The

Journal of the Assembly

OF THE

TWENTY-NINTH SPECIAL SESSION

OF THE

LEGISLATURE OF THE STATE OF NEVADA

2015

BEGUN ON WEDNESDAY,
THE SIXTEENTH DAY OF DECEMBER
AND ENDED ON SATURDAY,
THE NINETEENTH DAY OF DECEMBER

ARRANGEMENT AND CONTENTS OF VOLUME

	Page
ASSEMBLY LEGISLATIVE CALENDAR	v
LISTING OF ASSEMBLY BILLS	vii
LISTING OF ASSEMBLY RESOLUTIONS	viii
LISTING OF SENATE BILLS	ix
LISTING OF SENATE RESOLUTIONS	x
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	129
GENERAL INDEX	233
JOINT STANDING RULES OF THE SENATE AND ASSEMBLY	239
INDEX TO JOINT STANDING RULES OF THE SENATE AND ASSEMBLY	249

ASSEMBLY LEGISLATIVE CALENDAR

Calendar Day	*Date*	*Page Number*
1	December 16, 2015	1
2	December 17, 2015	12
3	December 18, 2015	49
4	December 19, 2015	75

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 relating to economic development. Fiscal Note: Effect on Local Government: No. Effect on the State: Yes. Committee on Committee of the Whole, 10, 12, 13, 49, 52, 54, 55, 70, 73*, 75.

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 29th Special Session of the Nevada Legislature. Committee on Legislative Operations and Elections, 4, 12, 76.

ASSEMBLY RESOLUTIONS

No. *Summary, Introducer and Page Reference*

1 .... Provides for the appointment of attaches. Committee on Legislative Operations and Elections, 4, 47.

2 .... Provides that no allowances will be paid for the 29th Special Session of the Nevada Legislature for periodicals, stamps, stationery or communications. Committee on Legislative Operations and Elections, 4, 47.

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, 75, 76, 114, 123*.

2 ....Makes various changes relating to determination of water rights in an area of qualified project for economic development. Fiscal Note: Effect on Local Government: No. Effect on the State: No. Committee on Committee of the Whole, 75, 97, 123, 124*.

3 ....Makes various changes relating to infrastructure projects. Fiscal Note: Effect on Local Government: May have Fiscal Impact. Effect on the State: Yes. Committee on Committee of the Whole, 75, 103, 124*.

LISTING OF SENATE 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.)

SENATE CONCURRENT RESOLUTIONS

No. *Summary, Introducer and Page Reference*

1 ....Declares and expresses the Legislature's purpose and intent in enacting Senate Bill No. 302 of the 78th Session of the Legislature. Senators Roberson, Hammond, Brower, Gustavson, Farley, Goicoechea, Hardy, Harris, Kieckhefer, Lipparelli, Settelmeyer, 125, 126*.

ELECTED OFFICERS OF THE NEVADA STATE ASSEMBLY

Twenty-Ninth Special Session, 2015

Title	*Name*	*Mailing Address*
Speaker	John Hambrick	1930 Village Center Circle, Suite 3-419, Las Vegas 89134-6245
Speaker pro Tempore	John C. Ellison	P.O. Box 683, Elko 89803-0683
Chief Clerk	Susan Furlong	401 South Carson Street, Carson City 89701-4747

PERSONNEL OF THE NEVADA STATE ASSEMBLY

Twenty-Ninth Special Session, 2015

Name and Party	*District*	*Mailing Address*
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	7322 South Rainbow Boulevard, No. 51, Las Vegas 89139-0400
Araujo, Nelson (D)	Clark (Part), No. 3	P.O. Box 295, Las Vegas 89125-0295
Armstrong, Derek (R)	Clark (Part), No. 21	2480 West Horizon Ridge Parkway, Suite 140, Henderson 89052-2719
Benitez-Thompson, Teresa (D)	Washoe (Part), No. 27	P.O. Box 5730, Reno 89513-5730
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
Diaz, Olivia (D)	Clark (Part), No. 11	P.O. Box 365072, North Las Vegas 89036-9072
Dickman, Jill (R)	Washoe (Part), No.31	1344 Disk Drive, No. 201, Sparks 89436-0684
Dooling, Victoria A. (R)	Clark (Part), No. 41	2505 Anthem Village Drive, Suite 492, Henderson 89052-5505
Edwards, Chris (R)	Clark (Part), No. 19	6088 Riflecrest Avenue, Las Vegas 89156-4778
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, Edgar (D)	Clark (Part), No. 28	P.O. Box 42302, Las Vegas 89116-0302
Gardner, David M. (R)	Clark (Part), No. 9	9661 Waukegan Avenue, Las Vegas 89148-5744
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
Hickey, Pat (R)	Washoe (Part), No. 25	1180 Forest Street, Reno 89509-2707
Joiner, Amber (D)	Washoe (Part), No. 24	P.O. Box 9810, Reno 89507-0810
Jones, Brent A. (R)	Clark (Part), No. 35	4497 Via Bianca Avenue, Las Vegas 89141-4256

Kirner, Randy (R)	Washoe (Part), No. 26	18124 Wedge Parkway, Suite 519, Reno 89511-8134
Moore, John (R)	Clark (Part), No. 8	5155 West Tropicana Avenue, No. 2020, Las Vegas 89103-7006
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
Nelson, Erven T. (R)	Clark (Part), No. 5	10785 West Twain Avenue, Suite 200, Las Vegas 89135-3028
Ohrenschall, James (D)	Clark (Part), No. 12	P.O. Box 97741, Las Vegas 89193-7741
O'Neill, Phillip "P.K." (R)	Carson City, Washoe (Part), No. 40	1216 Sonoma Street, Carson City 89701-6175
Oscarson, James (R)	Clark (Part), Lincoln (Part), Nye (Part), No. 36	P.O. Box 1600, Pahrump 89048-1600
Seaman, Victoria (R)	Clark (Part), No. 34	8808 Rozetta Court, Las Vegas 89134-6179
Shelton, Shelly M. (R)	Clark (Part), No. 10	845 South Kenny Way, Las Vegas 89107-4437
Silberkraus, Stephen H. (R)	Clark (Part), No. 29	P.O. Box 530364, Henderson 89053-0364
Spiegel, Ellen B. (D)	Clark (Part), No. 20	2764 North Green Valley Parkway, No. 327, Henderson 89014-2120
Sprinkle, Michael C. (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
Titus, Robin L. (R)	Churchill, Lyon (Part), No. 38	P.O. Box 377, Wellington 89444-0377
Trowbridge, Glenn E. (R)	Clark (Part), No. 37	1965 Verbania Drive, Las Vegas 89134-2579
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. 1	

ATTACHÉS OF THE NEVADA STATE ASSEMBLY
Twenty-Ninth Special Session, 2015

Name	Title
Carol Aiello-Sala	Assistant Chief Clerk
Lucinda Benjamin	History Clerk
Jason P. Hataway	Journal Clerk
Michele Burke	Media Clerk
Susan Hoffman	Recording Clerk
Robin Bates	Sergeant at Arms
Mary Matheus	Deputy Sergeant at Arms
Vickie Kieffer	Assistant Sergeant at Arms
Elise Sala	Assistant Sergeant at Arms
Sheree Rosevear	Executive Assistant to Assemblyman John Hambrick, Speaker
Celssie Hardy	Executive Assistant to Assemblyman Paul Anderson, Majority Floor Leader
Mary Lee	Executive Assistant to Assemblywoman Maggie Carlton, Co-Assistant Minority Floor Leader
Sylvia Brown	Executive Assistant to Chief Clerk

EXPLANATION OF AMENDMENT LANGUAGE

Twenty-Ninth Special Session, 2015

EXPLANATION: Matter in (1) bold italics is new language in the original bill; (2) variations of bold 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.

Journal

OF THE

ASSEMBLY OF THE STATE OF NEVADA

TWENTY-NINTH SPECIAL SESSION

THE FIRST DAY

CARSON CITY (Wednesday), December 16, 2015

Pursuant to the provisions of the Constitution and Statutes, the Assembly was called to order by Speaker of the Assembly John Hambrick at 6:28 p.m.

Assembly called to order at 6:28 p.m.
Mr. Speaker presiding.
Roll called.
All present and one vacant.
Prayer by the Chaplain, Richard Snyder.

Creator God, we thank You for this day and all the opportunities that it brings. Help us all to draw closer to You so that, with Your spirit and aware of Your presence among us, we may face the tasks of this day. May all that is done here be in accordance with Your will.

AMEN.

Pledge of allegiance to the Flag.

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

MOTIONS, RESOLUTIONS AND NOTICES

Mr. Speaker appointed Assemblymen Gardner, Dooling, and Araujo as a committee to inform the Senate that the Assembly was organized and ready for business.

Mr. Speaker appointed Assemblymen Kirner, Nelson, and Munford as a committee to inform the Governor that the Assembly was organized and ready for business.

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

Assembly in recess at 6:31 p.m.

ASSEMBLY IN SESSION

At 6:34 p.m.
Mr. Speaker presiding.
Quorum present.

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

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

Assembly in recess at 6:34 p.m.

ASSEMBLY IN SESSION

At 6:54 p.m.
Mr. Speaker presiding.
Quorum present.

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

COMMUNICATIONS

OFFICE OF THE GOVERNOR

CARSON CITY, NEVADA, December 16, 2015

THE HONORABLE JOHN HAMBRICK, SPEAKER OF THE ASSEMBLY, NEVADA STATE ASSEMBLY, 401 South Carson Street, Carson City, NV 89701

TO THE HONORABLE MEMBERS OF THE NEVADA ASSEMBLY:

Nevada continues to feel the effects of the worst economic crisis in the history of our State. While we work together and continue to emerge from this economic crisis, Nevada must expand its economic opportunities and provide greater diversification of its workforce. Currently, we have the opportunity to attract new businesses to our State which will provide more jobs, diversify our tax base, and bring innovative and new technologies. Understanding that an extraordinary occasion exists, this opportunity requires immediate action by the Nevada State Legislature.

Article 5, Section 9, Subsection 1 of the Nevada Constitution provides that the Governor may, on extraordinary occasions, convene a Special Session of the Nevada State Legislature by proclamation. I have issued a proclamation calling the Legislature into a Special Session. In that proclamation, I identify a number of items to consider which will allow new businesses to move to and flourish in Nevada.

Sincere regards,
BRIAN SANDOVAL
Governor

MOTIONS, RESOLUTIONS AND NOTICES

Assemblyman Paul Anderson moved that the reading of the Governor's proclamation convening the Legislature into a special session be dispensed with and the proclamation be entered into the journal.

Motion carried.

COMMUNICATIONS

STATE OF NEVADA
OFFICE OF THE GOVERNOR

A PROCLAMATION BY THE GOVERNOR

WHEREAS, Nevada continues to emerge from the worst economic crisis in the history of our State;

WHEREAS, the new Nevada economy requires growing and attracting businesses that bring innovative and new technologies, diversify our tax base, and provide job growth and new opportunities for development;

WHEREAS, an extraordinary occasion exists that requires immediate action by the Nevada State Legislature;

WHEREAS, Article 5, Section 9, Subsection 1 of the Nevada Constitution 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;"

WHEREAS, Article 5, Section 9, Subsection 2 of the Nevada Constitution further provides that at a special session convened by the Governor "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, Article 5, Section 1 of the Nevada Constitution provides: "The supreme executive power of the State, shall be vested in a Chief Magistrate who shall be Governor of the State of Nevada."

NOW, THEREFORE, I, BRIAN SANDOVAL, GOVERNOR OF THE STATE OF NEVADA, by the authority vested in me by the Constitution and laws of the State of Nevada, do hereby convene the Nevada State Legislature into a special session to begin at 5:00 p.m. on Wednesday, December 16, 2015. 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 Nevada and which agree to invest a certain amount of new capital 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, cities, and special districts 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. Authorizing the issuance of securities for the development and construction of infrastructure, including but not limited to water and rail service, in Southern Nevada.
5. Authorizing infrastructure expansion necessary for the provision of natural gas and the delivery of water, including but not limited to expedited action on water rights, in Southern Nevada.
6. Revising and providing funding for a workforce training program within the Governor's Office of Economic Development.

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 15th day of December, in the year two thousand fifteen.

Brian Sandoval
Governor

Barbara K. Cegavske
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—Providing for the appointment of attaches.

RESOLVED BY THE ASSEMBLY OF THE STATE OF NEVADA, That the following persons are elected as attachés of the Assembly for the 29th Special Session of the Legislature of the State of Nevada: Carol Aiello-Sala, Robin Bates, Lucinda Benjamin, Sylvia Brown, Michele Burke, Celssie Hardy, Jason Hataway, Susan Hoffman, Victoria Kieffer, Mary Lee, Mary Matheus, Sheree Rosevear and Elise Sala.

Assemblyman Paul Anderson moved the adoption of the resolution.

Resolution adopted.

By the Committee on Legislative Operations and Elections:

Assembly Resolution No. 2—Providing that no allowances will be paid for the 29th Special Session of the Nevada Legislature for periodicals, stamps, stationery or communications.

Assemblyman Paul Anderson moved the adoption of the resolution.

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 29th 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 29th Special Session of the Legislature are hereby adopted:

APPLICABILITY OF JOINT RULES

Rule No. 1. Generally.

The Joint Rules for the 29th Special Session of the Legislature are applicable only during the 29th 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.

2. 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. A conference committee shall not recommend any action which would cause the creation of more than one reprint or more than one bill or resolution.

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

4. 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 be filed and entered in the Journal of proceedings.

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

3. Messages from the Senate to the Assembly shall be delivered by the Secretary or a person designated by the 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.

PUBLICATIONS

Rule No. 7. Ordering and Distribution.

1. The bills, resolutions, journals and histories will be provided electronically to the officers and members of the Senate and Assembly, the staff of the Legislative Counsel Bureau, the press and the general public on the Nevada Legislature's Internet website.

2. 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 Standing 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, opinions 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 memorialize a former member of the Legislature or other notable or distinguished person upon his or her death.

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.

5. A resolution of one House may be used for any additional purpose determined appropriate by the Majority Leader of the Senate or the Speaker of the Assembly, respectively.

AMENDMENTS

Rule No. 9. Germaneness Required.

1. The Legislative Counsel shall not honor a request for the drafting of an amendment to a bill or resolution if the subject matter of the amendment is independent of, and not specifically related and properly connected to, the subject that is expressed in the title of the bill or resolution.

2. For the purposes of this Rule, an amendment is independent of, and not specifically related and properly connected to, the subject that is expressed in the title of a bill or resolution if the amendment relates only to the general, single subject that is expressed in that title and not to the specific whole subject matter embraced in the bill or resolution.

3. This Rule must be narrowly construed.

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 Paul Anderson moved the adoption of the resolution.

Resolution adopted.

Assemblyman Paul Anderson moved that for the balance of this special session, all bills and joint resolutions be considered engrossed and declared emergency measures under the *Constitution*.

Motion carried.

Assemblyman Paul Anderson moved that Assembly Standing Rule No. 52.5, which pertains to notices of bills, topics, and public hearing, be suspended throughout the 29th Special Session.

Motion carried.

Assemblyman Paul Anderson moved that Assembly Standing Rule No. 57.4, which pertains to final committee action on a bill or resolution, be suspended throughout the 29th Special Session.

Motion carried.

Assemblyman Paul Anderson moved that persons as set forth on the Nevada Legislature's Press Accreditation List of December 16, 2015, be accepted as accredited press representatives, assigned space at the press table in the Assembly Chamber, and allowed use of appropriate broadcasting facilities:

AHORA LATINO JOURNAL: Mario DelaRosa; AMERICAN BRIDGE: Brandon Turner; ANDE ENGLEMAN, FREELANCE (RAN Newsletter, KNPB, Channel 5): Ande Engleman; ASSOCIATED PRESS: Lance Iversen, Michelle Rindels, Riley Snyder, Scott Sonner; BRASS CANNON PRODUCTIONS: Keith Wood; CAPITAL PUBLIC RADIO: Kyril Plaskon; COVEREDGE TELEVISION NEWS SERVICES: Kausik Bhakta, Dan Bryant, Ryan Coleman, Tracey Frohn, Robert Gatti, Andrew Gray, Randy Hunter, Mark Materne, Robert Noble, Jim Parker, Bill Pearce, Keith Taylor, Richard Travis; ENVISION VIDEO: Eric Darensburg; FORTUNE MAGAZINE: Peter Elkind; JOE SACCO PRODUCTIONS: Joe Sacco; KKLH CUMULUS MEDIA: Samantha Stone; KKOH RADIO: Daniel Burel; KLAS-TV: Joseph Bartels, Mark Mutchler, William Roe, Lauren Rozyla, Kyle Zuelke; KNPB CHANNEL 5 PUBLIC BROADCASTING: Brent Boynton, Rebecca Cronon, Jeremy Dunn, Alex Muench, Dave Santina; KOLO 8 NEWS NOW: Edward Barnett, Jennifer Carruthers, Michael Cooper, Paul Harris, Sarah Johns, Ray Kinney, Rebecca Kitchen, Colin Lygren, Ed Pearce, Terri Russell, Stanton Tang, Catherine Van; KRNV NEWS 4: Ryan Coleman, Madison Corney, Ashley Cullins, Matt DeBray, Roger Duplessis, Jaime Hayden, Terri Hendry, Ryan Kern, Steven Neils, Van Tieu; KSNV NEWS 3: Dree de Clamecy, Jeff Gillan, Chris Jones, Jamie Joyce, Jim Snyder; KTNV-TV: Bryan Callahan, James Flint, Jason Harvey, Kenneth Johnson, Victoria Spilabotte; KTVN CHANNEL 2 NEWS: Chloe Beardsley, Arianna Bennett, Erin Breen, Jennifer Burton, Ryan Canaday, Wendy Damonte, Jeff Foss, Andi Guevara, Brad Horn, Luis Latino, Landon Miller, Rachel Mosley, Paul Nelson, John Potter, Kristen Remington, Mike Rogers, Gaby Taffola, Gene Vance, Adam Varahachaikol; KUNR: Ann Nguyen, Will Stone; KVVU-TV: Kevin Bolinger, Justin Grant; LAHONTAN VALLEY NEWS: Steven Ranson; LAS VEGAS REVIEW-JOURNAL: Sandra Chereb, Laura Myers, Steve Sebelius, Sean Whaley; LAS VEGAS SUN: Kyle Roerink, Cy Ryan; LET'S TALK NEVADA: William Hurd, Rudy Moertl; MINEWEB.COM: Dorothy Kosich; NEVADA APPEAL: Brad Cockman, Geoff Dornan, James Grant, Taylor Pettaway, Adam Trumble; NEVADA BROADCASTERS ASSOCIATION: Adrienne Abbott, Mary Beth Sewald; NEVADA MEDIA ALLIANCE: Gabriella Benavidez,

Ashton Blake, Conner Board, Rayna Charnley, Nicholas Coleman, Kailee Gett, Amanda Ketchledge, Nicole Kowalewski, Kortney Melchiorre, Annalise Mishler, Carolina Lopez, Nohemi Sandoval, Ryan Smith, Alex Stewart, Drake Stewart, David Thompson, Vanessa Vancour, Walanya Vongsvirates; NEVADA PRESS ASSOCIATION: Kevin Clifford; NEVADA SAGEBRUSH: Breanna Denney, Blake Miller; NORTHERN NEVADA HOPES: Clinton Demeritt; PETER WINTER: Peter Winter; RALSTON REPORTS: Jon Ralston; RECORD-COURIER, THE: Kurt Hildebrand; RENO GAY PAGE: Paco Poli; RENO GAZETTE-JOURNAL: Andy Barron, Jason Bean, Anjeanette Damon, Ray Hager, Jason Hidalgo, Trevon Milliard, Bill O'Driscoll, Seth A. Richardson, Benjamin Spillman; RENO PUBLIC RADIO: William Stone; REUTERS: Steve Keegan; SPARKS TRIBUNE: Andrew Barbano; STEALTH REPORTER, THE: Theresa Catalani, Todd Bailey; TASMAN PACIFIC MEDIA GROUP: Donna Andres, Peter Hutchinson; TRUCKEE MEADOWS COMMUNITY COLLEGE: Tim Ill; UNIVISION NEVADA: Laura Calzada, Ivet Contreras; VEGAS PBS: Elizabeth Thompson; VEGAS VOICE, THE: Dan Roberts; VETERANS REPORTER: Chuck Baker.

Motion carried.

INTRODUCTION, FIRST READING AND REFERENCE

By the Committee of the Whole:

Assembly Bill No. 1—AN ACT relating to economic development; requiring the Office of Economic Development to develop and implement one or more programs to provide customized workforce development services to new and existing businesses in this State; revising provisions governing programs of workforce development provided by providers approved by the Office; authorizing certain providers to apply to the Office for approval of programs of workforce recruitment, assessment and training; authorizing certain providers of programs of workforce recruitment, assessment and training and certain local governmental entities to apply to the Office for an allocation, grant or loan of money to defray the costs of the program; authorizing certain businesses to apply to participate in such programs; creating the Workforce Innovations for a New Nevada Account in the State General Fund; specifying the uses of money in the Account; requiring the State Treasurer to transfer certain money to the Account; revising certain provisions relating to the approval by the Executive Director of the Office of applications for certain transferable tax credits; making an appropriation to the Account; and providing other matters properly relating thereto.

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

Motion carried.

GUESTS EXTENDED PRIVILEGE OF ASSEMBLY FLOOR

On request of Assemblywoman Fiore, the privilege of the floor of the Assembly Chamber for this day was extended to Cassidy McGowan.

On request of Assemblyman Jones, the privilege of the floor of the Assembly Chamber for this day was extended to Jim Marchant and Connie Foust.

On request of Assemblywoman Seaman, the privilege of the floor of the Assembly Chamber for this day was extended to Lisa Krasner and Arsen Ter-Petrosyan.

Assemblyman Paul Anderson moved that the Assembly adjourn until Thursday, December 17, 2015, at 9:30 a.m.

Motion carried.

Assembly adjourned at 7:25 p.m.

Approved: JOHN HAMBRICK
Speaker of the Assembly

Attest: SUSAN FURLONG
Chief Clerk of the Assembly

THE SECOND DAY

CARSON CITY (Thursday), December 17, 2015

Assembly called to order at 10:09 a.m.

Mr. Speaker presiding.

Roll called.

All present and one vacant.

Prayer by the Chaplain, Richard Snyder.

Loving God, we ask Your blessing on this Assembly and on all who work in this building. May Your spirit be with us to inspire our thoughts, our words, and our deeds. May all that is done this day be for Your greater honor and glory.

AMEN.

Pledge of allegiance to the Flag.

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

Motion carried.

MESSAGES FROM THE SENATE

SENATE CHAMBER, Carson City, December 16, 2015

To the Honorable the Assembly:

I have the honor to inform your honorable body that the Senate on this day adopted Assembly Concurrent Resolution No. 1.

SHERRY RODRIGUEZ
Assistant Secretary of the Senate

MOTIONS, RESOLUTIONS AND NOTICES

Assemblyman Paul Anderson moved that persons as set forth on the Nevada Legislature's Press Accreditation List of December 17, 2015, be accepted as accredited press representatives, assigned space at the press table in the Assembly Chamber, and allowed use of appropriate broadcasting facilities:

KLAS-TV: Matthew Adams, George Knapp, Ian Russell, Patrick Walker; KNPB CHANNEL 5 PUBLIC BROADCASTING: Mark Cronon; KTNV-TV: Steven Smallwood; KUNR: Julia Richey; KVVU-TV: Luis Marquez, Miguel Martinez-Valle; LAS VEGAS SUN: Megan Messerly.

Motion carried.

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

Motion carried.

IN COMMITTEE OF THE WHOLE

At 10:15 a.m.

Chair Armstrong presiding.

Quorum present.
Assembly Bill No. 1.

CHAIR ARMSTRONG:
Welcome, everyone, to the Committee of the Whole. We have Assembly Bill 1 on today's agenda. Prior to that, I want to give the lay of the land and notify everyone of what is going to happen. We are going to have Dale Erquiaga and Cory Hunt first give an overview of the bill and then go through the bill. We will stop and have questions from the body. Afterwards, DETR [Department of Employment, Training and Rehabilitation] and NSHE [Nevada System of Higher Education] will have representatives come up, give a presentation, and take questions as well.

I want to remind everyone—we have not been here for a while—to press your buttons to be recognized. I will call on you in order at that point. With that, we will open the hearing on Assembly Bill 1. Mr. Erquiaga and Mr. Hunt, whenever you are ready.

DALE A.R. ERQUIAGA, CHIEF STRATEGY OFFICER, OFFICE OF THE GOVERNOR:
For the record, my name is Dale Erquiaga, and I have the honor of serving as the Chief Strategy Officer for Governor Brian Sandoval. With me today is Cory Hunt, representing GOED [Office of Economic Development, Office of the Governor]. You might have noticed that we have agreed not to shave until this special session has concluded.

It is my honor today to present to you Assembly Bill 1. This bill deals with workforce development. I will begin with a little bit of context about workforce development in our state and its impact on our economy. Mr. Hunt will give you some background on measures like this that exist in other states and how the current situation that has called this body here led us to the introduction of this bill.

Nevada faces great workforce development challenges. Since I am, as most of you know, a huge nerd and since this is the week of the *Star Wars* premiere, I would like us to think of this as the "workforce awakens" bill. Let me give you a little bit of context. When I was a kid, my mother would, at this time of year, give us a jigsaw puzzle to keep us busy until Christmas. Those of you who do a lot of jigsaw puzzles know that you usually start with the corner pieces, then the edges, then you work your way in. In my new job in the Governor's Office, I have found that workforce development is a little bit like that. In Nevada, we have three corners of that puzzle to create a workforce development system. Those corners are, in no particular order, the Department of Employment, Training and Rehabilitation; the Nevada System of Higher Education; and NDE [Nevada Department of Education]. Each of those cabinet agencies provides critical programs. We are missing the fourth corner. In our view, that is the Governor's Office of Economic Development and the bill you have in front of you. We then fill in all of the many wonderful programs provided by state agencies, whether they are in the Department of Veterans Services; the Department of Health and Human Services; the Office of Science, Innovation and Technology; school districts; labor associations; private educational institutions; workforce development boards; or nonprofit institutions. That is the overarching strategy behind the bill you have in front of you.

Nevada faces serious workforce challenges. Some of those are long-standing. Many Nevadans have barriers to full employment or to employment in highly skilled jobs. Those barriers might be related to a disability; they might be related to educational attainment; or they might be related to language or historically disadvantaged minority or racial groups. There are barriers for many Nevadans to realize full employment in highly skilled jobs. Workforce development addresses that.

