond that, the idea is that the rate is locked in and is implemented into perpetuity.

SENATOR NEAL:

Will section 39.3, subsection 3 be locked into perpetuity or is this a test scenario for tax payments?

MR. GORDON:

This is a test period for two years. Once that test period is over, there will no longer be calculations comparing personal property taxes to rental revenue excise taxes.

SENATOR NEAL:

The bill proposes a test tax policy allowing for refunds of overpayments. Has this system been implemented in other states?

MR. GORDON:

My understanding is some states have implemented a similar "true-up." We may have industry representatives who can address the issue, but this type of approach has been implemented in other states.

SENATOR NGUYEN:

It is my understanding there were issues, mostly with the county assessors, who were concerned about an actual loss of rental tax revenue. You can correct me if I am wrong, but these hold harmless provisions for the first two years of implementation were to address potential underpayments. This may mean a loss in revenue to the counties. Is my understanding correct?

ED NOONAN (United Rentals):

That is exactly what we are doing. When this first came to the Legislature a couple of years ago, some of the feedback we got from the counties was,

"We do not know if we are going to be made whole." We shared what was done in the other states and provided examples. We also shared that no states have come back after the fact saying this does not work and we need to repeal that legislation. We have proposed a two-year comparison to support what we are doing. We want to make sure that it is easy administratively. For that two-year period, we can demonstrate whether this 2 percent works and make appropriate adjustments. One state returned refunds to their general fund, but our proposal is they go to the rental companies. We are open to discussions regarding refunds.

SENATOR NGUYEN:

I appreciate your flexibility. It may be a question for the Nevada Association of Counties (NACO) or counties who may oppose S.B. 233 as written or as amended. Their fiscal notes appear to be based on the total loss of rental tax revenue. I wonder whether the true-up hold-harmless provisions during the first two years eliminate the fiscal notes.

MAC BYBEE (Associated Builders and Contractors, Nevada Chapter):

We support S.B. 233. As background on the affiliates piece of this legislation, it was included to preserve the status quo where a construction company might set up a separate company to manage its fleet. When the bill was originally drafted, it would have allowed for a double tax on that existing relationship.

TRAY ABNEY (National Federation of Independent Business):

We support S.B. 233. We are one of the few remaining states that has not modernized this process. We have heard about this issue for years and hope this fix can help many small businesses affected by the existing law, which puts our State at a competitive disadvantage. The law is a disincentive to keeping and maintaining necessary equipment in this State. Both the American Legislative Exchange Council and the National Conference of State Legislatures have suggested fixes like those proposed in this bill.

NICK SCHNEIDER (Vegas Chamber):

We support S.B. 233. It is a good update to tax policy.

TERRY GRAVES (Nevada Trucking Association):

We supported S.B. 233 in the policy committee and continue to do so.

VINSON GUTHREAU (Nevada Association of Counties):

We are testifying in opposition to S.B. 233 and have submitted a letter ([Exhibit L](#)). Similar bills have been introduced in other sessions. We are just seeing this amendment and my members have not had a full opportunity to digest it.

On the fiscal notes piece, we have sent the amendment to our members. The few responses received at this point indicate the fiscal notes will not change. Regarding other states' experiences, we have asked multiple times for that information but still have not seen anything. We are happy to review the ways this plan may work and be effective. I will note a reduction in tax revenues to local jurisdictions remains because the commission to the State is maintained.

We are looking at the possibility of updating our fiscal notes. Individual counties will speak today about the uses of tax revenue. Anytime we review a new amendment, we are happy to respond to the proponents. We consider equity of taxation, administration and revenue neutrality of any new tax method.

CADENCE MATIJEVICH (Washoe County):

We echo the comments from NACO and the information that has been submitted in the memorandum. We are reviewing the proposed amendment. We understand this has worked in other states, but Washoe County assessors are bound by Article 10 of the Nevada Constitution, which requires fair and equitable taxation. The equity piece is important to us. The Committee has been presented a problem that needs to be solved for the heavy equipment industry. We do not see a distinction between heavy equipment rentals and any other type of rentals, such as equipment for medical uses, trade shows, motion picture and television, special events or offices. The functions are much the same. Senate Bill 233 creates a separate treatment of one subsection of the rental industry.

