

The
Journal of the
Assembly
OF THE
TWENTY-EIGHTH SPECIAL SESSION
OF THE
LEGISLATURE OF THE
STATE OF NEVADA
2014



BEGUN ON WEDNESDAY, THE TENTH DAY OF SEPTEMBER
AND ENDED ON
THURSDAY, THE ELEVENTH DAY OF SEPTEMBER

ARRANGEMENT AND CONTENTS OF VOLUME

	<i>Page</i>
ASSEMBLY LEGISLATIVE CALENDAR	v
LISTING OF ASSEMBLY BILLS	vii
LISTING OF ASSEMBLY RESOLUTIONS	viii
LISTING OF SENATE BILLS	ix
ELECTED OFFICERS OF THE NEVADA STATE ASSEMBLY	xi
PERSONNEL OF THE NEVADA STATE ASSEMBLY	xiii
ATTACHÉS OF THE NEVADA STATE ASSEMBLY	xv
EXPLANATION OF AMENDMENT LANGUAGE	xvii
ASSEMBLY PROCEEDINGS	1
APPENDICES, COMMITTEE OF THE WHOLE	111
GENERAL INDEX.....	165
ASSEMBLY STANDING RULES.....	173
INDEX TO ASSEMBLY STANDING RULES	203
JOINT STANDING RULES OF THE SENATE AND ASSEMBLY	219
INDEX TO JOINT STANDING RULES OF THE SENATE AND ASSEMBLY	227

ASSEMBLY LEGISLATIVE CALENDAR

<i>Calendar Day</i>	<i>Date</i>	<i>Page Number</i>
1.....	September 10, 2014.....	1
2.....	September 11, 2014.....	76

LISTING OF ASSEMBLY BILLS AND ACTIONS THEREON

(Where a roll call vote was taken on final passage, such action
is denoted by an asterisk following the page number.)

No.

Summary, Introducer and Page Reference

- 1....Revises provisions governing the Economic Development Electric Rate Rider Program. Fiscal Note: Effect on Local Government: No. Effect on the State: Yes. Committee on Committee of the Whole, 39, 44, 45, 75, 77, 78*.
- 2....Exempts certain manufacturers of electric passenger cars from the statutory requirements relating to franchises for the sale of new vehicles and repairs or maintenance on motor vehicles. Fiscal Note: Effect on Local Government: No. Effect on the State: No. Committee on Committee of the Whole, 39, 44, 75, 78, 82*.
- 3....Revises provisions governing the general tax on insurance premiums. Fiscal Note: Effect on Local Government: No. Effect on the State: No. Committee on Committee of the Whole, 39, 40, 44, 67, 75, 76, 77*.

LISTING OF ASSEMBLY RESOLUTIONS AND ACTIONS THEREON

(Where a roll call vote was taken on final passage, such action
is denoted by an asterisk following the page number.)

ASSEMBLY CONCURRENT RESOLUTIONS

No.

Summary, Introducer and Page Reference

- 1 Adopts the Joint Rules of the Senate and Assembly for the 28th Special Session of the Nevada Legislature. Committee on Legislative Operations and Elections, 31, 44, 108.

ASSEMBLY RESOLUTIONS

No.

Summary, Introducer and Page Reference

- 1 Amends the Standing Rules of the Assembly of the 77th Session of the Nevada Legislature. Committee on Legislative Operations and Elections, 4, 108.
- 2 Provides for the appointment of attachés. Committee on Legislative Operations and Elections, 30, 108.
- 3 Provides that no allowances will be paid for the 28th Special Session of the Nevada Legislature for periodicals, stamps, stationery or communications. Committee on Legislative Operations and Elections, 31, 108.

LISTING OF SENATE BILLS AND ACTIONS THEREON

(Where a roll call vote was taken on final passage, such action
is denoted by an asterisk following the page number.)

No.

Summary, Introducer and Page Reference

1....Revises provisions relating to commerce. Fiscal Note: Effect on Local Government: May have Fiscal Impact. Effect on the State: Yes. Committee on Committee of the Whole, 83, 106, 108*.

ELECTED OFFICERS OF THE NEVADA STATE ASSEMBLY
Twenty-Eighth Special Session, 2014

<i>Title</i>	<i>Name</i>	<i>Mailing Address</i>
Speaker	Marilyn K. Kirkpatrick.....	4747 Showdown Drive, North Las Vegas 89031-2133
Speaker pro Tempore	Paul Aizley.....	237 East Eldorado Lane, Las Vegas 89123-1159
Chief Clerk.....	Susan Furlong	401 South Carson Street, Carson City 89701-4747

PERSONNEL OF THE NEVADA STATE ASSEMBLY

Twenty-Eighth Special Session, 2014

<i>Name and Party</i>	<i>District</i>	<i>Mailing Address</i>
Aizley, Paul (D)	Clark (Part), No. 41.....	237 East Eldorado Lane, Las Vegas 89123-1159
Anderson, Elliot T. (D)	Clark (Part), No. 15.....	3135 South Mojave Road, Unit 227, Las Vegas 89121-8315
Anderson, Paul (R).....	Clark (Part), No. 13.....	10000 West Charleston Boulevard, Suite 135, Las Vegas 89135-1006
Benitez-Thompson, Teresa (D) ...	Washoe (Part), No. 27.....	P.O. Box 20637, Reno 89515-0637
Bobzien, David P. (D).....	Washoe (Part), No. 24.....	1605 Wesley Drive, Reno 89503-2332
Bustamante Adams, Irene (D)	Clark (Part), No. 42.....	3800 Reflection Way, Las Vegas 89147-4442
Carlton, Maggie (D)	Clark (Part), No.14.....	5540 East Cartwright Avenue, Las Vegas 89110-3802
Carrillo, Richard (D)	Clark (Part), No. 18.....	4819 Diza Court, Las Vegas 89122-7574
Cohen, Lesley E. (D).....	Clark (Part), No. 29.....	2657 Windmill Parkway, No. 415, Henderson 89074-3384
Daly, Richard (D).....	Washoe (Part), No. 31.....	2180 Fourth Street, Sparks 89431-2201
Diaz, Olivia (D).....	Clark (Part), No. 11.....	P.O. Box 365072, North Las Vegas 89036-9072
Dondero Loop, Marilyn (D)	Clark (Part), No. 5.....	3724 Emerald Bay Circle, Las Vegas 89147-6816
Duncan, Wesley (R)	Clark (Part), No. 37.....	3958 Silver Saber Court, Las Vegas 89129-8341
Eisen, Andy (D)	Clark (Part), No. 21.....	9850 South Maryland Parkway, Suite A5-162, Las Vegas 89183-7146
Ellison, John C. (R).....	Elko, Eureka, Lincoln (Part), White Pine, No. 33	P.O. Box 683, Elko 89803-0683
Fiore, Michele (R).....	Clark (Part), No. 4.....	9085 West Rosada Way, Las Vegas 89149-3556
Flores, Lucy (D).....	Clark (Part), No. 28.....	420 North Nellis Boulevard, Suite A3-87, Las Vegas 89110-5365
Frierson, Jason M. (D).....	Clark (Part), No. 8.....	7925 West Russell Road, No. 400187, Las Vegas 89140-8009
Grady, Tom (R).....	Churchill, Lyon (Part), No. 38	43 Fairway Drive, Yerington 89447-2170
Hambrick, John (R).....	Clark (Part), No. 2.....	1930 Village Center Circle, Suite 3-419, Las Vegas 89134-6245
Hansen, Ira (R).....	Esmeralda, Humboldt, Lander, Mineral, Nye (Part), Pershing, Washoe (Part), No. 32	68 Amigo Court, Sparks 89441-6213
Hardy, Crescent (R)	Clark (Part), No. 19.....	P.O. Box 601, Mesquite 89024-0601

Healey, James W. (D)	Clark (Part), No. 35	7835 South Rainbow Boulevard, Suite 4-228, Las Vegas 89139-6499
Hickey, Pat (R)	Washoe (Part), No. 25	1180 Forest Street Reno 89509-2707
Hogan, Joseph M. (D)	Clark (Part), No. 10	2208 Plaza De La Candela, Las Vegas 89102-4043
Horne, William C. (D)	Clark (Part), No. 34	2251 North Rampart Boulevard No. 357 Las Vegas 89128-7640
Kirkpatrick, Marilyn K. (D)	Clark (Part), No. 1	4747 Showdown Drive, North Las Vegas 89031-2133
Kirner, Randy (R)	Washoe (Part), No. 26	18124 Wedge Parkway, Suite 519, Reno 89511-8134
Livermore, Pete (R)	Carson City, Washoe (Part), No. 40	4 Raglan Circle, Carson City 89701-6507
Martin, Andrew (D)	Clark (Part), No. 9	7345 South Durango Drive, Suite B107-319, Las Vegas 89113-3653
Munford, Harvey J. (D)	Clark (Part), No. 6	809 Sunny Place, Las Vegas 89106-3637
Neal, Dina (D)	Clark (Part), No. 7	3217 Brautigan Court, North Las Vegas 89032-6030
Ohrenschall, James (D)	Clark (Part), No. 12	P.O. Box 97741, Las Vegas 89193-7741
Oscarson, James (R)	Clark (Part), Lincoln (Part), Nye (Part), No. 36	P.O. Box 1600 Pahrump 89048-1600
Spiegel, Ellen B. (D)	Clark (Part), No. 20	2764 North Green Valley Parkway, No. 327, Henderson 89014-2120
Sprinkle, Michael (D)	Washoe (Part), No. 30	P.O. Box 51202, Sparks 89435-1202
Stewart, Lynn D. (R)	Clark (Part), No. 22	2720 Cool Lilac Avenue, Henderson 89052-3836
Swank, Heidi (D)	Clark (Part), No. 16	546 Barbara Way, Las Vegas 89104-2858
Thompson, Tyrone (D)	Clark (Part), No. 17	117 Fox Crossing Avenue, North Las Vegas 89084-5207
Wheeler, Jim (R)	Douglas, Lyon (Part), Storey, No. 39	P.O. Box 2135, Minden 89423-2135
Woodbury, Melissa L. (R)	Clark (Part), No. 23	P.O. Box 401508, Las Vegas 89140-1508
Vacant	Clark (Part), No. 3	Vacant

ATTACHÉS OF THE ASSEMBLY

Twenty-Eighth Special Session, 2014

Name	Title
Lucinda Benjamin	Assistant Chief Clerk/History Clerk
Bonnie Borda Hoffecker	Journal Clerk
Jason Hataway	Media Clerk
Carol Aiello-Sala	Recording Clerk
Robin Bates	Sergeant at Arms
Mary Matheus	Assistant Sergeant at Arms
Dennis Humphrey	Assistant Sergeant at Arms
Patricia A. Manning	Assistant Sergeant at Arms
Sylvia Brown	Executive Assistant to Chief Clerk

EXPLANATION OF AMENDMENT LANGUAGE

Twenty-Eighth Special Session, 2014

EXPLANATION: Matter in (1) bold italics is new language in the original bill; (2) bold italic underlining is new language proposed in the amendments; (3) strikethrough is deleted language from the original bill; (4) double strikethrough is language proposed to be deleted in a particular amendment; (5) double underlining is deleted language in the original bill that is proposed to be retained in a particular amendment; and (6) bold underlining is newly added transitory language.

Journal

OF THE

ASSEMBLY OF THE STATE OF NEVADA

TWENTY-EIGHTH SPECIAL SESSION

THE FIRST DAY

CARSON CITY (Wednesday), September 10, 2014

Assembly called to order at 12:41 p.m.

Madam Speaker presiding.

Roll called.

All present except Assemblyman Hogan, who was excused, and one vacancy.

Prayer by Assemblyman Tyrone Thompson.

Dear Father, thank You for assembling us for this 28th Special Session of the Nevada State Legislature. We ask that You are in the midst of this open forum where we will explore new opportunities and make key decisions that may have significant economic impacts for the betterment of our state.

We thank You for our leadership, the great support of our Legislative Counsel Bureau, and most importantly, for the input from our residents and communities to better prepare and equip us with information and diverse perspectives for meaningful dialogue and critical thinking throughout this special session.

We ask that You touch each representative from the Senate and Assembly with open-mindedness, innovation, and the spirit of collaboration in order to vet this process and develop a shared vision and road map for the continued prosperity of Nevada's future. Thank You for allowing us to serve and for your many blessings. In Your Holy and Awesome Name we pray. Thank God.

AMEN.

Pledge of allegiance to the Flag.

MOTIONS, RESOLUTIONS AND NOTICES

Madam Speaker appointed Assemblymen Bobzien, Carlton, and Paul Anderson as a committee to inform the Senate that the Assembly was organized and ready for business.

Madam Speaker appointed Assemblymen Horne, Frierson, and Hickey as a committee to inform the Governor that the Assembly was organized and ready for business.

Madam Speaker announced if there were no objections, the Assembly would recess subject to the call of the Chair.

Assembly in recess at 12:50 p.m.

ASSEMBLY IN SESSION

At 1:07 p.m.

Madam Speaker presiding.

Quorum present.

A committee from the Senate composed of Senators Manendo, Woodhouse, and Hardy appeared before the bar of the Assembly and announced that the Senate was organized and ready for business.

Assemblyman Bobzien reported that his committee had informed the Senate that the Assembly was organized and ready for business.

Assemblyman Horne reported that his committee had informed the Governor that the Assembly was organized and ready for business.

MOTIONS, RESOLUTIONS AND NOTICES

Assemblyman Horne moved that the reading of the Proclamation by the Governor convening the Legislature into a Special Session be dispensed with and that the Proclamation be entered into the Journal.

Motion carried.

COMMUNICATIONS

STATE OF NEVADA
OFFICE OF THE GOVERNOR

A PROCLAMATION BY THE GOVERNOR

WHEREAS, Section 9 of Article V of the Constitution of the State of Nevada provides that "The Governor may, on extraordinary occasions, convene the Legislature by Proclamation and shall state to both houses, when organized, the business for which they have been specially convened. At a special session convened pursuant to this section, the Legislature shall not introduce, consider or pass any bills except those related to the business for which the Legislature has been specially convened and those necessary to provide for the expenses of the session"; and

WHEREAS, Nevada continues to feel the effects of the worst economic crisis in the history of the State; and

WHEREAS, to continue to emerge from this crisis, Nevada must expand its economic opportunities and provide greater diversification in the workforce; and

WHEREAS, Nevada has the opportunity to attract new types of business to this State which promises to provide more jobs, innovation and new technology; and

WHEREAS, believing that an extraordinary occasion exists, which requires immediate action by the Legislature;

NOW, THEREFORE, I, BRIAN SANDOVAL, GOVERNOR OF THE STATE OF NEVADA, by virtue of the authority vested in me by the Constitution of the State of Nevada, do hereby convene the Legislature into a special session to begin at 12:00 p.m. on Wednesday, September 10, 2014. During this special session, I ask the Legislature to consider the following:

1. Providing incentives in the form of tax abatements and transferable tax credits for businesses that propose to establish in this State and which agree to make a certain amount of new capital investments in this State;
2. Requiring a business receiving such incentives to pay back any tax abatements and tax credits if the eligibility requirements for receipt of the incentives are not satisfied;
3. Authorizing counties and cities to provide certain incentives to a business that proposes to establish a project which meets certain qualifications, including entering into agreements with such businesses to reimburse certain sales and use taxes and to waive fees for licenses and permits for a certain period which must be repaid if the business fails to meet its obligation set forth in the agreement;
4. Reducing the cumulative amount of transferable tax credits allowed to a producer that produces a film, television or other media production in this State;
5. Revising the provisions governing the general tax on premiums to eliminate the credit that is allowed for a domestic or foreign insurer that locates its home office or regional home office in this State;
6. Extending the duration of the Economic Development Electric Rate Rider Program; and
7. Authorizing manufacturers of passenger cars which are powered solely by one or more electric motors to sell their vehicles directly to the public and provide services and repairs for such vehicles.

The Legislature may also consider an appropriation to pay for the cost of the special session and any other matters brought to the attention of the Legislature by the Governor during the special session.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of Nevada to be affixed at the State Capitol in Carson City this 9th day of September, in the year two thousand fourteen.

Brian Sandoval
Governor

Ross Miller
Secretary of State

Scott Anderson
Deputy Secretary of State

MOTIONS, RESOLUTIONS AND NOTICES

By the Committee on Legislative Operations and Elections:

Assembly Resolution No. 1—Amending the Standing Rules of the Assembly of the 77th Session of the Nevada Legislature.

RESOLVED BY THE ASSEMBLY OF THE STATE OF NEVADA, That the Standing Rules of the Assembly of the 77th Session are hereby amended to read as follows:

I. OFFICERS AND EMPLOYEES**DUTIES OF OFFICERS****Rule No. 1. Speaker of the Assembly.**

1. All officers of the Assembly are subordinate to the Speaker in all that relates to the prompt, efficient and correct discharge of their official duties under the Speaker's supervision.

2. Possessing the powers and performing the duties described in this Rule, the Speaker shall:

(a) Take the chair at the hour to which the Assembly stands adjourned, call the members to order, and upon the appearance of a quorum, proceed to business.

(b) In the event an emergency occurs during a regular or special session of the Legislature which requires a meeting of the Assembly, call the members back to order before the hour to which the Assembly had adjourned.

(c) Preserve order and decorum and have general direction of the Chamber of the Assembly and the approaches thereto. In the event of any disturbance or disorderly conduct therein, order the same to be cleared.

(d) Decide all questions of order, subject to a member's right to appeal to the Assembly. On appeal from such decisions, the Speaker has the right, in the Speaker's place, to assign the reason for the decision.

(e) Have the right to name any member to perform the duties of the Chair, but such substitution must not extend beyond one legislative day.

(f) Have the power to accredit the persons who act as representatives of the news media and assign them seats.

(g) Sign all bills and resolutions passed by the Legislature as provided by law.

(h) Sign all subpoenas issued by the Assembly.

(i) Receive all messages and communications from other departments of the government and announce them to the Assembly.

(j) Represent the Assembly, declare its will and in all things obey its commands.

(k) Vote on final passage of a bill or resolution, but the Speaker shall not be required to vote in ordinary legislative proceedings except where the

Speaker's vote would be decisive. In all yea and nay votes, the Speaker's name must be called last.

(l) Appoint committees during the interim between regular sessions of the Legislature for any proper purpose, including, without limitation, taking testimony, compelling the attendance of witnesses, punishing persons or entities for contempt and reporting findings to the next session of the Legislature.

3. If a vacancy occurs in the office of Speaker, through death, resignation or disability of the Speaker, the Speaker Pro Tempore shall temporarily and for the period of vacancy or disability conduct the necessary business of the Assembly.

4. If a permanent vacancy occurs in the office of Speaker, the Assembly shall select a new Speaker.

5. This Rule shall remain in full force and effect throughout the interim between regular sessions of the Legislature and until new Standing Rules of the Assembly are adopted as part of the organization of a newly-constituted Assembly at the commencement of a session.

Rule No. 2. Continuation of Leadership and Standing Rules of the Assembly During the Interim Between Regular Sessions.

1. Except as otherwise provided in subsections 2, 3 and 4, the tenure of the Speaker, Speaker Pro Tempore, Majority Leader and Minority Leader of the Assembly extends during the interim between regular sessions of the Legislature.

2. The Assemblymen or Assemblywomen designated to be the Speaker, Speaker Pro Tempore, Majority Leader and Minority Leader for the next succeeding regular session shall perform any duty required of that officer by the Standing Rules of the Assembly and the Nevada Revised Statutes in the period between the time of their designation after the general election and the organization of the next succeeding regular session.

3. The Assemblyman or Assemblywoman designated to be the Speaker and the Assemblyman or Assemblywoman designated to be the Minority Leader for the next succeeding regular session shall appoint the regular and alternate members to the Select Committee on Ethics as set forth in Assembly Standing Rule No. 23.

4. The Assemblyman or Assemblywoman designated to be the Speaker for the next succeeding regular session shall:

(a) Determine the start time of the Assembly's organizational session.

(b) Have the right to name any person to call the Assembly to order and preside over the Assembly's organizational session until a presiding officer is elected.

(c) Refer prefiled bills and resolutions to committee, subject to ratification by a majority vote of the members of the Assembly once the Assembly is organized and ready for business.

5. ~~{This Rule}~~ ***The Assembly Standing Rules set forth herein*** shall remain in full force and effect throughout the interim between regular sessions of the Legislature and until new Standing Rules of the Assembly are adopted as part of the organization of a newly-constituted Assembly at the commencement of a session ~~{}~~, ***unless a conflict exists with a rule adopted by the Assembly for a special session occurring between regular sessions.***

Rule No. 3. Chief Clerk.

1. The Chief Clerk is elected by the Assembly and is responsible to the Speaker.

2. The Chief Clerk shall recruit, select, train and supervise all attaches employed to assist with the work of the Assembly.

3. The Chief Clerk shall administer the daily business of the Assembly.

4. The Chief Clerk shall adopt such administrative policies as the Chief Clerk deems necessary to carry out the business of the Assembly.

5. The Speaker and the Chief Clerk are authorized to make any necessary corrections and additions to the final journal, history and committee minutes of the Assembly.

6. At the direction of the Speaker or Speaker Designate, the Chief Clerk shall attest and affix the seal of the Assembly to all writs, warrants, subpoenas and formal documents issued by the Assembly.

~~{7. This Rule shall remain in full force and effect throughout the interim between regular sessions of the Legislature and until new Standing Rules of the Assembly are adopted as part of the organization of a newly-constituted Assembly at the commencement of a session.}~~

Rule No. 4. Reserved.

Rule No. 5. Reserved.

Rule No. 6. Reserved.

The next rule is 10.

II. SESSIONS AND MEETINGS

Rule No. 10. Time of Meeting.

The Assembly shall meet each day at 11:30 a.m., unless the Assembly adjourns to some other hour.

Rule No. 11. Open Meetings.

All meetings of the Assembly and its committees must be open to the public.

Rule No. 12. Reserved.

The next rule is 20.

III. DECORUM AND DEBATE

Rule No. 20. Points of Order.

If any member, in speaking or otherwise, transgresses the rules of the Assembly, the Speaker shall, or any member may, call to order, in which case the member so called to order shall immediately sit down, unless permitted to explain; and if called to order by a member, such member shall immediately state the point of order. If the point of order be sustained by the presiding officer, the member shall not be allowed to proceed; but if it be not sustained, then the member shall be permitted to go on. Every such decision from the presiding officer shall be subject to an appeal to the House; but no discussion of the question of order shall be allowed unless an appeal be taken from the decision of the presiding officer.

Rule No. 21. Portable Electronic Communication Devices.

1. A person who is within the Assembly Chambers shall not engage in a telephone conversation via the use of a portable telephone.

2. Before entering the Assembly Chambers, any person who possesses a portable electronic communication device, such as a pager or telephone, that emits an audible alert, such as a ringing or beeping sound, to signal an incoming message or call, shall turn the audible alert off. A device that contains a nonaudible alert, such as a silent vibration, may be operated in a nonaudible manner within the Assembly Chambers.

Rule No. 22. Reserved.

Rule No. 23. Select Committee on Ethics; Legislative Ethics.

1. The Select Committee on Ethics consists of:

(a) Two members of the Assembly appointed by the Speaker from the majority political party;

(b) One member of the Assembly appointed by the Minority Leader from the minority political party; and

(c) Three qualified electors of the State, two of whom are appointed by the Speaker and one who is appointed by the Minority Leader, and none of whom is a present member of the Legislature or employed by the State of Nevada.

2. The Speaker shall appoint the Chair and Vice Chair of the Committee. The Vice Chair shall serve as the acting Chair if the Chair is unable to serve for any reason during the consideration of a specific question.

3. The Speaker shall appoint an alternate member with the qualifications set forth in paragraph (a) of subsection 1 and an alternate member with the qualifications set forth in paragraph (c) of subsection 1. The Minority Leader

shall appoint an alternate member with the qualifications set forth in paragraph (b) of subsection 1 and an alternate member with the qualifications set forth in paragraph (c) of subsection 1. If a member of the Committee is unable to serve for any reason during the consideration of a specific question, the alternate appointed with the qualifications from the same paragraph in subsection 1 shall serve as a member of the Committee during the consideration of the specific question.

4. A member of the Committee is disqualified to serve during the consideration of a specific question if:

(a) The member is the requester of advice concerning the question of ethics or conflict of interest, or the member is the subject of the complaint concerning the specific question; or

(b) A reasonable person in the member's situation could not exercise independent judgment on the matter in question.

5. The members of the Committee shall perform any duty required in the period between the time of their appointment after the general election and the organization of the next succeeding regular session, or until the Speaker or the Speaker Designate or the Minority Leader or Minority Leader Designate appoint new members to the Committee, whichever occurs first.

6. The tenure of the members of the Committee shall extend during the interim between regular sessions of the Legislature.

7. The Committee:

(a) May hear requests brought by members of the Assembly for advice on specific questions of potential breaches of ethics and conflicts of interest; and

(b) Shall hear complaints brought by members of the Assembly and others on specific questions of alleged breaches of ethics and conflicts of interest.

8. All proceedings held to consider the character, alleged misconduct, professional competence or physical or mental health of any person by the Committee on matters of ethics or conflicts of interest are confidential unless a Legislator:

(a) Against whom a complaint is brought requests a public hearing;

(b) Discloses the content of an opinion of the Committee at any time after his or her hearing; or

(c) Discloses the content of an advisory opinion issued to him or her by the Committee.

9. A complaint which alleges a breach of ethics or a conflict of interest must be:

(a) Made in writing on a form provided by the Chief Clerk of the Assembly;

(b) Signed and verified under penalty of perjury by the person making the allegation; and

(c) Filed with the Chair of the Committee or, if the Chair is the subject of the complaint, with the Vice Chair. The Chair or Vice Chair, as appropriate, shall send a copy of the complaint, within 24 hours after receiving it, to the Legislator against whom the complaint is brought.

10. In determining whether a Legislator has a conflict of interest, the Legislator should consider whether the independence of judgment of a reasonable person in his or her situation upon the matter in question would be materially affected by the Legislator's:

- (a) Acceptance of a gift or loan;
- (b) Private economic interest; or
- (c) Commitment to a member of his or her household or immediate family.

➔ In interpreting and applying the provisions of this subsection, it must be presumed that the independence of judgment of a reasonable person in the Legislator's situation would not be materially affected by the Legislator's private economic interest or the Legislator's commitment to a member of his or her household or immediate family where the resulting benefit or detriment accruing to the Legislator, or if the Legislator has a commitment to a member of his or her household or immediate family, accruing to those other persons, is not greater than that accruing to any other member of the general business, profession, occupation or group that is affected by the matter.

11. Except as otherwise provided in subsection 12, if a Legislator knows he or she has a conflict of interest pursuant to subsection 10, the Legislator shall make a **general** disclosure of the conflict of interest on the record in a meeting of a committee or on the floor of the Assembly, as applicable. Such a disclosure must be entered:

(a) If the Legislator makes the disclosure in a meeting of a committee, in the minutes for that meeting.

(b) If the Legislator makes the disclosure on the floor of the Assembly, in the Journal.

12. If, on one or more prior occasions during the current session of the Legislature, a Legislator has made a general disclosure of a conflict of interest on the record in a meeting of a committee or on the floor of the Assembly, the Legislator is not required to make that general disclosure at length again regarding the same conflict of interest if, when the matter in question arises on subsequent occasions, the Legislator makes a reference on the record to the previous disclosure.

13. In determining whether to abstain from voting upon, advocating or opposing a matter concerning which a Legislator has a conflict of interest pursuant to subsection 10, the Legislator should consider whether:

- (a) The conflict impedes his or her independence of judgment; and
- (b) His or her interest is greater than the interests of an entire class of persons similarly situated.

14. The provisions of this Rule do not under any circumstances and regardless of any conflict of interest:

- (a) Prohibit a Legislator from requesting or introducing a legislative measure; or

(b) Require a Legislator to take any particular action before or while requesting or introducing a legislative measure.

15. If a Legislator who is a member of a committee declares on the record when a vote is to be taken by the committee that he or she will abstain from voting because of the requirements of this Rule, the necessary quorum to act upon and the number of votes necessary to act upon the matter is reduced as though the Legislator abstaining were not a member of the committee.

16. ~~{Except as otherwise provided in the Joint Standing Rules, the}~~ **The** standards and procedures set forth in this Rule which govern whether and to what extent a member of the Assembly has a conflict of interest, should disclose a conflict of interest or should abstain from voting upon, advocating or opposing a matter concerning which the member has a conflict of interest pursuant to subsection 10:

(a) Are exclusive and are the only standards and procedures that apply to members of the Assembly with regard to such matters; and

(b) Supersede and preempt all other standards and procedures with regard to such matters.

17. For purposes of this Rule, “immediate family” means a person who is related to the Legislator by blood, adoption or marriage within the first degree of consanguinity or affinity.

~~{18. This Rule shall remain in full force and effect throughout the interim between regular sessions of the Legislature and until new Standing Rules of the Assembly are adopted as part of a newly constituted Assembly at the commencement of a session.}~~

The next rule is 30.

IV. QUORUM, VOTING, ELECTIONS

Rule No. 30. Manner of Voting.

1. The presiding officer shall declare all votes, but the yeas and nays must be taken when called for by three members present, and the names of those calling for the yeas and nays must be entered in the Journal by the Chief Clerk.

2. The presiding officer shall call for yeas and nays by a division or by a roll call, either electronic or oral.

3. When taking the yeas and nays on any question, the electronic roll call system may be used, and when so used shall have the force and effect of any roll call under these rules.

4. When taking the yeas and nays by oral roll call, the Chief Clerk shall take the names of members alphabetically, except that the Speaker’s name must be called last.

5. The electronic roll call system may be used to determine the presence of a quorum.

6. The yeas and nays must not be taken with the electronic roll call system until all members present are at their desks. The presiding officer may vote at the rostrum.

7. Only a member who:

(a) Has been certified by the Committee on Legislative Operations and Elections or a special committee of the Assembly; and

(b) Is physically present within the Assembly Chambers,

→ may cast a vote in the Assembly.

8. A member shall not vote for another member on any roll call, either electronic or oral. Any member who votes for another member may be punished in any manner deemed appropriate by the Assembly.

Rule No. 31. Requirement of Voting.

1. A member shall vote on all questions that come before the body unless the member:

(a) Is excused; or

(b) Makes a full and complete disclosure of a conflict pursuant to Assembly Standing Rule No. 23.

2. A member found guilty by the House of a breach of this Rule shall not vote or speak on the floor, except to explain and apologize for the breach, until the member has made satisfaction to the House for the breach.

Rule No. 32. Announcement of the Vote.

1. A member may change his or her vote at any time before the announcement of the vote if the voting is by voice, or at any time before the votes are electronically recorded if the voting is conducted electronically.

2. The announcement of the result of any vote shall not be postponed.

Rule No. 33. Voting by Division.

Upon a division and count of the Assembly on any question, no person without the bar shall be counted.

The next rule is 40.

V. LEGISLATIVE BODIES

A. COMMITTEES

Rule No. 40. Standing Committees.

The standing committees of the Assembly *for the regular session, and for Legislative Operations and Elections for both the regular session pursuant to this Rule and for a special session pursuant to Assembly Standing Rule No. 142*, are as follows:

1. Ways and Means, fifteen members.
2. Judiciary, twelve members.
3. Taxation, twelve members.
4. Education, fourteen members.
5. Legislative Operations and Elections, nine members.
6. Natural Resources, Agriculture, and Mining, eleven members.
7. Transportation, fifteen members.
8. Commerce and Labor, fifteen members.
9. Health and Human Services, fourteen members.
10. Government Affairs, fourteen members.

Rule No. 41. Appointment of Committees.

1. Except as otherwise provided in Assembly Standing Rule No. 23, all committees must be appointed by the Speaker, unless otherwise directed by the Assembly. The Speaker shall designate the chair and vice chair of each committee.

2. To facilitate the full participation of the members during an adjournment called pursuant to Joint Standing Rule No. 9 of the Senate and Assembly ~~§~~ **for the 77th Session of the Legislature or Joint Standing Rule No. 10 for the 28th Special Session of the Legislature, as applicable**, the Speaker may temporarily appoint a member to a ~~standing~~ committee that is scheduled to meet during the adjournment if none of the committees to which the member is regularly assigned will be meeting during the adjournment.

3. ~~All~~ **Except as otherwise provided in Assembly Standing Rule No. 45, all** committees will operate under the rules set forth herein and other uniform committee rules as determined by the Speaker and published on the Nevada Legislature's website. Each ~~standing~~ committee may adopt and file with the Chief Clerk's Office policies consistent with these rules.

Rule No. 41.5. Appointment of Alternates.

If the chair or any member of a committee is temporarily unable to perform his or her duties, the Speaker shall appoint an alternate of the same political party to serve in the chair's or the member's place for such time as is determined by the Speaker.

Rule No. 42. Subcommittees.

1. Subcommittees made up of committee members may be appointed by the chair to consider and report back on specific subjects or bills.

2. Subcommittee meetings will be scheduled by the subcommittee chair after consulting with the committee chair.

3. Members of a subcommittee are required to attend meetings of the subcommittee.

4. Subcommittees of standing committees shall follow the same rules as standing committees.

Rule No. 43. Concurrent Referrals.

When a bill or resolution is referred to two committees, the bill or resolution must go to the first committee named. If the first committee votes to amend the bill or resolution, it must be reprinted with amendments and then returned to the first committee or sent immediately to the next committee. If there is no amendment proposed by the first committee, or if the first committee acts upon the bill or resolution after amendment, the bill or resolution must be sent with the committee recommendation to the Chief Clerk for transmittal to the second committee.

Rule No. 44. Committee on Legislative Operations and Elections.

The Committee on Legislative Operations and Elections has jurisdiction over matters relating to personnel. It shall recommend by resolution the appointment of all attaches and employees of the Assembly not otherwise provided for by law.

Rule No. 45. Committee of the Whole.

If a Committee of the Whole is convened:

1. The Speaker shall preside as Chair of the Committee or name a Chair to preside.

2. A member of the Committee may speak not more than twice during the consideration of any one question, on the same day, and at the same stage of proceedings, without leave. Members who have once spoken shall not again be entitled to the floor (except for explanation) to the exclusion of others who have not spoken.

3. The Chair may require any vote of the Committee to be recorded in the manner designated by the Chair.

4. All amendments proposed by the Committee:

(a) Must first be approved by the Committee.

(b) Must be reported by the Chair to the Assembly.

5. *Insofar as they are applicable and not in conflict with this Rule, a Committee of the Whole will observe the committee rules set forth in Section V(A) of the Assembly Standing Rules and such other uniform committee rules as determined by the Speaker and published on the Nevada Legislature's website.*

6. *A quorum of the Committee of the Whole is the same as a quorum of the House, and in case a quorum is not present or other defect is observed, the Committee can take no other action than to rise.*

7. *It is permissible on motion to limit debate to a certain length of time, to close at a time certain, to limit the length of speeches, or to otherwise limit debate.*

8. *When a fixed duration is established for a Committee of the Whole, the time may be extended with consent of a majority of the members.*

9. *A motion for the previous question is not in order.*

- 10. A Committee of the Whole cannot:**
- (a) Entertain any question of priority.**
 - (b) Entertain any matter of privilege.**
 - (c) Lay a question on the desk.**
 - (d) Postpone consideration of any question.**
 - (e) Reconsider a vote on a proposal no longer in possession of the Committee.**
 - (f) Appoint a subcommittee.**
 - (g) Punish members for disorderly conduct, but must report any misconduct to the body for its action.**
- 11. Seconds to motions are required.**
- 12. The minutes of the meetings of the Committee of the Whole must be entered in the Assembly's final journal.**

B. ELECTION CONTESTS

Rule No. 46. Procedure for Election Contests.

1. Upon receipt of a statement of contest from the Secretary of State pursuant to NRS 293.427, the Speaker shall, as soon as practicable, appoint a special committee to hear the contest or refer the contest to the Committee on Legislative Operations and Elections. The committee shall conduct a hearing to consider the contest. The committee shall keep written minutes of the hearing. The contestant has the burden of proving that any irregularities shown were of such a nature as to establish that the result of the election was changed thereby.

2. The contest must be submitted so far as may be possible upon depositions or by written or oral arguments as the Assembly may order. Any party to a contest may take the deposition of any witness at any time after the statement of contest is filed with the Secretary of State and before the contest is finally decided. At least 3 days' notice must be given to the prospective deponent and to the other party. If oral statements are made at any hearing before the Assembly or a committee thereof which purport to establish matters of fact, they must be made under oath. Strict rules of evidence do not apply.

3. The committee shall, not later than 5 calendar days after the contest was referred to the committee, report to the Assembly its findings on whether the contestant has met the burden of proving that any irregularities shown were of such a nature as to establish that the result of the election was changed thereby. The committee shall then report to the Assembly its recommendation on which person should be declared elected or report that it has no recommendation. The Assembly shall, as soon as practicable thereafter but not later than 7 calendar days after the Speaker received the statement of contest, vote whether to accept or reject the committee's recommendation without amendment, if a recommendation is made. If the recommendation is accepted, the Speaker shall declare the recommended

person elected. If the recommendation is rejected or the committee did not make a recommendation, the Assembly shall consider immediately which person should be declared elected. The Speaker shall not adjourn the Assembly until it has declared a person to be elected.

4. If a person other than the person initially seated as a member of the Assembly pursuant to subsection 2 of NRS 293.427 is declared to be elected by the Assembly as a result of the contest, the Speaker shall inform the Governor of the identity of the person declared to be elected by the Assembly.

C. DUTIES OF COMMITTEE OFFICERS, COMMITTEE MEMBERS AND COMMITTEE STAFF

Rule No. 47. Committee Chairs.

1. The chair has all authority necessary to ensure an efficient operation of the committee or subcommittee.

2. The chair shall have general direction of the committee room or other meeting place of the committee, and in case of any disturbance or disorderly conduct therein, or if the peace, good order, and proper conduct of the legislative business is hindered by any person or persons, the chair shall have power to exclude from the session any individual or individuals so hindering the legislative business.

3. Possessing the powers and performing the duties described in this Rule, each committee chair shall:

(a) Preside over committee meetings and put all questions before the committee;

(b) Preserve order and decorum and decide all questions of order;

(c) Determine the order of bills for hearing;

(d) Prepare and distribute the committee's agenda;

(e) Prepare and distribute a work session document that contains a list of all measures on which the committee is ready to consider final action;

(f) Call recesses of the committee as deemed necessary;

(g) Request amendments to resolve conflicts;

(h) Determine when final action is to be taken on measures, committee reports and other business of the committee;

(i) Sign and submit bill draft requests on behalf of the committee;

(j) Appoint subcommittees, as necessary;

(k) Provide direction to committee support staff;

(l) Prepare and submit committee reports;

(m) Review and approve minutes of the committee;

(n) Handle unfinished business for measures heard in the committee;

(o) Inform the Speaker of committee activity; and

(p) Maintain custody of all papers referred to the committee until they are turned over to the Chief Clerk.

4. In the absence of the chair, or upon the request of the chair, the vice chair of the committee shall assume the duties of the chair.

5. The chair may name any member of the committee to perform the duties of the chair if such substitution shall not extend beyond such meeting.

Rule No. 48. Attendance.

1. Members shall notify the chair of any absence. Excused absences will be so recorded at the direction of the chair.

2. A member shall advise the chair if he or she must leave a meeting for an extended period of time.

3. Members not in attendance when a final action is taken on a measure will be marked absent for the vote.

Rule No. 49. Committee Staff.

Duties of committee attaches shall be prescribed by the Chief Clerk and include, but are not limited to, the following:

1. The committee secretary shall call roll of the members at each meeting, with the chair being called last. The committee secretary shall record in the minutes the members present and the members not present.

2. The committee secretary shall record the meeting and draft committee minutes for the chair's approval.

3. On behalf of the chair, the committee secretary shall maintain all minutes and exhibits of the committee's meetings until released to the custody of the Chief Clerk.

4. The committee manager assigned to each committee shall be responsible to the chair of the committee for the proper and accurate preparation of all reports of the committee.

Rule No. 50. Committee Operations.

1. Each committee of the House shall be provided a committee manager who shall maintain a current record of all bills, resolutions, petitions, memorials or other matters filed in committee. A record of committee actions shall be filed with the Chief Clerk. The committee manager shall post, on a bulletin board and electronically, all meeting agendas.

2. The standing committees of the Assembly may coordinate with the standing committees of the Senate to meet jointly whenever agreed to by said committees for the purpose of holding public hearings or considering any proposed or pending legislation. Upon conclusion of the joint meeting of said committees, each standing committee of the Assembly may take such action as it determines appropriate. Whenever the committees of the Assembly and Senate hold joint hearings or meetings, the chair of the Assembly committee shall coordinate with the chair of the Senate committee to determine which of them shall preside at the joint meeting.

3. When a joint meeting is chaired by a Senator, the practices of the Senate that are inconsistent with those of the Assembly do not create a precedent for the same practice in the Assembly.

Rule No. 51. Committee Records.

1. The chair of each committee shall have custody of all bills, papers and other documents referred to the committee and shall make reports authorized by the committee and submit the same to the Chief Clerk.

2. The chair of each committee shall keep, or cause to be kept, a complete record of the committee proceedings in which there must be entered:

- (a) The time and place of each meeting;
- (b) The attendance and absence of members;
- (c) The names of all persons appearing before the committee, with the names of persons, firms, corporations or associations in whose behalf such appearance is made; and
- (d) The subjects or measures considered and action taken.

3. A person may obtain a recording of a meeting by paying a fee determined by the Director of the Legislative Counsel Bureau to cover the cost of the recording but, except as otherwise provided in this subsection, the official record of the ~~meeting~~ **committee** is the minutes of the committee meeting approved by the chair pursuant to paragraph (m) of subsection 3 of Assembly Standing Rule No. 47. Minutes of joint meetings prepared by non-Assembly staff are not official records of the Assembly.

4. The Speaker and the Chief Clerk are authorized to make any necessary corrections and additions to the minutes of committee meetings.

Rule No. 52. Final Disposition of Committee Minutes and Exhibits.

Upon their completion, the Chief Clerk shall turn over all original minutes and exhibits to the Research Library of the Legislative Counsel Bureau.

Rule No. 52.5. Notices of Bills, Topics and Public Hearings.

1. Except as otherwise provided in subsection 3, all committees shall provide adequate notice of public hearings on bills, resolutions or other topics which are to come before the committees. The notice must include the date, time, place and agenda to be covered. The notice must be posted conspicuously in the Legislative Building and be posted on the Nevada Legislature's website.

2. The noticing requirements of this Rule may be suspended for emergency situations but only after approval by a majority vote of a committee.

3. Subsection 1 does not apply to:

(a) Committee meetings held ***behind the bar*** on the floor of the Assembly during a recess; ~~{or}~~

(b) Conference committee meetings ~~{-}~~ ; ***or***

(c) ***Meetings of the Committee of the Whole.***

D. COMMITTEE HEARINGS

Rule No. 53. Communications.

1. Out of respect for the privacy of committee members and staff, members are requested to hold conversations with lobbyists and members of the public at a location other than at the dais.

2. At the direction of the Chair, lobbyists, the press, and members of the public are not allowed at the dais.

3. All directions, assignments, or requests on behalf of the committee must be communicated to its staff and to the personnel of the Legislative Counsel Bureau by the chair of the committee. A member of the committee must submit such requests to the chair for transmittal to the staff of the committee or to the personnel of the Legislative Counsel Bureau.

4. The chair may report instances of misconduct or indecorum by any committee member or other person to the Assembly for its consideration and action.

Rule No. 54. Testimony, Witnesses and Exhibits.

1. All persons wishing to offer testimony to a committee shall be given a reasonable opportunity to do so as determined by the chair.

2. In addressing the committee, a person must state for the record whether he or she supports, opposes or is neutral to the bill or resolution before the committee. For purposes of legislative intent:

(a) "Support" of a bill or resolution shall be construed as:

(1) Approval of the measure as written; or

(2) Approval of the measure as written along with proposed amendments that have been approved by the sponsor of the measure.

(b) "Opposition" to a bill or resolution shall be construed as:

(1) Not supporting the measure as written; or

(2) Opposing the measure as revised by an amendment that has not been approved by the sponsor of the measure.

(c) A "neutral" position on a bill or resolution is one in which the person offers particular insight on the measure but expresses no position on the measure.

3. Persons addressing the committee shall keep their remarks to the point and avoid repetition and are subject to call to order by the chair for failure to do so.

4. A person shall not be excluded from a meeting or public hearing of a committee or subcommittee except in case of any disturbance or disorderly

conduct, or if the peace, good order, and proper conduct of the legislative business is hindered by the person or persons.

5. Questions from the committee will be restricted to relevant subject areas.

6. When the chair deems necessary, witnesses will be sworn in pursuant to NRS 218E.040 before providing testimony.

7. Unless waived or revised by the chair, handouts for hearings, including proposed amendments:

(a) Must be submitted to the committee's manager not later than 5 p.m. on the business day before the meeting unless an earlier submission date or time is set by the chair, and included on the agenda;

(b) Must include the name and contact information of the person providing the handouts;

(c) For proposed amendments, must include a brief statement of intent; and

(d) Must be submitted by electronic mail or other electronic means.

Rule No. 55. Hearings.

1. The presence of a quorum of the committee is desirable but not required to conduct a public hearing. At the discretion of the chair, members of the committee may attend, participate in and, if applicable, vote during the hearing via simultaneous telephone or video conference.

2. Public hearings are opened by the chair who announces the subject under consideration and provides an opportunity for persons wishing to address the committee to be heard. These persons shall rise in an order determined by the chair, address the chair and furnish their names, addresses and firms or other organizations represented.

3. Committee members may address the chair for permission to question the witness.

4. A committee meeting shall adjourn no later than 10 minutes preceding the hour of its next regularly scheduled meeting.

5. At the discretion of the chair, meeting may be held outside the regularly scheduled day(s) and time.

6. Meetings of the committee may be scheduled outside the Legislative Building in Carson City with prior written approval of the Speaker. Subcommittees must have the prior written approval of the chair of the committee and the Speaker in to order to conduct a meeting outside Carson City.

E. VOTING AND COMMITTEE ACTION

Rule No. 56. Manner of Voting.

1. The chair shall declare all votes and shall cause same to be entered on the records of the committee.

2. A member shall not vote for another member on any roll call. Any member who votes for another member may be punished in any manner deemed appropriate by the Assembly.

Rule No. 57. Committee Action.

1. The committee shall have regular meetings scheduled by the Assembly leadership. A quorum of the committee is a majority of its members and may transact business except as limited by this Rule.

2. Except as limited by this Rule, a simple majority of those present may move, second and pass a motion by voice vote.

3. All motions require a second. If no second is received, that motion shall be declared invalid.

4. A committee may not take final action on a bill or resolution until at least 24 hours after the close of the hearing on the bill or resolution.

5. Definite action on a bill or resolution will require a majority of the entire committee. A member shall vote on all questions that come before the committee unless the member:

(a) Is excused; or

(b) Makes a full and complete disclosure of a conflict pursuant to Assembly Standing Rule No. 23.

6. A majority of the entire committee is required to reconsider action on a bill or resolution.

7. Committee introduction of legislative measures which are not prefiled requires concurrence of a majority of the entire committee and does not imply commitment to support final passage.

8. Absent the consent of the chair and the approval of the Speaker, the chair must be present when the committee votes to take any final action regarding bills or resolutions.

9. No member of the committee may vote by proxy under any circumstances.

10. A committee shall not take a vote on the question of whether to exercise its statutory authority to issue a legislative subpoena unless the chair or other person approved by the Speaker has informed the Speaker of the intention of the committee to consider such a question.

11. Every committee vote on a matter pertaining to a bill or resolution must be recorded. The vote may be taken by roll call at the discretion of the chair.

12. A member may change his or her vote at any time before the announcement of the vote if the voting is by voice. The announcement of the result of any vote shall not be postponed.

13. Unless a committee member advises the chair otherwise, it will be presumed that the member will vote on an amendment or on a measure, during a floor session, consistent with his or her vote in the committee.

14. A bill, resolution, or amendment in a committee having been rejected twice may not be brought up again during the same legislative session.

15. The minority of a committee may not make a report or present to the House an alternative report.

F. PARLIAMENTARY AUTHORITY

Rule No. 58. Precedence of Parliamentary Authority for Committees.

The precedence of parliamentary authority for the purpose of actions in a committee is set forth in Assembly Standing Rule No. 100.

G. DECORUM AND DEBATE IN COMMITTEES

Rule No. 59. Portable Electronic Communication Devices.

1. A person who is within an Assembly committee room shall not engage in a telephone conversation via the use of a portable telephone.

2. No person shall engage in any conduct during a committee meeting which undermines the decorum of the meeting. Before entering an Assembly committee room, any person who possesses a portable electronic communication device, such as a pager or telephone, that emits an audible alert, such as a ringing or beeping sound, to signal an incoming message or call, shall turn the audible alert off. A device that contains a nonaudible alert, such as a silent vibration, may be operated in a nonaudible manner within an Assembly committee room. Failure to follow a warning issued by the chair may result in the device(s) being confiscated upon direction of the chair for the remainder of the meeting.

Rule No. 60. Reserved.

Rule No. 61. Privilege of Closing Debate.

The author of a bill, a resolution or a main question shall have the privilege of closing the debate, unless the previous question has been sustained.

Rule No. 62. Points of Order.

If any member, in speaking or otherwise, transgresses the rules of the Assembly, the chair shall, or any member may, call to order, in which case the member so called to order shall immediately yield to the floor, unless permitted to explain; and if called to order by a member, such member shall immediately state the point of order. If the point of order be sustained by the presiding officer, the member shall not be allowed to proceed; but if it be not sustained, then the member shall be permitted to go on. Every such decision from the presiding officer shall be subject to an appeal to the committee; but no discussion of the question of order shall be allowed unless an appeal be taken from the decision of the presiding officer.

Rule No. 63. Reserved.**VI. RULES GOVERNING MOTIONS****Rule No. 64. Entertaining.**

No motion may be debated until it is distinctly announced by the presiding officer. The presiding officer, upon his or her own motion or at the request of a member, may direct that the motion be reduced to writing and be read by the Chief Clerk before the motion is debated. A motion may be withdrawn by the maker at any time before amendment or before the motion is put to vote.

PARTICULAR MOTIONS**Rule No. 65. Indefinite Postponement.**

When a question is postponed indefinitely, the same question must not be considered again during the session and the question is not subject to a motion for reconsideration.

Rule No. 66. To Strike Enacting Clause.

A motion to strike out the enacting clause of a bill or resolution does not take precedence over any other subsidiary motion. If the motion is carried, it shall be considered equivalent to the rejection of such bill or resolution.

Rule No. 67. Division of Question.

Any member may call for a division of the question, which shall be divided, if it comprehends propositions in substance so distinct that, one being taken away, a substantive proposition shall remain for the decision of the Assembly. A motion to strike out being lost shall preclude neither amendment nor a motion to strike out and insert. A motion to strike out and insert shall be deemed indivisible.

Rule No. 68. Reserved.

The next rule is 80.

VII. DEBATE**Rule No. 80. Speaking on Question.**

1. No member shall speak more than twice during the consideration of any one question, on the same day, and at the same stage of proceedings, without leave. Members who have once spoken shall not again be entitled to the floor (except for explanation) to the exclusion of others who have not spoken.

2. When a member speaks under Order of Business 11, 12, 13 or 14 of Assembly Standing Rule No. 120, the member must limit his or her remarks to an explanation of the issue or an explanation of the bill, resolution or amendment. If the member desires to speak on the importance of such issue, bill, resolution or amendment, the member must request permission to speak under Order of Business 15 of Assembly Standing Rule No. 120.

Rule No. 81. Previous Question.

The previous question shall be put only when demanded by three members. The previous question shall not be moved by the member last speaking on the question.

Rule No. 82. Privilege of Closing Debate.

The author of a bill, a resolution or a main question shall have the privilege of closing the debate, unless the previous question has been sustained.

The next rule is 91.

VIII. CONDUCT OF BUSINESS

A. RULES AND PROCEDURE

Rule No. 91. Rescission, Change or Suspension of Rule.

No standing rule or order of the Assembly shall be rescinded or changed without a vote of a majority of the members elected; but a rule or order may be suspended temporarily by a vote of a majority of the members present.

Rule No. 92. Reserved.

Rule No. 93. Reserved.

Rule No. 94. Privilege of the Floor and Lobbying.

1. Except as otherwise provided in subsection 2, no person, except Senators, former Assemblymen and Assemblywomen, and state officers, may be admitted at the bar of the Assembly, except by special invitation on the part of some member; but a majority may authorize the Speaker to have the Assembly cleared of all such persons. No person may do any lobbying upon the floor of the Assembly at any time, and it is the duty of the Sergeant at Arms to remove any person violating any of the provisions of this Rule.

2. A former Senator or former Assemblyman or Assemblywoman who is expelled from service in the Senate or the Assembly shall have the privilege of the floor only with permission of the Speaker . ~~{during the session from which he or she was expelled.}~~

Rule No. 95. Material Placed on Legislators' Desks.

All papers, letters, notes, pamphlets and other written material placed upon the desk of a member of the Assembly shall contain the signature of the Legislator requesting the placement of such material on the desk or shall contain a designation of the origin of such material. This Rule does not apply to Legislative Counsel Bureau material.

Rule No. 96. Peddling, Begging and Soliciting.

1. Peddling, begging and soliciting are strictly forbidden in the Assembly Chambers, and in the lobby, gallery and halls adjacent thereto.

2. No part of the Assembly Chambers may be used for, or occupied by signs or other devices for any kind of advertising.

3. No part of the hallways adjacent to the Assembly Chambers may be used for or occupied by signs or other devices for any kind of advertising for commercial or personal gain. Notices for nonprofit, nonpartisan, civic or special legislative events may be posted in a designated area of the hallways adjacent to the Assembly Chambers with the approval of the Chief Clerk.

Rule No. 97. Petitions and Other Papers.

Petitions and other papers addressed to the Assembly, shall be presented by the Speaker, or by a member in the Speaker's place. A brief statement of the contents thereof shall be read for information. They shall not be debated on the day of their being presented, but shall be on the table, or be referred, as the Assembly shall determine.

Rule No. 98. Request of Purpose.

A member may request the purpose of a bill or joint resolution upon its introduction.

Rule No. 99. Remarks.

The remarks of all members on final passage of bills or joint resolutions and on adoption of Assembly or concurrent resolutions shall be included in the day's journal. In addition, it shall be in order for members to make remarks under other orders of business and, subject to the approval of the majority of the members present, request that such remarks be entered in the Journal.

Rule No. 100. Precedence of Parliamentary Authority.

~~1.~~ The precedence of parliamentary authority in the Assembly is:

~~(a)~~ 1. The Constitution of the State of Nevada and judicial decisions thereon.

~~(b)~~ 2. The Standing Rules of the Assembly and the Joint Standing Rules of the Senate and Assembly.

~~(c)~~ 3. Custom, usage and precedence.

~~(d)~~ 4. The Statutes of the State of Nevada.

~~[(c)]~~ 5. Mason’s Manual of Legislative Procedure.

~~[2.— This Rule shall remain in full force and effect throughout the interim between regular sessions of the Legislature and until new Standing Rules of the Assembly are adopted as part of the organization of a newly constituted Assembly at the commencement of a session.]~~

Rule No. 101. Reserved.

Rule No. 102. Privileged Questions.

Privileged questions have precedence over all others in the following order:

1. Motions to fix the time to which the Assembly shall adjourn.
2. Motions to adjourn.
3. Questions relating to the rights and privileges of the Assembly or any of its members.
4. A call of the House.
5. Motions for special orders.

Rule No. 103. Reserved.

B. BILLS

Rule No. 104. Reserved.

Rule No. 105. Reserved.

Rule No. 106. Skeleton Bills.

The introduction of skeleton bills is authorized when, in the opinion of the sponsor and the Legislative Counsel, the full drafting of the bill would entail extensive research or be of considerable length. A skeleton bill will be provided for purposes of introduction and committee referral. Such a bill will be a presentation of ideas or statements of purpose, sufficient in style and expression to enable the Legislature and the committee to which the bill may be referred to consider the substantive merits of the legislation proposed.

Rule No. 107. Reserved.

Rule No. 108. Reserved.

Rule No. 109. Reading of Bills.

The first reading of a bill or joint resolution shall be for information. If there is objection, the question shall be, “Shall the bill be rejected?” If the question to reject fails to receive a majority vote by the members present, or if there is no objection, the bill shall take the proper course. If the question to reject receives a majority vote of the members present, the bill or joint

resolution shall be rejected. The same question must not be considered again during the session, and the question is not subject to a motion for reconsideration. No bill shall be referred to a committee until after the first reading, nor amended until after the second reading.

Rule No. 110. Second Reading and Amendment of Bills.

1. All bills must be read the second time on the first legislative day after which they are reported by committee, unless a different day is designated by motion. Upon second reading, Assembly bills reported without amendments shall be placed on the General File and Senate bills reported without amendments shall be placed on the General File. Committee amendments reported with bills shall be considered upon their second reading or third reading, as appropriate, and such amendments may be adopted by a majority vote of the members present. Any amendment which is numbered and made available to all members must be moved and voted upon by number. Assembly bills so amended must be reprinted, then engrossed or reengrossed, as applicable, and placed on the General File. Senate bills so amended must be reprinted, then engrossed or reengrossed, as applicable, and placed on the General File.

2. Any member may move to amend a bill during its second or third reading, and such a motion to amend may be adopted by a majority vote of the members present. Bills so amended on second reading must be treated the same as bills with committee amendments. Any bill so amended upon the General File must be reprinted and then engrossed or reengrossed, as applicable. A member who moves to amend a bill during its second reading must limit his or her remarks to an explanation of the amendment. If the member desires to speak on the importance of the amendment, the member must request permission to speak under Order of Business 15 of Rule No. 120.

3. The reprinting of amended bills may be dispensed with upon a majority vote of the members present.

4. It shall not be in order to consider an amendment that removes all sponsors of a bill or resolution.

Rule No. 111. Consent Calendar.

1. A standing committee may by unanimous vote of the members present report a bill with the recommendation that it be placed on the Consent Calendar. The question of recommending a bill for the Consent Calendar may be voted upon in committee only after the bill has been recommended for passage and only if no amendment is recommended.

2. The Chief Clerk shall maintain a list of bills recommended for the Consent Calendar. The list must be printed in the Daily History and must include the summary of each bill, and the date the bill is scheduled for consideration on final passage.

3. At any time before the presiding officer calls for a vote on the passage of the Consent Calendar, a member may give written notice to the Chief Clerk or state orally from the floor of the Assembly in session that he or she requests the removal of a particular bill from the Consent Calendar. If a member so requests, the Chief Clerk shall remove the bill from the Consent Calendar and transfer it to the Second Reading File. A bill removed from the Consent Calendar may not be restored to that Calendar.

4. During floor consideration of the Consent Calendar, members may ask questions and offer explanations relating to the respective bills.

5. When the Consent Calendar is brought to a vote, the bills remaining on the Consent Calendar must be read by number and summary and the vote must be taken on their final passage as a group.

Rule No. 112. Reserved.

Rule No. 113. General File.

1. All bills and joint resolutions reported to the Assembly, by the Committee of the Whole, a standing committee, a conference committee or a special committee, after receiving their second readings must be placed upon the General File, to be kept by the Chief Clerk. The Chief Clerk shall post a daily statement of the bills on the General File. The Chief Clerk shall likewise post notices of special orders as made.

2. A member who moves to amend a bill or joint resolution during its third reading must limit his or her remarks to an explanation of the amendment. If the member desires to speak on the importance of the amendment, the member must request permission to speak under Order of Business 15 of Assembly Standing Rule No. 120.

3. A member who speaks on third reading regarding the final passage of a bill, joint resolution or initiative petition must limit his or her remarks to an explanation of the bill, joint resolution or initiative petition. If the member desires to speak on the importance of the bill, joint resolution or initiative petition, the member must request permission to speak under Order of Business 15 of Assembly Standing Rule No. 120.