Nevada, like most states in the nation, has what is called a skills gap in postsecondary attainment. Not enough Nevadans continue after high school and attain postsecondary credentials or degrees. That is an historic problem for us. We can see it today in much of the work that you did in the 2015 Legislative Session in our K-12 system to address that skills gap, as well as the work that you did providing graduate medical education in our state. The third area, however, is why you are here today. Nevada's skills gap is worsening as our economy diversifies. We have a need for a different kind of worker with a different kind of skill set, in what the Governor likes to call the New Nevada economy. That is what this bill, we believe, will do for the state of Nevada.

This bill is modeled on programs in other states, and this bill is a direct response to the economic development opportunity that called you all here. This bill is also part of the long-term strategy. The Governor has indicated that going forward, for the remaining three years of his term, he will focus not just on K-12 education, but on postsecondary education and workforce development. This bill is, as I have said to many of you, our first foray into that new world.

Before I walk the Committee through the specifics of this bill, I would like to have Mr. Hunt present to you at least two programs from other states upon which this is modeled.

CORY HUNT, NORTHERN REGIONAL DIRECTOR, OFFICE OF ECONOMIC DEVELOPMENT, OFFICE OF THE GOVERNOR:

Good morning. I am Cory Hunt, Northern Regional Director for the Governor's Office of Economic Development. As Mr. Erquiaga mentioned, we are here today to talk about this bill that deals specifically with the challenge of this project that has called you here today, but it is also a broader bill that we believe will become a signature program for Nevada's workforce development efforts in the future.

Two states were competitors of ours in this project: Georgia and Louisiana. Both of those states have the leading workforce development programs in the nation. Louisiana's program is called FastStart. For six years running, it has been ranked by business facilities as the number one workforce development program in the nation. FastStart is what they refer to as their silver bullet, and it is run out of the organization equivalent to the Governor's Office of Economic Development. Georgia's program, Quick Start, is the oldest state-run workforce development program in the nation. It was formed in 1967. It is also consistently in the top three workforce development programs in the nation. When the client we were working with on this specific project came forward, that was one of the areas where we were perceived to have fallen short. This bill is a response to that.

The programs, both in Georgia and Louisiana, generally follow the outline of what our bill does here: develop a specific customized training curriculum for companies. That entails sitting down with the companies and understanding exactly what their needs are, what the technical requirements of the work are, what sort of certifications they are looking to have, what sort of technology they want to use, and then developing a curriculum around that. It is not a credit-based curriculum, so the end result of the program is not necessarily an associate's degree or a bachelor's degree. It is a skills-based curriculum, so it is based on assessments and reaching those different levels of competency in the specific skills. We have outlined that here in this bill. We will analyze that and understand what the specific needs are, as they do in Louisiana and Georgia. We will understand what the needs are for the different positions at the company. We will then look at recruiting needs and assess the different opportunities for that throughout the community. We will then evaluate those candidates that come forward and sit down with the company and hire them. That is generally the process in Georgia and Louisiana. Again, both are key programs for economic development and are essential, as Mr. Erquiaga mentioned, to bringing about this New Nevada that we are all working to develop.

DALE ERQUIAGA:

I will walk you through the bill. I will not do it in order, section by section, but in subject matter groupings. I think that will help you understand the component pieces of the bill.

To begin, there are three overarching premises for this bill. The first is the legislative intent in section 3 of the measure, which speaks about our need for a highly skilled and diverse workforce, which is what we have been talking about thus far. Second, there is language in this bill that talks about programs being statewide. While right now we are considering a program in a specific region, the WINN [Workforce Innovations for a New Nevada] Account is designed to operate statewide, in all counties, with all kinds of institutions, and for all kinds of new or expanding businesses. The third premise of this legislation is that programs that are funded by this account are linked to the economic development plan. They are about existing businesses wishing to expand or the recruitment of new businesses that we are attempting to win and bring here. There is a very close tie to, as we have said several times now, the new economy in our state.

This bill sets out two kinds of training programs. One is an existing program, shorthanded in the bill as "workforce training." The other is a new approach, like Georgia and Louisiana, laying

out an initiative for workforce recruitment, assessment, and training. As Mr. Hunt has indicated, this is a broader approach.

In section 11 of the bill, we preserve the existing workforce training program. There is a program already in operation at the Governor's Office of Economic Development. It is called TEN [Train Employees Now]. That is an existing program where a business can apply for and receive training for employees through a community college. The TEN program is typically for smaller enterprises and smaller training programs. It is also typically a short-term initiative and is very skills-based. Most programs operate in less than 180 days. The business provides a portion of the match. It is a successful program. It has been used by the local regional development authorities and by the Office to foster expansions and new businesses, so we do not wish to disrupt that program. We wish to continue to have it in place for businesses that need it.

The new language in this bill deals with section 2 and section 4. Section 2 of the bill establishes a definition for "authorized providers." Knowing that our economy is increasingly complex and that different kinds of partnerships will be necessary between workforce development providers and businesses, we broaden the eligible providers in this measure. The definition in section 2 includes the Nevada System of Higher Education writ large, not just community colleges. It also includes state or local agencies. You would be familiar with those—for example, DETR or the local workforce development boards. It also includes school districts, where we provide current technical education; nonprofit organizations; a labor organization; or private postsecondary educational institutions. All of those would be eligible for this program.

Section 4 of the bill is the meat of this initiative, but section 4 is informed by two important provisions in sections 6 and 7 that I would like you to review with me. Those two sections of the bill ensure that the Board of Economic Development, within the Office of the Governor, plays a role here. That Board consists of elected officials as well as appointed officials. It steers the economic development plan carried out by the Executive Director, so there is a requirement that the Board participate in the design of these programs.

Perhaps more importantly, there is a requirement in the bill that DETR, NSHE, and the Department of Education are consulted in the design of these programs. They are the content experts, if you will. Remember, they are the other three corners of the jigsaw puzzle, so we want to ensure that DETR is turning to experts in workforce development for background, content, and processes before GOED begins receiving applications.

So that is the framework: a broader system of authorized providers, the other three corners of the jigsaw puzzle closely involved in the work, and then GOED administering this new program in collaboration with the existing TEN program.

Let me describe for you the new program. Section 4 of the bill sets out that authorized providers—that list which I have delineated for you—and businesses apply to participate in these programs. We have had conversations with several of you that the linkage in section 4 is not clear enough, so we will bring an amendment to your Legal Division as soon as we stop talking here today—and also learn what else you would like us to fix—to clarify that that is a partnership. Providers will have clients—essentially businesses—when they are applying. We set up the bill so that we would receive information from both parties, the provider and the business, so we can ensure accountability of what the desired outcome is and what the input is. We understand your concerns that that linkage is not entirely clear in this section.

This section can operate in a couple of ways. In the current situation, and as it is used most frequently in Georgia and Louisiana, the Office of Economic Development is presented with a major opportunity for a business to expand or relocate. The Office then assists in matching the business with partners so that a program can be delivered and funding can be provided. However, the bill could operate, as Nevada's economy continues to grow and new opportunities arrive, so that the application from provider and business is generated spontaneously. They may come up with their own need—their own identified program and group of employees for whom they are looking—that could be brought to the department. It could be done both ways—one is identified by GOED; the other is spontaneously brought forth as our economy continues to grow. We think both are important. We think this bill provides the structure for that. As I have said, we will clarify that the two are linked.

The application process is not unusual. It is similar to the existing statute for TEN. It delineates those things that must be required from the provider and from the applying business so that GOED

has the information it needs in order to make decisions based on those standards and that consultation with DETR, NSHE, NDE, and the GOED Board.

We also have had conversations with you and with the Department of Employment, Training and Rehabilitation about existing providers. In federal law, there is a requirement for preapproved providers for those entities who receive WIOA [Workforce Innovation and Opportunity Act] federal dollars. It used to be Workforce Investment Act dollars. So there is already a list of preferred providers, if you will. We think a system like that is necessary here as well. The Office of Economic Development could preclear providers, whether they are community colleges, universities, associations, or other governmental entities. We could have an available list so that when a business is searching for a partner, they can choose. We are not always making the decision for a business. A business has a pre-disclosed list. In consultation with DETR, we within the Office of Economic Development would rely on their expertise to prepare that list of preapproved providers.

That is the new section of this account. The account is named the Workforce Innovations for a New Nevada Account. We have been calling it the WINN fund or the WINN Account, and that of course is meant to signify that we are winning deals, like the one that brought you here today. We think it is also a win for businesses, as they have access to a different kind of worker. In our view, these are very deep training programs, as Mr. Hunt has indicated to you, around skill sets or credentials that do not exist today in our state. Our community colleges and all of the providers listed here do a tremendous job. The providers within DETR do a tremendous job with our existing skill set. We are thinking of this fund as winning in the future for the new emerging economy.

Some of you have also asked me, what about folks who have these barriers you have referenced, Dale? Will they be ineligible to become a person who is trained, a trainee? Our intent in working so closely with DETR—and you will hear from them today—is that as an applicant for a job might come to DETR or come to a business, we have programs in place to overcome those barriers right now. So they could go through that process first—that is our job, to help them—and then they could be handed off into this program. The dollars for this program would be granted by the Executive Director to the authorized provider. There is a delineated list of things that are eligible to be covered. It includes what I would call capacity-building expenditures—things like equipment and facilities—as well as the actual direct cost for the employee.

I would like to speak a little bit about the community colleges and universities, whom you will also hear from shortly. This program is a capacity-building program for the Nevada System of Higher Education as well as all the other providers, but it is important for this body, because you fund the Nevada System of Higher Education, to understand why we think this link is so important. Today, if a community college, a university, or a state college is asked by a business or asked by GOED to stand up a program, they are often forced to find a grant, to find the seed money, the start-up costs. This program allows us to provide that start-up cost. The way the performance funding formula works in the Nevada System of Higher Education is that over time, as they begin to grant credentials or grant degrees, the system, the formula, compensates them for that work. Today, it is in those first few years where we lack capacity. We cannot expect the System to be the true engine of our workforce development training system without providing those capacity dollars. It is the same theory in using the Department of Employment, Training and Rehabilitation and their providers. We provide some capacity here. We have some existing trainers, but we know that we can stand up new trainers for new skills. In a sense, that is the new program. That is the WINN Account. That is the new program that will augment the existing TEN program.

So, how are we going to pay for it? Sections 16, 17, and 18 of this bill provide the mechanism by which $2.5 million is reallocated in the current biennium, and it is done in two ways. First is the simplest way: The bill reallocates an appropriation made by this body in the 2015 Session to the Office of Science, Innovation and Technology. You will recall that we reinstituted the Governor's Office of Science, Innovation and Technology, and we embedded in that office a program of STEM [science, technology, engineering, and mathematics] Workforce Challenge Grants. To fund those grants in year one, the year we are in now, we put $1 million in the budget. To fund those grants in the second year of the biennium, we put in $2 million. This bill reallocates $1 million of the $2 million in the second year to the WINN fund for the specific program before you today. These are STEM jobs. If we are talking about an electric car and an automobile manufacturing plant, those are high-tech jobs. Those are renewable energy jobs. Those are

advanced manufacturing jobs. That money is purposed for the same purpose for which it was originally appropriated by this body; it is just in a different account. The money is allocated in a more nimble way. The STEM Workforce Challenge Grants in the Office of Science, Innovation and Technology are limited. They are smaller. They are direct partnership grants. We are staying true to the intent of STEM; we are simply putting the money in another account and thus not incurring a new expense for the state.

The other $1.5 million appropriated in this bill is achieved in the following way. In the budget and the legislation you approved in 2015, you included transferable tax credits within the Governor's Office of Economic Development. You see a section of this measure that picks up the transferable tax credit allocations. Today, only so many tax credits are allocated per year. This bill amends that allocation and removes $9.5 million from the available tax credits. Tax credits operate as an expense to the state. So we account for how much revenue we expect to receive, we then account for credits which operate as an expense, they back out revenue, and then we account for the direct expenses or appropriations that you have made for the operation of government. We get to a bottom-line number. This bill converts those tax credits and takes them away, which saves us money on the bottom line. One and a half million dollars of that nine and a half million dollars in savings, which you can total up in this bill, is sent to the WINN Account. You will hear about the other $8 million in savings when you hear the bill that is in the other house. Those $8 million in tax credits are used in a different way. Because of the way bills are drafted and have to pass at the same time, all of the transfer credit adjustments are made in this bill, but only $1.5 million of that is then converted to cash, essentially, and deposited in the WINN Account.

I will tell the body that the way we originally delineated the change in the dollar per year and the years will be changed. I believe there is an amendment already in your Legal Division, or will be going there within the morning, to change this section of the bill as well. So there are two sections so far that we are disclosing to you that we know need amendment, transferring tax credits and the linkage in section 4.

We know that the WINN Account will also need additional money in this coming biennium, so we have been working with DETR to make the Governor's reserve dollars available, which are federal dollars from the WIOA appropriation that we receive. Governor's reserve dollars are a set-aside. We have to set the money aside. It is not that we are doing anything different, but the Governor has an opportunity to create more innovative pilot programs in workforce development and training. This is the program we are considering for this particular company, an innovative program that would be eligible for Governor's reserve. We are working with DETR to determine how much money will transfer to the provider. That is how that money will work. It will not go into this account, but we will be able to augment this in other ways. That will get us through this biennium. It is our intent that we will come back to this body in 2017 with a full budget proposal, and we will ask for appropriations into the WINN Account to deal with additional economic development and workforce development opportunities as they arise. We have this extraordinary circumstance that brings you here now, and that allows us to provide not just the program we needed to win this client, but it also provides us with an opportunity to devise a pilot program, if you will, to demonstrate success.

The next piece we have heard you would like additional reinforcement on is the accountability piece. We are essentially going to make grants available to providers who are partnered with a business. The bill contains a provision that the Executive Director of the Office of Economic Development will report to his Board, and thus to the public, about this program. We have added that language, but we understand there is a real desire to understand the outcomes and inputs connection. We will be working with your Legal Division this morning to add some language about the kind of accountability reporting you would like to see there.

There are two other components of this bill that I would like to bring to your attention. The first is the inclusion of a requirement for a diversity action plan. We think this is important. It is important in this particular economic development opportunity that we ensure, in the community where it will be located, that there are diverse hiring practices, recruitment, and diverse training practices for Nevadans to obtain these jobs. For those who may have traditional barriers—whether they are a veteran who is home from the war and needs to re-enter the workforce or they are a person with a disability—we want to ensure that there is diversity in recruitment and in training. There is a requirement for diversity action plans from the business and the providers. We have

heard you say, What is a diversity action plan? There is an example provided for you in briefing materials, but we will be working with several members of the body to provide a definition. That is another amendment you can expect us to deliver back to this body.

There is an important provision of this bill that I wish to call to your attention. It grants confidentiality of training materials. It is in section 5, and it allows the Executive Director to declare training materials confidential. The Executive Director of the Office of Economic Development has that authority in many instances where a deal is deemed confidential because of the kinds of information the Office collects. Mr. Hunt informs me that Georgia and Louisiana have similar provisions where training materials are declared confidential because we are, in some instances—particularly the one which we are discussing now—dealing with essentially intellectual property and trade secrets. However, I have heard you say that that is not quite clear enough in the bill. We will be amending that section with your Legal Division to tighten that so we are not granting a cloak of confidentiality that is too broad and instead make it clear that it is focused on matters that deal with trade secrets and intellectual property.

I believe I have covered my understanding of the bill. Again, we leave in place a training program that is successful. We create a new partnership opportunity for a broad set of authorized providers to work directly with the client business to recruit, assess, and train workers in this new sector. That fund is tightly linked to consultation with DETR, NSHE, and the Department of Education. That program is tightly linked to the state's economic development needs for the New Nevada. Then for this biennium, we have managed to repurpose dollars to provide the training that we need in this instance.

Mr. Chair, I will stop talking. I am happy to take questions or defer them to Mr. Hunt.

CHAIR ARMSTRONG:

At this point, we are going to open it up for questions from members. Just a reminder to keep your questions to the bill. If you have specific questions for DETR or NSHE about how this will work out for those institutions, we will have those representatives come up after this.

ASSEMBLYMAN WHEELER:

Mr. Erquiaga, I would like to make sure we get this on the record. Does this bill cover existing businesses that diversify, not just expand? If they wish to go into a more high-tech business or offer a more high-tech product, would they also be eligible for these WINN grants?

DALE ERQUIAGA:

I believe the answer is yes. The bill is focused on expanding businesses and new or relocating businesses. You mentioned an instance where they might be expanding into a new product line that is in the New Nevada economy. They may simply be expanding. Both would be eligible uses.

ASSEMBLYMAN WHEELER:

What I was getting at was more about diversification. Say that an employer has 100 employees and wishes to make a different product in the high-tech sector. The employer is not doing that now but wishes to change 25 of those employees over to a STEM-type job. Would they be eligible for these grants? Would it help our existing businesses diversify?

DALE ERQUIAGA:

Yes, sir. The short answer is yes.

ASSEMBLYWOMAN NEAL:

This is more of a comment. I am referring to section 4. I am glad you mentioned that you are going to add a definition of "diversity action plan." As you well know, Nevada's future depends on its diverse legacy, its leadership, and how we train, maintain, and recruit our own people within the state. I want to applaud you for taking our suggestions and for being willing to make those changes. Also, would you be interested in setting forth a goal or framework for what we, as a legislative body, expect that plan to look like? So it is not done in a vacuum and it is done with some legislative language and guidance for whoever these businesses will be in the future?

DALE ERQUIAGA:
Again, the short answer is yes. I am happy to work with you.

ASSEMBLYMAN KIRNER:
Mr. Erquiaga, if I could ask you to go to section 16 of the bill. I see that the bill, I think properly, delineates the authority of the Executive Director and the Board of Economic Development for transferable tax credits. My question for you has to do with subsection 7. If the Executive Director or the Board approves an application and issues a certificate of eligibility, then the matter is referred to the Department of Taxation and the State Gaming Control Board. It appears to me that neither of those organizations has the authority to suggest a revision to those transferable tax credits. Is that correct, or am I not reading something I should be?

DALE ERQUIAGA:
I am going to dodge. That is existing language. I am not an expert, by any means, in transferable tax credits, so I would ask that I be allowed to get an answer for you from Executive Director Hill and provide that if we return.

ASSEMBLYMAN KIRNER:
I would appreciate that.

ASSEMBLYMAN SPRINKLE:
Correct me if I am wrong. Overall, I think it is a fair statement to say that the philosophy of GOED, and certainly of DETR, is to try to provide more enhancements for people who are already living here, who are workers in the state of Nevada. Are there any guarantees in this bill—ultimately for the jobs but certainly for these training programs—that we are going to be looking at current Nevada residents or current Nevada workers so they can enhance their opportunities to advance in their skill and trade and that, ultimately, those jobs are also going to go to them?

DALE ERQUIAGA:
I will start the answer, and Mr. Hunt may wish to add. In the broadest sense, the other bill—the companion bill that speaks about how an economic development opportunity like this is dealt with—sets a threshold for how many Nevadans must be hired. It is above 50 percent. In general, it has been the expressed policy of this body and Governor Sandoval that we have at least that. This bill does not contain a requirement that Nevadans be those who are trained. However, I would say that clearly the genesis of a program like this is to help our workforce obtain new skills to obtain these new jobs. Many Nevadans, as I have said, have traditional barriers where they are, in fact, underemployed. The bill does not contain a guarantee that only Nevadans would be entered into these training programs. As a practical matter, they would be here attending an institution or they would be showing up at another organization that is delineated as an authorized provider. But it does not contain a requirement.

I think I understand the last part of your question. There is no requirement that an individual trained be hired. It is the intent of the bill that that occurs in a partnership. This bill speaks about assessments. The Department of Employment, Training and Rehabilitation can tell you, when they come up, about which assessment they use for entering workers. It is one of the reporting requirements for accountability that we wish to include so we know if we are training workers who then go to this business. If this business ends up unable to hire all those individuals for some reason, we still have improved the skills of Nevada's workforce in sectors that we know are growing.

I think the answer to your question is, no requirements are set out here, but we believe that the genesis of the bill, certainly the spirit, is that Nevadans will have this opportunity and that whether they secure a job at the specific partner business or not, we have increased their skills.

ASSEMBLYMAN SPRINKLE:
I think I did hear this in your answer, but would you say that in making the decision to award these grants and allocations, that will be taken into consideration?

DALE ERQUIAGA:
Yes. In consultation with the groups that I have mentioned and in the review of an application, you can see it talks about the kinds of employees. That is something that the Executive Director would have the ability to look at.

ASSEMBLYWOMAN SHELTON:
I was wondering if you have any programs right now that have not met expectations, perhaps some programs that we could eliminate and free up some extra funding to help with this new program. I know the mining companies are already doing something similar to this, expanding and changing as they grow, as they learn, trial and error, through a lot of different things. Have we learned anything from the past that could perhaps help us in the future with eliminating some of the costs that this might have?

DALE ERQUIAGA:
I will seize upon this great opportunity to talk about the workforce development system writ large, and perhaps DETR can reinforce this when they come up. As I said, there are many pieces in that jigsaw puzzle. Some are funded with state dollars, some are funded with federal dollars, and some are funded with private dollars. You mentioned mining companies, for example. All of those pieces work toward improving our workforce for their needs as well as for the future needs of the state.

Nevada is currently preparing its plan for the federal government to receive the WIOA dollars. Under the new act, a plan is required to be eligible for our federal distribution. That plan is due, I think, on March 1. The group has been working on that plan for many months. The word they use is "alignment." To your point, are we aligning all the disparate programs so that we are providing a one-stop shop for Nevadans? Can they go here and receive assistance easily without having to shop around for all of those pieces of the jigsaw puzzle, and are we maximizing the use of programs? As WIOA dollars are handed out—or, in the future, as state dollars are handed out—there will be an aligned strategy. I think that will result in, if not cost savings—because we have a workforce that needs training—it will result in the proper placement of dollars, whether that is in the WINN Account or in some other program.

If you think about workforce development as a jigsaw puzzle, think about dropping a jigsaw puzzle and then trying to reassemble it. That is kind of what we have today. There is no cohesion. There is no central governing or alignment mechanism. One of the assignments the Governor has given me is to bring this to you in the 2017 Session. It will be built into the WIOA plan. I have not gone out and found a program to eliminate and achieve savings. What we have done is repurposed dollars, but it is part of the WIOA plan. When we come to you in 2017, that kind of alignment and efficiency is exactly what we are looking for. We do not have it today.

ASSEMBLYWOMAN SHELTON:
To be clear, you are looking at programs that can be eliminated to help with the cost of this new program?

DALE ERQUIAGA:
Yes, as well as programs that might be expanded.

ASSEMBLYWOMAN DIAZ:
My question is more about getting my brain wrapped around why we widened the definition of "authorized provider." I was doing a little bit of research on Georgia's program. The Quick Start Act has been around for about 40 years, and they solely delegate the responsibility to their technical colleges. If they have been in this business 40 years, why are we broadening the definition of "authorized provider" so much?

Also, could you give me examples of state or local agencies that might partake in this? I am trying to get a feeling for what that means when we are expanding that definition. I might have a follow-up after that.

DALE ERQUIAGA:
Thank you for the two-part question. I will take the second part first. For an example of a state or local agency, a state agency might be DETR. They would be an eligible recipient if they were

to be partnered in some way, perhaps through the JobConnect system, for example. A local group might be the local workforce development boards or the entities that they fund at the local government level, if there were a state or local agency that is engaged in workforce development. Those are two that come to my mind that I would categorize in that fashion. As you know, when we write bills, we try to be as broad as we can so that we do not accidentally leave somebody out.

Let me address your overarching question. Why have we broadened the definition of "authorized provider"? Georgia is lucky to have more technical colleges than we do. We have a small university. They will be, we know, the primary workforce engine. Let me be clear to my friends from NSHE: We know that. We appreciate you. We know that they are the driver. They are not the only driver, however. There may come a day when Nevada recruits a business that requires workforce training for individuals with a different kind of degree. We would want access to the university system. There may be a business that has apprenticeship needs and they may wish to partner with a labor organization. We have—I know they are here—wonderful building trades and apprenticeship history in this state. We know we have that history.

Now I will engage in hyperbole and a little bit of grandstanding. We intend to continue to kick Georgia's you-know-what. If they have done this great with technical colleges, the Sandoval Administration intends to design a system that will do better than that. For that, we want as many providers as we can possibly offer the businesses and the people of Nevada.

ASSEMBLYWOMAN TITUS:

I have one request. This program of training our young and old folks who are in need of jobs and employers who need employees is not new to the state. We have been doing this already. I would like to see accountability on that, because how many of these folks who we have trained already, with tax dollars through the state, are actually employed and have stayed in Nevada? There must be some accountability for that. I would request that information. I know you probably do not have that with you, but it would be good to see.

The second question I have, and you may have to refer this out, is that the Office of Economic Development can award a $100,000 grant at its liberty. I know from being a member of the Interim Finance Committee and the Assembly Committee on Ways and Means, any state expense over $75,000 has to come before the money committee. How is he or she allowed to award $100,000 without any oversight? I am just curious.

DALE ERQUIAGA:

Let me take your first comment in regard to requesting information about accountability. The Department of Employment, Training and Rehabilitation is here, and I know they will be able to report to you on how they gather that information. They are the keeper of the majority of our workforce training program. I would also harken back to my comment to the earlier question about the WIOA plan. One of the major goals is around outcomes and reporting. The Governor shares your concern about making sure these programs work. It is why we also want to strengthen the accountability here.

I see the language. That is existing language for the Executive Director. I honestly do not know the answer. I will have to ask your lawyer or I will have to get that information, but I will get an answer to you. Those programs may, in fact, come to you. I do not know how he contracts them out, but I will find that answer for you. I apologize for not knowing.

ASSEMBLYWOMAN SWANK:

After our conversation this morning, I was really happy to see the preferred authorized providers idea in your presentation. Thank you for that.

DALE ERQUIAGA:

Thank you. I do listen to you all.

ASSEMBLYWOMAN SWANK:

I have one other concern in that area. I know the big concern with this was that if we did not have this preferred authorized providers list that GOED would come up with, private businesses would be selecting the educational programs that public dollars would be going to. I think this provides some comfort in that. I would ask that this be amended into the bill because that language

clarifying the process is not actually in the bill. I am hoping we could get that worked in sometime today.

DALE ERQUIAGA:
I know we can strengthen that linkage between the two and the approval process.

ASSEMBLYMAN JONES:
I have a little bit of a follow-up to what Assemblywoman Titus mentioned on accountability. In the private sector, cause and effect is constantly looked at, ROI [return on investment]. You spend a dollar, you have to get a return. We are constantly putting these programs into government with good intentions, but we never have follow-up. Louisiana was touted as the great example for this type of program. I looked up Louisiana, and they are ranked 38th among states for economic development, and their unemployment is over a point higher than the national average. Economically, they are not the best success story, I would say. If their program is so great, what are their accountability standards that have shown that their program is so great, that all this money they are spending on the program is so great, and that would incite you to want to follow their program?