When Nevada became a full member of the Streamlined Sales and Use Tax Agreement in April 2008, the Department of Taxation adopted LCB File No. R105-09 and put it into *Nevada Administrative Code* (NAC) 372.934 through NAC 372.946. Those sections speak to regulations relating to rentals and leases. Washoe County would suggest that there is a much more elegant solution to the problem that has been presented to you in NAC 372.940, subsection 3, paragraph (b) which allows these companies to charge for the reimbursement of property taxes.

JOANNA JACOB (Clark County):

In Clark County, taxes are collected at the county level and automatically disbursed across 112 taxing districts. This bill, even with the proposed amendment, will require that the tax be collected at the State level and a portion offset to the State for the cost of administering this new tax. The County will receive a lump sum, though we do not have a mechanism to process the funds in our system. We will then be responsible for distribution. From my preliminary review of the amendment, it appears counties will be responsible for tracking and administering refunds in collaboration with the Department of Taxation while maintaining our existing system, which is based on valuation of other properties including those affiliates. We will be maintaining two new systems.

We will update our fiscal note because this is an administrative cost. There is no offset similar to Clark County property tax funds, of which the largest share goes to the State Education Fund and to payment on Clark County school bonds. We have issued school bonds for school construction, indigent care, family court services, the fire department and the County and City general fund based on the location of the taxing district. In Clark County, we are looking at cumulative fiscal impacts and demands on our general fund.

We are still concerned about a potential change to our general funds and the way that we administer this tax process. Like Washoe County, we have a unique tax system and revenues like the property tax funds are critical safety nets. I want to make certain that as the Session winds down, we all will be mindful of these demands on our general fund and the County's long-term liability.

SENATOR NGUYEN:

How much revenue is generated for Clark County from personal property tax on heavy equipment?

Ms. JACOB:

Our collections to date through the latest billing cycle were \$2.8 million instead of the \$2.5 million reported in our fiscal note. I will defer to the County Assessor for clarification.

MARY WALKER (Douglas County, Lyon County and Storey County):

We echo the other counties' comments and concerns. We are concerned about tax equity particularly with other equipment rental companies. Regarding revenue losses to counties, 37 percent of the personal property tax on heavy equipment goes to the schools in Lyon County.

We are also concerned about the true-up as outlined in the proposed amendment, section 39.3, subsection 3. When the total amount of tax imposed on all taxpayers in FY 2024-2025 is greater than the property tax on heavy equipment that would have been paid, I question what happens when businesses grow or new businesses are started? How will the changes be incorporated in the true-up?

BRIANA JOHNSON (Assessor, Clark County):

I am speaking on behalf of the Nevada Assessor's Association, which is comprised of all 17 assessors in the State. We echo the comments made by those in opposition to S.B. 233. Our main concern as assessors is equity and how we can evaluate the same piece of equipment owned by two businesses. Whether they rent it or they own it, we would apply a different taxing mechanism. We do not have the ability to redistribute funds to the counties. Everything we do is based on valuation of the equipment reported to us. Our system records the year the equipment is acquired, applies depreciation and then comes up with an assessed value to generate taxes. We do not take money into our system and do not have the ability to do so.

In addition, there was some conversation about the lien date of July 1 for real and personal property on both sides. That lien date is the law and our governing constraint. If a regular business reports their property to us on the lien date and a piece of equipment needs to be replaced, they do not pay taxes on the new equipment. The same is true of a heavy equipment business that reports their property on July 1 and in December moves some equipment to another county. They do not pay taxes in the new location.

We are concerned about equity in this bill. We are being asked to treat this industry differently from all other taxpayers in the State. We do not have a mechanism to take money into our system and redistribute it to the counties. It is complicated for us, and, for these reasons, we are opposed to S.B. 233. The Nevada Assessor's believe the existing method of assessing heavy equipment rentals is fair and equitable under statute.