Rule No. 114. Reserved.

Rule No. 115. Reconsideration of Vote on Bill.

1. A motion to reconsider a final vote on a bill or resolution shall be in order only on the day on which the final vote is taken, and the vote on such a motion to reconsider must be taken on the same day. The motion to reconsider can be made only by a member who voted with the prevailing side.

2. A motion to reconsider a vote on an amendment to a pending question must be made at once and can be made only by a member who voted with the prevailing side.

3. A motion to reconsider shall have precedence over every other motion, including a motion to adjourn, if the motion is to reconsider a final vote on a bill or resolution. If the motion to reconsider is for any other action, the motion has precedence over every other motion, except a motion to adjourn or to fix the time to adjourn; and when the Assembly adjourns while a motion to reconsider is pending, the right to move a reconsideration shall continue to the next day of sitting.

Rule No. 116. Vetoed Bills.

1. Bills that have passed both Houses of the Legislature and are transmitted to the Assembly accompanied by a message or statement of the Governor's disapproval or veto of the same must:

(a) Be taken up and considered immediately upon the coming in of the message transmitting the same; or

(b) Become the subject of a special order.

2. When the message is received, or if made a special order, when the special order is called, the said message or statement must be read together with the bill or bills so disapproved or vetoed. The message and bill must be read by the Chief Clerk without interruption, consecutively, one following the other, and not upon separate occasions. No such bill or message may be referred to any committee, or otherwise acted upon save as provided by law and custom; that is to say, that immediately following such reading the only question, except as hereinafter stated, which may be put by the Speaker is, "Shall the bill pass, notwithstanding the objections of the Governor?" It shall not be in order, at any time, to vote upon such a vetoed bill unless the same shall first have been read, from the first word of its title to and including the last word of its final section. No motion may be entertained after the Speaker has stated the question, save a motion to adjourn or a motion for the previous question, but the merits of the bill itself may be debated. The message or statement containing the objections of the Governor to the bill must be entered in the Journal of the Assembly.

Rule No. 117. Reserved.

C. RESOLUTIONS

Rule No. 118. Treated as Bills—Joint Resolutions.

The procedure of enacting joint resolutions must be identical to that of enacting bills, except that:

1. Joint resolutions, upon enrollment, must be delivered to the Secretary of State; and

2. Joint resolutions proposing amendments to the Constitution must be entered in the Journal in their entirety.

Rule No. 119. Return from the Secretary of State.

An Assembly resolution may be used to request the return from the Secretary of State of an enrolled Assembly resolution for further consideration.

D. ORDER OF BUSINESS**Rule No. 120. Order of Business.**

The Order of Business must be as follows:

1. Call to Order.
2. Reading and Approval of Journal.
3. Presentation of Petitions.
4. Reports of Standing Committees.
5. Reports of Select Committees.
6. Communications.
7. Messages from the Senate.
8. Motions, Resolutions and Notices.
9. Introduction, First Reading and Reference.
10. Consent Calendar.
11. Second Reading and Amendment.
12. General File and Third Reading.
13. Unfinished Business of Preceding Day.
14. Vetoed Bills and Special Orders of the Day.
15. Remarks from the Floor, limited to 10 minutes.

Rule No. 121. Reserved.

Rule No. 122. Reserved.

Rule No. 123. Reserved.

Rule No. 124. Reserved.

Rule No. 125. Reserved.

Rule No. 126. Reserved.

Rule No. 127. Reserved.

Rule No. 128. Reserved.

The next rule is 140.

IX. LEGISLATIVE INVESTIGATIONS AND MISCELLANEOUS

Rule No. 140. Compensation of Witnesses.

Witnesses summoned to appear before the Assembly or any of its committees must be compensated as provided by law for witnesses required to attend in the courts of the State of Nevada.

Rule No. 141. Use of the Assembly Chamber.

~~{1.}~~ The Assembly Chamber shall not be used for any public or private business other than legislative, except by permission of the Assembly.

~~{2.} This Rule shall remain in full force and effect throughout the interim between regular sessions of the Legislature and until new Standing Rules of the Assembly are adopted as part of the organization of a newly constituted Assembly at the commencement of a session.~~

X. SPECIAL SESSIONS

Rule No. 142. Request for Drafting of Bills, Resolutions or Amendments.

1. Except as otherwise provided in subsections 2 and 3, the Legislative Counsel shall not honor a request for the drafting of a bill or resolution to be introduced in the Assembly during a special session, or an amendment to a bill or resolution, unless it is submitted by the Speaker, the Committee of the Whole, such other committees as the Speaker may appoint for a special session, or a conference committee.

2. The standing Committee on Legislative Operations and Elections may request the drafting of three Assembly resolutions and one Assembly concurrent resolution necessary to establish the rules, staffing, operation and organization of the Assembly and the Legislature for a special session.

3. The Speaker may request the drafting of five bills for a special session without seeking the approval of the Assembly.

Assemblyman Frierson moved the adoption of the resolution.

Remarks by Assemblyman Frierson.

Resolution adopted.

By the Committee on Legislative Operations and Elections:

Assembly Resolution No. 2—Providing for the appointment of attachés.

RESOLVED BY THE ASSEMBLY OF THE STATE OF NEVADA, That the following persons are elected as attaches of the Assembly for the 28th Special Session of the Legislature of the State of Nevada: Carol Aiello-Sala, Cindy Benjamin, Bonnie Borda Hoffecker, Sylvia Brown, Robin Bates, Dennis Humphrey, Mary Matheus, Patty Manning and Cindy Southerland.

Assemblyman Horne moved the adoption of the resolution.

Remarks by Assemblyman Horne.

Resolution adopted.

By the Committee on Legislative Operations and Elections:

Assembly Resolution No. 3—Providing that no allowances will be paid for the 28th Special Session of the Nevada Legislature for periodicals, stamps, stationery or communications.

RESOLVED BY THE ASSEMBLY OF THE STATE OF NEVADA, That for the 28th Special Session of the Nevada Legislature, no allowances will be paid for members of the Assembly for periodicals, stamps, stationery or the use of telephones and no allowances will be paid for the Speaker, Speaker Pro Tempore, Majority Leader, Minority Leader or chair of a committee of the Assembly for postage, telephone tolls or other charges for communications.

Assemblyman Horne moved the adoption of the resolution.

Remarks by Assemblyman Horne.

Resolution adopted.

By the Committee on Legislative Operations and Elections:

Assembly Concurrent Resolution No. 1—Adopting the Joint Rules of the Senate and Assembly for the 28th Special Session of the Nevada Legislature.

RESOLVED BY THE ASSEMBLY OF THE STATE OF NEVADA, THE SENATE CONCURRING, That the following Joint Rules of the Senate and Assembly for the 28th Special Session of the Legislature are hereby adopted:

APPLICABILITY OF JOINT RULES

Rule No. 1. Generally.

The Joint Rules for the 28th Special Session of the Legislature are applicable only during the 28th Special Session of the Legislature.

CONFERENCE COMMITTEES

Rule No. 2. Procedure Concerning.

1. In every case of an amendment of a bill, or joint or concurrent resolution, agreed to in one House, dissented from in the other, and not receded from by the one making the amendment, each House shall appoint a committee to confer with a like committee to be appointed by the other; and the committee so appointed shall meet publicly at a convenient hour to be agreed upon by their respective chairs and announced publicly, and shall confer upon the differences between the two Houses as indicated by the amendments made in one and rejected in the other and report as early as convenient the result of their conference to their respective Houses. The report shall be made available to all members of both Houses. The whole subject matter embraced in the bill or resolution shall be considered by the

committee, and it may recommend recession by either House, new amendments, new bills or resolutions, or other changes as it sees fit. New bills or resolutions so reported shall be treated as amendments unless the bills or resolutions are composed entirely of original matter, in which case they shall receive the treatment required in the respective Houses for original bills, or resolutions, as the case may be.

2. The report of a conference committee may be adopted by acclamation. The report is not subject to amendment.

3. There shall be but one conference committee on any bill or resolution. A majority of the members of a conference committee from each House must be members who voted for the passage of the bill or resolution.

MESSAGES

Rule No. 3. Procedure Concerning.

1. Proclamations by the Governor convening the Legislature in special session must, by direction of the presiding officer of each House, be read immediately after the convening of the special session, and must be filed and entered in the Journal of proceedings.

2. Whenever a message from the Governor is received, it shall be read and entered in full in the Journal of proceedings.

3. Messages from the Senate to the Assembly shall be delivered by the Secretary or Assistant Secretary, and messages from the Assembly to the Senate shall be delivered by the Chief Clerk or a person designated by the Chief Clerk.

NOTICE OF FINAL ACTION

Rule No. 4. Communications.

Each House shall communicate its final action on any bill or resolution, or matter in which the other may be interested, by written notice. Each such notice sent by the Senate must be signed by the Secretary of the Senate, or a person designated by the Secretary. Each such notice sent by the Assembly must be signed by the Chief Clerk of the Assembly, or a person designated by the Chief Clerk.

BILLS AND JOINT RESOLUTIONS

Rule No. 5. Signature.

Each enrolled bill or joint resolution shall be presented to the presiding officers of both Houses for signature. They shall, after an announcement of their intention to do so is made in open session, sign the bill or joint resolution and their signatures shall be followed by those of the Secretary of the Senate and Chief Clerk of the Assembly.

Rule No. 6. Joint Sponsorship.

1. A bill or resolution introduced by a committee of the Senate or Assembly may, at the direction of the chair of the committee, set forth the name of a committee of the other House as a joint sponsor, if a majority of all members appointed to the committee of the other House votes in favor of becoming a joint sponsor of the bill or resolution. The name of the committee joint sponsor must be set forth on the face of the bill or resolution immediately below the date on which the bill or resolution is introduced.

2. The Legislative Counsel shall not cause to be printed the name of a committee as a joint sponsor on the face of a bill or resolution unless the chair of the committee has signed his or her name next to the name of the committee on the colored back of the introductory copy of the bill or resolution that was submitted to the front desk of the House of origin or the statement required by subsection 4.

3. Upon introduction, any bill or resolution that sets forth the names of primary joint sponsors must be numbered in the same numerical sequence as other bills and resolutions of the same House of origin are numbered.

4. Once a bill or resolution has been introduced, a primary joint sponsor or nonprimary joint sponsor may only be added or removed by amendment of the bill or resolution. An amendment which proposes to add or remove a primary joint sponsor must not be considered by the House of origin of the amendment unless a statement requesting the addition or removal is attached to the copy of the amendment submitted to the front desk of the House of origin of the amendment. If the amendment proposes to add or remove a committee as a primary joint sponsor, the statement must be signed by the chair of the committee. A copy of the statement must be transmitted to the Legislative Counsel if the amendment is adopted.

5. An amendment that proposes to add or remove a primary joint sponsor may include additional proposals to change the substantive provisions of the bill or resolution or may be limited only to the proposal to add or remove a primary joint sponsor.

PRINTING**Rule No. 7. Ordering and Distribution.**

Each House may order the printing of bills introduced, reports of its own committees, and other matters pertaining to that House only; but no other printing may be ordered except by a concurrent resolution passed by both Houses. Each Senator is entitled to the free distribution of four copies of each bill introduced in each House, and each Assemblyman to such a distribution of two copies. Additional copies of such bills may be distributed at a charge to the person to whom they are addressed. The amount charged for distribution of the additional copies must be determined by the Director

of the Legislative Counsel Bureau to approximate the cost of handling and postage for the entire session.

RESOLUTIONS

Rule No. 8. Types, Usage and Approval.

- 1. A joint resolution must be used to:*
 - (a) Propose an amendment to the Nevada Constitution.*
 - (b) Ratify a proposed amendment to the United States Constitution.*
 - (c) Address the President of the United States, Congress, either House or any committee or member of Congress, any department or agency of the Federal Government, or any other state of the Union.*
- 2. A concurrent resolution must be used to:*
 - (a) Amend these joint rules, which requires a majority vote of each House for adoption.*
 - (b) Request the return from the Governor of an enrolled bill for further consideration.*
 - (c) Request the return from the Secretary of State of an enrolled joint or concurrent resolution for further consideration.*
 - (d) Resolve that the return of a bill from one House to the other House is necessary and appropriate.*
 - (e) Express facts, principles, opinion and purposes of the Senate and Assembly.*
 - (f) Establish a joint committee of the two Houses.*
 - (g) Direct the Legislative Commission to conduct an interim study.*
- 3. A concurrent resolution or a resolution of one House may be used to:*
 - (a) Memorialize a former member of the Legislature or other notable or distinguished person upon his or her death.*
 - (b) Congratulate or commend any person or organization for a significant and meritorious accomplishment.*
- 4. A resolution of one House may be used to request the return from the Secretary of State of an enrolled resolution of the same House for further consideration.*

VETOES

Rule No. 9. Special Order.

- 1. Bills which have passed the Legislature, and which are transmitted to the Legislature accompanied by a message or statement of the Governor's disapproval, or veto of the same, shall:*
 - (a) Be taken up and considered immediately upon the coming in of the message transmitting the same; or*
 - (b) Become the subject of a special order.*

2. *When the message is received or, if made a special order, when the special order for their consideration is reached and called, the said message or statement shall be read, together with the bill or bills so disposed or vetoed; and the Secretary of the Senate and the Chief Clerk of the Assembly shall, without interruption, read the message and the bill consecutively, the bill following the message, and the message and the bill must not be read upon separate occasions; and no such bill or message shall be referred to any committee, or otherwise acted upon, save as provided by law and custom; that is to say, that immediately following such reading the only question (except as hereinafter stated) which shall be put by the Chair is, "Shall the bill pass, notwithstanding the objections of the Governor?" It shall not be in order, at any time, to vote upon such vetoed bill without the same shall have first been read; and no motion shall be entertained after the Chair has stated the question save a motion for "The previous question," but the merits of the bill itself may be debated.*

ADJOURNMENT

Rule No. 10. Limitations and Calculation of Duration.

1. *In calculating the permissible duration of an adjournment for 3 days or less, Sunday must not be counted.*
2. *The Legislature may adjourn for more than 3 days by motion based on mutual consent of the Houses or by concurrent resolution. One or more such adjournments may be taken to permit a committee or the Legislative Counsel Bureau to prepare the matters respectively entrusted to them for the consideration of the Legislature as a whole.*

EXPENDITURES FROM THE LEGISLATIVE FUND

Rule No. 11. Manner of authorization.

Except for routine salary, travel, equipment and operating expenses, no expenditures shall be made from the Legislative Fund without the authority of a concurrent resolution regularly adopted by the Senate and Assembly.

RECORDS OF COMMITTEE PROCEEDINGS

Rule No. 12. Duties of Secretary of Committees and Director.

1. *Each committee shall cause a record to be made of the proceedings of its meetings.*
2. *The secretary of a committee shall:*
 - (a) *Label each record with the date, time and place of the meeting and also indicate on the label the numerical sequence in which the record was made;*

- (b) *Keep the records in chronological order; and*
- (c) *Deposit the records upon their completion with the Director of the Legislative Counsel Bureau.*

3. *The Director of the Legislative Counsel Bureau shall:*

- (a) *Make the records available for accessing by any person during office hours under such reasonable conditions as the Director may deem necessary; and*
- (b) *Retain the records for two bienniums and at the end of that period keep some form or copy of the record in any manner the Director deems reasonable to ensure access to the record in the foreseeable future.*

Rule No. 13. Reserved.

ANTI-HARASSMENT POLICY

Rule No. 14. Maintenance of Working Environment; Procedure for Filing, Investigating and Taking Remedial Action on Complaints.

1. *The Legislature hereby declares that it is the policy of the Legislature to prohibit any conduct, whether intentional or unintentional, which results in sexual harassment or other unlawful harassment based upon any other protected category. The Legislature intends to maintain a working environment which is free from sexual harassment and other unlawful harassment. Each Legislator is responsible to conduct himself or herself in a manner which will ensure that others are able to work in such an environment.*

2. *In accordance with Title VII of the Civil Rights Act, for the purposes of this Rule, “sexual harassment” means unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:*

- (a) *Submission to such conduct is made either explicitly or implicitly a term or condition of a person’s employment;*
- (b) *Submission to or rejection of such conduct by a person is used as the basis for employment decisions affecting the person; or*
- (c) *Such conduct has the purpose or effect of unreasonably interfering with a person’s work performance or creating an intimidating, hostile or offensive working environment.*

3. *Each Legislator must exercise his or her own good judgment to avoid engaging in conduct that may be perceived by others as sexual harassment. The following noninclusive list provides illustrations of conduct that the Legislature deems to be inappropriate:*

- (a) *Verbal conduct such as epithets, derogatory comments, slurs or unwanted sexual advances, invitations or comments;*
- (b) *Visual conduct such as derogatory posters, photography, cartoons, drawings or gestures;*

(c) *Physical conduct such as unwanted touching, blocking normal movement or interfering with the work directed at a person because of his or her sex; and*

(d) *Threats and demands to submit to sexual requests to keep a person's job or avoid some other loss, and offers of employment benefits in return for sexual favors.*

4. *Retaliation against a person for engaging in protected activity is prohibited. Retaliation occurs when an adverse action is taken against a person which is reasonably likely to deter the person from engaging in the protected activity. Protected activity includes, without limitation:*

(a) *Opposing conduct that the person reasonably believes constitutes sexual harassment or other unlawful harassment;*

(b) *Filing a complaint about the conduct; or*

(c) *Testifying, assisting or participating in any manner in an investigation or other proceeding related to a complaint of sexual harassment or other unlawful harassment.*

5. *A Legislator who encounters conduct that the Legislator believes is sexual harassment, other unlawful harassment, retaliation or otherwise inconsistent with this policy may file a written complaint with:*

(a) *The Speaker of the Assembly;*

(b) *The Majority Leader of the Senate; or*

(c) *The Director of the Legislative Counsel Bureau, if the complaint involves the conduct of the Speaker of the Assembly or the Majority Leader of the Senate.*

↪ *The complaint must include the details of the incident or incidents, the names of the persons involved and the names of any witnesses.*

6. *The Speaker of the Assembly, the Majority Leader of the Senate or the Director of the Legislative Counsel Bureau, as appropriate, shall cause a discreet and impartial investigation to be conducted and may, when deemed necessary and appropriate, assign the complaint to a committee consisting of Legislators of the appropriate House.*

7. *If the investigation reveals that sexual harassment, other unlawful harassment, retaliation or other conduct in violation of this policy has occurred, appropriate disciplinary or remedial action, or both will be taken. The appropriate persons will be informed when any such action is taken. The Legislature will also take any action necessary to deter any future harassment.*

8. *The Legislature encourages a Legislator to report any incident of sexual harassment, other unlawful harassment, retaliation or other conduct inconsistent with this policy immediately so that the complaint can be quickly and fairly resolved.*

9. *All Legislators are responsible for adhering to the provisions of this policy. The prohibitions against engaging in sexual harassment and other unlawful harassment which are set forth in this Rule apply to employees,*

Legislators, lobbyists, vendors, contractors, customers and any other visitors to the Legislature.

10. This policy does not create any enforceable legal rights in any person.

Assemblyman Frierson moved the adoption of the resolution.

Remarks by Assemblyman Frierson.

Resolution adopted.

Resolution ordered immediately transmitted to the Senate.

Assemblyman Horne moved that all rules be suspended, reading so far had considered second reading, rules further suspended, all bills and resolutions considered engrossed, declared emergency measures under the constitution and placed on the appropriate file for final passage or adoption for the balance of the 28th Special Session.

Motion carried.

Assemblyman Horne moved that Standing Rule No. 52.5 of the Rules of the Assembly for the 77th Session, which pertains to notices of bills, topics, and public hearing, be suspended for the balance of the 28th Special Session.

Motion carried.

Assemblyman Horne moved that persons as set forth on the Nevada Legislature's Press Accreditation List of September 10, 2014, be accepted as accredited press representatives, that they be assigned space at the press table in the Assembly Chamber, that they be allowed use of appropriate broadcasting facilities, and the list be included in this day's Journal:

AHORA LATINO JOURNAL: Mario DeLaRosa; "ANDE ENGLEMAN, FREELANCE JOURNALIST": Andrea Engleman; AP/NEVADA PHOTO SOURCE: Kevin Clifford; ASSOCIATED PRESS: Cathleen Allison, Scott Sonner, Matt Woolbright; COVEREDGE: Tracey Frohn, Mark Materne, Robert Noble, James Parker, Matthew Sherwood, Keith Taylor, Richard Travis; COX COMMUNICATIONS/CNN: Steve Schorr; ELKO DAILY FREE PRESS: Dylan Harris; ENTRAVISION COMMUNICATIONS: Anya Arechiga, Laura Calzada, Raul Delgado, Cesar Perez; FNB ENTERPRISES LLC - VIDEO CONTRACTOR TO COVEREDGE: Rhode Roberts; FORTUNE MAGAZINE: Peter Elkind; FOX 11 NEWS: Patrick Connolly, Jaime Hayden, Ryan Kern, Matt Rosenberg; HUMBOLDT SUN: Steve Lyon; JUSTASK KIM -- KIM CORDY: Kim Cordy; KLAS-TV: Nathan Baca, Alex Brauer, Richard Czarny; KNPB CHANNEL 5 PUBLIC BROADCASTING INC.: Ben Asnis, Jeremy Dunn, Alex Muench, David Santana, Chris Zangara; KNPB-TV: Brent Boynton, Ande Engleman; KOLO-TV: Wade Barnett, Samantha Boatman, Chris Buckley, Joe Harrington, Ray Kinney, Rebecca Kitchen, Sholeh Moll, Ed Pearce, Terri Russell, Kevin Thompson; KRNV NEWS 4: Kausik Bhakta, Brooke Boone, Ryan Coleman, Chuck King, Lawrence Vosper; KRXI FOX11 NEWS: PJ Connolly; KSNV-TV NEWS 3: Reed Cowan, Dree de Clamecy, Elizabeth Donatelli, Brandon Dyer, Richard Gacovino, Erik Ho, Chris Jones, Scott Pinkerton, Kenny Ramis, George Romero, Jim Snyder, Neb Solomon, Eric Wiener; KTNV TV: Bradley Driver, Don Guevara, Jason Harvey, Ken Johnson, Jay Romano, Victoria Spilabotte; KTVN CHANNEL 2 NEWS: Arianna Bennett, Michelle Boehler, Erin Breen, Jennifer Burton, Christopher Ciarlo, Wendy Damonte, Byron Ellis, Jeffrey Foss, Brad Horn, Jeff Martinez, Rachel Mosley, Paul Nelson, John Potter, Adam Rasmussen, Gabriela Tafolla, Gene Vance; KUNR-FM: Kate McGee; KVVU-TV FOX 5, LAS VEGAS: Kevin Bolinger, Justin Grant, Robbie Hunt; LAS VEGAS REVIEW-JOURNAL: Laura Myers, Steve Sebelius, Sean Whaley;

LAS VEGAS SUN: Matt Huffman, Steve Marcus, Sam Morris, Kyle Roerink, Cy Ryan, Conor Shine; LISA J. PHOTOGRAPHY: Lisa Tolda; NEVADA APPEAL: John Barrette, Brad Cockman, Wheeler Cowperthwaite, Geoff Dorman, James Grant, Shannon Litz, Mark Raymond, Adam Trumble; NEVADA BROADCASTERS ASSOCIATION: Adrienne Abbott; NEVADA MEDIA ALLIANCE: Teri Chadwell, Paul George, Stephanie Glantz, Robert Jenkins, Michael Marcotte, Molly Moser, Shelby Olson, Alex Pompliano, Riley Snyder, Lindsay Toste, Natasha Vitale, Abbie Walker; RALSTON REPORTS: Jon Ralston; RENO GAZETTE JOURNAL: Andy Barron, Guy Clifton, Anjeanette Damon, Brian Duggan, Tim Dunn, Ray Hagar, John Maher, Gerald Miller, Marilyn Newton, Tom Smedes; RENO NEWS & REVIEW: John Murphy; RENO SPARKS VIDEO PRODUCTIONS: William Pearce; TASMAN PACIFIC MEDIA GROUP: Donna Andres, Peter Hutchinson; TELEMUNDO LAS VEGAS: Rosana Romero; THE RECORD-COURIER: Kurt Hildebrand; THE STEALTH REPORTER: Todd Bailey; THE WENDOVER TIMES: Deeanna Croasmun; THERENOGAYPAGE: Paco Poli; UNIVISION: Jose Gonzalez; VEGAS PBS: Mitch Fox; “WE THE PEOPLE /OUR STORY, INC.”: Shayne Del Cohen; WOMENSRADIO: Pat Lynch.

Motion carried.

INTRODUCTION, FIRST READING AND REFERENCE

By the Committee of the Whole:

Assembly Bill No. 1—AN ACT relating to commerce; extending the duration of the Economic Development Electric Rate Rider Program; requiring the Office of Economic Development to make certain determinations before approving an application for participation in the Program; and providing other matters properly relating thereto.

MOTIONS, RESOLUTIONS AND NOTICES

Assemblyman Frierson moved that Assembly Bill No. 1 be placed on the Chief Clerk’s Desk.

Motion carried.

INTRODUCTION, FIRST READING AND REFERENCE

By the Committee of the Whole:

Assembly Bill No. 2—AN ACT relating to commerce; exempting certain manufacturers of electric passenger cars from the requirements relating to franchises for the sale of motor vehicles and repairs or maintenance on motor vehicles owned by private persons; requiring the exempted manufacturers to be licensed and regulated as new vehicle dealers; and providing other matters properly relating thereto.

MOTIONS, RESOLUTIONS AND NOTICES

Assemblyman Frierson moved that Assembly Bill No. 2 be placed on the Chief Clerk’s Desk.

Motion carried.

INTRODUCTION, FIRST READING AND REFERENCE

By the Committee of the Whole:

Assembly Bill No. 3—AN ACT relating to commerce; limiting certain credits which may be used against an insurer’s liability for the general tax on

insurance premiums for a certain period and eliminating those credits after that period; and providing other matters properly relating thereto.

MOTIONS, RESOLUTIONS AND NOTICES

Assemblyman Frierson moved that Assembly Bill No. 3 be placed on the Chief Clerk's Desk.

Motion carried.

Madam Speaker announced if there were no objections, the Assembly would recess subject to the call of the Chair.

Assembly in recess at 1:18 p.m.

ASSEMBLY IN SESSION

At 1:20 p.m.

Madam Speaker presiding.

Quorum present.

MOTIONS, RESOLUTIONS AND NOTICES

Assemblyman Frierson moved that the Assembly resolve itself into a Committee of the Whole for the purpose of public comment.

Motion carried.

IN COMMITTEE OF THE WHOLE

At 1:21 p.m.

Chair Kirkpatrick presiding.

Quorum present.

(See Appendices for documents referenced
in Committee of the Whole.)

CHAIR KIRKPATRICK:

The Committee will now come to order. There are a couple of rules that I would like to go over, just so folks are comfortable. One, please turn on your mic if you want to be heard. This is just a much bigger committee, but it is no different than the committee format that we have on a regular basis. No cell phones. Please be mindful of other folks' comments. Every comment counts.

I am not going to ask you to stand because in committee we do not stand; we sit. We are having a regular discussion. For those who are listening on the Internet and those who are videoconferencing from Las Vegas or from Elko, the way to access the exhibits later in the day is to go to the Nevada Legislature's website, go to the 28th Special Session; go to the Committee of the Whole, and you will be able to see any exhibits that come before us.

LEE HOFFMAN, PRIVATE CITIZEN, ELKO, NEVADA:

Thank you very much to our Assembly for this opportunity. My name is Lee Hoffman. I am a longtime resident of Elko, retired after almost 40 years in the mining industry. To be clear, I want everybody to understand that I am currently the chairman of the Elko County Republican Party, and I am the Nevada National Committeeman of the Republican National Committee. However, also to be clear, today I am representing just myself as a citizen of the state of Nevada. I am not representing the Republican Party or my former employers in the mining industry.

I do not wish to address any single piece of legislation, because this is something I believe the Assembly is considering as a whole package, and I have not had the opportunity to review the specific pieces of legislation. So, I would really rather address this package as a whole, if that is alright.

First, I ask you, as a deliberative body, to make sure you take the necessary time and not rush through this process with these pieces of legislation, because this is a very complex deal and decision. I am sure you will do that, and I am sure that in the process of your discussion, there is going to be quite a bit of talk about whether this is a good business proposition. I would just ask that the deliberative body also consider very carefully not just whether this is a good business decision, but whether this is proper business for a state government to do: benefit one specific industry and one specific business and, in effect, pick winners and losers in business. That is an item that worries me quite a bit. I feel a little bit conflicted on this question because I think about what would have happened if that were the approach when the railroads were crossing this country. Government, in fact, did get involved and gave away land, and that changed the face of the nation. There are really arguments, both directions, on government involvement in business. I think you have to be very careful in doing this.

I am specifically concerned about a couple of features of this overall package. I certainly understand the argument that tax abatements bring productive real estate into use; actually, they are a good thing because otherwise, that real estate sits there not generating any revenues. I understand the argument that if this business does not come to Nevada, many of those revenues for the state will not be there anyway. As far as the property and sales tax portions of the abatement go, that seems to make sense. But there are a number of things that will, in fact, cost the state a great deal of money, including specifically the transferable tax credits. If I understand that correctly, that is on the order of \$200 million. The discounted electricity rates that generate \$8 million will not come out of the state coffers, but it will come from other users. The USA Parkway right-of-way for \$43 million and however much it is going to cost to extend that road—those are all things that will have to be made up from other revenues within the state. They will benefit this specific business, this specific industry, at the expense of other businesses, other taxpayers, other consumers.

I just ask that you please carefully consider all of that, and again, I am very concerned about the use of those public funds to benefit one industry, one specific company in an industry. I think, Madam Speaker, that those are the concerns I wanted to put before this body, and I thank you for this opportunity.

CHAIR KIRKPATRICK:

Thank you. What I hope is that, as language comes about, you can stay and give us some specifics when we take the merits of each bill one by one. Each bill is a stand-alone bill, but they all work for the long term going forward. I hope that you will stay and be part of that, but I did not want to miss the opportunity to hear from folks across the state. I appreciate you participating.

Is there anybody else under public comment that would like to speak? Welcome, Mr. Lawrence.

GEOFFREY LAWRENCE, DIRECTOR OF RESEARCH, NEVADA POLICY RESEARCH INSTITUTE:

For the record, this is Geoffrey Lawrence. I am Director of Research at Nevada Policy Research Institute.

As with the previous speaker, I would like to take a minute to address not a specific bill—I have not actually gotten a chance to see them all—but kind of in totality. I would like to, without rehashing what the previous speaker said, second his concerns, but also mention that I have spent a couple of hours this morning reviewing the economic impact analysis from the Governor's Office of Economic Development [GOED] that was made public late yesterday afternoon. I have to say that in my professional opinion, it is a pretty impressive body of work, and that the low cost, or the low end of the projections, seem plausible based on the assumptions, based on my background as an economist. However, there are a couple of things to be aware of in that report. One is that the high end makes some assumptions about the development of clusters and technology transfer that may not be applicable to a rural battery manufacturing facility. They are basing those estimates off assembly plants in other areas, and the author has

actually acknowledged explicitly that the high-end projections may be untenable. However, I would also like to highlight that even the low-end projections are highly dependent on what you assume to be the appropriate multiplier effect. They are assuming that the indirect and induced number of jobs would bring total job impact from 6,500 direct jobs up to 22,000 jobs.

Now, this deal has been examined based on what public information is available. It has also been examined by NYU Professor Robert Florida, who is an expert in the economic impact of high-tech manufacturing plants. He says:

The state of Nevada says the factory will ultimately create 22,000 jobs after the multiplier effect of the gigafactory is taken into account. That is a number of more than three times the number of direct jobs. A smaller multiplier, say around 1.5, is generally thought to be more in line with something like a high-tech battery plant.

If you are taking a multiplier of about 1.5—even assuming that the 6,500 direct jobs are created, which he also calls into question—that still leaves you with a total job impact of less than 10,000. Put another way, the total subsidy package per job in that analysis would be more than \$100,000. Even if it were a high-paying job, say \$25 an hour, it would then take a long time for that investment to break even.

These are concerns that you should probably take under consideration going forward because there has been only one analysis to date of this proposal, and there has been very limited time for other people to review that analysis or come up with competing analyses. The information available is sparse, and it is even more concerning that that GOED report has clearly been in existence for at least a week. It has been cited by the Administration. However, it only became a public document late yesterday afternoon. It is a very lengthy and technical document. It will take time to review in detail, and I am concerned that even members of this body who are being asked to vote on this package, based in part on that information, will not have time to review that information in detail. I think there are a lot of moving parts to consider here, but I think that the lack of timely information and the lack of transparency in this whole process should be disconcerting for everyone involved. Thank you.

CHAIR KIRKPATRICK:

Thank you, Mr. Lawrence. When we come back later in the afternoon, we will take public comment on every single bill, just so we can do exactly what you are talking about, walking through them.

BOB FULKERSON, PROGRESSIVE LEADERSHIP ALLIANCE OF NEVADA:

Madam Speaker, members of the Assembly, thank you very much for this opportunity to testify. My name is Bob Fulkerson. I am here on behalf of PLAN, the Progressive Leadership Alliance of Nevada. We sent a letter out this morning to you all. I will not read that, but I just want to reiterate one or two key points for your consideration.

I think the first key point is the so-called gamble-free return on investment of an 80-to-1 payoff that the Sandoval Administration is saying is a guarantee. We think that caution is very much urged on this and would urge you to ask your Legislative Counsel Bureau to verify this independently. Because if that is not true, then this house of cards could fall down. When we are betting the house—you know, my grandfather said, “Never bet more than you can afford to lose.” I do not know if we can afford to lose a gamble this big.

We do support taxpayer investments in education and infrastructure because they benefit all employers. This subsidy package is 14 times bigger than any prior deal in Nevada history, so it deserves 14 times more caution and safeguards to protect our taxpayers.

I thank you for your consideration, and I thank you for your service to our state.

CHAIR KIRKPATRICK:

Thank you, Mr. Fulkerson, and I hope you will stay around. I know that I have told everybody we will be here as long as it takes to go through bills and really understand, because folks own whatever happens.

JAN GILBERT, PRIVATE CITIZEN, CARSON CITY, NEVADA:

I am Jan Gilbert, representing myself, a citizen of this state. I have read practically every article on this issue that I can, from *The New York Times* and beyond, and I am slightly appalled that we are moving forward on this. I wish you would all take your time. Do not rush. I do not believe this is good for Nevada. I think there are a lot of reasons why we outbid everybody else. We gave away the farm. We are requiring them to put into our educational system, but for a very short time, knowing they are going to be getting tax breaks from us for 20 years. I had to come today because of this reason, and I hope you will be very careful. I think the public agrees with me, and I hope you are listening to them. I know there have been some forums where you are making yourselves available to the public. I would be very, very careful of what this is going to do to our state in the long run. Thank you.

CHAIR KIRKPATRICK:

Thank you, Ms. Gilbert. We appreciate that. Any other public comment at this time?

CHRISTINE KRAMER, PRIVATE CITIZEN, LAS VEGAS, NEVADA:

My name is Christine Kramer. I am from Las Vegas. I am testifying just for caution on this bill. I was a manager out at Tahoe Regional Industrial Center [TRIC] in Storey County. The tremendous number of social service resources that were necessary for employees who needed to work out there is of great concern to me. We are reporting that these wages are \$25 an hour. I would like to see that this bill is constructed in such a way that that is actually gross-to-check, that we have accounting methods in which there is a cut that the employees are actually paying to have themselves supervised, there is a cut to the management of the facility, and there is a cut to temporary service agencies.

Additionally, I am concerned about wage theft, which occurs when employees on a production line of work are instructed to show up 30 minutes to 45 minutes early and clock in, but that line does not start paying them until it is all started. Our employees out there also have an inadequate ability to access public transportation, and they are often at the mercy of temporary employment agencies. They get off their shift, but they are still paying for childcare and they are still waiting for another two to three hours to go home if the rest of those workers do not have work.

I support Bob Fulkerson's testimony that these should be direct hire jobs. If we are giving direct money and directly facilitating this company, we need to ensure that those are direct hire jobs and that these are quality jobs coming into our community. I spent a lot of time as a human resources manager out in TRIC signing forms so that hardworking Nevadans who work more than 40 hours a week—at Christmastime, they are out picking and packing 60 hours a week—still qualify for food banks. They still qualify for subsidized housing. We need to work as Nevadans to ensure that these are very good jobs. Thank you.

CHAIR KIRKPATRICK:

Thank you, Ms. Kramer. I hope you will stay around to see the language because I think the language will really let folks digest it.

KENNETH EVANS, PRESIDENT, URBAN CHAMBER OF COMMERCE:

For the record, Kenneth Evans, President, Urban Chamber of Commerce, 1951 Stella Lake Street here in Las Vegas, Nevada. For the record, I just wanted to say that from our perspective as a business chamber, we are happy to see this deliberation occurring. From our standpoint, the prospect of a \$5 billion factory being built is a very positive one. In addition to that, the Governor, in his proclamation and press conference, mentioned that ultimately there is the potential for \$100 billion worth of economic activity. From our standpoint, we are very supportive of that. At the same time, what we will be watching for and would like to see is participation on the part of DBEs, MBEs, and WBEs. For the record, by definition, DBEs are disadvantaged business enterprises, WBEs are women-owned business enterprises, and MBEs are minority-owned business enterprises. From our standpoint, given the level of economic activity that will occur, we would hope to encourage Mr. Musk and the other senior executives involved with Tesla to do some form of outreach to these types of firms and other small

businesses to ensure that we can participate and our members can participate in this economic activity.

Finally, since Tesla is relatively new to our business community, we—and I am sure there are other chambers as well—offer our support for the project as well as offer ourselves as a conduit to help identify DBEs, MBEs, and WBEs that may have some area of expertise, either directly as contractors, subcontractors, architects, and engineers, to get the initial development done for the factory or, on the back end, to participate in other procurement activities related to the actual production, distribution, and eventual sales of the batteries. Thank you very much.

CHAIR KIRKPATRICK:

Thank you, Mr. Evans. I appreciate that and I hope you will stick around as we deliberate later this afternoon. This Committee is adjourned.

On motion of Assemblyman Frierson, the Committee did rise and report back to the Assembly.

ASSEMBLY IN SESSION

At 1:46 p.m.

Madam Speaker presiding.

Quorum present.

Madam Speaker announced if there were no objections, the Assembly would recess until 3:30 p.m.

Assembly in recess at 1:48 p.m.

ASSEMBLY IN SESSION

At 4:32 p.m.

Madam Speaker presiding.

Quorum present.

MESSAGES FROM THE SENATE

SENATE CHAMBER, Carson City, September 10, 2014

To the Honorable the Assembly:

It is my pleasure to inform your esteemed body that the Senate on this day adopted Assembly Concurrent Resolution No. 1.

TIMOTHY K. TAYCHER
Assistant Secretary of the Senate

MOTIONS, RESOLUTIONS AND NOTICES

Assemblyman Frierson moved that Assembly Bills Nos. 1, 2, and 3 be taken from the Chief Clerk's desk and referred to the Committee of the Whole.

Motion carried.

Assemblyman Frierson moved that the Assembly resolve itself into a Committee of the Whole for the purpose of considering Assembly Bills Nos. 1, 2, and 3.

Motion carried.

IN COMMITTEE OF THE WHOLE

At 4:34 p.m.

Chair Kirkpatrick presiding.

Quorum present.

Assembly Bill No. 1 considered.

(See Appendices for documents referenced
in Committee of the Whole.)

CHAIR KIRKPATRICK:

The Assembly Committee of a Whole will come to order. At this time, I want to remind folks of the rules of the Committee of the Whole. You do not have to stand. You can hit your light, and we will make sure that your questions are answered. We will hear testimony on each bill and discussion will be had. We will take public comment at the end of every bill. At this time, on our agenda are Assembly Bill 1, Assembly Bill 2, and Assembly Bill 3, and we will start with A.B. 1.

If I could have the folks that would like to present A.B. 1 come forward, that would be great. I have one reminder for folks that are testifying. More public comment is the best. You are for the bill, you are against the bill, or you are neutral with an amendment or you are neutral by yourself. I like the record to be clean.

PAUL THOMSEN, DIRECTOR, GOVERNOR'S OFFICE OF ENERGY:

Good morning, Speaker Kirkpatrick, Minority Leader Hickey, and members of the Committee. Thank you for inviting me to speak today.

My name is Paul Thomsen, and I am the Director of the Governor's Office of Energy and serve as the Governor's energy advisor. In these positions, I am responsible for meeting the mission of the Governor's Office of Energy, which is to ensure the wise development of Nevada's energy resources in harmony with local economic needs and to position Nevada to lead the nation in renewable energy production, energy conservation, and the exportation of energy. The Governor's Office of Energy implements the laws of the state as defined in the *Nevada Revised Statutes*. It manages energy-related programs; facilitates cooperation among key stakeholders; advises the Governor on energy policy; and collaborates with our local, regional, and federal partners to ensure a reliable, sustainable energy system. I have a decade of experience in Nevada's energy sector, and before coming to the Governor's Office of Energy, I served as the director of policy and business development for a global, publicly-traded, renewable energy company headquartered right here in Nevada.

Last session, Speaker Kirkpatrick introduced the [Economic Development Electric] Rate Rider Program in A.B. 239 [Chapter 504, *Statutes of Nevada 2013*] to encourage the location or relocation of new commercial and industrial businesses in this state by providing discounted rates for electricity to eligible participants. Eligible participants for the Rate Rider Program will see a discount in their base tariff energy rate by the following amounts: In the first year, there was a 30 percent reduction in the effective rate period. In the second and third years, there was a 20 percent reduction in the effective rate period; in the fourth year, there was a 10 percent reduction in the effective rate period; and in the fifth year, there was a zero percent reduction in the effective rate period.

To be eligible for the Rate Rider Program, the business must satisfy these requirements: The business "is or intends to be a new commercial or industrial customer of an electric utility" in Nevada. Many of you have asked what that means. That means that the business "is not, and has not been during the immediately preceding 12 months, a customer of any electric utility" in Nevada. The new load to be served by the electric utility has to be more than 300 kilowatts, and the electric utility has to determine that the business' use of that load is not for a project, purpose, or facility that carries an abnormal risk, is seasonal, intermittent, or temporary. Finally, that business has had to apply "for each economic incentive, including, without limitation, any abatement or partial abatement of taxes, offered by the State or any local government for which

the applicant is eligible.” A business that desires to apply for the Rate Rider must first file an application with the Governor’s Office of Economic Development requesting a letter of eligibility. If the requirements are met, the Nevada Governor’s Office of Economic Development will provide that letter of eligibility to the Public Utilities Commission of Nevada for final approval to participate in the Rate Rider Program. Upon approval of the Public Utilities Commission of Nevada, the business will then enter into a contract with the applicable electric utility pursuant to that program.

Now, working since her first session on these issues, Speaker Kirkpatrick, with support from NV Energy, the Governor’s Office of Energy, the Governor’s Office of Economic Development, and a unanimous vote of this Chamber, was able to pass this program to see if developers would really come if we lowered rates. Well, I am happy to say that they are coming. This bill before you today simply takes the existing Rate Rider Program approved in A.B. 239 and extends it for five years, thus making the five-year program a ten-year program that provides developers the confidence and longevity needed to locate their facilities right here in Nevada.

A business that qualifies for the Rate Rider will now see a discount in its base tariff energy rate by the following amounts: In the first two years, they will see a reduction of 30 percent in the effective rate period; they will see 20 percent in the third through sixth years of the effective rate period; a 10 percent reduction in the seventh and eighth years of the effective rate period; and zero percent in the final two years of the effective rate period.

Many of you have asked what the impact is to Sierra Pacific ratepayers, and I am happy to say that the annual impact to residential ratepayers stays exactly the same as under the existing program, but will be in effect longer. Tony Sanchez from NV Energy is here to testify to the specifics of the rate structures for all rate classes.

This program was specifically designed to be administered by the Public Utilities Commission of Nevada in consultation with the Governor’s Office of Economic Development. On June 14, 2013, the Commission opened a rulemaking to address the Rate Rider Program. The rulemaking was designated by the Commission as Document No. 13-06022. Workshops were held; comments were filed; reply comments were filed; and appearances were made by the Bureau of Consumer Protection, NV Energy, Southwest Gas, the Public Utilities Commission staff, the City of Henderson, the Office of Economic Development, and others. Draft regulations were sent, investigations were conducted, notices of intent were issued, more workshops were held, and ultimately the Commission adopted as permanent the proposed regulations, LCB File No. R072-13, on December 3, 2013. I bring this up because I believe it is critically important to note that this program has previously passed unanimously by the Legislature and has been thoroughly reviewed and approved by the Public Utilities Commission of Nevada.

Finally, I would like to make it very clear that this program is a statewide program capped at 50 megawatts by statute. This is available to each electric utility in this state, and the Public Utilities Commission of Nevada made it very clear that each electric utility shall set aside 25 megawatts for capacity allocation to new customers pursuant to this program. So, should a company in Sierra Pacific’s territory apply, be approved, and receive a portion or all of the 25-megawatt allotment, only ratepayers in that service territory will be affected. Should a company in Nevada Power’s service territory apply, be approved, and receive a portion or all of the 25 megawatts, only ratepayers in that service territory would be affected.

As you all know, energy is a critical component to economic development. Nevada’s commitment to streamline permitting, modern infrastructure, and enhanced incentives have proven to companies around the world that Nevada means business. Programs such as the Economic Development Rate Rider are critical to supporting Nevada’s continued economic comeback.

I want to thank Speaker Kirkpatrick, Minority Leader Hickey, and members of this Committee. I look forward to answering any questions you may have.

CHAIR KIRKPATRICK:

Thank you, Mr. Thomsen. We do have questions. I will start with Mr. Eisen, who has some questions.

ASSEMBLYMAN EISEN:

Mr. Thomsen, if you could help clarify some of the language in the bill in section 1, subsection 4, the new language that reads, “if the approval, as determined by the Office of Economic Development, is in the best interests of the State.” What I would like you to do, if you can, is help me understand what the definition of that is, “in the best interests of the State,” and how that would be evaluated, how it would be measured, how it would be reported and documented.

PAUL THOMSEN:

Assemblyman Eisen, I do not think there is a specific definition of what is in the best interests of the state of Nevada, and I hate to speak for the Director of the Office of Economic Development, but I think this would consist of looking at things like the number of jobs created, future tax revenue generated, and overall economic impact of the project. This clause allows the Director to evaluate projects and try to triage them as they apply for what is a very limited amount of power that can be used under the Economic Development Rate Rider.

ASSEMBLYMAN EISEN:

Can you tell me a little bit more about how that would be assessed and how it would be documented? We want to make sure that this is clear and that we are measuring potential applicants by the same yardstick. Do we have a sense of how we are going to report that out, how we are going to make that transparent to the members of this body and to the public?

PAUL THOMSEN:

Again, not trying to speak for the Director of the Office of Economic Development, who is in the other chamber at the moment, but typically agencies—if this was the Office of Energy, for example, we would create criteria and try to follow that, and most of that is open to public records requests and open meeting laws. I believe that information would be available for what the criteria were and how a company was selected or, in this case, deemed to be in the best interest of the state of Nevada.

ASSEMBLYWOMAN SPIEGEL:

Mr. Thomsen, I have a question that is actually related back to the old language, but I am wondering if you could help clarify. In section 1, subsection 3(b), it says, “The applicant is not, and has not been during the immediately preceding 12 months, a customer of any other electric utility in this State.” As I was reading it, I was wondering if you thought it would be possible for the intent to be circumvented by a company doing a spinoff and having a new wholly owned subsidiary apply as a new customer if they had not been doing business under that name in the state in the immediate prior 12 months.

PAUL THOMSEN:

To Assemblywoman Spiegel, I think that is a very interesting question, and I think a very good one. The statute is quite clear that it cannot have been a company that has received electricity from the utility. I think you bring up a legal question. Can subsidiaries or special purpose subs apply as new companies? I think that is a legal interpretation that I do not have the answer to, but I think a company can have subsidiaries that are new companies, and if they have a new business license and want to purchase power for the first time in this state, I do not know if that is circumventing it, but I think that is something to closely evaluate.

CHAIR KIRKPATRICK:

I want to understand because, at least from the intent of the bill last session, there are some checks and balances, right? So you do work with the utility, Mr. Thomsen? Maybe Mr. Sanchez could elaborate on that partnership.

TONY SANCHEZ, SENIOR VICE PRESIDENT OF GOVERNMENT AND COMMUNITY STRATEGY, NV ENERGY:

That is something that we have looked at, Assemblywoman Spiegel. When we have somebody establish new power—for example, say they have a company in Las Vegas and then they have a subsidiary relocate to Reno—that would be considered a new customer for our

purposes. I concur with Mr. Thomsen's assessment that it is a legal question as to the structure of that new entity, that subsidiary of that company. I would point out that there is some discretion, with the Governor's Office of Economic Development working with the PUC, to also taking a look at those issues and having some checks and balances there. In terms of those issues, that could be brought up, especially if you were in a situation where you have multiple applicants for a limited pool of megawatts, as we have in this case.

CHAIR KIRKPATRICK:

I want to remind committee members, because we are in a committee, these are all stand-alone bills, and so these bills will be in place for a long time, unless, of course, the Legislature decides to change them next time.

ASSEMBLYMAN SPRINKLE:

Just a comment on a previous question. I am not totally sure I am okay with the answer as far as a definition of "best interests of the State." Some others may be asking that as well, but my question specifically to you is, Help me remember our legislative session when this was first passed. When these incentives are granted—once the whole process has gone through and these incentives are granted—is there some sort of transfer, then, of the rates on to the private consumers? Is there something that everybody else should expect as far as a bump in what they may be paying because we are granting these incentives?

PAUL THOMSEN:

Mr. Sanchez is going to testify specifically to the rate structure, but yes, when this Assembly unanimously passed it the first time, there was a very small incremental increase to the rates for all ratepayers to provide this incentive to any company that wanted to move to and start doing business in the state of Nevada. I would like to defer and let Tony try to take a shot at explaining it and then come back if that does not answer your question.

TONY SANCHEZ:

At the outset, I would like to state for the record that we concur with Mr. Thomsen's very thorough overview of the program as it exists today and how it will be expanded under the proposal in Assembly Bill 1. Not wanting to repeat everything that Mr. Thomsen indicated, I will focus my brief remarks by summarizing the rate aspects of the proposed changes to the program.

The bill before you today extends a discount that was approved in Assembly Bill 239 last session. Under that bill, which was passed unanimously in both houses, there is a discount to the base tariff energy rate—we refer to as the energy rate—for a customer that meets the requirements under the program. The energy rate I am referencing is the portion of a customer's bill that covers the fuel consumed by our power plants. By way of an analogy, let us say you own a car or a truck; the reduction proposed to be extended here would not subsidize the cost of the car or the truck or insurance or maintenance, but rather the gas costs of that vehicle.

During the last legislative session, we worked with Speaker Kirkpatrick and the Governor's Office of Economic Development to structure a rate that could help attract new commercial and industrial customers to Nevada. The measure passed both houses; the rulemaking, as Mr. Thomsen indicated, has been completed by the Public Utilities Commission of Nevada; and a tariff has been established as of two months ago.

As described by Mr. Thomsen, the bill today extends the 30 percent discount in the energy rate in the first year to two years; it extends the 20 percent discount in years three through six; and extends the 10 percent discount in years seven and eight. In addition, the customer would remain a customer of NV Energy for a ten-year instead of a five-year term. This means we are providing their energy needs beyond anything that they produce onsite for themselves. The amount of the discount is tied to the customer's energy use, or what we refer to as the load factor, and the energy rate. The load factor is a measure of how much power a customer uses. For example, if a customer uses the maximum amount of power they can over a one-year period, that customer would have, for example, a 100 percent load factor. High load factor customers are typically large customers such as mining, gaming, data centers, and large manufacturers.

CHAIR KIRKPATRICK:

Mr. Sanchez, can I stop you there? I tried for five sessions to get something like this, because we kept hearing from the manufacturing folks that this did not—we are not competitive with other states. So we have been hearing that for a long time. I do not see Mr. Bacon, but I hope he is here because he has been pounding that in my head for a long time.

I think Mr. Sprinkle is trying to understand for his constituents and the northern region what that means. Mr. Thomsen said that there is no residential impact. Are you trying to ask how that rate is calculated, Mr. Sprinkle? Because it is complicated. I think if you could clarify your question, that would be helpful.

ASSEMBLYMAN SPRINKLE:

Thank you, Madam Chair, and I think that you actually did. What I am trying to understand is specifically just that—questions that I have heard from my constituents. If these incentives are given out wherever, who is going to pick up the cost for these decreases and these incentives? Is it going to be the individual ratepayer?

TONY SANCHEZ:

We did an analysis at NV Energy of the impact with the extension of this program for an additional five years. To quantify exactly how much of the discounted power will be provided, there are a couple of variables that we need to know about: the load factor of the customer, how many megawatts they are applying for, and how many total project participants there are. In our analysis, we looked at three different types of potential customers: somebody with a 50 percent load factor, which is the minimum amount you have to have to qualify for this program—and a 50 percent load factor customer means they are using half of what they could use—as well as a customer that might use an 80 percent load factor, and then finally a 90 percent load factor. The results of that analysis show that in our northern service territory, for example, if there were one customer utilizing all 25 megawatts and they were at a 50 percent load factor, they would receive an additional discount of about \$3.8 million; at 80 percent, \$6.2 million; and at 90 percent, they would receive \$6.9 million. There is a similar analogy for southern Nevada as well. We do not know the actual load factor any particular customer is going to apply at this point. We did look at the 90 percent scenario because that is going to be the highest level that we could possibly anticipate.

So what does that mean for our customers? At a 90 percent load factor level, the impact to an individual residential customer, for example, in northern Nevada is going to be an average of about \$1.84 a year, or about 15 cents a month. For southern Nevada, it would be \$1.26 for the year, or about a little over 10 cents a month, for that customer over the eight years of the subsidy.

I would note that this body has passed, in previous legislative sessions, very similar electric rate riders for other industries. For example, not even ten years ago there was an interruptible water agriculture rate that was passed by this body, by both houses, and that is for large-scale farming, predominantly in northern Nevada, and that is currently being subsidized by northern Nevada customers to the tune of \$11 million a year. That is larger than this program.

ASSEMBLYMAN SPRINKLE:

Then just to summarize that, there would be some type of pass on to the individual rate customer. I do kind of recall this now from the session. It seems like it is very minimal and the trade-off, then, is simply going to be that we are giving these incentives to get new industry in here, and everybody is kind of coming together to help better the state. Is that correct?

TONY SANCHEZ:

I would concur with you Assemblyman, and I know Mr. Thomsen wants to elaborate on that point as well.

PAUL THOMSEN:

To Assemblyman Sprinkle, I want to try to simplify a complicated issue. When we looked at this analysis and in conversations with potential customers, there was a real desire to increase the amount of megawatts that would be eligible under this Economic Development Rate Rider, and the Governor's Office pushed back on that and said we did not want to increase the rate impact

that had already been approved by this Legislature. To oversimplify, because it affects the base tariff energy rate, the impact to your constituents would be about .0002 cent per kilowatt-hour—and this is an approximation, on average, based on how much they consume—if this new company consumes the maximum amount of power that it can under the 25-megawatt cap. If you look at your bill and know how many kilowatt-hours you consume, you can calculate this impact: .0002 cent per kilowatt-hour increase across all rate classes. If you are a large consumer and consume a lot of power, you obviously have a bigger percentage. Then what Tony gave you is if you take the average kilowatt-hours consumed in a year—let us call that 9,000—you get to this \$1.80 range, and this is an approximation based on those assumptions. That is about the highest impact that any residential ratepayer will pay in Sierra Pacific's territory.

ASSEMBLYMAN ELLISON:

There are a couple of questions that I was going to ask. Basically, from what I just understood, the rate increase is going to be on all of NV Energy's customers in the whole northern part of the state. Is that correct? That is my first question.

TONY SANCHEZ:

That is correct, Assemblyman.

ASSEMBLYMAN ELLISON:

Thank you. What happens if a project is phased in, for instance the facility we are looking at? What if this is phased in? Instead of them coming in and using 25 kilowatts of power, say they are going to phase this thing in in sections. So they are going to use a smaller amount of power until they get this thing up to speed, but Nevada Energy is going to have to invest millions of dollars to get into the infrastructure, no matter if they use a small one or a big one. Is that rate increase going to be increased higher? Because you are basing everything on a higher rate right now, but from what I understand, they are going to phase this project in. Is that not correct? Maybe I am wrong.

CHAIR KIRKPATRICK:

Mr. Sanchez, can you give the folks a visual of what 25 megawatts looks like? I think energy is a little bit complicated. It would be super hard to phase in 5 kilowatts and then 1 kilowatt, right?

PAUL THOMSEN:

Madam Chair, to give you kind of a metric on the size of a megawatt, that is enough power to power approximately a thousand homes. The total amount of power allocated to the Sierra service territory is 25 megawatts. An applicant can apply for the entire 25 megawatts or a portion of that. Now, if they are going to phase in power, I guess the good part about this bill is that those incentive dates do not change. If they use a smaller amount of power when there is a 30 percent incentive and a larger amount of power when there is only a 10 or a zero percent incentive, all that has done is reduce the rate impact that we talked about for all your residents, because we are only giving incentive for the power consumed during that period of time. If you remember, in years one and two, it is a 30 percent incentive; in years three through six, it is a 20 percent incentive; in years seven and eight, it is a 10 percent incentive; and in nine and ten, zero. So, if they finally ramp up and start using the most amount of power in year nine or ten, there is no incentive.

ASSEMBLYMAN ELLISON:

What happens if you have a company that defaults? At that point in time, does the incentive program stop? Where do we go at that point in time if you do have a company out there that defaults?

TONY SANCHEZ:

In the current regulation—and again, we cannot emphasize enough that this is a five-year extension to a program that has already been developed, the rulemaking has been developed—and under the existing rulemaking, there is a clawback feature so the Public Utilities

Commission of Nevada would be able to go and get those dollars back if they default during that ten-year contract.

ASSEMBLYWOMAN BENITEZ-THOMPSON:

My question is specific to section 2, subsection 4 there on page 4 where it is talking about the contract that is entered into between the applicant and the PUC, and then it is approved by the Office of Economic Development. It looks like the contract is seen by a couple different sets of eyes, but is that contract something that is a public document with all provisions therein public as well?

STEVE HILL, EXECUTIVE DIRECTOR, GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT:

I am the Director of the Governor's Office of Economic Development, and I am happy to say your bill worked. It is intended to help manufacturing companies. It was important and very helpful. If I understand the question correctly, the contracts that will be signed between the company and our office will be public documents, yes.

ASSEMBLYMAN HICKEY:

Mr. Hill, you just answered part of my question, but I would like a little more detail. This bill is working, and I realize we have not had a lot of time, but do you already see indications that companies have been more interested and, in effect, incentivized by this as a result of this discounted rate? Secondly, we have heard in this context this bill is applying to certain manufacturing companies, but is it not also the case that a new gaming institution or a mining company could also apply in Nevada for this same discounted rate, if applicable?

STEVE HILL:

The program is very new. The regulations that were processed through the Public Utilities Commission were issued six weeks ago, eight weeks ago, something along those lines. We have seen interest as a result of the legislation passing. We have been keeping track of that interest. We have two applications that have been filled out. As I think was mentioned earlier, the program, through regulation, was divided 25 megawatts in northern Nevada, 25 megawatts in southern Nevada. The proposed agreement with Tesla would utilize these 25 megawatts in northern Nevada. We have seen interest in southern Nevada as well. We think it will be successful down there. But you are right. The program is relatively new, so it is a little bit hard to measure at this point.