CORY HUNT:
One of the primary questions from businesses that are looking at Nevada is, do we have an available and qualified workforce? This program helps answer that question. Specific to Louisiana, their program leads the nation in workforce development as ranked by industry publications and consistently by surveys to businesses that are looking to relocate. It is direct feedback from the companies themselves that are saying, We value the programs that Louisiana provides us through these training services, and they have delivered us high-quality, ready-to-work individuals who can deliver our product on day one. That is coming from the businesses themselves. I cannot speak specifically to the reports that they deliver to their legislature or other body, but if you look at the results from the businesses themselves, they have recruited Hyundai Motor Company, General Electric, and numerous other businesses that have said that one of the major reasons they are there is because of the success of this workforce development program and the work that the state does through that program.

ASSEMBLYMAN JONES:
You would say it is kind of anecdotal because in overall ranking, the state is not doing very well. It is almost in the bottom 25 percent, and its unemployment is higher. In science, we have what is called anecdotal versus actual statistical evidence. The statistical evidence is not showing that it works. You could cherry-pick a couple of people that say, Oh, this is really great, but if the overall is not seeing the same result, it is a problem. Small business usually creates three times the amount of business than one big company coming in. My question is, other than the anecdotal evidence of a couple of companies, like General Electric and others that have said this is a great program, statistically, do you have anything that establishes over the whole of the economy in Louisiana?

CORY HUNT:
I cannot make comparisons to Louisiana's workforce and their levels of unemployment, the skill of their workforce, the different industries that have been diversifying or not diversifying there, but as we look to attract high-skill and high-wage employees and jobs for our Nevadans, we feel that this program is consistent with best practices across the nation.

ASSEMBLYMAN THOMPSON:
My question references section 4, subsection 5(c). I appreciate the word that you used: "alignment." On this part of the bill, it says that when we are giving special consideration for applicants, it should be consistent with the State Plan for Economic Development developed by the Executive Director, and it talks about NRS [*Nevada Revised Statutes*] 231.053. I would like you to consider adding the state workforce development plan to the amendment you are drafting. The reason why I say that is, I previously served on the Governor's Workforce Investment Board, and there is some great work that has been done on that state workforce development plan. We need to make sure we are aligning our plans because we all are one Nevada, and we need to start

speaking it together. There is a lot of input from our local boards, employers, training programs, and so on and so forth. I would really like to see that we include that and spell that out in this section.

DALE ERQUIAGA:
I see the folks from DETR nodding in the back, so I will be happy to take that up with them and with Executive Director Hill, since it is his statute. I appreciate that.

ASSEMBLYMAN EDWARDS:
When we talk about the broadest reaches and broadest ranges of organizations and institutions, I would like to make sure that we include the rural communities that are often left out so that if they come up with a good plan and a good application, they have just as equal of a shot as anybody else.

I would also like to know whether your term "technical services" also includes cybersecurity.

DALE ERQUIAGA:
Regarding the first part, I would agree with you. As you know, I am a farm boy from Fallon, so I certainly understand that need. That is why I stressed at the beginning that this is designed to be a statewide program. For the record, yes, this would be available in all parts of our state.

To your second question, I see no reason why technical assistance would not include cybersecurity if that is necessary. The Governor's Office of Economic Development is part of the Governor's cabinet and is linked to both the Office of Homeland Security, the Nevada Commission on Homeland Security, and our own Division of Enterprise Information Technology Services. I see no reason why, if necessary, we could not provide that. Certainly, that is the world in which we live, so GOED would certainly have resources. They have their own IT [information technology] program specialists as well who provide that.

ASSEMBLYMAN EDWARDS:
The other question I had is about the $100,000. Maybe I missed it. Is that $100,000 total, or is that $100,000 per year that would be available for the institutions?

CORY HUNT:
I think the statute that you are referring to is existing language in section 6, subsection 6 of the bill in front of you. That is referring to the Board of Economic Development reviewing and providing advice and recommendations to the Executive Director as the Executive Director enters into these $100,000-or-less loans or grants. That is referring to the existing Train Employees Now program, the TEN program. So that is existing statutory language.

ASSEMBLYWOMAN SPIEGEL:
Thank you, Mr. Erquiaga, for coming in and presenting this bill. I especially appreciate your saying earlier that you are going to work on the amendments and taking care of things like confidentiality of trade materials.

I have another process question. It is in section 13, subsection 2. It would seem that entities that are placing money into the Workforce Innovations for a New Nevada Account close to June 30 in an odd-numbered fiscal year have a high risk of having the gift revert to the State General Fund without being used for their intended purpose. Subsection 3, paragraph (b) seems to partially address this by excluding those funds from the calculations of the uncommitted ending balance if necessary to comply with the terms of a gift, but there was no requirement that donors be informed that they can pose terms. I am wondering if, while we are making amendments, we could add that in as well.

DALE ERQUIAGA:
If I understand, you want to have language so that a prospective donor understands the reversion?

ASSEMBLYWOMAN SPIEGEL:
Correct, and that they can impose terms that say what it should be used for so that it can be excluded from the reversion.

DALE ERQUIAGA:
Thank you, and thank you for being so optimistic that you think people will give us gifts. I like that.

ASSEMBLYMAN HANSEN:
I have a couple questions. Section 2, under "authorized provider," includes labor organizations. As you mentioned, some of the very best workforce training programs are union apprenticeship programs; however, they are typically only for union members. If they are going to receive these kinds of government subsidies, will they be forced to open their workforce training programs to nonunion members?

DALE ERQUIAGA:
I am afraid I do not know the answer to that question, sir. I will have to find out.

ASSEMBLYMAN HANSEN:
Okay, next question. Section 11 is mainly preexisting language, but if you look under subsection 2, paragraph (e), it says, "A statement signed by the applicant certifying that, if the program of workforce training set forth in the application is approved and money is granted by the Office…for the program…each employee who completes the program of workforce training: (1) Will be employed in a full-time and permanent position in the business . . . ." Walk me through that. I do not understand that. You mean if I go and take one of these classes, then I have to be permanently employed in a full-time position? As a business owner, you mean I cannot fire them after they have gone through this? How does that work in reality?

DALE ERQUIAGA:
I will start, and perhaps Mr. Hunt has more information. You are correct—that is the existing program, the TEN program. That is the program under which a business comes and says, I have a short-term skills gap need. I have this number of employees. It is typically a small number, and that business in that program commits to keep them. I am not a lawyer, as you all know. I do not know that this would create any employment contract. That is certainly not its intent. That is not how it has ever been used. It has been used to ensure that in short-term situations, where we are often retraining an existing workforce or training new employees, they would have a place to go. It is done in that program because it is such a small program. I have not heard anyone complain about that program or infer that it created any sort of a permanent right other than the business agreeing to keep the individual once we have paid for the training.

CHAIR ARMSTRONG:
I think I would agree with that. In section 11, subsection 2, paragraph (e), subparagraph (2), the opening statement says, "While employed in that position…." I think there is an inference that it would not create an employment contract.

ASSEMBLYMAN HANSEN:
I got it, but between subparagraphs (1) and (2), there could be some possible misunderstandings.
On the accountability of the existing program, the current budget and the number of students, what is the approximate cost right now for this program? How many students are going through it? If you have 5,000 students and it is $1 million, what is the cost and so forth? Do you have any numbers on that?

CORY HUNT:
Assemblyman Hansen, we will have to get the specific numbers on that to you, on what our current grant allocations are to this date.

ASSEMBLYMAN HANSEN:
In the authorization, it talks about public schools. When I was in public school, we had auto shop, wood shop, and metal shop. Are those now gone from the public schools? Those programs used to be very popular for guys like me who went out of high school right into the trades. Now we are going back in and asking the public schools to do what they used to do. What are the existing programs now in the public K-12 system?

DALE ERQUIAGA:
No, they are not gone. Schools choose the current technical educational programs they offer. Within the state Department of Education's approved career and technical education course catalog, there are dozens, if not hundreds, of approved pathways. Trades are there along with video game design and fashion design. It is just a broader offering, but those programs are still in the various categories in our high schools.

ASSEMBLYMAN HANSEN:
If you could get those numbers to me as soon as possible, I would really appreciate it.

ASSEMBLYWOMAN BENITEZ-THOMPSON:
My question is on section 17. I was a member of the Committee on Taxation and am reminding myself of some of the conversation we had about Senate Bill 507 of the 78th Session, which set up an additional pot of money of transferable tax credits. A piece that gave me some discomfort then, and still gives me discomfort now, was the fact that we set up $5 million in perpetuity. Once we hit 2020, they will be allocated and live for five years. To me, the math gets a little bit uncertain regarding the impact we have on our state budget as these stack up in perpetuity. Obviously, there has been thought into what is going to happen up until 2020 and the specific uses for those transferable tax credits.
Mr. Erquiaga, you spoke about Fiscal Years 2017-2018, 2018-2019, and 2019-2020. I am more comfortable with the authorization of transferable tax credits when we know what specific purposes and projects they go to, versus just a pot of money that sits out there and comes off of our books. Begging the question again, does that really need to be in perpetuity? Ought there be a place down the road where we stop, take a look back, and examine the use of those dollars and their effectiveness before we authorize additional dollars?

DALE ERQUIAGA:
Your question is in an area of law that is not my expertise and not specific to this bill. This bill cashes in $9.5 million of tax credit and then uses $1.5 million for this program. When you take up the overall bill about abatements and incentives, you will have a conversation about transferable tax credit. With due respect, I would ask you to ask the question about future uses in relation to the overall strategy. It is not really related to the workforce program and is outside my wheelhouse. I apologize for that.

ASSEMBLYWOMAN SEAMAN:
There are approximately 45,000 Nevada small businesses with employees, and I want to know how many companies this program will train in the next ten years. Do you have any idea?

DALE ERQUIAGA:
The short answer is no. We will get you the numbers for the existing TEN program so you will have some history. It tends to be used in smaller instances, so you will have some backward-looking information. But I cannot represent to you today beyond the major deal that is before this body that will train and employ roughly 4,000 Nevadans directly through this program. I cannot look into a crystal ball and tell you where we will go. I can only give you a backwards look on the smaller program.

ASSEMBLYMAN OHRENSCHALL:
I have two quick questions. First, Mr. Erquiaga, you talked about trying to help people who have barriers to getting into the workforce benefit from these programs and this bill. What about people who have been incarcerated, have paid their debt to society, and want to try to get back on their feet and support their families? Would those persons who may have a felony conviction be eligible for this program?

DALE ERQUIAGA:
The diversity action plan, which you have an example of, includes formerly incarcerated persons. To your specific question about felons, that would depend on the job. There would be background checks for certain jobs, whether under this instant situation for this automobile manufacturer, I do not know. But in the diversity action plan, and I am sure in some of the

language that we will add about what that should include, persons who have been incarcerated are part of that, for rehabilitation purposes, to avoid recidivism.

ASSEMBLYMAN OHRENSCHALL:

My second question has to do with section 2 and "authorized provider." I am comparing it to the TEN program that is in Chapter 231, where we just have the community colleges. The community colleges, being public institutions, are accountable to the taxpayer. My concern is, let us say a nonprofit is selected as an authorized provider and the monies are given to the nonprofit for the training that is supposed to benefit the citizens and the employer. On Monday, the doors are shuttered, everybody has left town, and they are not there. What accountability will there be then if a nonprofit picks up and runs? What is the plan?

DALE ERQUIAGA:

We have thought about that as well. Part of this is in the application process. The Executive Director has to engage in due diligence in approving these. First of all, there has to be available money, but also there is an approval process for who is an eligible provider. It is not an automatic bequest. Second, I know through the local boards, DETR provides monies to nonprofits. I would ask them to talk about their vetting process and any other means that they use in the situation that you have outlined. Secondary institutions also close. We have had that happen here in northern Nevada. We certainly have to be diligent about that, but that would be a duty of the Executive Director in advance. I would ask DETR to speak to what happens.

ASSEMBLYMAN OSCARSON:

I am not trying to beat a dead horse here, but we have talked about the rural community colleges being able to provide training for these programs. Some of the community colleges even have programs that are in the high schools where they can comingle some of those studies and those kinds of things. I would ask you to take a good, hard look at the infrastructure at some of these outreach campuses where I think a lot of this training could take place. It is minimal at best. Sometimes it is in a modular of some kind, and I think we need to pay attention to how we are going to beef up that infrastructure so these people can get this training and utilize it to the best of their ability. There is a group of people out there who are really going to want to do this, and I want to make it as accessible and easy for them as we can. Whatever you can do to help in that regard would be great. I would like to get on the record that we are looking at that and at how we are going to make that happen.

DALE ERQUIAGA:

I will acknowledge it for the record, and I would amplify it and say that Governor Sandoval has made it very clear to me that when we come to you in 2017, we have to be speaking about capacity issues in the postsecondary world writ large. Great Basin College is an example of that. They may have a certain niche. Other institutions within our system might have other areas that they would emphasize. We are already in conversations with the Chancellor and the Chair of the Board of Regents about what that capacity-building looks like. As I continue to characterize this bill—it is here early because of the instant situation that we have—but it is certainly not the last you will hear from Governor Sandoval about workforce development. It is only the beginning.

ASSEMBLYMAN HICKEY:

Mr. Erquiaga, you were here previously in the last special session along similar lines and talked about some of the things that needed to be done, vis-à-vis Tesla, in preparation for workforce development. You brought forward to us that there were early meetings with Tesla to put together curriculums at the community colleges, mostly in the north—TMCC [Truckee Meadows Community College], maybe Great Basin College, and Western Nevada College as well. Since this is predicated on what we have attempted to do before, can you report on how successful those programs have been from your point of view, what we have learned, and how we are going to be improving along the lines of workforce development? It is a great opportunity, but it is a great challenge.

I will conclude by saying, listening last week to the Economic Forum, the good news from the north, from EDAWN [Economic Development Authority of Western Nevada], was that we are

expected to see 4 and 5 percent growth in the Nevada economy in the ensuing years. The challenge is, are we prepared with the workforce to meet that growth?

DALE ERQUIAGA:

I appreciate this question. With the Chair's indulgence, I will give you a lengthy answer, and then I will ask Cory to talk with you about the LEAP [Learn and Earn Advanced Career Pathway] program specifically. You have highlighted, quite well, the challenge that I referred to earlier. We have a skills gap in Nevada. Not enough of us, in my lifetime, have gone on after high school. These numbers vary—something on the order of a third of us go on after high school. We know that within five years, more like two-thirds of the jobs will require postsecondary attainment. That is a gap. I am not good at math, but that is a pretty big gap.

Tesla has highlighted that for us here in northern Nevada. Those jobs in advanced manufacturing and related industries are very different from the jobs that were here previously, so I will say that that company has responded well. They have an educational representative who met with me when I was your superintendent and who meets with the interim superintendent and the districts regularly. The company itself, working in northern Nevada, has done teacher externships, where our high school teachers have gone to their company headquarters, for example, for additional training. They are working with the districts. The Department of Education has formed a working group around those needs in that industry sector, so they are working with us on high school curriculum as well as community colleges.

Our community colleges have responded, so a shout-out to my friends from NSHE. They have stepped up, and we have new programs. Mr. Hunt will tell you about the architecture of one particular pathway in advanced manufacturing that has been established by his co-workers in the Office of Economic Development. We are engaged in a great conversation in our state around career pathways and what are called, by the wonks, stackable credentials. I might attain one piece in high school, another piece in postsecondary community college, and yet another piece at a university. Those pathways, those stackable credentials, will be articulated so that it is easy for me as an individual to move my way through. The great economic success to which you refer thus far, and what we have every confidence this agreement with Faraday Future will offer us statewide, is this wonderful laboratory and opportunity to provide much more of that for Nevadans. It is, however, a challenge.

Governor Sandoval, as you know, moved me from the superintendent position to his office to take on this challenge, and every once in a while, he takes me to a company that has workforce needs, and he says he does that to remind me of the urgency. There are thousands of these jobs coming, so this is not some theory where we think academically about what workforce development looks like. These are real jobs, hundreds of them evolving each year as these enterprises grow in the New Nevada economy. These are wonderful opportunities. There are also challenges that strain our system, but I will say that all of those jigsaw puzzle pieces are responding, and it is our job—you as policymakers and we in the Governor's Office—to provide the alignment and the focus on outcomes and success that we need to make this work. The successes are early, yet real, and the challenges and opportunities are just as real. We need an account like this to fulfill our commitment to the deal we have. We need this system to grow and improve to get better at this as we go into the future.

Thank you for the opportunity to give that little commercial. I will have Mr. Hunt talk about the LEAP program and how it has been applied already in the advanced manufacturing sector.

CORY HUNT:

Assemblyman Hickey, your question is well-timed, as Mr. Erquiaga said. The Learn and Earn Advanced Career Pathways Program—LEAP, as we call it—is a framework for developing curriculum from pre-K to 12, through to technical colleges, and all the way to universities for individuals to identify career pathways that they want to take. This also gets to Assemblyman Hansen's question. It can develop a set of curriculum and stackable credentials that develop from high school to the technical colleges. So if someone graduates from high school with these certain credentials, they can get a job there. They can then progress. If they wanted to move up in that environment, they could progress to the technical colleges and achieve more certifications there or get an associate's degree. Working with NSHE, the framework goes all the way through to use those credits and certifications to build towards a degree. It is a whole pathway that gives a variety

of options for Nevadans. We believe it provides a great framework for this project and for any number of projects. The advanced manufacturing pathway in the Washoe County School District just won a workforce award for adaptability and change. We hope to continue expanding that, working with NSHE, DETR, and all of our partners in defining what these pathways look like.

DALE ERQUIAGA:

I also want to underscore the ripple effect of this kind of economic development. In these conversations, we focus, and I have focused, a lot on these new high-skill jobs in advanced manufacturing or renewable energy. What we are learning in northern Nevada as a result of some of the projects, particularly the one you mentioned, is that as these facilities stand up, there are related jobs. Someone has to build them, so there are construction, building, apprenticeship, and training opportunities there. Once stood up, what I have heard from the folks at that enterprise in northern Nevada is that they are now seeing a real need for training in things like HVAC [heating, ventilation, and air-conditioning] and maintenance efforts. They tell me they are finding that those individuals are old guys like me. Young persons are not always pursuing those careers, but they are great careers. Through this ripple effect, we will create both the jobs to construct the project, the new highly skilled and diverse jobs to operate the project, but also underfill jobs as ongoing work for Nevadans. It gives Nevadans a choice in an economy that is diverse, and it honors many of the traditions and trades that have made us what we are.

ASSEMBLYMAN CARRILLO:

My question is on section 12, subsection 1. In the italicized part, where it shows sections 2 through 5, it seems like a lot of language is going to be added to that one existing line. Could you explain why they are adding so much language to such a small existing subsection from 2011?

DALE ERQUIAGA:

If I understand this section correctly, and your legal department could correct me, it allows for gifts to go into this account. Then we have added, at the beginning of the bill, new programs around legislative intent, the WINN Account, and authorized providers that fit in that same account scheme, so they all have to be eligible for gifts, grants, donations, or contributions. If we did not bring them all in, we would narrowly say your gift, grant, or donation could only go to the TEN program. So by adding all those new sections, we make the new WINN program eligible for donations and grants. I think that is the best way I can explain it.

ASSEMBLYWOMAN DICKMAN:

Maybe I am misunderstanding something here, but in section 4, subsection 4, it talks about the authorized provider "may apply to the Office for an allocation, grant or loan of money to defray in whole or in part the cost of the program," but then in section 11, subsection 5, it talks about the matching amount "must not be less than 25 percent" of the cost. Is there a conflict, or am I misunderstanding?

DALE ERQUIAGA:

I am sure the fault is mine and not yours. There are two programs. Section 4 is the new program—let us call it the WINN program. The WINN program allows the use of funds for the purposes that you have outlined—that italicized section. Then you remember that I tried to say there is an existing program—NRS 231.147, I believe—that has that requirement of a match. It is a smaller program. It is meant to be, as you remember me saying, rapid and, in most instances, for an existing facility. So there are two programs. The existing workforce training program has a match. That match continues. In the new program, our primary goal is about winning a new project. There is not a match requirement. However, the grant does not have to offset all the costs to the provider. The provider could raise money in another way.

ASSEMBLYMAN ELLISON:

I want to thank both of you guys. You have done a great job answering a lot of these questions, and you did clarify a lot of those issues. I am glad you are going to look at the action plan pertaining to some of the stuff that was in DETR, and you are going to bring that back. One of the things I was going to ask is that in section 16, subsection 6, you talk about the "Executive

Director or the Board shall not approve any application for transferable tax credits . . .” and then you have that going through 2020. Could you address that?

DALE ERQUIAGA:
I am sorry, sir. I do not understand the question.

ASSEMBLYMAN ELLISON:
I would like you to address why that is not something that is going to be done in the 2017 Session. Is there a reason why that is on here and we are addressing that now instead of during session?

DALE ERQUIAGA:
I will do my best, and then when you have Executive Director Hill talk about transferable tax credits, you might ask him the same question.

The policy of transferable tax credits was approved by the Legislature with the fiscal year schedule that you see before you. It ends in 2017. You agreed for credits to be available through a certain period and then on from there. This bill gives up $9.5 million of those transferable tax credits but moves the last year by which the $5 million amount begins from 2017 to 2020. It is part of how we save $9.5 million—we push it out a little bit. The net effect is that we are taking out $9.5 million in transferable tax credits, and $1.5 million of it, as I have said, will be appropriated to this program. The other $8 million is necessary for some of the information you will see in the abatement and incentive bill that is currently being heard in the Senate.

ASSEMBLYMAN NELSON:
I have a question in section 2, the definition of “authorized provider.” Fortunately, a lot of my questions have already been answered. There is a qualifying phrase. It says “. . . that provides a program of workforce development approved by the Office.” My question is whether that phrase applies only to a private postsecondary educational institution, or does it also apply to a nonprofit organization and a labor organization?

DALE ERQUIAGA:
That phrase modifies all the entities listed before. In order to be eligible, those entities must be providing a program of workforce development. The Governor’s Office of Economic Development could not give money to anybody on there for some other purpose. The Governor’s Office of Economic Development can only give for programs of workforce development.

ASSEMBLYMAN NELSON:
That makes sense. I just wanted to put it on the record.

ASSEMBLYMAN STEWART:
In these programs, are you going to target certain community colleges—the Cheyenne campus would be an obvious one—to develop specific programs, rather than have these throughout all the colleges within the Las Vegas Valley? Secondly, will there be cooperation with the career and technical education schools in the Clark County School District? Specifically, the Northwest Career and Technical Academy would be an obvious choice, in my mind, to work with the Cheyenne campus. Are there going to be specific programs assigned to specific campuses, or is that too detailed at this point?

DALE ERQUIAGA:
This bill does not require that kind of coordination, but I will tell you that when the application comes from an authorized provider, so the community college system—let us take the College of Southern Nevada. The Executive Director would have to have information from that institution about which campuses. For the program that we are discussing in this session, the campus you mentioned is likely the lead, but the institutions will decide that as they make application. Then the business and the Executive Director would have to agree as part of that partnership. The partnership with high schools is not addressed at all by this bill, other than that the school districts are considered an eligible provider.

The program that Mr. Hunt outlined for you—the LEAP program, for example—or the theory that I outlined for you of the stackable credentials—where one begins and moves—that is exactly

what that is designed to foster. Between certain high schools in geographic association with certain institutions of postsecondary education, there could be an articulation for students. It is not required. As you know, school districts are required by law to appoint an advisory committee for current technical education. Now, by policy of the Board of Regents, I believe, community colleges are required to have institutional advisory councils. One of the things that I am looking for in my new job is back to that word "alignment," or a way to ensure the system operates in at least a collaborative and communicative way so that we are not bouncing kids all over the state or all over the Valley and that we offer a seamless articulation. I always think of that piece as Grades 11, 12, 13, and 14. It should be about the students', and not the institutions', needs. This bill does not address it, but thank you for the opportunity to talk about where we need to go.

ASSEMBLYMAN STEWART:
Thank you. I hope it is carried out that way.

CHAIR ARMSTRONG:
Those were some great questions. At this point, I am going to let Mr. Erquiaga and Mr. Hunt off the hook for a little bit. We will bring up DETR [Department of Employment, Training and Rehabilitation] and NSHE [Nevada System of Higher Education] and have them present and answer questions. We will open it up for public testimony at that point. We see on the screen that we have both Elko and Las Vegas on the line for public testimony as well. We will do that, and at that point we will recess and break for amendments. At this point, I would like to bring up DETR and NSHE.

DON SODERBERG, DIRECTOR, DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION:
My name is Don Soderberg. I am the Director of the Department of Employment, Training and Rehabilitation. To my right is Dennis Perea, our Deputy Director. To my left is Frank Woodbeck, my predecessor at DETR and now with NSHE doing wonderful things. Over to his left is Renee Olson, the Administrator of the Employment Security Division within DETR. Although the Employment Security Division does a number of wonderful things for Nevada's citizens, specific to today's discussion, that is the division that houses Nevada JobConnect, which is the state arm that does recruitment for employers and assists people in finding jobs and breaking barriers to getting those jobs. A lot of the discussion you are having today with regard to the enterprise that is the subject of this special session involves functions that will be done by Nevada JobConnect. Between the four of us, hopefully we can answer all of your questions.

CHAIR ARMSTRONG:
I will open it up for questions from the body.

ASSEMBLYMAN PAUL ANDERSON:
I appreciate all the details on this bill so far. I recognize that as we have new industries come into the marketplace, there is certainly a skills gap that was talked about. My understanding is that we are focused on the nine main skills groups that are on the Diversify Nevada website and in our economic development plans. As we have a company come in needing a workforce with skills that are specific to that company, how much leeway do we give to training for that particular company versus an industry-specific skill set that is important for that employee, as they may not be a lifelong employee of that particular company? Then please follow up regarding the continuing education piece of that. I work in the IT [information technology] industry. Certainly, a certificate I got several years ago is, frankly, irrelevant today, even given that short time frame. I would assume that as these emerging technologies and innovative businesses come to town, those skill sets would require some continuing education, further educating those folks down the line. Do we have plans built into these programs that would add continuing education as well?

DON SODERBERG:
With parts of your question, I will provide you the DETR side of the answer, and then I will hand the floor over to Mr. Woodbeck, who will drill down on some of the more detailed aspects. With the enterprise that is before us in this special session, we have not had deep discussions on continuing education. The WINN [Workforce Innovations for a New Nevada] program involves

very specific education, and we think those trainings are going to be employer-specific. The institutions or the providers will largely be dictated by the needs of those specific job categories and the training needs. Today, as Mr. Woodbeck will tell you, we are dealing with one particular community college and one particular university, but with the next employer who qualifies for this program, it may be a different NSHE institution. Down the road, it may be non-NSHE institutions. I think it depends on the skill sets that are needed and the uniqueness of the particular job training that that employer needs.