MARY ANN WEIDNER (Assistant Director, Assessment Services, Clark County):

An earlier comment regarding where property is sourced suggested that Clark County is sourcing all property to where it is being rented. That is an incorrect statement. We are sourcing it to the location of the rental company just like any other business in the State. Where the business is located is the district in which it is taxed.

As was mentioned, there are 112 different taxing districts within Clark County alone. This system would require them to track a piece of equipment that is moving from district to district within Clark County and decide which district it is going to be taxed in. The new system is based on the location of equipment, whether it is there two weeks, one week, a month or a year. It further complicates a system that has worked well without administrative challenges for many years.

If the goal as stated by supporters of S.B. 233 is to be revenue-neutral, it does not make sense to complicate and add administrative burdens to an existing system. Another issue discussed is the different types of equipment. Heavy equipment companies rent both heavy equipment and lighter equipment. They have all different types of equipment. Some of the smaller businesses that rent the lighter equipment will be taxed under the personal property tax system, but because that same piece of equipment will be rented under the umbrella of a heavy rental equipment company, they will fall under a different taxing system. They get taxed in this new way that this bill is proposing. The bill will result in an inequitable system.

JEFFREY MITCHELL (Deputy Director, Local Government Services, Nevada Department of Taxation):

We are neither for nor against S.B. 233 but are mainly concerned with its administration. We submitted a fiscal note based upon the original language. We are reviewing the proposed amendment for administrative changes and the impact on the Department's reporting and distribution requirements.

CHAIR DONDERO LOOP:

I will close the hearing on S.B. 233 and open the hearing on S.B. 54.

[SENATE BILL 54 \(1st Reprint\)](#): Revises provisions relating to elections. (BDR 24-409)

GABRIEL DI CHIARA (Chief Deputy, Office of the Secretary of State):

Senate Bill 54 proposes the creation of an elections procedure manual and a required county and city clerk training program. The manual will be revised on a biennial basis and its material approved by the Legislative Commission not less frequently than every four years. Once created, the elections procedure manual will act as a textbook for the second part of S.B. 54, which is a mandatory county and city clerk training program.

This training program will be conducted annually with attendance being required for county and city election officials. While it would be mandatory for the clerks and registrars, it would be open and optional for other county and city staff members as well. The Office of the Secretary of State would be allowed but not required to reimburse costs related to this training for additional staff.

The exodus of election officials that began following the 2020 election cycle has not stopped, and there is significant need for training of new staff. The passage of this bill would be a step in the right direction to address the challenges made by these departures so that future election cycles will continue to be administered as required by law.

SENATOR GOICOECHEA:

Senate Bill 54 will require every county or city clerk to attend training, but it is optional for their staff. Is that correct?

MR. DI CHIARA:

That is correct.

SENATOR TITUS:

For clarification, the training is mandatory for an elected official. The clerks are all elected with the exception of two counties: Washoe and Clark County Clerks are appointed. I understand there is some precedent, but I request clarification regarding the legality of elected officials mandating training for other elected officials.

WAYNE THORLEY (Senate Fiscal Analyst):

I can consult with Committee legal counsel, but I can think of elected positions, such as judges, where they are mandated to take certain training.

SENATOR TITUS:

We as a Body can put in statute mandatory training for another elected official under certain circumstances. Is that correct?

MR. THORLEY:

That is my understanding.

SENATOR TITUS:

The curriculum and the scope of the training is not clear. What will be on the equipment they are using? Will it be the top-down voter registration we are now implementing? Will it be general education on how to clear ballot rolls?

MR. DI CHIARA:

The training will encompass a number of topics. For example, as statute changes through legislation, city and county clerks require information from the Secretary of State's Office on implementation and adoption of regulations. The manual is intended to be a specific hands-on guide for how to use the hardware and the software that run the election.

We are in the process of transitioning to a new system for top-down voter registration. Because there has been so much turnover since 2020, new city and county clerks need hands-on guidance that is probably best done in a group setting.