TONY SANCHEZ:

And if I might expand on that, Madam Speaker, under the current regulations, if the northern Nevada 25 megawatts were fully subscribed and there were no takers for the southern Nevada 25 megawatts, the PUC, working with Mr. Hill's office, has the ability to reallocate those on a best-interest-of-the-state policy.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

Mr. Hill, in section 1, subsection 4 where the Office of Economic Development determines whether the applicant satisfies the criteria for eligibility, is that determined by you as the Director or does it go through the same process? Could remind me again the process that GOED follows for other types of eligibility for abatement?

TONY SANCHEZ:

If I might start, Assemblywoman Bustamante Adams, the criteria is also on page 3, subsections (a) through (e). Those are the criteria set forth in the law: that they are a new commercial or industrial customer for the state; that they have not been a customer of NV Energy's energy in the previous 12 months; that the new load to be served by the utility to that customer is more than 300 kilowatts; that the use of the load is not for a project or purpose or facility which carries an abnormal risk; and that the applicant has applied for each of those economic incentives that are offered through other programs for the state. Those are the five things that Mr. Hill's office looks at and deems whether those have been met. That is very straightforward in that provision. I think then at that point, the Public Utilities Commission also takes a look at the contract and calculates the rate and works closely with his office.

STEVE HILL:

During discussion in the last session when this bill was heard, one of the points that we made was for the technical aspects—for example, determining that the company will use at least 300 kilowatts of power—that we would work with the utility that is affected here to make sure that from a technical aspect, that determination was correct. For a determination of whether they are a new customer, we have the ability to do that internally.

ASSEMBLYWOMAN SWANK:

This question is directed to Mr. Hill. I just wanted to turn to section 1, subsection 4, this phrase, “the best interests of the State.” Mr. Thomsen mentioned the economic best interest, but it seems to me that is a much more complex idea about what are the best interests. It could include things like the environment or our historical resources. I am wondering if you could talk a little bit more about what is meant by the best interests. What are the criteria for that?

STEVE HILL:

It is certainly a phrase and a determination that can have a number of variables involved, and if some of those variables that we do not typically analyze would stand out, then they would have an impact, I think, on that determination. Typically—and I heard Mr. Thomsen address this question a little bit earlier—we are looking for, through the Office of Economic Development, economic growth. We are looking for the number of jobs; we are looking for good jobs. We require that companies in Nevada, regardless of the size or type of abatement, have a health insurance program that does not require the state to pick up the cost of providing health insurance when that job is actually created, so we analyze that. Investment in the state is helpful and important. That is a criterion. And the overall direct and indirect economic impacts as well as the fiscal—the direct fiscal and indirect impacts, which basically means tax revenue generation—are all a part of that calculation. With that many variables, it becomes a good part science and some part art, but once a certain threshold is achieved and there are not standout detrimental issues or potentially standout very positive issues, we have kind of a standard there that determines that the company moving here or expanding here would be in the best interests of the state.

ASSEMBLYMAN PAUL ANDERSON:

I just wanted to clarify the incentives that were potentially transferrable. If there were a greater need in the north for those 50 megawatts that were sort of split between southern Nevada and northern Nevada, are those surcharges strictly tied to the region that those incentives are used for? You also spoke briefly about the best interests of the state language, but could you also clarify the PUC’s and GOED’s and other entities’ involvement in the approval processes of the incentives?

STEVE HILL:

The megawatts that have been separated, north and south, through regulation are pretty strongly segregated. The intent is if you just cannot find a use that is in the best interests, frankly, of the region at that point, then the opportunity to move those megawatts, either north or south, would be available. I would be very reticent to move the megawatts that have been allocated to southern Nevada to northern Nevada. We feel very strongly that we will be able to put them to good use, and we will give them more than an adequate amount of time to make sure that happens.

As far as the process—how we work with the Public Utilities Commission on this—when we do that soon, that will be the first time that happens. We know what we have in mind. What is important to understand in the process here is that in order to work to attract a company to either expand or move to Nevada, they need a single point of contact. They need someone who they know can make that deal work. Our office is responsible for the allocation and the initial approval, the preapproval actually; it is a certificate of eligibility for that company. That company then can take that certificate to the Public Utilities Commission, and the Public Utilities Commission’s real role is to do the technical work to implement that eligibility certificate and to price what that percentage discount means to that customer’s invoice. Then that contract comes back through us, and we work through that the way it was discussed earlier.

PAUL THOMSEN:

If I could just add to that, Assemblyman Anderson. The Public Utilities Commission would have to reallocate those megawatts, and so that would go through a public process through the Public Utilities Commission of Nevada if that were to occur.

ASSEMBLYWOMAN DONDERO LOOP:

I do not know who wants to answer this question, but it goes back to when we first started talking about the rate differences. I would like to know what counties we are actually including in this service territory and who will be affected.

TONY SANCHEZ:

This bill as drafted and currently in law applies only to NV Energy today. Our service territory extends throughout Nevada, and we serve approximately 90 percent of the citizens of the state. In the southern Nevada territory, that is predominantly Clark County. In northern Nevada, it is everywhere from Reno, Sparks, Winnemucca, all the way to Elko. In terms of large cities that we do not serve, the largest cities would probably be the City of Ely and the city of Pahrump in southern Nevada. Those are in cooperative service territories that we currently do not serve.

ASSEMBLYWOMAN DONDERO LOOP:

Just as a clarification, we are saying that White Pine and Nye would be the only counties not involved in this?

TONY SANCHEZ:

I would not just limit it to White Pine and Nye, but those are the two largest population centers that we do not serve, but we do touch most of the other counties. I could not tell you if we hit all 15 other counties exactly, but those are the large population centers that we do not serve.

CHAIR KIRKPATRICK:

But you are talking about the northern piece of this, right? Regarding the 25 megawatts, about which you said there is no residential impact at the end of the program, you are talking about the Sierra Pacific boundaries, right?

TONY SANCHEZ:

We are talking about Sierra Pacific Power in the north in terms of no residential impact. I think Mr. Thomsen indicated earlier there is no additional residential impact with what is proposed before you today. When you passed this bill last year, there was a residential impact, a very small one, which is basically just being extended from four years of rebate to eight years of economic incentive.

PAUL THOMSEN:

I think if your constituents receive a Sierra Pacific Power bill, they are affected. I think it is hard to draw a geographical line because there can be some residents in a county that are serviced by Sierra Pacific Power and some that are not, depending on the city and town and if they are part of a cooperative, but all residents who have a Sierra Pacific Power bill are a part of this program. Does that clarify it?

ASSEMBLYWOMAN DONDERO LOOP:

It does, but I need a little clarification because in Clark County, we do not have anybody that has a Sierra Pacific bill. Am I correct, Mr. Sanchez or Mr. Thomsen?

PAUL THOMSEN:

Correct. And that goes to the point that if the 25 megawatts that is allocated to Sierra Pacific service territory is utilized, that impact is only put upon Sierra Pacific ratepayers. If a project were to locate in Nevada Power service territory and use a portion or all of that 25 megawatt Economic Development Rate Rider, that impact would then be spread upon anyone with a Nevada Power bill as an incentive to lure businesses into the service territories there. That is

why if the project is in Sierra Pacific's territory, only Sierra Pacific ratepayers are affected. If the project is in Nevada Power service territory, only Nevada Power ratepayers are affected.

ASSEMBLYWOMAN DONDERO LOOP:

Thank you. It is NV Energy dba Nevada Power, am I correct?

PAUL THOMSEN:

In the southern part of the state, yes.

ASSEMBLYMAN GRADY:

I talked to Mr. Sanchez about this a little earlier, but just for the record, since this is Nevada Power or Sierra Pacific, Nevada Energy, however we want to look at it, it does not include any cooperatives or any other power company. I am not sure that there are any that could supply this kind of a load, but if there was—we have things change in Fallon, which has its own electrical. They just got a melt plant, and other things may move in. We have mining looking at our area. But this would just be for NV Energy, no other electrical company in the state?

TONY SANCHEZ:

Assemblyman Grady, that is correct. Under the current definition of the bill, it applies to NV Energy and does not apply to cooperatives outside of our service territory.

CHAIR KIRKPATRICK:

I want to point out a couple of things, because I did work on a bill similar to this for a long time with the regulated power company. They go through the PUC, which has the consumer protection piece. This piece was a must because we wanted to make sure that as the rates were going up, people were aware of it. When I started in 2005, we did agricultural rates and we did some different things. This is not anything new. Understand that the reason we worked with the regulated PUC is because the PUC is truly the consumer advocate for many of our folks. As I have said in Commerce, it is all about the ratepayer and how much it is. This has truly started as a pilot program. That is why it was at 25 megawatts, so that we could see if it would entice folks to look at the manufacturing component of it. I just want folks to understand this was not thought up overnight. When we looked at it last session, it was because we had done some agricultural rates and were trying to build manufacturing, and we wanted consumer protection.

Mr. Sanchez, did you want add to that?

TONY SANCHEZ:

I would concur with Speaker Kirkpatrick. This body has long passed different rate structures to facilitate different industries. For example, when the portfolio standard was created and the SolarGenerations program was created, a \$255 million fund was created that our customers pay, the customers of NV Energy, so folks that would like to have rooftop solar can get a rebate. That portion of that \$255 million is being paid for by our customers, so they, in effect, are subsidizing participants in that program as well. The same thing with the tread program that was passed ten years ago to help start up renewable energy projects. The Universal Energy Charge is also another aspect passed by this body that creates a fund to assist low-income customers and folks in need with their power bills. These are certainly not new to the body. They have been used successfully in the past, and this would be an extension of a program that we anticipate is going to be very successful.

ASSEMBLYMAN OHRENSCHALL:

My question is for Mr. Hill. Going to section 1, subsections 4 and 5, what scenarios would you see where you would deny an applicant? Do you currently have a procedure, if the applicant is denied, to inform them about what was lacking in their application, and is there a time period that you require the applicant to wait to reapply?

STEVE HILL:

The best economic interest of the state would be one standard that could lead to denial if we did not feel that they met that standard. That company could fail to meet that for a number of reasons. The quality of the jobs that were being produced is not at a high enough level that we feel that utilization of this program would merit the use. The number of jobs in comparison to

the number of kilowatt-hours used is an important component as well. Those types of ratios and comparisons would be the reasons that we would feel potentially compelled to reject an application. I am sorry; I forget the second part of that question.

ASSEMBLYMAN OHRENSCHALL:

If the applicant is rejected, do you have any current procedure to inform them of what was lacking in their application, why they were rejected, and can they reapply? Do they have to wait a certain amount of time before they can reapply?

STEVE HILL:

We would certainly inform the applicant of the reason for the rejection and encourage them to reapply if the reasons for the rejection of the application could be remedied.

ASSEMBLYMAN DALY:

I agree that this is a program that was put in as a pilot and is apparently starting to work, so I think those are all positive things. But we did have a sunset date on that so that there was a recheck, a revisit. In subsection 4(a)(3) on page 5, it appears that that language now extends it out to eight years. If one person takes all 25 megawatts, when that is over, that would sunset the program. But if there were people who took 20 megawatts or 5 megawatts, or increments of 5 megawatts, whatever it might be, then it would be a continuing, rolling eight years, wherever that last contract is. When somebody ends their eight-year period, that would free up 5 megawatts. Now, we would hope there would be a new business that comes in before the next contract or the subsequent contract runs out and terminates the program. I just wanted to make sure that on these types of things, there would be an opportunity to revisit it—and not 40 years later. What I suspect, based on what I am hearing and what I hope happens with the incentive program, is that we continually have new businesses always using power as it becomes available, so it is a successful program, and that you might want to up the megawatt or the amount that can be abated. Can you explain that and tell me if I have analyzed it correctly? Then I have one follow-up question.

STEVE HILL:

Certainly I know that I do not need to point this out, but when this issue is revisited, as determined by this body, we hope that we have helped to make it successful so that we can continue it and potentially look to expand it in the future, provided that success is there and we do see that it is in the best interest of the state. We think there will be that interest. It is certainly early in the program. We are fortunate, given the timing and recent events, that this program was in place, because it was helpful and that is great. But, I think we will see other projects as a result of that as well.

PAUL THOMSEN:

In the original bill under section 19, the last applicant has to file prior to December 31, 2017. That is the last project that the Governor's Office of Economic Development can start the process on, but it has to be approved by that deadline. The change that you see in your bill was recommended by the Legislative Counsel Bureau to make sure that all the provisions in this bill now cover a ten-year contract that was signed prior to December 31, 2017, to enable all the clawback provisions and the requirements of this bill for any contract that goes into the future. That is why you see the new language on page 5 of the bill saying it is active until the end of the last contract term, if that makes sense.

CHAIR KIRKPATRICK:

So that is page 5, section 4, lines 26 through 30, correct?

PAUL THOMSEN:

That is correct.

ASSEMBLYMAN DALY:

The real limitation now is the 25 megawatts instead of a date and a time. You can have all these different contracts that go out, and we hope that there are businesses that come in when there is power available because somebody's contract ended. They would not be a new business so they could not re-up it. Is the 25 megawatts a statewide number or is that 25 per service territory and 50 total? What is it? Just remind me from the bill last session.

PAUL THOMSEN:

The statewide cap is 50 megawatts, and the Public Utilities Commission, through regulation, allocated 25 megawatts to each service territory, so there is a 25-megawatt cap. But for projects additionally trying to apply, just to be clear, they cannot apply after December 31, 2017. Projects need to look at that, and if we want to change that date, it would need to be revisited during the regular legislative session.

CHAIR KIRKPATRICK:

Years ago we started with 150 megawatts, and we decided to make sure things work. It will be two years before we really see it, so you might want to wait to ensure that there are no project hiccups in either the north or the south before you bring that bill draft.

ASSEMBLYMAN FRIERSON:

I want to revisit section 1, subsection 4, and the best interests language that is being proposed to be added. I appreciate that this is actually increasing scrutiny of applicants, and so this is adding to our ability to make certain that this is in the state's best interests. My question is—and Mr. Thomsen alluded to the typical practice—will criteria be created? What I am concerned about is if there is a letter that says you are eligible because I determined it is in the state's best interests without elaborating on what determinations were made in that regard. The following section directs a letter to be sent to the Commission indicating eligibility. Is that where there would be a description of what actually was considered in determining best interests, or would there be a separate document that would be accessible?

STEVE HILL:

Yes. That letter would contain what was analyzed during the process of determining what was in the best interests of the state. We would include that in that letter.

ASSEMBLYWOMAN FLORES:

In line with that same questioning, I am curious. On the front end, throughout the existing language, it says that all of these determinations are to be made by the Office of Economic Development. You spoke a little bit earlier, Mr. Hill, about the various criteria that you would take into account in order to determine eligibility, a little bit about what those best interests would be. What does that mean exactly when it says the Office of Economic Development? Does that mean it is a board process or does it mean there is one person that looks at this and determines yea or nay? Where are the accountability and the transparency on the front end when those applications are going through and what does it really mean when we say the Office of Economic Development will make these determinations?

STEVE HILL:

Thank you for the question. In fact, I had that conversation yesterday with your staff to make sure we were clear on that. When it says the Office, it means through the authority of our board. When it says the Director, it means the person in my position. In this case, that would be through our board. Our statute says—and probably the way we would deal with this is if the contract that we would enter into with a company for any incentive is over \$100,000, or \$250,000 in this case—we take that to our board for approval. The statute says that if it is less than \$250,000, I have the authority to approve that through our standard process.

ASSEMBLYWOMAN FLORES:

You mentioned a little bit earlier that in terms of accessibility to information and what that process would look like, someone could do a public records request or something along those lines. If anyone has ever tried to do a public records request, they recognize that it is not that

easy. In terms of some other form in which information is available to people, do you ever post these things? Do you make them available online? You said that for less than \$250,000 you singularly have the power to say yea or nay based on your own determinations. That is a whole lot of authority over a significant amount of money. Is there some other process by which information can be more readily and easily available to folks who want to know what it is the state of Nevada is doing with \$239,000 in incentives?

STEVE HILL:

There are a couple of answers to your question. First, even though I have the authority to approve those contracts under that amount, we take those contracts to the board for their advice and recommendation, so that is heard in a public hearing. Our website does have postings, both for upcoming meetings and for historical meetings, and then we report on each one of these incentive programs or abatement programs annually. The annual reports are now on our website. We have a report section where people can go and see what has been done in the past and then what is coming up in the future. The applications and the backup information are public as well.

ASSEMBLYMAN LIVERMORE:

How would this appear on a utility bill? Is it a government service charge or an adjustment in kilowatt-hour charge?

TONY SANCHEZ:

This would be collected through the deferred energy accounting mechanism on our bills. It is not through a general rate case or anything, so it would be a quarterly adjustment. It is a quarterly adjustment that would be made to the bill, and those traditionally go up and down, depending on what our fuel and purchase power rates are. That is where it would reflect, depending on which service territory you are in.

CHAIR KIRKPATRICK:

Mr. Livermore, you are asking if there is a line item on the bill? Is that what you are trying to ask?

ASSEMBLYMAN LIVERMORE:

Yes, Madam Chair. I wonder how the consumer is going to know that they are paying and what they are paying for.

CHAIR KIRKPATRICK:

We have already had the deferred energy line item on all of our bills for a very long time, and that rate does fluctuate depending on what is going on, regardless. Is that correct?

TONY SANCHEZ:

That is correct. Those lines are on your bill, and those are reviewed and monitored by the Nevada Public Utilities Commission.

CHAIR KIRKPATRICK:

That is done every couple of years just to ensure that we are staying on top of it.

ASSEMBLYMAN THOMPSON:

My question is regarding section 1, subsection 3(d) on page 3. I understand that the whole idea is for us definitely not to have seasonal, intermittent, or temporary projects. We want permanency. We want people that want to come to Nevada or are already here in Nevada, and they want to allow their project to be here on a permanent basis. But, I do have a question. I would like some clarification where it talks about a project that would be an abnormal risk. Can you give us some ideas of attributes of a project that would be considered an abnormal risk?

TONY SANCHEZ:

Typically, when we look at that term of abnormal risk, it could be in the context of any business. In a mining situation, for example, sometimes they are considered to be an abnormal risk due to the amount of ore or whatever it is that they are mining there. Sometimes in the past,

casinos have carried that as well. I think that is part of the process that the Governor's Office of Economic Development will weigh, take a look at, and take into consideration when they are making the determination if they meet those five criteria. Those are two that have been characterized as abnormal risk in the past. It is not a blanket statement by any means regarding those two types of industries.

ASSEMBLYWOMAN NEAL:

I just need a small clarification. I guess this question would go to Mr. Hill. You used an example earlier relating to a potential circumstance where kilowatts could be reallocated considering the best interests of the state. Do you believe there is a potential that ratepayers in a particular territory could get a double hit or an increase in that particular territory? If that did occur, what then would be the best interests analysis if the ratepayers had a double hit in their rate?

STEVE HILL:

As Mr. Thomsen pointed out, that decision ultimately would be made by the Public Utilities Commission. So while I said I would be reticent to move those, what I meant to say was I would be reticent to recommend that that allocation be changed. The reason for the program—and the Speaker can speak to this more eloquently than me—is this is in the best economic interests of the state and all those ratepayers in the state. Increasing the allocation also should increase the economic prosperity in that region. I do not anticipate that to happen, but that is the purpose of the program. We would consider that a benefit as we look at it and would hope to help make that happen.

ASSEMBLYWOMAN NEAL:

I know what the PUC's responsibility is, but ultimately we always should maintain a balance between our economic interests and the people who have to pay the rate. In the northern counties where income does not necessarily grow as fast as it may in the south, you have a stagnant group of people who may be affected and poverty and other things that may come into play when you look at the best interests of the state. People are very much wrapped into that concept, so that is why I wanted clarification.

PAUL THOMSEN:

And for the record, in the regulations passed by the Public Utilities Commission, the best interests clause does not come into effect. They say, "Each electric utility shall set aside 25 megawatts of capacity for allocation to new customers pursuant to the program. If an electric utility enters into one or more contracts with an applicant for the program for the full allocation of 25 megawatts of capacity set aside by the electric utility, then any unused capacity allocated to another electric utility could be reallocated by the Commission to maximize participation in the program." And it is for that very reason. You have to have consumed all of the existing allocation in that service territory, and then the Public Utilities Commission's role is to protect ratepayers and to make sure that a monopoly utility is doing what is in the best case for ratepayers. They are going to make that exact judgment, which is if they want to reallocate that power, they are going to recognize there is going to be a rate burden for doing so in that service territory, and they are going to weigh that through a public setting with public comment. It is not a willy-nilly reallocation of 25 megawatts. It has to be done by the Public Utilities Commission, who has lots of analysts to make sure that a reallocation of power, if it is going to be reallocated, is done so for the absolute best reasons. I am just building on what some others have asked.

There were discussions about increasing the megawatts under this program and the Governor's Office recognized that by doing that, there would be a significant rate increase. One of the goals in the pushback from the Governor was we did not want to create a new burden on ratepayers, whether they are commercial or residential, in the state of Nevada. That is why we kept that cap, approved by both chambers unanimously, at 50 megawatts statewide and just extended the time period so that the annual rate impact is exactly the same and very, very low. It is just that we have it for a longer duration. We were very cognizant of that, and it was very important to us to keep that cap in place.

ASSEMBLYMAN AIZLEY:

Earlier you mentioned something about where the rate increase amounted to .07 percent or there was a multiplier of .0007. Well, that is really not the point. The question is, Did you also compute what the rate would be if you did not assess the nonresidential ratepayers? I attended a Public Utilities Commission meeting recently and listened to several complaints by the ratepayers that felt they were paying for things, and they did not see why they had to pay for them.

PAUL THOMSEN:

For the record, the number I put out there was—and this was analysis done by NV Energy—.0002 cent per kilowatt-hour. So if you know how many kilowatt-hours you used, multiply that by .0002 and you will see the impact. We absolutely looked at the commercial impact and the residential impact. That same rate impact applies to the commercial rates, as well, so all rate classes are paying exactly the same. If you remember Mr. Sanchez's analogy, we are just deducting the gasoline price from the truck, if you will, or the fuel price, and that BTER, base tariff energy rate, is uniform across all rate classes. The differences in percentages that you heard are because there are different rates for different rate classes. It is a smaller percentage of an impact for residential ratepayers. Typically, commercial ratepayers pay a lower rate because they consume a much more massive amount of power, and that is what changes—that percentage. But uniformly across, it is .0002.

TONY SANCHEZ:

If I might expand on that, to answer your question, Assemblyman Aizley, we did not run the rate excluding residential. I was there with you at that consumer session and sitting up at the dais. Rate structure and how rates are assessed is the art of what our general rate cases are that take six months in front of the Utilities Commission. The Utilities Commission takes into account several factors across the spectrum, whether it is large customers or whether it is small customers. It is a matter of fact that there are different rate class subsidies across the board, including residential, which are subsidized extensively by business throughout the state when it comes to residential rate impact. All those are taken into account, but we did not do that analysis this time with respect to residential because this was just an extension of what had already passed a year and a half ago.

ASSEMBLYMAN BOBZIEN:

This has been a fascinating discussion and examination of this law as well as the proposed changes to it, and I think it bears repeating that there is a wide range of policy goals that the Legislature has pursued over many, many, many sessions that have impacts on rates. We have rate impacts because of attempts to incentivize renewable energy; we have rate impacts to benefit rural agricultural users that are spread across the wide base, and I think it is good to hear that there was prudence in the discussion about lifting the cap from 25 to higher. That said, I think it is also a very positive development—what we have in section 1, subsection 4 with this new requirement of a finding of economic benefit on an application by the Governor's Office for Economic Development. That said, this is exactly the time for us to try to get some intent on the record, and we have certainly been asking some pointed questions of Mr. Hill as to what would constitute benefit. There is some hazard in getting too prescriptive, but we do want to hear that there is some thought and some rigor that is going to be applied to this.

To see if I can stretch that definition of what public benefit would be, if you have a project that is seeking to use this application to achieve a future goal of being net energy zero—I believe that is the term—I could make the argument that that sort of innovation and that goal has benefit to the economy, benefit to the state, as an innovation hub, et cetera. Is that something that you would be taking into account under an application? This is a temporary use of the program, obviously for an extended period under this bill, but it is an acknowledgement that not only is the applicant getting this program, but in the end, it is less reliance on the grid, it is possibly development of technologies that support further efficiencies, renewable energy development, et cetera. Would that be something that you would consider for benefit to the state?

STEVE HILL:

The short answer is yes, it would be. Those are the type of situations that stand out and should be a consideration in our view.

CHAIR KIRKPATRICK:

Are there any other questions? At this time, I am going to take testimony. I have folks in Clark County who want to testify. State your name for the record. Are you in favor, in opposition, or neutral at this time?

ANGIE SULLIVAN, PRIVATE CITIZEN, LAS VEGAS, NEVADA:

My name is Angie Sullivan and I am in opposition. My opposition is I am a schoolteacher, and I have testified on a regular basis for, and advocated for, kids in the state of Nevada and for education to be fully funded or adequately funded in our state. I understand that you wanted to provide an incentive or a subsidy to a corporation to provide jobs for people, and I fully support that. I have been following what has been going on, and I feel like there are numerous, probably too many, incentives and subsidies being given to Tesla and maybe, after I have heard this testimony, other corporations in the state. I have to advocate for kids. I feel like I have been told over and over there is no money, there is no money, there is no money. I watched \$400 million in education bills lay on the table and not be financed. I understand that this may be small in the grand scheme of things, but my heart is broken that for 6,500 jobs, we are going to do all sorts of crazy things to get Tesla to come here, when I feel like if we fully funded education—

CHAIR KIRKPATRICK:

Ms. Sullivan, I appreciate you sticking around, and there are a couple more bills, but the particular three bills that we are hearing today are stand-alone bills, so they apply no matter whether anybody uses them today, tomorrow, or next month. I just want to keep the record clear that this is not specific. This is legislation that was passed last time that is being revisited at this time. I understand your point; you would not be the first one to hate incentives altogether. I want to keep any particular names out because I do not know that we have talked about the 25 megawatts that are still available in southern Nevada. Please go ahead.

ANGIE SULLIVAN:

Just to continue, I am from northern Nevada and I understand how valuable jobs are. I have also watched my state basically give away the farm to be able to have a few jobs, and I do not believe this is a wise use of resources. Electricity is another thing that we are giving away, and I am just speaking about part. I know a lot of people are currently struggling to pay their summer electric bill. This really hits home at this time of year when you are getting that huge bill. I have actually been involved with action to bring attention to just normal, everyday people paying their electric bills. I am worried about the huge incentives that we are giving to Tesla or whoever else for what I see as a few jobs. I am worried about the long-term impact on the state, when I know that funding education is a thing that research has shown would really drive our economy and even business. I wanted to mention that because it seems like education, in particular, has been kind of abandoned, and it is just shocking that in a week, we can be sitting here willing to do so much for one company when 300,000 kids in Vegas have no voice. Thank you.

CHAIR KIRKPATRICK:

Thank you, Ms. Sullivan, and we appreciate you coming to the table.

Is there anybody else who would like to testify? Seeing none, I will close the public hearing on A.B. 1 and I will open the hearing on A.B. 2.

Assembly Bill No. 2 considered.

(See Appendices for documents referenced
in Committee of the Whole.)

TROY DILLARD, DIRECTOR, NEVADA'S DEPARTMENT OF MOTOR VEHICLES:

Good evening, Madam Chair, members of the Committee. It is a pleasure to be with you on this historic day for our great state. Troy Dillard, Director of the Department of Motor Vehicles, and it is my pleasure to introduce Assembly Bill 2 to you today.

Assembly Bill 2 is a fairly straightforward bill. It clearly delineates automobile manufacturers that exclusively manufacture electric vehicles may choose to sell their vehicles at retail through traditional means of utilizing the services of a franchise dealer or they may forego a franchise agreement and sell to the general public only new and used vehicles that they have manufactured.

As Nevada continues to be in the forefront of emerging technologies, such as autonomous vehicles, unmanned aerial vehicles, and renewable energy, it only makes sense to position itself in the best possible light to attract new industries with modernized business practices and forward-thinking initiatives. Assembly Bill 2 is one way in which to further that mission.

Electric vehicles are significant up-and-coming technology and industry. As we look to the future, electric vehicles will clearly play a part in the transportation picture. Electric vehicles are zero-emission vehicles. In the current market, electric vehicle purchases make up approximately .005 percent of the total market sales. In a time when light duty vehicles account for in excess of 60 percent of the nation's transportation emissions and modern automobiles account for one-third of all carbon dioxide emissions produced in the United States, electric vehicles are one technology that can help reduce that overall percentage. In addition, electric vehicles in the United States are powered with domestically produced energy sources. Nevada has a great advantage, through our climate and local resources, to maximize clean, renewable sources of energy, which in turn can be used to power electric vehicles and keep harmful emissions to a minimum.

Assembly Bill 2 is targeting this next leap in the marriage of transportation and technology and positions Nevada at the front of innovative thinking and providing an inviting environment for economic growth and investment, while protecting existing and established business structures. As A.B. 2 is rather short, I would like to walk you through the sections of the bill quickly.

Section 1 exempts manufacturers who only manufacture purely electric-drive vehicles from being required to use franchise dealers to sell their vehicles on the retail market. The bill allows for manufacturers who choose to utilize the franchise network to do so in the traditional sense as well. It also restricts those manufacturers who choose to retail directly their vehicles from being authorized to sell any other brand of new or used vehicles. This section also allows manufacturers that qualify under these guidelines to provide service and maintenance for their vehicles that are owned by members of the public.

Section 2 clarifies that manufacturers that meet the requirements under section 1 are then considered as a new vehicle dealer for legal and regulatory purposes. Sections 3 through 7 provide for technical changes to enact the provisions of sections 1 and 2. Finally, section 8 simply makes the bill effective upon passage and approval. I would be happy to address any questions you may have.

ASSEMBLYWOMAN COHEN:

In reference to section 2, subsection 2 about the manufacturer not being required to have a repair facility, I am just wondering where consumers in Nevada go to get these electric cars repaired.

TROY DILLARD:

To the Assemblywoman, the current law within the franchise dealer structure for franchise purposes prohibits the manufacturer from having a facility to repair vehicles. Because section 1 is exempting vehicles that are run strictly on electric power, if that manufacturer chooses to sell under that provision, then it allows them to have the ability to repair and service those vehicles.

CHAIR KIRKPATRICK:

Can you say it in layman's terms?

TROY DILLARD:

What the bill does is allow that manufacturer to do just that—to be able to maintain and service their vehicles.

CHAIR KIRKPATRICK:

To Ms. Cohen's point, it does not exempt them from anything with repairs; it actually ensures that they stay with everybody else, correct?

TROY DILLARD:

Correct. It puts them on the same playing field as an existing franchise dealer.

ASSEMBLYMAN SPRINKLE:

In reference to subsection 3 of section 1, could you go over this with me one more time so I can understand exactly what is sought to be accomplished here and what implications this has in the state currently on any dealer franchise groups?

TROY DILLARD:

Section 1 limits this exception under the franchise dealership law requirement to manufacturers who solely produce electric vehicles that are completely electric-powered, so hybrid vehicles would not qualify under this section. It is purely an electric manufacturing process, and they can manufacture no other vehicles that meet the requirements.

As far as it goes today, we do not have a complete count of how many types of electric vehicles are out there. We know there is one, potentially two manufacturers that would be producing vehicles that would qualify as passenger vehicles, but one of those would require a legal exemption as to whether it actually becomes a passenger vehicle or not.

ASSEMBLYMAN SPRINKLE:

Then specifically to subsections 1 through 3, I guess that was the point that I was really trying to get at. Does that exist today, or what are we trying to do in the future with this change in statute?

TROY DILLARD:

Subsections 1 through 3 allow the manufacturer who does produce solely electric vehicles to continue to use the service model that exists today. If they choose to enter into a franchise agreement with a dealer, they still have the ability to do that.

ASSEMBLYMAN KIRNER:

Right now, we do not have another manufacturer, but suppose China decided to manufacture such vehicles. Would they also be exempt from this requirement of franchise dealership?

TROY DILLARD:

The response to your question is it applies to any legitimate manufacturer approved to manufacture vehicles in the United States that meet all of the requirements. If a Chinese company is certified by US DOT [United States Department of Transportation] to do so, under this bill, it would meet that requirement.

ASSEMBLYMAN KIRNER:

They would have to manufacture the vehicles in America. Is that what you are saying?

TROY DILLARD:

Assemblyman Kirner, I do not specifically know the answer to that. They would have to be approved by the United States Department of Transportation so that they meet U.S. standards for the manufacture of vehicles. I do not specifically know if they would be required to manufacture them here. That would have to be a legal review on that.

CHAIR KIRKPATRICK:

It is never good not to have that answer, because interpretation is everything. We want it very clear how this works, because sometimes we do not stick to what we believe. I need that answer, sooner rather than later, whomever you have to talk to. I think you have a deputy Attorney General that is probably on call that you could get it from. Any other questions? I think, Mr. Dillard, you have some marching orders.

ASSEMBLYMAN ELLIOT ANDERSON:

Good evening, Mr. Dillard. I was hoping you could point me to the provisions of the bill that—I thought you said the bill requires the manufacturer to have repair provisions. That is not at all what the digest says. I am looking at the specific section, and it looks like it is only taking them out of the provisions of Chapter 42. I was hoping you could clarify that for me because I am now pretty confused.

TROY DILLARD:

Certainly. There is no statute in Nevada that requires a manufacturer or a franchise dealer to provide that service. That is a typical business decision that everybody makes. The current law under the exemption today would prohibit a manufacturer from doing that, so what the bill is doing is allowing them to do that very thing.

CHAIR KIRKPATRICK:

Do we have any more questions from anybody? At this time, Mr. Dillard, I am going to see if you can go get that answer for us. I know that we have some folks that want to testify on this, but it is rather important that we get everybody's questions answered. I am going to excuse you for now.

ANGIE SULLIVAN:

I guess from what I just heard that this would allow Tesla to fix their cars, or no?

CHAIR KIRKPATRICK:

No. Mr. Dillard, could you just give Ms. Sullivan a three-line summary of what this is actually allowing someone to do. I think currently if you manufacture your own cars within our state, you can be exempt from a franchise, is that correct? Or can you give her a quick summary?

TROY DILLARD:

Yes. The franchise laws today prohibit manufacturers from having service centers for vehicles because it is a competitive clause with their franchise dealerships. That is something that is empowered to the dealers to provide, and the manufacturers are not allowed to do that. This bill, because we are exempting a specific type of vehicle manufacturer, also gives that manufacturer the ability to do that with their vehicles.

CHAIR KIRKPATRICK:

So let me also ask this question. There are currently other states that have worked in this direction in some form or another, so it is consistent. So we are not the only state that is trying to put this legislation in, but we are working on legislation that is beneficial for Nevadans, correct?

TROY DILLARD:

Madam Speaker, that is correct.

CHAIR KIRKPATRICK:

Ms. Sullivan, does that help at all?

ANGIE SULLIVAN:

That helps. I did have an understanding that Texas—this is one of the things that prevented Tesla from going to Texas. So this is one special thing that we are doing for Tesla to be able to operate in Nevada, is that right?

CHAIR KIRKPATRICK:

I am going to go back to remind folks this is a stand-alone bill. So regardless whether any other company comes and does things, this bill stands all by itself from here to eternity unless somebody—the Legislature—changes it. Assembly Bill 1, and now A.B. 2 and A.B. 3, are all stand-alone. They exist by themselves if we decide to vote on them at this time.

ANGIE SULLIVAN:

So one last question: I do not see it, but does this give any advantage to Tesla versus our other car sales people or car dealerships in Nevada?

CHAIR KIRKPATRICK:

Mr. Dillard, this is just allowing for a new type of manufacturer to have the same kind of franchise that others have, correct? Or close?

TROY DILLARD:

That is correct, Madam Speaker. Only if they are purely electric-driven vehicles.

CHAIR KIRKPATRICK:

Does that help, Ms. Sullivan?

ANGIE SULLIVAN:

Okay, thank you.

CHAIR KIRKPATRICK:

Are you still in opposition? I believe Mr. Alonso has an amendment, so if I could have my clerk hand them out to everybody.

ALFREDO ALONSO, REPRESENTING ALLIANCE OF AUTOMOBILE MANUFACTURERS:

Madam Chair, members of this body, Alfredo Alonso with the law firm of Lewis & Roca, today on behalf of the Alliance of Automobile Manufacturers. With me today is John Sande representing the Nevada Franchised Auto Dealers Association, and we have an amendment that we hope answers some of the questions that were just asked. Unfortunately, it is in black and white, so I will have to walk you through it, if that is okay.

In section 1, subsection 3 is simply moving down to subsection 4, so the new subsection 3 would say, “On or before January 1, 2016, was selling or otherwise distributing in this State passenger cars powered solely by one or more electric motors.” What we are doing is narrowing the scope to prevent some of the issues that Mr. Kirner just spoke about, which would allow Tesla to operate in the manner that they are hoping to operate without allowing an entire universe in, if that makes sense.

JOHN SANDE, III, REPRESENTING NEVADA FRANCHISED AUTO DEALERS ASSOCIATION:

For the record, John Sande with the firm Fennemore Craig Jones Vargas, and I am here representing the Nevada Franchised Auto Dealers Association. We agree with what is being proposed here.

CHAIR KIRKPATRICK:

Everyone has a copy of the amendment that is out there. Mr. Alonso proposed an amendment, and Mr. Sande is in concurrence with the amendment. Mr. Dillard, have you seen the amendment to your bill? I am pretty sure they talked to you. I would like to make sure that the bill sponsor has seen it.

TROY DILLARD:

Yes. In fact, we have seen the amendment and we are accepting of the amendment.

ASSEMBLYMAN KIRNER:

I just got the amendment here, and it seems to say that a new manufacturer of exclusively electric vehicles from anywhere, whether it is in the United States or anywhere in the world, would not be qualified under this amendment. Is that correct? Am I reading it correctly?

ALFREDO ALONSO:

Mr. Kirner, what it would do is allow only those that were licensed before that date, so obviously we are narrowing that universe significantly.

ASSEMBLYWOMAN NEAL:

Mr. Alonso, I guess I am confused. I need an example. You say you are narrowing the universe in the amendment on section 1, subsection 3, so there is only a time period for a manufacturer who is doing electric vehicles to become licensed before January 1, 2016. What law applies to anyone who enters the state after January 1, 2016? They are under what rule?

JOHN SANDE:

Basically, they would be under the rules that we have today, which state that a manufacturer must do business through a dealer. We are giving an exemption here where a franchise for the sale of electric vehicles can sell directly to the consumer. We changed the law in 1999, because there were some problems, to make sure that we had a franchise system where you have to go and sell through a dealer and the dealer would take care of and service the vehicles. So we are making some changes here, but we are trying to limit it and see how it works, and then you can always make changes in 2017.

ASSEMBLYWOMAN NEAL:

I am not trying to throw a monkey wrench into anything, but I now need some legal clarification that this is not special legislation, that it has a general application for future entities that are going to come to and be functioning in the state. That narrowing language is so narrow.

CHAIR KIRKPATRICK:

In the past when I have chaired things, we have a cooling-off period so people can chew on amendments. We did not have much time to work through the amendment. So not to worry; we are not going anywhere. You have time to work with Legal to see if this works. My understanding, Mr. Dillard, is we currently have a practice in place. This would be clarifying what we are currently doing in the interim so that we can revisit it when we get to session, if necessary. That is my understanding. What we are trying to do is clarify the language so that we are sure on the role and the rules.

TROY DILLARD:

That is exactly correct.

ASSEMBLYWOMAN FLORES:

I was actually thinking along the same lines as my colleague. If this is looking at vehicles that are solely powered by electricity, then we are barring other future companies, in a sense, because they would be subject to a different regulatory scheme. I guess I do not understand how this is supporting the industry of electric cars if we are putting this date on here so that any future companies coming who would want to look at Nevada for the direct distribution of their electric cars could not do so, but anyone who is doing that now could. If we are looking at this to try something new, then maybe it needs a sunset date. I am just a little confused as to what this is trying to achieve.

CHAIR KIRKPATRICK:

My understanding is that we currently have a practice in place, and the law is not clear on how that is supposed to work. So the intent of the date was to give the Legislature time to come back and vet what is currently going on and to ensure the statute is clear that we are in that position. Do any of you want to add to it?

ALFREDO ALONSO:

I think what the amendment attempts to do is strike a balance between allowing a new company to try a new method of sales while still protecting our dealers. While difficult, I think this is an attempt at striking that balance.

ASSEMBLYWOMAN CARLTON:

I appreciate that comment, Mr. Alonso. In reference to my colleague from Assembly District 26, he started to go down the pathway of American-made cars, and I was hoping that we could have a further discussion about that. I realize that could cause some problems, but I still think we should have that discussion and make sure that everyone understands on the record. If we were only making this apply to American-made cars, I would be much more comfortable with it. But this particular amendment as it has been presented literally opens the door for a very small period of time and then closes the door again to future endeavors, whether they be domestic or foreign. I would have concern about such a small window and the optics of that applying to whoever would want to come to the state of Nevada.

This is a very short time frame. It goes until just January and here we are in mid-September. I do not think anybody would get up and running that quickly. I would understand you if it was going a bit further out so that we could give it a real trial test to see how it actually worked for a year or two, but it seems as though we are fixing a problem that already exists then closing the door so that we do not ever have to find out if the whole procedure is actually going to work. I have concerns with the very short time frame that is in this amendment, and I would hope we could have a discussion about that, Madam Chair.

ASSEMBLYMAN AIZLEY:

I probably should have asked the question earlier to Mr. Dillard, but I still would like clarification. The current Nevada law requires that any motor vehicle dealer carries a \$100,000 bond to protect consumers. I do not know that it is clear whether this bill is exempting or not exempting the future manufacturers.

TROY DILLARD:

To Assemblyman Aizley, there is no impact to that. The manufacturer producing purely electric vehicles that would elect to follow this newly created exemption is subject to all of the exact same requirements as a dealer in the state of Nevada. So all bonding requirements and all consumer protections are still in place.

ASSEMBLYMAN SPRINKLE:

I certainly want to mimic some of the concerns that you have already heard from my colleagues with this amendment. However specifically I know you have already said it, I just have to be really crystal clear with all of you that you understand that this is simply a stopgap until we get to the session, and we are going to address this issue in full during the next legislative session. Is that what I am hearing from all of you sitting up there?

ALFREDO ALONSO:

That would be up to the Legislature. Obviously, if there are tweaks that need to be made, we will be here to have those discussions, but yes, it would be up to the Legislature to make that determination.

ASSEMBLYMAN SPRINKLE:

I must have misunderstood, because I thought that was what I heard you say in response to a question.

CHAIR KIRKPATRICK:

I think I said that.

ASSEMBLYMAN SPRINKLE:

Was that you, Madam Speaker?

CHAIR KIRKPATRICK:

Yes, because we get bill drafts, correct?

ASSEMBLYMAN SPRINKLE:

Okay. Thank you.

ASSEMBLYMAN BOBZIEN:

This one is kind of interesting. It is almost as if it is a reverse sunset, and certainly this bill represents a pretty major policy shift for the state. I understand interests and their concerns about making this kind of shift, and I have not made up my own mind about the best way to go on this. I think Mr. Sprinkle kind of alluded to the fact that we will definitely get another shot at this in a future session. I guess I just have a question about the date itself. We always think of sunsets aligning with our sessions that happen every two years. January 1, 2016—was there any consideration in the negotiations of giving this another view in a future session? Is there any magic to 2016 versus any other year, any other date?

CHAIR KIRKPATRICK:

Like any other amendment in any other committee, people need time to digest it, talk about it, and think about it. That is why I always do a cooling off period. I think these three gentlemen will be around for the next few hours if you have any questions. You could probably understand how things work. Let me see if there are any more questions so that we can get them on the record, and we can try and work through this piece at a later time.

Anybody else who would like to come in the neutral position? Seeing none, I am going to close the hearing on A.B. 2.

Without objection, the Committee of the Whole recessed at 6:34 p.m.

IN COMMITTEE OF THE WHOLE

At 8:09 p.m.

Chair Kirkpatrick presiding.

Quorum present.

Assembly Bill No. 3 considered.

(See Appendices for documents referenced
in Committee of the Whole.)

SCOTT KIPPER, NEVADA'S COMMISSIONER OF INSURANCE:

Thank you, Madam Chair and Minority Leader Hickey. I am Scott Kipper, Nevada's Insurance Commissioner, and we are here to talk about A.B. 3. I will let my colleagues introduce themselves as well.

CHRISTOPHER NIELSEN, EXECUTIVE DIRECTOR, NEVADA'S DEPARTMENT OF TAXATION:

Good evening, Madam Chair and members of the Committee. My name is Christopher Nielsen. I am the Executive Director of Nevada's Department of Taxation.

DEONNE CONTINE, CHIEF DEPUTY DIRECTOR, NEVADA'S DEPARTMENT OF TAXATION:

Good evening. My name is Deonne Contine, and I am the Chief Deputy Director at the Department of Taxation.

SCOTT KIPPER:

We will start right in and talk about A.B. 3, which is the discussion on the insurance home office tax credit. A little bit about the bill and how this operates currently will help facilitate an understanding of the bill.

To qualify for a home office tax credit, an insurer—either a domestic insurer that is situated in the state of Nevada or a foreign insurer—must own the building that they operate out of and they must also substantially occupy that building for at least an entire tax year in order to take the benefit. Very simply, the home office tax benefit has two parts: a 50 percent decrease in the aggregate amount of the tax determined per NRS 680B.025 through NRS 680B.039 and an amount equal to the full amount of the ad valorem taxes paid by the insurer during the calendar year. Very simply, what this bill in front of you does is diminish the tax credit that would be available to insurers. Currently, the cumulative home office tax credit is approximately

\$27 million. This bill would limit that to \$5 million, and it would be spread pro rata to carriers based on the amount of the home office tax credit they receive now.

CHRISTOPHER NIELSEN:

I would like to add a few words to Commissioner Kipper's testimony. Just to give a perspective, this tax type—the insurance premium tax type—is the fourth largest tax revenue stream that we have here in our state. For example, the Fiscal Year 2013 revenue was \$248 million to General Fund revenue, and in Fiscal Year 2014, which we are just closing out now, it is approximately \$263 million. As Commissioner Kipper pointed out, currently the aggregate amount of credits taken via the existing home and regional office credit is approximately \$27 million. However, to put this in perspective, this is a credit scheme that has been existing law for over 30 years. The Department of Taxation began administering it only in 1998. Prior to that, it was with Commissioner Kipper's predecessors over at the Division of Insurance. To put it into perspective, from 1998 to 2013, the cumulative amount of tax credits that have been taken by a handful of insurers is \$380 million, and again, that is General Fund revenue.

Currently, the number of insurers that are eligible and have been approved to take this credit is 12 in Fiscal Year 2013. This is out of over 1,200 insurance companies that were actually paying tax liability in 2013, so it is approximately 1 percent of the current taxpaying insurance companies that are eligible for this tax credit.

In Fiscal Year 2014—we are still in Calendar Year 2014, which obviously is not over yet—based on the preliminary first two quarters of tax returns that have been filed, we estimate that this credit in Calendar Year 2014 will be \$30 million.

I would be happy to answer any questions.

CHAIR KIRKPATRICK:

Okay, so let's open it up for questions from the Committee. I have one. In 1971 this came about, so it has progressively grown over time from where we thought we were in 1971 to today, which puts us at about 43 years on this subsidy. Is that correct, Mr. Kipper?

SCOTT KIPPER:

I believe that is correct, that that has been in place for over 43 years.

CHAIR KIRKPATRICK:

I have another question. I usually try to let the Committee go first, but I introduced this bill in 2009, so I want to see if much has changed since I introduced this back then. I know that folks that use this currently are state employees, maybe folks that are out there. There is no jeopardy that rates would go up today or tomorrow if this bill were to go in place, is that correct?

SCOTT KIPPER:

The effective date of this proposed piece of legislation is January 1, 2016, so this would not affect rates that would be approved or looked at for products that will be available starting on January 1, 2015.

ASSEMBLYMAN HORNE:

I have a question about section 2 of the bill where it says “substantially occupies and uses any building in the state.” I understand from the repealed section of the statute that used to be occupy 70 percent of usable space and occupy 100 percent of its ownership interest in the building. So how is that measure going to be made going forward? Basically, how will you define “substantially occupies?”

SCOTT KIPPER:

I am looking for it in a subsequent section, but you have to occupy 70 percent of the usable space and transact a business of insurance or the insurer is a general limited partner. Transacting the business of insurance is essentially underwriting sales. There is generally a customer service component. There are a number of functions that an insurance company must perform, and those functions must be done inside that building.

ASSEMBLYMAN HORNE:

I apologize. I missed that. That is in—it is still section 2, but it is now in paragraph 6(b). So that language is still there?

SCOTT KIPPER:

That is correct.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

I am not sure which person could answer this question, but in section 4, it talks about eliminating the credits beginning on January 1, 2021. If you did the math, what would be the aggregate amount of those credits available?

CHAIR KIRKPATRICK:

Can I clarify that question for myself? In section 4, subsection 2, it says section 1 and 3 of this bill become effective in 2021. Is that what you are referring to and trying to figure the math of the amount of dollars that are available, or are you asking what is the amount that is currently projected?

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

The current amount that is projected.

CHAIR KIRKPATRICK:

I think we are looking for assurance, Mr. Nielsen, that there is \$25 million, and you project that there is going to be more based on your projections today. Did you say something like that?

CHRISTOPHER NIELSEN:

Absolutely, Madam Chair. As I stated earlier, the 2013 numbers are \$27 million. The 2012 numbers, I believe, are \$25 million, and the numbers in 2011 are less than that. Based on the partial reporting that we have received so far this year, we are going to be at least \$30 million this year. Given that insurance has significantly ramped up through many mechanisms like the Affordable Care Act, the Economic Forum projected, in the total amount of revenue for this tax type last year, a jump up in premium tax generally. When the premium tax jumps up, the credit jumps up, assuming that there are a constant number of companies that are eligible and take advantage of this credit. Based on our calculation, Madam Chair and Assemblywoman Bustamante Adams, we are confident that there will be \$30 million, at a minimum.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

If you could help me, Mr. Nielsen, then in totality, over a five-year period, we would take the \$30 million and multiply that by five.

CHRISTOPHER NIELSEN:

Absolutely, Assemblywoman Bustamante Adams. For the year 2016, when this change would become effective, through the year 2021, that is five years. So, five times \$25 million would be \$125 million during that five-year period.

ASSEMBLYMAN HICKEY:

The Speaker pointed out, looking at the history of this bill, that the health insurance industry has grown dramatically as has the number of people covered, and that is why we are seeing such higher numbers generated even with these discounts, if you will. Is it safe to say that we are going to continue to see growth in terms of what these insurance companies who are enjoying these benefits are? Is that why—even though we may in another bill be looking at moving some of the transferrable tax credits in another direction—we are fairly confident that for this five-year period as we make a transition, these numbers are going to remain stable and possibly even grow? Is that accurate?

SCOTT KIPPER:

I would say that is a fair assumption. Certainly the premiums for insurance, where they have stabilized, are not decreasing. The number of Nevadans who are becoming insured commercially is increasing, and that includes Medicaid. So, I think it is a fair assumption to say that those numbers are constant and will enjoy a slight increase.

CHAIR KIRKPATRICK:

My recollection is in 2009, I looked at this because I was trying to ensure that we always went back and revisited our tax structure. This is about the policy change that will now be good only for ten years, and if future legislatures determine to extend it at that time, they can. This does give the current users the ability for one whole year to change their business model, and this also allows for a portion, up to \$5 million, to stay in the fund to keep it going forward. But at the end of the day, the truth of the whole matter is this is a policy change. This goes away after ten years instead of letting the Legislature have to find out that this exists in 2050. Is that a fair statement?

SCOTT KIPPER:

You are absolutely right that this program does not change through the end of 2015. Starting January 1, 2016, the cap on the amount of the credit is limited to \$5 million. That will last for five more years, and this program will go away at the end of—well, it would be effective on January 1, 2021.

CHAIR KIRKPATRICK:

That is where section 4, subsection 2 comes in, correct? Trying to clarify sections 1 and 3 of the bill?

SCOTT KIPPER:

I believe that is correct.

ASSEMBLYWOMAN CARLTON:

A couple of the questions have already been answered, but I think it is important for us as Mr. Kipper is our regulator and sort of the gatekeeper on insurance rates. Since insurance can be one of the biggest ticket items for a family—between car insurance, homeowner's insurance, health insurance especially—as this credit goes away for this 1 percent of companies that are eligible for it, I would like to hear some assurances that they may be able to pass it through using a process that is appropriate and fair. Also, how does the medical loss ratio laid over the top of the Affordable Care Act help protect our consumers?

SCOTT KIPPER:

Assemblywoman Carlton, you touch on a number of good points. Certainly when insurance companies set rates, they take into consideration quite a number of different factors. Nevada and the Nevada Division of Insurance enjoy the status of an adequate rate-oversight entity. In other words, we have been certified by the federal government as having all the tools in place to make sure that the rates that are delivered to our consumers in the state of Nevada meet actuarial guidelines. On top of that, you mentioned the minimum loss ratio of either 80 or 85 percent, depending on whether it is a group policy or an individual policy. Carriers will still have to meet those loss ratios. If they do not meet those loss ratios, then they are required to rebate money back to the consumer.

ASSEMBLYWOMAN CARLTON:

As this moves forward, will we be able to get some information from you and follow this, either through one of the standing committees or just individually? We know this is going to be a five- to six-year process, and it would be very nice to be able to compare the numbers. The money that is going into the General Fund will be very good, but if it ends up being cost shifted over to premiums, then we may need to take a second look at it. I do not believe that will happen, but I think we should be vigilant in watching for it.

SCOTT KIPPER:

We share your vigilance in making sure that those rates are adequate and correct for Nevadans.

ASSEMBLYMAN MARTIN:

I am looking at section 2, subsection 3. I am a little confused on the total aggregate amount of the credits, what the baseline of the proration is going to be for the credits, and how you can actually verify that it is correct because, obviously, a lot of information is private, and it comes down to a disclosure issue with how you are going to get cooperation with this. But I am wondering first what the baseline is for the proration. Is it gross sales, is it net tax, or is it based on some other method? Also, how many insurers do you think are involved in this calculation and who is going to verify it?

DEONNE CONTINE:

I will just briefly explain the way that it currently works and then kind of explain how we see administering it going forward.

This is a quarterly tax the taxpayers file and report. It is self-reporting, like many of the taxes in Nevada. There is also a part of this tax, an annual reconciliation, and that is done on March 15 for the preceding year. The insurance companies who are entitled to take the Home Office Credit calculate their credit and include it on their returns, and then during the annual reconciliation process, it is reviewed, and occasionally additional information is requested from the taxpayer. They have not done their own annual reconciliation process, and so there is a period of time where the taxpayer and the Department are working together to get the finalized numbers.

So the way that we see this, there would be a second step in the process of the reconciliation. The Department would have access to the total number of credits because the taxpayer is still going to calculate their tax credit the same way, and then they will submit that information to the Department and the Department will do the pro rata analysis. As Mr. Nielsen said earlier, currently there are 12 taxpayers who take this, so it will not be too onerous to do that. The example that I have is if there is \$30 million in total credits that a taxpayer would be entitled to under the 50 percent plus the part for the property taxes, and one company has \$15 million of credit, it would get half of the \$5 million that was available.

ASSEMBLYMAN SPRINKLE:

Undoubtedly you guys have already said this and I must have just missed it. If you could clarify for me again, under section 3 with the \$5 million cap, is that for the duration until this ends? That is the change? Or is it per year? Then secondly, once that cap is met, then everything reverts back to I think it is the 3.5 percent of premiums. Is that correct?

CHRISTOPHER NIELSEN:

Assemblyman Sprinkle, that is correct. It is a total of \$5 million per year computed in the aggregate for every eligible insurer who has been approved for this credit. That five-year cap would begin in 2016 and go for five years, then there would be no insurance premium tax credit available after that. I think you had two questions in there, but I think that answers one of your questions.

ASSEMBLYMAN SPRINKLE:

Yes, thank you. Once that cap is met, then all of it reverts back to the 3.5 percent of premiums that is in section 1?

CHRISTOPHER NIELSEN:

Yes. In fact, the rate never changes in the tax rule, but the effective rate would go back to the 3.5 percent. So yes, that is correct.

CHAIR KIRKPATRICK:

Are there any other questions? I think this is good to get this record out there, because I think it has been a long time since it has been discussed—what our current process is, how this is

meant to be implemented going forward, and the sunset of all of that. I think that is important for future legislatures going forward.

STEVE HILL:

Madam Speaker, members of the Committee, my name is Steve Hill. I am the Director of the Governor's Office of Economic Development. I will be brief, but I just wanted to add a few comments that can amplify the Speaker's point that this is a policy decision that we feel is important, both in terms of the program itself and also in terms of the agreement that we have made with Tesla.

The home office tax credit has been in place since 1971; it has been in place for 43 years. When we look at economic development incentives, we feel that it is important that they end. We do feel that it is important that as an incentive, it is temporary. Something that lasts for 43 years or longer is not an incentive; in our view, it is a subsidy. Then we looked at the efficiency of the use of those funds, and in this particular program, the reporting is not very strong. I believe you call that accountability most of time. It is a little bit difficult to run the numbers, so these are estimates, but we feel that they are relatively close.

Currently the program is in the neighborhood of subsidizing each employee at the rate of approximately \$19,000 a year, each year, and has been for a long period of time. As you look at the agreement that we made with Tesla, for example, there is a one-time transferrable tax credit per job of \$12,500. When we look up at the end of 20 years, those jobs will still be here when it comes to the gigafactory manufacturing plant. If we do not change the home office tax credit program, we will have to continue to pay that amount each year with no end in sight.

We also looked at it in terms of the percentage of estimated pay—or in the case of Tesla, the guaranteed pay—that this incentive or subsidy provides. It is approximately 32 percent if that \$19,000 is exactly right and the home office tax credit of the payroll that is generated by those jobs. In the agreement with Tesla, both of the transferrable tax credit programs, one for employees and the other for investment, amount to 2.7 percent of generated payroll over the course of 20 years. Again, at the end of that 20-year period, these jobs will continue, so we feel that this is more efficient use of funding. The results will bear that out. This is not in any way meant as a negative toward the insurance industry. Obviously, it is an important industry in the state, but we do feel, from a policy decision, that this use of funding is substantially more effective and efficient than the way we are currently putting that money to work.

CHAIR KIRKPATRICK:

Thank you, Mr. Hill. I think you asked the question everybody has been wondering: Why this particular one? Anytime you can sunset things so people can revisit it, that is much better so future legislators can reevaluate things. I am a big proponent of that, and it is no secret.

ASSEMBLYMAN STEWART:

Can one of you tell us what has been the benefit to the state from these 12 companies over the years? Is there any indication they are going to leave the state because of this reduction in this benefit? And why did more not apply for it?

STEVE HILL:

Certainly these companies are important in Nevada, and each job that we have in Nevada is important. Our estimate of the benefits that we have received from jobs in relation to the home office tax credit is about 1,400 in total, not to say that those jobs would necessarily be lost if that home office tax credit did not exist. I will submit—and I think the agreement that we have made with Tesla is an example—that having to incentivize 32 percent or so of that pay at the rate of about \$19,000 a year in order to have those jobs remains not good policy. We think this is a more efficient use of the money. We value each of those jobs; we value each of those companies. I assume, but I do not know, that the reason additional insurance companies have not applied is that their home office is not here in the state, and they do not meet that definition. I can tell you that we have tried to talk about this incentive with insurance companies in an attempt to attract them to move their home offices to Nevada, and to date we have not had success with that.

CHAIR KIRKPATRICK:

Incentives or subsidies only work as long as there is growth and performance. We have talked about that in the past. There are still state contracts that some of these folks have that are still in place. Employees are still needed, correct? There is still a need, there are still customers, and there are still patients. I would hope that this is the reason why the proposal is to give folks time to work through this and to keep a piece of it so that people can make different business plans. I think we have seen that in other legislation over the years. I think I can talk about leasing agreements with MBT [modified business tax]. I think I could talk about outdoor festivals. This is not the first time that we have had this discussion, folks. I am excited about it myself, but I like good policy and I like sunsets.