From our perspective at DETR, we are always looking at the first part. People come into our offices—in fact, you or any of your constituents could come to our office on Carson Street, walk in, sit down in front of a live person, and say, "I need a job and I have had a problem finding one." You could say, "I need a better job," and the process begins. The individual is assessed, and we try to work with them to identify their barriers, then solve those. It may be something we can do right there in the office to solve those problems—training; helping with a resume; helping with applying for a job online, which has now become an art form; or sending them to an approved provider for a certain type of training, just to get to the point where they can go to some of the training we are talking about today. Maybe they need a GED [general equivalency diploma]. Maybe they just have language issues. Maybe they have need for some core services. Sometimes, people who are very bright but do not present themselves well walk in our offices. They have never been taught how to act in a professional way. Maybe that is their barrier. That is what we do, and that is what we will continue to do for all of our clients before they even get into this situation.

Continuing education is a very good question, and that is something we need to think about. How do employers come to us and say that the skills they need have changed, and how do we work with meeting their future needs, which have not been identified in the beginning of the process?

FRANK WOODBECK, EXECUTIVE DIRECTOR, NEVADA COLLEGE COLLABORATIVE, NEVADA SYSTEM OF HIGHER EDUCATION:

Just to piggyback on that point, this particular plan in this particular bill is funding a program under which we will capacity build within the Nevada System of Higher Education, within the community colleges in particular. We are identifying the skill set needs of industries and companies, and in this particular case, we are looking at advanced manufacturing, which has a very deep need right now across the state. This bill will help that capacity-building across the state of Nevada, north and south. In Faraday's case, for example, we are looking at the College of Southern Nevada. They are already planning based on the skill set needs they have identified and are building to a capacity of at least 200 workers that they can train at a time. We are also looking at—and Dr. Richards will speak to this—integrating a program with CTA [Career and Technical Academy] in southern Nevada, to repurpose space at the CTA, provide dual-enrollment programs, et cetera, that will all be aimed at building up the advanced manufacturing sector of trained workers.

We would like to position the community colleges as the training partners of industry on an ongoing basis so that as industry needs are realized, we can put the programming in place to meet those needs. Another example is in the IT industry. As Mr. Erquiaga stated, there is a recognized need today in critical systems to support systems within IT, such as HVAC. We are creating programs at the College of Southern Nevada and Truckee Meadows Community College to meet that particular need in conjunction with Switch, for example. We have an ever-changing need throughout the state, and I anticipate that we will have that. Fortunately, the community college system can turn on a dime to do that.

The next piece will be developing the career pathways that Mr. Hunt spoke about. We are piloting one in northern Nevada. We want to create one in southern Nevada in advanced manufacturing. It would begin with the CTE [career and technical education] programs for juniors in high school who can continue through dual-credit programs, on to a community college, and into an engineering program at UNLV [University of Nevada, Las Vegas], for example, if they would like to do that. I know that was a long answer to a short question, but hopefully it provided more information for you.

ASSEMBLYWOMAN DIAZ:

My question has to do with the recruitment strategy, so I will open it to the panel and whoever wants to speak to this. I think that recruitment is key, just as we are seeing a shortage in our teaching force. We have the jobs there ready to go, but we cannot get the bodies recruited to fill those positions. I do not want to have something similar happen, and I know that everyone in this room is interested in making sure their constituents get these high-paying jobs with good benefits. I want to know what the recruiting strategy is that we are going to be putting in place to ensure that Nevadans are being informed of these new job possibilities. How do they know where to go to get the help and assistance? I do not think it is a widely known fact to go to DETR and get all of this help and assistance. I can tell you it probably is not shared as well as it could be. What is our solid action plan to ensure that we are not working in silos, that we are all working collaboratively to ensure that everybody's constituency has access to this exciting opportunity for the New Nevada?

DON SODERBERG:

I will ask Mr. Woodbeck to respond to your question, then have Ms. Olson talk about what JobConnect does and what it intends to do as far as outreach to let people know of services in the future.

FRANK WOODBECK:

I am going to give you an example of one way in which we collaborated between DETR and NSHE just a couple years ago with a program called Right Skills Now. In northern Nevada, there was a recognized need for entry-level machinists. They came to DETR, and we asked companies to step up and be willing to be part of a program where they trained interns that came out of Truckee Meadows Community College and Western Nevada College in machining. The recruitment was done by DETR at that time through the JobConnect program, through the workforce development boards, and through DHHS [Department of Health and Human Services]. The first 40 applicants we sponsored for that program, all of whom were trained and employed, came from anywhere from the unemployment ranks to the underemployed ranks to welfare rolls. We were actually able to do some recruitment. Now we are looking at expanding that, in this particular instance, to recruit folks for advanced manufacturing. The collaboration is there between the Department of Employment, Training and Rehabilitation, NSHE, and GOED, and that has been going for some time now. I think we can expand it. We have also begun to establish workforce development centers in cooperation with DETR on the community college campuses. That will provide another avenue for us to expand. As we move along, we will be able to find other ways in which we can collaborate and expand that recruitment opportunity.

RENEE OLSON, ADMINISTRATOR, EMPLOYMENT SECURITY DIVISION, DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION:

In terms of outreach, I would say that within our ten offices statewide, we have an average of 4,500 people walk in every week, so there is a large pool of candidates right there of folks who visit our offices. We also have people collecting unemployment insurance, and we have records of those folks we can reach out to when there are positions available. The other thing that we take advantage of is our partnerships in the community with the local workforce investment boards and with different providers of services, so we can put the word out through those resources as well that we are looking for certain types of candidates. From there, we have people who express interest in the positions, and we provide screening services to look for minimum qualifications. Once we understand that they meet the minimum qualifications of different jobs, we can move them forward through various assessments, training services, and interviews with the employers. I hope that answers your question.

ASSEMBLYWOMAN DIAZ:

I am a schoolteacher. I work with diverse campuses. I see the needs in the community firsthand. Many people do not know how to seek the resources. They are not as adept at going to an office and saying, "Hey, I am unemployed" or, "Hey, I am out of a job because now they have closed shop." I think we need to do a better job of getting to the everyday person in the schools and making sure we are putting it on blast. This is an exciting opportunity for everyone. Please

make sure you come. Stop by. Visit. I can tell you that I hear from my constituents on a daily basis about how they lack opportunity *x*, *y*, and *z*. I think we need to do more. I think there is a way to be working smarter and building community around this new venture that should not leave behind people in our backyard. We should be focusing on lifting them up and then also bringing other people into the fold. I wanted to make sure that we are not stuck on thinking we are perfect and we are doing everything great. I think there is a lot of room for improvement.

ASSEMBLYMAN HICKEY:

I am a schoolteacher. I work with diverse campuses. I see the needs in the community firsthand. Many people do not know how to seek the resources. They are not as adept at going to an office and saying, "Hey, I am unemployed" or, "Hey, I am out of a job because now they have closed shop." I think we need to do a better job of getting to the everyday person in the schools and making sure we are putting it on blast. This is an exciting opportunity for everyone. Please make sure you come. Stop by. Visit. I can tell you that I hear from my constituents on a daily basis about how they lack opportunity *x*, *y*, and *z*. I think we need to do more. I think there is a way to be working smarter and building community around this new venture that should not leave behind people in our backyard. We should be focusing on lifting them up and then also bringing other people into the fold. I wanted to make sure that we are not stuck on thinking we are perfect and we are doing everything great. I think there is a lot of room for improvement.

FRANK WOODBECK:

Yes. The LEAP program that Mr. Hunt referred to was put together by a committee formed under GOED. It included Mr. Perea from DETR, Commissioner Kirkpatrick, the CTE director from Washoe County, and me. The purpose here is to integrate with the CTE programs and other programs within K-12. I will say also that we have high schools associated with our community colleges. The College of Southern Nevada has three community college high schools that provide dual-enrollment programs—with, by the way, 100 percent graduation rates for the past four years. We have a TMCC high school in Washoe County, and we are going to form a TMCC technical high school, which will launch next fall. We have those programs, and it is not saying that we are there yet; we are not. We want to expand those as much as possible, but we are beginning that discussion in terms of coordination with K-12, and we want to continue that and expand that going forward.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

Thank you, Mr. Woodbeck, for mentioning the CTEs. I am super excited that we are thinking out of the box, that there is much more inclusion than just the Nevada System of Higher Education, and that we are making sure the whole supply chain is included in solving our problem on workforce diversity. My question is on the Workforce Innovation and Opportunity Act. How does workforce connection fit into this model? I know we are using 15 percent of the Governor's reserve to be able to fund the new WINN program, but could an employer utilize financial resources from both? How does that work?

DON SODERBERG:

The local workforce investment boards and, in the Faraday situation, Workforce Connections will be big partners. Clearly, we work together on outreach. They do outreach sometimes. We assist them with that and vice versa. We are in a coordinated system. In the sample workforce plan that has been given to you in the packet, they are clearly referenced as being a part of this process. This recruitment process is so big. We are definitely going to need to work together on that, and that is our plan. I will give the floor to Ms. Olson to drill down a little bit more on how we work with them on a day-to-day basis to give you a better example.

RENEE OLSON:

Day to day, we and the local board have individuals who work directly with businesses to understand businesses' recruitment needs. We coordinate those efforts for screening different individuals. As we coordinate those resources, we also try to make sure we are leveraging resources and not duplicating effort. As we work together in that way, we think we prevent that duplication that I believe you are talking about. We maximize our use of resources, whether it is in recruitment or whether it is in sending folks to training.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

I was not necessarily asking about just duplication because, as Assemblywoman Diaz was talking about earlier, in some communities there may not be resources right at the doorstep for those individuals to access. Transportation may be a barrier. I am not necessarily asking about duplication but more of leveraging those dollars because, obviously, their piece of the pie is a lot larger. I know you are making an effort, and I would continue to encourage that so we are thinking holistically.

ASSEMBLYWOMAN TITUS:

The previous speakers mentioned a program that you folks have entertained and monitored regarding HVAC training, and the applicants were not what they expected. They turned out to be older folks who were applying and not the young folks. I asked the prior presenter this question and he deferred to you. How successful have you been in the accountability and the documentation of the programs you currently have in existence? Are those folks staying employed in the state of Nevada? What has been the cost? I know I, and several of my colleagues, would like to see the actual data that you have in reference to the accountability component of this.

I have huge concerns that, especially in the area where this is proposed and where the jobs are being suggested, there is not enough of the joint ownership of this with the Clark County School District. I am concerned that if you do not have the young folks applying for these jobs, where are they going to come from? I am anxious that there is not enough evidence that there has been a true connection there. Clark County has one of the highest—if not the highest—high school dropout rate in the nation. Are you working to make sure that these young folks are then going to be offered an alternative? Perhaps this is a solution, and I am hoping that it is.

You have done some good things in the state. Currently in my district, we have the JAG [Jobs for America's Graduates] program. It is a great program. In my community, they had a 100 percent graduation rate from the young folks at Fernley High School that were part of that JAG program. It is a wonderful program, and I would like to see more cooperation with the school district to make sure that these young folks, who we are losing, are perhaps offered these types of programs. I agree with Assemblywoman Diaz that we need to see that these opportunities are available to them. I heard you say there were hundreds of people walking through your door every day for these opportunities. These are not the high school students who are walking in your door. I can assure you of that, and you know that already. I am not convinced there is that connection with the high schools, especially in the Clark County area, that need it so desperately.

FRANK WOODBECK:

Fortunately, I am honored to be Chairman of the JAG program across the state. We are in 17 schools in Clark County. We will add a few more next year. Assemblywoman Diaz is on the board as well as Deputy Director Perea. We have a long way to go—we realize that—but the components are there, and we are beginning to have that communication. The components are there to put these pieces in place. We would love to have an opportunity to take some of these young folks from the JAG program—and we will find a way to do that—and transition them into part-time employment, full-time employment, or other training that would lead to a career. The enthusiasm developed by the kids within that program is phenomenal. I am blown away by it every time I talk with one of them, so we need to figure out a way to do that and make that happen, and we will. Thank you for pointing that out. You are absolutely right.

ASSEMBLYWOMAN TITUS:

Thank you for that because I am thoroughly impressed by the program. It works. Finding a program that actually works is wonderful, and I would encourage you to follow through with that.

ASSEMBLYWOMAN NEAL:

I have a two-part question. It is interesting that you said you leverage resources. What I am curious about is, in an effort to try to make sure that decision-making is effective, how do we integrate data on subgroups that happen to exist? Let me say this: I appreciate that DETR puts out a report quarterly on the unemployment rate, but I have to specifically ask for racial groups to be broken out. I think in order to make sure that access is available and equity occurs, that when folks review that data, it is seen not just by me but also by everyone in the state that the

unemployment rate, although at 7 percent for some, is not the same across all groups. African Americans are at 13 percent, and then they went up 0.1 percent this month. I think it is super important that if we are going to talk about diversity, the data that is seen and reviewed is adequate, correct, and represents all the groups.

The second question is also related to data. When you think about how these workforce systems interface with CSN [College of Southern Nevada] and with DETR, do these data systems actually interface so that you can communicate about all groups and see who is underemployed and who is not employed? Because there is a difference. Underemployed and not employed are two different things. It was my understanding that not all the systems interface with each other. If CSN wanted to get information about workforce, there is no capability for them to share information or access each other's system in terms of that particular kind of information. I want you to address that.

DON SODERBERG:

Clearly, the unemployment problem that Assemblywoman Neal points out is something we have recognized. There is something not working in the system when one group has double the unemployment numbers of the next closest group, and while the economy seems to be coming back and overall unemployment numbers are improving, a certain group is going the other direction. I was pretty excited about the draft diversity plan that was put into your packet. I did not draft that. My people drafted it. I saw it afterwards and I started circling things saying, "We are going to start doing this everywhere." Part of it, as one of your colleagues mentioned, is that matter of outreach. We have had events targeted to certain groups. We did not get the amount of people that we thought, so we have to find a better way to reach those people. With respect to just that interface, I would like to turn the floor over to Mr. Perea. He is our expert on the statewide longitudinal data system, which hopes to connect everything including the school districts, NSHE [Nevada System of Higher Education], and DETR in a way that we can make holistic, smarter, and more effective decisions.

DENNIS PEREA, DEPUTY DIRECTOR, DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION:

Clearly, the unemployment problem that Assemblywoman Neal points out is something we have recognized. There is something not working in the system when one group has double the unemployment numbers of the next closest group, and while the economy seems to be coming back and overall unemployment numbers are improving, a certain group is going the other direction. I was pretty excited about the draft diversity plan that was put into your packet. I did not draft that. My people drafted it. I saw it afterwards and I started circling things saying, "We are going to start doing this everywhere." Part of it, as one of your colleagues mentioned, is that matter of outreach. We have had events targeted to certain groups. We did not get the amount of people that we thought, so we have to find a better way to reach those people. With respect to just that interface, I would like to turn the floor over to Mr. Perea. He is our expert on the statewide longitudinal data system, which hopes to connect everything including the school districts, NSHE [Nevada System of Higher Education], and DETR in a way that we can make holistic, smarter, and more effective decisions.

ASSEMBLYMAN THOMPSON:

I also want to echo the comments of my colleagues from Districts 7, 11, and 42. I want to add one thing further. I have a statement and then I have a question.

I need to make sure that in section 4, subsection 5(a), when we are talking about our applicants, we make sure that we are very outcome-based and less output-based. What I mean by that is, say we have 100 people who go through the program, that is great. That is the output. I want to see that of those 100, 85 of them received gainful employment and, going further, they had a high-wage job and additionally they kept that job for *x* number of years. We want to look at the retention. That is my question. What is your definition of a high-wage job?

I do want to make a statement that customized training does work. I have been a part of that, way back in the early 1990s, when I worked for the welfare department in employment and training. We had a partnership with the MGM, and the goal was to hire 10 percent of the workforce from those that were on welfare rolls. We exceeded that goal. I really wish we had the

data because that would show that we have some employees that are celebrating over 20 years of service with one of the largest employers in Nevada, and specifically in southern Nevada.

My follow-up question is to section 4, subsection 5(a), "Provide high-skill and high-wage jobs . . . ." What is the definition, so we are not subjective? Mr. Soderberg, when you were originally talking, you were saying some people need to have some basics. They need to have a GED or high school diploma. How do we ensure that those people do not miss the opportunity? If they do not have the basics, are we going to lose out on those people who really should be getting these opportunities, but because they do not have the GED or the high school diploma, they may miss out? How do we ensure that? What mechanisms do we have in place to ensure we do not miss out on them?

DON SODERBERG:

The question that the Assemblyman asked, and the problem that it articulates, is something that we constantly have to work for. Again, it is outreach. We need to get the word to the people who need the jobs and need the training, and that is something we have to do as a team. Those people need to come into the JobConnect system and get the assessment. I know a lot of people do not know about this, although we process 4,500 people per week. I did not know it existed until Governor Sandoval asked me to take this job, and now I am running it. It is kind of the best-kept secret. We need to continue to work that outreach and go out and seek people. When they are there, it is an individual process for an employment counselor to discuss an individual's needs with that individual. Then, hopefully, we can get them to the point that they can compete for these types of jobs that are, as Governor Sandoval calls them, the jobs of the New Nevada. We need to get them to that point. We have to find them. We have to bring them in on a one-on-one basis and work with them. That is not an easy task, but we are committed to do so. That is why we have looked at, as you have seen in the workforce plan, probably more outreach than we would normally do for an employer up to this point.

ASSEMBLYMAN THOMPSON:

I hear about the outreach and how important that is, but say that the person is already with you and you identify that the barrier they have is a need for a high school diploma or GED. They want one of these high-skill and high-wage jobs—I really want to hear what the definition is—but we know that that is going to take nine months or so. How do we ensure that they do not miss the opportunity because the training says that there are *x* number of slots? That is what I am trying to get at. Sometimes we have to wait and we have to be patient because we want that person. That is the person who is driving the high unemployment rate, and they have the willingness to work. Those are the ones we need to take the time with instead of—sometimes we take the low-hanging fruit so we can get those outputs.

DENNIS PEREA:

To answer your question about how we get to those populations, one of the things that we have done as we have crafted the WIOA unified plan is, we have asked one of our subgroups that is working on performance to come up with nontraditional ways of measuring performance. At one point, you may have been a part of this conversation. Some of the performance measures that we have used in the past have actually had a perverse incentive, where if an employment outcome is the goal, it makes it easy to cream off the top and take the people with the least barriers to employment. The governance group has asked this committee to look at ways of measuring performance to make sure that no creaming off the top takes place, that they actually look at the barriers to employment, and their performance is improved by serving those populations with those barriers.

To answer the second part of your question: What does high-wage mean? I believe that economic development has a different wage that they use; we use a livable wage, not necessarily a high wage. For the longest time, I believe that was about $15.62 an hour, but we were looking at livable wage and not high wage. For the workforce component and our federal performance measures that we report on, it is in that neighborhood that we work at.

CHAIR ARMSTRONG:
We will move to the next section of this hearing. Thank you to the members of DETR and NSHE for coming down and answering those questions.

We are going to move to the public testimony portion of the hearing. We have public testimony from Elko, Las Vegas, and here in Carson City. I am going to take it in order. Because the folks who have signed in so far are in opposition, we will begin with those in opposition, then move to those in support, then neutral. Those who would like to speak in opposition to AB 1, if you could meet the Sergeant at Arms staff at the back of the room, they will let you down three at a time.

VICTOR JOECKS, EXECUTIVE VICE PRESIDENT, NEVADA POLICY RESEARCH INSTITUTE:
We are opposed to Assembly Bill 1. It is great for workers to receive training, but it simply is not the role of government to subsidize a company's needed workforce training. The government's role is to provide an equal and level playing field for businesses and individuals. Instead, this bill picks winners and losers. If you are politically connected, the government will subsidize the training of your workers. If you lack political influence, your tax bill will go up to pay for it, as we saw in the last legislative session.

Now, Faraday does draw a lot of media attention, but it is important to remember that small businesses are the main creators of job growth. In 2012, Nevada's small businesses created over 15,000 net new jobs here in Nevada, and Faraday is projected to create just 4,500 in the next 20. If you want to enact policies that will produce sustainable economic growth, you should be helping small businesses instead of making them subsidize their larger competitors.

JOHN WAGNER, REPRESENTING THE INDEPENDENT AMERICAN PARTY:
We are against this bill. I heard a lot of good things about what we wanted to do for job training, and I think that is good. I have no problem with that. I think that can be implemented without having Faraday involved. As I understand it, Faraday has never produced a car. They cannot even produce them in China, from what I understand. They do not have a license to do it there. They are an unknown quantity. Now, if we were dealing with a company like Fiat, Peugeot, or some of these other foreign companies, they have a track record and they have a plan. I used to work for a couple of manufacturers. My last one was Sony, and I went through their plant in Japan and saw how they did things, but they did not make cars. I remember they had car plants, Ford and Chevrolet, in the Bay Area when I was a kid growing up. They are long gone now.

A lot of the work of the automobile industry is done by assembly plants. All the bits and pieces come in, they all assemble it, and it just rolls out the end. As I understand it, there are no parts, bits, and pieces yet to this particular company. They are going to have to have equipment in there to make the frame. After you have the frame, you have to shape the body. You have the doors. You have the windows. You have the mechanisms that drive these things, and then you have the motor itself and then the drive train. There is a lot that goes into making a car. You just do not say, We are going to make it. It is not like taking a set of tinker toys and making a toy out of it. It is not going to really fly.

If I were to invest money in a company, it would not be this particular company. This guy is a billionaire. I understand he is not even here to speak on behalf of the thing. I do not know if that is true or not. I would not recognize him if I saw him.

CHAIR ARMSTRONG:
If you could try to keep your testimony toward AB 1. This is the workforce development bill.

JOHN WAGNER:
All right. I guess I can terminate my testimony now then. I think I expressed how I feel about Faraday.

CHAIR ARMSTRONG:
Those were all I had for opposition. I want to make sure there is no one else who wants to speak in opposition to AB 1. [There was no one.] We will move to neutral at this point.

RAY BACON, REPRESENTING NEVADA MANUFACTURERS ASSOCIATION:
For those of you who know me well, and I think that is a sizable portion of this body, I have been working on workforce issues for 25 years now, so let me just add a couple of points that

I think should be added to this bill that would make it better. We are definitely not opposed to the bill, but we want to make the system better and fix some of the things that have been a problem in the past.

First of all, what industry is looking for across the board are credentials that get specifically to the technical skills that we need in the workforce. In the Right Skills Now program, which Mr. Woodbeck referred to, we looked for portable, stackable, third-party, and industry-approved credentials which also lead to college credit at some point in time. That is an essential thing, and it probably should be in this bill.

A secondary issue is, we still have a problem in this state, and actually in this country, with college credit for CTE [career and technical education] high school students. A student who takes an AP [Advanced Placement] course in high school and scores well on the AP test can wind up getting college credit for that. There is no equivalent in this state, or in most of the states, for kids who go through a CTE program. In some cases, in this state a kid goes through and gets great skills out of the CTE program, especially in southern Nevada, then goes to CSN [College of Southern Nevada] or one of our other institutions, and he fundamentally gets told to start all over again. If they leave the state, in many cases, they have been able to get very strong credit for what they have done. That is a glitch. I do not know how you put it in legislation, but that needs to get fixed in this process. We do not want kids doing something twice. We want them doing it once, doing it once well, and then moving on to the workforce. We are double charging the kids in the CTE programs, and those are the kids, in most cases, who are coming from the greatest level of financial need.

The third thing I would recommend is an overall thing that was, in my estimation, a flaw in what we did with the Tesla program. I would suggest that you consider in this bill redefining a Nevada resident for the purposes of recognizing that a Nevada hire should include all people who have a high school diploma from an accredited high school in the state of Nevada or a diploma from an accredited college in the state of Nevada. For years, we have bled our best and brightest talents out of the state. It would be nice to move them back, and that would include, if you use the language of an accredited high school, bringing the kids back who went to one of those kinds of mediocre high schools, like Manogue, Bishop Gorman, the Meadows, or someplace like that. There is no reason that we should not try to woo those kids back because they are some of the best and brightest and, in many cases, we lost them in this state.

Right now in this state, we are losing about 30 percent of our kids to dropout rates. The graduation rate from the CTE high schools in southern Nevada is 95 to 99 percent. Those kids are selected into those programs by a lottery, so we are making a decision on the lives of the kids that get into those programs through the lottery. That means that other than the fact that those kids expressed some interest—it is a very broad spectrum of kids who get into those programs—they wind up with a 95 percent or better success rate. The capacity in most of those programs is, shall we say, oversubscribed by 5 to 1, 6 to 1, 7 to 1, 8 to 1. We need to build capacity in those programs as part of building the structure that gets our dropout rate down. They are picked in a lottery. They wind up being successful in our CTE programs, but we are not meeting the capacity. Somehow, we have to get that problem fixed. If you get that problem fixed, I think that will take a huge shot at driving down our dropout numbers. At this stage of the game, we do not have enough graduates to fill the needs in both northern Nevada and southern Nevada for the expected growth in jobs—not expected by me, but expected by GOED [Office of Economic Development, Office of the Governor] and others. One of the key ways we can get there is if we put together the programs that bring the dropout rate down, we will start to have a huge solution to that. With that, I will take any questions.

ASSEMBLYWOMAN CARLTON:

I want to make sure that I understood your definition of a Nevada resident. If you change it to what I thought I heard you say, I would not be considered a resident because I graduated from a high school in another state. I want to make sure that you clarify for the body and for those listening what you are really trying to get to with Nevada resident.

RAY BACON:

I think I worded it wrong, but right now the criteria is that if you are a current Nevada resident, the company that hires you gets credit for hiring a Nevada resident to meet the 50 percent number.

If you are somebody who graduated from a Nevada high school, went off to an Ivy League school, and wound up being employed in some other state for any period of time whatsoever, you do not qualify as a Nevada resident. What I am saying is, our best and brightest leave this state. Give us a mechanism and open up that mechanism to the point where it covers our high school graduates, our college graduates, and our community college graduates—graduates only, not just those who went there. It should cover those people so that we can suck them back into the state. We should not lose our best and brightest without a pathway to pull them back in. Quite frankly, in many cases, they should be pulled into some of the management and supervisory positions in those companies, and that is exactly what we want.

ASSEMBLYMAN HICKEY:

I appreciate what Mr. Bacon is trying to get at there. He is certainly correct, and I think everybody is in agreement. We want to keep more Nevadans, make them a part of what potentially is a great new economy here, and have them prepared to do so. On the other hand, persons who take jobs in the new industries in the state, or any industry for that matter, in fact become Nevadans. I do not want to underestimate the value of our graduates staying here and being those Nevadans that reach these totals spelled out in the language of these kinds of enabling legislation. At the same time, markets being what they are, we are going to attract people who will become new Nevadans. Hopefully, if they have certain backgrounds and training, they are going to contribute, as they establish families here, to changing the academic culture of our state. We certainly do not want to discourage people. We would like to hire Nevadans first, and we are putting in place programs to prepare ourselves to be able to do that. That is my comment. I am not sure there is a question there.