MARK WLASCHIN (Deputy for Elections, Office of the Secretary of State):

The goal is to make this training as specific and focused as possible. We had considered theoretical discussions in classes on the history of American elections since 1700. While interesting, it would not help a county or city clerk execute an election in accordance with Title 24 of NRS or federal law and so the training will focus on the issues important to meet the needs of the electorate.

SENATOR TITUS:

We have a lot of distrust of the election process and I want to make sure this will be a transparent document for anyone who is interested. The training should not interfere with any clerk or any county that decides to hand-count ballots. I want to be certain it is simply an instruction process of law, operations and technology. In many ways, it is going to help make sure that our elections are run as smoothly and as transparently as possible.

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MR. DI CHIARA:

Yes, this will be everything from clarifying statute and regulations to requirements for running a report for the Secretary of State's Office. Senate Bill 54 requires that any significant changes need to be reviewed by the Legislative Commission.

MR. WLASCHIN:

It is imperative that it be a public document. This is as much an informational document for our clerks and registrars and their staff members as it is for the public. Questions about our processes need to be answered by informing and educating the public.

IZACK TENORIO (Campaign Legal Center):

We support S.B. 54. It will increase transparency in elections and will provide a proper education throughout the State.

EMILY PERSAUD-ZAMORA (Silver State Voices):

We support S.B. 54.

JANINE HANSEN (Independent American Party of Nevada):

I am happy the first reprint of S.B. 54 provides for the Legislative Commission's review of the training manual. The original bill did not. I am not sure whether the Commission is required to hold a hearing so the public can participate. Public hearings are imperative for clarification of the election process.

Like many communities, I have concerns about the top-down system and a loss of local autonomy. Elected county clerks should be permitted to continue to run elections in a manner appropriate to their communities.

BARBARA JONES:

There is more to S.B. 54 than has been presented. The bill states the Secretary of State develops the manual and requires compliance by every city and county. It is a top-down implementation of the Voter Registration and Election Management Solution project, a system with national and international connections.

The bill authorizes the Secretary of State to make changes to the election procedures manual that are not substantially related to administering elections without the approval of the Legislative Commission. The Secretary of State is

responsible to bring every city and county onboard, which means your local cities and counties will not have control of their own elections.

An outside voting machine vendor has been chosen and the system will be implemented this year. The details and costs are available on the Secretary of State's website. The cost of \$30 million will be implemented this year. I was shocked by the numbers.

I have done research on Gartner Consulting and the connections are not good nationally or internationally. It is also partly funded by a federal grant. The connections through Gartner and other vendors are international. They can share information with any agency. For example, private information can be shared with the U.S. Department of Health and Human Services.

Please stop S.B. 54 and the implementation of this project. Our privacy and local control is gone. This is serious. I could not believe it. I have spent so much time researching it. The vendor has been chosen and is called KNOWiNK and is an international organization that has sold Nevada databases to China.

JIM DEGRAFFENREID (Vice Chair, Nevada Republican Party):

We oppose S.B. 54. The bill is an attack on local control, which is regularly invoked when defending irregular election practices in Clark County, such as excluding poll observers, not following publicly posted schedules or refusing to allow cameras during the counting process as other counties do. The importance of local control over elections was used as a reason not to address each of these real life issues. The bill is also an attack on the right of voters to determine what kind of election system they find trustworthy.

Nevada's counties, like our residents, are diverse and varied. The system for Esmeralda County with 617 registered voters can and perhaps should be radically different from Clark County where there are over 1.3 million active voters. That is not a decision for an unaccountable commission to decide behind closed doors. It is for the voters in each county to decide.

Senate Bill 54 disenfranchises rural voters by preventing them from directing their local county representatives to implement a voting system they find most fair and responsive to their needs. This bill is an improper attempt to circumvent procedures for issuing new regulations that require public comment and participation via the NAC.

Open meetings and strict adherence to Open Meeting Law are the hallmark of transparent government. An arbitrary Secretary of State guidebook attempting to impose a one-size-fits-all election rules Statewide is an attempt to subvert the authority of county commissioners and county clerks to decide their county-specific election procedures and authority, which should be protected by the Democrat-sponsored Voters' Bill of Rights. For all of these reasons, we request that the Committee vote no on S.B. 54.