ANGIE SULLIVAN:

I am living in Vegas. I guess I have heard numerous times Tesla mentioned in reply, so I am assuming that this is, again, a special concession we are making for 12 companies, plus Tesla, and I just question the wisdom of doing that.

CHAIR KIRKPATRICK:

Here is what I will tell you, Ms. Sullivan. I tried to do this in 2009, and I would have done it every session in between because it is good tax policy for our state to sunset things. I am happy we are having this discussion. That is one of the things that you talked about as far as where do we get funding, and this is a way for us to go back and start revisiting all of the different tax structures that we have in our state. I am glad that we are having the discussion. In ten years those dollars are available for future legislatures to look at. That is my perspective on it. Did you have anything else, Ms. Sullivan?

ANGIE SULLIVAN:

No. I guess if there are 12 people participating and it has been used to try to attract business, I guess I am just thinking that that is a very small percentage of people that benefit from this.

CHAIR KIRKPATRICK:

Okay. Thank you.

ANGIE SULLIVAN:

I am all for revisiting it.

CHAIR KIRKPATRICK:

Well, that would be my reason for revisiting it. If it has not grown and has become stagnant over time, I think that is what legislators should do—revisit it. I appreciate you staying and being part of the discussion. We have been open to Elko today, we have been open via email, we have been open via fax, we have been open via telephone, and we have been open in Clark County. Any public input is always important. We appreciate it.

Without objection, the Committee of the Whole recessed at 8:46 p.m.

IN COMMITTEE OF THE WHOLE

At 8:49 p.m.

Chair Kirkpatrick presiding.

Quorum present.

CHAIR KIRKPATRICK:

Here is what we are going to do. We are going to take public comment. We have had some folks ask if we could do public comment again. I am happy to do that on any of the bills that were considered today. We are going to rise and report, and we will take a motion that we have considered these bills today and send them to the floor. It is just one less step than we normally have in committee. We vote, we would have to vote twice, so rather than be redundant, we are not voting tonight. I think that everybody should go home, ponder things, rest, and think about all the dialogue we have had. That is consistently the way that I have done things in the past to

give it a cooling off time. Hopefully after we do all this, in the next 15 minutes the language will be out on the last bill so that people have something to read tonight.

At this time, I would like to ask for any public comment.

DAN KLAICH, CHANCELLOR, NEVADA SYSTEM OF HIGHER EDUCATION:

Good evening, Madam Chair and members of the Committee. For the record, my name is Dan Klaich. I am the Chancellor at the Nevada System of Higher Education. I am not here to address specifically the content of the bills, but I would like to make a couple of general comments about matters relating to this bill that have also related to the higher education system.

I have heard issues with respect to the transaction concerning policies on diversity, hiring, and issues surrounding diversity with Tesla. I have spoken with representatives of Tesla today, and we have offered to make our offices of diversity—all our policies, training, and procedures available to them, to the extent that that would be of any assistance to the company in developing appropriate policies to address questions that we have heard from this body.

The second question, and maybe more major question, concerns the workforce that will be necessary and the actions at the Nevada System of Higher Education in regard to that. I would like to make just a couple of comments in that regard. First—and we did not know at the time this action was taken that we would even be here today—but I have hired probably the best workforce guy in the state, Frank Woodbeck, to assist with community colleges and training programs that are going to be necessary to staff up and train the consistent workforce for Tesla or any other company that would come as a result of the legislation that you are considering.

Secondly, I met this afternoon with the senior project manager of the gigafactory, and he and I discussed putting together a group of our presidents and action officers in the Nevada System of Higher Education. He would invite them to come down to their Palo Alto headquarters and start working immediately on curriculum that would be necessary for the training of workers in the factory, from certificates in manufacturing to Ph.D.s in engineering. He related to me a similar program that they have with Stanford University that takes students directly out of the university into their employment pipeline, and something that he wanted to recreate here in Nevada. We are looking forward to immediately taking our presidents from the colleges and universities down to meet with the folks at Tesla, talking about curriculum that is necessary, and doing everything we can as quickly as we can to meet the workforce needs so that we can help our folks get to work.

Madam Chair, we are very much in favor of this and stand ready to assist in any way we can to make this a successful venture.

ASSEMBLYMAN HICKEY:

I have a question. I know it is not customary to do that in public comment.

CHAIR KIRKPATRICK:

We are all about transparency today.

ASSEMBLYMAN HICKEY:

You are part of the public, but you are something else as well, Chancellor. Just for the record, the programs, the curriculum, those things—and this is exciting news, obviously—that would be inclusive of programs that would relate to the community college system and not just the two universities, I assume?

DAN KLAICH:

Absolutely, Mr. Hickey. As a matter of fact, I think it starts with the community colleges the way this will ramp up, and it will work through the curriculum of the entire system, in addition to the workforce that we are likely to assist in training for this project. I am convinced that there is a real opportunity to create an entire new culture, greater value jobs through every status, every work level. Not just this project, but I think we are potentially going to create a new culture around this project that we intend to be a significant part of.

CHAIR KIRKPATRICK:

I am going to wait for Mr. Horne to make a motion to adjourn until 9:30 tomorrow. What I have been told by the Senate is they believe that the language will be ready in a bit. So what I would say to folks is stay up late and look for it, or get up early and look for it. My understanding is it will be as it was with the Assembly, how we had those prefiled bills so that the public and everybody else can see it. It should be on the Legislature's website: the 28th Special Session, go to the Committee of the Whole for the Senate or go to the bill information, depending on how the Senate decides to do it.

On motion of Assemblyman Frierson, the Committee did rise and report back to the Assembly.

Motion carried.

ASSEMBLY IN SESSION

At 8:58 p.m.

Madam Speaker presiding.

Quorum present.

REPORTS OF COMMITTEES

Madam Speaker:

Your Committee of the Whole, to which were referred Assembly Bills Nos. 1, 2, and 3 has had the same under consideration, and begs leave to report the same back with the recommendation: Considered.

MARILYN K. KIRKPATRICK, *Chair*

Assemblyman Horne moved that the Assembly adjourn until Thursday, September 11, at 9:30 a.m.

Motion carried.

Assembly adjourned at 9:03 p.m.

Approved:

MARILYN K. KIRKPATRICK
Speaker of the Assembly

Attest: SUSAN FURLONG
Chief Clerk of the Assembly

THE SECOND DAY

CARSON CITY (Thursday), September 11, 2014

Assembly called to order at 11:09 a.m.

Madam Speaker presiding.

Roll called.

All present except Assemblymen Duncan and Hogan, who were excused, and one vacancy.

Prayer by Assemblyman Andy Eisen.

May it be Your will, O God, to bestow upon us blessing and kindness. We pray, especially on this difficult anniversary of a national tragedy, that all peoples of the world can find a path to peace.

May God guide this Assembly to come together in a spirit of cooperation and respect. May God grant us wisdom to legislate for the best interests of the citizens of Nevada.

Finally, may God protect us from all trouble and travail, and when our task here is done, may God guide us home safely to our families and friends.

AMEN.

Pledge of allegiance to the Flag.

The Assembly observed a moment of silence in remembrance of 9/11 and concern for Assemblyman Duncan and his family.

Assemblyman Horne moved that further reading of the Journal be dispensed with and the Speaker and Chief Clerk be authorized to make necessary corrections and additions.

Motion carried.

MOTIONS, RESOLUTIONS AND NOTICES

Assemblyman Horne moved that the persons as set forth on the Nevada Legislature's Press Accreditation List of September 11, 2014, be accepted as accredited press representatives, assigned space at the press table in the Assembly Chamber, and allowed use of appropriate broadcasting facilities: CAPITAL PUBLIC RADIO: Kyril D. Plaskon; FREELANCE JOURNALIST: Gary Walker; JOE SACCO PRODUCTIONS: Joe Sacco; KLAS-TV: Bill Roe, Lauren Rozyla; KOLO-TV: Jennifer Carruthers; KRNV-TV: Matt DeBray, Jeff Deitch, Jaime Hayden, Terri Hendry; KTNV TV: Luis O. Jutino; RENO GAZETTE JOURNAL: Tim Dunn, Bill O'Driscoll; UNR-FM: Anh Nguyen, Will Stone.

Motion carried.

Assemblyman Horne moved that Assembly Bill No. 3 be taken from its place on General File and placed on the top of the General File.

Motion carried.

GENERAL FILE AND THIRD READING

Assembly Bill No. 3.

Bill read third time.

Remarks by Assemblywoman Carlton.

ASSEMBLYWOMAN CARLTON:

Assembly Bill 3, the body will recollect from yesterday, is a change through the Department of Taxation on the liability for the general tax on insurance premiums. It was put into statute in 1971. We received a lot of numbers on the dollars that had been exempted since 1998. It only applies to 1 percent of the businesses that are eligible in this state, and the Department of Taxation did an excellent job of breaking down the numbers for us yesterday. I would be happy to answer questions, but since it is so fresh in our memories, I do not feel we need to go too deep into it.

Roll call on Assembly Bill No. 3:

YEAS—39.

NAYS—None.

EXCUSED—Duncan, Hogan—2.

VACANT—1.

Assembly Bill No. 3 having received a two-thirds constitutional majority, Madam Speaker declared it passed.

Bill ordered transmitted to the Senate.

Assembly Bill No. 1.

Bill read third time.

Remarks by Assemblymen Bobzien and Hansen.

ASSEMBLYMAN BOBZIEN:

Assembly Bill 1 deals with the Economic Development Electric Rate Rider Program that is already in existence. This bill requires the Office of Economic Development to determine that approval is in the best interest of the state before granting an application approval under the program. The bill also extends the required term of contracts under this program from five years to ten years and extends the term of the discounts applicable under the program from four years to eight years. The bill also extends the provisions relating to the program so that instead of terminating on June 30, 2018, the provisions continue until the termination of the last contract entered into.

ASSEMBLYMAN HANSEN:

I urge passage of this bill. I think this is really an historic precedent at this point, even though this is the first one that we are going to address today.

I think we should take a minute and thank all the people that went before us to help lay the groundwork that encouraged a giant company like this to come here because of our very positive regulatory climate and the fact that we are a get-it-done state, as the owner of Tesla specifically mentioned. I thought that was a nice compliment to the legislative bodies and the regulatory bodies of this state. I especially wanted to take a minute to thank the Economic Development folks, the Governor's Office, the leadership of this house, and even the Senate for having the fortitude to see this thing through.

This is a monumental change for the state of Nevada. This is arguably the biggest thing that has happened in Nevada since at least Hoover Dam, and we are part of that process. I think we should take just a minute to reflect a little bit on being part of something so monumental and historic for the state and thank all the people who have been providing the leadership. I would urge this body to pass this along with the rest of the packages as they come forth today.

ASSEMBLYMAN BOBZIEN:

Because my good friend from Sparks always inspires me to also make floor speeches, I also want to extend thanks to you, Madam Speaker, for your foresight in bringing this program and fighting for the specific Electric Rate Rider Program for many sessions and finally getting it done. This in place was a major part of attracting the big project.

Roll call on Assembly Bill No. 1:

YEAS—39.

NAYS—None.

EXCUSED—Duncan, Hogan—2.

VACANT—1.

Assembly Bill No. 1 having received a constitutional majority, Madam Speaker declared it passed.

Bill ordered transmitted to the Senate.

Assemblyman Horne moved that the Assembly recess until call of the Chair.

Motion carried.

Assembly in recess at 11:24 a.m.

ASSEMBLY IN SESSION

At 6:20 p.m.

Madam Speaker presiding.

Quorum present.

GENERAL FILE AND THIRD READING

Assembly Bill No. 2.

Bill read third time.

The following amendment was proposed by the Speaker of the Assembly:
Amendment No. 2.

AN ACT relating to commerce; exempting certain manufacturers of electric passenger cars from the requirements relating to franchises for the sale of motor vehicles and repairs or maintenance on motor vehicles owned by private persons; requiring the exempted manufacturers to be licensed and regulated as new vehicle dealers; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law generally requires a manufacturer of new vehicles that wishes to sell its vehicles in this State to establish a franchise with a new vehicle dealer for the sale of those vehicles. (NRS 482.078, 482.36385) Existing law also restricts a manufacturer's ownership or operation of a facility for the repair or maintenance of vehicles. (NRS 482.36387) **Section 1** of this bill exempts a manufacturer of new vehicles from these franchise and repair provisions if the manufacturer: (1) only manufactures passenger cars that are powered solely by one or more electric motors; (2) only sells at retail new or new and used passenger cars that it manufactures; and (3) ~~does not enter into a franchise for the sale of its passenger cars.~~ was selling such passenger

cars at retail in this State on or before January 1, 2016. For the purposes of these provisions, the term “passenger car” is defined by existing law to mean a motor vehicle designed for carrying 10 persons or less, except a motorcycle or motor-driven cycle. (NRS 482.087)

Existing law provides for the licensure and regulation of “new vehicle dealers,” defined as a person who is licensed “as a new vehicle dealer who has a franchise from a manufacturer of vehicles to sell new vehicles and who acquires new or new and used vehicles for resale.” (NRS 482.078) **Section 2** of this bill adds manufacturers who are exempt pursuant to **section 1** from the franchise and repairs or maintenance provisions to the definition of “new vehicle dealer” so that such manufacturers are regulated and licensed in the same manner as other new vehicle dealers. **Sections 3-7** of this bill make conforming changes.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 482 of NRS is hereby amended by adding thereto a new section to read as follows:

A manufacturer is not subject to the provisions of NRS 482.36311 to 482.36425, inclusive, if the manufacturer:

1. Only manufactures passenger cars powered solely by one or more electric motors;

2. Only sells at retail new or new and used ~~vehicles~~ passenger cars that it manufactures; and

3. ~~Does not enter into a franchise for the sale of any passenger cars manufactured by the manufacturer.~~ Was selling such passenger cars at retail in this State on or before January 1, 2016.

Sec. 2. NRS 482.078 is hereby amended to read as follows:

482.078 “New vehicle dealer” means any ~~vehicle~~ :

1. Vehicle dealer licensed under the provisions of this chapter as a new vehicle dealer who has a franchise from a manufacturer of vehicles to sell new vehicles and who acquires new or new and used vehicles for resale ~~to~~ ;
or

2. Manufacturer described in section 1 of this act that is licensed under the provisions of this chapter as a new vehicle dealer.

Sec. 3. NRS 482.322 is hereby amended to read as follows:

482.322 1. Except as otherwise provided in subsection 2 and NRS 482.3225, a person shall not engage in the activities of a new vehicle dealer, used vehicle dealer, manufacturer, distributor or rebuilder in this State until the person has been issued:

(a) A new vehicle dealer’s, used vehicle dealer’s, manufacturer’s, distributor’s, rebuilder’s or lessor’s license certificate or similar license or permit by every city within whose corporate limits the person maintains an established place of business and by every county in which the person

maintains an established place of business outside the corporate limits of a city; and

(b) A license by the Department. The Department shall not issue a license to the person until he or she has been issued all certificates, licenses and permits required by paragraph (a).

2. ~~[A]~~ ***Except for a manufacturer described in subsection 2 of NRS 482.078,*** a person licensed as a dealer pursuant to this chapter shall not engage in the activities of a new vehicle dealer until he or she has provided the Department with satisfactory proof that the person is authorized by a manufacturer to display and offer for sale vehicles produced or distributed by that manufacturer.

3. A vehicle dealer's, manufacturer's or rebuilder's license issued pursuant to this chapter does not permit a person to engage in the business of a new or used mobile home dealer, manufacturer or rebuilder.

4. The Department shall investigate any applicant for a dealer's, manufacturer's, distributor's, rebuilder's or lessor's license certificate or license and complete an investigation report on a form provided by the Department.

5. A person who violates subsection 1 or 2 is guilty of:

(a) For a first offense, a misdemeanor.

(b) For a second offense, a gross misdemeanor.

(c) For a third and any subsequent offense, a category D felony and shall be punished as provided in NRS 193.130.

Sec. 4. NRS 482.350 is hereby amended to read as follows:

482.350 1. ***Except for a manufacturer described in subsection 2 of NRS 482.078:***

(a) A new vehicle dealer's license shall not be furnished to any dealer in new vehicles, trailers or semitrailers unless the dealer first furnishes the Department an instrument executed by or on behalf of the manufacturer certifying that the dealer is an authorized franchised dealer for the make or makes of vehicle concerned.

(b) New vehicle dealers are authorized to sell at retail only those new vehicles for which they are certified as franchised dealers by the manufacturer.

2. In addition to selling used vehicles, a used vehicle dealer may:

(a) Sell at wholesale a new vehicle taken in trade or acquired as a result of a sales contract to a new vehicle dealer who is licensed and authorized to sell that make of vehicle;

(b) Sell at wholesale a new vehicle through a wholesale vehicle auction provided that the wholesale vehicle auctioneer:

(1) Does not take an ownership interest in the vehicle; and

(2) Auctions the vehicle to a vehicle dealer who is licensed and authorized to sell that make of vehicle or to an automobile wrecker who is licensed in this State or any other state; or

(c) Sell a new vehicle on consignment from a person not licensed as a vehicle dealer, rebuilder or a long-term or short-term lessor.

Sec. 5. NRS 482.36311 is hereby amended to read as follows:

482.36311 As used in NRS 482.36311 to 482.36425, inclusive, **and section 1 of this act**, unless the context otherwise requires, the words and terms defined in NRS 482.36318 to 482.36348, inclusive, have the meanings ascribed to them in those sections.

Sec. 6. NRS 482.36423 is hereby amended to read as follows:

482.36423 1. Whenever it appears that a person has violated, is violating or is threatening to violate any provision of NRS 482.36311 to 482.36425, inclusive, **and section 1 of this act**, any person aggrieved thereby may apply to the district court in the county where the defendant resides, or in the county where the violation or threat of violation occurs, for injunctive relief to restrain the person from continuing the violation or threat of violation.

2. In addition to any other judicial relief, any dealer or person who assumes the operation of a franchise pursuant to NRS 482.36396 to 482.36414, inclusive, who is injured in his or her business or property by reason of a violation of NRS 482.36311 to 482.36425, inclusive, **and section 1 of this act** may bring an action in the district court in which the dealership is located, and may recover three times the pecuniary loss sustained by the dealer or person, and the cost of suit, including a reasonable attorney's fee. The amount of pecuniary loss sustained by a dealer, pursuant to subsection 7 of NRS 482.3638, is the fair market value of the franchised dealership at the time of notification of termination, refusal to continue or unilateral modification of a franchise.

3. Any artificial person created and existing under the laws of any other state, territory, foreign government or the government of the United States, or any person residing outside the State, who grants a franchise to any dealer in this State may be served with any legal process in any action for injunctive relief or civil damages in the following manner:

(a) By delivering a copy of the process to the Director; and

(b) By mailing to the last known address of the manufacturer or distributor, by certified mail, return receipt requested, a copy of the summons and a copy of the complaint, together with copies of any petition or order for injunctive relief.

4. The defendant has 30 days, exclusive of the day of service, within which to answer or plead.

5. The method of service provided in this section is cumulative and may be utilized with, after or independently of all other methods of service.

Sec. 7. NRS 482.36425 is hereby amended to read as follows:

482.36425 1. Any manufacturer or distributor who willfully violates any provision of NRS 482.36311 to 482.36425, inclusive, **and section 1 of this act** is subject to a civil penalty of not less than \$50 nor more than

\$1,000 for each day of violation and for each act of violation. All civil penalties recovered must be paid to the State of Nevada.

2. Whenever it appears that a manufacturer or distributor has violated, is violating or is threatening to violate any provision of NRS 482.36311 to 482.36425, inclusive, **and section 1 of this act**, the Attorney General may institute a civil suit in any district court of this State for injunctive relief to restrain the violation or threat of violation or, if the violation or threat is willful, for the assessment and recovery of the civil penalty, or both.

Sec. 8. This act becomes effective upon passage and approval.

Assemblyman Frierson moved the adoption of amendment No. 2.

Amendment adopted.

Bill ordered reprinted, engrossed and to third reading.

Madam Speaker announced that if there were no objections, the Assembly would recess subject to the call of the Chair.

Assembly in recess at 6:27 p.m.

ASSEMBLY IN SESSION

At 6:29 p.m.

Madam Speaker presiding.

Quorum present.

GENERAL FILE AND THIRD READING

Assembly Bill No. 2.

Bill read third time.

Remarks by Assemblyman Carrillo.

ASSEMBLYMAN CARRILLO:

Assembly Bill 2 permits a manufacturer of passenger cars powered solely by electric motors to sell its new or used passenger cars directly to the public provided it has not entered into a franchise agreement for the sale of its vehicles and was selling or distributing its cars in Nevada on or before January 1, 2016.

Roll call on Assembly Bill No. 2:

YEAS—39.

NAYS—None.

EXCUSED—Duncan, Hogan—2.

VACANT—1.

Assembly Bill No. 2 having received a constitutional majority, Madam Speaker declared it passed, as amended.

Bill ordered transmitted to the Senate.

MESSAGES FROM THE SENATE

SENATE CHAMBER, Carson City, September 11, 2014

To the Honorable the Assembly:

It is my pleasure to inform your esteemed body that the Senate on this day passed, as amended, Senate Bill No. 1.

Also, it is my pleasure to inform your esteemed body that the Senate on this day passed Assembly Bills Nos. 1, 3.

TIMOTHY K. TAYCHER

Assistant Secretary of the Senate

INTRODUCTION, FIRST READING AND REFERENCE

Senate Bill No. 1.

Assemblyman Frierson moved that the bill be referred to the Committee of the Whole.

Motion carried.

MOTIONS, RESOLUTIONS AND NOTICES

Assemblyman Frierson moved that the Assembly resolve itself into a Committee of the Whole for the purpose of considering Senate Bill No. 1.

Motion carried.

IN COMMITTEE OF THE WHOLE

At 6:31 p.m.

Chair Kirkpatrick presiding.

Quorum present.

Senate Bill No. 1 considered.

CHAIR KIRKPATRICK:

On your desks, you have the first reprint of Senate Bill 1. Please go ahead and pull that out.

I see the three of you here, Mr. Hill and our presenters from NDOT [Nevada's Department of Transportation]. If you could go ahead and start with the presentation, that would be great.

STEVE HILL, EXECUTIVE DIRECTOR, GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT:

I am pleased to be here this evening. We are here to talk about Senate Bill 1, which applies to all companies throughout the state that have the ability to meet the criteria contained in the bill. A minimum investment in the state of \$3.5 billion within ten years is the primary criterion, as is hiring Nevadans. There is a significant provision in the bill regarding hiring current Nevadans in the state. Clearly, this is an exceptional opportunity for Nevada. The bill obviously applies to all companies, but the opportunity we have with Tesla is transformational for the entire state.

Three years ago, this body—the Speaker, all of you—passed Assembly Bill 449. That bill transformed the way we do economic development in Nevada. It is easy to forget that it has not been that long since we were suffering through the worst recession—or one of the worst recessions—that Nevada has had. We had 14.5 percent unemployment during that session. It took vision to make the changes that you made, and it is great to be able to participate in that process and see the results that are coming from your support of economic development in Nevada.

I will quickly discuss the economic impact of the project. I just want to point out that the impact that we will see is more than just what we will measure economically. There will be a major statewide impact. We will see immediate diversification in Nevada. This is important for everyone in the state. A part of why you have changed economic development in Nevada is to diversify our state. The diversification that we will see is also in a cutting-edge technology that will be important for decades to come, and that is important too. Investing, targeting, and

pursuing smart and the right opportunities so that they remain relevant for decades is critical. Nevada has been and will continue to be the place to be if you are in the gaming or hospitality industry. It will be the place to be if you are in the mining industry. We have been known for that. We will be known for those industries in the future. That is great. We will also be known as the state for unmanned vehicles and water technology, and now for advanced battery manufacturing and technology, in a very big way. This is the type of diversification, and the underpinnings of the economy, that matter to the entire state. It is the reason that you have taken the steps you have taken in the past and that we ask you to take tonight.

This will provide immediate impact in Nevada. They will start construction soon—right now, soon—and we will see an immediate impact across the state as a result of that. This is really the definition of rising tides lifting all boats. Construction workers will be able to go back to work. That will lift up workers who are underemployed. We will start to see property values rise. This quickly will be significant. It also provides opportunity for the future. This is not the end of the road; this is the beginning. The opportunity is before us and before you. We must continue to work in order to capitalize on that for all Nevada citizens, and we look forward to working with you moving forward.

Let me talk just a little bit about the economic impact analysis that we have done, the process that we went through. We contracted with Applied Economics. Three major economic impact programs are used in the economic development industry. The IMPLAN [Impact analysis for PLANning] model is one. Applied Economics out of Phoenix is the company that authors that software, and that is why we have used them. REMI [Regional Economic Models Inc.] and Emsi [Economic Modeling Specialists International] are the other two major programs. We have had the analysis run through Emsi and through REMI. The REMI analysis was with Jeff Hardcastle, who is the state demographer and a professor at UNR [University of Nevada, Reno], and the analysis of that was done by Professor Alan Schlottmann, who is a professor of economics at UNLV [University of Nevada, Las Vegas]. In addition, we had the Emsi company run its analysis of this opportunity. What that showed was that the \$100 billion that we have been discussing is probably the most conservative study of the group.

The project will create 6,500 jobs, with an average wage in excess of \$22 an hour. These are great jobs. They also have terrific benefits. Health care benefits are available to employees on day one. They have a long list of benefits they provide to their employees. This is going to be a great place to work. They care about their employees.

They have made a commitment to hire Nevadans, and you will see this in the bill as Mr. Nielsen goes through it. It is a significant commitment in terms of percentage. It is also a significant commitment in terms of the stakes involved. It is a criterion for them keeping their abatements, so they have made a strong commitment, and there is a strong sense of accountability that goes along with that. As I have said before, they also have a commitment to hiring veterans. That was something that they brought with them here and is a part of their corporate culture.

Last night we discussed the building itself, so I will run through this quickly. It is a 5-million-plus-square-foot building. That footprint makes it one of the largest buildings in the world. There will be an initial investment of approximately \$5 billion, with an additional \$5 billion over the course of the next decade or so.

The company has made a written commitment, which I hope you have seen by now, to make a contribution to K-12 education of \$7.5 million a year for five years beginning in August 2018. That amount is approximately the amount that would be collected for K-12 education from real and personal property taxes during that period of time and is timed to coincide with the opening and the full operation of the manufacturing facility, when the impact on the regional schools will be most felt. There will also be a statewide component to that contribution, and Tesla continues to work with the superintendent of schools for the state of Nevada to nail down the specifics of how that contribution will be used. There will be a \$1 million commitment with UNLV for battery research. The University of Nevada, Las Vegas has a very strong reputation in this field. Certainly, the opportunity to partner with a company that is at the cutting edge of this industry is a great opportunity for our University System [Nevada System of Higher Education] and UNLV, and we think it is a great opportunity for Tesla, as well, so we look forward to that.

At this point, I would be happy to answer any questions, Madam Speaker, or I can turn it over to Mr. Nielsen to walk through the content of the bill.

CHAIR KIRKPATRICK:

I would like the rest of you to give a brief presentation, and then I want to open it up to public comment. There are some folks in southern Nevada that want to be on the record, there are some folks here, and then I believe there are about 30 questions from Assembly members, and we can answer them as we go. Mr. Nielsen, you can say something, give a presentation, or wait for questions. I am sure that NDOT is probably just going to wait for questions. I could go to public comment if you want.

CHRISTOPHER NIELSEN, EXECUTIVE DIRECTOR, NEVADA'S DEPARTMENT OF TAXATION:

Madam Chair, whatever your pleasure is. If you want to go to public comment now, that would certainly be fine by me.

CHAIR KIRKPATRICK:

I am going to public comment unless you have pertinent information that you want to add, and then we will bring you back up to answer questions. At this time, I am going to go ahead and open public comment. If you three gentlemen could just step aside for a bit, do not go far. I will invite all of those that would like to testify up to the table. I am going to start in Clark County.

JACK MALLORY, REPRESENTING IUPAT [INTERNATIONAL UNION OF PAINTERS AND ALLIED TRADES], DISTRICT COUNCIL 15:

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

Section 24 of the bill proposes adding a new chapter to Title 22 of *Nevada Revised Statutes* [NRS], which primarily deals with the establishment of cooperative agencies, regional transportation commissions, economic development agencies, redevelopment agencies, and others. In most cases, the provisions contained in each chapter are fairly consistent as they pertain to local government investment and private development.

There are two provisions in particular that we believe should be included as a part of this bill to be included in this new chapter, which would guarantee that the prospective developers contemplated by this bill would be able to meet the requirements contained in it as they pertain to hiring.

The first issue that is not addressed is the ability to obtain specialized training to operate components in a facility once it is able to begin production. *Nevada Revised Statutes* Chapter 274, "Zones for Economic Development," is contemplating this. I have emailed you a copy of this document [Appendix I], and it contains language cut and pasted from NRS Chapter 274—it is 274.210. I included it for your convenience, and if you are willing to consider it, also as a conceptual amendment. I do not necessarily believe that it is perfect or that state or local government should be required to pay for all of the necessary training, but it could be used as a model. Given the nature of certain businesses, particularly the one that we are talking about, that may be attracted to Nevada by the package of bills considered during this special session, at least some of the training may be proprietary, and as such, prospective businesses should provide it.

Another issue that we believe is key and which should be addressed in this chapter is fair competition. Prospective businesses that choose to relocate to Nevada are required, under the terms of this bill, to utilize no less than 50 percent of Nevadans as its construction workforce. Of course, we would like to see this as a higher standard. However, we understand that there are restrictions that must be included in the law. We believe that the same thing could be achieved if all contracting firms were required to compete on level terms. This is not a new concept. There are other chapters contained in Title 22 that do contemplate this, and we believe that the

appropriate standard should be applied for the area where construction work will occur. As such, we believe that the provisions contained in NRS 279.500 should be included in this new chapter to ensure that Nevada contractors and workers are able to compete fairly for the construction jobs that the chapter may create. Again, in the document that I emailed to you, the language is copied for your convenience.

I would like to point out that the only time prevailing wage would apply on these projects would be if a local government agency created by this new chapter were to provide property for development at less than fair market value of the property, if it provided financial incentives to a developer with value of more than \$100,000—effectively, if they were to incentivize the purchase of land or construction of the project at a level greater than \$100,000, which is the statutory trigger for NRS Chapter 338. That would be our request—that that be considered along with the training component within this legislation.

One other thing that we are concerned about is how this new chapter may interact with other chapters within the title. During the last legislative session, Assembly Bill 50 addressed redevelopment agencies [RDAs]. One specific provision in the bill that I am referring to is how redevelopment agencies interact with tourism districts. That bill repealed a provision that prohibited an overlapping between tourism districts and RDAs. Also in section 5 of that bill was a provision that prohibited double-dipping, if you will, which would have been receiving funds from both the redevelopment agency and the tourism district. The concern, obviously, is that there could be a diversification district created pursuant to this act that overlaps with the redevelopment agency, or with the tourism district, or with an economic development agency, and the entity that is benefiting from this diversification district could, in fact, benefit from multiple districts.

I would be happy to answer any questions, if there are any. Thank you, Madam Speaker.

DANNY THOMPSON, REPRESENTING NEVADA STATE AFL-CIO [AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS]:

I will be honest with you. We proposed an amendment in the Senate to require that in exchange for these abatements and incentives, prevailing wage had to be paid on this job, and they rejected that. They did not bring up the amendment. I will tell you this: It is a problem for the future. This bill is not only going to apply to Tesla, but we are setting a standard here for other companies who are going to come, and most assuredly they will, based on these new technologies. This is an issue that needs to be addressed, and I will tell you that we intend to come back this next legislative session with a bill and have an open and honest debate about it and see if we cannot get some understandings.

Having said that, today is really a historic day in that for the past 30 years—actually since the 1930s when we became dependent on gaming to pay our bills—we have been trying to diversify the economy. I say “we”—I mean everyone in this state has tried this in one form or another. In the past decade, it has kind of taken the renewable energy vein, if you will. That has not always worked out for us, because it has been our experience that when these jobs would come, these contractors would bring workers from out-of-state, and the operation of these solar plants and these kinds of plants do not require many people. It has not really worked out that well for us on a large scale.

This, however, is different. This is the future. This technology and this need to wean ourselves off foreign oil and to have a clean, carbon-free society is the first step. Nevada was chosen, and everyone who worked to make this happen should be proud. I hope that Tesla is going to do the right thing and hire Nevada workers first, because as you know—I do not have to tell anybody in this room—our unemployment rate has topped the nation for years. I have people who have been out of work five and six years, and they are somehow still around. I do not know how they are doing it, but they are. This will be the biggest shot in the arm for employment that has ever come in my memory. The only thing that comes close to this in my memory was back in the day when I sat in one of these chairs and we changed the laws to allow Citibank to come to Nevada. When they came here, I read an article in the paper that they changed their zip code so they did not have to be listed as being from Las Vegas. They changed their zip code and their name so it did not reflect that they were from Las Vegas.

This is an opportunity for the future, because not only are you going to have Tesla come here with this gigafactory and start making these batteries, other businesses are going to co-locate here. Northern Nevada has been probably worse off than anybody in the state as far as employment opportunities. Prior to the bubble popping, we went from construction being the second largest industry in the state to it dropping off the list completely. Construction has been decimated by what has happened here, and this is a real opportunity for all of us, including Tesla, and I would urge you to pass this bill. Thank you.

RAY BACON, REPRESENTING NEVADA MANUFACTURERS ASSOCIATION:

I think I know each and every one of you. My role here is fundamentally as a resource for you, as far as knowledge about the manufacturing sector and what an operation like this means. I grew up in a factory town and fundamentally have been involved in some way in the manufacturing sector for pretty close to 60 years.

This plant is a chemical plant. It is going to have some large electrolytic cells, and it is going to be a very steady power consumption operation. What that means is once you start up the process, it runs 24/7, because depending upon the actual chemistry involved, it may take hours or days to shut down, and it may take hours or days to fire back up.

There are a couple of other chemical plants that have processes that are not dissimilar from this, and those are located in Henderson. They are TIMET's [Titanium Metal Corporation's] Henderson Technical Lab and Olin Chlor Alkali. From my understanding, this is going to be a little bit different, a little bit more complex, quite a bit more complex. While they will compete for some of the general labor that is in northern Nevada, they generally speaking will be reasonably unique. I think you have probably heard these numbers, but let me repeat this. This factory is proposing to double the global output of lithium ion batteries. There is no other plant in this country that produces these things in anywhere near this kind of volume. There is no other factory in this country that is going to be a viable source of labor.

We are going to have to train through our community college system. In addition, they will train internally because some of it is proprietary, as Mr. Mallory said. We need to deliver them a good, solid base product. I believe that they will probably take advantage of a program that is called the National Career Readiness Certificate, which tests basic skills as far as reading, workplace reading, workplace math, and problem solving skills. That is as unbiased a testing program as I have ever seen. The protocols are very good. I have been through the thing. I would love to tell you how wonderful my scores were, but let me say that having been away from a classroom for a long time, I could have done better. I think that levels the playing field for whomever. There are solid methodologies to improve your scores on those programs, but they do a wonderful job of giving an employer a very good look at what is going on.

The other side of that coin from the employees that go through the testing program, regardless of where they are in the state—and there is a testing center at each of the community colleges now; there was not two years ago but there is now—they wind up with a national certificate that they can take to an employer anywhere in the country. More and more employers are recognizing the value of it. More and more employers are paying for it; they have it done, and I think it truly does make sense.

This is going to strain every part of our system. We know that. It is going to force us to take a look at some of our tax structures and say, What do we need to do to fix these things? Do we need to set up something in our tax code that does capital improvements for schools? What else do we need to do? Do we need to take a look at what we are doing otherwise? This is just the first, and I think you will see others. I do not know how many others, but I believe that you will, in fact, see others.

Why are they coming to northern Nevada? Number one: logistics, logistics, location, location. It is the shortest shot to their plant; it is a direct shot to their plant. The location, Storey County, is a very, very can-do county. They take a look at it and say, If somebody is going to spend \$5 billion and have some of the best engineering and architectural talent in the entire country, they probably have a pretty good idea of what they are doing. It is not in any way an adversarial process between the local governments and the company that is coming. In many cases in this country, that is somewhat of an adversarial process. It is not in Storey County.

That is part of the reason they are being so successful. That is part of the reason they have 6,000 jobs in a project that is only eight or nine years old.

There is only one issue that I have seen in this bill that is not addressed in what we have done, and I think it is something that can be handled in the process. The economic evaluation looked at the impact on Washoe County and the impact on Storey County. It did not look at the economic impact on Lyon County. Lyon County, I think everyone here knows, has the highest unemployment rate in the state. They have a lot of vacant houses still sitting in the Fernley area, and they are challenged at this stage in the game. I think as we go through this process, Lyon County is going to need some assistance at multiple levels to kind of figure out how they grow with what this is going to do. Lyon County will be the southern terminus as the highway goes through, and Fernley is one of the closest residential areas, and that is in Lyon County. That will be a challenge, but I think it is a doable challenge.

CHAIR KIRKPATRICK:

Mr. Bacon, I am ecstatic to hear that everybody is going to be at the table next time to talk about all the impacts that this is going to bring, and I will remind all the folks of what they said. This is a bigger discussion once we get into session. We really have to talk about what kind of state we want to be. I appreciate you putting that out there because we can only do great things like this when we work together. We also have to look at the impacts across the state for the long term. I appreciate you putting it on the record.

RAY BACON:

Just to summarize, this is a state-changing thing. If you think about legislation over the history of this state, there are probably four or five key dates: 1931, the Gaming Act; 1955, when we brought in the sales tax; 1967, I think, when we brought in corporate gaming, which literally opened up the expansion of the gaming operation. I think 2014 will be the fourth one of those. Thank you.

CHAIR KIRKPATRICK:

Do not forget 2015 because that is when we are going to fix all that other stuff. We have a lot of history coming. Thank you, Mr. Bacon.

PAUL ENOS, CHIEF EXECUTIVE OFFICER, NEVADA TRUCKING ASSOCIATION:

I am here tonight to speak in favor of Senate Bill 1. We are actually very excited for this project. This is something that is going to be absolutely fantastic for the trucking industry because while truckers drive freight, we are not drivers of the economy. We depend on a casino, a mine, or a gigafactory to make us really thrive. The fact that this project is happening is something that we are very excited about. In fact, it is not just a project that is going to have an impact on northern Nevada, but I have already had a member from southern Nevada—actually from Assembly District 41—have a piece of equipment from Assembly District 41 moved by a trucking company from Assembly District 17. It is neat to see that we are getting a statewide economic impact from a project that is happening in Storey County.

The year 2009 was a really tough time. We were in the depths of a recession. I remember working with Assembly Speaker Barbara Buckley. We talked about diversifying the economy. We talked about what are some of the things we can do to diversify our economy in Nevada and what are some of the areas we could go after. One of things she and I talked about was logistics. We talked about the Tahoe Reno Industrial Center, which at that time had built a 1-million-square-foot refrigerated distribution center for Wal-Mart. We talked about what was going on out there and how that economic activity benefited logistics. We talked about other areas in the state that could benefit, whether it was Apex, whether it was doing something out in Ivanpah. She said let us put a study together. There was an interim study, and it is actually Assembly Concurrent Resolution 30 of the 2009 Session.

It is kind of fun to look back at this because you can see some of the things that we talked about in this building starting to come to fruition now, at a much greater magnitude than I think we ever anticipated. We said we want Nevada to be the distribution and manufacturing capital of the West. Having the largest factory—potentially what is going to be the largest factory in the world—does that. We talked about abatements. We talked about abatements for property tax.

We talked about abatements for modified business tax. We talked about abatements for the local school support tax portion of the sales tax and how that could help drive business. Those were not implemented, but the threshold that we set in that study was actually a lot lower than what we are talking about now.

I look at what we did back then and what we are doing now. We have done a much better job at protecting out state's interests today. Our threshold then was you need to have 50 employees and at least \$500,000 of investment in the state and pay 80 percent of the average wage. When I look at what we have in Senate Bill 1, it is so much better than what we had contemplated back then.

Then of course, transportation—transportation is something that is very important to this project, very important to my members. We are seeing how important it is to everybody down in Las Vegas right now with that major artery closed. One of the things we talked about in this study was not only having I-11 come up and connect with northern Nevada, but also we talked about that connection of roads, State Route 805 between Interstate 80 and Highway 50. Actually, one of the things that happened in this interim study is a letter was sent to NDOT encouraging them to build this road to help develop economic activity. It is great to see a lot of the things that we talked about four years ago, five years ago, start to come to fruition today. I think it says a lot about Nevada. I think it says a lot about the Economic Development Office out of the Governor's Office, the Legislature, and the business community all getting together and saying, We can get it done here. I think it is a great day and a great project, and we are fully supportive.

BOB HASTINGS, PRIVATE CITIZEN, LYON COUNTY:

I am a Lyon County Commissioner, but I want to be clear that today I am here as citizen Bob Hastings. I do have some experience and background in what is going on in the area. I thank Mr. Bacon for giving me some lead-ins on what I was going to discuss here.

We hear a lot about Washoe. We hear a lot about Storey. Lyon is part of this as well. Many of you have gone through a lot of the same things we have in Lyon County over the last five or ten years, but Lyon County even took it a little bit further, because Lyon County saw 20 percent unemployment. To this day, we are still at over 10 percent unemployment.

I am one that does not generally appreciate incentive packages for business. I have to see the clear advantage and the clear purpose of them. In this case, I appreciate the caution that all of you are applying to this and that the Senate side applied to this. It is an issue I do think we need to move forward. It will bring issues, as Mr. Bacon said, for Lyon County. We are going to have logistical issues. Suddenly, we are going to have to determine how we are going to handle our infrastructure, how we are going to handle our roads. It is a challenge that I think in Lyon County we are ready to take.

Earlier today, I heard a lot of discussion on the Senate side about how this is going to affect real people, not just cities and counties and things like that. When you have 10-plus percent unemployment and you have a business like Tesla willing to come in just over the hill—just over the line—it will affect lives in Lyon County. It will improve Lyon County. It will help us. With the emphasis being put on USA Parkway, which Lyon County has been fighting for—I have heard a lot of statements that make it sound like this is something new. This is not something new. Lyon County has been working with NDOT and fighting with NDOT to get this done for a long time, because we know the advantages of having access for our citizens to not only Tesla, but to the other businesses, to Sparks, and so on.

This will affect lives, and as much as I do not like incentive packages at times, I am going to ask you to please consider passing this bill. Thank you.

CHAIR KIRKPATRICK:

Thank you, Mr. Hastings. We appreciate that. I think that there is a role for government, and when we can do things and do them well, there is opportunity for everybody across the state to flourish. We wish Lyon County luck in this process.

Okay, let us bring the presenters back up. Now we are going to get through our questions. I have a list of questions from members. I am going to start with Mr. Paul Anderson. You have been awfully quiet; let us start with you.

ASSEMBLYMAN PAUL ANDERSON:

I appreciate the opportunity. Since we just heard from a citizen who is also a county commissioner, I have a question in regards to the enabling legislation that is in section 18 of the bill. On the state level, we can sort of measure the fiscal impacts on our agencies and roadways because we have a lot of measurements to do that. I do not know how far down into the counties, the cities, that we can look at that. Can you help clarify what that enabling portion will allow them to do and any impacts that we are going to see in those counties and cities—fiscal impacts, in particular?

CHRISTOPHER NIELSEN:

I think the question is in regard to the creation of the economic diversification district. Section 18 enables a local government to create a sales and use tax zone. As far as the impact goes, I can describe to you how mechanically it works. It is a piece of the sales tax abatement, and when this district is created for a project—in this case the Tesla project—it will enable the sales tax to be fully abated for materials and certain products that are delivered into that district. As far as the economic impact goes, I do not have any additional information beyond that.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

Gentlemen, as you know, protecting our state is of the utmost importance. Can you walk me through the accountability pieces in the bill that will protect Nevada?

STEVE HILL:

The accountability provisions in this bill are significant. One is the \$3.5 billion threshold. That is a very bright line. Either you make that within ten years or you do not. There is a strong requirement to hire Nevadans, 50 percent during the construction process and 50 percent of permanent workers, which is a new provision. There are clear criteria for earning the transferable tax credits that are a part of this process, and then there are audits along the way. In this particular case, one of the responsibilities that has been added in this bill is a requirement that the company hire an outside auditor chosen and approved by GOED [Governor's Office of Economic Development] and paid for by the company to do the work that is required to measure their results. Then there are clawback provisions throughout the bill for all incentives. There are requirements and thresholds that must be met in order to earn the credits, there is a complete audit structure in the bill, and then there are clawbacks for every incentive.

ASSEMBLYMAN OHRENSCHALL:

I have a couple of brief questions for Mr. Hill. Going to page 5 of the bill, lines 10 through 13, one of the requirements is that the company applying "provide documentation satisfactory to the Office that the participants in the project collectively will make a total new capital investment of at least \$3.5 billion in this State." What do you foresee as documentation that will satisfy the Office, Mr. Hill? The reason I ask is in the last decade, we have had many strong, solvent companies that have gone into bankruptcy protection. I just wonder what kind of guarantees you are going to require to make sure that the funds are there.

STEVE HILL:

The process for the application will certainly be thorough. The company is investing with a number of partners, as it turns out. Panasonic is the major named partner, at this point. This bill requires that Tesla, as the lead participant in this project, put together a full investment plan as well as an operating plan as we go through the abatement process that outlines where the funds will come from. They have, by the way, recently gone through an approximately \$2-billion-bond issue on Wall Street that was very successful—that was oversubscribed. That portion of funding we have seen is available, just because we have been able to see that publicly. They will need to show where that funding will come from, including from each of their partners. They have strong backing. Their market capitalization right now, which is the total amount at which Wall Street values their company, is at \$35 billion, and they have strong partners in this project as well.

CHAIR KIRKPATRICK:

I want to elaborate a little bit on that. I think through the audit process, it is very clear that in the first quarter—and it is typical—we need a little massaging to make sure that we are getting the right information out. I think that there is some flexibility to ensure that we are getting that right information. I always try to give state agencies a little bit of cover, in that when you talk about “provides satisfactory documentation,” they are always open to hearing things that we would like to see. With the audit provision every quarter for the first two years, I think that helps bring some of that along.

STEVE HILL:

I appreciate those comments. To add to that, I think it is important to point out that Tesla and Panasonic are both publicly traded companies. They have to be very transparent because of the SEC [Securities and Exchange Commission] rules under which they live. There is a great deal of information about both of those companies, and certainly Tesla, out in the marketplace. They have had one of the most successful stocks over the last year, which is a series of financial experts agreeing that they have a significant amount of value. That judgment is helpful; many of the companies that would look to be eligible under this bill will be publicly traded companies, and at that point, that information is much more readily obtained.

ASSEMBLYMAN HARDY:

This is to Mr. Malfabon. Due to the limited funds for the highway system that we talked about last session, does moving this USA Parkway ahead of its scheduled goals have any effect on other projects throughout the state or specifically Project Neon? Is it going to cause any delays with that project?

RUDY MALFABON, DIRECTOR, NEVADA’S DEPARTMENT OF TRANSPORTATION:

In response, there are two elements of USA Parkway I wanted to talk about. One is the approximately \$43 million payment for the right-of-way and some of the improvements that have been made to the existing road. Then there is the construction phase of the rest of the Parkway, about 13 miles to U.S. 50 from where the current pavement ends. The \$43 million would be State Highway Funds, not federal funds. We do have \$207 million, as of yesterday, in the State Highway Fund balance, as well as the bond revenue set aside for the Project Neon right-of-way acquisition. We can take that and not have to defer any projects. Across the state—northern, southern Nevada—no projects will be affected by that expenditure, which will go before the Transportation Board for its consideration and approval.

The other element of the construction: NDOT has a four-year list of federal projects that is called the Statewide Transportation Improvement Program, or STIP. We did not have the USA Parkway construction phase in that four-year span of time. Right now, the project is in the environmental clearance phase to allow it to be federally eligible for funding. Federal approval for the environmental phase will come around the first part of next year. We are actually going to have a public meeting in October. After you get the environmental phase done, then you can start looking at design and construction. The soonest that we could do the construction phase is after some engineering that happens next year, so you are talking 2016, 2017. You are moving that project into that four-year period that it was not planned in. The construction phase will have a \$60 million to \$65 million impact on NDOT’s Capital Improvement Program.

We wanted to assure the Legislature that it does not affect southern Nevada projects, and definitely not Project Neon. As you know, the Transportation Board last month approved changing course on that from a public-private partnership to a bonded project. Our next biennium, we are requesting bonding authority to deliver Project Neon as a bonded project, as a design-build project. Since it is bonded, it is not affected by this in any case. In summation, the projects that could be on the list to be affected by an accelerated construction phase, which is up to the Transportation Board, would be northern Nevada projects or projects in rural Nevada, not in Clark County or southern Nevada.

ASSEMBLYMAN HARDY:

Thank you, Mr. Malfabon. Just one quick question about section 13, subsection 3(b) and subsection 3(c) for Mr. Nielsen. I just want a clarification. This .5 percent on the first billion and the 2.8 percent on the second \$2.5 billion, does the developer have access to those dollars prior to the dollars being spent or is that after they have spent the dollars? Maybe I am misunderstanding.

STEVE HILL:

The company has access to those dollars or are awarded the credits following either the investment, or in the other case, the hiring. They have to perform. All of the abatements and incentives in this agreement are performance-based. They have to perform first, then they get them, then they have to make sure that they achieve those thresholds. If they do not achieve those thresholds, there are clawbacks to take all of that back.

ASSEMBLYMAN HARDY:

Thank you. That is what I wanted to hear.

CHAIR KIRKPATRICK:

Before I go to the body, I like to let folks ask questions, and usually I come back and address things. I asked NDOT to be here because my constituents read in the paper that it was an additional dollar amount. I wanted to address that. The reason that it is not in the bill, Mr. Hill, if you can clarify—and I know I have asked this 15 times—that dollar value does not count towards the incentive package that has been put together, correct? I think those are important to the folks in southern Nevada that have been reading otherwise.

STEVE HILL:

Yes, you are correct. As the Director pointed out, all we are doing there—and I say “we” very generally because it is actually NDOT through the Transportation Board—what they will be doing is accelerating the purchase of the right-of-way and accelerating the construction of the road. That funding will happen through the normal course of business—and I say “will,” but there will be a meeting of the Transportation Board where the Director will review that project—and provided they approve that going forward. You may be able to identify a little better where you are in that process, Rudy, but provided that is approved, then that will be funded in the normal course of business through the State Highway Fund.

CHAIR KIRKPATRICK:

I believe the folks that are interested can go on to the Board of Transportation and see the discussion they had last week on prioritizing and how they do that.

ASSEMBLYWOMAN SPIEGEL:

Mr. Hill, my question is for you. This bill establishes a very significant new paradigm for economic development. Section 8 of the bill defines a project, and I am wondering what your vision is. If you see projects being undertaken by industrial park developers who might aggregate to shoe factories or other large lead participants, I was wondering if you could speak to some other examples where you generally, conceptually could see where we could use this paradigm.

STEVE HILL:

To start with, the project would have to spend at least \$3.5 billion. The question, just to clarify—and this is a little off the question that you asked, but I think it is important to answer, as well—this provision will be placed into Chapter 360, which governs our abatement process now. There is a prohibition of gaming companies, mining companies, health care equipment, the utility companies, maybe one more, from receiving abatements. Those companies could not receive these abatements either. You need a \$3.5 billion threshold, which means it is limiting what the projects could be. It is intended to be a consolidated effort of the partners toward a project. It is not just a zone with different uses. It is a zone with a specific use that can include partners; it can be done solely by one company.

Major manufacturing is really, I think, where the prime opportunity is there. I think we have taken just terrific steps in the state to capitalize on that. Combining things like the unmanned aerial vehicles and the technology there with the robotics in a plant such as Tesla—a lot of things can spin out of that. That type of major manufacturing really is probably—and I do not want to eliminate any project that would qualify for \$3.5 billion—but certainly, what I have in my head is major advanced manufacturing.

ASSEMBLYMAN ELLIOT ANDERSON:

I was looking at page 6 of the bill; lines 37 through 40, subparagraph 2, talks about how you would set a time for the operation to continue in the state, and that got me thinking about a *New York Times* article that I read shortly after the Tesla project was announced. It talked about how battery technology rapidly evolves and lithium could soon be replaced by a newer technology. It talked about the evolution of those battery technologies. Has Tesla thought about this? Have you talked to Tesla about this? What are their plans if that happens? Is this gigafactory going to be able to be easily converted to handle different types of battery technology? Because if we are talking about providing these incentives, we need to make sure that once those incentives end, we have a factory that will continue to produce.

STEVE HILL:

I am certainly not an expert in advanced battery technology and manufacturing, but I have kind of followed this, and certainly, for example, on Tesla's last earnings call with Wall Street, they were asked a similar question. They had a terrific answer for it, and I think it is important to point out that they are way out there on the cutting edge of what they are doing. Over the past several months, their stocks continued to rise. The answer that they provided to Wall Street seems to have worked very well. I think it is a great question to ask the company. They have a great answer for that. I, frankly, do not have the ability to repeat that from the battery technology standpoint. I think it is important, though, to point out the confidence that the financial world and the technology world are placing in what they are doing. They continue to advance that cutting edge on a regular basis.

ASSEMBLYMAN ELLIOT ANDERSON:

I understand that you really are not an expert on battery technology. Given the other part of my question, have you spoken with them about their plans to reconfigure? They are going to make a huge investment, according to what they have been telling us, and so it would make me feel a lot more comfortable. I appreciate that the financial world is comfortable, but I want to be comfortable, too, about their blueprints in our state.

CHAIR KIRKPATRICK:

Mr. Anderson, I personally had a discussion with Mr. Musk and, of course, my first question was, When are you moving to Nevada? We have some great places at Tahoe that you would probably really love. I had no problem asking them what their long-term plans were. He did say a couple things. One, he said that STEM [science, technology, engineering, math] education is super important to him. He reminded me a couple times that he is an engineer. I am more of the social butterfly, but he was the engineer, and we kind of had that little conversation. He said that STEM education was super important to him, and he wanted to help bring the state along. The one thing that he said publicly, for those folks that were not at the press conference, is that he wants to be a partner in Nevada for the long term. There are a lot of great things that he loves about the state.

The one unique thing about this particular project—and I know some of you got to go out and see it—is that there is room to grow, and that was important for him making a 25-year commitment. I would hope that this state will change the landscape and that infrastructure like that will keep him here for the long term. I specifically asked him those questions because I think they are important. In 1990, we saw a lot of people getting abatements, and they left as soon as the abatements were gone. I think when a person looks at long-term growth, when a person talks about education, that tells me that they are going to stay around a little bit, and we should utilize those assets that we have in our state and keep them engaged. That usually keeps folks. You usually become a native after six years in our state.

ASSEMBLYMAN KIRNER:

I would like to address my question to Steve and maybe Chris as well. I appreciate the accountability measures in this bill. I think that is very important. I know that other states have also done that in various contracts. The question is, as they have used clawbacks, have they worked? Does the language in our bills, in your opinion, effectively mirror the states where clawbacks have worked? I am just concerned that clawbacks will work if we need to do that.

STEVE HILL:

Actually, they have worked, I think, better than most would expect, over the past several years. We have worked with the Department of Taxation, and you can see on our website some reports on abatements that have been granted from 2009, 2010. We are updating those reports and the results from those audits. In there you can see where the clawbacks are. It is an invoice that the Department of Taxation has sent to companies. I do not know—Chris can answer this, I believe—but I am not sure that we have had to file suit in order to get clawbacks, but we have audited, sent invoices, and received money back when it was due. That is kind of outlined in those reports. Our statutes have worked well along those lines, and the Department of Taxation has done a good job of monitoring that and making sure that it is enforced.

ASSEMBLYMAN GRADY:

I would like to make a comment, and then I have a question for the DMV [Department of Motor Vehicles]. First, I appreciate the comments from Ray Bacon and from Commissioner Hastings from Lyon County. I will tell you, I was very disappointed in the figures that were released on 96 percent of the people would live in Washoe County or Storey County and 4 percent would live in Lyon County. I think we are going to see a big difference in the number of people looking at Lyon County.

I will tell you that the counties in this region work very closely together on many things and will on this. It is kind of strange that we are looking at USA Parkway to spend all this money, at the same time saying Lyon County is not going to be a player in it. That does not make sense; we know they will be. The Silver Springs area is a natural for people that will move into the area to work. Fernley has gone through some tough times, not only with the recession, but also with a major flood. They are getting back on their feet. They have a number of houses for sale. A lot of people have left the area because of the 10 percent to 20 percent unemployment, and it will make a huge difference.

Our schools in Lyon County, fortunately, are much different than Washoe or Clark County. We have room. They built a new school that is not full. They can shift people around. I talked to the school superintendent the other day. They are looking at this. There is room in the Silver Springs area for students in the school. There is room in the Dayton area for kids in the school.

I would like to ask NDOT about the USA Parkway itself. It is kind of a strange mixture of what we have. We have private ownership of the first part of it that is paved, then we have some rough grade in the second section, and then we have nothing, basically, on the Lyon County side down into Silver Springs. When we do the land acquisition and start down there, it is my understanding that the first part of it that is under private ownership is not built to state standards. What do we do there? I know we cannot go in and pave the road on private property, so how are we going to handle that? Is that going to be turned over to the state, the county? What are the plans there?

RUDY MALFABON:

The plans are that in the section that is privately owned, NDOT will acquire the right-of-way needed to build the roadway in that section, including some of the improved section. That is why we are paying the developer for some of the improvements to date. There might be a portion closer to the interchange that may be owned by Storey County. Now, that is the section that you are talking about that does not meet state standards. We do recognize that there are things like rock along the shoulders or lack of a wider shoulder—paved shoulder—fire hydrants that are too close to the travel lanes. Those will eventually be brought up to standards, but what we want to concentrate on is connecting to U.S. 50.

The portion in Storey County is privately owned. The portion in Lyon County, the TRIC [Tahoe Regional Industrial Center] developer actually had a clause to reserve a corridor for

highway purposes through that area, through that land, so NDOT will not have to pay for the land. We will actually be on an easement. Similar to BLM [Bureau of Land Management] land, we do not own the land that the road lies on, but we have an easement for transportation purposes to build our road on. Then there are a few parcels of private property closer to U.S. 50 to acquire as well.

ASSEMBLYMAN GRADY:

Thank you, and if I may, just one more comment. The people in all of Lyon County, as you know, have been pushing for this road for six, seven years. They are looking forward to it, and ironically, when this road is put in, it will be faster for the people from Virginia City to come down through Highway 50 and go up that road to get over there than it is now where they have to come from Virginia City, down through Geiger Grade, into Reno, out Interstate 80. It will be closer for them to come and do whatever they need to do in that portion of Virginia City.

We do appreciate your work. It has been a long battle to get that road, and the sooner the better. Thank you.

ASSEMBLYMAN ELLISON:

I have a couple questions. In section 33, it talks about the municipalities and the pledge. Does that mean that if they are collecting taxes in those districts, they will have to give that money back to the state or does that mean that the money will go back to the user?

CHRISTOPHER NIELSEN:

Mr. Ellison, the ordinance in section 33 is really the second step of the sales tax abatement. This bill authorizes an ordinance to be imposed to create an economic zone, and in that, the local government can pledge a portion of the proceeds of a sales tax for economic activity that takes place in there—pledge that money to the developer. Mechanically, the way it would work would be that the Department of Taxation would receive money, limited on a monthly basis. Then it outlines that we, by agreement, will shift that money to the local government, who will in turn, by agreement with the developer, use it to repay the developer or help offset the developer for acquiring, approving, or equipping the qualified project. It would kind of be a full circle to get back to the qualified project.