RAY BACON:

I fully agree that we would like people to move here, sir. In the past, our criteria was that in order to get credit for being a Nevada hire, they have to be a current resident. This means that if all the talent in which we invested our college money and our high school money have, for whatever reason, left the state—in many cases, they left the state because we did not have the jobs for them then, but we do now. The HR [human resources] director of Panasonic, who happens to be the brother of Scott Anderson from the Secretary of State's Office, was working in Indiana because that is where the jobs were. He grew up in Carson City, went to UNR [University of Nevada, Reno], and left the state for the job situation. That is the kind of person we would like to bring back. He has management experience in the auto industry in Indiana, so he is a perfect fit. That company, when they hired him, did not get credit for him being a Nevada resident.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

Mr. Bacon, my question is regarding the defining of a Nevada resident. Have you seen what you are proposing in other states, defining somebody who graduated from Nevada, moved away, and came back as a Nevada resident? If you have, how has it worked? Is there a similar model that you have seen in other states?

My other question is regarding CTE. I agree with making the certificates stackable and portable, but I thought that was what I heard NSHE [Nevada System of Higher Education] and DETR [Department of Employment, Training and Rehabilitation] talking about. I think that is a solution that they are going to work out because I agree with you that there is a gap there. I just wanted to make sure that you supported what they were saying earlier.

RAY BACON:

To your second question first, I absolutely support what they were talking about. At this stage of the game, we have a gap only in the fact that in some cases, somebody comes in with a portable, stackable credential from another state, and we do not accept what has already been done, even though they met an industry standard. The industry recognized it, so we need to get to the point where we are recognizing it. When it says portable, transferrable, industry, stackable credentials and things like that, we need to have universal recognition here because, from an industry standpoint, we do not care whether they did it here or someplace else.

Back to your first point, I do not know in the economic incentives, in most of the other states, whether they require hiring *x* percentage of local residents or not. I think we may be relatively

unique in that, and if we are relatively unique, we probably ought to take a look at how we can make that—we know for a long time we have been bleeding our best and brightest out of the state. We need to make it as open as we possibly can to bring them back home. From a standpoint of those of us who are relatively senior, it is really nice to have the grandkids at home.

ASSEMBLYMAN WHEELER:

I believe the intent of employing 50 percent of Nevada residents is actually to reduce the unemployment rate in Nevada. People that have moved out of the state already are not included in those statistics, so how do you justify reducing the unemployment rate in Nevada by what you are actually proposing here because I do not believe it does that. Does it?

RAY BACON:

I will attempt to give you an answer, and hopefully it will make some level of sense. When we were working through the Tesla project, which is the first place that criteria was ever introduced, we were still roughly three points, maybe even four points, higher than the national average as far as our unemployment rate. That number, as we know, is still higher than the national average, but we are much closer. A reasonable portion of the people who are still unemployed in this state are lacking the skills, which is part of the reason they are unemployed. That is number one. Until we fix our skills gap, we may have difficulty bringing that number down further. The companies still have to have the skill levels that they are looking for, so we are putting them in a situation where unless we lower our dropout rates and bring people up to skills dramatically, we will have to ask the companies to lower their standards. Asking them to lower their standards is probably not an acceptable answer. We know that, as a state, we have bled talent to other states for years and years and years. I think that there is talent out there with Nevada roots who can fill some of the jobs that right now are going to be a tough battle for us to fill.

CHAIR ARMSTRONG:

There are no more questions, so with that, is there anyone else who would like to speak neutral to AB 1? The lights are off from Elko, so I am assuming no. We are going to move to those who are in support of AB 1.

MICHAEL RICHARDS, PRESIDENT, COLLEGE OF SOUTHERN NEVADA:

I would like to enthusiastically speak in favor in this bill. The College of Southern Nevada is ready to move forward, not only in the present instance that is before you, but also with the intent of the WINN [Workforce Innovations for a New Nevada] program to help train the workforce of Nevada's future. I would like to touch on four points, and a number of these points further address questions that we have heard this morning.

The first point is on partnerships. We are well positioned at CSN because we have partnerships already in place with DETR and with the Department of Education to train the workforce Nevada needs. We do this on a daily basis. One of the other individuals on this panel, Dan Gouker, does this in the trenches on a daily basis and is looking forward to sharing his experience with you. We have partnerships with 20 trade unions at CSN. We have campuses and sites ready to mobilize, not only for the current instance but also for the full intent of the WINN program. The College of Southern Nevada and the Clark County School District have a remarkable partnership already in place. It affects the lives of about 3,000 students in career and technical education, concurrent enrollment, the JAG [Jobs for America's Graduates] program that you have heard about, and our community college high schools.

The second point I would like to share with you is with regard to diversity. We think it is very important that the proposals coming to GOED have a diversity plan. The College of Southern Nevada is a diverse campus. We are a minority-majority school. About 28 percent of our enrollment is Hispanic. About 10 percent is African American. About 11 percent is Asian. We want to make sure that the workforce that CSN prepares for the state of Nevada is reflective of the state of Nevada.

The third point I would like to make is with regard to certifications. We are ready to scale up, as needed with the Clark County School District, our own national certificate of career readiness. This credential can be taken into the marketplace so that employers know the competencies of these new employees. That is a very important thing. We have also been talking to the Clark

County School District about stackable credentials. For example, the Southeast Career Technical Academy has a Cisco Academy, the entry level for Cisco training for networks. Students can complete that program and then come to the CSN Cisco Academy for the additional credentialing that they might be seeking.

Finally, I want to emphasize a point that Frank Woodbeck made earlier. Because we are in constant communication with the Clark County School District, we know what the capabilities are at the Southeast Career Technical Academy. We have talked to them about locating equipment for the Faraday training at that site and partnering with them so that we do not duplicate space but we all collaborate with the use of space and with the programing that will be needed.

Thank you, Mr. Chair, for the opportunity to make those comments.

LEN JESSUP, PRESIDENT, UNIVERSITY OF NEVADA, LAS VEGAS:

I have three points in support of this. We see Mr. Richards and his team at CSN as a primary partner on this, but we also plan to be a partner and to be helpful. This definitely fits within our top-tier plans and the other great partnerships already underway with Cleveland Clinic, Tesla, and others.

There are a couple of ways that we see ourselves participating downstream. Workforce development is a great connection with our Howard R. Hughes College of Engineering in terms of additional hires. I think CSN will probably handle the lion's share of those hires for Faraday, but we see needs for engineers—and from other colleges in our campus as well—but primarily mechanical, electrical, and computer engineering.

In our Howard R. Hughes College of Engineering, we have 2,400 undergraduates and a couple hundred graduate students. They graduate a couple hundred students per year. Aerial systems, both on the ground and in the air, are very popular. We have programs, classes, and curriculum. We have students choosing to do their senior design projects around unmanned vehicles, doing amazing things and spinning out companies based on their design projects. We have 72 faculty members bringing in about $11 million per year with very active research programs around electric vehicles and other sorts of autonomous systems involving sensors, automatic controls, intelligent transport systems, and robotics. We had a robotics team participate in a global competition last summer, and we actually had a robot that the faculty and students programmed that drove a vehicle and was manned by somebody at a remote location. The research program is alive and well, and we see great connections between our engineering faculty and the folks at Faraday Future. We see ourselves as a vital partner in this as well. I think it is great for us and our top-tier plans in addition to being great for the state, economically and in other ways.

I will end by speaking as a former business school dean and a person who did research in entrepreneurship and innovation. I was particularly interested in the area of disruptive innovation. If you read the stuff on disruptive innovation by Clayton Christensen and others, studying industries that have gone through their disruption over the decades, from steel all the way through bookstores and stores that sell videos and those kinds of things, you learn a couple things. Number one is, it is rarely, if ever, the incumbent company that is dominant within that industry, that wins out as the disruption happens. It is usually the upstarts that are the ones that come in from left field with a new technology and a new way of doing things, and they take over and dominate the industry. It is rarely ever the incumbents. Second, the gravity of those industries physically, the location of those industries, also shifts. They move from one part of the country to another part of the country or from one part of the world to another part of the world. With what is happening in our state with Tesla and now Faraday—and I would argue with the hyperloop as well—Nevada is setting itself up to be the future of the location of the transportation industry as it shifts. I will tell you, the thing that makes me the most excited is that I see Nevada potentially becoming the home of the future of transportation, the future of transportation moving to the New Nevada. That is pretty exciting.

DAN GOUKER, SENIOR ASSOCIATE VICE PRESIDENT, COLLEGE OF SOUTHERN NEVADA, DIVISION OF WORKFORCE AND ECONOMIC DEVELOPMENT AND APPRENTICESHIP STUDIES:

To be very brief about my background, I did graduate from a Nevada high school, Western High School, in 1968. I did graduate from Clark County Community College, when it was called that, and UNLV at a time when it was necessary for me to do that. I would like to share with you

some information to answer questions asked earlier under testimony. Some of the questions that came up are basically on numbers.

Last year, Fiscal Year 2015, my team reached out to over 14,000 students. All divisions reached out—Community and Personal Enrichment, math prep, and a multitude of functions. The one that is the most important for today's discussion of AB 1 is our division of adult basic education, funded both federally and by the state, by the Adult Education and Family Literacy Act. They conducted assessments for over 8,100 students. Those assessments vary based on their educational needs. Whether it is the GAIN [General Assessment of Instructional Needs], or TASC [Test Assessing Secondary Completion], or CASAS [Comprehensive Adult Student Assessment System], we determine that student's educational level and then determine where they are going to go within our system. They are never told, "You cannot go anywhere." We get them somewhere.

In response to another question that came up, of those 8,707 assessments, 5,284 students were Hispanic; 1,661 were Asian and Pacific Islanders; 430 were African American; and 695 were Caucasian. We are a very diverse division. I have 60 employees who work directly with us, and I do not keep track of the ethnic breakdown of my employees, only because they are just a team. We work very well together.

The other question came up about assessments. A second piece we have done very successfully is called WorkKeys. WorkKeys is a nationally recognized stackable credential. It results, with the correct level of assessment attainment, in a national career readiness certificate that the employer can look at and see what levels of attainment those students have. Quite frankly, when you look at the standard occupational codes that have been developed by the U.S. Department of Labor, Bureau of Labor Statistics, most people need tier 1, tier 2, or tier 3 skills, and that is what WorkKeys will tell us. Those levels are very basic levels that everybody in this room would have likely attained at some time from your parents. My work ethic came from my dad. It includes employability skills, interviewing skills, and how to get along with others. It has nothing to do with a specific manufacturer or employer. It is a skill that you need for any job, and we want to be the leader in that WorkKeys assessment, that stackable credential. It has the same weight as a credential that the CTE students get from their school. On the back of the credential, it says what classes they passed and at what level. An employer looks at their educational level and, with the WorkKeys assessment, their job-readiness levels. I think that is really important.

Last year, we conducted 725 WorkKeys assessments for clients that came through my division. Of that number, 82 percent earned that stackable credential. That is pretty phenomenal. We have had the biggest success from our high schools. We have partnerships with high schools. Most of them scored at the gold and silver level, which qualifies them for about 80 percent of the jobs that are listed on that particular site.

The question came up as to where, within CSN, we would want to house this. My division is a little bit unique in the fact that we are not contained on the four main campuses, although we are there. We are in satellite campuses, but I also have classes in 50 other sites throughout the Valley, as far north as Mesquite and down in Laughlin. If there is a need, then we have the class there. I also have a site on the third floor at City Hall. The question that I think came from this side of the house was, Will it be at Cheyenne? The division that will take care of this program is called the Nevada Workforce Development Center. It is housed at the Cheyenne campus in the Paul Laxalt Education Center. It is a partnership between CSN and DETR.

Regarding the referrals that Mr. Woodbeck and Mr. Soderberg referred to, we have been working with JobConnect for some time. They have been sending clients to us for the assessment and for review. The magic part about WorkKeys is if a student, an applicant, or a potential employee does not score high enough to earn that certificate, then we have another project called KeyTrain, where they are assigned lessons to increase their knowledge base so they can get those jobs. We talk about the high-skill, high-wage jobs. Based on the recent Cushman & Wakefield report that GOED received on this Faraday project, doing some really quick numbers, their projected employment levels are 4,440 employees, and that is pretty phenomenal. What really is phenomenal for me, though, is that 2.3 percent of those employees, or about 37, require a bachelor's degree. All those other categories require a high school diploma.

Another piece of my division is that high school diploma program. We have 67 proctors who work with the students to achieve that high school credential if they do not have it. We refer them

to the Department of Education for passage of that high school diploma or the high school credentials. The new buzzword for GED [general equivalency diploma] is "high school equivalency." That is a stackable credential recognized by all the employers as a minimum level of employment needs for this program.

The third and probably last piece I am going to share with you is our facility maintenance program. It was originally funded by a TAACCCT grant, the Trade Adjustment Assistance Community College and Career Training grant program. It is very successful. That particular program is designed to provide the training and skills needed to work in the hotel and motel building industry for facility maintenance. One part of that is a certified pool operator. If you are going to work on a public swimming pool, you have to have that stackable credential. They get basic safety, basic electrical, basic plumbing. These stackable credentials are virtue of the National Research Center for Career and Technical Education, of which CSN happens to be the only location in Nevada that is certified to give those stackable credentials. One division is our health care. All the students get a first aid CPR [cardiopulmonary resuscitation] certificate, a stackable credential, and they also are put into a forklift training class, a stackable credential. This is something that we have been doing in my division since before I got there. It actually started in 2005.

This particular project with Faraday is very exciting for us because it is an opportunity to expand what we already have been doing very successfully for a number of years and to continue to do that. We have many programs, and there is not really enough time to share all of that today. With Dave Sultzbach, who runs the adult basic education program, there are bridge programs in place as we speak where they go from adult basic education classes to get their credential to be referred to the credit side of CSN and hopefully on to UNLV and to Nevada State College. We have transfer offices on our campus to accommodate that as well.

Finally, as we get ready to gear up, we already have in place the proctors needed to do the initial WorkKeys assessments. We have the counselors to do the first point of contact with their students. Right now, in my division we have the ability to assess 200 people per day for WorkKeys, a little over 800 per week, depending on the day, because we do share our classes with all of my other divisions.

In a nutshell, that is what we do, and we are very excited about this program. It is not something new to us. We have been doing it very successfully for a number of years.

ASSEMBLYMAN ARAUJO:

Thank you, gentlemen, for being here today. I have to say that initially, when we first saw the bill, I had some concerns over the verbiage in section 2, which would expand the definition of "authorized provider." It gives me great confidence hearing President Richards come and share testimony about the great work they have been doing for such a long time. I think we have heard it across the room here today that CSN is leading critical efforts in our community that many should model in terms of diversity efforts. They are truly in the trenches, and I think they are going to be critical to making this a very successful goal. I just wanted to share my gratitude with you all for the work that you have been doing and wish you much luck for the continued success.

ASSEMBLYMAN CARRILLO:

My question is regarding the diversity that you had mentioned. Perhaps you could elaborate on individuals with disabilities because you did not mention that at all. I would like to see where individuals with disabilities would fall in that part.

MICHAEL RICHARDS:

That is a great question. It is my error in omitting those wonderful people. We have a disability resource operation at CSN to help folks with all kinds of disabilities because we want them to also achieve their educational and training goals. They are included in our diversity plan as well as the ethnic diversities.

ASSEMBLYMAN EDWARDS:

Is it going to be your intention to help the diversification of the workforce funds by including places like Mesquite and Moapa? Since you already have some infrastructure up there, can they count on you to be working to get some funds in order to get them incorporated into this project?

MICHAEL RICHARDS:

Perhaps I can start with an answer to that question and then turn it over to Mr. Gouker. We have a philosophy at CSN that wherever 15 people are gathered together, we will take a class. We will do that in Mesquite, where CSN has a center. We will do it in Moapa, where CSN has a center, or anywhere else around the Valley. Having 56 workforce training sites gives us an opportunity to penetrate the Valley with the kinds of training people are seeking.

DAN GOUKER:

Assemblyman Edwards, we have already done that. We have been to Mesquite. Realizing that a lot of students are not ready for college-level math when they come to CSN, we started a math prep program. It is an online class, instructor-tutored, but not necessarily taught. It has been highly successful. We have already had several sessions at Mesquite. We have had a nursing program at Mesquite, keeping in mind the credit-based stuff on our side.

The short answer is yes, and to mirror what Dr. Richards said, we have already been asked to put a class in North Las Vegas City Hall for conversational Chinese in preparation for this. I have agreed to do that, and that is going to start as soon as I get back to Las Vegas, where it is warm, hopefully tomorrow afternoon sometime. Yes, we will take care of that.

ASSEMBLYMAN STEWART:

Dr. Richards, it sounds like you are doing a lot more coordination with CCSD [Clark County School District] than we had previously thought. You have a relationship already with the East Career and Technical Academy campus. Do you have a relationship with the northwest one as well, and is it your intention to coordinate the use of equipment between those campuses for various programs that you are going to use for Faraday? Also, it seems like the duplication that was inferred earlier is really not taking place, that the training they get at the career and technical schools is not duplicated but is increased at the College of Southern Nevada. Is that correct?

MICHAEL RICHARDS:

Thank you for that question. I will take one part of your question and then defer the other on the transportability of equipment to Mr. Gouker. We do have a robust relationship with the Clark County School District. Programmatically, we are working with them to expand our community college high schools to keep our CTE program as strong as we possibly can with a certification at the end of that, so that there is not a duplication or a loss of opportunity to those students. Even though I am a real cheerleader for this partnership with the district, I also know that there are areas where we can improve that, and we are open to lots of suggestions for improving it. I know the superintendent is also open to those suggestions as well. We want to keep that program strong and as viable as possible. I will defer to Mr. Gouker for the equipment question.

DAN GOUKER:

One part of my background that I did not mention is that I am a retired journeyman electrician. I served an apprenticeship in Las Vegas and worked construction for way more years than I care to mention, so I am pretty familiar with the techniques required for building maintenance and the manufacturing part. I use a company called LabVolt. They have state-of-the-art equipment. They have the ability to introduce faults in the equipment. What is really nice about LabVolt is that it is all on wheels. Everything can be rolled from one room to the next, from one classroom to the next, around one of our trailers, to the Southeast Career and Technical Academy. That is the intent, at some point, when that is finalized and done. To give you an example of our partnership, approximately 85 percent of our students who are going through the adult basic education program, ESL [English as a second language], ESL civics, are taking classes at Clark County School District schools. We are all over the Valley right now, and we have a very good partnership with them. The equipment is portable, and the intent, as the program continues, is to keep it in one place, hopefully at Southeast. We are very partnered up with the Clark County School District.

LEN JESSUP:

The credit goes to Mr. Richards for this idea, but to continue that pipeline into UNLV, Mr. Richards came up with the idea of a dual-admission system, where a student who is not quite ready for UNLV would be dually admitted to UNLV and to CSN. They would begin at CSN with whatever the course of study is, and then upon the successful completion of the requisite

coursework there, they would automatically and seamlessly move to UNLV. I can see a pipeline now for students, pertaining to the topic today, in making that transition into the engineering program, for example, if they then wanted to move on to electrical engineering or computer science.

ASSEMBLYMAN MUNFORD:

My question is not really directed to the guests in front. I am looking at the screen, and I see no one from the general public in attendance. Did we get the message out? It is a little premature, but might we have another evening session and maybe tomorrow there might be some people here, the everyday, common residents and citizens of this state? Why are they not here? Do you have an answer for that?

CHAIR ARMSTRONG:

I am not sure they would have that answer. I think the special session was widely advertised, and I know we posted the agenda. Hopefully, we will have some public testimony later in the evening for the other bills.

ASSEMBLYMAN MUNFORD:

That is what I am saying—we still have a little time to go, but I hope to see some of the residents down there.

ASSEMBLYMAN OHRENSCHALL:

My question would go to President Richards or any of the others who might want to answer it. I am comparing the language in *Nevada Revised Statutes* Chapter 231 for the TEN [Train Employees Now] program with the new proposed language in section 2 of this bill, the authorized provider. Listening to what seems like great infrastructure you have in terms of trying to help people get trained for workforce development, I am wondering what you see as your role if this bill passes. Are you concerned a potential employer might reach out to a nonprofit and bypass the community colleges? Do you think you are going to be able to have a partnership and work together? It sounds like you have a great program already there. I am wondering what you see as your role, if this passes, with that new language about authorized providers.

MICHAEL RICHARDS:

We have certain competitive advantages, we think, in southern Nevada. Not only does CSN have multiple sites and opportunities for people to get involved, but we are also very affordable, and that really makes a difference to folks who are looking to fund their own training. We also have partnerships that I did not even mention with the various chambers of commerce in town, with DETR, and some of the other folks who can directly partner with us under this grants program. We are very excited about the WINN concept. This really strikes at the heart of the role and mission of a community college in this country. It is training the workforce. In southern Nevada, CSN does it remarkably well, and we do it in partnership with sister institutions there.

ASSEMBLYWOMAN TITUS:

From all this testimony I am hearing today, it is pretty impressive what a good job you are doing, all the partnerships you have, and all the programs that are in existence, so why do we need this bill? If you are doing your job as you say you are doing, you cooperate with all the community colleges and the high schools, and we have all this money that we put into your programs last session, why are we doing this bill?

MICHAEL RICHARDS:

That is a great question. One of the oddities of the higher education funding formula, and Mr. Erquiaga referred to this earlier, is that there is a lag time in getting resources to the community colleges through that formula. That lag time opens a window where we need to have some seed funding, some WINN funding, so that we can put in place the kinds of training programs that are immediately needed. Then if it becomes feasible for us to make those credit-based programs, we can have the funding formula pick up the resource base for that. But because of that lag time, we are losing a competitive advantage in the marketplace to train people. I hope that helps.

CHAIR ARMSTRONG:

Those are all the questions for these gentlemen. We have several others signed in to testify in support of AB 1. Thank you very much for being here.

PAUL MORADKHAN, VICE PRESIDENT OF GOVERNMENT AFFAIRS, LAS VEGAS METRO CHAMBER OF COMMERCE:

On behalf of our Government Affairs Committee and the thousands of members we represent, we would like to offer support for AB 1 and the creation of the Workforce Innovations for a New Nevada program. The Metro Chamber has been a longtime proponent of ensuring that publicly funded workforce development programs align with the needs of Nevada's employers. This is essential as our economy becomes more driven by innovation and competition.

Workforce development is important to the business community. Workforce development programs, such as WINN, will help move Nevada's economy forward by supporting residents with programs that they need to be successful in a competitive skills-based economy. This legislation directly addresses the need to align programs with emerging innovative industries here in Nevada. This program is forward-thinking in its approach and will benefit both employers and employees, small and large businesses. It will help ensure that Nevada is producing a steady supply of well-educated and well-trained workers. We believe the entities—such as our state's community colleges, among other groups—that are mentioned in the legislation will play an important role in addressing the workforce needs of Nevada's employers. The College of Southern Nevada will be an excellent partner in this, and we support their efforts. In regard to the standards and accountability measures, we support those efforts, and we believe those are important components of the bill and ensure that Nevada taxpayer dollars are protected as they are invested in workforce development efforts.

In closing, I would like to thank you each for your time, and it is my hope, on behalf of our members, that each of you will support this measure and embrace this opportunity to build a stronger Nevada for our employers and our employees. Thank you very much for your time today.

REBECCA GASCA, REPRESENTING VANDER HOLDINGS AND PISTIL & STIGMA:

I am here in support of the WINN funds as laid out by the Governor's team. We have been working on identifying ways to scale public-private partnerships and recognize that attracting more partners in our developing projects depends on sustainability. One of the advantages of the WINN fund, as you just heard, is that it will allow us to immediately leverage our current work with existing programs, investments, and funding strategies that our companies have been working on together. We are excited that this Faraday project has sped up your consideration of these funds and the work that the Governor's Office has been diligently doing to prepare you and us for this New Nevada. It is an innovative strategy approach, and we appreciate your support and consideration of it. We hope you support it as well.

CHAIR ARMSTRONG:

Is there anyone else who would like to speak in support of AB 1? Seeing no one, we will close public testimony. Prior to recess, did you have some words, Assemblyman Anderson?

ASSEMBLYMAN PAUL ANDERSON:

I just wanted to share my appreciation with the Committee of the Whole. I thought your questions were thoughtful and certainly focused on driving good policy, so thank you very much for that.

I know there were ideas for possible amendments, some changes in wording and definitions. Some of those have already been given to Mr. Erquiaga. I would ask that members work through Chair Armstrong so that we do not have 40 members all running around with amendments. If they have already been submitted, that is fine. If we can just make sure that he has a copy of those.

CHAIR ARMSTRONG:

I appreciate that. If members could work through me, that would definitely be the most efficient and organized way to do that.

Chair Armstrong announced if there were no objections, the Committee of the Whole would recess subject to the call of the Chair.
Motion carried.

Committee of the Whole in recess at 1:17 p.m.

COMMITTEE OF THE WHOLE IN SESSION

At 5:36 p.m.
Chair Armstrong presiding.
Quorum present.

CHAIR ARMSTRONG:
I would like to call the Committee of the Whole back to order. Just to give you an idea of what is happening and where we are, at this point, we are still waiting on Legal to draft some of the amendments. We are going to adjourn and reconvene tomorrow to give everyone a chance to review the amendments once they come out. Then we can discuss them tomorrow.

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

ASSEMBLY IN SESSION

At 5:37 p.m.
Mr. Speaker presiding.
Quorum present.

UNFINISHED BUSINESS

SIGNING OF BILLS AND RESOLUTIONS

There being no objections, the Speaker and Chief Clerk signed Assembly Resolutions Nos. 1 and 2.

GUESTS EXTENDED PRIVILEGE OF ASSEMBLY FLOOR

On request of Assemblywoman Fiore, the privilege of the floor of the Assembly Chamber for this day was extended to Russel Burkett, Sheryl Burkett, and Gary Lord.

On request of Assemblywoman Seaman, the privilege of the floor of the Assembly Chamber for this day was extended to Arsen Ter-Petrosyan.

On request of Assemblywoman Titus, the privilege of the floor of the Assembly Chamber for this day was extended to Cole Mortensen.

Assemblyman Paul Anderson moved that the Assembly adjourn until Friday, December 18, 2015, at 10 a.m.
Motion carried.

Assembly adjourned at 5:40 p.m.

Approved: JOHN HAMBRICK
Speaker of the Assembly

Attest: SUSAN FURLONG
Chief Clerk of the Assembly

THE THIRD DAY

CARSON CITY (Friday), December 18, 2015

Assembly called to order at 2:58 p.m.
Mr. Speaker presiding.
Roll called.
All present and one vacant.
Prayer by the Chaplain, Richard Snyder.