MR. DI CHIARA:

I want to clarify the purpose of this manual is to help train county clerks on exactly what is required by law in statute and regulation. This is not an attempt in any way to adjust how clerks want to run their elections, but there are legal requirements that they need help in getting up to speed with their systems.

CHAIR DONDERO LOOP:

I will close the hearing on S.B. 54 and open the hearing on S.B. 216.

SENATE BILL 216 (1st Reprint): Establishes provisions relating to elections.
(BDR 24-364)

SENATOR JAMES OHRENSCHALL (Senatorial District No. 21):

Senate Bill 216 comes to your Committee from the 2021–2022 Joint Interim Standing Committee on Legislative Operations and Elections. This bill is a product of discussions held during meetings of the Interim Committee regarding the difficulties faced by members of our State's tribal nations when voting or registering to vote. The Interim Committee heard testimony from the Nevada Indian Commission and tribal members whose concern was taken into consideration when drafting legislation for the Eighty-second Legislative Session.

Tribal citizens have historically faced high barriers to participating in the voting process due to the remote locations of many tribal lands in our State. Of the 28 federally recognized tribal nations in Nevada, 24 are more than an hour's drive from a community of 10,000 people or more. We have also heard from the Nevada Indian Commission that with the high amount of turnover among county clerks recently, it has been difficult for tribal leaders and citizens who are engaged in voter outreach to maintain relationships with local election officials. Additionally, some tribal nations are not in contact with their city or county clerk at all, meaning their needs and concerns are not part of the conversation when it comes to election administration. Senate Bill 216 would

require regular communication between county and city clerks and the tribal nations within their jurisdiction to ensure tribal nations are continually included in conversations surrounding voter participation and access.

Sections 2 and 4 of the bill require county and city clerks to establish and maintain a working relationship with Indian tribes within the county or city jurisdiction. The intent is to ensure tribal nations are a part of the conversation and able to provide input or receive information and support. The bill puts the onus on city and county clerks, the officials responsible for administering elections in the State, to regularly reach out to tribal nations. It will take effort on behalf of both parties to foster a working relationship. However, the initial contact and frequent follow-up contact called for in the bill should come from city and county clerks who have the resources to contact the tribes and the responsibility to administer elections for all eligible voters in the State.

In addition, two other points in the bill are aimed at facilitating participation in our voting process. Nevada's voting system would be expanded under the bill to include tribal nation members, which would support voting in extremely remote communities. Secondly, the bill creates a standalone tribal liaison position in the Secretary of State's Office to facilitate polling place establishment. A friendly amendment ([Exhibit M](#)) has been proposed by the Washoe County Registrar.

MR. DI CHIARA:

Increasing access and accessibility for tribal voters, especially in rural communities, is a priority for Secretary of State Francisco V. Aguilar. The fiscal note will be adjusted to reflect support for a standalone tribal liaison and the deletion of costs for an IT infrastructure.

CHAIR DONDERO LOOP:

The amendment from Washoe County states a sharing of responsibility and that the timelines are fixed.

SENATOR OHRENSCHALL:

That is correct. The amendment ensures that if the clerk or registrar makes an effort to reach out to the tribe and it is not reciprocated, there is only so much they can do.

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ALEX TANCHEK (Pyramid Lake Paiute Tribe; Shoshone-Paiute Tribes of the Duck Valley Indian Reservation; Duckwater Shoshone Tribe):
We support S.B. 216.

KERRY DURMICK (State Director, All Voting is Local Action):
We support S.B. 216.

Ms. PERSAUD-ZAMORA:
Silver State Voices supports S.B. 216.

JAMIE RODRIGUEZ (Registrar of Voters, Washoe County):
We thank Senator Ohrenschall for accepting our amendment, [Exhibit M](#). It is a cleanup associated with the bill the Committee will hear later in the week. Senate Bill 216 is a positive and beneficial bill ensuring communications across the State.