CHAIR KIRKPATRICK:

Mr. Nielsen, can I help out here? My understanding is everybody is going to pay that 2 percent. Everybody pays the 2 percent, but then Storey County could remit that to the Tax Department to help the developer, correct?

CHRISTOPHER NIELSEN:

That is correct. I guess the best example would be the brick and mortar or the lumber that is used to construct the facility at the project site. They will self-assess, they will remit at 2.75 percent—although it is not particularly apparent here—2.75 percent on those materials. We will process that and then we will start the process, per agreement, going back to the counties—the local government—and then the local government will reimburse the lead participant for certain costs.

CHAIR KIRKPATRICK:

The reason that I was asking for a little bit of clarity is I kind of understand how it would work, but I wanted to say that, at least for myself, I was very sensitive to other local governments losing that 2 percent. I think they should feel comfortable that they will not. They will pay it, but the state will help Storey County keep their word on what goes back, which is our investment part. We have done this before in renewable energy. I do not want the smaller counties to be concerned, because I can tell you, that was my very first concern. Every local government is struggling as it is, and 2 percent is a lot of dollars. The way the language is currently written does not affect those local governments. From my understanding, this was a better way to do it.

ASSEMBLYMAN ELLISON:

I appreciate that because I got a lot of information today listening to the Senate side. There were a lot of questions that were answered and brought a lot of information in.

My next question is maybe to NDOT, and that is on the electric cars. They do not use gasoline, but they are still impacting the highway. Are we going to look into how we can address this issue in the future? Because as more and more electric cars and hybrids come back onto the highway, it is going to affect fuel tax that will come back to the state. Maybe you could speak on that for a second.

CHAIR KIRKPATRICK:

To keep within the germaneness of this bill, I can find you ten people that would sign on to that bill draft. If you want, we can do that tonight, but I do not think that it is appropriate for these folks to answer that at this time.

ASSEMBLYMAN ELLISON:

I think it is important, because this is going to be something that we are going to have to address in the future, maybe by the next session. It is something we will have to address—how we are going to pay for offset with the electric car.

The batteries—they are not lithium. Is there another name you are going to call these?

STEVE HILL:

They are lithium ion batteries.

ASSEMBLYMAN DALY:

On page 4 in section 5 and section 7, it talks about a lead participant versus a participant. I wanted to make sure that we are consistent with how the abatements work between the two. We all understand the lead participant is going to be the owner of the property and the primary one in business. We all know the example in the present case we are looking at. But how does that apply to suppliers, vendors, subcontractors, construction contractors, et cetera, and then how do the abatements work when a subcontractor or somebody purchases material for this project? Explain that to me. Then, how far down does it go and how are we going to manage all that?

STEVE HILL:

There will be an application filed by the lead participant. Our office and the state will look to that lead participant for compliance with the legislation as well as the contract that we will sign with them. They are responsible for the other participants on the project. A participant has to be one of the applicants included later in that application and an investor. These are the people who are investing in this project. When the abatement application or an incentive application is approved, they will be listed; there will be a group of those people. That could be added to later if somebody else becomes qualified to be a participant. Those do not include subcontractors, suppliers, and everything downstream from there. These are the owners. That group will have an approval. The abatements and incentives do not apply to everybody else. What that means is those companies that have been approved have to buy something. When they buy something, that potentially is eligible for an abatement. If somebody else buys something, it is not. For example, if they have a contractor on site that purchases a piece of equipment to use on that site, that does not qualify for an abatement. Now, if they purchase the building from the contractor—Tesla purchases the building from the contractor, which will happen—the materials in that building are eligible for abatement. The short answer is the owners of the project that are approved and called out as approved for abatements have to purchase something themselves in order to be eligible.

ASSEMBLYMAN DALY:

Okay, thank you. I think I understand. The subcontractor or the contractors are not going to be eligible for the abatement unless they are actually owners of the project, and some of the material that they purchase in the contract that they have may be subject to abatement if the owner is buying it. How is that going to be measured? We do not want to have a situation where the owner says to the contractor, Get me a price for this but we will buy all the material. Is the contractor going to put in a bid for the material and installation, or is it going to be just

installation and we will buy all the material? I am just trying to figure out if there is going to be a firewall for that kind of stuff. There are some things—and you see it in construction, you see it in the hospital that says, We are going to buy this particular piece of equipment because it is easier for us to do; it is easier for us on the scheduling; it has to be here; and you have to build the building around it, it is so big. Those things I understand. Saying I am going to buy the concrete and aggregate that the contractor would normally buy so I can get this higher deal—I am just curious—I want to know what the firewall is on that, because we have seen that in other areas, and it can be an issue.

STEVE HILL:

I was in that industry that directly is your example, Assemblyman Daly. In this particular case, it is a little different because the materials on the construction of the building and the facility are eligible for the abatements. The gamesmanship that can happen at times, as you point out, happens because typically those materials are not eligible for sales tax abatement. This case is different in that the building as well as the machinery that goes into that building—I do not know if you have seen a picture of the inside of Tesla's auto manufacturing plant in Fremont, but it is a terrific plant and very impressive—that type of equipment will also be eligible for the abatements and incentives.

ASSEMBLYMAN DALY:

I want to talk regarding the waivers on page 7, subsection 5. I know there was an amendment on the Senate side to those, and especially about the notices and various things. I just wanted to get a little more detail about it now that we have that new language. You have to apply; there is going to be a notice you are going to send out; people can come in to a public hearing and put in their comments. But, your office or your board, as I believe I heard the testimony, is going to be making a decision. I am just trying to get some insight. Say I ask for a waiver six months in on a two-year project. How long is the waiver going to last? Is it going to be employer-by-employer, category of work? I mean, we may need specialized people in one area, but we have plenty of people in another. Is it going to be projectwide? And then is there—to use a term like we are using on the tax part of it—a clawback that says, Hey, we want you to get in compliance and keep working toward that, so come back and ask us to renew the waiver. I just want to make sure that it is not a waiver—Okay, you are done, we do not have to meet it anymore, and now that is not even a criterion to be considered on whether you still qualify for the abatement.

STEVE HILL:

This program is new for us. I think it is significantly stronger than the program that the Office of Energy has right this minute. I think working with the Speaker and others in this body worked to strengthen that. It is a provision for the abatements and incentives, so there are some significant teeth in this.

As it relates to waivers, there are really two different reasons that they could have a waiver: a lack of people available in a job and a lack of qualified people. We are going to have to work on the qualification side as well as the numbers side, and we will have to do that by a job description or job category and will have to consider the time frame, as you point out. There may be a temporary waiver at times, and at some point, for some reason, there may be a more permanent waiver. We will have to see how that works as it goes forward. I believe what I said on the other side of this building today is that there will be opportunity for people to appear before our board. We will discuss the way this program is outlined before our board, so there will be a public process that allows comment and input. Then as you say, there was an amendment put into the bill to strengthen that, not just from a commitment standpoint, but also from a legal standpoint.

ASSEMBLYMAN DALY:

I do not think it takes an amendment; it would just take a commitment or an indication that you would follow that. I know that on some of those things, people miss public notices and various things. I know, for instance, if a company is asking for H-2B visas—they need to bring workers from out of the country because there is no one here to do it—they are required to send

out a notice if there is a local union that covers that kind of work in the area. I am hoping we can get at least that out of you before something like this is being requested to see if there really are the qualified workers in the area before that happens. That is not just for any organization that I am associated with; I think that would go out to everybody, because we do not know which area of work is going to come up with that shortage. I am hoping for an indication that that could happen.

ASSEMBLYMAN STEWART:

My question is for Mr. Hill and deals with the \$37.5 million that Tesla is donating to education. In the letter we got today from Tesla, they said the final agreement would be between Tesla and your organization, Mr. Hill. Can we anticipate that a portion of that money will go to the excellent STEM programs in Clark County and our high schools? I hope so.

STEVE HILL:

I believe that the letter points out that a part of the proceeds from that \$37.5 million will be allocated to a statewide STEM initiative. So, the answer is yes.

ASSEMBLYMAN SPRINKLE:

For Mr. Hill, I am looking at section 11, subsection 2(n). I am just going to paraphrase quickly: The lead participant in the project must, on behalf of the project, meet any other requirements prescribed by the Office. First, I definitely want to be clear that this bill is about any applicants, not just one in particular. When we are looking at requirements that might be coming from your office, what are some examples of these requirements? Are they actually going to be in writing, or is this just something up to the Director?

STEVE HILL:

That clause is in there because we do not know the answer and we do not know what we do not know. We want to have the ability, especially for any significant project that meets the thresholds in this bill, to reach out and say, Hey, this is something that is specific to your project, something that we need from you that is important to the state or local government or the citizens. We want that provision in there that allows us to do that. If they are going to participate in this, we need to be reasonable about it, but they need to be reasonable back. It is one of those clauses that covers what we do not know at this point.

ASSEMBLYMAN FRIERSON:

I have a couple of questions. First, section 13 refers to an average rate of \$22 per hour. My concern is if we are talking about a project where we are hoping that 50 percent or more are Nevadans, that the Nevadans are also part of that \$22 per hour. My concern is I do not want the Nevadans to end up with \$12-an-hour jobs and some higher ups making \$150,000, so that we have an average of \$22, but not necessarily amongst Nevada employees. Because this is just an average rate across the board, would the audit that is required annually or the quarterly reports be something that we could expect to provide data about the Nevadans—the 50 percent or more, hopefully, Nevadans and what the average salary is for those employees?

STEVE HILL:

We can do that. I want to assure you, though, that that will not be the case. I understand the concern and I understand there have been past concerns along those lines. I have spent a good deal of time with the company working through their wage and benefit schedules, and I know some members of this body have as well. In our analysis, there are basically three categories of employees that are broadly associated with the project. A large number of the 6,500 are in that manufacturing workforce that will be onsite, which is a great job and terrific benefits but the lowest paid of the three groups. Our understanding is that that group of employees will exceed the average on their own without any influence from the other two groups.

The other two groups are primarily the line managers and the plant managers there at the site and all of that administrative work. Then there are going to be a number of engineers on the site as well. They will be highly paid, but not to the point that they skew the calculations significantly. This will be a site where they will be doing the advanced battery manufacturing

work as well. This is a prototype operation, and it is one of the reasons there will be so many engineers there, which I think is a terrific thing for the state.

That manufacturing group will probably exceed \$22 an hour on their own. The other two categories are more highly paid. The way the bill is set up and the statute would be set up, we put in a definition of a job, and that definition requires that a person be employed at least 90 days prior to the day that we count what the numbers of jobs are. This in and of itself was intended to eliminate the possibility, for any project in the future, that that calculation could be gamed by somebody being hired for a day and then let go on the day of the count. It also means, though, that the workforce in Palo Alto or in Fremont probably would not qualify in that job count or in that average wage, because they have to be employed on the site for at least 30 hours a week for three months prior to that calculation taking place.

ASSEMBLYMAN FRIERSON:

In section 16, it appears that it divides clawbacks into two sections. In one, if they do not meet certain criteria, they have to pay back a portion of the benefit that they received. Then there is another section where they have to pay the entirety of it with interest. I am looking at subsection 2(c) and am curious why a participant who submitted a false statement would only be required to submit a portion and the others would be required to submit the entirety with interest—and I am looking in the subsequent subsection that says if someone fails to meet the requirements for eligibility, they would be required to pay back the entirety with interest. That may be a catchall that allows for GOED to make a determination as to whether or not it was intentional, but I wanted to make sure that if we do have folks that are trying to mislead us down the road, we are able to deal with it in a way that is consistent with how serious that behavior is.

ASSEMBLYMAN HORNE:

Section 11, subsection 2(k) uses the word “anticipated”: “50 percent of employees engaged or anticipated to be engaged in the construction.” Is that anticipation number in a scenario where they have not yet done the hiring but they know they have these vacancies they wish to fill? And if so, if at the time when they file the report, the audit is done and those were not filled, is that a time when you do that clawback? You take those tax incentives away?

CHRISTOPHER NIELSEN:

Mr. Horne, I am going to take over for Steve, at least for one question. I believe the reason they use the word “anticipated” is because that is in the filing of the plan before any abatements or tax credits or probably before the project even gets off and running. As far as the clawback, when it is annually looked at, you are looking at actual people employed, not employees that are anticipated to be employed. The anticipation takes place at the time of filing of the plan, and then the count, for the purposes of the clawback, are actual employees hired at the site.

ASSEMBLYMAN HORNE:

If I can get more clarification here, this is when they are providing that certificate of eligibility, correct? Then, under section 11, subsection 2(k), projects to be eligible for the transferable tax credits, these are things the project is going to have to provide—documentation satisfactory to the Office that at least 50 percent of the employees engaged or anticipated to be engaged in a project, and 50 percent of the employees employed at the project, are residents of Nevada. The word “anticipated” is what caught me. If you are providing documentation, arguably you can provide documentation that you reached that 50 percent goal, but if you do not actually reach it when the tax credits are given, that number is different. I just wanted to be clear on the steps when that is taken. When they submit that application, they only have to submit anticipated, but sometimes somebody might misunderstand, just clarify it.

CHAIR KIRKPATRICK:

Mr. Hill, I want to be clear because there has been a lot of discussion on this. This is the piece about performance-based. What we have done in the past as far as workforce dollars and for training dollars is said, Sure, we are going to give you the money up front. We have given away training dollars before and have not seen the employees. I believe this time we tried to be a little more studious and say, You can get the dollars once the employees are actually working and have worked the past 30 days. Based on the fiscal year that we are working off, they are

going to have to prove that they have been working, or they cannot collect any of their dollars. They already have to be in place.

What I would say about the word “anticipated” is sometimes you are getting ready to gear up, so you have an idea of folks that are going to be coming online. You will have that documentation in place, but they are still going to have to true-up whether they have those employees. They could be anticipated employees, but if they have not met the criterion that we put in here of working the past 90 days, it does not matter. The other piece is this would not allow them to be counted twice. In the past, we have had people double-dip. This is a cleaner way of trying to ensure that if you have 1,000 people the first year and then you have 1,500 the second year, you only get credit for the 500, because that is the difference. I do not want to speak for you, Mr. Hill, but I think that that is the way we tried to ensure that we were getting employees that had been employed.

ASSEMBLYMAN HORNE:

I understand that, but as I read that paragraph, in addition to that paragraph, you have “unless waived by the Executive Director,” and that was discussed earlier. I am reading this that you can provide documentation of the 50 percent of employees you have engaged or that you anticipate to have engaged. Then, later on, you may not have realized that anticipated number—that 50 percent—and then the Director can waive that for various criteria. I am looking for step-thru on how that works.

STEVE HILL:

The way this process will work is we will require documentation on each employee that is either working in the construction process or permanently on the site. There will be an audit done on that, a count done on that, and the results will be derived from that process. We will not count anticipated employees in that process. That is not our intention. There will be documentation of people employed, and that will be the measurement.

CHAIR KIRKPATRICK:

I am going to put it on the record that if I see a waiver of anticipated employees, I am going to be at the public hearing myself, and I am going to let folks know why. That is the whole point of trying to make the waiver process a little more public, so that we can have that discussion.

ASSEMBLYMAN HICKEY:

My question is for Mr. Hill. While I think all of us in this body are happy to hear about the safeguards and the attention to ensuring that goals important to all of us are met, like hiring minimally 50 percent Nevadans, I also heard the founder of Tesla and folks around him speak to us and say they want to hire within Nevada for all kinds of reasons. I also imagine that many of the people that do get hired are going to become Nevadans. I think the real concern for many of us in this room, because we want to be proven right on this gamble, is what are we doing—and speak to this briefly—to get those Nevadans who are underemployed now?

I was happy to hear from Chancellor Klaich yesterday that plans are already underway to look at training programs in conjunction with Tesla’s needs and to tie them into the community colleges. I have not heard DETR [Department of Employment, Training and Rehabilitation] mentioned and the other programs in place right now. We have been desperately trying to train people, not knowing this project may be coming. Have there been serious discussions, and will we make a commitment to hire as many Nevadans that could really benefit and get them to that point and at the same time keep them here so they remain Nevadans? Because I think 50 percent is low. In the end, we ought to have, except for those specialty folks, a lot of Nevadans put to work with this.

STEVE HILL:

You bring up an excellent point. The final remarks that I made on the Senate floor earlier today were about that topic. We are reacting already, very quickly, to this opportunity. I was thrilled that the Nevada System of Higher Education got the opportunity to meet with Tesla yesterday. They have met with them prior to this as well. They will be heading to Palo Alto to start work on curriculum—not just to start a conversation, but to start the work on curriculum. I said earlier this evening that this is the beginning of the road for us. It is not the end. Tonight

is not the end of this process; it is the start of this process. To capitalize on the opportunity that Nevada has and every Nevadan has as a result of this happening in our state requires education, it requires training, and I think we will be able to do that. I think this body will do that. I believe the Governor has that as a priority. I think the education system does as well. It is critical that we make that happen. There is no question.

We have engaged DETR, and they are a very strong partner. Dennis Perea, who is the Deputy Director of DETR now, is on our Board of Directors for Economic Development. We work with them on a daily basis. They have been working on, and made real progress in, the manufacturing industry training programs. Mr. Bacon talked about that earlier this evening. This is a great opportunity for all those training partners to come together. I mean really, this is going to take a significant jump in the amount of effort, the amount of investment, and the dedication that we put into the manufacturing sector and everything that spins out of that. It is a great opportunity, and it is the key to taking advantage of this much broader opportunity statewide.

ASSEMBLYMAN THOMPSON:

This question is for Mr. Hill. I want to go back to your opening comments. You talked about economic impacts for the state, and I specifically want to talk about the \$1 million for UNLV for research, which I think is an awesome opportunity for us to build the research credentials for the University System. Using your words, we want to be on the cutting edge. How soon, if this were approved, would those dollars be available to the University? We really cannot wait. We have to stay on this to keep driving this.

STEVE HILL:

This will happen quickly. Frankly, everything that Tesla does happens quickly. We will be making an introduction there over the next couple of weeks. I have already talked to President Snyder about this opportunity. The Vice President of Research at UNLV, Tom Piechota, has been involved; the Dean of the School of Engineering, Rama Venkat, has as well. They have been providing information. Tesla is aware of the excellent research that takes place in battery technology at UNLV. This will be an easy start and will happen certainly within the next month or two.

ASSEMBLYWOMAN NEAL:

My question is to Mr. Hill. I needed to clarify the intent with section 16, lines 38 through 40. What I needed to be clear about was the language in here says that the lead participant shall repay the Department or the State Gaming Control Board any portion of the transferrable tax to which the lead participant is not entitled. Why is the State Gaming Control Board being repaid? Are they only going to be repaid the gaming percentage fees that were applied? Is that the only portion that they are going to receive? I am assuming interest will be attached to that as well.

STEVE HILL:

The credit can be applied to a couple of different taxes. The Gaming Control Board would be repaid in the event that that transferrable tax credit has been applied to the gross gaming tax. The lead partner on the project is responsible for the other partners on the project. The state would look to that lead partner, both in contract and through the statute, as responsible for the other partners on the site.

ASSEMBLYWOMAN NEAL:

It was confusing because it said any portion, and so on the first read and then second read—I am assuming it is already predivided and that is because they make that irrevocable declaration of what they are pledging.

My second question kind of pulls in several sections, because at the end of the bill, I believe in section 31, you guys talk about this economic diversity district, which is not defined. Then there are all these things that you can do within this economic diversity district. I am assuming some of the things that are tied into that are also in section 18, where these local government entities have the ability to encourage economic development through abating their permitting and licensing fees, and then in the later sections, 31 and 33, they are allowed to pledge additional revenue. Here is my concern. Number one, the district is not defined, so it is not really clear on

what the application of the district is. Earlier Mr. Mallory brought up the topic—that because of the lack of definition, because of the lack of applicability, what if it was in Las Vegas? What if the language was applied in the southern part where there was an overlap in a TID [tourism improvement district], where there was an overlap in a redevelopment agency? That is one part of the issue that I want to get clear on the record—how that is applied.

The second part is in terms of that additional revenue that a local county or city can pledge. I know it is permissive and I know it says “may” all the way through there, but it is an interesting position when you are able to put more money on the table. If you are not necessarily a wealthy county or a wealthy city or do not have a stable base and you pledge revenue, then the state is somehow in a position where they are trying to fix a bad decision. Someone said, I really, really wanted this company. They pledge these things and then they find out five years later they could not afford it. I am wondering why we need this extra meat on the table when we are already giving, at the state level, a large incentive package. That is where I need clarification.

STEVE HILL:

There may be a couple of questions in that one big question. You said these were simple. This was a very, very competitive process. Any project that applies here is certainly going to be competitive. It takes a \$3.5 billion investment for a purpose to qualify for the bill. It is going to have to be a \$3.5 billion investment. All of those are going to be very competitive. This certainly was as well. I will point out that I was asked this question on the Senate side, which I think is informative. I was asked if our normal abatements were in place, how those would compare to the bill that we have before us today. Seeing the \$1.1 billion number, that is kind of on the high side, but our normal abatements would have been—and that includes green building abatements, which we assume would be eligible but have not been an issue in these discussions—assuming that, our normal abatements would be about 73 percent of the abatements that we are providing through this bill in that project. The difference was very important. Without the difference, we would not be in the position we are now. Every dollar mattered.

I think you heard Mr. Musk last Thursday say that Nevada did not provide the most abatements, the most incentives on this project. There were many things that mattered. Being adequately competitive was an absolute in order to be able to receive the project. That plays into the answer to your question. Without the ability to do that at times, we are not going to be in this position to attract those companies. I want to make clear that this would be revenue generated by the company, paid to the state, paid back to the county, and then back to the lead participant. That is the way we have described it here. That would not be additional money out of the local government’s coffers.

ASSEMBLYWOMAN NEAL:

Then that Gaming Control question: Why are they a part? Why would they be paid back?

STEVE HILL:

Chris can correct me if I am wrong, but it is because a portion of the transferrable tax credits is tracked through the Gaming Control Board, so they have to be a part of that process.

ASSEMBLYWOMAN BENITEZ-THOMPSON:

My question was just to clarify for the record the type of clawbacks that are defined in section 16. If I am reading this correctly, when we talk about clawbacks, we are specifically talking about property tax. In year ten, if things do not come to fruition as imagined, then it will be the property tax that was abated with interest. Is that right?

STEVE HILL:

No. Actually, all of the tax abatements are subject to clawback. If they do not meet those thresholds, those are all subject to clawback.

ASSEMBLYWOMAN BENITEZ-THOMPSON:

Okay, it would be the property taxes, employer excise tax, and local sales and use tax? It would be all of those over the ten years plus interest?

STEVE HILL:

Yes, that is correct.

ASSEMBLYWOMAN BENITEZ-THOMPSON:

Then, for clarification for the legislative record, when we think about section 16 in reference to sections 31 and 33 where we are talking about the municipality pledge, is that 2.75 percent included as well, or is that separate because that is through municipal ordinance?

STEVE HILL:

It includes that portion as well.

ASSEMBLYMAN AIZLEY:

You are talking about the geographic boundaries of a single project, but I do not see any real definition of a boundary. Is it possible, for example, for Storey County to be a single project with just its own interests at heart? Then, could a place have two parts? Could the geographic boundary involve two separate pieces or could there even be a space in the middle that was not covered? I do not see any definitions, but when you say geographic, it reminds me of geometry and that is mathematics, so I have to ask.

STEVE HILL:

There is a single purpose requirement. While there is no definition of what those boundaries can be, if they cross county lines, you would have to get county governments to cooperate in order to make that happen. Certainly, crossing a boundary is something along those lines, and I think it is possible. But, that single purpose has to be in place.

ASSEMBLYMAN AIZLEY:

You do not think the county could be a single purpose?

STEVE HILL:

I do not know.

ASSEMBLYMAN AIZLEY:

What about the separate pieces? If they wanted to add more land to do more of a project, is that another request or is that automatically granted?

STEVE HILL:

I do not think it would be automatically granted, but if the single purpose project grew, I think the county would have the ability to grow the size of that site.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

Mr. Hill, I have been very privileged to attend the past GOED Board meetings and watch the abatement process. Right now, you do not have the ability to watch it live while it is happening. Do you have plans to bring that on board so that there could be transparency for all of Nevada? I know we have been talking a lot about northern Nevada even though this project has a statewide impact. In the process that I have watched throughout this whole year, there have been a lot of companies that have chosen to expand or chose southern Nevada as their site. If you could comment on that, because Clark County is doing well this year as far as attracting and expanding new companies there.

STEVE HILL:

By the way, we appreciate you coming to our board meetings. You have been diligent in attending and helping by providing ideas like you did just now. We had not thought about actually getting our board meetings onto the Internet. Given the fact that the work that we are doing becomes larger and probably more impactful to a larger number of people, I think that is a great idea, and we will look into doing that. We have not done that in the past. We have just videoconferenced between two sites.

I would like to thank EDawn [Economic Development Authority of Western Nevada] for the work on this project, the Las Vegas Global Economic Alliance for the work they do in Las Vegas, and the Northern Nevada Development Authority. We have nine regional

development authorities throughout the state doing a great job. There have been significant gains in Clark County over the past year. In fact, Mr. Musk, who is the chairman of Tesla Motors, is also the chairman of Silver City. The first company that was related to Mr. Musk's business ventures chose Las Vegas. The second choice he has made is here in northern Nevada and, obviously, this was his choice directly. I think there have been 3,400 direct jobs in Clark County over the past 12 months, if my memory is correct, which is one of the largest years that has ever been experienced there. Lots of good things are happening throughout the state.

ASSEMBLYMAN HEALEY:

I would like to start by thanking Director Malfabon and all of NDOT for doing an amazing job getting the roads back open, hopefully tomorrow, in southern Nevada after the flood. Thank you.

Director Hill, can you give us just a brief understanding of the environmental impact of actually manufacturing—understanding the components of green energy that they will be operating off of—but any of the byproduct that may come as a result?

CHAIR KIRKPATRICK:

Mr. Hill, I would like the short answer.

STEVE HILL:

Tesla is very committed to a zero emission, very clean site. That includes pretty much every aspect of the property. Maybe I should not talk about water right this minute, but the process will be using effluent, which will be very helpful to the environment going forward.

ASSEMBLYMAN CARRILLO:

This question actually goes to Mr. Malfabon. I wanted to discuss the impact of lifecycle cost analysis and also the alternate design and alternate bid regarding the USA Parkway. Of course, we know that money for our state is still something that we have to kind of keep an eye on, and we are looking for the long haul. We can throw roads up in a day, but if we are looking for the long term—and obviously for this project or any other project in the state, this is something that we definitely have to keep in mind—I wanted to find out if this is something that we can address. Of course, this does not address anything in the bill, but we know that this will be an impact as well. Can you address that please?

RUDY MALFABON:

This would be a great project to apply that to. What we do in that case is we let the bidder determine whether they want to do a concrete pavement or an asphalt concrete pavement—partly cement concrete—white versus black pavement. They do a cost analysis of what is more effective, but we establish the standards so that we know over a certain lifecycle, we are going to get the benefit of that project. Since it is a new construction project, this is the type of project that it is a good application for—that method of delivery. We are determining what is the best delivery method—to design it in-house and put it out to bid for that alternative process or to do a design-build, where we only take it to a certain stage of engineering and the contractor hires an engineering company to take it the rest of the way. That is a much quicker process.

ASSEMBLYMAN DALY:

On page 5, section 11, the new (i) and (j) regarding insurance, where it says things that are going to be “satisfactory to the Office.” Can you give me some insight so I have something on the record of what types of things you are going to be looking at? When we are looking at employer-provided insurance, it has to be affordable, right? Under the Affordable Care Act, insurance cannot be more than a certain percent. Are you going to take some of those things into consideration when you are looking at this and saying it is good enough, when people really cannot or will not have a viable chance at health insurance? It is important and it is an important provision in this accountability and the measures for how workers are going to be treated on this project. I would like some insight there.

STEVE HILL:

I agree. It is important, and we were fortunate to work with Assemblyman Healey during the last legislative session on Assembly Bill 333. We worked together to strengthen the requirements along those lines. The law now requires us to take into account—for any abatement, not just in this bill, for any abatement or incentive—the health care provided by the employer. We do analyze that. We analyze that based on the bronze level of the exchange. If they do not meet every criterion that is in that coverage provision, they do not get the incentive.

ASSEMBLYMAN DALY:

They would not meet the requirement of providing health insurance if they did not meet that because that is a requirement absent the 50 percent. The worker has to be able to get that insurance, and that part of it does apply to the construction part of it, as well, so you are going to have some homework to do on a lot of contractors.

STEVE HILL:

Yes, that is accurate.

ASSEMBLYMAN EISEN:

Mr. Hill, I just want to go back and revisit a point that Mr. Frierson asked about. It is just a slightly different issue related there. This is in section 13, subsection 4, paragraph (b), where we are talking about the average rate. I just want to get a clarification on the record, first of all, because the language there says that the qualified employees of the qualified project must be paid at an average rate of \$22 per hour. I want to be clear on the record that \$22 per hour is the minimum the average can be. It is not that it has to be exactly that. More importantly, I want to get a clarification from you on your answer to Mr. Frierson about the employees who are included in that calculation to reach that \$22 or more per hour average. I want to talk about what a specific company may be planning. We are talking about a policy that the state is creating. We could have a project be proposed that is actually heavy with more highly compensated employees that could skew that dramatically. Are we able to identify a cutoff point, whether it is a salary point or a job description, of folks who would be excluded from that calculation so that we do not suffer from that potential skewing effect?

STEVE HILL:

One, no, we are not requiring that the average pay be exactly \$22 per hour. Secondly, the bill, as currently written, does not make that an exclusion for any very highly paid employees. I think there is a potential to do that by regulation. We can also look at that in the future session. At this point, there is not a restriction on that. As I said earlier, we do not anticipate that being an issue in this particular case. You are right; the bill addresses any company that would qualify, and that issue could come up in the future.

CHAIR KIRKPATRICK:

Mr. Hill, from my perspective, it is important that we watch for that in the audit to assure that we are aware of that going forward.

ASSEMBLYWOMAN BENITEZ-THOMPSON:

Just one last thing, because I wanted to make sure it was part of the legislative record. This is a stand-alone bill and is an opportunity for anyone who wants to make this type of investment. I know there are considerations to certain projects, and your office has released an economic development forecast report with some members. I just want to make sure to reference that so that is part of our Assembly legislative record since I know that has been part of the decision-making process for many folks on the floor.

Chair Kirkpatrick announced if there were no objections, the Committee would recess subject to the call of the Chair.

Committee of the Whole in recess at 8:49 p.m.

IN COMMITTEE OF THE WHOLE

At 8:59 p.m.

Chair Kirkpatrick presiding.

Quorum present.

[There was no public comment.]

On motion of Assemblyman Frierson, the Committee did rise and report back to the Assembly.

ASSEMBLY IN SESSION

At 9 p.m.

Madam Speaker presiding.

Quorum present.

REPORTS OF COMMITTEES

Madam Speaker:

Your Committee of the Whole, to which was referred Senate Bill No. 1, has had the same under consideration, and begs leave to report the same back with the recommendation: Considered.

MARILYN K. KIRKPATRICK, *Chair*

GENERAL FILE AND THIRD READING

Senate Bill No. 1.

Bill read third time.

Remarks by Assemblymen Flores, Fiore, and Bobzien.

ASSEMBLYWOMAN FLORES:

I rise in support of Senate Bill 1. As you have already mentioned, this floor statement is rather long, so I ask you to bear with me. In the spirit of transparency, it is important to go through this thoroughly to ensure that those listening and those out in the public know exactly what we are voting on.

Senate Bill 1 authorizes the granting of transferable tax credits and abatements of certain taxes to certain participants of qualified projects. To qualify, the lead participant must make an application to the Governor's Office on Economic Development, or GOED, and demonstrate, among other things, that the participants in the project will make a collective minimum investment of \$3.5 billion within ten years of approval of the application and that at least 50 percent of the employees engaged in construction of the project and 50 percent of the persons employed at that project are Nevada residents. These requirements may be waived by GOED if there are insufficient qualified and available Nevada residents, but if that determination is made, the waiver must be made public and posted on GOED's website. To be considered a Nevada resident, each project participant must document that the person has a Nevada driver's license or ID, is employed full time for an average minimum of 30 hours per week, and is offered coverage under a health insurance plan.

The tax credits and abatements are as follows: \$12,500 for each qualified employee up to a maximum of 6,000 employees; an amount equal to 5 percent of the first \$1 billion of new capital investment; and an amount equal to 2.8 percent of the next \$2.5 billion of new capital investment. The bill also provides that no more than \$45 million in transferable tax credits may be issued in any of the first seven years and caps the total credit which may be approved at \$195 million. Property taxes and the modified business taxes may be abated for up to 10 years, and local sales and use taxes may be abated for up to 20 years.

It is important to note that transparency and accountability were always goals of this body. The bill requires public notice of action on the application, verification of eligibility, audits, and also notification of affected local governments. It also requires repayment of transferable tax credits and abatements if the lead participant or other participants fail to meet the criteria relating to, among other things, minimum investment or number of jobs or otherwise become ineligible.

At the local government level, local governments are also authorized to abate licensing or permitting fees for qualified projects and are empowered to create economic diversification districts, or EDDs. Any agreement between those local governments and the lead participant automatically terminates after 20 years.

In addition to the accountability and transparency requirements that I just mentioned, reports are also required to be submitted to the Governor and Legislature annually by GOED on the number of qualified projects submitted and approved; quarterly by GOED on the dollar amount of the abatements, number of qualified employees and their wages, and investment amounts; annually by a local government which has approved an abatement as to the number and amount of abatements and the number of persons employed within the jurisdiction by that qualified project and their wages; and for an EDD, annually by the local government as to the status of the qualified project within the EDD and an assessment of the financial impact of the district on local government services within the EDD.

Finally, the bill also reduces the amount of transferable tax credits that may be granted to producers of qualified film productions from \$80 million to \$10 million. The transferable film tax credits expire June of 2023, and the rest of the provisions expire June of 2036.

As you can see, there were a lot of details. We spent a lot of time discussing this because this is something that is of historic nature and required us to spend the amount of time necessary going through every detail of this bill to ensure accountability and to ensure transparency. I urge the body to support S.B. 1.

ASSEMBLYWOMAN FIORE:

I stand in support of Senate Bill 1. I am amazed at what has been accomplished here. I appreciate that Governor Sandoval has taken the lead on this and worked with our legislative leaders and Nevada's Economic Development team. To our Governor's credit, he has placed Nevada in the number one spot. Nevada is showing the nation that this is the place to do business by being nimble and responsive to those who want to grow their industry.

This legislation makes an incredible step toward revitalizing manufacturing in America and bringing it to Nevada. When I think about Detroit or Chicago in their height, it was because of the jobs created by their thriving manufacturing industries. When it became cost-prohibitive to manufacture in the United States, those jobs and the innovation went overseas, and now Detroit is in bankruptcy. It is opportunities like this that will allow Nevada to continue to rebrand and grow our way out of this recession while creating opportunities that will benefit all Nevadans.

I believe business flourishes when taxes are low and predictable, and that is exactly the offer that is on the table for Tesla and any other company that qualifies. My one reservation about this legislation is that there are thousands of Nevada businesses that would also grow and expand and create jobs if they were given the same opportunities. I look forward to working on legislation to support our small businesses and all businesses when we return to these chambers in February. I look forward to continuing this discussion and building on this opportunity for a successful and diverse economy in Nevada.

ASSEMBLYMAN BOBZIEN:

I rise in support of Senate Bill 1. Like my colleagues in both the Assembly and the Senate, I am excited about the path to the future we are forging tonight. I am excited about the possibility to put Nevada on the map as an innovator in the development of new technologies and new business models. Nevada will play a role in solving our planet's climate crisis by moving us away from what Elon Musk has described as the mine-and-burn hydrocarbon economy.

I know this goal of a cleaner future was on the mind of Senator Reid every moment he worked on this effort, and I want to thank him and all of Nevada's elected officials with the vision needed to see this through for their efforts.

Tonight we are legislating for the hopes and dreams of our children. This evening, there are thousands upon thousands of Nevada students working hard, doing homework—hopefully they are going to bed soon—to prepare themselves for the jobs of tomorrow. Our future electricians, engineers, accountants, and other professionals from all across the state will take the work we are doing here tonight and run with it to build a better Nevada. Indeed, many of them will work at the factory we are contemplating.

However, I am worried. For too long, this state has failed to live up to its obligation to fund the services foundational to prosperity: health care, education, road infrastructure: Time and time again, Nevada comes up short when it comes to funding the needs of our state.

In Washoe County—my home and the future home of thousands of families that will hopefully work at the factory—we have failed to respond to the pressing needs of our schools. The \$308 million—and climbing—in unmet capital needs for our aging classrooms do not magically go away with Tesla’s arrival. If anything, the projected increase of students in the years to come makes the situation more dire.

As we have heard from the Governor’s Office of Economic Development in testimony, what we do during this special session is not the end of the story; it is the beginning. As we heard from the Nevada Manufacturers Association, this is going to strain our systems. And yes, we need to talk solutions.

Shortly after the factory announcement, The Brookings Institution issued a three-part road map for how Nevada can make the most of this opportunity. Their suggestions: pile onto workforce training and education; build the ecosystem; commit to innovation. It is a succinct plan, but I will boil it down to one word: invest. Will Nevada step up to meet the unmet challenges facing our state that will only become more acute upon Tesla’s arrival? Will we invest in a world-class education system, both K-12 and our colleges and universities, to train the workers and entrepreneurs who can innovate in The Brookings-described ecosystem?

As I watched deliberations down the hall, I heard a colleague describe her concern regarding this very question as something that kept her up at night. Well, it keeps me up at night, too, and it should keep every elected official, economic development officer, business leader, parent, and citizen up at night as well. Many of us here in these chambers will be back here in just a few short months. Let’s all commit to hitting the reset button on our most important issues and find a way to truly invest in our shared future.

Roll call on Senate Bill No. 1:

YEAS—39.

NAYS—None.

EXCUSED—Duncan, Hogan—2.

VACANT—1.

Senate Bill No. 1 having received a constitutional majority, Madam Speaker declared it passed.

Bill ordered transmitted to the Senate.

UNFINISHED BUSINESS

SIGNING OF BILLS AND RESOLUTIONS

There being no objections, the Speaker and Chief Clerk signed Assembly Resolutions Nos. 1, 2, 3 and Assembly Concurrent Resolution No. 1.

MOTIONS, RESOLUTIONS AND NOTICES

Madam Speaker appointed Assemblymen Frierson, Bustamante Adams, and Hickey as a committee to wait upon His Excellency, Governor Brian Sandoval, Governor of the State of Nevada, and to inform him that the Assembly was ready to adjourn *sine die*.

Madam Speaker appointed Assemblymen Horne, Diaz, and Kirner as a committee to wait upon the Senate and to inform that honorable body that the Assembly was ready to adjourn *sine die*.

A committee from the Senate consisting of Senators Jones, Gustavson, and Ford appeared before the bar of the Assembly and announced that the Senate was ready to adjourn *sine die*.

Assemblyman Horne reported that his committee had informed the Senate that the Assembly was ready to adjourn *sine die*.

Assemblyman Frierson reported that his committee had informed the Governor that the Assembly was ready to adjourn *sine die*.

Assemblyman Horne moved that the 28th Special Session of the Assembly of the Legislature of the State of Nevada adjourn *sine die*.

Motion carried.

Assembly adjourned at 9:31 p.m.

Approved:

MARILYN K. KIRKPATRICK
Speaker of the Assembly

Attest: SUSAN FURLONG
Chief Clerk of the Assembly

APPENDICES

Twenty-Eighth Special Session, 2014

	<i>Page</i>
APPENDIX A.....	113
Summary of Economic Impact Analysis and Impact Review, Nevada Governor's Office of Economic Development	
APPENDIX B.....	115
Economic Impact of Tesla on Washoe and Storey Counties prepared by Applied Economics	
APPENDIX C.....	135
Tax and Incentive Analysis for Tesla in Storey County prepared by Applied Economics	
APPENDIX D.....	151
Letter dated September 7, 2014, from Alan Schlottmann, Professor of Economics, University of Nevada, Las Vegas, regarding potential economic impacts of Tesla on Nevada	
APPENDIX E.....	154
Letter dated September 8, 2015, from Jeff Hardcastle, Nevada State Demographer, Nevada Small Business Development Center, to Steve Hill, Executive Director, Nevada Governor's Office of Economic Development, regarding REMI Model projections	
APPENDIX F.....	157
EMSI [Economic Modeling Specialist International] Analysis of Proposed Tesla Motors Battery Manufacturing Plant	
APPENDIX G.....	159
Letter dated September 10, 2014, from Bob Fulkerson, Progressive Leadership Alliance of Nevada, to the Nevada Legislature regarding proposed Tesla manufacturing facility	
APPENDIX H.....	161
Proposed amendment to Assembly Bill 2 provided by Alfredo Alonso on behalf of the Alliance of Automobile Manufacturers	
APPENDIX I.....	162
Letter dated September 11, 2015, from Jack J. Mallory, Director of Government Affairs, International Union of Painters and Allied Trades, to the Nevada State Assembly regarding Senate Bill 1	

SUMMARY OF ECONOMIC IMPACT ANALYSIS AND IMPACT REVIEW

The Governor's Office of Economic Development ("GOED") uses IMPLAN for economic modeling of new and expanding businesses applying for incentives administered by our agency. IMPLAN is a widely-accepted and utilized software tool that models the economic relationships between government, industry, and household sectors for a specific region so that when there is a change in any of these sectors, one can measure the effects/impacts that will happen to the other.

The version of IMPLAN used by GOED is owned and designed by Applied Economics, an economic consulting firm based in Phoenix, Arizona that specializes in socioeconomic modeling, economic development, and economic and fiscal impact assessment. Applied Economics has a 20-year history in providing specialized economic consulting, and has provided service to GOED and its predecessor agency, the Nevada Commission of Economic Development, for a number of years.

For the Tesla project, GOED contracted with Applied Economics to complete both economic impact and tax revenue reports which are attached herein. In the reports you will find regional versus national impact analysis. Through its licensed software, GOED creates regional models for standard abatements in the state. These models do not take into account the cluster effect and addition of supply chain and infrastructure that comes from bringing in a company with the size and scale of Tesla. For larger scale projects such as Tesla, GOED commissions the development of a custom model that studies both regional and national impacts. As described in the attached report, the difference is significant.

One purpose in creating a custom model for the Tesla project was to show the significance of regional versus national results. The other purpose was to allow results from IMPLAN to be compared against other results generated by the University of Nevada, Reno (UNR) using its own software developed by Regional Economic Models Incorporated (REMI). In addition to the IMPLAN and REMI models, GOED commissioned a third set of results from the developers of another economic modeling tool known as Economic Modeling Specialists International (EMSI).

There are a number of major economic modeling programs available, but those most notable for this type of analysis are IMPLAN, REMI and EMSI. By commissioning separate reports from both REMI and EMSI, GOED's goal was to make sure that IMPLAN results were reasonable and accurate.

Assisting GOED in its review of these results was Alan Schlottmann, Professor of Economics at the University of Nevada, Las Vegas. Dr. Schlottman is a respected economist with real-world

experience studying complex manufacturing projects, including the BMW factory located in South Carolina.

Also providing assistance was Jeff Hardcastle, the Nevada State Demographer. Jeff is part of the Nevada Small Business Development Center at the University of Nevada, Reno and has over 20 years' experience running the REMI model.

Since UNR does not have national licensing for REMI and cannot run the national model, GOED requested both regional and statewide models be created for the Tesla project. As the reader can see, the REMI regional results are 28.7 percent higher than the IMPLAN regional model, and the REMI statewide model is 4.9 percent higher than the IMPLAN national model. Mr. Hardcastle's work shows an economic output of over \$100 billion over the next 20 years using his state model.

While the EMSI tool also produces economic impact studies, it is a static single year model that more appropriately recognizes job impacts and clustering activity instead of the economic activity as presented by IMPLAN or REMI. When compared against stabilized growth, however, the EMSI model's results for a similar period can prove useful. As can be seen, when the clustering effect is considered, EMSI's job projections come in at 23,000 or 5% higher than the IMPLAN national results. In this regard, we believe the EMSI model also verifies the IMPLAN model is the most conservative of the three approaches.

Given this outside analysis, it was determined that the IMPLAN national model provides a conservative estimate for the Tesla project.



Economic Impact of Tesla On Washoe and Storey Counties

September 2014

Prepared By:



Appendix B

TABLE OF CONTENTS

INTRODUCTION	1
IMPACT METHODOLOGY	2
ECONOMIC IMPACT ANALYSIS	8
Construction Impacts	8
Operations Impacts	9
Revenue Impacts	13
Summary	16

Disclaimer: The information and observations contained in this report are based on our present knowledge of the components of development, and of the current physical, socioeconomic and fiscal conditions of the affected areas. Estimates made in this analysis are based on hypothetical assumptions, current tax policies, and the current economic structure of the region. However, even if the assumptions outlined in this report were to occur, there will usually be differences between the estimates and the actual results because events and circumstances frequently do not occur as expected. This analysis is based on the best available information and is intended to aid the State of Nevada in quantifying the impacts of Tesla the local economy. In no way will Applied Economics be held responsible or have any liability or be subject to damages as a result of this analysis. This report may be used only for the purposes that it was intended.

INTRODUCTION

Applied Economics has been contracted by the Nevada Governor's Office of Economic Development to perform a third party economic analysis of a planned battery manufacturing facility in Storey County, referred to as the Tesla Gigafactory, in order to quantify the impacts of their operations on the county and state relative to the amount of abatements and reimbursements being offered. This analysis is intended to provide a framework for understanding the economic and revenue impacts of the company's proposed location in Storey County.

Tesla would make a major capital investment as well as generating a significant number of new jobs that would provide economic benefits to the region. They would also support improvements in transportation and utility infrastructure that would greatly enhance the region's competitiveness for future manufacturing and logistics projects.

Tesla would be an important contributor to the region's economy and could serve as a catalyst for additional manufacturing and logistics development in the region with its worldwide name recognition and cutting-edge technology. In addition, all of the jobs created by the company would be net new jobs thereby growing the economy both locally and regionally. The attraction of this company to Washoe County and Storey County would not only create a large number of new direct jobs, but also support a sizeable amount of additional economic activity, jobs and payroll at related local supplier and consumer businesses.

IMPACT METHODOLOGY

The development and operation of the Tesla Gigafactory in Storey County would provide a variety of economic benefits to the region. These benefits, or economic impacts, are derived from expenditures made in the local economy. The economic impacts include direct and indirect jobs, personal income, and economic activity or output that would be generated by the battery manufacturing facility.

Economic impacts measure the effects of economic stimuli, or expenditures, in the local economy. These impacts include direct, indirect and induced jobs, personal income and output that could be generated by Tesla. Indirect and induced impacts are the result of the multiplier effect and capture supported supplier and consumer businesses and their employees that would benefit from this type of facility.

This analysis includes a low scenario and a high or most likely scenario relative to the economic impacts to illustrate the range of possible outcomes as shown in the Key Findings. The low scenario is based on the current economic base of Storey and Washoe Counties, which includes a limited number of potential suppliers to Tesla. This is likely a realistic short term picture of the economic impacts of the project. However, given the overall size of Tesla's operations and the total supplier demand it would create, it is expected that over the longer term a cluster of local suppliers would develop. This type of clustering is often observed in the auto industry, for example, in other parts of the country.

The high scenario, based on national multipliers, shows the maximum level of economic impacts that could be created if all domestic supplier needs of the company could be met by local vendors through this clustering effect. While it is somewhat unlikely that this very high supplier concentration would be achieved in the Storey/Washoe County region, it is certainly the case that economic base changes will occur over the next 20 years in response to demand created by Tesla. The high scenario places an upper bound on the potential impacts of these economic changes.

Project Summary

Based on the assumptions used in this analysis, the company would create a total of 6,500 jobs within the next four years including assemblers, operators, engineering, supervisors and administrators and executives. The average wage is estimated at \$27.35 per hour. The company would build out in four phases beginning with 700 jobs in phase 1; 1,000 more jobs in phase 2; 3,000 more jobs in phase 3 and 1,800 more jobs in the final phase. In the pro-forma shown here, the company would make a \$1.0 billion investment in buildings and \$3.95 billion in equipment over the first four years. They would make additional equipment purchases totaling \$5.0 billion from 2019 to 2028. The labor cost associated with installing this equipment is estimated at \$1.3 billion. The results show the overall impacts of Tesla on the Washoe/Storey County region over the next 20 years. Although the facility would be located in Storey County, many of the employees will live in Washoe County, thus it is important to show the impacts on the two county regions.

FIGURE 1
PROJECT DESCRIPTION

Year	Jobs	Payroll	Capital Investment		
			Construction	Equipment	Installation
2015	700	\$39,817,456	\$335,000,000	\$592,500,000	\$88,875,000
2016	1,700	\$96,699,536	\$345,000,000	\$1,382,500,000	\$207,375,000
2017	4,700	\$267,345,776	\$320,000,000	\$1,382,500,000	\$207,375,000
2018	6,500	\$369,733,520	\$0	\$592,500,000	\$88,875,000
2019	6,500	\$369,733,520	\$0	\$100,000,000	\$15,000,000
2020	6,500	\$369,733,520	\$0	\$250,000,000	\$37,500,000
2021	6,500	\$369,733,520	\$0	\$250,000,000	\$37,500,000
2022	6,500	\$369,733,520	\$0	\$500,000,000	\$75,000,000
2023	6,500	\$369,733,520	\$0	\$500,000,000	\$75,000,000
2024	6,500	\$369,733,520	\$0	\$500,000,000	\$75,000,000
2025	6,500	\$369,733,520	\$0	\$500,000,000	\$75,000,000
2026	6,500	\$369,733,520	\$0	\$650,000,000	\$97,500,000
2027	6,500	\$369,733,520	\$0	\$750,000,000	\$112,500,000
2028	6,500	\$369,733,520	\$0	\$1,000,000,000	\$150,000,000
2029	6,500	\$369,733,520	\$0	\$0	\$0
2030	6,500	\$369,733,520	\$0	\$0	\$0
2031	6,500	\$369,733,520	\$0	\$0	\$0
2032	6,500	\$369,733,520	\$0	\$0	\$0
2033	6,500	\$369,733,520	\$0	\$0	\$0
2034	6,500	\$184,866,760	\$0	\$0	\$0
20 Year Total	6,500	\$6,504,465,848	\$1,000,000,000	\$8,950,000,000	\$1,342,500,000

Economic Impacts

- **Construction Impacts.** Construction jobs are not permanent and should therefore be viewed as a “person-year” equivalent. About 9,000 direct construction jobs and 4,700 additional indirect jobs, or an annual average of 3,000 direct and 1,600 indirect jobs, would be created in Washoe and Storey Counties over a three year period from 2015 to 2017 through the new construction activity associated with the building and site improvements for the manufacturing facility. In addition, labor associated with equipment installation will result in 11,400 direct in indirect jobs or an annual average of 2,300 over the first three years. The combination of these two activities would result in a one-time economic impact of \$2.4 billion, or an annual average impact of \$799.1 million for the first three years. These construction impacts are in addition to the operations impacts detailed above.

Impacts associated with equipment installation would continue through 2028 creating an annual average impact of \$121.6 million, or a total impact of \$1.3 billion from 2018 to 2028 and supporting a total of 11,400 direct and indirect jobs, or an annual average of 1,000 jobs. There would also be a number of regional construction impacts associated with the background infrastructure for the Gigafactory, including transportation and communication facilities, distribution networks and energy supply systems, none of which are included in these estimates.

- **Operations Impacts.** All total, Tesla could create an annual economic impact of \$5.4 billion at stabilized annual levels, or \$96.9 billion over the next 20 years on the Washoe/Storey County region, based on the high or most likely scenario. Their operations could directly and indirectly support an estimated 22,700 total jobs (based on 6,500 direct jobs) and to \$1.3 billion in annual personal income, or \$24.1 billion in personal income over the 20 year period. The company could increase regional GDP by an estimated 26 percent based on their total annual impact.
- **Overall Stabilized Impacts.** Based on the construction and operations impacts combined, the Gigafactory could generate overall impacts of \$100.6 billion over 20 years.
- **Jobs and Income.** The facility would directly employ about 6,500 people with an estimated annual payroll of \$369.7 million by 2018. Through the multiplier effect, an additional 16,200 jobs and \$955.3 million in annual payroll could be supported at other local businesses, based on the most likely scenario for the level of supplier demand that could be met locally. The additional jobs and payroll at other local businesses stem from direct and indirect impacts of supplier demand created by Tesla and consumer demand created by its employees.
- **Supported Population.** The 6,500 direct jobs and an estimated 16,200 indirect and induced jobs associated with Tesla’s operations would support a population

(including families) of about 49,000 people. This estimate assumes that approximately 96 percent of the workforce would live in the Washoe-Storey region, with some additional workforce assumed to live in northern Lyon County.

Revenue Impacts

- **Direct Revenue Impacts.** Tesla would generate a moderate amount of utility franchise fees on electric and natural gas usage estimated at \$1.4 million annually, or \$25.2 million over 20 years. This assumption does not include renewable power generation recently proposed by Tesla for the Gigafactory that would reduce these franchise fee impacts. Beginning in 2024, they would also begin to generate an estimated \$35.8 million in average annual property tax revenues and \$3.7 million in annual modified business taxes. All total, the company could generate about \$459.6 million in direct state and local revenues the next 20 years.
- **Indirect Revenue Impacts.** In addition to direct revenues, Tesla and its employees would generate indirect property and sales tax revenues through employee spending and property ownership. Indirect revenues are estimated at \$81.8 million per year at stabilized annual levels, or \$1.5 billion over 20 years, based on the most likely scenario relative to the level of economic impacts and the total number of indirect and induced employees that could be supported by Tesla.
- **Value of Abatements and Reimbursements.** Over the 20 year period, the company could generate up to \$1.95 billion in direct and indirect revenues in Nevada, net of abatements and reimbursements, based on the most likely scenario. The proposed package of abatements, reimbursements and tax credits associated with Tesla would total \$1.10 billion, net of proposed legislative program repurposing over 20 years, or \$1.3 billion without this adjustment. Abatements are higher during the first four years due to the effect of sales and use tax abatements. The abatements include a 100 percent real and personal property tax abatement through June 2024; an abatement of all sales and use taxes on construction materials and equipment purchased for 20 years; a 100 percent abatement of modified business taxes through June 2024; and Transferable Tax Credits totaling \$195 million including \$12,500 per job for the first 6,000 jobs, 5 percent of first \$1 billion investment and 2.8 percent of the next \$2.5 billion investment.

**Tesla - \$10 billion Investment
Summary of Key Findings
(National Multipliers)**

Jobs and Income Created	Jobs	Annual Personal Income	Average Wage
Direct	6,500	\$369.7 million	\$27.35
Indirect	16,215	\$955.3 million	\$28.32
Total	22,715	\$1.3 billion	\$28.04
Operational Output Impact	Stabilized Annual	20 Year	Stabilized 20 Year
Direct	\$2.1 billion	\$37.5 billion	\$41.5 billion
Indirect	\$3.3 billion	\$59.4 billion	\$65.6 billion
Total	\$5.4 billion	\$96.9 billion	\$107.1 billion
Construction Impact (2015 to 2017)	Total	Annual Average	
Direct Jobs	8,950	2,983	
Indirect Jobs	4,665	1,555	
Total	13,614	4,538	
One-Time Economic Impact	\$1.6 billion	\$531.4 million	
Equipment Installation (2015 to 2028)	Total	Annual Average	
Direct Jobs	12,015	858	
Indirect Jobs	6,262	447	
Total	18,277	1,306	
One-Time Economic Impact	\$2.1 billion	\$152.9 million	
Total Capital Investment	Total	Annual Average	
Direct Construction	\$1.0 billion	\$333.3 million	
Background Infrastructure	-TBD-		
Equipment ¹	\$9.0 billion	n/a	
Equipment Installation	\$1.3 billion		
Total	\$11.3 billion		
Tax Revenue Impact (Net of Abatements)	Average Annual ²	20 Year ²	Stabilized 20 Year ³
Direct			
State of Nevada	\$5.7 million	\$59.6 million	\$113.5 million
Local Government	\$27.3 million	\$298.1 million	\$545.0 million
School District	\$9.7 million	\$101.9 million	\$194.1 million
Total	\$42.6 million	\$459.6 million	\$852.6 million
Indirect ⁴			
State of Nevada	\$19.4 million	\$387.4 million	\$387.4 million
Local Government	\$34.4 million	\$688.0 million	\$688.0 million
School District	\$20.6 million	\$411.2 million	\$411.2 million
Total	\$74.3 million	\$1.5 billion	\$1.5 billion
Total			
State of Nevada	\$25.0 million	\$446.9 million	\$500.9 million
Local Government	\$61.7 million	\$986.1 million	\$1233.0 million
School District	\$30.3 million	\$513.1 million	\$605.3 million
Total	\$117.0 million	\$1.9 billion	\$2.3 billion

¹ Equipment assumes initial purchase of \$3.95 B, with \$5.0 B in replacement through year 14 (2028).

² Direct average annual tax revenues only reflect the 10 1/2 year period starting July 1, 2024. The 20 year scenarios are similarly

³ Unlike direct average annual tax revenues, indirect tax revenues are collected over the entire 20 year period.

⁴ Stabilized 20 Year direct tax revenues assume that period following July 1, 2024, while indirect tax revenues cover the period

Page Intentionally Blank

**Tesla - \$10 billion Investment
Summary of Key Findings
(Regional Multipliers)**

Jobs and Income Created	Jobs	Annual Personal Income	Average Wage
Direct	6,500	\$369.7 million	\$27.35
Indirect	6,388	\$334.3 million	\$25.16
Total	12,888	\$704.0 million	\$26.26
Operational Output Impact	Stabilized Annual	20 Year	Stabilized 20 Year
Direct	\$2.1 billion	\$37.5 billion	\$41.5 billion
Indirect	\$850.6 million	\$15.4 billion	\$17.0 billion
Total	\$2.9 billion	\$52.9 billion	\$58.5 billion
Construction Impact (2015 to 2017)	Total	Annual Average	
Direct Jobs	8,950	2,983	
Indirect Jobs	4,665	1,555	
Total	13,614	4,538	
One-Time Economic Impact	\$1.6 billion	\$531.4 million	
Equipment Installation (2015 to 2028)	Total	Annual Average	
Direct Jobs	12,015	858	
Indirect Jobs	6,262	447	
Total	18,277	1,306	
One-Time Economic Impact	\$2.1 billion	\$152.9 million	
Total Capital Investment	Total	Annual Average	
Direct Construction	\$1.0 billion	\$333.3 million	
Background Infrastructure	-TBD-		
Equipment ¹	\$9.0 billion	n/a	
Equipment Installation	\$1.3 billion		
Total	\$11.3 billion		
Tax Revenue Impact (Net of Abatements)	Average Annual ²	20 Year ²	Stabilized 20 Year ³
Direct			
State of Nevada	\$5.7 million	\$59.6 million	\$113.5 million
Local Government	\$27.3 million	\$298.1 million	\$545.0 million
School District	\$9.7 million	\$101.9 million	\$194.1 million
Total	\$42.6 million	\$459.6 million	\$852.6 million
Indirect ⁴			
State of Nevada	\$8.4 million	\$168.8 million	\$168.8 million
Local Government	\$19.1 million	\$381.5 million	\$381.5 million
School District	\$11.3 million	\$225.9 million	\$225.9 million
Total	\$38.8 million	\$776.1 million	\$776.1 million
Total			
State of Nevada	\$14.1 million	\$228.3 million	\$282.3 million
Local Government	\$46.3 million	\$679.5 million	\$926.5 million
School District	\$21.0 million	\$327.8 million	\$420.0 million
Total	\$81.4 million	\$1.2 billion	\$1.6 billion

¹ Equipment assumes initial purchase of \$3.95 B, with \$5.0 B in replacement through year 14 (2028).