Creator God, You are the source of liberty, of justice, and of peace. We give You thanks for this day. We ask that You would renew us and refresh us in Your spirit and guide us today in the path that You would have us walk.

AMEN.

Pledge of allegiance to the Flag.

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

MOTIONS, RESOLUTIONS AND NOTICES

Assemblyman Paul Anderson moved that the Assembly resolve itself into a Committee of the Whole.
Motion carried.

IN COMMITTEE OF THE WHOLE

At 3:02 p.m.
Chair Armstrong presiding.
Quorum present.
Assembly Bill No. 1.

CHAIR ARMSTRONG:
We have Assembly Bill 1 and the proposed amendment on today's agenda. We will have Mr. Erquiaga go through the amendment. We will ask questions and take action from there.

DALE ERQUIAGA, CHIEF STRATEGY OFFICER, OFFICE OF THE GOVERNOR:
I believe the body has in front of it proposed Amendment 3515 to Assembly Bill 1 [Appendix A]. I would like to begin by expressing my appreciation to members of leadership and members of both caucuses who have worked with my office and with my temper in sorting through these provisions that are in front of you today. I will do my best to get you through it as quickly as we can. We have collected all the amendments as they were discussed or sent to the Chair. They are now in a single amendment before the Committee.

Section 2 is proposed to be amended by including charter schools in the list of authorized providers. Since we included school districts, we felt it appropriate to include charter schools as well. There are charter high schools that provide technical training.

Section 3 and section 4.5, which is an addition to this measure, clarify the need for and the expressed intent and contents of a diversity action plan. Members of the body expressed to me yesterday that you wanted some clarity around what a diversity plan would include. The new

language in section 4.5 states that a diversity plan would include a "statement expressing a commitment to workforce diversity" and a "statement expressing a commitment to comply with all applicable federal and state laws." We worked with your Legal Division to arrive at that language.

Section 4 was amended in a number of ways. You will find in subsection 4 that we have made new additions to increase transparency during the process. The Office of Economic Development will maintain, on its Internet website, certain information, shall approve or disapprove in an expeditious manner, and shall provide notice of approval or disapproval. You have requested additional transparency. Perhaps most important, members of the body expressed a desire for a very clear linkage between the provider and the business that would be served. There is now language requiring the application to contain the name of each business.

I will state, for the record, that it is also our intent to have that link appear on the application from a business. If you will indulge me and turn to section 4, subsection 8, paragraph (f), the Office is allowed to include any other information. I will represent to this body, for the legislative record, that the application will provide that link back. I know that is important to many of you, and we want to be sure we covered that. That provides the consistency and transparency that members have asked for.

The gentleman from Las Vegas requested that we include a reference to the state's workforce investment plan. That reference is provided in sections 4 and 11. The provider would design a program in concert with the economic development plan as well as the workforce plan.

Section 5 is amended to recognize the concern that we had too broadly granted confidentiality in the training materials. Therefore, references to proprietary information, intellectual property, or trade secrets have been included in the amendment.

Section 5.5 in its entirety is a new addition to the bill. Section 5.5 is our response to a call for increased accountability. The Governor and the Office of Economic Development are pleased by that attention. We were happy to work with your Legal Division to draft this language. You will see that it requires a report to the Legislature, so it will be external to the Office.

In section 7, you will find more green language adding a new subsection 6. This is our response to your request for a list of eligible, or preferred, providers. Because this process operates through an application and the application has to include the businesses' names, we cannot preclear or prequalify. Through an instrument such as a request for information, we could, through the Office of Economic Development, establish a list of eligible providers. Those eligible providers would then match with the business and go through the formal process of application as provided for in the law.

Section 12 is amended to address concerns expressed about donations, gifts, and grants. You will find language that talks about the donors' responsibilities and rights, information to be disclosed, and what a donor would have the right to do with his or her gift. There was a question regarding whether we can ensure that gifts do not revert to the General Fund. I am told by the Legal Division that the language is already provided for in statute that what reverts are General Fund appropriations. We have, nonetheless, included a statement about disclosure to the donor regarding his or her rights.

You will recall, in its original form, the bill essentially reduces available transferable tax credits that GOED [Office of Economic Development, Office of the Governor] can use by $9.5 million. This amendment adjusts the years in which those credits are removed or extended out. It does not change the amount of transferable tax credits. In this measure, they remain reduced by $9.5 million. The Committee will remember that $1.5 million of that credit is then converted to an appropriation contained in this bill. The remaining $8 million reduction is dealt with in the abatements and incentives bill.

Mr. Chair, I think that is as brief as I can be, probably on any topic. I am happy to answer any questions.

CHAIR ARMSTRONG:
Thank you. Are there any questions?

ASSEMBLYMAN HANSEN:
In our caucus, I proposed an amendment, which we had approved, which dealt with the issue of when the union labor organization has a state grant for these types of training programs.

Would they be allowed to exclude nonunion participants? My amendment read, "and (c) be provided to all persons who are eligible to participate in the program. Eligibility to participate in a program of workforce recruitment, assessment and training must not be conditioned on a person's membership in a labor organization." That has been removed after negotiations between the Governor's Office, the Senate, and the Assembly. You and I briefly discussed it minutes before this meeting started. Will you repeat for everyone what you told me? I think it needs to be on the record.

DALE ERQUIAGA:
Here is the simplest way I can walk through this. We felt that we should not include that language as a prohibition for this instance. A provider—in this case, a labor organization—will be paired with a business. That business might be a union-organized business. To interfere in a business's prearranged agreement seemed inappropriate. However, as these agreements and applications go back and forth between labor associations and other businesses, if a labor organization is providing training to an open shop or to a business that is both union and nonunion, nothing would prohibit GOED from saying, through administrative rule or approval of the application, that we could require public funds be available regardless of union membership.

ASSEMBLYMAN HANSEN:
That would at least be a start. The vast majority of blue-collar workers in Nevada are nonunion. Using taxpayer dollars to subsidize one of these types of classes and possibly discriminate against people for not being members of a union is very disturbing to me.

What is the actual budget that is proposed for the training programs? Is it in the bill at all? If not, can you enlighten me? What is the yearly projected financial cost to get the program running?

DALE ERQUIAGA:
The appropriation in this bill is $2.5 million. The commitment to the organization, Faraday Future, is based on the number of employees. It is a minimum of 800 per year over a five-year period, so we are looking at 4,000. What we have tried to make available is $2.5 million. We think the number will reach about $4 million in this biennium. You may recall from yesterday, the other dollars can be drawn from the Governor's reserve funds from the Workforce Innovation and Opportunity Act. I believe in this biennium, we will make available to Faraday Future, through the Governor's Office of Economic Development, up to $4 million for training. Training will continue as the plant grows in the next biennium. You can expect a request from GOED for General Fund appropriations in the next budget.

ASSEMBLYMAN HANSEN:
Currently, it is $2.5 million, and then the next biennium will be $2.2 million, with an expectation of it growing to $5 million per year, or per biennium?

DALE ERQUIAGA:
No. Once we are done with the 800 employees, up to 4,000 employees, our commitment to this organization is complete. The commitment to the organization is about the number of employees, not to expend a certain dollar amount. In conversations with the College of Southern Nevada, we think we will need about $4 million in this biennium. We do not have a projection into the next biennium yet.

ASSEMBLYMAN HANSEN:
I would like a little clarification. Is the budget we are talking about in this bill exclusively for the Faraday deal and the training of their 4,500 employees?

DALE ERQUIAGA:
The budget that we are talking about should be enough to cover the Faraday arrangement. If the training cannot keep pace with the level of hiring, the dollars will be available for other applicants.

ASSEMBLYWOMAN TITUS:

During testimony yesterday, I requested some documentation. I am trying to be a good steward of our taxpayers' dollars in the state of Nevada. We already have programs that educate folks for job readiness. I heard yesterday that multiple programs that already exist have not been full. I made a simple request to show me documentation of how much has been spent, how many are full, and how many are open. I am not convinced of the need for this and that we cannot already fill it. Because of that and because I have had no response, I cannot support this measure until I am sure there is a need for this measure, not just a request. So far, I have seen no documentation that there is a need.

DALE ERQUIAGA:

I did not hear a question, but I will answer anyway. The Department of Employment, Training and Rehabilitation provided a memo to the Chair [Appendix B]. The information was also provided by GOED to the Clerk. If you have not received it, it is not the fault of the Administration.

CHAIR ARMSTRONG:

We will look into that to see that you get the information as soon as possible. With that, this is just passing out of Committee. There will be a chance to vote on the final passage as well. At this point, I would entertain a motion to amend and do pass Assembly Bill 1 with proposed Amendment 3515.

Assemblyman Kirner moved to amend and do pass Assembly Bill No. 1.

Assemblywoman Bustamante Adams seconded the motion.

Remarks by Assemblymen Kirner, Hansen, Shelton, Elliot Anderson, Fiore, and Paul Anderson.

ASSEMBLYMAN KIRNER:

You heard Mr. Erquiaga go through the amendment. I would be glad to hit bullet points as we go along. The amendment adds charter schools to the list of entities that may be an authorized provider. It adds public policy finding relating to the creation of equal opportunities. It requires GOED [Office of Economic Development, Office of the Governor] to post a list of criteria for evaluating applications on its website and sets time limits on acting on applications and giving notice of action. It adds consistency with the unified state plan required by the federal law for workforce development to list the criteria for determining priority for grants and loans and for approval of workforce training programs offered by businesses.

The amendment sets out components for the workforce diversity action plan and clarifies that confidentiality for training materials is limited to proprietary information, intellectual property, and trade secrets. It adds biennial reporting requirements to the Legislature on expenditures from the WINN [Workforce Innovations for a New Nevada] Account, program outcomes, and evaluations of workforce diversity action plans. It requires GOED to prepare a list of authorized providers. It mandates that persons making a gift or grant to the WINN Account be offered the opportunity to place conditions on the use of the money. It changes the reversion date on uncommitted funds in the WINN Account to the end of an odd-numbered fiscal year. Finally, it adjusts the annual cap on transferable tax credits in the Catalyst Account by adding $500,000 in Fiscal Year 2017 and taking away $500,000 in Fiscal Year 2019.

Mr. Chair, that is a quick summary of the amendment.

ASSEMBLYMAN HANSEN:

We had another proposed amendment in our caucus [Appendix C], which we supported, which has been removed. I want it on the record that we were assured it will be in Senate Bill 1. That amendment read, "Any business that participates in a program shall register and participate in the E-Verify system to verify the employment eligibility of all employees of the business." Without going into great detail, we have been assured that that will be in Senate Bill 1. I requested this as an amendment but have been assured that when Senate Bill 1 comes over, that will, in fact, be included in the package. I want that on the record.

I would like to also explain why I am going to vote no. While I am certainly in favor of workplace training, I think the idea that we have to go through the Governor's Office of Economic Development to do this is highly flawed. You heard all of the different organizations that are currently doing these similar, if not exact same, programs. They told us yesterday they are running at about 50 percent capacity. They even suggested if you can come up with as few as 15 people, they would be willing to put a class together. The Governor's Office of Economic Development did not even exist until 2011. We can go into a little bit of history, but I will say it has been very interesting to see that office grow and grow and grow. We should probably remind this body that in 1992, 1996, and in 2000, the citizens of Nevada overwhelmingly rejected allowing the Executive Branch of this government to do these kinds of arrangements. With the passage of the bill in 2011, GOED has been slowly but surely usurping what the people asked us not to do.

I would also point out that the budget for the current program, which I got from Mr. Erquiaga just before the hearing, shows that in the year 2012, they only had 156 students, and they spent $382,000 through GOED. In 2013, they had 248 students, and they spent $609,000 that year. In 2014, they only had 662 students, and they spent $641,000. That budget, in three years, has only been $1.6 million. Now we are approving $2.5 million with expectations of it escalating over time. I really question the need for this and whether the money should go to GOED at all.

I would also like to protest that I think this whole process has been rushed. We get piles of amendments and ideas and very little time to discuss them. We have not had an opportunity to discuss this with our own constituents, nor have they had an opportunity to see all of this. I requested that we simply have the hearings and in a couple of weeks, after the holidays, have an opportunity to vote on it, after the people of Nevada have an opportunity to read this and see if this is something they want. This applies to Senate Bill 1 as well, Mr. Chair.

With that, I want to make sure we get a few things on the record. I do appreciate the efforts on behalf of the Governor's Office in trying to create these things, but I think we better keep in mind that there is a lot more to this than merely what appears to be a simple creation of a workforce training program.

ASSEMBLYWOMAN SHELTON:

I, too, am going to be voting no. I think it is not within the authority of our state government to be providing taxpayer funds for customized training for private businesses. In our campaign finance, we have a term that we call "in-term contributions," which we treat the same as cash donations. This bill, as written, is nothing more than taxpayer-funded donations to a chosen business entity. How long are we going to keep doing this to the existing businesses in Nevada? We are going to force them out of Nevada just because they do not want to continue to subsidize their competition, especially when the competition consists of large, well-funded businesses that can easily afford to open their own schools and train their own employees, just like the mining companies are doing. I would urge my fellow legislators to please join me in voting no and utilize the programs that we already have for this type of program and not make a direct program for this particular company.

ASSEMBLYMAN ELLIOT ANDERSON:

I would like to go on the record supporting this measure. We have heard a lot about subsidizing training programs for businesses, but at some level, our education system does that already. We want workers who can read and write, presumably. To take this line of reasoning out, what we are talking about is getting rid of public schools. At some level, we are training a workforce. What we are doing with this bill is getting more specific about training that workforce and ensuring that it is aligned to high-quality, high-paying jobs that will enhance the middle class of Nevada. For that reason, I support this measure.

ASSEMBLYWOMAN FIORE:

As we were called to this special session, we came with our reservations about how businesses are impacted here in Nevada. I have personally felt the impact of burdensome taxation and regulation. This is the first bill of four, and I want to do our due diligence and not jump on the "no" bandwagon so quickly. There is a lot more to come with Senate Bill 1, Assembly Bill 2, and Assembly Bill 3.

As it stands right now, I will be supporting Assembly Bill 1. I urge my fellow conservatives, as we go down this path and as amendments hit the table, to think about employing Nevadans. I also urge us to think about this model being used for all of our loyal Nevada businesses. Just as we can implement these tax abatements and tax credits for big business here in Nevada, I implore all of our loyal and small businesses to follow this path, and maybe they will not have to pay the modified business tax, either. As of today, I will be voting yes on Assembly Bill 1, and I urge my conservative team to follow that.

ASSEMBLYMAN PAUL ANDERSON:

I want to clarify a couple things. I certainly am in support of the amendment we are referencing here. I think Assembly Bill 1 is a great foundation piece for moving forward in workforce development and dealing with the skills gap that we currently experience in Nevada. Beyond that, we can be flexible in developing programs for future businesses and entities that want to expand or grow in Nevada.

To clarify the record, I do not believe the Administration had any testimony in regard to the E-Verify amendment. I know we had internal discussions. I know they are working on residency issues in Senate Bill 1. I want to ensure the record is clear that we did not have anything in this body that ensures E-Verify will be included in any of these bills.

With that, I am certainly supportive of the amendment and look forward to its adoption.

CHAIR ARMSTRONG:

Thank you for that clarification. With that, we will take the vote. All those in favor, say aye. All those opposed, say nay. The motion carries. With that, I will now entertain a motion to rise and report.

Motion carried.

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

ASSEMBLY IN SESSION

At 3:31 p.m.
Mr. Speaker presiding.
Quorum present.

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

Assembly in recess at 3:34 p.m.

ASSEMBLY IN SESSION

At 4:54 p.m.
Mr. Speaker presiding.
Quorum present.

REPORTS OF COMMITTEES

Mr. Speaker:

Your Committee of the Whole, to which was referred Assembly Bill No. 1, has had the same under consideration, and begs leave to report the same back with the recommendation: Amend, and do pass as amended.

DEREK ARMSTRONG, *Chair*

Assembly Bill No. 1.

Bill read third time.

The following amendment was proposed by the Committee of the Whole:

Amendment No. 1.

AN ACT relating to economic development; requiring the Office of Economic Development to develop and implement one or more programs to provide customized workforce development services to new and existing businesses in this State; revising provisions governing programs of workforce development provided by providers approved by the Office; authorizing certain providers to apply to the Office for approval of programs of workforce recruitment, assessment and training; authorizing certain providers of programs of workforce recruitment, assessment and training and certain local governmental entities to apply to the Office for an allocation, grant or loan of money to defray the costs of the program; authorizing certain businesses to apply to participate in such programs; creating the Workforce Innovations for a New Nevada Account in the State General Fund; specifying the uses of money in the Account; requiring the State Treasurer to transfer certain money to the Account; revising certain provisions relating to the approval by the Executive Director of the Office of applications for certain transferable tax credits; making an appropriation to the Account; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Section 3 of this bill declares that it is the public policy of this State in implementing the State Plan for Economic Development that **: (1)** the industrial and economic development of all geographic areas of this State be supported through the implementation of programs of workforce development that prioritize the recruitment, assessment and training of a highly skilled and diverse workforce **[.] ; and (2) creating equal opportunities is critical to ensuring equity, social and economic mobility and sustainability.**

Section 7 of this bill requires the Office of Economic Development, under the direction of the Executive Director of the Office and in consultation with the Nevada System of Higher Education, the Department of Employment, Training and Rehabilitation, the Department of Education and any other person the Executive Director determines is appropriate, to develop and implement one or more programs to provide customized workforce development services to persons that create and expand businesses in Nevada and relocate businesses to Nevada. **Section 6** of this bill requires the Board of Economic Development to provide advice and recommendations to the Executive Director concerning the development and implementation of such programs.

Section 4 of this bill authorizes a person who wishes to provide a program of workforce recruitment, assessment and training to apply to the Office for

approval of the program. **Section 4** provides that any program of workforce recruitment, assessment and training approved by the Office must: (1) include a workforce diversity action plan approved by the Office; and (2) to the extent practicable, be provided on a statewide basis to support the industrial and economic development of all geographic areas of this State. **Section 4** also provides that an authorized provider or the governing body of a local government within the jurisdiction of which the authorized provider will provide the program may apply to the Office for an allocation, grant or loan of money to defray some or all of the costs of the program. **Section 4** requires the Office to give priority to programs that will provide customized workforce development services to one or more businesses that: (1) provide high-skill and high-wage jobs to residents of this State; (2) to the greatest extent practicable, use materials that are produced or bought in this State; ~~[and]~~ (3) are consistent with the State Plan for Economic Development ~~[.]~~ **; and (4) are consistent with the unified state plan submitted by the Governor to the Secretary of Labor pursuant to section 102 of the Workforce Innovation and Opportunity Act, 29 U.S.C. § 3112.** **Section 4** establishes the authorized uses of any money received by an authorized provider from the Office. Additionally, **section 4** authorizes a person who operates a business or will operate a business in this State to apply to the Office to participate in a program of workforce recruitment, assessment and training provided by an authorized provider. **Section 4 also requires each authorized provider and each business that participates in a program of workforce recruitment, assessment and training to have a workforce diversity action plan approved by the Office. Section 4.5 of this bill prescribes the contents of such a plan.**

Existing law authorizes a person who operates or will operate a business in this State to apply to the Office of Economic Development for approval of a course of training administered by a community college for employees of the business. (NRS 231.147) Under existing law, the Office is required to establish the amount of matching money that the applicant must provide for the program, which must not be less than 25 percent of the amount the Office approves for the program. (NRS 231.147) **Section 11** of this bill revises these provisions to authorize a business to apply to the Office for approval of a program of workforce training provided by a provider approved by the Office.

Section 5 of this bill provides that a business that participates in a program of workforce training or a program of recruitment, assessment and training authorized by **section 4 or 11** of this bill, as applicable, may request that any **proprietary information, intellectual property or trade secret contained in the** training materials provided through the program ~~[which relate to the business]~~ be deemed confidential. **Section 5** provides that, upon approval by the Executive Director of the Office of such a request, ~~[the]~~ **any proprietary information, intellectual property or trade secret contained in the**

training materials shall be deemed confidential **, may be redacted** and may not be disclosed.

Section 13 of this bill creates the Workforce Innovations for a New Nevada Account and provides that money in the Account must be used to carry out the programs of workforce development authorized by **sections 4 and 11** of this bill. **Section 17** of this bill requires the State Treasurer to transfer $1,000,000 to the Account from the amount appropriated for Fiscal Year 2016-2017 for the support of the Office of Science, Innovation and Technology. **Section 18** of this bill makes an appropriation from the State General Fund to the Account in the amount of $1,500,000. To offset the appropriation made by **section 18**, **section 16** of this bill revises provisions which authorize the Executive Director or the Board of Economic Development to approve applications for transferable tax credits to reduce amounts previously approved.

Section 5.5 of this bill requires the Office of Economic Development to submit to the Legislature a biennial report concerning programs of workforce development which receive money from the Workforce Innovations for a New Nevada Account.

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

Section 1. Chapter 231 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to ~~[5,]~~ **5.5,** inclusive, of this act.

Sec. 2. ***"Authorized provider" means any institution within the Nevada System of Higher Education, a state or local agency, a school district, a charter school, a nonprofit organization, a labor organization or a private postsecondary educational institution that provides a program of workforce development approved by the Office.***

Sec. 3. ***It is hereby declared to be the public policy of this State in implementing the State Plan for Economic Development developed by the Executive Director pursuant to subsection 2 of NRS 231.053 that ~~[the]~~ :***

1. The industrial and economic development of all geographic areas of this State be supported through the implementation of programs of workforce development that prioritize the recruitment, assessment and training of a highly skilled and diverse workforce ~~[.]~~ ; and

2. Creating equal opportunities is critical to ensuring equity, social and economic mobility and sustainability.

Sec. 4. ***1. A person who wishes to provide a program of workforce recruitment, assessment and training may apply to the Office for approval of the program. The application must be submitted on a form prescribed by the Office.***

2. Each application must include:

(a) The name, address and telephone number of the applicant;

(b) ~~[A description of the types of employers]~~ The name of each business for which the applicant will provide the proposed program of workforce recruitment, assessment and training;

(c) A statement of the objectives of the proposed program of workforce recruitment, assessment and training;

(d) A workforce diversity action plan; and

(e) The estimated cost of the proposed program of workforce recruitment, assessment and training.

3. Any program of workforce recruitment, assessment and training approved by the Office pursuant to this section must:

(a) Include a workforce diversity action plan approved by the Office; and

(b) To the extent practicable, be provided on a statewide basis to support the industrial and economic development of all geographic areas of this State.

4. The Office shall:

(a) Maintain on the Internet website of the Office a list of the criteria for evaluating applications for approval of a program of workforce recruitment, assessment and training;

(b) Approve or disapprove each application for approval of a program of workforce recruitment, assessment and training within 60 days after receiving a complete application; and

(c) Provide notice of the approval or disapproval of each application to the applicant within 10 days after approving or disapproving the application.

5. An authorized provider that provides a program of workforce recruitment, assessment and training approved by the Office pursuant to this section or the governing body of a local government within the jurisdiction of which the authorized provider will provide the program may apply to the Office for an allocation, grant or loan of money to defray in whole or in part the cost of the program. The application must be submitted on a form prescribed by the Office.

~~[5.]~~ 6. The Office shall approve or deny each application for an allocation, grant or loan of money submitted pursuant to subsection ~~[4]~~ 5 within 45 days after receipt of the application. When considering an application, the Office shall give priority to a program of workforce recruitment, assessment and training that will provide workforce development services to one or more businesses that:

(a) Provide high-skill and high-wage jobs to residents of this State;

(b) To the greatest extent practicable, use materials that are produced or bought in this State; ~~[and]~~

(c) Are consistent with the State Plan for Economic Development developed by the Executive Director pursuant to subsection 2 of NRS 231.053 ~~.~~

~~6.]~~ ; and

(d) Are consistent with the unified state plan submitted by the Governor to the Secretary of Labor pursuant to 29 U.S.C. § 3112.

7. An authorized provider may use money distributed pursuant to this section:

(a) To provide technical services to a business that participates in the program of workforce recruitment, assessment and training;

(b) To provide publicity for the program of workforce recruitment, assessment and training and for job recruiting and assessments conducted through the program;

(c) To provide instructional services;

(d) To provide analysis of on-site training;

(e) To pay any costs relating to the rental of instructional facilities, including, without limitation, utilities and costs relating to the storage and transportation of equipment and supplies;

(f) To pay administrative and personnel costs; and

(g) To pay any other costs necessary to effectively carry out the program of workforce recruitment, assessment and training.

~~[7.]~~ 8. A person who operates a business or will operate a business in this State may apply to the Office to participate in a program of workforce recruitment, assessment and training provided by an authorized provider. The application must be submitted on a form prescribed by the Office and must include, without limitation:

(a) The name, address and telephone number of the business;

(b) Proof satisfactory to the Office that the business is consistent with the State Plan for Economic Development developed by the Executive Director pursuant to subsection 2 of NRS 231.053;

(c) A description of the number and types of jobs that the business expects will be created as a result of its participation in the program of workforce recruitment, assessment and training and the wages the business expects to pay to persons employed in those jobs;

(d) The types of services which will be provided to the business through the program of workforce recruitment, assessment and training;

(e) A workforce diversity action plan approved by the Office; and

(f) Any other information required by the Office.

Sec. 4.5. A workforce diversity action plan submitted to the Office for approval pursuant to paragraph (a) of subsection 3 of section 4 of this act or paragraph (e) of subsection 8 of section 4 of this act, must include, without limitation:

1. A statement expressing a commitment to workforce diversity, an explanation of the actions that will be taken and strategies that will be implemented to promote workforce diversity and the goals and performance measures which will be used to measure the success of the plan in achieving those goals; and

2. A statement expressing a commitment to comply with all applicable federal and state laws.

Sec. 5. ***A business that participates in a program of workforce development may request that any proprietary information, intellectual property or trade secret which is contained in any training materials provided through the program ~~[which relate to the business]~~ be deemed confidential. Upon approval by the Executive Director of such a request, the ~~[training materials]~~ proprietary information, intellectual property or trade secret identified by the business shall be deemed confidential , may be redacted from the training materials and may not be disclosed.***

Sec. 5.5. The Office shall, on or before January 15 of each odd-numbered year, prepare and submit to the Director of the Legislative Counsel Bureau for transmission to the Legislature a report concerning programs of workforce development which receive money from the Workforce Innovations for a New Nevada Account created by NRS 231.151. The report must include:

1. A summary of the expenditures from the Account;

2. A summary of the outcomes of the programs of workforce development which receive money from the Account, including, without limitation, the number of persons trained by each program, the number of persons employed by businesses that participate in each program and the average wages of the employees who are hired through each program;

3. An evaluation of the workforce diversity action plan of each authorized provider and each business that participates in a program of workforce development; and

4. Any other information the Executive Director of the Office determines is appropriate.

Sec. 6. NRS 231.037 is hereby amended to read as follows:

231.037 The Board shall:

1. Review and evaluate all programs of economic development in this State and make recommendations to the Legislature for legislation to improve the effectiveness of those programs in implementing the State Plan for Economic Development developed by the Executive Director pursuant to subsection 2 of NRS 231.053.