SENATOR OHRENSCHALL:
Senate Bill 216 has the potential to help tribal members participate in our democracy and remove some of the obstacles, especially for tribal members in remote locations.

CHAIR DONDERO LOOP:
I will close the hearing on S.B. 216 and open the hearing on S.B. 443.

[SENATE BILL 443 \(1st Reprint\)](#): Revises provisions relating to voter registration.
(BDR 24-842)

SENATOR JAMES OHRENSCHALL (Senatorial District No. 21):
Senate Bill 443 was sponsored by the Senate Committee on Legislative Operations and Elections. Elections and the right to vote are critical to our democracy and represent the core foundations of our free society. The measure before you is brought forward with the intent to continue to provide voting access to the citizens of our State.

Sections 1 and 2 establish that to register to vote in person during the period for early voting or on election day, an elector must provide any current and valid photo identification as proof of identity. If such proof of identity was not issued by the Nevada Department of Motor Vehicles (DMV), and does not include the person's current residential address, the elector must also provide proof of

residency via various forms of proof listed in existing law. Section 1 applies to registering to vote for early voting. Section 2 applies to registering to vote on election day. These same changes are carried throughout the two sections.

Existing law authorizes the director of the DMV to arrange for extended hours of operation for offices in Clark and Washoe Counties. Section 3 of the bill requires the director to arrange for DMV offices in Clark and Washoe Counties to remain open on weekends and at hours beyond the normal hours of 8:00 a.m. to 5:00 p.m. solely for the purpose of issuing or renewing drivers' licenses or identification cards for citizens who need to be able to register to vote during that period of early voting or election day. These extended hours are required to apply for two weeks prior to the last day to register to vote by mail for primary, presidential preference primary or general election and also for the six calendar days immediately following these elections.

Lastly, section 3 prohibits the DMV or its offices in Clark and Washoe Counties from requiring a person to have an appointment to apply for a renewal of a driver's license or identification card during those extended time periods if that application is for the purpose of being able to register to vote during those periods.

SENATOR NEAL:

Can you explain the term "qualified elector" in section 1, subsection 4?

SENATOR OHRENSCHALL:

The term is used to describe a registered qualified voter.

MS. PERSAUD-ZAMORA:

Silver State Voices and the Let Nevadans Vote Coalition support S.B. 443. As an organization that does a lot of election work, especially concerning election protection, we have found that people do not know if they want to participate in the same-day voter registration, they must have a current Nevada ID. Passing this bill would give access to many people.

MS. DURMICK:

All Voting is Local Action supports S.B. 443.

MR. TENORIO:

Campaign Legal Center supports S.B. 443 as a same-day voter registration for all Nevadans. It is an important reform for extending access to the ballot and enables citizens to register to vote during early voting periods and election day, which is when public interest is high. It will invite more Nevadans to participate in our democracy.

MS. HANSEN:

I am the State Chair of the Independent American Party. We have significant concerns about this bill. One of the things it does is change the requirement to have a driver's license from the State to be able to register to vote in those critical last few days before elections. The bill allows voters to be identified with a driver's license from any state in the Country or the District of Columbia. We do not know whether other states allow non-citizens or illegal aliens to obtain driver's licenses.

We are also concerned about section 1.6, subsection 5. The bill reads,

If an elector who appears to vote does not have a driver's license or identification card issued by this State or another state, the District of Columbia or any territory of the United States or a social security number, the elector may cast a provisional ballot ...

They do not have any identification. They do not have a social security number. They are allowed to vote. What kind of election integrity is this?

We have to have rules to provide confidence in our elections. This bill does not provide confidence in protection from voter fraud and abuse. The bill discriminates against rural counties by allowing the DMV to be open in only Washoe and Clark Counties. The rural counties are more conservative. Why not allow them extra days to prove they are a citizen so their votes can be counted? Why in the world do we need six days after the election for people to go to the DMV for a voter ID? Is that because we have let them vote without an ID? Senate Bill 433 has significant problems and we oppose it.

MS. JONES:

I echo Ms. Hansen's comments and oppose S.B. 443.