² Direct average annual tax revenues only reflect the 10 1/2 year period starting July 1, 2024. The 20 year scenarios are similarly

³ Unlike direct average annual tax revenues, indirect tax revenues are collected over the entire 20 year period.

⁴ Stabilized 20 Year direct tax revenues assume that period following July 1, 2024, while indirect tax revenues cover the period following January 1, 2018.

ECONOMIC IMPACT ANALYSIS

The economic benefits resulting from the attraction of Tesla to Storey County can be measured in terms of both the one-time construction impacts and on-going operations impacts. These impacts include direct and indirect jobs, personal income and economic activity, or output that would be generated by the project. Indirect impacts are the result of the multiplier effect and capture supported supplier and consumer businesses and employees in Storey and Washoe Counties that would benefit from the new facility.

Construction Impacts

Total personal income, or earnings, from construction and the total increase in economic activity from new construction expenditures are shown in Figure 2. The 5.5 million square foot facility required for this project would result in direct construction expenditures of about \$1.0 billion over three years. In addition, there would be \$503.6 million in estimated labor costs for equipment installation during the first three years. The multiplier effect of this spending would result in a total increase in economic activity of about \$2.4 billion. Equipment installation expenditures would continue through 2028, resulting in additional economic impacts of \$1.3 billion from 2018 to 2028. All total, construction impacts are estimated at \$3.7 billion from 2015 to 2028. The approximately 31,900 direct and indirect jobs created locally by the construction and equipment installation could result in close to \$1.6 billion in personal income over the entire period. This translates to an average of 6,800 total jobs and \$316.0 million in personal income per year during the first three years and 1,000 jobs and \$63.0 million in annual personal income in subsequent years. There would be additional construction impacts related to rail, highway and utility improvements that are not included here.

FIGURE 2
CONSTRUCTION IMPACT OF TESLA
ON WASHOE AND STOREY COUNTIES

Year	Direct			Total		
	Construction Expenditures	Jobs	Personal Income	Output	Jobs	Personal Income
Facilities and Equipment Installation						
2015	\$423,875,000	3,793	\$169,550,000	\$675,788,777	5,771	\$267,253,963
2016	\$552,375,000	4,943	\$220,950,000	\$880,657,801	7,520	\$348,273,449
2017	\$527,375,000	4,720	\$210,950,000	\$840,800,015	7,180	\$332,510,903
Additional Equipment Installation						
2018	\$88,875,000	795	\$52,992,391	\$141,694,432	1,210	\$73,478,241
2019	\$15,000,000	134	\$8,943,864	\$23,914,672	204	\$12,401,391
2020	\$37,500,000	336	\$22,359,659	\$59,786,680	511	\$31,003,477
2021	\$37,500,000	336	\$22,359,659	\$59,786,680	511	\$31,003,477
2022	\$75,000,000	671	\$44,719,318	\$119,573,361	1,021	\$62,006,955
2023	\$75,000,000	671	\$44,719,318	\$119,573,361	1,021	\$62,006,955
2024	\$75,000,000	671	\$44,719,318	\$119,573,361	1,021	\$62,006,955
2025	\$75,000,000	671	\$44,719,318	\$119,573,361	1,021	\$62,006,955
2026	\$97,500,000	873	\$58,135,113	\$155,445,369	1,327	\$80,609,041
2027	\$112,500,000	1,007	\$67,078,976	\$179,360,041	1,532	\$93,010,432
2028	\$150,000,000	1,342	\$89,438,635	\$239,146,721	2,042	\$124,013,910
Total 2015-2028	\$2,342,500,000	20,964	\$1,101,635,567	\$3,734,674,632	31,891	\$1,641,586,105
Annual Average 2015-2017	\$501,208,333	4,486	\$200,483,333	\$799,082,198	6,824	\$316,012,772
Annual Average 2018-2028	\$76,261,364	683	\$45,471,415	\$121,584,367	1,038	\$63,049,799

Operations Impacts

For the operations impact, the analysis includes a low scenario based on regional multipliers for Storey and Washoe Counties, a high scenario based on national multipliers and a most likely scenario. These scenarios illustrate the range of impacts that could occur over time depending on the share of supplier demand that could be met locally through changes in the regional economic base, and the corresponding level of indirect and induced output that could be supported. The on-going economic impacts from the operations of Tesla over the next 20 years are shown in Figures 3 and 4.

FIGURE 3
ANNUAL OPERATIONS IMPACT OF TESLA
ON WASHOE AND STOREY COUNTIES USING REGIONAL MULTIPLIERS

Year	Direct			Indirect			Induced			Total		
	Output	Jobs	Personal Income	Output	Jobs	Personal Income	Output	Jobs	Personal Income	Output	Jobs	Personal Income
2015	\$223,196,019	700	\$39,817,456	\$51,279,533	363	\$21,141,299	\$40,318,954	325	\$14,861,521	\$314,794,507	1,388	\$75,820,276
2016	\$542,047,475	1,700	\$86,699,536	\$124,536,009	882	\$51,343,154	\$97,917,460	789	\$36,092,266	\$764,500,945	3,371	\$184,134,956
2017	\$1,498,601,844	4,700	\$267,345,776	\$344,305,436	2,439	\$141,948,721	\$270,712,979	2,180	\$99,784,500	\$2,113,620,259	9,319	\$509,078,997
2018	\$2,072,534,465	6,500	\$369,733,520	\$476,167,093	3,374	\$196,312,061	\$374,390,290	3,015	\$137,999,841	\$2,923,091,848	12,888	\$704,045,422
2019	\$2,072,534,465	6,500	\$369,733,520	\$476,167,093	3,374	\$196,312,061	\$374,390,290	3,015	\$137,999,841	\$2,923,091,848	12,888	\$704,045,422
2020	\$2,072,534,465	6,500	\$369,733,520	\$476,167,093	3,374	\$196,312,061	\$374,390,290	3,015	\$137,999,841	\$2,923,091,848	12,888	\$704,045,422
2021	\$2,072,534,465	6,500	\$369,733,520	\$476,167,093	3,374	\$196,312,061	\$374,390,290	3,015	\$137,999,841	\$2,923,091,848	12,888	\$704,045,422
2022	\$2,072,534,465	6,500	\$369,733,520	\$476,167,093	3,374	\$196,312,061	\$374,390,290	3,015	\$137,999,841	\$2,923,091,848	12,888	\$704,045,422
2023	\$2,072,534,465	6,500	\$369,733,520	\$476,167,093	3,374	\$196,312,061	\$374,390,290	3,015	\$137,999,841	\$2,923,091,848	12,888	\$704,045,422
2024	\$2,072,534,465	6,500	\$369,733,520	\$476,167,093	3,374	\$196,312,061	\$374,390,290	3,015	\$137,999,841	\$2,923,091,848	12,888	\$704,045,422
2025	\$2,072,534,465	6,500	\$369,733,520	\$476,167,093	3,374	\$196,312,061	\$374,390,290	3,015	\$137,999,841	\$2,923,091,848	12,888	\$704,045,422
2026	\$2,072,534,465	6,500	\$369,733,520	\$476,167,093	3,374	\$196,312,061	\$374,390,290	3,015	\$137,999,841	\$2,923,091,848	12,888	\$704,045,422
2027	\$2,072,534,465	6,500	\$369,733,520	\$476,167,093	3,374	\$196,312,061	\$374,390,290	3,015	\$137,999,841	\$2,923,091,848	12,888	\$704,045,422
2028	\$2,072,534,465	6,500	\$369,733,520	\$476,167,093	3,374	\$196,312,061	\$374,390,290	3,015	\$137,999,841	\$2,923,091,848	12,888	\$704,045,422
2029	\$2,072,534,465	6,500	\$369,733,520	\$476,167,093	3,374	\$196,312,061	\$374,390,290	3,015	\$137,999,841	\$2,923,091,848	12,888	\$704,045,422
2030	\$2,072,534,465	6,500	\$369,733,520	\$476,167,093	3,374	\$196,312,061	\$374,390,290	3,015	\$137,999,841	\$2,923,091,848	12,888	\$704,045,422
2031	\$2,072,534,465	6,500	\$369,733,520	\$476,167,093	3,374	\$196,312,061	\$374,390,290	3,015	\$137,999,841	\$2,923,091,848	12,888	\$704,045,422
2032	\$2,072,534,465	6,500	\$369,733,520	\$476,167,093	3,374	\$196,312,061	\$374,390,290	3,015	\$137,999,841	\$2,923,091,848	12,888	\$704,045,422
2033	\$2,072,534,465	6,500	\$369,733,520	\$476,167,093	3,374	\$196,312,061	\$374,390,290	3,015	\$137,999,841	\$2,923,091,848	12,888	\$704,045,422
2034	\$2,072,534,465	6,500	\$369,733,520	\$476,167,093	3,374	\$196,312,061	\$374,390,290	3,015	\$137,999,841	\$2,923,091,848	12,888	\$704,045,422
20 Yr Total	\$37,496,931,246	6,500	\$6,689,333,608	\$8,614,961,553	3,374	\$1,551,738,204	\$6,773,584,321	3,015	\$2,496,735,584	\$52,885,477,120	12,888	\$12,737,806,396

FIGURE 4
ANNUAL OPERATIONS IMPACT OF TESLA
ON WASHOE AND STOREY COUNTIES USING NATIONAL MULTIPLIERS

Year	Direct			Indirect			Induced			Total		
	Output	Jobs	Personal Income	Output	Jobs	Personal Income	Output	Jobs	Personal Income	Output	Jobs	Personal Income
2015	\$223,196,019	700	\$39,817,456	\$217,628,309	841	\$58,436,903	\$135,775,516	905	\$44,418,860	\$576,599,845	2,446	\$142,693,220
2016	\$542,047,475	1,700	\$96,699,536	\$528,525,894	2,044	\$141,966,765	\$329,740,539	2,197	\$152,482,834	\$1,400,313,909	5,941	\$391,149,135
2017	\$1,498,601,844	4,700	\$267,345,776	\$1,461,218,647	5,650	\$392,496,350	\$911,635,609	6,075	\$421,570,189	\$3,871,456,100	16,425	\$1,081,412,315
2018	\$2,072,534,465	6,500	\$369,733,520	\$2,020,834,300	7,814	\$542,814,101	\$1,260,772,650	8,402	\$412,460,847	\$5,354,141,415	22,715	\$1,325,008,468
2019	\$2,072,534,465	6,500	\$369,733,520	\$2,020,834,300	7,814	\$542,814,101	\$1,260,772,650	8,402	\$412,460,847	\$5,354,141,415	22,715	\$1,325,008,468
2020	\$2,072,534,465	6,500	\$369,733,520	\$2,020,834,300	7,814	\$542,814,101	\$1,260,772,650	8,402	\$412,460,847	\$5,354,141,415	22,715	\$1,325,008,468
2021	\$2,072,534,465	6,500	\$369,733,520	\$2,020,834,300	7,814	\$542,814,101	\$1,260,772,650	8,402	\$412,460,847	\$5,354,141,415	22,715	\$1,325,008,468
2022	\$2,072,534,465	6,500	\$369,733,520	\$2,020,834,300	7,814	\$542,814,101	\$1,260,772,650	8,402	\$412,460,847	\$5,354,141,415	22,715	\$1,325,008,468
2023	\$2,072,534,465	6,500	\$369,733,520	\$2,020,834,300	7,814	\$542,814,101	\$1,260,772,650	8,402	\$412,460,847	\$5,354,141,415	22,715	\$1,325,008,468
2024	\$2,072,534,465	6,500	\$369,733,520	\$2,020,834,300	7,814	\$542,814,101	\$1,260,772,650	8,402	\$412,460,847	\$5,354,141,415	22,715	\$1,325,008,468
2025	\$2,072,534,465	6,500	\$369,733,520	\$2,020,834,300	7,814	\$542,814,101	\$1,260,772,650	8,402	\$412,460,847	\$5,354,141,415	22,715	\$1,325,008,468
2026	\$2,072,534,465	6,500	\$369,733,520	\$2,020,834,300	7,814	\$542,814,101	\$1,260,772,650	8,402	\$412,460,847	\$5,354,141,415	22,715	\$1,325,008,468
2027	\$2,072,534,465	6,500	\$369,733,520	\$2,020,834,300	7,814	\$542,814,101	\$1,260,772,650	8,402	\$412,460,847	\$5,354,141,415	22,715	\$1,325,008,468
2028	\$2,072,534,465	6,500	\$369,733,520	\$2,020,834,300	7,814	\$542,814,101	\$1,260,772,650	8,402	\$412,460,847	\$5,354,141,415	22,715	\$1,325,008,468
2029	\$2,072,534,465	6,500	\$369,733,520	\$2,020,834,300	7,814	\$542,814,101	\$1,260,772,650	8,402	\$412,460,847	\$5,354,141,415	22,715	\$1,325,008,468
2030	\$2,072,534,465	6,500	\$369,733,520	\$2,020,834,300	7,814	\$542,814,101	\$1,260,772,650	8,402	\$412,460,847	\$5,354,141,415	22,715	\$1,325,008,468
2031	\$2,072,534,465	6,500	\$369,733,520	\$2,020,834,300	7,814	\$542,814,101	\$1,260,772,650	8,402	\$412,460,847	\$5,354,141,415	22,715	\$1,325,008,468
2032	\$2,072,534,465	6,500	\$369,733,520	\$2,020,834,300	7,814	\$542,814,101	\$1,260,772,650	8,402	\$412,460,847	\$5,354,141,415	22,715	\$1,325,008,468
2033	\$2,072,534,465	6,500	\$369,733,520	\$2,020,834,300	7,814	\$542,814,101	\$1,260,772,650	8,402	\$412,460,847	\$5,354,141,415	22,715	\$1,325,008,468
2034	\$2,072,534,465	6,500	\$369,733,520	\$2,020,834,300	7,814	\$542,814,101	\$1,260,772,650	8,402	\$412,460,847	\$5,354,141,415	22,715	\$1,325,008,468
20 Yr Total	\$37,496,931,246	6,500	\$6,689,332,608	\$36,561,555,945	7,814	\$9,820,759,735	\$22,810,286,717	8,402	\$7,650,306,289	\$96,868,773,908	22,715	\$24,140,398,532

The company would open with about 700 jobs and \$39.8 million in payroll by 2015. By 2018, they would expand to 6,500 jobs and \$369.7 million in payroll. Through their local supplier purchases, as well as employee spending, they could create an annual economic impact of \$2.9 billion to \$5.4 billion at full operational levels. Tesla could indirectly support an estimated 16,200 additional jobs and \$955.3 million in annual personal income at other local businesses in Storey and Washoe Counties on an on-going basis, based on the high or most likely scenario. This represents a 26 percent increase in the total current GDP of the region, depending on the level of supplier demand that can be met locally.

The multiplier effect of the battery manufacturing operations on the region could result in a total economic impact of \$52.9 billion to \$96.9 billion over the next 20 years, with \$96.9 representing the most likely scenario, based on direct employment of 6,500 jobs and an estimated annual payroll of \$369.7 million. Should the number of jobs or the amount of payroll increase, the economic impacts would increase proportionally.

The new jobs generated directly and indirectly by the manufacturing operation could support a total local population of about 49,000 people under the most likely scenario, most of who would live in Washoe County. This includes families of direct employees, as well as families of employees at related supplier and consumer businesses supported through the multiplier effect. The supported population estimate assumes that about 96 percent of the employees will work and live in the region.

The secondary or indirect impacts described here are called multiplier effects. Multiplier effects are a way of representing the larger economic effects on the local economy. The multiplier effects translate an increase in output (loosely defined as sales, less profits) into a corresponding increase in jobs and personal income. In essence, the multiplier effect represents the recycling of local spending. This recycling process creates new business opportunities.

In looking at the differences between the regional multiplier or low scenario and the national multiplier or high scenario, it is evident that both the indirect (supplier) and induced (employee spending) impacts would be greater under the national scenario. The national multipliers reflect a much higher level of supplier demand being met locally. In the most likely or high scenario, it is assumed that the local economy adjusts over time to the presence of this new industry. In terms of the induced impacts, it is likely that most of the employee spending under the low scenario could already be captured locally, however, as the number of indirect jobs and personal income increases, so does the level of aggregate employee spending, and hence the increase in induced impacts in the high scenario.

The multipliers used in this analysis are from IMPLAN, a national vendor of economic impact software. Industry specific multipliers for storage batteries, carbon and graphite products, inorganic chemicals and aluminum products, as well as commercial construction were used in the analysis. The average output multiplier for operations is 1.41 based on regional multipliers

compared to 2.58 based on the high or most likely scenario. Using the most likely multipliers as an example, this means that for every \$1 million of output created by the company, an additional \$1.58 million in economic activity is generated in the regional economy.

Revenue Impacts

In addition to supporting jobs and output at related businesses in the area through multiplier effects, Tesla would also generate state and local tax revenues to Storey and Washoe Counties and the State of Nevada. All total, the company could generate \$1.24 billion to \$1.95 billion in new direct and indirect tax revenues in Nevada, net of abatements and reimbursements, over the next 20 years. Note that the direct revenue impacts remain the same in both scenarios, whereas the indirect or employee-driven revenues vary depending on the number of indirect and induced jobs supported by the project.

Direct Revenues

Tesla would be a major utility user and could generate utility franchise fees in Storey County estimated at \$25.2 million over 20 years, based on annual electric and natural gas costs of \$139.4 million and a utility franchise fee rate of 1 percent. State and local sales taxes generated by the company on equipment purchases and construction materials would be abated for 20 years (Figure 5). Real and personal property taxes and modified business tax would be abated for 10 years through June 2024, resulting in direct property taxes of \$394.2 million and modified business taxes of \$40.2 billion from 2024 through 2034.

FIGURE 5
DIRECT REVENUE IMPACT OF TESLA
NET OF ABATEMENTS AND REIMBURSEMENTS

Year	School		County and Other Local Govts			State			Total Direct Revenues
	Property Tax ¹	Sales Tax ²	Property Tax ¹	Franchise Fees	Sales Tax ²	Sales Tax ²	Property Tax ¹	MBT	
2015	\$0	\$0	\$0	\$182,822	\$0	\$0	\$0	\$0	\$182,822
2016	\$0	\$0	\$0	\$400,171	\$0	\$0	\$0	\$0	\$400,171
2017	\$0	\$0	\$0	\$992,053	\$0	\$0	\$0	\$0	\$992,053
2018	\$0	\$0	\$0	\$1,374,960	\$0	\$0	\$0	\$0	\$1,374,960
2019	\$0	\$0	\$0	\$1,380,966	\$0	\$0	\$0	\$0	\$1,380,966
2020	\$0	\$0	\$0	\$1,380,966	\$0	\$0	\$0	\$0	\$1,380,966
2021	\$0	\$0	\$0	\$1,380,966	\$0	\$0	\$0	\$0	\$1,380,966
2022	\$0	\$0	\$0	\$1,380,966	\$0	\$0	\$0	\$0	\$1,380,966
2023	\$0	\$0	\$0	\$1,387,244	\$0	\$0	\$0	\$0	\$1,387,244
2024	\$5,186,689	\$0	\$13,889,914	\$1,387,244	\$0	\$0	\$985,511	\$1,915,477	\$23,364,836
2025	\$10,334,897	\$0	\$27,676,777	\$1,393,523	\$0	\$0	\$1,963,711	\$3,830,953	\$45,199,861
2026	\$10,684,241	\$0	\$28,612,319	\$1,393,523	\$0	\$0	\$2,030,089	\$3,830,953	\$46,551,126
2027	\$11,453,842	\$0	\$30,673,304	\$1,393,523	\$0	\$0	\$2,176,320	\$3,830,953	\$49,527,943
2028	\$13,147,455	\$0	\$35,208,789	\$1,393,523	\$0	\$0	\$2,498,119	\$3,830,953	\$56,078,840
2029	\$11,367,038	\$0	\$30,440,845	\$1,393,523	\$0	\$0	\$2,159,826	\$3,830,953	\$49,192,186
2030	\$9,913,310	\$0	\$26,547,770	\$1,393,523	\$0	\$0	\$1,883,606	\$3,830,953	\$43,569,162
2031	\$8,730,608	\$0	\$23,380,503	\$1,393,523	\$0	\$0	\$1,658,884	\$3,830,953	\$38,994,472
2032	\$7,750,260	\$0	\$20,755,140	\$1,393,523	\$0	\$0	\$1,472,610	\$3,830,953	\$35,202,487
2033	\$6,979,251	\$0	\$18,690,381	\$1,393,523	\$0	\$0	\$1,326,112	\$3,830,953	\$32,220,221
2034	\$6,359,724	\$0	\$17,031,295	\$1,393,523	\$0	\$0	\$1,208,397	\$3,830,953	\$29,823,893
Total	\$101,907,315	\$0	\$272,907,038	\$25,183,588	\$0	\$0	\$19,363,187	\$40,225,011	\$459,586,140

Note: All figures are in constant 2014 dollars.

¹ Includes nonrecurring construction sales tax. This analysis assumes a full abatement of sales and use taxes on capital equipment and construction materials and exemption of sales tax on electric and gas.

² Property tax assumes 100% abatement of real and personal property thru July 2024.

Indirect Revenues

Along with the direct taxes paid by the company, there would also be indirect taxes generated by direct and indirect employees. Using the results from the economic impact analysis, it is possible to estimate indirect tax impacts for each of the scenarios. All total, the direct and indirect employees associated with this project could generate \$776.1 million to \$1.49 billion in state and local revenues over the next 20 years, with \$1.49 billion representing the most likely scenario.

Indirect property tax revenues were based on average residential assessed per capita in Washoe County, times the annual supported population, times a property tax rate of 3.66 percent. Indirect property taxes are estimated at about \$7.0 million to \$12.4 million per year to the school district, \$14.5 million to \$25.6 million to the county and \$1.1 million to \$1.9 million to the state (Figures 6 and 7). All total the company would generate about \$721.4 million in indirect property tax revenues to all jurisdictions combined over 20 years based on the most likely scenario.

FIGURE 6
INDIRECT REVENUE IMPACT OF TESLA
BASED ON REGIONAL MULTIPLIERS

Year	School		County and Other Local Govts			State		Total Indirect Revenues
	Property Tax	Sales Tax	Property Tax	Sales Tax	Sales Tax	Property Tax	MBT	
2015	\$757,911	\$586,667	\$1,565,418	\$705,129	\$470,086	\$113,171	\$421,233	\$4,619,614
2016	\$1,840,642	\$1,424,763	\$3,801,730	\$1,712,455	\$1,141,637	\$274,843	\$1,022,994	\$11,219,064
2017	\$5,088,833	\$3,939,050	\$10,510,664	\$4,734,435	\$3,156,290	\$759,861	\$2,828,279	\$31,017,411
2018	\$7,037,748	\$5,447,622	\$14,536,025	\$6,547,622	\$4,365,082	\$1,050,871	\$3,911,449	\$42,896,420
2019	\$7,037,748	\$5,447,622	\$14,536,025	\$6,547,622	\$4,365,082	\$1,050,871	\$3,911,449	\$42,896,420
2020	\$7,037,748	\$5,447,622	\$14,536,025	\$6,547,622	\$4,365,082	\$1,050,871	\$3,911,449	\$42,896,420
2021	\$7,037,748	\$5,447,622	\$14,536,025	\$6,547,622	\$4,365,082	\$1,050,871	\$3,911,449	\$42,896,420
2022	\$7,037,748	\$5,447,622	\$14,536,025	\$6,547,622	\$4,365,082	\$1,050,871	\$3,911,449	\$42,896,420
2023	\$7,037,748	\$5,447,622	\$14,536,025	\$6,547,622	\$4,365,082	\$1,050,871	\$3,911,449	\$42,896,420
2024	\$7,037,748	\$5,447,622	\$14,536,025	\$6,547,622	\$4,365,082	\$1,050,871	\$3,911,449	\$42,896,420
2025	\$7,037,748	\$5,447,622	\$14,536,025	\$6,547,622	\$4,365,082	\$1,050,871	\$3,911,449	\$42,896,420
2026	\$7,037,748	\$5,447,622	\$14,536,025	\$6,547,622	\$4,365,082	\$1,050,871	\$3,911,449	\$42,896,420
2027	\$7,037,748	\$5,447,622	\$14,536,025	\$6,547,622	\$4,365,082	\$1,050,871	\$3,911,449	\$42,896,420
2028	\$7,037,748	\$5,447,622	\$14,536,025	\$6,547,622	\$4,365,082	\$1,050,871	\$3,911,449	\$42,896,420
2029	\$7,037,748	\$5,447,622	\$14,536,025	\$6,547,622	\$4,365,082	\$1,050,871	\$3,911,449	\$42,896,420
2030	\$7,037,748	\$5,447,622	\$14,536,025	\$6,547,622	\$4,365,082	\$1,050,871	\$3,911,449	\$42,896,420
2031	\$7,037,748	\$5,447,622	\$14,536,025	\$6,547,622	\$4,365,082	\$1,050,871	\$3,911,449	\$42,896,420
2032	\$7,037,748	\$5,447,622	\$14,536,025	\$6,547,622	\$4,365,082	\$1,050,871	\$3,911,449	\$42,896,420
2033	\$7,037,748	\$5,447,622	\$14,536,025	\$6,547,622	\$4,365,082	\$1,050,871	\$3,911,449	\$42,896,420
2034	\$7,037,748	\$5,447,622	\$14,536,025	\$6,547,622	\$4,365,082	\$1,050,871	\$3,911,449	\$42,896,420
Total	\$127,329,104	\$98,560,051	\$262,990,240	\$118,461,599	\$78,974,400	\$19,012,690	\$70,767,143	\$776,095,227

Note: All figures are in constant 2014 dollars.

FIGURE 7
INDIRECT REVENUE IMPACT OF TESLA
BASED ON NATIONAL MULTIPLIERS

Year	School		County and Other Local Govts		State			Total Indirect Revenues
	Property Tax	Sales Tax	Property Tax	Sales Tax	Sales Tax	Property Tax	MBT	
2015	\$1,335,795	\$1,104,103	\$2,759,000	\$1,327,047	\$884,698	\$199,460	\$1,203,646	\$8,813,750
2016	\$3,244,074	\$3,026,556	\$6,700,430	\$3,637,687	\$2,425,125	\$484,403	\$3,445,060	\$22,963,333
2017	\$8,968,909	\$8,367,536	\$18,524,717	\$10,057,135	\$6,704,756	\$1,339,231	\$9,524,579	\$63,486,863
2018	\$12,403,811	\$10,252,386	\$25,619,289	\$12,322,579	\$8,215,053	\$1,852,128	\$11,176,717	\$81,841,962
2019	\$12,403,811	\$10,252,386	\$25,619,289	\$12,322,579	\$8,215,053	\$1,852,128	\$11,176,717	\$81,841,962
2020	\$12,403,811	\$10,252,386	\$25,619,289	\$12,322,579	\$8,215,053	\$1,852,128	\$11,176,717	\$81,841,962
2021	\$12,403,811	\$10,252,386	\$25,619,289	\$12,322,579	\$8,215,053	\$1,852,128	\$11,176,717	\$81,841,962
2022	\$12,403,811	\$10,252,386	\$25,619,289	\$12,322,579	\$8,215,053	\$1,852,128	\$11,176,717	\$81,841,962
2023	\$12,403,811	\$10,252,386	\$25,619,289	\$12,322,579	\$8,215,053	\$1,852,128	\$11,176,717	\$81,841,962
2024	\$12,403,811	\$10,252,386	\$25,619,289	\$12,322,579	\$8,215,053	\$1,852,128	\$11,176,717	\$81,841,962
2025	\$12,403,811	\$10,252,386	\$25,619,289	\$12,322,579	\$8,215,053	\$1,852,128	\$11,176,717	\$81,841,962
2026	\$12,403,811	\$10,252,386	\$25,619,289	\$12,322,579	\$8,215,053	\$1,852,128	\$11,176,717	\$81,841,962
2027	\$12,403,811	\$10,252,386	\$25,619,289	\$12,322,579	\$8,215,053	\$1,852,128	\$11,176,717	\$81,841,962
2028	\$12,403,811	\$10,252,386	\$25,619,289	\$12,322,579	\$8,215,053	\$1,852,128	\$11,176,717	\$81,841,962
2029	\$12,403,811	\$10,252,386	\$25,619,289	\$12,322,579	\$8,215,053	\$1,852,128	\$11,176,717	\$81,841,962
2030	\$12,403,811	\$10,252,386	\$25,619,289	\$12,322,579	\$8,215,053	\$1,852,128	\$11,176,717	\$81,841,962
2031	\$12,403,811	\$10,252,386	\$25,619,289	\$12,322,579	\$8,215,053	\$1,852,128	\$11,176,717	\$81,841,962
2032	\$12,403,811	\$10,252,386	\$25,619,289	\$12,322,579	\$8,215,053	\$1,852,128	\$11,176,717	\$81,841,962
2033	\$12,403,811	\$10,252,386	\$25,619,289	\$12,322,579	\$8,215,053	\$1,852,128	\$11,176,717	\$81,841,962
2034	\$12,403,811	\$10,252,386	\$25,619,289	\$12,322,579	\$8,215,053	\$1,852,128	\$11,176,717	\$81,841,962
Total	\$224,413,561	\$186,788,748	\$463,512,068	\$224,505,707	\$149,670,472	\$33,509,271	\$204,177,472	\$1,486,577,300

Note: All figures are in constant 2014 dollars.

Indirect sales tax revenues include sales taxes from direct employees and employees at supported local businesses. They are estimated by multiplying total personal income from the economic impact times 31 percent (share of taxable expenditures), times a residency ratio of 96 percent for the region, times the local sales tax rate.¹ No residency ratio is used for state indirect sales tax. Indirect sales taxes are estimated at about \$5.4 million to \$10.3 million per year to the school district, \$6.5 million to \$12.3 million to the county and \$4.4 million to \$8.2 million to the state.² All total the company would generate about \$561.0 million in indirect sales tax revenues to all jurisdictions combined over 20 years based on the most likely scenario.

In terms of state modified business tax, direct and indirect employees could generate approximately \$70.8 million to \$204.2 million in new revenues over 20 years, with \$204.2 million representing the most likely scenario. For this calculation a rate of 1.17% is applied to indirect personal income from the economic impacts. Modified business tax from direct employees is already captured in direct revenues.

Value of Abatements and Reimbursements

In total, Tesla could generate an estimated \$1.95 billion in direct and indirect tax revenues, net of abatements and reimbursements, to state and local governments in Nevada over 20 years

¹ According to the Census Bureau Consumer Expenditure Survey, persons in the median income range spend about 31 percent of their income on taxable goods.

² Reflects state sales tax rate of 2 percent.

under the most likely scenario. Figure 8 shows the value of the sales, property tax and modified business tax (MBT) abatements and reimbursements provided by each jurisdiction. These total \$866.7 million at the local level and \$237.5 million at the state level over 20 years.

The summary shows the value of a 100 percent real and personal property tax abatement through June 2024. The sales tax information shows the value of a 100 percent of both state and local sales taxes on equipment purchases and construction materials for 20 years. There would also be a 100 percent MBT abatement through June 2024. In addition, the state is offering Transferrable Tax Credits totaling \$195 million based on the combined value of \$12,500 per job for the first 6,000 new jobs created by the company, 5 percent of first \$1 billion investment and 2.8 percent of the next \$2.5 billion investment. The proposed package of abatements, reimbursements and tax credits associated with Tesla would total \$1.10 billion, net of proposed legislative program repurposing over 20 years, or \$1.3 billion without this adjustment.

FIGURE 8
ABATEMENTS AND REIMBURSEMENTS SUMMARY
TESLA

Year	Property School			Sales			MBT		TTC	Offsets	Total	
	County	District	State	Local	School District	State	State	State	State	State	Local	State
2015	\$7,778,015	\$2,904,420	\$551,863	\$23,805,000	\$20,691,000	\$15,870,000	\$461,782	\$15,000,000	\$30,000,000	\$55,118,435	\$1,889,644	
2016	\$21,310,839	\$7,957,766	\$1,512,038	\$47,685,000	\$41,327,000	\$31,790,000	\$1,054,286	\$30,000,000	\$45,000,000	\$118,280,605	\$19,356,324	
2017	\$32,590,881	\$12,169,892	\$2,312,375	\$47,235,000	\$40,987,000	\$31,490,000	\$2,946,390	\$45,000,000	\$45,000,000	\$132,932,773	\$36,748,764	
2018	\$31,972,111	\$11,938,895	\$2,268,472	\$17,775,000	\$15,405,000	\$11,850,000	\$3,830,953	\$45,000,000	\$45,000,000	\$77,090,946	\$17,949,425	
2019	\$26,324,799	\$10,576,877	\$2,009,689	\$5,000,000	\$2,600,000	\$2,000,000	\$3,830,953	\$45,000,000	\$30,000,000	\$44,501,676	\$22,840,643	
2020	\$26,690,279	\$9,864,522	\$1,899,717	\$7,500,000	\$6,500,000	\$5,000,000	\$3,830,953	\$15,000,000	\$0	\$50,656,795	\$25,724,871	
2021	\$25,366,767	\$9,473,054	\$1,799,954	\$7,500,000	\$6,500,000	\$5,000,000	\$3,830,953	\$0	\$0	\$46,841,821	\$10,630,908	
2022	\$26,439,817	\$9,872,998	\$1,875,947	\$15,000,000	\$13,000,000	\$10,000,000	\$3,830,953	\$0	\$0	\$64,312,815	\$15,706,900	
2023	\$27,258,382	\$10,178,886	\$1,934,068	\$15,000,000	\$13,000,000	\$10,000,000	\$3,830,953	\$0	\$0	\$65,437,869	\$15,765,021	
2024	\$13,889,914	\$5,186,689	\$985,511	\$15,000,000	\$13,000,000	\$10,000,000	\$1,915,477	\$0	\$0	\$47,076,603	\$12,900,988	
2025	\$0	\$0	\$0	\$15,000,000	\$13,000,000	\$10,000,000	\$0	\$0	\$0	\$28,000,000	\$10,000,000	
2026	\$0	\$0	\$0	\$19,500,000	\$16,900,000	\$13,000,000	\$0	\$0	\$0	\$36,400,000	\$13,000,000	
2027	\$0	\$0	\$0	\$22,500,000	\$19,500,000	\$15,000,000	\$0	\$0	\$0	\$42,000,000	\$15,000,000	
2028	\$0	\$0	\$0	\$30,000,000	\$26,000,000	\$20,000,000	\$0	\$0	\$0	\$56,000,000	\$20,000,000	
2029	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2030	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2031	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2032	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2033	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2034	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$241,624,399	\$90,225,939	\$17,148,634	\$286,500,000	\$248,300,000	\$191,000,000	\$29,363,655	\$195,000,000	-\$195,000,000	\$866,650,338	\$237,507,290	

Summary

The operations of the manufacturing facility described in this analysis would create significant economic benefits for Storey and Washoe County. The company would not only create new basic jobs and payroll in a high tech export industry, but would also create additional demand for other local businesses based on supplier purchases and employee spending. The number of direct jobs created by Tesla would increase manufacturing employment in the metro area by more than 50 percent.

Although the company would not generate any sales or property taxes in the near term, the project would result in significant construction related to transportation and utility infrastructure as well as employee housing that would generate sales and property taxes at the

full unabated rate. The direct and indirect employees would also generate a significant amount of sales taxes from their personal spending in the region. Furthermore, it is likely that investing in attracting this type of well-known company to Northern Nevada will allow for significant infrastructure improvements and will seed additional related economic development activity locally and throughout the region.



Tax and Incentive Analysis for Tesla in Storey County, NV

September 2014

Prepared By:



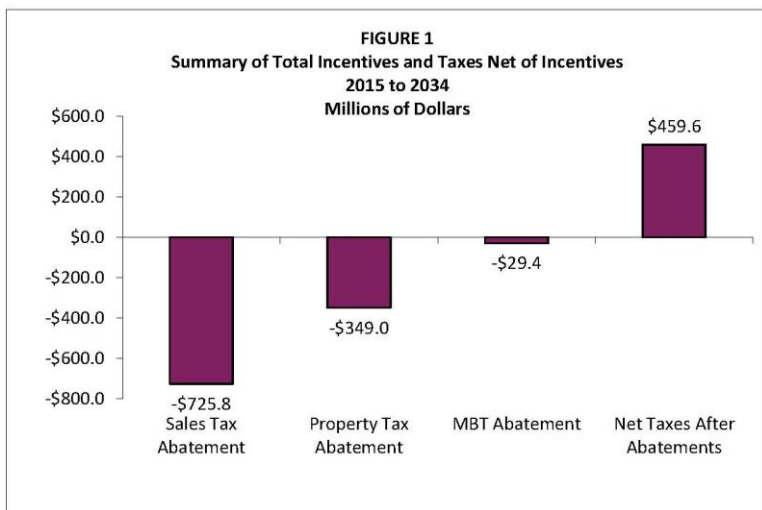
TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
1.0 INTRODUCTION	2
1.1 Project Description	2
2.0 COMPARATIVE ANALYSIS OF TAXES AND UTILITY COSTS	5
2.1 Sales Tax.....	5
2.2 Property Tax.....	7
2.3 Utility Costs and Franchise Fees	10
2.4 Modified Business Tax and Other Credits	12
3.0 SUMMARY OF RESULTS	14

EXECUTIVE SUMMARY

This analysis details net taxes and proposed incentives for a planned battery manufacturing facility in Storey County referred to as the Tesla Gigafactory. The results reflect the proposed incentive offer to the company, which will require legislative approval.

Total incentives valued at \$1.1 billion would include a 100 percent real and personal property tax abatement through June 2024, a 100 percent state and local sales tax abatement on equipment purchases and construction materials for 20 years, a 100 percent modified business tax (MBT) abatement through June 2024, and transferrable tax credits valued at \$195 million. However, the taxes generated by the company over the next 20 years would still result in \$459.6 million in net new revenues to the state and to local governments (Figure 1).



1.0 INTRODUCTION

Applied Economics was retained by the Governor's Office of Economic Development to provide information and analysis relating to the taxes and utility costs for the construction and operation of a battery manufacturing facility. The analysis includes an estimate of both incentives and net new taxes generated by the company over the next 20 years.

1.1 Project Description

Construction for the proposed facility could begin in 2014/2015, with phase one operations beginning in 2015. The company would continue to expand and add employees through 2018. The analysis shows a 20 year time horizon to illustrate the longer term impacts of the project and match the term of the tax abatements.

- Facility construction would begin in 2014/2015, with completion in 2017. All total, construction costs are estimated at \$1.0 billion over the three year period.
- The manufacturing facility would open with 700 employees in 2015, ramping up to 6,500 employees by 2018.
- The analysis assumes the company would purchase \$3.95 billion in equipment during the initial ramp up from 2015 through 2018. Additional replacement equipment purchases totaling \$5.0 billion are included in subsequent years through 2028.
- The company would use a significant amount of electric power estimated at 60 MW and 45.83 MWh per month in the first year and increasing to 240MW and 192 MWh at full operational levels. They would also use an estimated 15,000 MMBtu of natural gas per day.

Based on the project information shown in Figure 2, this analysis estimates major taxes at the proposed site in Storey County. The analysis does not include an assessment of every tax, fee or charge that would be levied. Rather, it focuses on the major sources of public revenue including modified business taxes, sales taxes, utility franchise fees and property taxes. These public revenue sources not only make up the vast majority of the company's projected non-federal tax liability, they also account for all of the available tax abatement and reimbursement programs.

The information and observations contained in this report are based on our present knowledge of the components of development, and of the current physical, socioeconomic and fiscal conditions of the affected areas. Estimates made in this analysis are based on hypothetical assumptions, current tax policies, and the current economic structure of the region. However, even if the assumptions outlined in this report were to occur, there will usually be differences between the estimates and the actual results because events and circumstances frequently do not occur as expected. This analysis is based on the best available information and is intended to aid the Nevada Governor's Office of Economic Development in estimating taxes and utility costs for this project. In no way will Applied Economics be held responsible or have any liability or be subject to damages as a result of this analysis. This report may be used only for the purposes that it was intended.

2.0 COMPARATIVE ANALYSIS OF TAXES AND INCENTIVES

2.1 Sales Taxes

Sales taxes in this analysis apply to the purchase of equipment and construction materials. The applicable state and local sales tax rate in Storey County is 7.6 percent. Sales taxes over 20 years are estimated at \$725.8 million before abatements.

State and local sales tax estimates are based on the proposed schedule for construction expenditures (60 percent materials) and equipment purchases. Electric and natural gas costs are exempt from sales tax in Nevada. The proposed incentive offer would include a 100 percent abatement of all state and local sales taxes on equipment purchases and construction materials during the first 20 years. Tesla's sales tax liability in Storey County after the proposed abatements would be zero through 2034.

FIGURE 2
SALES TAX COMPARISON

		Assumptions													
		Sales tax calculation includes purchases of manufacturing equipment and construction materials (60% of building cost). If equipment is purchased out of state, it is assumed that use tax will be paid locally. Effective Tax Rate: Storey County 7.6%.													
		1	2	3	4	5	6	7							
		2015	2016	2017	2018	2019	2020	2021							
100% Sales and Use Tax Abatement ¹	no abatement	\$725,800,000	\$60,306,000	\$120,802,000	\$119,662,000	\$45,030,000	\$7,600,000	\$19,000,000	\$19,000,000	\$19,000,000	\$19,000,000	\$19,000,000	\$19,000,000	\$19,000,000	\$19,000,000
	Net Tax Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		¹ This analysis assumes full abatement of sales and use taxes on capital equipment and construction materials. Electricity, water and gas are exempt per NRS 372.295.													
		Assumptions													
		Sales tax calculation includes purchases of manufacturing equipment and construction materials (60% of building cost). If equipment is purchased out of state, it is assumed that use tax will be paid locally. Effective Tax Rate: Storey County 7.6%.													
		8	9	10	11	12	13	14							
		2022	2023	2024	2025	2026	2027	2028							
100% Sales and Use Tax Abatement ¹	no abatement	\$725,800,000	\$38,000,000	\$38,000,000	\$38,000,000	\$38,000,000	\$49,400,000	\$57,000,000	\$57,000,000	\$57,000,000	\$57,000,000	\$57,000,000	\$57,000,000	\$57,000,000	\$57,000,000
	Net Tax Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2.2 Property Taxes

The State of Nevada imposes a tax on both real and personal property. Note that real property taxes shown here only reflect the value of the new facility, not the value of the land. The effective property tax rate of 1.21 percent was calculated by multiplying the assessment ratio by the mill rate for the selected location in Storey County. Personal property is depreciated using standard 10 year schedule for manufacturing equipment prescribed by the state. Real property is not depreciated.

Depreciated personal property and real property in Nevada are assessed at 35 percent and a mill rate of 3.4607 percent is applied for Storey County. This results in an unabated real and personal property tax liability of about \$743.2 million over 20 years.

Under the proposed incentive offer, all real and personal property taxes on new construction, new and replacement equipment would be abated through June 2024. After that date, normal property taxes would apply. The resulting net property tax liability over 20 years is estimated at \$394.2 million.

FIGURE 3
PROPERTY TAX COMPARISON

Assumptions										
Value of New and Replacement Machinery: \$8.95 billion in 2015-2028; Value of New Buildings: \$1.0 billion in 2015-2017. Useful life of machinery and equipment - 10 years. Real property has not been depreciated in this example. Effective Tax Rate: Storey County 1.211%.										
Personal Property	1	2	3	4	5	6	7	8	9	
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Total										
no abatement ¹	\$512,853,276	\$717,637	\$22,544,176	\$34,960,697	\$34,066,968	\$26,798,915	\$26,438,063	\$24,529,325	\$26,076,312	\$27,259,487
100% abatement thru Jun 2024 ²	(\$245,856,460)	(\$22,544,176)	(\$34,960,697)	(\$34,066,968)	(\$26,798,915)	(\$26,438,063)	(\$24,529,325)	(\$26,076,312)	(\$27,259,487)	
Net Tax Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Real Property										
Total										
no abatement	\$230,318,237	\$4,057,671	\$8,236,466	\$12,112,450	\$12,112,450	\$12,112,450	\$12,112,450	\$12,112,450	\$12,112,450	\$12,112,450
100% abatement thru Jun 2024 ²	(\$103,137,512)	(\$4,057,671)	(\$8,236,466)	(\$12,112,450)	(\$12,112,450)	(\$12,112,450)	(\$12,112,450)	(\$12,112,450)	(\$12,112,450)	
Net Tax Due	\$127,180,725	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL										
Total										
no abatement ¹	\$743,171,512	\$11,234,297	\$30,780,642	\$47,073,147	\$46,179,418	\$40,911,365	\$38,550,513	\$36,641,775	\$38,188,762	\$39,371,937
100% abatement thru Jun 2024 ²	(\$348,993,972)	(\$11,234,297)	(\$30,780,642)	(\$47,073,147)	(\$46,179,418)	(\$40,911,365)	(\$38,550,513)	(\$36,641,775)	(\$38,188,762)	(\$39,371,937)
Net Tax Due	\$394,177,541	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

¹ Personal property is depreciated using a schedule provided by state based on a 10 year life. Replacement equipment purchases are assumed through 2028.

² Real and personal property abatement of 100% is available for a 10 year term.

FIGURE 3
PROPERTY TAX COMPARISON

Assumptions												
Value of New and Replacement Machinery: \$8.95 billion in 2015-2028; Value of New Buildings: \$1.0 billion in 2015-2017. Useful life of machinery and equipment - 10 years. Real property has not been depreciated in this example. Effective Tax Rate: Storey County 1.211%												
Personal Property	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
no abatement ¹	\$28,011,779	\$27,862,935	\$29,214,200	\$32,191,016	\$38,741,914	\$31,855,259	\$26,232,236	\$21,657,545	\$17,865,561	\$14,883,294	\$12,486,567	
100% abatement thru Jun 2024 ²	(\$14,005,889)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Net Tax Due	\$14,005,889	\$27,862,935	\$29,214,200	\$32,191,016	\$38,741,914	\$31,855,259	\$26,232,236	\$21,657,545	\$17,865,561	\$14,883,294	\$12,486,567	
Real Property	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
no abatement ¹	\$12,112,450	\$12,112,450	\$12,112,450	\$12,112,450	\$12,112,450	\$12,112,450	\$12,112,450	\$12,112,450	\$12,112,450	\$12,112,450	\$12,112,450	
100% abatement thru Jun 2024 ²	(\$6,056,225)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Net Tax Due	\$6,056,225	\$12,112,450	\$12,112,450	\$12,112,450	\$12,112,450	\$12,112,450	\$12,112,450	\$12,112,450	\$12,112,450	\$12,112,450	\$12,112,450	
TOTAL	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
no abatement ¹	\$40,124,229	\$39,975,385	\$41,326,650	\$44,303,466	\$50,854,364	\$43,967,709	\$38,344,686	\$33,769,995	\$29,978,011	\$26,995,744	\$24,599,417	
100% abatement thru Jun 2024 ²	(\$20,062,114)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Net Tax Due	\$20,062,114	\$39,975,385	\$41,326,650	\$44,303,466	\$50,854,364	\$43,967,709	\$38,344,686	\$33,769,995	\$29,978,011	\$26,995,744	\$24,599,417	

2.3 Utility Costs and Franchise Fees

This battery manufacturing facility would be a very large utility user at a high load factor and thus utility costs will be a sizeable portion of overall operating costs. In addition to the basic cost of electricity and natural gas, Storey County also has a franchise fee of 1 percent based on total electricity and natural gas sales. Although franchise fees are paid by the utility, this ultimately represents public revenues generated by the project.

In Storey County, the estimated cost of electricity through Nevada Energy would be \$1.9 billion over 20 years at an average cost of 5.54 cents per kilowatt hour (kWh). Natural gas costs are estimated at \$628.4 million over 20 years, based on an average cost of \$6.31 per MMBtu. The utility franchise fees of 1 percent in Storey County would add an additional \$25.2 million.

FIGURE 4
ELECTRIC AND NATURAL GAS COST AND UTILITY FRANCHISE FEES

Assumptions													
Costs based on monthly electric usage of 60MW, 45.83MWh per month in Phase I, 180MW, 123MWh per month in Phase II and 240MW, 192 MWh in Phase III. Gas usage is estimated at 15,000 MMBTU per day. Effective Utility Franchise Rate: Storey County 1% on electric, 1% on natural gas.													
	Total	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
Electric Cost (EIA-NVE)	\$1,889,973,964	\$13,103,208	\$26,206,416	\$76,762,960	\$102,969,376	\$103,569,940	\$103,569,940	\$103,569,940	\$104,825,664	\$104,825,664	\$104,825,664		
Natural Gas (NV Energy)	\$628,384,848	\$5,178,996	\$13,810,636	\$22,442,316	\$34,526,640	\$34,526,640	\$34,526,640	\$34,526,640	\$34,526,640	\$34,526,640	\$34,526,640		
Utility Franchise Fees	\$25,183,588	\$182,822	\$400,171	\$992,053	\$1,374,960	\$1,380,966	\$1,380,966	\$1,380,966	\$1,380,966	\$1,387,244	\$1,387,244		

Assumptions													
Costs based on monthly electric usage of 60MW, 45.83MWh per month in Phase I, 180MW, 123MWh per month in Phase II and 240MW, 192 MWh in Phase III. Gas usage is estimated at 15,000 MMBTU per day. Effective Utility Franchise Rate: Storey County 1% on electric, 1% on natural gas.													
	Total	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034		
Electric Cost (EIA-NVE)	\$1,889,973,964	\$104,825,664	\$104,825,664	\$104,825,664	\$104,825,664	\$104,825,664	\$104,825,664	\$104,825,664	\$104,825,664	\$104,825,664	\$104,825,664		
Natural Gas (NV Energy)	\$628,384,848	\$34,526,640	\$34,526,640	\$34,526,640	\$34,526,640	\$34,526,640	\$34,526,640	\$34,526,640	\$34,526,640	\$34,526,640	\$34,526,640		
Utility Franchise Fees	\$25,183,588	\$1,393,523	\$1,393,523	\$1,393,523	\$1,393,523	\$1,393,523	\$1,393,523	\$1,393,523	\$1,393,523	\$1,393,523	\$1,393,523		

2.4 Modified Business Taxes and Other Credits

Although Nevada has no state income tax, the modified business tax on payroll would apply to Tesla. The estimated modified business tax liability for the company is shown in Figure 5. The calculations are based on annual payroll net of health care costs times 1.17 percent of the amount over \$340,000.

Under the proposed incentive package, a 100 percent MBT abatement would apply through June 2024. The unabated MBT liability would be \$69.6 million over 20 years. After the abatement, the 20 year total MBT liability would be reduced to \$40.2 million.

In addition to the MBT abatement, the proposed incentive package also includes Transferrable Tax Credits totaling \$195 million. These include a credit of \$12,500 per new job for the first 6,000 jobs, a 4 percent credit on the first \$1.0 billion in capital investment, and a 3.2 percent credit on the next \$2.5 billion capital investment. The credits would extend through 2020 and would be offset by current tax programs.

FIGURE 5
OTHER TAX CREDIT PROGRAMS

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total										
Modified Business Tax	\$69,588,667	\$1,054,286	\$2,946,350	\$3,830,953	\$3,830,953	\$3,830,953	\$3,830,953	\$3,830,953	\$3,830,953	\$3,830,953
100% abatement thru Jun 2024	(\$29,363,655)	(\$1,054,286)	(\$2,946,350)	(\$3,830,953)	(\$3,830,953)	(\$3,830,953)	(\$3,830,953)	(\$3,830,953)	(\$3,830,953)	(\$1,915,477)
Transferable Tax Credits Issued	(\$195,000,000)	(\$30,000,000)	(\$45,000,000)	(\$45,000,000)	(\$45,000,000)	(\$15,000,000)	\$0	\$0	\$0	\$0
Current Tax Program Offsets	\$195,000,000	\$30,000,000	\$45,000,000	\$45,000,000	\$45,000,000	\$15,000,000	\$0	\$0	\$0	\$0
Net Tax Due	\$40,225,011	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,915,477

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total										
Modified Business Tax	\$69,588,667	\$3,830,953	\$3,830,953	\$3,830,953	\$3,830,953	\$3,830,953	\$3,830,953	\$3,830,953	\$3,830,953	\$3,830,953
100% abatement thru Jun 2024	(\$29,363,655)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transferable Tax Credits Issued	(\$195,000,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Current Tax Program Offsets	\$195,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Tax Due	\$40,225,011	\$3,830,953	\$3,830,953	\$3,830,953	\$3,830,953	\$3,830,953	\$3,830,953	\$3,830,953	\$3,830,953	\$3,830,953

3.0 SUMMARY OF RESULTS

A summary of the value of net taxes by type along with the proposed abatements, reimbursements and credits is shown in Figure 6. Total taxes over 20 years, net of abatements and reimbursements, are shown at the bottom of the figure.

FIGURE 6
SUMMARY OF TAX REVENUES, ABATEMENTS
AND REIMBURSEMENTS BY TAX TYPE FOR TESLA

<u>Sales Tax Abatements</u>	
100% Sales and Use Tax Abatement for 20 yrs	(\$725,800,000)
Total Sales Tax Due After Abatements and Reimbursements (2015-2034)	\$0
<u>Property Tax Abatements</u>	
100% Real and Personal Abatement thru June 2024	(\$348,993,972)
Total Property Tax After Abatements (2015-2034)	\$394,177,541
<u>Other Tax Credits</u>	
100% MBT Abatement thru June 2024	(\$29,363,655)
Transferable Tax Credits-A	(\$75,000,000)
Transferable Tax Credits-B	(\$120,000,000)
Total MBT + Transferrable Tax Credits (2015 -2034)	\$40,225,011
Total Utility Franchise Fee (2015 - 2034)	\$25,183,588
Total Abatements and Reimbursements	(\$1,104,157,627)
Total Taxes After Abatements and Reimbursements	\$459,586,140

Note: Abatement and reimbursement totals are for multiple years. See backup documents on each program for details.

The net tax liability in Storey County is estimated at \$459.6 million over 20 years, based on the proposed incentive package valued at \$1.1 billion. The State of Nevada is offering a full real and personal property tax abatement through June 2024, as well as abating all sales taxes for the first 20 years, abating modified business taxes through June 2024, and offering transferrable tax credits valued at \$195 million that significantly reduce the total tax burden to the company. Overall, the proposed incentive package in Storey County results in a very competitive tax environment for the company.



September 7, 2014

To whom it may concern,

The purpose of this letter is to provide an opinion for discussion purposes of Tesla's potential economic impacts as the special session begins.

In discussing the potential economic impacts of Tesla on Nevada, it first needs to be recognized that manufacturing facilities tend to have higher multipliers on state growth than other industries (The Manufacturing Institute, 2009).

It is interesting to note that "large" multipliers appear to occur for successful large-scale manufacturing facilities over time as they become more integrated into the state economy. An important example to consider is the partnership between BMW and South Carolina.

For example, the BMW multiplier grew over time into a larger multiplier in South Carolina as compared to similar facilities (Woodward, Moore School of Business, 2008). Specifically, the employment multiplier effect defined as the ratio of total state employment supported by direct employment at the factory is approximately 4.3. A typical employment multiplier for South Carolina industries or services is closer to approximately 2.0 (Woodward, Moore School of Business, 2008).

In the case of Tesla, estimating "total" economic impacts are further complicated by the (potentially positive) transfer of their technology to other sectors which could augment additional new growth. Traditional impacts models are simply not well suited to capture either additional technology transfers or demonstration effects of a leading sustainable enterprise. It certainly appears that these "extra" factors occurred with the BMW facilities in South Carolina in increasing the employment multiplier.

We can all agree that in the real-world large scale facilities matter a lot but as a general statement there is a tendency in traditional impact models to scale up and down with fixed (i.e. constant) coefficients. This is not reasonable for new disruptive technologies which may then lead to further new technical developments. For example, (smartphone) cell phones were a major advancement in personal communication but the true technology explosion in growth due to applications (apps) was not fully anticipated in impact models.

In trying to sort out estimates from traditional economic impact models, it is important to remind ourselves how they are constructed for a specific state. Tesla represents an industry that does not

Department of Economics
4505 Maryland Parkway • Box 456005 • Las Vegas, Nevada 89154-6005
(702) 895-3776 • FAX (702) 895-1354

yet exist in Nevada as a large and fully functioning sector that is integrated into the State economy. Thus, Nevada's current experience is at a small scale which generally leads to lower coefficients and results within impact models based upon less advanced production with less demand of ancillary products. This is likely not a reasonable assumption for large manufacturing and not for Tesla which is as much a technology company as a battery company. However, impact models are generally based upon what is already in place (for a comparison of the most commonly utilized models, see Lynch, 2000). Thus, these base estimates can often show "flat" growth.

As a parallel to consider, this is likely why the actual gains associated with BMW began to double traditional estimates. BMW was a game changer in scale, technology, and substitution and service demand that was not well approximated by pre-BMW existing industry structure in South Carolina. The 5,400 direct jobs at BMW have been estimated to be associated with 23,050 total jobs in South Carolina (Figure 3, Woodward, op. cit.).

It does also need to be recognized that further work in economic development is needed to encourage domestic supplier needs of the company to be met by local vendors through the well-known clustering effect combined with future Nevada recruitment efforts and the relocation of national suppliers to our state. While it is unlikely that this very high supplier concentration would be achieved in Nevada in the immediate future, it is certainly the case that economic base changes would occur over time in response to projected demand created by Tesla. With a partnership between Tesla and Nevada, a concerted effort to build up the supplier infrastructure would be a priority.

Respectfully,



Alan Schlottmann

Professor of Economics

Former Associate Editor, *Journal of Regional Science*

Former Editor, *Review of Regional Studies*

Citations:

Woodward, Douglas P. and Paulo Guimaraes, *BMW in South Carolina: The Economic Impact of a Leading Sustainable Enterprise*, Moore School of Business, University of South Carolina, September 2008.

The Manufacturing Institute, *Facts About Modern Manufacturing*, Eighth Edition, Washington, DC, 2009

Lynch, Tim, *Analyzing the Economic Impacts of Transportation Projects Using RIMS II, IMPLAN, and REMI*, US Department of Transportation, Office of Research and Special Programs, Washington, 2000.

Nevada Small Business Development Center

State Demographer's Office

September 8, 2014

University of Nevada, Reno • Mail Stop 032 • Reno, Nevada 89557-0032

Phone: (775) 784-6353 • Fax (775) 784-4337 • www.nsbdc.org

Mr. Steve Hill,
Executive Director
Nevada Governor's Office of Economic Development
555 E. Washington Avenue, Suite 5400
Las Vegas, NV 89101

Dear Mr. Hill:

At the request of your office I have been using the Regional Economic Models, Inc. (REMI) model to examine the economic impact of the Tesla battery factory to be located in Storey County. I am submitting to you these general comments to assistance you in your testimony to the Nevada Legislature.

I have been using the REMI model for 13 years as the State Demographer and for 9 years prior to that as a client when I worked for Clark County Comprehensive Planning. I bring to this modeling my educational background which includes a Master of Urban and Regional Planning from the University of Colorado at Denver that emphasized economic development and growth management. I have used the REMI model to project Nevada's population by county, evaluate the impact of the BRAC review on Mineral County as well as an interchange study for the Nevada Department of Transportation when they were looking at the Tahoe Regional Industrial Center and the Crossroads Commerce Center in Fernley.

The REMI model projections that I have produced for the Tesla battery manufacturing facility are in all likelihood conservative because of the lack of existing supply chain and infrastructure in the region.

To briefly explain, the REMI model can be customized with different levels of industrial and regional detail as defined by the user. Additionally, it is a dynamic model that relates a county or state's economic and population dynamics to those of other regions or the nation as specified by the user. The model I use for my regular projections includes Nevada's 17 counties and the broad 23 industrial groups. This allows me to narrowly specify geographic information within the state, but less so at the industry level. This being the case I used the broad manufacturing industry group to estimate the impacts of the Tesla battery production facility. This lack of industry specificity along with the regional limitations of existing supply chain and infrastructure in the region necessarily yield conservative economic impact projections.