2. Recommend to the Executive Director a State Plan for Economic Development and make recommendations to the Executive Director for carrying out the State Plan for Economic Development, including, without limitation, recommendations regarding the development and implementation of a recruiting and marketing effort to attract professionals and businesses to this State.

3. Recommend to the Executive Director the criteria for the designation of regional development authorities.

4. Make recommendations to the Executive Director for the designation for the southern region of this State, the northern region of this State and the rural region of this State, one or more regional development authorities for each region.

5. Provide advice and recommendations to the Executive Director concerning:

(a) The procedures to be followed by any entity seeking to obtain any development resource, allocation, grant or loan from the Office;

(b) The criteria to be used by the Office in providing development resources and making allocations, grants and loans;

(c) The requirements for reports from the recipients of development resources, allocations, grants and loans from the Office concerning the use thereof; ~~[and]~~

(d) ***The development and implementation of programs to provide customized workforce development services to existing and prospective businesses in this State; and***

(e) Any other activities of the Office.

6. Review each proposal by the Executive Director to enter into a contract pursuant to NRS 231.057 for more than $100,000 or allocate, grant or loan more than $100,000 to any entity and, as the Board determines to be in the best interests of the State, approve or disapprove the proposed allocation, grant or loan. Notwithstanding any other statutory provision to the contrary, the Executive Director shall not enter into any contract pursuant to NRS 231.057 for more than $100,000 or make any allocation, grant or loan of more than $100,000 to any entity unless the allocation, grant or loan is approved by the Board.

Sec. 7. NRS 231.055 is hereby amended to read as follows:

231.055 Under the direction of the Executive Director, the Office:

1. Shall provide administrative and technical support to the Board.

2. Shall support the efforts of the Board, the regional development authorities designated by the Executive Director pursuant to subsection 4 of NRS 231.053 and the private sector to encourage the creation and expansion of businesses in Nevada and the relocation of businesses to Nevada.

3. Shall coordinate and oversee all economic development programs in this State to ensure that such programs are consistent with the State Plan for Economic Development developed by the Executive Director pursuant to subsection 2 of NRS 231.053, including, without limitation:

(a) Coordinating the economic development activities of agencies of this State, local governments in this State and local and regional organizations for economic development to avoid duplication of effort or conflicting efforts;

(b) Working with local, state and federal authorities to streamline the process for obtaining abatements, financial incentives, grants, loans and all necessary permits ***,*** ~~[and]~~ licenses ***and registrations*** for the creation or expansion of businesses in Nevada or the relocation of businesses to Nevada; and

(c) Reviewing, analyzing and making recommendations for the approval or disapproval of applications for abatements, financial incentives, development resources, and grants and loans of money provided by the Office.

4. Shall, upon request, assist an electric utility with the marketing of vacant or decommissioned assets for sale and redevelopment pursuant to NRS 704.734.

5. ***Shall, in consultation with the Nevada System of Higher Education, the Department of Employment, Training and Rehabilitation, the Department of Education and any other person or entity which the Executive Director determines is appropriate, develop and implement one or more programs to provide customized workforce development services to persons that create and expand businesses in Nevada and relocate businesses to Nevada.***

6. Shall prepare a list of authorized providers that are eligible to provide programs of workforce recruitment, assessment and training pursuant to section 4 of this act.

7. May:

(a) Participate in any federal programs for economic development that are consistent with the State Plan for Economic Development developed by the Executive Director pursuant to subsection 2 of NRS 231.053; and

(b) When practicable and authorized by federal law, act as the agency of this State to administer such federal programs.

Sec. 8. NRS 231.0685 is hereby amended to read as follows:

231.0685 The Office shall, on or before January 15 of each odd-numbered year, prepare and submit to the Director of the Legislative Counsel Bureau for transmission to the Legislature a report concerning the abatements from taxation that the Office approved pursuant to NRS 274.310, 274.320, 274.330, 360.750, 360.752, 360.753 or 360.754. The report must set forth, for each abatement from taxation that the Office approved during the fiscal years which are 3 fiscal years and 6 fiscal years immediately preceding the submission of the report:

1. The dollar amount of the abatement;

2. The location of the business for which the abatement was approved;

3. The value of infrastructure included as an incentive for the business;

4. If applicable, the number of employees that the business for which the abatement was approved employs or will employ;

5. Whether the business for which the abatement was approved is a new business or an existing business;

6. The economic sector in which the business operates, the number of primary jobs related to the business, the average wage paid to employees of the business and the assessed values of personal property and real property of the business; ~~[and]~~

7. ***Any information concerning whether the business for which the abatement was approved participates or has participated in a program of workforce development, as defined in NRS 231.146, implemented by the Executive Director; and***

8. Any other information that the Office determines to be useful.

Sec. 9. NRS 231.141 is hereby amended to read as follows:

231.141 As used in NRS 231.141 to 231.152, inclusive, ***and sections 2 to ~~[5,]~~ 5.5, inclusive, of this act,*** unless the context otherwise requires, the words and terms defined in NRS ~~[231.143 and]~~ 231.146 ***and section 2 of this act*** have the meanings ascribed to them in those sections.

Sec. 10. NRS 231.146 is hereby amended to read as follows:

231.146 "Program ~~[" means a course]~~ ***of workforce development" includes:***

1. A program of ***workforce*** training ~~[administered by a community college for employees of a business.]~~ ***provided pursuant to NRS 231.147.***

2. A program of workforce recruitment, assessment and training provided pursuant to section 4 of this act.

Sec. 11. NRS 231.147 is hereby amended to read as follows:

231.147 1. A person who operates a business or will operate a business in this State may apply to the Office for approval of a program ~~[.]~~ ***of workforce training.*** The application must be submitted on a form prescribed by the Office.

2. Each application must include:

(a) The name, address and telephone number of the business;

(b) The number and types of jobs for the business that are available or will be available upon completion of the program ~~[.]~~ ***of workforce training;***

(c) A statement of the objectives of the proposed program ~~[.]~~ ***of workforce training;***

(d) The estimated cost for each person enrolled in the program ~~[.]~~ ***of workforce training;*** and

(e) A statement signed by the applicant certifying that, if the program ***of workforce training*** set forth in the application is approved and money is granted by the Office to ~~[a community college]~~ ***an authorized provider*** for the program ~~[.]~~ ***of workforce training,*** each employee who completes the program ~~[.]~~ ***of workforce training:***

(1) Will be employed in a full-time and permanent position in the business; and

(2) While employed in that position, will be paid not less than 80 percent of the lesser of the average industrial hourly wage in:

(I) This State; or

(II) The county in which the business is located,

as determined by the Employment Security Division of the Department of Employment, Training and Rehabilitation on July 1 of each fiscal year.

3. Upon request, the Office may assist an applicant in completing an application pursuant to the provisions of this section.

4. Except as otherwise provided in subsection 5, the Office shall approve or deny each application within 45 days after receipt of the application. When considering an application, the Office shall give priority to a business that:

(a) Provides high-skill and high-wage jobs to residents of this State;

(b) To the greatest extent practicable, uses materials for the business that are produced or bought in this State; ~~[and]~~

(c) Is consistent with the State Plan for Economic Development developed by the Executive Director pursuant to subsection 2 of NRS 231.053. ~~[.]~~ ***; and***

(d) Is consistent with the unified state plan submitted by the Governor to the Secretary of Labor pursuant to 29 U.S.C. § 3112.

5. Before approving an application, the Office shall establish the amount of matching money that the applicant must provide for the program ~~[.]~~ ***of workforce training.*** The amount established by the Office for that applicant must not be less than 25 percent of the amount the Office approves for the program ~~[.]~~ ***of workforce training.***

6. If the Office approves an application, it shall notify the applicant, in writing, within 10 days after the application is approved.

7. If the Office denies an application, it shall, within 10 days after the application is denied, notify the applicant in writing. The notice must include the reason for denying the application.

Sec. 12. NRS 231.149 is hereby amended to read as follows:

231.149 1. The Office may apply for or accept any gifts, grants, donations or contributions from any source to carry out the provisions of NRS 231.141 to 231.152, inclusive ~~[.]~~ ***, and sections 2 to*** ~~***[5,]***~~ ***5.5, inclusive, of this act.***

2. Any money the Office receives pursuant to subsection 1 must be deposited in the State Treasury ***for credit to the Workforce Innovations for a New Nevada Account*** pursuant to NRS 231.151.

3. A person who makes a gift, grant, donation or contribution to the Office to carry out the provisions of NRS 231.141 to 231.152, inclusive, and sections 2 to 5.5, inclusive, of this act must be:

(a) Informed that the receipt and use by the Office of the gift, grant, donation or contribution may be conditioned upon terms specified by the person; and

(b) Provided the opportunity to place conditions upon the receipt and use by the Office of the gift, grant, donation or contribution.

Sec. 13. NRS 231.151 is hereby amended to read as follows:

231.151 1. ***The Workforce Innovations for a New Nevada Account is hereby created in the State General Fund.*** Any money the Office receives pursuant to NRS 231.149 or that is appropriated to carry out the provisions of NRS 231.141 to 231.152, inclusive ~~[.]~~ ***, and sections 2 to*** ~~***[5,]***~~ ***5.5, inclusive, of this act:***

(a) Must be deposited in the ~~[State Treasury and accounted for separately in the]~~ State General Fund ~~[,]~~ ***for credit to the Account;*** and

(b) May only be used to carry out those provisions.

2. Except as otherwise provided in subsection 3, the balance remaining in the Account that has not been committed for expenditure on or before June 30 of ~~[a]~~ ***an odd-numbered*** fiscal year reverts to the State General Fund.

3. In calculating the uncommitted remaining balance in the Account at the end of ~~[a]~~ ***an odd-numbered*** fiscal year, any money in the Account that is attributable to a gift, grant, donation or contribution:

(a) To the extent not inconsistent with a term of the gift, grant, donation or contribution, shall be deemed to have been committed for expenditure before any money that is attributable to a legislative appropriation; and

(b) Must be excluded from the calculation of the uncommitted remaining balance in the Account at the end of ~~[the]~~ ***each odd-numbered*** fiscal year if necessary to comply with a term of the gift, grant, donation or contribution.

4. The Office shall administer the Account. Any interest or income earned on the money in the Account must be credited to the Account. Any claims against the Account must be paid as other claims against the State are paid.

Sec. 14. NRS 231.152 is hereby amended to read as follows:

231.152 The Office may adopt such regulations as are necessary to carry out the provisions of NRS ~~[231.147.]~~ ***231.141 to 231.152, inclusive, and sections 2 to ~~[5,]~~ 5.5, inclusive, of this act.***

Sec. 15. NRS 239.010 is hereby amended to read as follows:

239.010 1. Except as otherwise provided in this section and NRS 1.4683, 1.4687, 1A.110, 41.071, 49.095, 62D.420, 62D.440, 62E.516, 62E.620, 62H.025, 62H.030, 62H.170, 62H.220, 62H.320, 75A.100, 75A.150, 76.160, 78.152, 80.113, 81.850, 82.183, 86.246, 86.54615, 87.515, 87.5413, 87A.200, 87A.580, 87A.640, 88.3355, 88.5927, 88.6067, 88A.345, 88A.7345, 89.045, 89.251, 90.730, 91.160, 116.757, 116A.270, 116B.880, 118B.026, 119.260, 119.265, 119.267, 119.280, 119A.280, 119A.653, 119B.370, 119B.382, 120A.690, 125.130, 125B.140, 126.141, 126.161, 126.163, 126.730, 127.007, 127.057, 127.130, 127.140, 127.2817, 130.312, 130.712, 136.050, 159.044, 172.075, 172.245, 176.015, 176.0625, 176.09129, 176.156, 176A.630, 178.39801, 178.4715, 178.5691, 179.495, 179A.070, 179A.165, 179A.450, 179D.160, 200.3771, 200.3772, 200.5095, 200.604, 202.3662, 205.4651, 209.392, 209.3925, 209.419, 209.521, 211A.140, 213.010, 213.040, 213.095, 213.131, 217.105, 217.110, 217.464, 217.475, 218A.350, 218E.625, 218F.150, 218G.130, 218G.240, 218G.350, 228.270, 228.450, 228.495, 228.570, 231.069, 233.190, 237.300, 239.0105, 239.0113, 239B.030, 239B.040, 239B.050, 239C.140, 239C.210, 239C.230, 239C.250, 239C.270, 240.007, 241.020, 241.030, 241.039, 242.105, 244.264, 244.335, 250.087, 250.130, 250.140, 250.150, 268.095, 268.490, 268.910, 271A.105, 281.195, 281A.350, 281A.440, 281A.550, 284.4068, 286.110, 287.0438, 289.025, 289.080, 289.387, 289.830, 293.5002, 293.503, 293.558, 293B.135, 293D.510, 331.110, 332.061, 332.351, 333.333, 333.335, 338.070, 338.1379, 338.1725, 338.1727, 348.420, 349.597, 349.775, 353.205, 353A.049, 353A.085, 353A.100, 353C.240, 360.240, 360.247, 360.255, 360.755, 361.044, 361.610, 365.138, 366.160, 368A.180, 372A.080, 378.290, 378.300, 379.008, 386.655, 387.626, 387.631, 388.5275, 388.528, 388.5315, 388.750, 391.035, 392.029, 392.147, 392.264, 392.271,

392.652, 392.850, 394.167, 394.1698, 394.447, 394.460, 394.465, 396.3295, 396.405, 396.525, 396.535, 398.403, 408.3885, 408.3886, 408.3888, 408.5484, 412.153, 416.070, 422.290, 422.305, 422A.320, 422A.350, 425.400, 427A.1236, 427A.872, 432.205, 432B.175, 432B.280, 432B.290, 432B.407, 432B.430, 432B.560, 433.534, 433A.360, 439.840, 439B.420, 440.170, 441A.195, 441A.220, 441A.230, 442.330, 442.395, 445A.665, 445B.570, 449.209, 449.245, 449.720, 450.140, 453.164, 453.720, 453A.610, 453A.700, 458.055, 458.280, 459.050, 459.3866, 459.555, 459.7056, 459.846, 463.120, 463.15993, 463.240, 463.3403, 463.3407, 463.790, 467.1005, 480.365, 481.063, 482.170, 482.5536, 483.340, 483.363, 483.575, 483.659, 483.800, 484E.070, 485.316, 503.452, 522.040, 534A.031, 561.285, 571.160, 584.583, 584.655, 598.0964, 598.098, 598A.110, 599B.090, 603.070, 603A.210, 604A.710, 612.265, 616B.012, 616B.015, 616B.315, 616B.350, 618.341, 618.425, 622.310, 623.131, 623A.353, 624.110, 624.265, 624.327, 625.425, 625A.185, 628.418, 629.047, 629.069, 630.133, 630.30665, 630.336, 630A.555, 631.368, 632.121, 632.125, 632.405, 633.283, 633.301, 633.524, 634.212, 634.214, 634A.185, 635.158, 636.107, 637.085, 637B.288, 638.087, 638.089, 639.2485, 639.570, 640.075, 640A.220, 640B.730, 640C.400, 640C.745, 640C.760, 640D.190, 640E.340, 641.090, 641A.191, 641B.170, 641C.760, 642.524, 643.189, 644.446, 645.180, 645.625, 645A.050, 645A.082, 645B.060, 645B.092, 645C.220, 645C.225, 645D.130, 645D.135, 645E.300, 645E.375, 645G.510, 645H.320, 645H.330, 647.0945, 647.0947, 648.033, 648.197, 649.065, 649.067, 652.228, 654.110, 656.105, 661.115, 665.130, 665.133, 669.275, 669.285, 669A.310, 671.170, 673.430, 675.380, 676A.340, 676A.370, 677.243, 679B.122, 679B.152, 679B.159, 679B.190, 679B.285, 679B.690, 680A.270, 681A.440, 681B.260, 681B.410, 681B.540, 683A.0873, 685A.077, 686A.289, 686B.170, 686C.306, 687A.110, 687A.115, 687C.010, 688C.230, 688C.480, 688C.490, 692A.117, 692C.190, 692C.3536, 692C.354, 692C.420, 693A.480, 693A.615, 696B.550, 703.196, 704B.320, 704B.325, 706.1725, 706A.230, 710.159, 711.600, ***and section 5 of this act,*** sections 35, 38 and 41 of chapter 478, Statutes of Nevada 2011 and section 2 of chapter 391, Statutes of Nevada 2013 and unless otherwise declared by law to be confidential, all public books and public records of a governmental entity must be open at all times during office hours to inspection by any person, and may be fully copied or an abstract or memorandum may be prepared from those public books and public records. Any such copies, abstracts or memoranda may be used to supply the general public with copies, abstracts or memoranda of the records or may be used in any other way to the advantage of the governmental entity or of the general public. This section does not supersede or in any manner affect the federal laws governing copyrights or enlarge, diminish or affect in any other manner the rights of a person in any written book or record which is copyrighted pursuant to federal law.

2. A governmental entity may not reject a book or record which is copyrighted solely because it is copyrighted.

3. A governmental entity that has legal custody or control of a public book or record shall not deny a request made pursuant to subsection 1 to inspect or copy or receive a copy of a public book or record on the basis that the requested public book or record contains information that is confidential if the governmental entity can redact, delete, conceal or separate the confidential information from the information included in the public book or record that is not otherwise confidential.

4. A person may request a copy of a public record in any medium in which the public record is readily available. An officer, employee or agent of a governmental entity who has legal custody or control of a public record:

(a) Shall not refuse to provide a copy of that public record in a readily available medium because the officer, employee or agent has already prepared or would prefer to provide the copy in a different medium.

(b) Except as otherwise provided in NRS 239.030, shall, upon request, prepare the copy of the public record and shall not require the person who has requested the copy to prepare the copy himself or herself.

Sec. 16. Section 2 of chapter 433, Statutes of Nevada 2015, at page 2479, is hereby amended to read as follows:

Sec. 2. 1. A person who intends to locate or expand a business in this State may apply to the Office for a certificate of eligibility for transferable tax credits which may be applied to:

(a) Any tax imposed by chapter 363A or 363B of NRS;

(b) The gaming license fee imposed by the provisions of NRS 463.370;

(c) Any tax imposed by chapter 680B of NRS; or

(d) Any combination of the fees and taxes described in paragraphs (a), (b) and (c).

2. After considering any advice and recommendations of the Board, the Executive Director shall establish:

(a) Procedures for applying to the Office for a certificate of eligibility for transferable tax credits which must:

(1) Include, without limitation, a requirement that the applicant set forth in the application:

(I) The proposed use of the transferable tax credits;

(II) The plans, projects and programs for which the transferable tax credits will be used;

(III) The expected benefits of the issuance of the transferable tax credits; and

(IV) A statement of the short-term and long-term impacts of the issuance of the transferable tax credits; and

(2) Allow the applicant to revise the application upon the recommendation of the Executive Director.

(b) The criteria which a person to whom a certificate of eligibility for transferable tax credits has been issued must satisfy to be issued a certificate of transferable tax credits.

3. After receipt of an application pursuant to this section, the Executive Director shall review and evaluate the application and determine whether the approval of the application would promote the economic development of this State and aid the implementation of the State Plan for Economic Development developed by the Executive Director pursuant to subsection 2 of NRS 231.053.

4. If the applicant is requesting transferable tax credits in an amount of $100,000 or less, the Executive Director may approve the application, subject to the provisions of subsection 6, if the Executive Director determines that approving the application will promote the economic development of this State and aid the implementation of the State Plan for Economic Development.

5. If the applicant is requesting transferable tax credits in an amount greater than $100,000, the Executive Director shall submit the application and the Executive Director's review and evaluation of the application pursuant to subsection 3 to the Board, and the Board may approve the application, subject to the provisions of subsection 6, if the Board determines that approving the application will promote the economic development of this State and aid the implementation of the State Plan for Economic Development.

6. The Executive Director or the Board shall not approve any application for transferable tax credits for:

(a) A period of more than 5 fiscal years; ~~[or]~~

(b) ***Fiscal Year 2015-2016; or***

(c) Any fiscal year if the approval of the application would cause the total amount of transferable tax credits issued pursuant to this section to exceed:

(1) ~~[For Fiscal Year 2015-2016, $500,000.~~

~~(2)]~~ For Fiscal Year 2016-2017, ~~[$2,000,000.~~

~~(3)~~ ~~***$500,000.]***~~ ***$1,000,000.***

(2) For ***Fiscal Year 2017-2018, $2,000,000.***

(3) For Fiscal Year 2018-2019, ~~[$2,500,000.]~~ $2,000,000.

(4) For Fiscal Year 2019-2020, $3,000,000.

(5) For a fiscal year beginning on or after July 1, ~~[2017,]~~ ***2020,*** $5,000,000.

7. If the Executive Director or the Board approves an application and issues a certificate of eligibility for transferable tax credits, the Office shall immediately forward a copy of the certificate of eligibility which identifies the estimated amount of the tax credits available pursuant to this section to:

(a) The applicant;

(b) The Department of Taxation; and

(c) The State Gaming Control Board.

8. Within 14 days after the Office determines that a person to whom a certificate of eligibility for transferable tax credits has been issued satisfies the criteria established by the Executive Director pursuant to subsection 2, the Office shall notify the person that transferable tax credits will be issued. Within 30 days after the receipt of the notice, the person shall make an irrevocable declaration of the amount of transferable tax credits that will be applied to each fee or tax set forth in paragraphs (a), (b) and (c) of subsection 1, thereby accounting for all of the credits which will be issued. Upon receipt of the declaration, the Office shall issue to the person a certificate of transferable tax credits in the amount approved by the Executive Director or the Board, as applicable, for the fees or taxes included in the declaration. The Office shall notify the Department of Taxation and the State Gaming Control Board of all transferable tax credits issued, segregated by each fee or tax set forth in paragraphs (a), (b) and (c) of subsection 1, and the amount of any transferable tax credits transferred.

Sec. 17. The State Treasurer shall, as soon as practicable after the effective date of this act, transfer from the amount appropriated for Fiscal Year 2016-2017 for the support of the Office of Science, Innovation and Technology to the Workforce Innovations for a New Nevada Account created by NRS 231.151, as amended by section 13 of this act, the sum of $1,000,000.

Sec. 18. There is hereby appropriated from the State General Fund to the Workforce Innovations for a New Nevada Account created by NRS 231.151, as amended by section 13 of this act, the sum of $1,500,000.

Sec. 19. The Office of Economic Development is hereby authorized to expend any money transferred to the Workforce Innovations for a New Nevada Account created by NRS 231.151, as amended by section 13 of this act, pursuant to section 17 of this act or appropriated to the Account by section 18 of this act for the purposes set forth in NRS 231.151, as amended by section 13 of this act.

Sec. 20. The provisions of subsection 1 of NRS 218D.380 do not apply to any provision of this act which adds or revises a requirement to submit a report to the Legislature.

Sec. 21. NRS 231.143 is hereby repealed.

Sec. 22. This act becomes effective upon passage and approval.

TEXT OF REPEALED SECTION

231.143 "Community college" defined. "Community college" means a community college of the Nevada System of Higher Education.

Assemblyman Kirner moved the adoption of the amendment.

Remarks by Assemblyman Kirner.

ASSEMBLYMAN KIRNER:

Amendment 1 to Assembly Bill 1 adds a charter school to the list of entities that may be considered an authorized provider. It adds a public policy finding relating to the creation of equal opportunities. It requires GOED [Governor's Office of Economic Development] to post on its website a list of criteria for evaluating applications and sets time limits for acting on applications and giving notice of action. It adds consistency with the unified state plan required by federal law for workforce development to the list of criteria for determining priority for grants and loans and for approval of workforce training programs offered by businesses. It further sets out components of a workforce diversity action plan. It clarifies that confidentiality for training materials is limited to proprietary information, intellectual property, or trade secrets. It adds a biennial reporting requirement to the Legislature on expenditures from the WINN [Workforce Innovations for a New Nevada] Account, program outcomes, and evaluations of workforce diversity action plans. It further requires GOED to prepare a list of authorized providers. It mandates that persons making a gift or grant to the WINN Account be offered the opportunity to place conditions on use of the money and changes the reversion date on uncommitted funds in the WINN Account to the end of an odd-numbered fiscal year. It adjusts the annual caps on transferable tax credits in the Catalyst Account by adding $500,000 in FY [Fiscal Year] 2017 and taking away $500,000 in FY 2019.

Amendment adopted.

Bill ordered reprinted, engrossed and to third reading.

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

Assembly in recess at 5:01 p.m.

ASSEMBLY IN SESSION

At 5:16 p.m.

Mr. Speaker presiding.

Quorum present.

GENERAL FILE AND THIRD READING

Assembly Bill No. 1.

Bill read third time.

Remarks by Assemblymen Hickey, Diaz, Stewart, Hansen, Shelton, Neal, Fiore, Titus, Thompson, Dickman, and Nelson.

ASSEMBLYMAN HICKEY:

I rise in support of Assembly Bill 1. This bill declares the Legislature's support of industrial and economic development of all areas of Nevada through the implementation of workforce development that places a priority on the recruitment and training of a highly-skilled and diverse workforce and the creation of equal opportunities. The bill expands the existing provisions for workforce development by requiring the Governor's Office of Economic Development [GOED] to develop a customized workforce development program for persons creating, expanding, or relocating their businesses in Nevada. Customized workforce programs and services must be developed in consultation with the Nevada System of Higher Education [NSHE]; Nevada's Department of Education; the Department of Employment, Training and Rehabilitation [DETR]; and any other entity or person if deemed appropriate by GOED.

The bill allows GOED to approve programs of workforce recruitment, assessment, and training; specifies the application requirements and processes for approval; and requires the posting of the criteria for evaluating applications on its website. Workforce development programs must include a workforce diversity action plan, and to the extent practicable, be

provided on a statewide basis. Businesses may apply to GOED to participate in workforce development programs and may request that certain training materials be deemed confidential.

Under the provisions of the bill, GOED may also approve authorized providers of workforce development programs. "Authorized providers" are defined to include any institution within NSHE, a state or local agency, a charter school, a school district, a nonprofit organization, a labor organization, or a private postsecondary educational institution.

The bill also allows an authorized provider to apply to GOED for a grant or loan to defray all or a portion of the cost of an approved program. Priority shall be given to workforce development programs that provide high-skill and high-wage jobs to Nevada residents, use materials produced or purchased in Nevada, are consistent with the State Plan for Economic Development, and are consistent with the unified state plan submitted under the federal Workforce Innovation and Opportunity Act of 2015. Allowable uses of a grant or loan include the cost of technical services to a participating business, instructional services, rental of facilities, administration and personnel, publicity, or any other cost necessary to carry out the program effectively.