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MR. HOJJATY:

I agree with Ms. Hansen's comments and oppose S.B. 443.

MR. DEGRAFFENREID:

The Nevada Republican Party opposes S.B. 443. Since 2020, Nevada has become a laughingstock of the Country due to our inability to count ballots in a timely manner. While anyone who visits a casino can attest to our skills in counting chips and cash, S.B. 443 creates further delays in reporting final accurate election results by encouraging additional provisional ballots.

Provisional ballots which come primarily from same-day voter registration are already difficult and complex for counties to manage. This bill further complicates and delays the process for no reason because it is already easy to register to vote in Nevada. You can register to vote online, in person, automatically at the DMV or at the polling place on election day. Once registered, voters have ballots delivered to them free of charge without even asking. Registering and voting in Nevada is already so easy there is no reason to make it harder on counties to deliver results in an effort to make it even easier.

It should be easy to vote and hard to cheat. Language in section 3, subsection 2, paragraph (b) is not needed. It adds six days of special treatment by the DMV, whose mission should not include voter registration in the first place, in an effort to enable people to vote after the election. Most adults have photo IDs as part of functioning in society. We also oppose the adopted amendment. While it is true that it raises the bar on required ID from the original bill that would have allowed voters to register with literally any photo ID, like a Costco card, it is still weaker than existing law which requires a Nevada driver's license or ID. We encourage the existing law be retained. For all of these reasons, we urge the Committee to vote no on S.B. 443.

ALEX RODRIGUEZ (Libertarian Party of Nevada):

I ditto the previous comment.

SENATOR OHRENSCHALL:

I appreciate the opposition's comments. However, there are some misunderstandings of the bill. Senate Bill 443 removes obstacles for people who are registering to vote during those periods specified in the bill and want to participate in our democratic process. There are safeguards in the bill in terms of

the proof of residency requirements needing to be within 60 days. Provisional ballots are closely scrutinized by election officials.

Ms. PERSAUD-ZAMORA:

In opposition testimony, they questioned the need for extended DMV hours after election day. The provision is to assist with ballot curing in cases of mail-in ballot voters who may be required to produce their IDs. Also discussed was discrimination against rural counties. We made that decision because the DMV offices in Clark and Washoe Counties are open on Saturdays. The changes would be an easier lift for those particular counties.

SENATOR NEAL:

How is the DMV appointment process going to work online? Can a voter simply show up and request a driver's license during extended hours?

SENATOR OHRENSCHALL:

No appointment would be required if a voter is going through the process of being able to vote or validate a mail-in ballot. The extended hours are specifically for those voters.

Remainder of page intentionally left blank; signature page to follow.

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CHAIR DONDERO LOOP:

I will close the hearing on S.B. 443. We are adjourned at 7:04 p.m.

RESPECTFULLY SUBMITTED:

Marie Bell,
Committee Secretary

APPROVED BY:

Senator Marilyn Dondero Loop, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Introduced on Minute Report Page No.	Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster
S.B.195	C	3	Senator Rochelle T. Nguyen	Proposed Amendment Nevada Cannabis Association
S.B. 305	D	13	Susan Fisher / The Pew Charitable Trusts	Letter in Support
S.B. 305	E	13	Susan Fisher / The Pew Charitable Trusts	Testimonials in Support
S.B. 231	F	17	Senator Nicole J. Cannizzaro	Proposed Amendment 3686
S.B. 231	G	26	Nancy Kuhles / Nevada Speech - Language Hearing Association	Letter in Support
S.B. 231	H	26	Chris Daly / NSEA	Letter in Opposition
S.B. 231	I	26	Chris Daly / NSEA	Proposed Amendment
S.B. 233	J	31	Senator Nicole J. Cannizzaro	Proposed Amendment 3657
S.B. 233	K	32	Brian Gordon / Applied Analysis	Presentation
S.B. 233	L	39	Vinson Guthreau / NACO	Letter in Opposition
S.B. 216	M	48	Senator James Ohrenschall	Proposed Amendment / Washoe County