It should also be noted that REMI's results are unlike those produce by static models like IMPLAN. Those models use different concepts than REMI which produces detail about local output of goods, the sale of those goods outside of the region, local consumption, and imports for production of those goods and services.

Specific to the Tesla battery manufacturing facility, the REMI results using the available regional model yields economic impacts 44.6 percent higher than those estimated by IMPLAN's regional model. If a national REMI model were available for analysis in an effort to capture the clustering effect of an operation the scale of the Tesla facility, these impacts could be at least equal to and likely higher than a

Appendix E

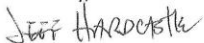
similar analysis using IMPLAN. To be certain additional analysis should be conducted. Even without that analysis, we do show using the Nevada state model an economic output of over \$100 Billion over the next 20 years (as shown in the attached documents).

At your request I would be happy to provide in much more detail the data, analysis, and methodologies that have lead me to these conclusions.

The potential impacts on the communities of Northern Nevada in terms of economic and population changes will be significant. When I came to Nevada from Colorado it was suffering one of the worst economic downturns since the Great Depression. Prior to and during that period entities in Colorado cooperated by invested in public infrastructure. That leadership led to recovery and the Tesla battery plant presents the same opportunity for Nevada.

Thank you for asking me to review this project and contribute to your work. Please feel free to contact me if you have questions.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jeff Hardcastle". The signature is written in a cursive, somewhat stylized script.

Jeff Hardcastle, AICP
Nevada State Demographer

Comparison of Economic Impact of Tesla Battery Manufacturing Plant using Regional and State Multipliers		
	<u>Regional Multiplier Output</u>	<u>State Multiplier Output</u>
<u>Year</u>	<u>Current Dollars</u>	<u>Current Dollars</u>
2015	\$567,167,635	\$770,465,340
2016	\$1,268,478,652	\$1,727,231,358
2017	\$2,845,251,744	\$3,744,273,745
2018	\$3,595,984,008	\$4,702,530,024
2019	\$3,523,028,835	\$4,656,457,594
2020	\$3,565,389,903	\$4,800,097,284
2021	\$3,578,333,563	\$4,894,755,839
2022	\$3,647,758,646	\$5,069,260,108
2023	\$3,661,879,003	\$5,171,854,755
2024	\$3,678,352,751	\$5,277,609,477
2025	\$3,697,179,893	\$5,396,776,555
2026	\$3,756,014,710	\$5,572,358,120
2027	\$3,806,612,652	\$5,741,817,044
2028	\$3,900,748,359	\$5,972,897,395
2029	\$3,732,480,783	\$5,866,316,745
2030	\$3,764,251,584	\$6,049,672,809
2031	\$3,796,022,385	\$6,234,070,260
2032	\$3,846,620,328	\$6,437,859,070
2033	\$3,896,041,574	\$6,647,752,566
2034	\$3,952,522,998	\$6,870,106,806
20 Year Total	\$68,080,120,003	\$101,604,162,894

EMSI Analysis of Proposed Tesla Motors Battery Manufacturing Plant

Tesla Motors has proposed constructing a large-scale battery manufacturing plant in the Reno area, and EMSI has been asked to conduct a provisional analysis of its ultimate job impact on the State of Nevada. Facility and related infrastructure construction will take several years, during which the plant will gradually ramp up to its full operating capacity. Our analysis focuses on the plant when it is mature and fully operational.

The overall jobs impact of this facility has several components. Jobs in the state will be created in industries that supply the new plant, and jobs will be created in industries that supply the suppliers. These are the familiar “supply chain impacts.” Compared to maturity, the Nevada portion of the supply chain in the beginning will be fragmentary, as many of the inputs needed by the new plant are imported from elsewhere. This can be expected to change over time and our analysis includes an estimate of these “supply chain closure effects.” Finally there will be collection of effects induced by related consumer spending, business and private investment spending, and government effects. The sum of all these several effects constitutes “the production effect” of the new plant at maturity.

But the facility will not stand alone. Experience elsewhere suggests as an advanced technology facility of this size will attract other manufacturers to the state, drawn by the expanded supply chain, by a complementary workforce and educational establishment, and by the prospect of technology spillovers and sharing. Regional economists dub the collection of these several effects “cluster effects.”

Using the EMSI input-output model (part of EMSI Analyst), the below table presents our estimation and breakdown of the several job effects just described. Columns 1 and 2 show the impact of the plant as though it were dropped fully operation into the state of Nevada today. Column 1 shows the Nevada job impact while column 2 shows jobs (strictly supply chain jobs) created elsewhere, i.e., jobs that spill out of Nevada. Column 3 shows “supply chain closure effects.” These reflect the filling in of the supply chain over time, as a portion of suppliers relocate to Nevada.¹ Column 4 summarizes the “total production effect” of the new plant: By the end of 20 years, the Nevada economy will host 17,756 jobs as a result of the new 6,500 job advanced battery plant.²

Finally column 5 shows our estimate of cluster effects. While the existence of cluster effects are universally acknowledged, especially in areas involving advanced technologies, estimating their magnitude with any degree of precision is most difficult. Having said this, with a 6,500-employee advanced battery plant and a 20-year time frame, we feel another

¹ We assume a 50% reduction of direct spillovers and a 25% reduction of indirect spillovers.

² Reflecting growth in the overall Nevada economy over the 20-year timeframe, the “induced effects” in columns 4 and 5 assume a 20% growth in the induced effects multiplier.

2,000 jobs in cluster-related industries is not unreasonable. Including multiplier effects, the total cluster-related job impact amounts to another 5,463 jobs.³

Column 6 adds total production effects (column 4) and cluster effects (column 5) and thus provides our “total effect” estimate: 8,500 new battery plant and cluster-related jobs, and a collection of multiplier effect jobs yielding a total impact of 23,220 new jobs.

	Production Effect	Supply Chain Spillover	Supply Chain Relocation Effect	Total Production Effect	Cluster Effect	Total Effect
	(1)	(2)	(3)	(1) + (3) (4)	(5)	(4) + (5) (6)
New Plant	6,500	na	na	6,500	2,000	8,500
Direct Input Suppliers	1,936	2,416	1,208	3,144	967	4,111
Indirect Input Suppliers	480	4,116	1,029	1,509	464	1,973
Induced Effects*	4,399	na	na	6,603	2,032	8,635
Total	13,315	6,532	2,237	17,756	5,463	23,220

Source: EMSI IO Model and related analysis

*Effects stemming from changes in employee incomes and consequent consumption spending, changes in personal and business investment spending, and changes in state and local government spending, on schools, roads, etc.

³ Lacking knowledge of the specific industries included in the 2,000 direct cluster-related jobs, we assume the same multiplier effects shown for the new battery plant (column 4).



September 10, 2014

Dear Members of the Nevada Legislature:

We join in the excitement surrounding the selection of our great state as the site for Tesla's massive new manufacturing facility, and wish you well in your deliberations that begin this afternoon.

But our enthusiasm is tempered by hard, as yet unanswered questions surrounding the deal. Without answers, it's impossible to know whether this is indeed in the best interests of Nevadans.

If we are to use our state's threadbare tax coffers to subsidize this multi-billion dollar corporation, we urge you, in the strongest possible terms, to hold Tesla accountable for creating family-wage jobs with Nevadans first in line, and other benefits for our state. Specifically, you should attach job quality standards regarding wages and benefits, indexed to inflation over the 20-year deal, to the Tesla tax breaks. You should also mandate customized training and first-source hiring procedures to maximize hiring opportunities for Nevadans. And to deter outsourcing or the use of temp agencies, all of Tesla's tax breaks (not just the refundable credits) should require direct employment and be pegged to employment levels (so that property and sales tax exemptions would be scaled back if Tesla does not reach and maintain 6,500 employees).

We seriously question the highly dubious 80:1 payoff that the Sandoval Administration has touted as our gamble-free return on investment. The Legislative Counsel Bureau should be directed to provide you with an independent analysis of that claim because it mixes apples and oranges: taxpayer costs with benefits that are not equivalent tax-revenue gains.

If the 80-1 ratio is incorrect, what else is being fudged in the economic analysis? Storey County, where the facility is being built, currently has only 16 firefighters. Who will pay the costs, sure to be created by growth, for teachers and schools, public safety, sanitation, roads, transit and other infrastructure? The Governor's own analysis says sales and property taxes paid by working families will become the available revenue while Tesla pays nothing. Will this deal create pressure to raise the sales and property tax rates?

The proposed Tesla contribution of \$7.5 million per year for schools for five years (while it would pay no property taxes for 10 years and no sales tax for 20

years) seems like chicken scratch for an influx of thousands of children of new workers. Will this be enough to ensure that our already overcrowded and underfunded schools meet the challenge of educating a new workforce? We doubt it.

Governor Sandoval's open-ended proclamation leaves the door open for other corporations, such as Switch, to come feed at the tax-break trough of this special session. Don't entertain this foolishness. Keep the focus on Tesla alone.

In closing, we at PLAN support taxpayer investments in education and infrastructure because they benefit all employers. They avoid putting a lot of eggs in any one corporate basket, reducing our risk if a deal doesn't pan out. This subsidy package is 14 times bigger than any prior deal in Nevada history. It deserves 14 times more caution and safeguards to protect taxpayers.

While some subsidies may be warranted, the deal on the table appears far too generous, and far too risky.

Thank you for your service to our state.

Sincerely,



Bob Fulkerson
Executive Director
Progressive Leadership Alliance of Nevada
821 Riverside Drive
Reno, Nevada 89501
(775) 348-7557

PS. One last question, which has been asked by others but only answered by silence: Why can't the state of Nevada come together on a plan to raise revenues to fix our broken education system as enthusiastically as the rush to create a \$1.3 billion package of corporate subsidies for a single company in one part of the state?

Section 1. Chapter 482 of NRS is hereby amended by adding thereto a new section to read as follows:

A manufacturer is not subject to the provisions of NRS 482.36311 to 482.36425, inclusive, if the manufacturer:

1. Only manufactures passenger cars powered solely by one or more electric motors;

2. Only sells at retail new or new and used vehicles that it manufactures;

3. On or before January 1, 2016, was selling or otherwise distributing in this State passenger cars powered solely by one or more electric motors; and

4. Does not enter into a franchise for the sale of any passenger cars manufactured by the manufacturer.

September 11, 2014

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

Honorable Members of the Nevada State Assembly

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

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

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

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

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

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

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

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

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

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

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

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

(Added to NRS by 1983, 1977)

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

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

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

2. If an agency:

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

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

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

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

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

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

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

Sincerely,

Jack J. Mallory

Director of Government Affairs

IUPAT District Council 15

INDEX TO ASSEMBLY JOURNAL, 2014 28TH SPECIAL SESSION

A

- AIZLEY, PAUL, Assemblyman from Clark (Part) County, No. 41 District—
Remarks in Committee of the Whole re A.B. 1, 59; A.B. 2, 66; S.B. 1, 103.
- ANDERSON, ELLIOT T., Assemblyman from Clark (Part) County, No. 15 District—
Remarks in Committee of the Whole re A.B. 2, 63; S.B. 1, 93.
- ANDERSON, PAUL, Assemblyman from Clark (Part) County, No. 13 District—
Committee Appointments—
Special—
Inform Senate Assembly organized, 2.
Remarks in Committee of the Whole re A.B. 1, 52; S.B. 1, 90.

B

- BENITEZ-THOMPSON, TERESA, Assemblywoman from Washoe (Part) County, No. 27 District—
Remarks in Committee of the Whole re A.B. 1, 51; S.B. 1, 102, 103, 105.
- BOBZIEN, DAVID P., Assemblyman from Washoe (Part) County, No. 24 District—
Committee Appointments—
Special—
Inform Senate Assembly organized, 2.
Remarks from the floor re A.B. 1, 77, 78; S.B. 1, 107.
Remarks in Committee of the Whole re A.B. 1, 59; A.B. 2, 67.
- BUSTAMANTE ADAMS, IRENE, Assemblywoman from Clark (Part) County, No. 42 District—
Committee Appointments—
Special—
Inform Governor Assembly ready to adjourn *sine die*, 108.
Remarks in Committee of the Whole re A.B. 1, 51; A.B. 3, 69; S.B. 1, 90, 103.

C

- CARLTON, MAGGIE, Assemblywoman from Clark (Part) County, No. 14 District—
Committee Appointments—
Special—
Inform Senate Assembly organized, 2.
Remarks from the floor re A.B. 3, 77.
Remarks in Committee of the Whole re A.B. 2, 66; A.B. 3, 70.
- CARRILLO, RICHARD, Assemblyman from Clark (Part) County, No. 18 District—
Remarks from the floor re A.B. 2, 82.
Remarks in Committee of the Whole re S.B. 1, 104.
- COHEN, LESLEY E., Assemblywoman from Clark (Part) County, No. 29 District—
Remarks in Committee of the Whole re A.B. 2, 61.

COMMITTEE OF THE WHOLE—

Addressed by—

- Alonso, Alfredo, representing Alliance of Automobile Manufacturers re A.B. 2, 64, 65, 66.
 Bacon, Ray, representing Nevada Manufacturers Association re S.B. 1, 87, 88.
 Contine, Deonne, Chief Deputy Director, Nevada's Department of Taxation re A.B. 3, 67, 71.
 Dillard, Troy, Director, Nevada's Department of Motor Vehicles re A.B. 2, 61, 62, 63, 64, 65, 66.
 Enos, Paul, Chief Executive Officer, Nevada Trucking Association re S.B. 1, 88.
 Evans, Kenneth, President, Urban Chamber of Commerce, 43.
 Fulkerson, Bob, Progressive Leadership Alliance of Nevada, 42.
 Gilbert, Jan, private citizen, Carson City, Nevada, 43.
 Hastings, Bob, private citizen, Lyon County re S.B. 1, 89.
 Hill, Steve, Executive Director, Governor's Office of Economic Development re A.B. 1, 51, 52, 54, 55, 56, 57, 58, 60; re A.B. 3, 72; re S.B. 1, 83, 90, 91, 92, 93, 94, 96, 97, 98, 100, 101, 102, 103, 104, 105.
 Hoffman, Lee, private citizen, Elko, Nevada, 40.
 Kipper, Scott, Nevada's Commissioner of Insurance re A.B. 3, 67, 68, 69, 70, 71.
 Klaich, Dan, Chancellor, Nevada System of Higher Education, 74.
 Kramer, Christine, private citizen, Las Vegas, Nevada, 43.
 Lawrence, Geoffrey, Director of Research, Nevada Policy Research Institute, 41.
 Malfabon, Rudy, Director, Nevada's Department of Transportation re S.B. 1, 91, 94, 104.
 Mallory, Jack, representing IUPAT [International Union of Painters and Allied Trades] District Council re S.B. 1, 85.
 Nielsen, Christopher, Executive Director, Nevada's Department of Taxation re A.B. 3, 67, 68, 69, 71; re S.B. 1, 85, 90, 95, 99.
 Sanchez, Tony, Senior Vice President of Government and Community Strategy, NV Energy re A.B. 1, 47, 48, 49, 50, 51, 53, 54, 57, 59.
 Sande, John, representing Nevada Franchise Auto Dealers Association re A.B. 2, 64, 65.
 Sullivan, Angie, private citizen, Las Vegas, Nevada, 60, 63, 64, 73.
 Thompson, Danny, representing Nevada State AFL-CIO [American Federation of Labor and Congress of Industrial Organizations] re S.B. 1, 86.
 Thomsen, Paul, Director, Governor's Office of Energy re A.B. 1, 45, 47, 48, 49, 50, 53, 54, 55, 56, 58, 59.

Appendices, 111.

Chaired by—

- Assemblywoman Marilyn Kirkpatrick, 40, 45, 67, 73, 83, 106.
 Report, 75, 106.
 Resolved into, motion to, 40, 44, 83.
 Rise and report, motion to, 44, 75, 106.

COMMITTEES, SPECIAL—

- Inform Governor Assembly organized, 2.
 Inform Governor Assembly ready to adjourn *sine die*, 108.
 Inform Senate Assembly organized, 2.
 Inform Senate Assembly ready to adjourn *sine die*, 109.

D

DALY, SKIP, Assemblyman from Washoe (Part) County, No. 31 District—

- Remarks in Committee of the Whole re A.B. 1, 55, 56; S.B. 1, 96, 97, 104, 105.

DIAZ, OLIVIA, Assemblywoman from Clark (Part) County, No. 11 District—
 Committee Appointments—
 Special—

Inform Senate that Assembly ready to adjourn *sine die*, 109.

DONDERO LOOP, MARILYN, Assemblywoman from Clark (Part) County, No. 5 District—
 Remarks in Committee of the Whole re A.B. 1, 53, 54.

DUNCAN, WESLEY, Assemblyman from Clark (Part) County, No. 37 District—
 Absence, excused, 76.

E

EISEN, ANDY, Assemblyman from Clark (Part) County, No. 21 District—
 Remarks in Committee of the Whole re A.B. 1, 47; S.B. 1, 105.

ELLISON, JOHN, Assemblyman from Elko, Eureka, Lincoln (Part), White Pine Counties, No.
 33 District—

Remarks in Committee of the Whole re A.B. 1, 50; S.B. 1, 95, 96.

EMERGENCY MEASURE—

Rules suspended to declare, all bills and resolutions, 38.

F

FIORE, MICHELE, Assemblywoman from Clark (Part) County, No. 4 District—
 Remarks from the floor re S.B. 1, 107.

FLORES, LUCY, Assemblywoman from Clark (Part) County, No. 28 District—
 Remarks from the floor re S.B. 1, 106.
 Remarks in Committee of the Whole re A.B. 1, 56; A.B. 2, 65.

FRIERSON, JASON, Assemblyman from Clark (Part) County, No. 8 District—
 Committee Appointments—
 Special—

Inform Governor Assembly organized, 2.

Inform Governor Assembly ready to adjourn *sine die*, 108.

Moves—

Committee of the Whole, resolve into, 40, 44, 83.

Committee of the Whole, rise, 44, 75, 106.

Remarks in Committee of the Whole re A.B. 1, 56; S.B. 1, 98, 99.

G

GOVERNOR—

Informed Assembly organized, 2.

Informed Assembly ready to adjourn *sine die*, 109.

Proclamation message, 2.

GRADY, TOM, Assemblyman from Churchill, Lyon (Part) Counties, No. 38 District—
 Remarks in Committee of the Whole re A.B. 1, 54; S.B. 1, 94, 95.

H

- HANSEN, IRA, Assemblyman from Esmeralda, Humboldt, Lander, Mineral, Nye (Part), Pershing, Washoe (Part) Counties, No. 32 District—
Remarks from the floor re A.B. 1, 77.
- HARDY, CRESENT, Assemblyman from Clark (Part) County, No. 19 District—
Remarks in Committee of the Whole re S.B. 1, 91, 92.
- HEALEY, JAMES, Assemblyman from Clark (Part) County, No. 35 District—
Remarks in Committee of the Whole re S.B. 1, 104.
- HICKEY, PAT, Assemblyman from Washoe (Part) County, No. 25 District—
Committee Appointments—
Special—
 Inform Governor Assembly organized, 2.
 Inform Governor Assembly ready to adjourn *sine die*, 108.
Remarks in Committee of the Whole re A.B. 1, 51; A.B. 3, 69; S.B. 1, 100.
- HOGAN, JOSEPH M., Assemblyman from Clark (Part) County, No. 10 District—
Absences, excused, 1, 76.
- HORNE, WILLIAM C., Assemblyman from Clark (Part) County, No. 34 District—
Committee Appointments—
Special—
 Inform Governor Assembly organized, 2.
 Inform Senate Assembly ready to adjourn *sine die*, 109.
Moves—
 Assembly adjourn *sine die*, 109.
 Press representatives, accreditation, 38, 76.
 Suspend rules—
 Declare an emergency measures, 38.
 Dispense with reading Governor's Proclamation, 2;
 Standing Rule No. 52.5, 38.
Remarks in Committee of the Whole re A.B. 3, 68, 69; S.B. 1, 99, 100.

K

- KIRKPATRICK, MARILYN, Assemblywoman from Clark (Part) County, No. 1 District—
Appoints Committees—
Special—
 Inform Governor Assembly organized, 2.
 Inform Governor Assembly ready to adjourn *sine die*, 108.
 Inform Senate Assembly organized, 2.
 Inform Senate Assembly ready to adjourn *sine die*, 109.
Remarks in Committee of the Whole re, 40, 41, 42, 44, 45, 73, 74, 75; A.B. 1, 47, 48, 49, 50, 53, 54, 55, 56, 57, 60; A.B. 2, 62, 63, 64, 65, 66, 67; A.B. 3, 68, 69, 70, 71, 72, 73; S.B. 1, 83, 85, 88, 89, 91, 92, 93, 95, 96, 99, 100, 104, 105.
- KIRNER, RANDY, Assemblyman from Washoe (Part) County, No. 26 District—
Committee Appointments—
Special—
 Inform Senate Assembly ready to adjourn *sine die*, 109.
Remarks in Committee of the Whole re A.B. 2, 62, 64; S.B. 1, 94.

L

LIVERMORE, PETER, Assemblyman from Carson City, Washoe (Part) Counties, No. 40 District—
Remarks in Committee of the Whole re A.B. 1, 57.

M

MAJORITY FLOOR LEADER—*See Horne, William C.*

MAJORITY FLOOR LEADER, ASSISTANT—*See Frierson, Jason.*

MAJORITY WHIP—*See Bobzien, David.*

MAJORITY WHIP, ASSISTANT—*See Diaz, Olivia.*

MARTIN, ANDREW, Assemblyman from Clark (Part) County, No. 9 District—
Remarks in Committee of the Whole re A.B. 3, 71.

N

NEAL, DINA, Assemblywoman from Clark (Part) County, No. 7 District—
Remarks in Committee of the Whole re A.B. 1, 58; A.B. 2, 65; S.B. 1, 101, 102.

O

OHRENSCHALL, JAMES, Assemblyman from Clark (Part) County, No. 12 District—
Remarks in Committee of the Whole re A.B. 1, 54, 55; S.B. 1, 90.

P

PRESS REPRESENTATIVES—
Accreditation, 38, 76.

R

RULES—
Joint Standing Rules—
Adoption, A.C.R. 1, 38.
Standing—
Amending, A.R. 1, 4.
Suspended—
Assembly Standing Rule No. 52.5, for the balance of the 28th Special Session, 38.

S

SANDOVAL, BRIAN—*See Governor.*

SENATE—
Informed Assembly organized, 2.
Informed Assembly ready to adjourn *sine die*, 109.

Senate—*Continued*

 Informs Assembly Senate organized, 2.

 Informs Assembly Senate ready to adjourn *sine die*, 109.

SPEAKER OF ASSEMBLY—*See Kirkpatrick, Marilyn.*

SPEAKER PRO TEMPORE OF ASSEMBLY—*See Aizley, Paul.*

SPIEGEL, ELLEN, Assemblywoman from Clark (Part) County, No. 20 District—

 Remarks in Committee of the Whole re A.B. 1, 47; S.B. 1, 92.

SPRINKLE, MICHAEL, Assemblyman from Washoe (Part) County, No. 30 District—

 Remarks in Committee of the Whole re A.B. 1, 48, 49; A.B. 2, 62, 66; A.B. 3, 71; S.B. 1, 98.

STANDING COMMITTEES—*See Committees, Standing.*

Standing Rules—*See Rules.*

STEWART, LYNN D., Assemblyman from Clark (Part) County, No. 22 District—

 Remarks in Committee of the Whole re A.B. 3, 72; S.B. 1, 98.

SWANK, HEIDI, Assemblywoman from Clark (Part) County, No. 16 District—

 Remarks in Committee of the Whole re A.B. 1, 52.

T

THOMPSON, TYRONE, Assemblyman from Clark (Part) County, No. 17 District—

 Remarks in Committee of the Whole re A.B. 1, 57; S.B. 1, 101.

ASSEMBLY STANDING RULES
AND THE
JOINT STANDING RULES OF THE
SENATE AND ASSEMBLY
OF THE
TWENTY-EIGHTH SPECIAL SESSION
OF THE
LEGISLATURE OF THE STATE OF NEVADA

2014

ASSEMBLY STANDING RULES

28TH SPECIAL SESSION, 2014

I. OFFICERS AND EMPLOYEES

DUTIES OF OFFICERS

Rule No. 1. Speaker of the Assembly.

1. All officers of the Assembly are subordinate to the Speaker in all that relates to the prompt, efficient and correct discharge of their official duties under the Speaker's supervision.

2. Possessing the powers and performing the duties described in this Rule, the Speaker shall:

(a) Take the chair at the hour to which the Assembly stands adjourned, call the members to order, and upon the appearance of a quorum, proceed to business.

(b) In the event an emergency occurs during a regular or special session of the Legislature which requires a meeting of the Assembly, call the members back to order before the hour to which the Assembly had adjourned.

(c) Preserve order and decorum and have general direction of the Chamber of the Assembly and the approaches thereto. In the event of any disturbance or disorderly conduct therein, order the same to be cleared.

(d) Decide all questions of order, subject to a member's right to appeal to the Assembly. On appeal from such decisions, the Speaker has the right, in the Speaker's place, to assign the reason for the decision.

(e) Have the right to name any member to perform the duties of the Chair, but such substitution must not extend beyond one legislative day.

(f) Have the power to accredit the persons who act as representatives of the news media and assign them seats.

(g) Sign all bills and resolutions passed by the Legislature as provided by law.

(h) Sign all subpoenas issued by the Assembly.

(i) Receive all messages and communications from other departments of the government and announce them to the Assembly.

(j) Represent the Assembly, declare its will and in all things obey its commands.

(k) Vote on final passage of a bill or resolution, but the Speaker shall not be required to vote in ordinary legislative proceedings except where the

Speaker's vote would be decisive. In all yea and nay votes, the Speaker's name must be called last.

(l) Appoint committees during the interim between regular sessions of the Legislature for any proper purpose, including, without limitation, taking testimony, compelling the attendance of witnesses, punishing persons or entities for contempt and reporting findings to the next session of the Legislature.

3. If a vacancy occurs in the office of Speaker, through death, resignation or disability of the Speaker, the Speaker Pro Tempore shall temporarily and for the period of vacancy or disability conduct the necessary business of the Assembly.

4. If a permanent vacancy occurs in the office of Speaker, the Assembly shall select a new Speaker.

5. This Rule shall remain in full force and effect throughout the interim between regular sessions of the Legislature and until new Standing Rules of the Assembly are adopted as part of the organization of a newly-constituted Assembly at the commencement of a session.

[Statutes of Nevada 2014, 28th Special Session, 35]

Rule No. 2. Continuation of Leadership and Standing Rules of the Assembly During the Interim Between Regular Sessions.

1. Except as otherwise provided in subsections 2, 3 and 4, the tenure of the Speaker, Speaker Pro Tempore, Majority Leader and Minority Leader of the Assembly extends during the interim between regular sessions of the Legislature.

2. The Assemblymen or Assemblywomen designated to be the Speaker, Speaker Pro Tempore, Majority Leader and Minority Leader for the next succeeding regular session shall perform any duty required of that officer by the Standing Rules of the Assembly and the Nevada Revised Statutes in the period between the time of their designation after the general election and the organization of the next succeeding regular session.

3. The Assemblyman or Assemblywoman designated to be the Speaker and the Assemblyman or Assemblywoman designated to be the Minority Leader for the next succeeding regular session shall appoint the regular and alternate members to the Select Committee on Ethics as set forth in Assembly Standing Rule No. 23.

4. The Assemblyman or Assemblywoman designated to be the Speaker for the next succeeding regular session shall:

(a) Determine the start time of the Assembly's organizational session.

(b) Have the right to name any person to call the Assembly to order and preside over the Assembly's organizational session until a presiding officer is elected.

(c) Refer prefiled bills and resolutions to committee, subject to ratification by a majority vote of the members of the Assembly once the Assembly is organized and ready for business.

5. The Assembly Standing Rules set forth herein shall remain in full force and effect throughout the interim between regular sessions of the Legislature and until new Standing Rules of the Assembly are adopted as part of the organization of a newly-constituted Assembly at the commencement of a session, unless a conflict exists with a rule adopted by the Assembly for a special session occurring between regular sessions.

[Statutes of Nevada 2014, 28th Special Session, 36]

Rule No. 3. Chief Clerk.

1. The Chief Clerk is elected by the Assembly and is responsible to the Speaker.

2. The Chief Clerk shall recruit, select, train and supervise all attaches employed to assist with the work of the Assembly.

3. The Chief Clerk shall administer the daily business of the Assembly.

4. The Chief Clerk shall adopt such administrative policies as the Chief Clerk deems necessary to carry out the business of the Assembly.

5. The Speaker and the Chief Clerk are authorized to make any necessary corrections and additions to the final journal, history and committee minutes of the Assembly.

6. At the direction of the Speaker or Speaker Designate, the Chief Clerk shall attest and affix the seal of the Assembly to all writs, warrants, subpoenas and formal documents issued by the Assembly.

[Statutes of Nevada 2014, 28th Special Session, 37]

Rule No. 4. Reserved.

Rule No. 5. Reserved.

Rule No. 6. Reserved.

The next rule is 10.

II. SESSIONS AND MEETINGS

Rule No. 10. Time of Meeting.

The Assembly shall meet each day at 11:30 a.m., unless the Assembly adjourns to some other hour.

[Statutes of Nevada 2014, 28th Special Session, 37]

Rule No. 11. Open Meetings.

All meetings of the Assembly and its committees must be open to the public.

[Statutes of Nevada 2014, 28th Special Session, 37]

Rule No. 12. Reserved.

The next rule is 20.

III. DECORUM AND DEBATE**Rule No. 20. Points of Order.**

If any member, in speaking or otherwise, transgresses the rules of the Assembly, the Speaker shall, or any member may, call to order, in which case the member so called to order shall immediately sit down, unless permitted to explain; and if called to order by a member, such member shall immediately state the point of order. If the point of order be sustained by the presiding officer, the member shall not be allowed to proceed; but if it be not sustained, then the member shall be permitted to go on. Every such decision from the presiding officer shall be subject to an appeal to the House; but no discussion of the question of order shall be allowed unless an appeal be taken from the decision of the presiding officer.

[Statutes of Nevada 2014, 28th Special Session, 37]

Rule No. 21. Portable Electronic Communication Devices.

1. A person who is within the Assembly Chambers shall not engage in a telephone conversation via the use of a portable telephone.

2. Before entering the Assembly Chambers, any person who possesses a portable electronic communication device, such as a pager or telephone, that emits an audible alert, such as a ringing or beeping sound, to signal an incoming message or call, shall turn the audible alert off. A device that contains a nonaudible alert, such as a silent vibration, may be operated in a nonaudible manner within the Assembly Chambers.

[Statutes of Nevada 2014, 28th Special Session, 38]

Rule No. 22. Reserved.**Rule No. 23. Select Committee on Ethics; Legislative Ethics.**

1. The Select Committee on Ethics consists of:

(a) Two members of the Assembly appointed by the Speaker from the majority political party;

(b) One member of the Assembly appointed by the Minority Leader from the minority political party; and

(c) Three qualified electors of the State, two of whom are appointed by the Speaker and one who is appointed by the Minority Leader, and none of whom is a present member of the Legislature or employed by the State of Nevada.

2. The Speaker shall appoint the Chair and Vice Chair of the Committee. The Vice Chair shall serve as the acting Chair if the Chair is unable to serve for any reason during the consideration of a specific question.

3. The Speaker shall appoint an alternate member with the qualifications set forth in paragraph (a) of subsection 1 and an alternate member with the qualifications set forth in paragraph (c) of subsection 1. The Minority Leader shall appoint an alternate member with the qualifications set forth in paragraph (b) of subsection 1 and an alternate member with the qualifications set forth in paragraph (c) of subsection 1. If a member of the Committee is unable to serve for any reason during the consideration of a specific question, the alternate appointed with the qualifications from the same paragraph in subsection 1 shall serve as a member of the Committee during the consideration of the specific question.

4. A member of the Committee is disqualified to serve during the consideration of a specific question if:

(a) The member is the requester of advice concerning the question of ethics or conflict of interest, or the member is the subject of the complaint concerning the specific question; or

(b) A reasonable person in the member's situation could not exercise independent judgment on the matter in question.

5. The members of the Committee shall perform any duty required in the period between the time of their appointment after the general election and the organization of the next succeeding regular session, or until the Speaker or the Speaker Designate or the Minority Leader or Minority Leader Designate appoint new members to the Committee, whichever occurs first.

6. The tenure of the members of the Committee shall extend during the interim between regular sessions of the Legislature.

7. The Committee:

(a) May hear requests brought by members of the Assembly for advice on specific questions of potential breaches of ethics and conflicts of interest; and

(b) Shall hear complaints brought by members of the Assembly and others on specific questions of alleged breaches of ethics and conflicts of interest.

8. All proceedings held to consider the character, alleged misconduct, professional competence or physical or mental health of any person by the Committee on matters of ethics or conflicts of interest are confidential unless a Legislator:

- (a) Against whom a complaint is brought requests a public hearing;
- (b) Discloses the content of an opinion of the Committee at any time after his or her hearing; or
- (c) Discloses the content of an advisory opinion issued to him or her by the Committee.

9. A complaint which alleges a breach of ethics or a conflict of interest must be:

- (a) Made in writing on a form provided by the Chief Clerk of the Assembly;
- (b) Signed and verified under penalty of perjury by the person making the allegation; and
- (c) Filed with the Chair of the Committee or, if the Chair is the subject of the complaint, with the Vice Chair. The Chair or Vice Chair, as appropriate, shall send a copy of the complaint, within 24 hours after receiving it, to the Legislator against whom the complaint is brought.

10. In determining whether a Legislator has a conflict of interest, the Legislator should consider whether the independence of judgment of a reasonable person in his or her situation upon the matter in question would be materially affected by the Legislator's:

- (a) Acceptance of a gift or loan;
- (b) Private economic interest; or
- (c) Commitment to a member of his or her household or immediate family.

➡ In interpreting and applying the provisions of this subsection, it must be presumed that the independence of judgment of a reasonable person in the Legislator's situation would not be materially affected by the Legislator's private economic interest or the Legislator's commitment to a member of his or her household or immediate family where the resulting benefit or detriment accruing to the Legislator, or if the Legislator has a commitment to a member of his or her household or immediate family, accruing to those other persons, is not greater than that accruing to any other member of the general business, profession, occupation or group that is affected by the matter.

11. Except as otherwise provided in subsection 12, if a Legislator knows he or she has a conflict of interest pursuant to subsection 10, the Legislator shall make a general disclosure of the conflict of interest on the record in a meeting of a committee or on the floor of the Assembly, as applicable. Such a disclosure must be entered:

- (a) If the Legislator makes the disclosure in a meeting of a committee, in the minutes for that meeting.
- (b) If the Legislator makes the disclosure on the floor of the Assembly, in the Journal.

12. If, on one or more prior occasions during the current session of the Legislature, a Legislator has made a general disclosure of a conflict of interest on the record in a meeting of a committee or on the floor of the Assembly, the Legislator is not required to make that general disclosure at length again regarding the same conflict of interest if, when the matter in question arises on subsequent occasions, the Legislator makes a reference on the record to the previous disclosure.

13. In determining whether to abstain from voting upon, advocating or opposing a matter concerning which a Legislator has a conflict of interest pursuant to subsection 10, the Legislator should consider whether:

- (a) The conflict impedes his or her independence of judgment; and
- (b) His or her interest is greater than the interests of an entire class of persons similarly situated.

14. The provisions of this Rule do not under any circumstances and regardless of any conflict of interest:

- (a) Prohibit a Legislator from requesting or introducing a legislative measure; or
- (b) Require a Legislator to take any particular action before or while requesting or introducing a legislative measure.

15. If a Legislator who is a member of a committee declares on the record when a vote is to be taken by the committee that he or she will abstain from voting because of the requirements of this Rule, the necessary quorum to act upon and the number of votes necessary to act upon the matter is reduced as though the Legislator abstaining were not a member of the committee.

16. The standards and procedures set forth in this Rule which govern whether and to what extent a member of the Assembly has a conflict of interest, should disclose a conflict of interest or should abstain from voting upon, advocating or opposing a matter concerning which the member has a conflict of interest pursuant to subsection 10:

- (a) Are exclusive and are the only standards and procedures that apply to members of the Assembly with regard to such matters; and
- (b) Supersede and preempt all other standards and procedures with regard to such matters.

17. For purposes of this Rule, “immediate family” means a person who is related to the Legislator by blood, adoption or marriage within the first degree of consanguinity or affinity.

[Statutes of Nevada 2014, 28th Special Session, 38]

The next rule is 30.

IV. QUORUM, VOTING, ELECTIONS

Rule No. 30. Manner of Voting.

1. The presiding officer shall declare all votes, but the yeas and nays must be taken when called for by three members present, and the names of those calling for the yeas and nays must be entered in the Journal by the Chief Clerk.

2. The presiding officer shall call for yeas and nays by a division or by a roll call, either electronic or oral.

3. When taking the yeas and nays on any question, the electronic roll call system may be used, and when so used shall have the force and effect of any roll call under these rules.

4. When taking the yeas and nays by oral roll call, the Chief Clerk shall take the names of members alphabetically, except that the Speaker's name must be called last.

5. The electronic roll call system may be used to determine the presence of a quorum.

6. The yeas and nays must not be taken with the electronic roll call system until all members present are at their desks. The presiding officer may vote at the rostrum.

7. Only a member who:

(a) Has been certified by the Committee on Legislative Operations and Elections or a special committee of the Assembly; and

(b) Is physically present within the Assembly Chambers,

↪ may cast a vote in the Assembly.

8. A member shall not vote for another member on any roll call, either electronic or oral. Any member who votes for another member may be punished in any manner deemed appropriate by the Assembly.

[Statutes of Nevada 2014, 28th Special Session, 41]

Rule No. 31. Requirement of Voting.

1. A member shall vote on all questions that come before the body unless the member:

(a) Is excused; or

(b) Makes a full and complete disclosure of a conflict pursuant to Assembly Standing Rule No. 23.

2. A member found guilty by the House of a breach of this Rule shall not vote or speak on the floor, except to explain and apologize for the breach, until the member has made satisfaction to the House for the breach.

[Statutes of Nevada 2014, 28th Special Session, 41]

Rule No. 32. Announcement of the Vote.

1. A member may change his or her vote at any time before the announcement of the vote if the voting is by voice, or at any time before the votes are electronically recorded if the voting is conducted electronically.

2. The announcement of the result of any vote shall not be postponed.
[Statutes of Nevada 2014, 28th Special Session, 41]

Rule No. 33. Voting by Division.

Upon a division and count of the Assembly on any question, no person without the bar shall be counted.

[Statutes of Nevada 2014, 28th Special Session, 41]

The next rule is 40.

V. LEGISLATIVE BODIES**A. COMMITTEES****Rule No. 40. Standing Committees.**

The standing committees of the Assembly for the regular session, and for Legislative Operations and Elections for both the regular session pursuant to this Rule and for a special session pursuant to Assembly Standing Rule No. 142, are as follows:

1. Ways and Means, fifteen members.
2. Judiciary, twelve members.
3. Taxation, twelve members.
4. Education, fourteen members.
5. Legislative Operations and Elections, nine members.
6. Natural Resources, Agriculture, and Mining, eleven members.
7. Transportation, fifteen members.
8. Commerce and Labor, fifteen members.
9. Health and Human Services, fourteen members.
10. Government Affairs, fourteen members.

[Statutes of Nevada 2014, 28th Special Session, 42]

Rule No. 41. Appointment of Committees.

1. Except as otherwise provided in Assembly Standing Rule No. 23, all committees must be appointed by the Speaker, unless otherwise directed by the Assembly. The Speaker shall designate the chair and vice chair of each committee.

2. To facilitate the full participation of the members during an adjournment called pursuant to Joint Standing Rule No. 9 of the Senate and Assembly for the 77th Session of the Legislature or Joint Standing Rule

No. 10 for the 28th Special Session of the Legislature, as applicable, the Speaker may temporarily appoint a member to a committee that is scheduled to meet during the adjournment if none of the committees to which the member is regularly assigned will be meeting during the adjournment.

3. Except as otherwise provided in Assembly Standing Rule No. 45, all committees will operate under the rules set forth herein and other uniform committee rules as determined by the Speaker and published on the Nevada Legislature's website. Each committee may adopt and file with the Chief Clerk's Office policies consistent with these rules.

[Statutes of Nevada 2014, 28th Special Session, 42]

Rule No. 41.5. Appointment of Alternates.

If the chair or any member of a committee is temporarily unable to perform his or her duties, the Speaker shall appoint an alternate of the same political party to serve in the chair's or the member's place for such time as is determined by the Speaker.

[Statutes of Nevada 2014, 28th Special Session, 42]

Rule No. 42. Subcommittees.

1. Subcommittees made up of committee members may be appointed by the chair to consider and report back on specific subjects or bills.

2. Subcommittee meetings will be scheduled by the subcommittee chair after consulting with the committee chair.

3. Members of a subcommittee are required to attend meetings of the subcommittee.

4. Subcommittees of standing committees shall follow the same rules as standing committees.

[Statutes of Nevada 2014, 28th Special Session, 42]

Rule No. 43. Concurrent Referrals.

When a bill or resolution is referred to two committees, the bill or resolution must go to the first committee named. If the first committee votes to amend the bill or resolution, it must be reprinted with amendments and then returned to the first committee or sent immediately to the next committee. If there is no amendment proposed by the first committee, or if the first committee acts upon the bill or resolution after amendment, the bill or resolution must be sent with the committee recommendation to the Chief Clerk for transmittal to the second committee.

[Statutes of Nevada 2014, 28th Special Session, 43]

Rule No. 44. Committee on Legislative Operations and Elections.

The Committee on Legislative Operations and Elections has jurisdiction over matters relating to personnel. It shall recommend by resolution the

appointment of all attaches and employees of the Assembly not otherwise provided for by law.

[Statutes of Nevada 2014, 28th Special Session, 43]

Rule No. 45. Committee of the Whole.

If a Committee of the Whole is convened:

1. The Speaker shall preside as Chair of the Committee or name a Chair to preside.

2. A member of the Committee may speak not more than twice during the consideration of any one question, on the same day, and at the same stage of proceedings, without leave. Members who have once spoken shall not again be entitled to the floor (except for explanation) to the exclusion of others who have not spoken.

3. The Chair may require any vote of the Committee to be recorded in the manner designated by the Chair.

4. All amendments proposed by the Committee:

(a) Must first be approved by the Committee.

(b) Must be reported by the Chair to the Assembly.

5. Insofar as they are applicable and not in conflict with this Rule, a Committee of the Whole will observe the committee rules set forth in Section V(A) of the Assembly Standing Rules and such other uniform committee rules as determined by the Speaker and published on the Nevada Legislature's website.

6. A quorum of the Committee of the Whole is the same as a quorum of the House, and in case a quorum is not present or other defect is observed, the Committee can take no other action than to rise.

7. It is permissible on motion to limit debate to a certain length of time, to close at a time certain, to limit the length of speeches, or to otherwise limit debate.

8. When a fixed duration is established for a Committee of the Whole, the time may be extended with consent of a majority of the members.

9. A motion for the previous question is not in order.

10. A Committee of the Whole cannot:

(a) Entertain any question of priority.

(b) Entertain any matter of privilege.

(c) Lay a question on the desk.

(d) Postpone consideration of any question.

(e) Reconsider a vote on a proposal no longer in possession of the Committee.

(f) Appoint a subcommittee.

(g) Punish members for disorderly conduct, but must report any misconduct to the body for its action.

11. Seconds to motions are required.
12. The minutes of the meetings of the Committee of the Whole must be entered in the Assembly's final journal.

[Statutes of Nevada 2014, 28th Special Session, 43]

B. ELECTION CONTESTS

Rule No. 46. Procedure for Election Contests.

1. Upon receipt of a statement of contest from the Secretary of State pursuant to NRS 293.427, the Speaker shall, as soon as practicable, appoint a special committee to hear the contest or refer the contest to the Committee on Legislative Operations and Elections. The committee shall conduct a hearing to consider the contest. The committee shall keep written minutes of the hearing. The contestant has the burden of proving that any irregularities shown were of such a nature as to establish that the result of the election was changed thereby.

2. The contest must be submitted so far as may be possible upon depositions or by written or oral arguments as the Assembly may order. Any party to a contest may take the deposition of any witness at any time after the statement of contest is filed with the Secretary of State and before the contest is finally decided. At least 3 days' notice must be given to the prospective deponent and to the other party. If oral statements are made at any hearing before the Assembly or a committee thereof which purport to establish matters of fact, they must be made under oath. Strict rules of evidence do not apply.

3. The committee shall, not later than 5 calendar days after the contest was referred to the committee, report to the Assembly its findings on whether the contestant has met the burden of proving that any irregularities shown were of such a nature as to establish that the result of the election was changed thereby. The committee shall then report to the Assembly its recommendation on which person should be declared elected or report that it has no recommendation. The Assembly shall, as soon as practicable thereafter but not later than 7 calendar days after the Speaker received the statement of contest, vote whether to accept or reject the committee's recommendation without amendment, if a recommendation is made. If the recommendation is accepted, the Speaker shall declare the recommended person elected. If the recommendation is rejected or the committee did not make a recommendation, the Assembly shall consider immediately which person should be declared elected. The Speaker shall not adjourn the Assembly until it has declared a person to be elected.

4. If a person other than the person initially seated as a member of the Assembly pursuant to subsection 2 of NRS 293.427 is declared to be elected by the Assembly as a result of the contest, the Speaker shall inform the

Governor of the identity of the person declared to be elected by the Assembly.

[Statutes of Nevada 2014, 28th Special Session, 44]

**C. DUTIES OF COMMITTEE OFFICERS, COMMITTEE
MEMBERS AND COMMITTEE STAFF**

Rule No. 47. Committee Chairs.

1. The chair has all authority necessary to ensure an efficient operation of the committee or subcommittee.

2. The chair shall have general direction of the committee room or other meeting place of the committee, and in case of any disturbance or disorderly conduct therein, or if the peace, good order, and proper conduct of the legislative business is hindered by any person or persons, the chair shall have power to exclude from the session any individual or individuals so hindering the legislative business.

3. Possessing the powers and performing the duties described in this Rule, each committee chair shall:

(a) Preside over committee meetings and put all questions before the committee;

(b) Preserve order and decorum and decide all questions of order;

(c) Determine the order of bills for hearing;

(d) Prepare and distribute the committee's agenda;

(e) Prepare and distribute a work session document that contains a list of all measures on which the committee is ready to consider final action;

(f) Call recesses of the committee as deemed necessary;

(g) Request amendments to resolve conflicts;

(h) Determine when final action is to be taken on measures, committee reports and other business of the committee;

(i) Sign and submit bill draft requests on behalf of the committee;

(j) Appoint subcommittees, as necessary;

(k) Provide direction to committee support staff;

(l) Prepare and submit committee reports;

(m) Review and approve minutes of the committee;

(n) Handle unfinished business for measures heard in the committee;

(o) Inform the Speaker of committee activity; and

(p) Maintain custody of all papers referred to the committee until they are turned over to the Chief Clerk.

4. In the absence of the chair, or upon the request of the chair, the vice chair of the committee shall assume the duties of the chair.

5. The chair may name any member of the committee to perform the duties of the chair if such substitution shall not extend beyond such meeting.

[Statutes of Nevada 2014, 28th Special Session, 45]

Rule No. 48. Attendance.

1. Members shall notify the chair of any absence. Excused absences will be so recorded at the direction of the chair.
2. A member shall advise the chair if he or she must leave a meeting for an extended period of time.
3. Members not in attendance when a final action is taken on a measure will be marked absent for the vote.

[Statutes of Nevada 2014, 28th Special Session, 45]

Rule No. 49. Committee Staff.

Duties of committee attaches shall be prescribed by the Chief Clerk and include, but are not limited to, the following:

1. The committee secretary shall call roll of the members at each meeting, with the chair being called last. The committee secretary shall record in the minutes the members present and the members not present.
2. The committee secretary shall record the meeting and draft committee minutes for the chair's approval.
3. On behalf of the chair, the committee secretary shall maintain all minutes and exhibits of the committee's meetings until released to the custody of the Chief Clerk.
4. The committee manager assigned to each committee shall be responsible to the chair of the committee for the proper and accurate preparation of all reports of the committee.

[Statutes of Nevada 2014, 28th Special Session, 45]

Rule No. 50. Committee Operations.

1. Each committee of the House shall be provided a committee manager who shall maintain a current record of all bills, resolutions, petitions, memorials or other matters filed in committee. A record of committee actions shall be filed with the Chief Clerk. The committee manager shall post, on a bulletin board and electronically, all meeting agendas.
2. The standing committees of the Assembly may coordinate with the standing committees of the Senate to meet jointly whenever agreed to by said committees for the purpose of holding public hearings or considering any proposed or pending legislation. Upon conclusion of the joint meeting of said committees, each standing committee of the Assembly may take such action as it determines appropriate. Whenever the committees of the Assembly and Senate hold joint hearings or meetings, the chair of the Assembly committee shall coordinate with the chair of the Senate committee to determine which of them shall preside at the joint meeting.

3. When a joint meeting is chaired by a Senator, the practices of the Senate that are inconsistent with those of the Assembly do not create a precedent for the same practice in the Assembly.

[Statutes of Nevada 2014, 28th Special Session, 46]

Rule No. 51. Committee Records.

1. The chair of each committee shall have custody of all bills, papers and other documents referred to the committee and shall make reports authorized by the committee and submit the same to the Chief Clerk.

2. The chair of each committee shall keep, or cause to be kept, a complete record of the committee proceedings in which there must be entered:

- (a) The time and place of each meeting;
- (b) The attendance and absence of members;
- (c) The names of all persons appearing before the committee, with the names of persons, firms, corporations or associations in whose behalf such appearance is made; and
- (d) The subjects or measures considered and action taken.

3. A person may obtain a recording of a meeting by paying a fee determined by the Director of the Legislative Counsel Bureau to cover the cost of the recording but, except as otherwise provided in this subsection, the official record of the committee is the minutes of the committee meeting approved by the chair pursuant to paragraph (m) of subsection 3 of Assembly Standing Rule No. 47. Minutes of joint meetings prepared by non-Assembly staff are not official records of the Assembly.

4. The Speaker and the Chief Clerk are authorized to make any necessary corrections and additions to the minutes of committee meetings.

[Statutes of Nevada 2014, 28th Special Session, 46]

Rule No. 52. Final Disposition of Committee Minutes and Exhibits.

Upon their completion, the Chief Clerk shall turn over all original minutes and exhibits to the Research Library of the Legislative Counsel Bureau.

[Statutes of Nevada 2014, 28th Special Session, 47]

Rule No. 52.5. Notices of Bills, Topics and Public Hearings.

1. Except as otherwise provided in subsection 3, all committees shall provide adequate notice of public hearings on bills, resolutions or other topics which are to come before the committees. The notice must include the date, time, place and agenda to be covered. The notice must be posted conspicuously in the Legislative Building and be posted on the Nevada Legislature's website.

2. The noticing requirements of this Rule may be suspended for emergency situations but only after approval by a majority vote of a committee.

3. Subsection 1 does not apply to:

(a) Committee meetings held behind the bar on the floor of the Assembly during a recess;

(b) Conference committee meetings; or

(c) Meetings of the Committee of the Whole.

[Statutes of Nevada 2014, 28th Special Session, 47]

D. COMMITTEE HEARINGS

Rule No. 53. Communications.

1. Out of respect for the privacy of committee members and staff, members are requested to hold conversations with lobbyists and members of the public at a location other than at the dais.

2. At the direction of the Chair, lobbyists, the press, and members of the public are not allowed at the dais.

3. All directions, assignments, or requests on behalf of the committee must be communicated to its staff and to the personnel of the Legislative Counsel Bureau by the chair of the committee. A member of the committee must submit such requests to the chair for transmittal to the staff of the committee or to the personnel of the Legislative Counsel Bureau.

4. The chair may report instances of misconduct or indecorum by any committee member or other person to the Assembly for its consideration and action.

[Statutes of Nevada 2014, 28th Special Session, 47]

Rule No. 54. Testimony, Witnesses and Exhibits.

1. All persons wishing to offer testimony to a committee shall be given a reasonable opportunity to do so as determined by the chair.

2. In addressing the committee, a person must state for the record whether he or she supports, opposes or is neutral to the bill or resolution before the committee. For purposes of legislative intent:

(a) "Support" of a bill or resolution shall be construed as:

(1) Approval of the measure as written; or

(2) Approval of the measure as written along with proposed amendments that have been approved by the sponsor of the measure.

(b) "Opposition" to a bill or resolution shall be construed as:

(1) Not supporting the measure as written; or

(2) Opposing the measure as revised by an amendment that has not been approved by the sponsor of the measure.

(c) A “neutral” position on a bill or resolution is one in which the person offers particular insight on the measure but expresses no position on the measure.

3. Persons addressing the committee shall keep their remarks to the point and avoid repetition and are subject to call to order by the chair for failure to do so.

4. A person shall not be excluded from a meeting or public hearing of a committee or subcommittee except in case of any disturbance or disorderly conduct, or if the peace, good order, and proper conduct of the legislative business is hindered by the person or persons.

5. Questions from the committee will be restricted to relevant subject areas.

6. When the chair deems necessary, witnesses will be sworn in pursuant to NRS 218E.040 before providing testimony.

7. Unless waived or revised by the chair, handouts for hearings, including proposed amendments:

(a) Must be submitted to the committee’s manager not later than 5 p.m. on the business day before the meeting unless an earlier submission date or time is set by the chair, and included on the agenda;

(b) Must include the name and contact information of the person providing the handouts;

(c) For proposed amendments, must include a brief statement of intent; and

(d) Must be submitted by electronic mail or other electronic means.

[Statutes of Nevada 2014, 28th Special Session, 47]

Rule No. 55. Hearings.

1. The presence of a quorum of the committee is desirable but not required to conduct a public hearing. At the discretion of the chair, members of the committee may attend, participate in and, if applicable, vote during the hearing via simultaneous telephone or video conference.

2. Public hearings are opened by the chair who announces the subject under consideration and provides an opportunity for persons wishing to address the committee to be heard. These persons shall rise in an order determined by the chair, address the chair and furnish their names, addresses and firms or other organizations represented.

3. Committee members may address the chair for permission to question the witness.

4. A committee meeting shall adjourn no later than 10 minutes preceding the hour of its next regularly scheduled meeting.

5. At the discretion of the chair, meeting may be held outside the regularly scheduled day(s) and time.

6. Meetings of the committee may be scheduled outside the Legislative Building in Carson City with prior written approval of the Speaker. Subcommittees must have the prior written approval of the chair of the committee and the Speaker in to order to conduct a meeting outside Carson City.

[Statutes of Nevada 2014, 28th Special Session, 48]

E. VOTING AND COMMITTEE ACTION

Rule No. 56. Manner of Voting.

1. The chair shall declare all votes and shall cause same to be entered on the records of the committee.

2. A member shall not vote for another member on any roll call. Any member who votes for another member may be punished in any manner deemed appropriate by the Assembly.

[Statutes of Nevada 2014, 28th Special Session, 49]

Rule No. 57. Committee Action.

1. The committee shall have regular meetings scheduled by the Assembly leadership. A quorum of the committee is a majority of its members and may transact business except as limited by this Rule.

2. Except as limited by this Rule, a simple majority of those present may move, second and pass a motion by voice vote.

3. All motions require a second. If no second is received, that motion shall be declared invalid.

4. A committee may not take final action on a bill or resolution until at least 24 hours after the close of the hearing on the bill or resolution.

5. Definite action on a bill or resolution will require a majority of the entire committee. A member shall vote on all questions that come before the committee unless the member:

(a) Is excused; or

(b) Makes a full and complete disclosure of a conflict pursuant to Assembly Standing Rule No. 23.

6. A majority of the entire committee is required to reconsider action on a bill or resolution.

7. Committee introduction of legislative measures which are not prefiled requires concurrence of a majority of the entire committee and does not imply commitment to support final passage.

8. Absent the consent of the chair and the approval of the Speaker, the chair must be present when the committee votes to take any final action regarding bills or resolutions.

9. No member of the committee may vote by proxy under any circumstances.

10. A committee shall not take a vote on the question of whether to exercise its statutory authority to issue a legislative subpoena unless the chair or other person approved by the Speaker has informed the Speaker of the intention of the committee to consider such a question.

11. Every committee vote on a matter pertaining to a bill or resolution must be recorded. The vote may be taken by roll call at the discretion of the chair.

12. A member may change his or her vote at any time before the announcement of the vote if the voting is by voice. The announcement of the result of any vote shall not be postponed.

13. Unless a committee member advises the chair otherwise, it will be presumed that the member will vote on an amendment or on a measure, during a floor session, consistent with his or her vote in the committee.

14. A bill, resolution, or amendment in a committee having been rejected twice may not be brought up again during the same legislative session.

15. The minority of a committee may not make a report or present to the House an alternative report.

[Statutes of Nevada 2014, 28th Special Session, 49]

F. PARLIAMENTARY AUTHORITY

Rule No. 58. Precedence of Parliamentary Authority for Committees.

The precedence of parliamentary authority for the purpose of actions in a committee is set forth in Assembly Standing Rule No. 100.

[Statutes of Nevada 2014, 28th Special Session, 50]

G. DECORUM AND DEBATE IN COMMITTEES

Rule No. 59. Portable Electronic Communication Devices.

1. A person who is within an Assembly committee room shall not engage in a telephone conversation via the use of a portable telephone.

2. No person shall engage in any conduct during a committee meeting which undermines the decorum of the meeting. Before entering an Assembly committee room, any person who possesses a portable electronic communication device, such as a pager or telephone, that emits an audible alert, such as a ringing or beeping sound, to signal an incoming message or call, shall turn the audible alert off. A device that contains a nonaudible alert, such as a silent vibration, may be operated in a nonaudible manner within an Assembly committee room. Failure to follow a warning issued by the chair may result in the device(s) being confiscated upon direction of the chair for the remainder of the meeting.

[Statutes of Nevada 2014, 28th Special Session, 50]

Rule No. 60. Reserved.**Rule No. 61. Privilege of Closing Debate.**

The author of a bill, a resolution or a main question shall have the privilege of closing the debate, unless the previous question has been sustained.

[Statutes of Nevada 2014, 28th Special Session, 50]

Rule No. 62. Points of Order.

If any member, in speaking or otherwise, transgresses the rules of the Assembly, the chair shall, or any member may, call to order, in which case the member so called to order shall immediately yield to the floor, unless permitted to explain; and if called to order by a member, such member shall immediately state the point of order. If the point of order be sustained by the presiding officer, the member shall not be allowed to proceed; but if it be not sustained, then the member shall be permitted to go on. Every such decision from the presiding officer shall be subject to an appeal to the committee; but no discussion of the question of order shall be allowed unless an appeal be taken from the decision of the presiding officer.

[Statutes of Nevada 2014, 28th Special Session, 50]

Rule No. 63. Reserved.**VI. RULES GOVERNING MOTIONS****Rule No. 64. Entertaining.**

No motion may be debated until it is distinctly announced by the presiding officer. The presiding officer, upon his or her own motion or at the request of a member, may direct that the motion be reduced to writing and be read by the Chief Clerk before the motion is debated. A motion may be withdrawn by the maker at any time before amendment or before the motion is put to vote.

[Statutes of Nevada 2014, 28th Special Session, 50]

PARTICULAR MOTIONS**Rule No. 65. Indefinite Postponement.**

When a question is postponed indefinitely, the same question must not be considered again during the session and the question is not subject to a motion for reconsideration.

[Statutes of Nevada 2014, 28th Special Session, 51]

Rule No. 66. To Strike Enacting Clause.

A motion to strike out the enacting clause of a bill or resolution does not take precedence over any other subsidiary motion. If the motion is carried, it shall be considered equivalent to the rejection of such bill or resolution.

[Statutes of Nevada 2014, 28th Special Session, 51]

Rule No. 67. Division of Question.

Any member may call for a division of the question, which shall be divided, if it comprehends propositions in substance so distinct that, one being taken away, a substantive proposition shall remain for the decision of the Assembly. A motion to strike out being lost shall preclude neither amendment nor a motion to strike out and insert. A motion to strike out and insert shall be deemed indivisible.

[Statutes of Nevada 2014, 28th Special Session, 51]

Rule No. 68. Reserved.

The next rule is 80.

VII. DEBATE**Rule No. 80. Speaking on Question.**

1. No member shall speak more than twice during the consideration of any one question, on the same day, and at the same stage of proceedings, without leave. Members who have once spoken shall not again be entitled to the floor (except for explanation) to the exclusion of others who have not spoken.

2. When a member speaks under Order of Business 11, 12, 13 or 14 of Assembly Standing Rule No. 120, the member must limit his or her remarks to an explanation of the issue or an explanation of the bill, resolution or amendment. If the member desires to speak on the importance of such issue, bill, resolution or amendment, the member must request permission to speak under Order of Business 15 of Assembly Standing Rule No. 120.

[Statutes of Nevada 2014, 28th Special Session, 51]

Rule No. 81. Previous Question.

The previous question shall be put only when demanded by three members. The previous question shall not be moved by the member last speaking on the question.

[Statutes of Nevada 2014, 28th Special Session, 51]

Rule No. 82. Privilege of Closing Debate.

The author of a bill, a resolution or a main question shall have the privilege of closing the debate, unless the previous question has been sustained.

[Statutes of Nevada 2014, 28th Special Session, 51]

The next rule is 91.

VIII. CONDUCT OF BUSINESS**A. RULES AND PROCEDURE****Rule No. 91. Rescission, Change or Suspension of Rule.**

No standing rule or order of the Assembly shall be rescinded or changed without a vote of a majority of the members elected; but a rule or order may be suspended temporarily by a vote of a majority of the members present.

[Statutes of Nevada 2014, 28th Special Session, 52]

Rule No. 92. Reserved.**Rule No. 93. Reserved.****Rule No. 94. Privilege of the Floor and Lobbying.**

1. Except as otherwise provided in subsection 2, no person, except Senators, former Assemblymen and Assemblywomen, and state officers, may be admitted at the bar of the Assembly, except by special invitation on the part of some member; but a majority may authorize the Speaker to have the Assembly cleared of all such persons. No person may do any lobbying upon the floor of the Assembly at any time, and it is the duty of the Sergeant at Arms to remove any person violating any of the provisions of this Rule.

2. A former Senator or former Assemblyman or Assemblywoman who is expelled from service in the Senate or the Assembly shall have the privilege of the floor only with permission of the Speaker.

[Statutes of Nevada 2014, 28th Special Session, 52]

Rule No. 95. Material Placed on Legislators' Desks.

All papers, letters, notes, pamphlets and other written material placed upon the desk of a member of the Assembly shall contain the signature of the Legislator requesting the placement of such material on the desk or shall contain a designation of the origin of such material. This Rule does not apply to Legislative Counsel Bureau material.

[Statutes of Nevada 2014, 28th Special Session, 52]

Rule No. 96. Peddling, Begging and Soliciting.

1. Peddling, begging and soliciting are strictly forbidden in the Assembly Chambers, and in the lobby, gallery and halls adjacent thereto.

2. No part of the Assembly Chambers may be used for, or occupied by signs or other devices for any kind of advertising.

3. No part of the hallways adjacent to the Assembly Chambers may be used for or occupied by signs or other devices for any kind of advertising for commercial or personal gain. Notices for nonprofit, nonpartisan, civic or special legislative events may be posted in a designated area of the hallways adjacent to the Assembly Chambers with the approval of the Chief Clerk.

[Statutes of Nevada 2014, 28th Special Session, 52]

Rule No. 97. Petitions and Other Papers.

Petitions and other papers addressed to the Assembly, shall be presented by the Speaker, or by a member in the Speaker's place. A brief statement of the contents thereof shall be read for information. They shall not be debated on the day of their being presented, but shall be on the table, or be referred, as the Assembly shall determine.

[Statutes of Nevada 2014, 28th Special Session, 52]

Rule No. 98. Request of Purpose.

A member may request the purpose of a bill or joint resolution upon its introduction.

[Statutes of Nevada 2014, 28th Special Session, 53]

Rule No. 99. Remarks.

The remarks of all members on final passage of bills or joint resolutions and on adoption of Assembly or concurrent resolutions shall be included in the day's journal. In addition, it shall be in order for members to make remarks under other orders of business and, subject to the approval of the majority of the members present, request that such remarks be entered in the Journal.

[Statutes of Nevada 2014, 28th Special Session, 53]

Rule No. 100. Precedence of Parliamentary Authority.

The precedence of parliamentary authority in the Assembly is:

1. The Constitution of the State of Nevada and judicial decisions thereon.

2. The Standing Rules of the Assembly and the Joint Standing Rules of the Senate and Assembly.

3. Custom, usage and precedence.

4. The Statutes of the State of Nevada.

5. Mason's Manual of Legislative Procedure.
[Statutes of Nevada 2014, 28th Special Session, 53]

Rule No. 101. Reserved.

Rule No. 102. Privileged Questions.

Privileged questions have precedence over all others in the following order:

1. Motions to fix the time to which the Assembly shall adjourn.
2. Motions to adjourn.
3. Questions relating to the rights and privileges of the Assembly or any of its members.
4. A call of the House.
5. Motions for special orders.

[Statutes of Nevada 2014, 28th Special Session, 53]

Rule No. 103. Reserved.

B. BILLS

Rule No. 104. Reserved.

Rule No. 105. Reserved.

Rule No. 106. Skeleton Bills.

The introduction of skeleton bills is authorized when, in the opinion of the sponsor and the Legislative Counsel, the full drafting of the bill would entail extensive research or be of considerable length. A skeleton bill will be provided for purposes of introduction and committee referral. Such a bill will be a presentation of ideas or statements of purpose, sufficient in style and expression to enable the Legislature and the committee to which the bill may be referred to consider the substantive merits of the legislation proposed.

[Statutes of Nevada 2014, 28th Special Session, 53]

Rule No. 107. Reserved.

Rule No. 108. Reserved.

Rule No. 109. Reading of Bills.

The first reading of a bill or joint resolution shall be for information. If there is objection, the question shall be, "Shall the bill be rejected?" If the question to reject fails to receive a majority vote by the members present, or if there is no objection, the bill shall take the proper course. If the question to

reject receives a majority vote of the members present, the bill or joint resolution shall be rejected. The same question must not be considered again during the session, and the question is not subject to a motion for reconsideration. No bill shall be referred to a committee until after the first reading, nor amended until after the second reading.

[Statutes of Nevada 2014, 28th Special Session, 54]

Rule No. 110. Second Reading and Amendment of Bills.

1. All bills must be read the second time on the first legislative day after which they are reported by committee, unless a different day is designated by motion. Upon second reading, Assembly bills reported without amendments shall be placed on the General File and Senate bills reported without amendments shall be placed on the General File. Committee amendments reported with bills shall be considered upon their second reading or third reading, as appropriate, and such amendments may be adopted by a majority vote of the members present. Any amendment which is numbered and made available to all members must be moved and voted upon by number. Assembly bills so amended must be reprinted, then engrossed or reengrossed, as applicable, and placed on the General File. Senate bills so amended must be reprinted, then engrossed or reengrossed, as applicable, and placed on the General File.

2. Any member may move to amend a bill during its second or third reading, and such a motion to amend may be adopted by a majority vote of the members present. Bills so amended on second reading must be treated the same as bills with committee amendments. Any bill so amended upon the General File must be reprinted and then engrossed or reengrossed, as applicable. A member who moves to amend a bill during its second reading must limit his or her remarks to an explanation of the amendment. If the member desires to speak on the importance of the amendment, the member must request permission to speak under Order of Business 15 of Rule No. 120.

3. The reprinting of amended bills may be dispensed with upon a majority vote of the members present.

4. It shall not be in order to consider an amendment that removes all sponsors of a bill or resolution.

[Statutes of Nevada 2014, 28th Special Session, 54]

Rule No. 111. Consent Calendar.

1. A standing committee may by unanimous vote of the members present report a bill with the recommendation that it be placed on the Consent Calendar. The question of recommending a bill for the Consent Calendar may be voted upon in committee only after the bill has been recommended for passage and only if no amendment is recommended.

2. The Chief Clerk shall maintain a list of bills recommended for the Consent Calendar. The list must be printed in the Daily History and must include the summary of each bill, and the date the bill is scheduled for consideration on final passage.

3. At any time before the presiding officer calls for a vote on the passage of the Consent Calendar, a member may give written notice to the Chief Clerk or state orally from the floor of the Assembly in session that he or she requests the removal of a particular bill from the Consent Calendar. If a member so requests, the Chief Clerk shall remove the bill from the Consent Calendar and transfer it to the Second Reading File. A bill removed from the Consent Calendar may not be restored to that Calendar.

4. During floor consideration of the Consent Calendar, members may ask questions and offer explanations relating to the respective bills.

5. When the Consent Calendar is brought to a vote, the bills remaining on the Consent Calendar must be read by number and summary and the vote must be taken on their final passage as a group.

[Statutes of Nevada 2014, 28th Special Session, 54]

Rule No. 112. Reserved.

Rule No. 113. General File.

1. All bills and joint resolutions reported to the Assembly, by the Committee of the Whole, a standing committee, a conference committee or a special committee, after receiving their second readings must be placed upon the General File, to be kept by the Chief Clerk. The Chief Clerk shall post a daily statement of the bills on the General File. The Chief Clerk shall likewise post notices of special orders as made.

2. A member who moves to amend a bill or joint resolution during its third reading must limit his or her remarks to an explanation of the amendment. If the member desires to speak on the importance of the amendment, the member must request permission to speak under Order of Business 15 of Assembly Standing Rule No. 120.

3. A member who speaks on third reading regarding the final passage of a bill, joint resolution or initiative petition must limit his or her remarks to an explanation of the bill, joint resolution or initiative petition. If the member desires to speak on the importance of the bill, joint resolution or initiative petition, the member must request permission to speak under Order of Business 15 of Assembly Standing Rule No. 120.

[Statutes of Nevada 2014, 28th Special Session, 55]

Rule No. 114. Reserved.

Rule No. 115. Reconsideration of Vote on Bill.

1. A motion to reconsider a final vote on a bill or resolution shall be in order only on the day on which the final vote is taken, and the vote on such a motion to reconsider must be taken on the same day. The motion to reconsider can be made only by a member who voted with the prevailing side.

2. A motion to reconsider a vote on an amendment to a pending question must be made at once and can be made only by a member who voted with the prevailing side.

3. A motion to reconsider shall have precedence over every other motion, including a motion to adjourn, if the motion is to reconsider a final vote on a bill or resolution. If the motion to reconsider is for any other action, the motion has precedence over every other motion, except a motion to adjourn or to fix the time to adjourn; and when the Assembly adjourns while a motion to reconsider is pending, the right to move a reconsideration shall continue to the next day of sitting.

[Statutes of Nevada 2014, 28th Special Session, 55]

Rule No. 116. Vetoes Bills.

1. Bills that have passed both Houses of the Legislature and are transmitted to the Assembly accompanied by a message or statement of the Governor's disapproval or veto of the same must:

(a) Be taken up and considered immediately upon the coming in of the message transmitting the same; or

(b) Become the subject of a special order.

2. When the message is received, or if made a special order, when the special order is called, the said message or statement must be read together with the bill or bills so disapproved or vetoed. The message and bill must be read by the Chief Clerk without interruption, consecutively, one following the other, and not upon separate occasions. No such bill or message may be referred to any committee, or otherwise acted upon save as provided by law and custom; that is to say, that immediately following such reading the only question, except as hereinafter stated, which may be put by the Speaker is, "Shall the bill pass, notwithstanding the objections of the Governor?" It shall not be in order, at any time, to vote upon such a vetoed bill unless the same shall first have been read, from the first word of its title to and including the last word of its final section. No motion may be entertained after the Speaker has stated the question, save a motion to adjourn or a motion for the previous question, but the merits of the bill itself may be debated. The message or statement containing the objections of the Governor to the bill must be entered in the Journal of the Assembly.

[Statutes of Nevada 2014, 28th Special Session, 56]

Rule No. 117. Reserved.**C. RESOLUTIONS****Rule No. 118. Treated as Bills—Joint Resolutions.**

The procedure of enacting joint resolutions must be identical to that of enacting bills, except that:

1. Joint resolutions, upon enrollment, must be delivered to the Secretary of State; and
2. Joint resolutions proposing amendments to the Constitution must be entered in the Journal in their entirety.

[Statutes of Nevada 2014, 28th Special Session, 56]

Rule No. 119. Return from the Secretary of State.

An Assembly resolution may be used to request the return from the Secretary of State of an enrolled Assembly resolution for further consideration.

[Statutes of Nevada 2014, 28th Special Session, 56]

D. ORDER OF BUSINESS**Rule No. 120. Order of Business.**

The Order of Business must be as follows:

1. Call to Order.
2. Reading and Approval of Journal.
3. Presentation of Petitions.
4. Reports of Standing Committees.
5. Reports of Select Committees.
6. Communications.
7. Messages from the Senate.
8. Motions, Resolutions and Notices.
9. Introduction, First Reading and Reference.
10. Consent Calendar.
11. Second Reading and Amendment.
12. General File and Third Reading.
13. Unfinished Business of Preceding Day.
14. Vetoed Bills and Special Orders of the Day.
15. Remarks from the Floor, limited to 10 minutes.

[Statutes of Nevada 2014, 28th Special Session, 57]

Rule No. 121. Reserved.

Rule No. 122. Reserved.

Rule No. 123. Reserved.

Rule No. 124. Reserved.

Rule No. 125. Reserved.

Rule No. 126. Reserved.

Rule No. 127. Reserved.

Rule No. 128. Reserved.

The next rule is 140.

IX. LEGISLATIVE INVESTIGATIONS AND MISCELLANEOUS

Rule No. 140. Compensation of Witnesses.

Witnesses summoned to appear before the Assembly or any of its committees must be compensated as provided by law for witnesses required to attend in the courts of the State of Nevada.

[Statutes of Nevada 2014, 28th Special Session, 57]

Rule No. 141. Use of the Assembly Chamber.

The Assembly Chamber shall not be used for any public or private business other than legislative, except by permission of the Assembly.

[Statutes of Nevada 2014, 28th Special Session, 57]

X. SPECIAL SESSIONS

Rule No. 142. Request for Drafting of Bills, Resolutions or Amendments.

1. Except as otherwise provided in subsections 2 and 3, the Legislative Counsel shall not honor a request for the drafting of a bill or resolution to be introduced in the Assembly during a special session, or an amendment to a bill or resolution, unless it is submitted by the Speaker, the Committee of the Whole, such other committees as the Speaker may appoint for a special session, or a conference committee.

2. The standing Committee on Legislative Operations and Elections may request the drafting of three Assembly resolutions and one Assembly concurrent resolution necessary to establish the rules, staffing, operation and organization of the Assembly and the Legislature for a special session.

3. The Speaker may request the drafting of five bills for a special session without seeking the approval of the Assembly.

[Statutes of Nevada 2014, 28th Special Session, 58]

INDEX TO ASSEMBLY STANDING RULES

28TH SPECIAL SESSION, 2014

— A —

<i>Subject</i>	<i>Rule No.</i>
Adjournment	
Committee meetings.....	55
Election contests, adjournment before declaration of candidate elected prohibited.....	46
Motion to adjourn or to fix time for adjournment, precedence	102, 115
Reconsideration of vote, motion for, procedures	115
Temporary appointment to committees during	41
Vetoed bills, effect	116
Advertising within Chamber or Halls	
Commercial advertising prohibited.....	96
Nonprofit, nonpartisan, civic or special legislative events, posting of notices	96
Amendments	
Committee amendments, procedure for adoption	110
Committee chairs, requests to resolve conflicts	47
Concurrent referrals	43
Constitutional amendments.....	118
General File, placement	110
Hearings on amendments, handouts.....	54
Motion to amend, adoption	110
Motion to strike out, effect on amendment when motion lost	67
Order of business.....	120
Rejection twice by committee, effect.....	57
Remarks from members.....	110, 113
Reprinting.....	110
Second reading, consideration upon	109, 110
Special sessions, drafting requests	142
Sponsors, removal of all sponsors	110
Third reading, consideration upon	110, 113
Whole, Committee of the, amendments proposed by.....	45
Appeals	
Points of order, procedure	1, 20, 62
Assembly Chamber (<i>See also Legislative Building</i>)	
Advertising prohibited.....	96
Cellular phones, use	21
Decorum.....	1
Lobbying prohibited	94
Majority may authorize Chamber cleared.....	94
Material placed on Legislators' desks.....	95
Nonprofit, nonpartisan, civic or special legislative events, posting of notices	96
Pagers, use.....	21
Peddling, begging, and soliciting prohibited.....	96
Privilege of the floor.....	94
Speaker, powers	1
Use of Chamber restricted	141

<i>Subject</i>	<i>Rule No.</i>
Attachés	
Appointment, recommendation by resolution	44
Chief Clerk, duties	3, 49
Committee staff (<i>See COMMITTEES</i>)	
— B —	
Begging within Chamber or Halls	
Prohibition against	96
Bills	
Amendment (<i>See Amendments</i>)	
Committee actions	47, 57
Concurrent referrals	43
Consent Calendar	111
Debate (<i>See Debate</i>)	
Drafting requests	
Special sessions	142
Submission by committees	47
Enacting clause, motion to strike	66
Enrolled bills, signature of Speaker required	1
First reading	109, 120
General file	110, 113
Introduction (<i>See Introduction of Legislative Measures</i>)	
Purpose, member may request	98
Reconsideration of vote (<i>See Reconsideration of Vote</i>)	
Reference to committee, first reading required	109
Rejection	57, 66, 109
Remarks of members on final passage	99, 113
Second reading	109, 110, 120
Skeleton bills	106
Third reading	110, 120
Vetoed bills (<i>See Vetoed Bills</i>)	
Voting (<i>See Voting</i>)	
Business	
Conduct of business, generally	91-120
Order	120
Special orders (<i>See Special Orders of the Day</i>)	
Unfinished business	80, 120

— C —

Call of the Assembly	
Privileged question, precedence	102
Speaker's powers and duties	1
Call to Order	
Committee meetings	62
Order of Business	120
Procedure	20
Speaker's powers and duties	1, 20

<i>Subject</i>	<i>Rule No.</i>
Candidates, Election (<i>See Election Contests</i>)	
Carson City	
Subcommittees, meetings held outside of Carson City	55
Cellular Telephones	
Use in Assembly Chamber or committee rooms	21, 59
Chairs of Committees (<i>See Committees</i>)	
Chamber (<i>See Assembly Chamber</i>)	
Change of Rules	
Majority vote required	91
Chief Clerk of the Assembly	
Committee actions, record to be filed with Chief Clerk	50
Committee policies, filing with Chief Clerk	41
Committee reports, receipt	51
Complaints alleging conflict of interest, duties	23
Concurrent referrals, procedures	43
Consent Calendar, duties	111
Daily history, authority	3
Duties generally	3
Election	3
General file, duties	113
Histories, authority	3
Journal, powers and duties	3, 30
Minutes and exhibits, duties	3, 51, 52
Motions, reading	64
Posting of notices for nonprofit, nonpartisan, civic or special legislative events, approval	96
Seal, duties	3
Special orders, duties	113
Staff, duties	3, 49
Vetoed bills, duties	116
Voting, duties	30
Commerce and Labor, Committee on (<i>See also Committees</i>)	
Number of members	40
Committee of the Whole	
Amendments proposed by, procedures	45
Chair, Speaker to preside as or name	45
Debate, limitation authorized	45
Duration, extension of time	45
Minutes to be entered into journal	45
Motions to be seconded	45
Notices unnecessary	52.5
Previous question out of order	45
Prohibited acts	45
Quorum	45
Rules to be observed	45
Speaking on the question, limitations	45
Special session, bill draft requests	142
Vote, recording	45
Committees	
Actions	47, 57
Amendments, procedure for adoption	110
Assembly and Senate standing committees, joint meetings	50, 51

Subject	Rule No.
COMMITTEES—(Continued)	
Bill draft requests	
Special sessions	142
Submission.....	47
Bills and resolutions referred to committee.....	43, 109
Cellular phones and pagers, use in committee rooms.....	59
Chairs	
Absence of members, notice, duties.....	48
Alternates, appointment	41.5
Committee rooms, authority over.....	47
Communications with committee staff and personnel of LCB	53
Designation	41
Hearings, duties	47, 55
Lobbyists, press and members of public, duties	53
Misconduct or indecorum, reports to House	53
Points of order, duties	62
Powers and duties generally.....	47
Recess, call for.....	47
Records, duties.....	47, 51, 56
Reports, duties	47, 51
Subcommittees, powers and duties	42, 55
Substitute to perform duties, designation	47
Voting, duties.....	56, 57
Closing debate, privilege	61, 82
Consent Calendar, recommendations.....	111
Election contest, special committee to consider.....	46
Ethics (<i>See Ethics, Select Committee on</i>)	
Exclusion of persons from committee rooms.....	47
Hearings (<i>See Hearings</i>)	
Interim committees, appointment by Speaker.....	1
Introduction of legislative measures	57
Legislative operations and elections (<i>See Legislative Operations and Elections, Committee on</i>)	
Managers	49, 50, 54
Meetings (<i>See Meetings</i>)	
Members	
Absence, notice requirements, when final action taken.....	48
Appointments by Speaker	41
Number of members	40
Minutes (<i>See Minutes</i>)	
Motions, procedure.....	57
Names of committees	40
Notices, publication.....	52.5
Operations	50
Parliamentary authority, precedence.....	58, 100
Points of order, procedures	62
Quorum	
Designation.....	57
Hearings, quorum unnecessary	55
Voting, abstentions, quorum following	23, 31
Recess to be called by chair.....	47
Records	
Chairs, duties	47, 51, 56
Chief Clerk, records to be filed with, duties.....	50, 52

Subject	Rule No.
COMMITTEES— <i>(Continued)</i>	
RECORDS— <i>(Continued)</i>	
Contents.....	51
Final disposition.....	52
Managers, duties.....	50
Reports	
Chairs, duties.....	47, 51
Manager, duties.....	49
Minority reports prohibited.....	57
Order of Business.....	120
Rooms, chair's authority over committee rooms.....	47
Rules and policies.....	41, 42
Secretary.....	49
Skeleton bills, referral and consideration.....	106
Staff	
Chairs, duties, communications.....	47, 53
Chief Clerk to prescribe duties.....	49
Manager, duties.....	49, 50, 54
Secretary, duties.....	49
Subcommittees	
Appointment and duties.....	42, 47
Exclusion of persons from meetings.....	54
Meetings outside Carson City, approval.....	55
Subpoenas, issuance.....	57
Vice chairs	
Assumption of duties of chair.....	47
Designation.....	41
Voting (<i>See Voting</i>)	
Whole, Committee of the (<i>See Committee of the Whole</i>)	
Work session documents, distribution.....	47
Concurrent Referrals	
Procedure.....	43
Concurrent Resolutions (<i>See generally Resolutions</i>)	
Conduct of Business	
Generally.....	91-120
Conflicts of Interest	
Advice to Legislators by Select Committee on Ethics.....	23
Complaints, filing.....	23
Determination of conflict, criteria for.....	23
Disclosure of conflict by Legislator.....	23, 57
Voting, abstentions, quorum following.....	23, 31, 57
Consent Calendar	
Committee recommendations.....	111
Floor consideration.....	111
List of bills recommended, maintenance, printing and contents.....	111
Order of Business.....	120
Read by bill number and summary.....	111
Recommendation for placement of bill, requirements.....	111
Removal of bill and transfer to second reading file.....	111
Voting, manner of.....	111
Constitutional Amendments	
Journal, amendment entered in entirety.....	118

<i>Subject</i>	<i>Rule No.</i>
Contests of Election (<i>See Election Contests</i>)	
— D —	
Daily History	
Consent Calendar, list of recommended bills.....	111
Speaker and Chief Clerk, authority.....	3
Debate	
Closing, privilege	61, 82
Committee of the Whole, limitations	45
Motions (<i>See also Motions</i>)	
Procedure.....	64
Petitions and other papers addressed to Assembly	97
Points of order (<i>See Points of Order</i>)	
Previous question	45, 81
Privileged questions	102
Speaking on the question.....	45, 80
Vetoed bills	116
Decorum	
Committee meetings.....	47, 53, 54, 59
Electric communication devices, portable, use in Chamber.....	21
Points of order	20
Powers of Speaker	1
Division of the House	
Voting, manner of.....	30, 33
Division of the Question	
Generally	67

— E —

Education, Committee on (<i>See also Committees</i>)	
Number of members	40
Election Contests	
Adjournment restricted	46
Declaration of person elected	46
Depositions or written oral arguments, submission	46
Governor to be informed of identity of elected candidate.....	46
Hearings	
Contestant, burden of proving irregularities.....	46
Evidence rules, applicability	46
Minutes required.....	46
Oral statements to be made under oath.....	46
Witnesses, depositions	46
Legislative Operations and Elections, Committee on,	
referral of contest to	46
Recommendations of committee	
Rejection of or no recommendation, effect	46
Reports to Assembly.....	46
Vote to accept or reject recommendation, time limit.....	46
Special committee, appointment.....	46
Statement of contest, receipt from Secretary of State	46
Electronic Roll Call System	
Use	30

<i>Subject</i>	<i>Rule No.</i>
Emergency Situations	
Committee meetings, suspension of notice rules	52,5
Speaker, call of the Assembly	1
Employees	
Appointment, recommendation by resolution.....	44
Chief Clerk, duties.....	3, 49
Committee staff (<i>See Committees</i>)	
Enacting Clause	
Motion to strike, precedence, effect if motion carried	66
Ethics	
Advice to Legislators by Select Committee.....	23
Complaints	
Filing	23
Form and signature	23
Select Committee on Ethics to hear	23
Confidentiality of proceedings before Select Committee.....	23
Conflicts of interest (<i>See Conflicts of Interest</i>)	
Ethics, Select Committee on (<i>See also Committees</i>)	
Chair and Vice Chair, appointment	23
Confidentiality of proceedings	23
Disqualification to serve during consideration of specific question	23
Membership.....	2, 23
Powers and duties.....	23
Tenure of members to extend during interim.....	23
Exhibits	
Committee secretary, duties.....	49
Final disposition	52
Handouts, requirements.....	54

— F —

First Reading of Bills	
Objection to bill or resolution, procedures.....	109
Order of Business.....	120
Purpose, for information.....	109
Referral to committee, requirements.....	109
Former Legislators	
Privilege of the floor.....	94

— G —

General File	
Amendments, placement on.....	110
Bills and joint resolutions, placement on	110, 113
Chief Clerk, duties.....	113
Order of Business	120
Speaking on the question.....	80
Government Affairs, Committee on (<i>See also Committees</i>)	
Number of members	40
Governor	
Election contests, notice of identity of person declared elected	46
Vetoed bills	116

*Subject**Rule No.*

— H —

Health and Human Services, Committee on (*See also Committees*)

Number of members	40
-------------------------	----

Hearings

Chairs, powers and duties	47, 53, 55
Communications	53
Election contests, procedure	46
Ethics, Select Committee on	23
Exclusion of persons from	47, 54
Handouts	54
Joint hearings	50, 51
Lobbyists and members of the press, restrictions	53
Notices	52.5
Procedures	55
Quorum unnecessary	55
Telephone or video conference, participation by authorized	55
Testimony before committee, requirements	54
Witnesses	54, 55, 140

History

Consent Calendar, list of recommended bills	111
Speaker and Chief Clerk, authority	3

— I —

Initiative Petitions

Final passage, remarks from the floor	113
---	-----

Interim

Committees, appointment	1
Ethics, Select Committee on, tenure of members	23
Leadership of Assembly, tenure	2

Internet

Committee notices, publication	52.5
Committee rules, publication	41

Introduction of Legislative Measures

Committee introductions	57
Order of Business	120
Purpose of bill or joint resolution, member may request	98
Skeleton bills	106

— J —

Joint Resolutions (*See Resolutions*)**Journal**

Committee of the Whole, minutes to be entered into journal	45
Conflicts of interest, certain disclosures to be entered in	23
Constitutional amendments, joint resolution to be entered in entirety	118
Reading and approval, Order of Business	120
Remarks entered in	99
Speaker and Chief Clerk, authority	3
Vetoed bills, message or statement of Governor's objections entered in	116
Voting, names of those calling for yeas and nays entered in	30

<i>Subject</i>	<i>Rule No.</i>
Judiciary, Committee on (<i>See also Committees</i>)	
Number of members	40

— L —

Legislative Building

Assembly Chamber (<i>See Assembly Chamber</i>)	
Commercial advertising prohibited.....	96
Committee meetings, authority to hold outside of Building	55
Committee rooms	
Chair, authority	47
Portable electronic communication devices, restrictions	59
Nonprofit, nonpartisan, civic or special legislative events,	
posting of notices.....	96
Notices of public hearings, requirements.....	52.5
Peddling, begging, and soliciting prohibited.....	96

Legislative Counsel Bureau

Committee chairs, communications with personnel.....	53
Director, determination of fee for recordings of committee meetings.....	51
Research Library, committee minutes and exhibits filed with	52
Skeleton bills, opinion of Legislative Counsel regarding	106

Legislative Operations and Elections, Committee on (*See also Committees*)

Election contests, referral to	46
Number of members	40
Personnel	
Appointment, recommendation by resolution	44
Jurisdiction over matters relating to	44
Special sessions, bill draft requests	142

Lobbying

Committee rooms, restrictions on lobbyists.....	53
Prohibited on Assembly floor.....	94

— M —

Majority Leader

Interim, continuation of leadership	2
---	---

Mason's Manual of Legislative Procedure

Precedence	100
------------------	-----

Meetings

Adjournment	55
Agendas, distribution.....	47, 50, 52.5
Cellular phones and pagers, use prohibited, exception	59
Chairs, powers and duties.....	47
Committee secretary, duties.....	49
Ethics, Select Committee on.....	23
Exclusion of persons from.....	47, 54
Holding outside regularly scheduled days and times	55
Joint meetings.....	50, 51
Legislative Building, meetings held outside of.....	55
Minutes (<i>See Minutes</i>)	
Open meetings required.....	11

<i>Subject</i>	<i>Rule No.</i>
MEETINGS—(Continued)	
Quorum	
Designation.....	57
Hearings, quorum unnecessary	55
Voting, abstentions, quorum following	23, 31
Recordings of meetings, availability, fee	49, 51
Scheduled by Assembly leadership	57
Subcommittees	42, 54, 55
Time of meeting of Assembly	10
Messages	
Order of Business	120
Receipt by Speaker	1
Vetoed bills	116
Minority Leader	
Interim, continuation of leadership	2
Select Committee on Ethics, appointment of members and alternates	2, 23
Minutes	
Committee of the Whole, minutes to be entered into journal.....	45
Committee secretary, duties.....	49
Conflicts of interest, certain disclosures to be entered in	23
Election contests, minutes of hearing required	46
Final disposition of committee minutes	52
Official record of committee meeting, minutes deemed, exception	51
Review and approval by committee chair.....	47
Speaker and Chief Clerk, authority.....	3, 51
Motions	
Adjournment (<i>See Adjournment</i>)	
Amend.....	110
Committee action	57
Committee of the Whole, seconds to motions required	45
Debate, procedure.....	64
Division of the question.....	67
Enacting clause, motion to strike.....	66
Entertaining.....	64
Order of Business	120
Postpone indefinitely	65
Previous question (<i>See Previous Question, Motion for</i>)	
Privileged questions, precedence	102
Reconsideration of vote (<i>See Reconsideration of Vote</i>)	
Refer, motion to (<i>See Refer, Motion to</i>)	
Special orders, precedence of motions.....	102
Strike out	67
Strike out and insert.....	67
Vetoed bills, limitation of motions entertained.....	116
Withdrawal of motion, time for	64
— N —	
Natural Resources, Agriculture, and Mining, Committee on (<i>See also Committees</i>)	
Number of members	40
News Media	
Accreditation, assignment of seating	1
Committee rooms, restrictions.....	53

<i>Subject</i>	<i>Rule No.</i>
Notices	
Committee meetings.....	52.5
Election contests, depositions.....	46
Order of Business.....	120

— O —

Open meetings	
Ethics, Select Committee on, certain meetings confidential	23
Requirement	11
Order of Business	
Enumeration	120

— P —

Pagers	
Use in Assembly Chamber or committee rooms.....	21, 59
Parliamentary Authority	
Precedence.....	58, 100
Peddling within Chamber or Halls	
Prohibition against.....	96
Petitions Addressed to Assembly	
Presentation	97, 120
Points of Order	
Committee meetings.....	62
Procedure.....	20
Speaker's powers and duties.....	1, 20
Postpone Indefinitely, Motion to	
Reconsideration of motion prohibited	65
Previous Question, Motion for	
Closing debate, effect of motion.....	61, 82
Committee of the Whole.....	45
Consideration of motion upon return of vetoed bill	116
Person last speaking on question, prohibition against motion.....	81
Three members to demand	81
Privilege	
Closing debate	61, 82
Of the floor	94
Privileged Questions	
Precedence.....	102

— R —

Recess	
Committee chairs, powers	47
Reconsideration of Vote	
Adjournment while motion pending, right to reconsider continued to next day of sitting	115
Committee action	57
Postpone indefinitely, reconsideration of motion prohibited	65
Precedence of motion	115
Procedure.....	115

Subject	Rule No.
RECONSIDERATION OF VOTE (Continued)	
Rejection of bill or joint resolution, reconsideration of motion prohibited	109
Refer, Motion to	
Concurrent referrals	43
First reading required before referral	109
Order of Business	120
Petitions and other papers addressed to Assembly	97
Skeleton bills	106
Vetoed bills, prohibitions	116
Remarks From the Floor	
Amendments	110, 113
Consent calendar	111
Debate (<i>See Debate</i>)	
Entered in Journal	99
Final passage of bill, resolution or initiative petition	113
Members, authority	99
Order of Business	99, 120
Speaking on the question	80
Rescission of Rules	
Majority vote required	91
Resolutions	
Action by committee	47, 57
Amendment (<i>See Amendments</i>)	
Attachés and employees, appointment	44
Concurrent referrals	43
Debate (<i>See Debate</i>)	
Enacting clause, motion to strike	66
Enrolled resolutions	
Secretary of State	
Delivery to	118
Legislature, requests for return of resolution	119
Signature of Speaker required	1
Introduction (<i>See Introduction of Legislative Measures</i>)	
Joint resolutions	
Constitutional amendments	118
Delivery to Secretary of State	118
First reading	109, 120
General File, placement on	113
Procedure for enactment	118
Purpose, member may request	98
Rejection	57, 66, 109
Remarks of members on final passage	99, 113
Order of Business	120
Reconsideration of vote (<i>See Reconsideration of Vote</i>)	
Rejection, striking out enacting clause constitutes	66
Remarks of members upon adoption	99
Special sessions, drafting requests	142
Use to request return of enrolled resolution from Secretary of State	119
Voting (<i>See Voting</i>)	
Roll Call Vote (See Voting)	

Subject

Rule No.

— S —

Seal of the Assembly	
Chief Clerk, duties.....	3
Second Reading of Bills	
Amendments, consideration	109, 110
Consent Calendar, bills transferred from	111
General File, placement of bills reported without amendments	110
Order of Business	120
Speaking on the question.....	80
Time for.....	110
Secretary of State	
Election contests, procedures.....	46
Enrolled resolutions	
Joint resolutions, receipt upon enrollment.....	118
Requests for return to Legislature	119
Privilege of the floor.....	94
Senators	
Privilege of the floor.....	94
Sergeant at Arms	
Duties	94
Simple Resolutions (<i>See generally Resolutions</i>)	
Skeleton Bills	
Generally	106
Solicitation Within Chamber or Halls	
Prohibition against.....	96
Speaker of the Assembly	
Chamber, authority to clear of certain persons	94
Chief Clerk responsible to	3
Committees	
Actions, reports from chairs.....	47
Appointments.....	41
Chairs and Vice Chairs, duties	23, 41, 41.5
Ethics, Select Committee on, duties	2, 23
Interim committees, appointment.....	1
Meetings outside Legislative Building, approval	55
Minutes, authority	3, 51
Rules, determination	41
Subpoenas, notice of issuance.....	57
Whole, Committee of the, duties.....	45
Death or disability, succession to office	1
Election contests, duties	46
Emergencies, duties.....	1
Histories, authority	3
Interim, continuation of leadership	2
Journal, authority	3
Motions, announcement.....	64
Officers of the Assembly subordinate to.....	1
Petitions and other papers addressed to Assembly, presentation.....	97
Points of order, duties.....	1, 20
Powers and duties generally	1
Privilege of the floor, duties	94
Resignation, succession to office.....	1
Special sessions, bill draft requests.....	142

<i>Subject</i>	<i>Rule No.</i>
SPEAKER OF THE ASSEMBLY—(Continued)	
Substitute to perform duties, designation.....	1
Vacancy in office.....	1
Vetoed bills, duties.....	116
Voting.....	1, 30
Speaker pro Tempore	
Interim, continuation of leadership.....	2
Succession to office of Speaker.....	1
Speaking on the Question	
Limitations	45, 80
Special Orders of the Day	
Notices of special orders, posting.....	113
Order of Business.....	120
Precedence of motion.....	102
Speaking on the question.....	80
Vetoed bills.....	116
Special Sessions	
Requests for drafting of bills, resolutions or amendments.....	142
Staff	
Appointment, recommendation by resolution.....	44
Chief Clerk, duties.....	3, 49
Committee staff (<i>See Committees</i>)	
Standing Committees (<i>See generally Committees</i>)	
State Officers	
Privilege of the floor.....	94
Strike Enacting Clause, Motion to	
Precedence of motion, effect of motion if carried.....	66
Strike Out and Insert, Motion to	
Motion deemed indivisible	67
Strike Out, Motion to	
Lost motion, effect	67
Subcommittees (<i>See also Committees</i>)	
Appointment and duties.....	42, 47
Exclusion of persons from meetings.....	54
Meetings outside Carson City, approval	55
Subpoenas	
Chief Clerk, duties.....	3
Issuance by committee, procedure.....	57
Signature of Speaker	1
Suspension of Rules	
Reprinting of amended bills.....	110
Temporary suspension.....	91
Majority vote required.....	91
— T —	
Taxation, Committee on (<i>See also Committees</i>)	
Number of members.....	40
Telephones	
Cellular phones, use in Assembly Chamber or committee rooms.....	21, 59
Committee hearings, participation by.....	55
Third Reading of Bills	
Amendments, consideration	110, 113
Order of Business	120

<i>Subject</i>	<i>Rule No.</i>
THIRD READING OF BILLS—(Continued)	
Remarks from the floor.....	113
Speaking on the question.....	80
Time of Meeting	
House	10
Transportation, Committee on (See also <i>Committees</i>)	
Number of members	40

— U —

Unfinished Business	
Order of Business	120
Speaking on the question.....	80

— V —

Vetoed Bills	
Chief Clerk, duties.....	116
Committee referral, bill and message not to be referred	116
Debate on merits of bill	116
Governor's message or statement of disapproval to be read with bill	116
Immediate consideration.....	116
Motions, limit on	116
Order of Business	120
Reading, procedure for	116
Speaking on the question.....	80
Special order of business	116
Voting on.....	116
Video Conferences	
Committee hearings, participation by	55
Voting	
Amendments	110
Announcement of vote, postponement prohibited	32, 57
Breach of rules, effect.....	31
Call for yeas and nays.....	30
Certification required to vote.....	30
Change of vote	32, 57
Committees	
Chair, duties.....	56, 57
Hearings, voting via telephone or video conference may be authorized.....	55
Manner of voting	56, 57
Members absent when final action taken marked absent for vote	48
Proxy, prohibition on voting by	57
Recording of votes	45, 56, 57
Subpoenas, issuance.....	57
Concurrent referrals.....	43
Conflicts of interest, abstentions, quorum following	23, 31, 57
Consent Calendar	111
Division, voting by	30, 33
Electronic roll call system	30
Manner of	30
Reconsideration of vote (See <i>Reconsideration of Vote</i>)	
Requirement of voting.....	31

Subject	Rule No.
VOTING—(<i>Continued</i>)	
Result of vote, postponement of announcement prohibited	32, 57
Roll call vote	
Calling for yeas and nays	30
Committee action	57
Electronic roll call system	30
Manner of voting	30
Voting for another member prohibited, punishment	30, 56
Rules, rescission, change or suspension	91
Speaker	1, 30
Vetoed bills	116
Whole, Committee of the	45

— W —

Ways and Means, Committee on (<i>See also Committees</i>)	
Number of members	40
Whole, Committee of the (<i>See Committee of the Whole</i>)	
Withdrawal of Motion	
Time for	64
Witnesses	
Committee hearings	54, 55
Compensation	140
Election contests	46

JOINT STANDING RULES OF THE SENATE AND ASSEMBLY

28TH SPECIAL SESSION, 2014

APPLICABILITY OF JOINT RULES

Rule No. 1. Generally.

The Joint Rules for the 28th Special Session of the Legislature are applicable only during the 28th Special Session of the Legislature.

[Statutes of Nevada 2014, 28th Special Session, 29]

CONFERENCE COMMITTEES

Rule No. 2. Procedure Concerning.

1. In every case of an amendment of a bill, or joint or concurrent resolution, agreed to in one House, dissented from in the other, and not receded from by the one making the amendment, each House shall appoint a committee to confer with a like committee to be appointed by the other; and the committee so appointed shall meet publicly at a convenient hour to be agreed upon by their respective chairs and announced publicly, and shall confer upon the differences between the two Houses as indicated by the amendments made in one and rejected in the other and report as early as convenient the result of their conference to their respective Houses. The report shall be made available to all members of both Houses. The whole subject matter embraced in the bill or resolution shall be considered by the committee, and it may recommend recession by either House, new amendments, new bills or resolutions, or other changes as it sees fit. New bills or resolutions so reported shall be treated as amendments unless the bills or resolutions are composed entirely of original matter, in which case they shall receive the treatment required in the respective Houses for original bills, or resolutions, as the case may be.

2. The report of a conference committee may be adopted by acclamation. The report is not subject to amendment.

3. There shall be but one conference committee on any bill or resolution. A majority of the members of a conference committee from each House must be members who voted for the passage of the bill or resolution.

[Statutes of Nevada 2014, 28th Special Session, 29]

MESSAGES

Rule No. 3. Procedure Concerning.

1. Proclamations by the Governor convening the Legislature in special session must, by direction of the presiding officer of each House, be read immediately after the convening of the special session, and must be filed and entered in the Journal of proceedings.

2. Whenever a message from the Governor is received, it shall be read and entered in full in the Journal of proceedings.

3. Messages from the Senate to the Assembly shall be delivered by the Secretary or Assistant Secretary, and messages from the Assembly to the Senate shall be delivered by the Chief Clerk or a person designated by the Chief Clerk.

[Statutes of Nevada 2014, 28th Special Session, 30]

NOTICE OF FINAL ACTION

Rule No. 4. Communications.

Each House shall communicate its final action on any bill or resolution, or matter in which the other may be interested, by written notice. Each such notice sent by the Senate must be signed by the Secretary of the Senate, or a person designated by the Secretary. Each such notice sent by the Assembly must be signed by the Chief Clerk of the Assembly, or a person designated by the Chief Clerk.

[Statutes of Nevada 2014, 28th Special Session, 30]

BILLS AND JOINT RESOLUTIONS

Rule No. 5. Signature.

Each enrolled bill or joint resolution shall be presented to the presiding officers of both Houses for signature. They shall, after an announcement of their intention to do so is made in open session, sign the bill or joint resolution and their signatures shall be followed by those of the Secretary of the Senate and Chief Clerk of the Assembly.

[Statutes of Nevada 2014, 28th Special Session, 30]

Rule No. 6. Joint Sponsorship.

1. A bill or resolution introduced by a committee of the Senate or Assembly may, at the direction of the chair of the committee, set forth the name of a committee of the other House as a joint sponsor, if a majority of all members appointed to the committee of the other House votes in favor of becoming a joint sponsor of the bill or resolution. The name of the committee

joint sponsor must be set forth on the face of the bill or resolution immediately below the date on which the bill or resolution is introduced.

2. The Legislative Counsel shall not cause to be printed the name of a committee as a joint sponsor on the face of a bill or resolution unless the chair of the committee has signed his or her name next to the name of the committee on the colored back of the introductory copy of the bill or resolution that was submitted to the front desk of the House of origin or the statement required by subsection 4.

3. Upon introduction, any bill or resolution that sets forth the names of primary joint sponsors must be numbered in the same numerical sequence as other bills and resolutions of the same House of origin are numbered.

4. Once a bill or resolution has been introduced, a primary joint sponsor or nonprimary joint sponsor may only be added or removed by amendment of the bill or resolution. An amendment which proposes to add or remove a primary joint sponsor must not be considered by the House of origin of the amendment unless a statement requesting the addition or removal is attached to the copy of the amendment submitted to the front desk of the House of origin of the amendment. If the amendment proposes to add or remove a committee as a primary joint sponsor, the statement must be signed by the chair of the committee. A copy of the statement must be transmitted to the Legislative Counsel if the amendment is adopted.

5. An amendment that proposes to add or remove a primary joint sponsor may include additional proposals to change the substantive provisions of the bill or resolution or may be limited only to the proposal to add or remove a primary joint sponsor.

[Statutes of Nevada 2014, 28th Special Session, 30]

PRINTING

Rule No. 7. Ordering and Distribution.

Each House may order the printing of bills introduced, reports of its own committees, and other matters pertaining to that House only; but no other printing may be ordered except by a concurrent resolution passed by both Houses. Each Senator is entitled to the free distribution of four copies of each bill introduced in each House, and each Assemblyman to such a distribution of two copies. Additional copies of such bills may be distributed at a charge to the person to whom they are addressed. The amount charged for distribution of the additional copies must be determined by the Director of the Legislative Counsel Bureau to approximate the cost of handling and postage for the entire session.

[Statutes of Nevada 2014, 28th Special Session, 31]

RESOLUTIONS

Rule No. 8. Types, Usage and Approval.

1. A joint resolution must be used to:
 - (a) Propose an amendment to the Nevada Constitution.
 - (b) Ratify a proposed amendment to the United States Constitution.
 - (c) Address the President of the United States, Congress, either House or any committee or member of Congress, any department or agency of the Federal Government, or any other state of the Union.
2. A concurrent resolution must be used to:
 - (a) Amend these joint rules, which requires a majority vote of each House for adoption.
 - (b) Request the return from the Governor of an enrolled bill for further consideration.
 - (c) Request the return from the Secretary of State of an enrolled joint or concurrent resolution for further consideration.
 - (d) Resolve that the return of a bill from one House to the other House is necessary and appropriate.
 - (e) Express facts, principles, opinion and purposes of the Senate and Assembly.
 - (f) Establish a joint committee of the two Houses.
 - (g) Direct the Legislative Commission to conduct an interim study.
3. A concurrent resolution or a resolution of one House may be used to:
 - (a) Memorialize a former member of the Legislature or other notable or distinguished person upon his or her death.
 - (b) Congratulate or commend any person or organization for a significant and meritorious accomplishment.
4. A resolution of one House may be used to request the return from the Secretary of State of an enrolled resolution of the same House for further consideration.

[Statutes of Nevada 2014, 28th Special Session, 31]

VETOES

Rule No. 9. Special Order.

1. Bills which have passed the Legislature, and which are transmitted to the Legislature accompanied by a message or statement of the Governor's disapproval, or veto of the same, shall:
 - (a) Be taken up and considered immediately upon the coming in of the message transmitting the same; or
 - (b) Become the subject of a special order.
2. When the message is received or, if made a special order, when the special order for their consideration is reached and called, the said message

or statement shall be read, together with the bill or bills so disposed or vetoed; and the Secretary of the Senate and the Chief Clerk of the Assembly shall, without interruption, read the message and the bill consecutively, the bill following the message, and the message and the bill must not be read upon separate occasions; and no such bill or message shall be referred to any committee, or otherwise acted upon, save as provided by law and custom; that is to say, that immediately following such reading the only question (except as hereinafter stated) which shall be put by the Chair is, "Shall the bill pass, notwithstanding the objections of the Governor?" It shall not be in order, at any time, to vote upon such vetoed bill without the same shall have first been read; and no motion shall be entertained after the Chair has stated the question save a motion for "The previous question," but the merits of the bill itself may be debated.

[Statutes of Nevada 2014, 28th Special Session, 32]

ADJOURNMENT

Rule No. 10. Limitations and Calculation of Duration.

1. In calculating the permissible duration of an adjournment for 3 days or less, Sunday must not be counted.
2. The Legislature may adjourn for more than 3 days by motion based on mutual consent of the Houses or by concurrent resolution. One or more such adjournments may be taken to permit a committee or the Legislative Counsel Bureau to prepare the matters respectively entrusted to them for the consideration of the Legislature as a whole.

[Statutes of Nevada 2014, 28th Special Session, 32]

EXPENDITURES FROM THE LEGISLATIVE FUND

Rule No. 11. Manner of authorization.

Except for routine salary, travel, equipment and operating expenses, no expenditures shall be made from the Legislative Fund without the authority of a concurrent resolution regularly adopted by the Senate and Assembly.

[Statutes of Nevada 2014, 28th Special Session, 33]

RECORDS OF COMMITTEE PROCEEDINGS

Rule No. 12. Duties of Secretary of Committees and Director.

1. Each committee shall cause a record to be made of the proceedings of its meetings.
2. The secretary of a committee shall:

(a) Label each record with the date, time and place of the meeting and also indicate on the label the numerical sequence in which the record was made;

(b) Keep the records in chronological order; and

(c) Deposit the records upon their completion with the Director of the Legislative Counsel Bureau.

3. The Director of the Legislative Counsel Bureau shall:

(a) Make the records available for accessing by any person during office hours under such reasonable conditions as the Director may deem necessary; and

(b) Retain the records for two bienniums and at the end of that period keep some form or copy of the record in any manner the Director deems reasonable to ensure access to the record in the foreseeable future.

[Statutes of Nevada 2014, 28th Special Session, 33]

Rule No. 13. Reserved.

ANTI-HARASSMENT POLICY

Rule No. 14. Maintenance of Working Environment; Procedure for Filing, Investigating and Taking Remedial Action on Complaints.

1. The Legislature hereby declares that it is the policy of the Legislature to prohibit any conduct, whether intentional or unintentional, which results in sexual harassment or other unlawful harassment based upon any other protected category. The Legislature intends to maintain a working environment which is free from sexual harassment and other unlawful harassment. Each Legislator is responsible to conduct himself or herself in a manner which will ensure that others are able to work in such an environment.

2. In accordance with Title VII of the Civil Rights Act, for the purposes of this Rule, “sexual harassment” means unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

(a) Submission to such conduct is made either explicitly or implicitly a term or condition of a person’s employment;

(b) Submission to or rejection of such conduct by a person is used as the basis for employment decisions affecting the person; or

(c) Such conduct has the purpose or effect of unreasonably interfering with a person’s work performance or creating an intimidating, hostile or offensive working environment.

3. Each Legislator must exercise his or her own good judgment to avoid engaging in conduct that may be perceived by others as sexual harassment.

The following noninclusive list provides illustrations of conduct that the Legislature deems to be inappropriate:

(a) Verbal conduct such as epithets, derogatory comments, slurs or unwanted sexual advances, invitations or comments;

(b) Visual conduct such as derogatory posters, photography, cartoons, drawings or gestures;

(c) Physical conduct such as unwanted touching, blocking normal movement or interfering with the work directed at a person because of his or her sex; and

(d) Threats and demands to submit to sexual requests to keep a person's job or avoid some other loss, and offers of employment benefits in return for sexual favors.

4. Retaliation against a person for engaging in protected activity is prohibited. Retaliation occurs when an adverse action is taken against a person which is reasonably likely to deter the person from engaging in the protected activity. Protected activity includes, without limitation:

(a) Opposing conduct that the person reasonably believes constitutes sexual harassment or other unlawful harassment;

(b) Filing a complaint about the conduct; or

(c) Testifying, assisting or participating in any manner in an investigation or other proceeding related to a complaint of sexual harassment or other unlawful harassment.

5. A Legislator who encounters conduct that the Legislator believes is sexual harassment, other unlawful harassment, retaliation or otherwise inconsistent with this policy may file a written complaint with:

(a) The Speaker of the Assembly;

(b) The Majority Leader of the Senate; or

(c) The Director of the Legislative Counsel Bureau, if the complaint involves the conduct of the Speaker of the Assembly or the Majority Leader of the Senate.

➔ The complaint must include the details of the incident or incidents, the names of the persons involved and the names of any witnesses.

6. The Speaker of the Assembly, the Majority Leader of the Senate or the Director of the Legislative Counsel Bureau, as appropriate, shall cause a discreet and impartial investigation to be conducted and may, when deemed necessary and appropriate, assign the complaint to a committee consisting of Legislators of the appropriate House.

7. If the investigation reveals that sexual harassment, other unlawful harassment, retaliation or other conduct in violation of this policy has occurred, appropriate disciplinary or remedial action, or both will be taken. The appropriate persons will be informed when any such action is taken. The Legislature will also take any action necessary to deter any future harassment.

8. The Legislature encourages a Legislator to report any incident of sexual harassment, other unlawful harassment, retaliation or other conduct inconsistent with this policy immediately so that the complaint can be quickly and fairly resolved.

9. All Legislators are responsible for adhering to the provisions of this policy. The prohibitions against engaging in sexual harassment and other unlawful harassment which are set forth in this Rule apply to employees, Legislators, lobbyists, vendors, contractors, customers and any other visitors to the Legislature.

10. This policy does not create any enforceable legal rights in any person.

[Statutes of Nevada 2014, 28th Special Session, 33]

INDEX TO JOINT STANDING RULES OF THE SENATE AND ASSEMBLY

28TH SPECIAL SESSION, 2014

— A —

<i>Subject</i>	<i>Rule No.</i>
Adjournment	
Limitations and calculation of duration	10
Amendments	
Conference committees	2
Constitutional amendments, proposal or ratification by joint resolution	8
Joint rules, amendment by concurrent resolution	8
Joint sponsorship of bills or resolutions	6

— B —

Bills	
Adjournment to permit preparation of certain legislative measures	10
Communications between Houses	4
Conference committees, procedure	2
Distribution, number of free copies, charges for additional copies	7
Enrolled bills	
Request for return from Governor by concurrent resolution	8
Signatures required	5
Joint sponsorship	6
Notice of final action	4
Printing	6, 7
Return from other House, determination of necessity by concurrent resolution	8
Vetoed bills, procedure	9

— C —

Chief Clerk of the Assembly	
Communications to other House, signature required	4
Enrolled bills and joint resolutions, signature required	5
Messages, delivery	3
Vetoed bills and Governor's message, reading	9
Commendations and Congratulations	
Concurrent or simple resolutions	8
Committees	
Conference committees	2
Joint committees, establishment by concurrent resolution	8
Joint sponsorship of bills and resolutions	6
Records of committee proceedings	12
Reports, printing	7
Secretary, duties	12
Sexual harassment complaints, procedures	14
Vetoed bills, referral to committee	9

<i>Subject</i>	<i>Rule No.</i>
Communications Between Houses	
Delivery of messages.....	3
Signatures.....	4
Written notice required.....	4
Concurrent Resolutions (<i>See Resolutions</i>)	
Conference Committees	
Procedures	2
Congress	
Addressed by joint resolution	8
Constitutional Amendments	
Proposal or ratification by joint resolution	8
— D —	
Debate	
Vetoed bills	9
— F —	
Federal Government	
Addressed by joint resolution	8
— G —	
Governor	
Enrolled bills, requests for return to Legislature	8
Messages to Legislature.....	3
Proclamations convening Legislature in extra session	3
Vetoed bills and message or statement of disapproval, procedure	9
— H —	
Harassment	
Sexual harassment, policy and procedures.....	14
— I —	
Interim Studies	
Ordered by concurrent resolution	8
— J —	
Joint Committees	
Establishment by concurrent resolution.....	8
Joint Resolutions (<i>See Resolutions</i>)	
Joint Rules	
Amendment by concurrent resolution.....	8
Applicability.....	1
Joint Sponsorship of Bills and Resolutions	
Procedures	6

<i>Subject</i>	<i>Rule No.</i>
Journals	
Governor's proclamation convening Legislature to be entered in.....	3
Messages from Governor to Legislature to be entered in.....	3
— L —	
Legislative Counsel Bureau	
Director	
Bills, determination of charges for distribution of additional copies	7
Records of committee proceedings, duties	12
Sexual harassment, complaints filed with	14
Legislative Counsel, duties regarding joint sponsorship of bills or resolutions	6
Legislative Fund	
Concurrent resolution required for other than routine expenditures.....	11
Legislators	
Bills, number to be received free of charge	7
Joint sponsorship of bills and resolutions	6
Sexual harassment policy, applicability.....	14
Lobbyists	
Sexual harassment policy, applicability.....	14
— M —	
Majority Leader	
Sexual harassment, complaints filed with.....	14
Meetings	
Conference committees	2
Records of committee proceedings.....	12
Memorials	
Concurrent or simple resolutions.....	8
Messages	
Governor, messages to Legislature	3
Other House, delivery procedure	3
Vetoed bill.....	9
Motions	
Adjournment	10
Previous question	9
Vetoed bills of the previous session, limit on motions entertained	9
— N —	
Notices	
Final action on bill or resolution.....	4
— P —	
President of the United States	
Addressed by joint resolution	8
Previous Question, Motion For	
Vetoed bills	9
Printing	
Bills, reports and other matters	7
Joint sponsored bills and resolutions	6

<i>Subject</i>	<i>Rule No.</i>
Proclamations by Governor	
Legislature, convening in extra session	3
Public Records	
Committee meetings, records of	12

— R —

Resolutions	
Adjournment to permit preparation of certain legislative measures	10
Communications between Houses regarding	4
Concurrent resolutions	
Adjournment for more than 3 days	10
Conference committees, procedure	2
Legislative Fund, authorization for expenditures	11
Printing ordered by	7
Uses	8
Enrolled resolutions, return from Secretary of State	8
Joint resolutions	
Conference committees, procedure	2
Enrolled resolutions, signatures required	5
Uses	8
Joint Sponsorship	6
Notice of final action	4
Printing	6
Simple resolutions, uses	8
Types, usage and approval	8

— S —

Secretary of State	
Enrolled resolutions, return to Legislature	8
Secretary of the Senate	
Communications to other House, signature required	4
Enrolled bills and joint resolutions, signature required	5
Messages, delivery	3
Vetoed bills and Governor's message, reading	9
Sexual Harassment	
Policy and procedures	14
Signatures	
Communications between Houses	4
Enrolled bills and joint resolutions	5
Joint sponsorship of bills or resolutions	6
Speaker of the Assembly	
Sexual harassment, complaints filed with	14
Special Orders	
Vetoed bills	9
Special Sessions	
Proclamations by Governor, procedure concerning	3
Studies, Interim	
Ordered by concurrent resolution	8

Subject

Rule No.

— V —

Vetoed Bills	
Procedure.....	9

— W —

Whistle-Blowers	
Sexual harassment complaints, retaliatory action prohibited	14

CERTIFICATE

STATE OF NEVADA

ASSEMBLY CHAMBER

}

SS.

This is to certify that the foregoing Journal of the Assembly, published in this volume, is a true, full, and correct copy of the original Journal of the Assembly of the Twenty-Eighth Special Session of the Legislature of the State of Nevada, held in 2014.


Speaker of the Assembly


Chief Clerk of the Assembly