The bill also creates the Workforce Innovations for a New Nevada [WINN] Account in the State General Fund. Funding for the Account is provided by an appropriation of $1.5 million and a transfer of $1 million from the appropriation for the Office of Science, Innovation and Technology in Fiscal Year 2017. Assembly Bill 1 requires GOED to submit a biennial report to the Legislature no later than January 15 of each odd-numbered year, when we are in session, summarizing the expenditures from the WINN Account and program outcomes and evaluating the workforce diversity action plans.

Finally, the measure eliminates GOED's authority to approve transferable tax credits from the Catalyst Account to new and expanding businesses in Nevada in FY 2016 and reduces the transferable tax credits that may be approved in FY 2017 from $2 million to $1 million. Thereafter, the existing $5 million annual cap is reduced to $2 million in Fiscal Years 2018 and 2019 and to $3 million in FY 2020.

The bill is effective upon passage and approval. I urge your support of Assembly Bill 1.

ASSEMBLYWOMAN DIAZ:

I rise in support of Assembly Bill 1. Assembly Bill 1 is an exciting opportunity for the entire state. It provides the opportunity to train individuals and to bring industry that is new to our state. With the new industry come new jobs. As lawmakers, we are ensuring that we have the workforce for this new industry coming into our state.

It is a very exciting time for me as a teacher to know that we can start telling our students Look into these career opportunities. We are setting up a pathway by which you can achieve a job with good pay, a job that will make you a productive citizen of our state.

I see this as an amazing opportunity for our state to move forward. From this past recession, we learned that in order for our constituencies to prosper, we need to diversify our economy and make sure that we are bringing in different kinds of jobs. I think this is moving the state in the right direction. I think it is ensuring high-quality jobs for all Nevadans, and I am super excited about this opportunity for our future.

ASSEMBLYMAN STEWART:

About 70 years ago when I was a young lad, we lived in a small railroad settlement just north of Apex. When we would drive into Las Vegas to get our groceries in our '39 Ford, we would drive by this area, which at that time was still called Apex. Apex was actually another railroad settlement. I looked at that area and it was desolate desert, nothing there. As the years went by, it was finally a gypsum plant, but for many, many years, that is all that was there. If you drive by it today, it is basically the same as it was about 70 years ago. It does my old heart good to see now that this land will become productive. It will produce thousands of jobs. This is the beginning of a great industrial park that will benefit North Las Vegas, all of Clark County, and the great state of Nevada. I enthusiastically support Assembly Bill 1.

ASSEMBLYMAN HANSEN:

I rise in opposition to Assembly Bill 1. I have already stated my reasons. Compared to the other bills we are going to hear, this is really a tiny, tiny bill, so I do not have a lot of heartburn

about it. However, I do believe that we are creating an unnecessary new agency, another bureaucracy. As you heard from the people who testified from the Nevada System of Higher Education, from the community colleges, and from DETR, we already have a whole series of programs in place to train highly-skilled and new workers that are coming into the state. We are going to spend millions of dollars on another brand new program.

Also, as we will see especially with Senate Bill 1 when it gets over to our house, assuming it does, we are giving immense powers to the Executive Director of GOED. While I am very fond of Mr. Hill personally, he is not going to be there forever. I think as we look at these programs and the amount of power that we are giving to a brand new agency—GOED, as I said earlier, was created in 2011—we are creating a brand new additional bureaucracy that actually has almost dictatorial authority in some respects as to how these monies will be distributed and spent. We already have a workforce-training program in place that by the testimony we heard only reaches 50 percent capacity now. So, all of this is not really necessary.

While I do believe that of all the bills we are going to hear, this is not really one that is a hill to die on, so to speak, I do think it is setting a dangerous precedent. I do believe when the citizens of our state had three separate opportunities to vote on these types of programs, they overwhelmingly turned them down—not the workforce thing, but the idea that we are going to use government funds to fund private training programs and private businesses that are coming to Nevada. When you look at the bigger picture in this, we are, once again, essentially ignoring the will of the voters who said we better be very careful about these kinds of things. Also, I would point out to you that the Nevada Constitution definitely prohibits government money being used, even as credit, for private enterprise.

With that, Mr. Speaker, I would urge my colleagues to vote no on Assembly Bill 1.

ASSEMBLYWOMAN SHELTON:

I also rise in opposition to Assembly Bill 1. We have a constitutional obligation and the authority to spend the funds necessary for basic public education. Last session, we extended that all the way down to preschool. Now we are going the other way and we are extending that to full adulthood, only this time, we are overstepping our authorized boundaries and forcing the taxpayers to foot the bill to train workers for specifically chosen private businesses.

If I have a tree service, I have to train my employees to cut trees. But if I have billions and investors sitting in the ready to make huge profits, all I have to do is find a state government with no boundaries to make their citizens train my employees. This is not within the legal boundaries of our position as lawmakers, so I will be a no.

ASSEMBLYWOMAN NEAL:

I rise in support of Assembly Bill 1. There is nothing greater than actually winning. Sometimes we set short-term goals to win; sometimes we set long-term goals. This bill actually sets a benchmark. It creates a pathway, not only for K-12 education, but for our college students as well. What greater thing could we do than to set students up to win in their training, win in a business, and win in their ability to be promoted? We can set up the foundation that allows them to attain skills; we can support students and all of our citizens. We will make sure that that foundation is well funded and that it is well coordinated. All of Nevada wins when this bill becomes law.

I think we need to remember that at the end of the day, if Assembly Bill 1 comes out, we have created a bridge. We have created a strong foundation and pathway for our citizens to move forward, claim a dream, and to be trained to access that dream and to work in this state.

ASSEMBLYWOMAN FIORE:

I rise in support of Assembly Bill 1. The reason why I rise in support of this bill is because it is amazing. This is one of four bills, I understand. I want to give you a simple analogy. This bill is just like a second marriage with kids; there is a lot of luggage, but it is part one of four.

This bill literally proves our conservative point that low taxes and no taxes bring business to our state. If the majority of this body votes yes on this and supports this bill, that is what it is saying. As a conservative Republican, I want to make sure that that point stands out. This just proves our point. To grow business here in Nevada, the no-tax and the low-tax model works.

ASSEMBLYWOMAN TITUS:

I rise in opposition of Assembly Bill 1. There have been comments that Nevada wins. Actually, the Nevada taxpayer loses on A.B. 1. We are once again asking the Nevada taxpayer to subsidize big business, and it is just wrong. Nothing in A.B. 1 mandates that the folks that we are educating are Nevadans, and I have huge concern over that because we are asking the taxpayers to pay for this. I would urge you not to support this.

ASSEMBLYMAN THOMPSON:

I rise in support of Assembly Bill 1. I just want to say that this is a great opportunity for a great partnership. A lot of times we hear of training, and that is all that people have. This is customized training. This means that people will go through training and have a great opportunity to get a job with livable wages. Another thing that is great about this bill is that none of us who are sitting here represents a homogenous group of citizens. We all have diverse communities. We all have people with different needs and wants. This is a great time for a public-private partnership that we know will be a great return on our investment. I urge our body to do the right thing and vote for Assembly Bill 1.

ASSEMBLYWOMAN DICKMAN:

While there are certainly some aspects of this bill that I do not agree with—and I think the Assemblyman from District 32 makes some compelling points—I see the need for workforce development. Hopefully, a number of our Nevada businesses will be able to take advantage of this to train the workers for the jobs of the future. Therefore, I will be supporting this bill.

ASSEMBLYMAN NELSON:

I rise in favor of Assembly Bill 1. For decades, I have attended economic development meetings throughout the state, particularly in Reno and Las Vegas, and the gist of every one of those has been that we need to bring clean, high-tech industry to Nevada. The thing I have heard over and over is that the reason certain companies do not come to Nevada has nothing to do with taxes; it has to do with our education system and our workforce. This bill is a big step toward matching up the needed skills with the educational processes and coordinating it all in one office.

I agree with some of the comments that we have to be careful about concentrating too much power in any one office. We need to keep an eye on that; I think the Legislature can do that. I think this bill is a good start, and I urge my colleagues to vote for it.

Roll call on Assembly Bill No. 1:

YEAS—37.

NAYS—Hansen, Jones, Shelton, Titus—4.

VACANT—1.

Assembly Bill No. 1 having received a constitutional majority, Mr. Speaker declared it passed, as amended.

Bill ordered transmitted to the Senate.

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

Assembly in recess at 5:32 p.m.

ASSEMBLY IN SESSION

At 6:13 p.m.

Mr. Speaker presiding.

Quorum present.

Assemblyman Paul Anderson moved that the Assembly adjourn until Saturday, December 19, 2015, at 8 a.m.

Motion carried.

Assembly adjourned at 6:15 p.m.

Approved: JOHN HAMBRICK
Speaker of the Assembly

Attest: SUSAN FURLONG
Chief Clerk of the Assembly

THE FOURTH DAY

CARSON CITY (Saturday), December 19, 2015

Assembly called to order at 8 a.m.

Mr. Speaker presiding.

Roll called.

All present and one vacant.

Prayer by the Chaplain, Richard Snyder.

Creator God, we thank You for this new day and for all the hopes and the opportunities that it brings to us. We ask for Your continuing blessing and for the guidance of Your spirit on this Assembly and all who labor here this day to do the people's business. Be with those who will travel to their homes this day and allow them to arrive in safety.

AMEN.

Pledge of allegiance to the Flag.

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

Motion carried.

MESSAGES FROM THE SENATE

SENATE CHAMBER, Carson City, December 18, 2015

To the Honorable the Assembly:

I have the honor to inform your honorable body that the Senate on this day passed Assembly Bill No. 1; Senate Bills Nos. 2, 3.

Also, I have the honor to inform your honorable body that the Senate on this day passed, as amended, Senate Bill No. 1.

SHERRY RODRIGUEZ
Assistant Secretary of the Senate

INTRODUCTION, FIRST READING AND REFERENCE

Senate Bill No. 1.

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

Motion carried.

Senate Bill No. 2.

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

Motion carried.

Senate Bill No. 3.

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

Motion carried.

UNFINISHED BUSINESS

SIGNING OF BILLS AND RESOLUTIONS

There being no objections, the Speaker and Chief Clerk signed Assembly Concurrent Resolution No. 1.

MOTIONS, RESOLUTIONS AND NOTICES

Assemblyman Paul Anderson moved that the Assembly resolve itself into a Committee of the Whole.

Motion carried.

IN COMMITTEE OF THE WHOLE

At 8:12 a.m.

Chair Armstrong presiding.

Quorum present.

Senate Bill No. 1 considered.

CHAIR ARMSTRONG:

We have three bills on the agenda this morning: Senate Bill 1, Senate Bill 2, and Senate Bill 3. It is my intent to do the hearings this morning before we break.

With that, I will open the hearing on Senate Bill 1. Mr. Willden and Mr. Hill will present their testimony. There will be natural breaks during their testimony to take questions from the body.

MIKE WILLDEN, CHIEF OF STAFF, OFFICE OF THE GOVERNOR:

This morning, I thought about how we would introduce Senate Bill 1. As I read the paper this morning, I changed my presentation. I would like to make a couple of comments before we start on Senate Bill 1.

As we read a few of the comments that are in the newspaper and the media, the story is that this is about corporate welfare or about subsidizing big business. I would say to you all that I think that is the furthest thing from what we are trying to accomplish today. Governor Sandoval uses three phrases frequently: "one Nevada," "all Nevadans," and "a New Nevada." I think that is what we are here for. It is not about subsidies or corporate welfare; it is about incentives, in my opinion, to create an environment and an opportunity for success. As legislators and as policymakers, we have an obligation to ensure that we have safe communities, that we have good jobs for our citizens, that we have educational opportunities, quality health care, and needed infrastructure to grow our economy. We do things as legislators and policymakers all the time to make progress in those areas. We provide numerous incentives and numerous opportunities to grow our economy. I think this is simply another great tool to do that. Hopefully, the discussion today focuses on what we believe is an opportunity for success.

I know there are always a lot of questions about what if there is failure. We understand we need to have safeguards in place for that. I believe as we go through the bill, you will see those safeguards. This is not a giveaway or a subsidy. It is an opportunity for development, it is an opportunity for jobs, it is an opportunity for education, and it is an opportunity for a growing tax base. As Executive Director Hill and I go through the provisions of the bill, you will see there are lots of safeguards in the bill. We understand that. You will see there are up-front securities before you can even start talking about bonding. There are guaranteed or pledged revenues. There are clawback provisions in the bill if the entity does not perform. There are provisions to put funds in a trust fund to ensure there is performance before we let the dollars go. I hope we can focus today on the opportunity, and we can have a good and lively discussion.

I will end with the appreciation to be here. We had a very good three days of discussion with many amendments on the Senate side. We are happy to go through all of those amendments, discussions, and how we got to where we are now. We feel like we have a robust bill and that

there has been significant vetting. I will end there and turn it over to Mr. Hill, who will go through the provisions of the bill. I will jump in as needed to help him.

STEVE HILL, EXECUTIVE DIRECTOR, OFFICE OF ECONOMIC DEVELOPMENT, OFFICE OF THE GOVERNOR:

It is indeed a pleasure to have the opportunity to be before you here today. The opportunity that we have today is an exceptional one for Nevada. Almost five years ago, the Governor and this body changed the way we do economic development in this state. Much progress has been made over the past four and a half years. This is an opportunity not only to take an additional step forward in that progress but also to help create a critical mass in a number of industries and a statewide set of opportunities that will place Nevada at the center of advanced transportation and clean energy on a global basis. The leadership and support of the Governor and of the work you have done over these last four and a half years has allowed us to get to this point. I appreciate your guidance and your support. It has made a difference. This is a significant opportunity for the state.

I would like to start by thanking Faraday Future for choosing Nevada. This was a very competitive process. They had a number of states that were very active in attempting to attract them to states other than Nevada. The work you have done and this agreement—every part of which is important for making this happen—and the work of so many Nevadans in order to allow this to take place is both appreciated and very important. It is also very critical in leading us to the point we are at today. Each one of these steps required a number of people to be involved. Each of those people responded the way Nevada does.

As Mr. Willden said, there are significant performance measures and accountability measures in this agreement. We certainly recognize that the opportunity before us is with a company that is in its start-up phase. The agreement that we have been able to reach with them recognizes that and protects the state. We needed to put together an agreement that was a good deal for the company to encourage them to make the decision to come to Nevada while also taking into consideration all the potential outcomes. We will be happy to present and show you that.

The other real opportunity is to expand and open the Apex area of southern Nevada for industrial development. I think many of you know, and it has been shown in several studies, southern Nevada has lost many opportunities for economic diversification and good job creation because of a lack of industrial property of size for companies that are interested in moving to Nevada. This is an opportunity to completely change that situation. The map you see is of the Apex area [Appendix D]. Right now, that map largely represents a desert. The steps that this bill allows will change that desert into an industrial complex that can attract those types of industrial companies that have been interested in Nevada and provide real economic diversification and jobs. That is an important component of the bill we have before you.

I want to thank North Las Vegas for all of their leadership early in this process and all their help through the process. They attracted Faraday to Nevada. A part of this bill is related to infrastructure and the bonding of infrastructure. As you know, North Las Vegas was probably the hardest-hit city during the recession, not only of any city in Nevada, but also probably of any city in the country. I know we all applaud the work they have done to recover from that situation, but they are currently not fully recovered. As a result, the city is not able to bond some of the projects that are needed in order to both allow this project to go forward and to open Apex. This bill allows the state to partner with the city and the landowners at Apex in order to finance the infrastructure necessary to facilitate this transaction and to broaden the greater Apex area.

Before I get into the bill, I would like to thank a couple groups of people who have worked very diligently on this. One is your staff. I told them a couple days ago that it is a luxury to have them. They have come here gladly and with an exceptional work ethic and exceptional talent. It is great to be able to rely on them—I am sure for you, but for us as well. I want to thank your staff for all of their work on this. I would also like to thank the staff at GOED [Office of Economic Development, Office of the Governor], particularly Brad Mamer. If you know anybody who has been involved in this deal, they will tell you that without his work, this deal would not have happened. I know that is true.

I would like to talk a little bit about the economic impact report that is in your binder and on our website and answer any questions you may have about it [Appendix D]. The economic impact report was commissioned by our office. Applied Economics out of Phoenix, Arizona, is the organization that put together that report. Behind that report, you will also find information from the Department of Taxation and Nevada State Demographer Jeff Hardcastle as well as Professor Alan Schlottmann from UNLV [University of Nevada, Las Vegas]. They provided their analysis of both that report and of the agreement with Faraday.

The economic impact analysis from Applied Economics shows a projected economic impact in Nevada of approximately $87.5 billion over the first 20 years of this project. The project will reach maturity in approximately 2023. At that point, the annual economic impact is projected to be about $5.6 billion. That is an exceptional economic impact. It represents approximately 4 percent of the economy in southern Nevada. The job creation at the factory itself will be approximately 4,500, with an average wage in excess of $22 an hour, plus the benefits that will be offered to those employees. Approximately 9,000 additional jobs will be created in the community. The economic impact analysis is based on a projection of what will occur with Faraday and the factory, the supply chain that Faraday will need that will move to the southern Nevada region, and the indirect impact and indirect jobs.

It is a relatively straightforward process to project Faraday's business plan. We realize there is some potential for variance in that, but we have projected the model that Faraday believes will take place at the facility. It is more difficult to determine the level of the supply chain that will ultimately move to southern Nevada to be at this facility. Once you determine both the company and the supply chain, it is relatively straightforward and a very predictable set of indirect impacts.

In performing this analysis, Applied Economics was very conservative in the numbers they projected for the supply chain. The multiplier effect can range from what they call a local multiplier—which means companies that could be in that supply chain and are already in southern Nevada would be the only companies considered as a part of that supply chain—up to what is called a national supply chain, where all of the supply chain would move to the southern Nevada region. For the first number of years of the projection, the economic impact analysis includes only the local supply chain that is currently there, which is obviously very low. Then it takes a gradual ramp-up to a regional level, which is between a local and national level, throughout the 20 years. In other words, the economic impact projection does not anticipate large amounts of the supply chain relocating to southern Nevada. Certainly some will, but it is a relatively conservative outlook for the economic impact. In spite of that, the numbers are exceptional and will make a big difference both in southern Nevada and across the state.

Mr. Chair, if appropriate, I will pause here for any questions on the economic impact report.

CHAIR ARMSTRONG:
Are there any questions?

STEVE HILL:
I would now like to work through the first sections of the bill, which deal with abatements and transferable tax credits. These are sections 2 through 17 of the bill. The language in the bill is virtually identical to the language that this body passed approximately 15 months ago in Senate Bill 1 of the 28th Special Session in September of 2014. The agreement we have reached with Faraday, pending your approval of this legislation and of the GOED Board, is reflected in this bill and asks that you insert a mid-tier in Senate Bill 1. Senate Bill 1 of the 28th Special Session provided a 20-year abatement, or rebate, of the sales tax and 100 percent abatement of the real property tax, the personal property tax, and the modified business tax for 10 years. The language in this bill is basically 75 percent of that. It proposes a sales tax abatement and rebate structure for 15 years rather than 20 years. It proposes a 75 percent abatement, rather than a 100 percent abatement, of the real property tax, the personal property tax, and the modified business tax for 10 years. In addition to that, there are transferable tax credits that are offered to the company and are reflected in this bill.

In Senate Bill 1 of the 28th Special Session, we offered $12,500 per job up to 6,000 jobs. There were also transferable tax credits that were offered for making an investment in the state, and there was a $3.5 billion threshold in that bill. In this bill, there is a $1 billion threshold.

There are transferable tax credits of $9,500, which is approximately 75 percent of the $12,500 that was in the bill 15 months ago. That is up to 4,000 jobs, or a $38 million total. In order to offset some of that $38 million, this bill also asks that the authority in the Catalyst Account, in which our office has transferable tax credit authority, be reduced by $8 million. The net additional transferable tax credits will be $30 million in this bill. There are no tax credits available in this bill for investment. That is not a component of this mid-tier of Senate Bill 1.

In addition to that, there is language in section 15 that creates the opportunity for a trust fund in the event our Board reaches an agreement with a company for the company to pay the taxes as they go along. Those funds will be put into a trust fund, then repaid to the company once they achieve the required thresholds. The agreement we have reached with Faraday would require the difference between our standard abatements, which I will explain in a minute, and what we are calling the enhanced abatements, which would be that mid-tier of Senate Bill 1, be paid by the company as they go along and put into that trust fund. Once they have achieved the $1 billion investment on the site, that money in the trust fund would be returned to the company. While that money is in the trust fund, it will be earning interest. The method for distribution of that interest earned in the bill is that it would flow with the trust fund. The interest earned would become a part of that trust fund. If the company ultimately earns that trust fund amount, it would also be earning the interest that is associated with that amount. If the company does not earn that trust fund amount, the interest would then be earned by the fund itself and would be returned, along with the principle, to where those taxes would have normally been paid. That is how the interest would be distributed.

In section 11, the definition of a resident of Nevada has been significantly strengthened. The Senate worked quite a bit on this through a number of amendments and added language in section 11 to strengthen that provision. I would like to point out that this is simply the section that determines whether an employee on the job is a Nevadan and counts toward the 50 percent threshold that is in law now and will apply to this mid-tier in Senate Bill 1. It now requires that documentation be shown. To be considered a Nevadan, the documentation has to have been produced at least 60 days before the time the employee was hired. An employee cannot move to the state, become a resident quickly, and take that job. They have to have been a Nevadan for at least 60 days. Mr. Willden was involved in many of those discussions, so if you have questions along those lines, I am sure he can answer them. It was the product of quite a bit of work in the Senate and several amendments. I just wanted to point that out to you, Mr. Chair. I will pause now for questions.

CHAIR ARMSTRONG:
Thank you. We do have a few questions.

ASSEMBLYMAN HICKEY:
Mr. Hill, I think you did an adequate job in reviewing the trust fund and the clawback provision. That was something that we arrived upon in the Tesla concept. My observation is that it seems we have learned something. It seems like a tighter agreement to me in that Faraday does not have any opportunity to take those abatements because they are in a trust fund—or the equivalent of an escrow account, in my understanding—until they have reached that threshold. It seems this adds an extra protection for the state and the taxpayers. I think you have explained that pretty well. Is that, in your view, something we learned from Tesla, and do you agree with me that this seems to be an added protection?

STEVE HILL:
I do not think it is necessarily something we have learned from the Tesla agreement and process. I think I would phrase it more that this was an appropriate measure to take, given the status of the company now. Faraday is in its start-up mode. It is an opportunity for additional accountability that I think at times is appropriate to implement. There will be times when it will not be—such as with established companies, larger companies, and simply given the competitive nature of the economic development process. It may make sense to use this concept in certain situations but not in others. It is certainly an additional layer, a significant layer, of accountability and performance requirements. I appreciate your pointing out the clawback provisions. The clawback provisions are in all of our legislation and in all of our abatement

programs. They are in this bill as well. Both for the standard abatements and even in the event that the trust fund is distributed and something else triggers the clawback, the clawback will continue to be a part of this agreement and contract that we would hope to ultimately reach.

ASSEMBLYMAN ARAUJO:
I have a quick question because I want to make sure we get this right when talking about our residents and making sure they are our top priority during this entire conversation. I am looking at section 11, subsection 4(c). It says, "Proof that the employee is employed full-time and scheduled to work for an average minimum of 30 hours per week." Most employers have that probation phase. Are you going to accept a report of someone who was hired three hours ago and allow that as an admissible report, or is there a certain time frame that the employee must be employed full-time in order for them to be a part of this?

STEVE HILL:
The definition of a full-time employee requires an employee be employed for a minimum of three months prior to being included in the calculation. That was done in order to avoid playing the system by hiring a number of people for a short period of time prior to the end of a reporting period.

ASSEMBLYMAN HANSEN:
First of all, I would like to voice a little bit of a complaint. This bill is 52 pages long, 67 sections, and we are probably expected to vote on it this afternoon. I have a ton of questions. I have been reading diligently and am only to page 17.

The first question for Mr. Hill is on the trust fund. Section 15, subsection 3 talks about the trust fund. That trust fund is not mandatory. It says "may require." It will be totally up to the Executive Director of the Office of Economic Development as to whether it is even going to exist. Also, the amount is going to be totally up to the Executive Director of the Office of Economic Development. It says, ". . . an amount of money equal to all or a portion of the abated taxes . . . ." Why is this not "shall" instead of "may"?

STEVE HILL:
I appreciate your bringing up this point. I should have made it earlier as a prelude. In the original bill, there was language that authorized the Executive Director of the Office to do a number of things. That was unintentional and has been amended. I think in the language that you have before you today, those are Board responsibilities that we carry out.

ASSEMBLYMAN HANSEN:
Hold on, Mr. Hill. Are you telling me that the bill we are reading right now is not the correct bill?

STEVE HILL:
No, that is not what I am telling you. I am saying there were provisions in the original bill that provided authority to the Executive Director. Some of those have been changed, where appropriate, so that the authority rightly rests with the Board.

In direct response to your question, Assemblyman Hansen, the reason that this is "may" and not "shall" is that there are some instances where we think it is appropriate for the trust fund to be implemented, and there will be others where, whether it makes us uncompetitive or is unnecessary, it will not be implemented.

ASSEMBLYMAN HANSEN:
I understand that, but you were just telling us, and Assemblyman Hickey was pointing out, that we have all of these new built-in protections to ensure that the taxpayers are protected, yet in reality this is all not mandatory. It is up to the Executive Director of the Office. While I am a great admirer of yours, Mr. Hill, you may not always be in that position. I think this is something that we need to get into the "shall" category if it is totally up to a single individual in state government to determine whether millions of taxpayer dollars are, in fact, protected. As we look at the dollar amounts here, these are enormous amounts of dollars. The potential impacts, particularly on smaller rural counties—because this is not just Faraday. If we have a billion-

dollar investment in a mine in Elko County and the tax abatement numbers are still available, then that could have a huge impact on Humboldt County, for example, which I represent. We could have a new billion-dollar lithium mine, a ten-year window of time, 75 percent abatements, 100 percent of sales and use tax—that is a fantastic economic hit. If it were a "shall," I would be much more comfortable with the bill.

STEVE HILL:
I will also point out that the statute that governs our office limits the authority for the amount of contracts that are at the Executive Director's discretion to $250,000 over the life of the contracts for abatements and $100,000 for the life of other types of contracts. That is an overarching limit on the authority of my office. I wanted to point that out. In addition to that, later in the bill, section 33.5 specifically outlines that mining and gaming companies are excluded from the provisions of this bill.

ASSEMBLYMAN HANSEN:
Thank you. I have not had a chance to read to that point yet. I am diligently reading.

CHAIR ARMSTRONG:
I would like to point out that this bill started off in the Senate, and there were amendments. This bill has been posted for several days, but the amendments came just last night.

ASSEMBLYMAN HANSEN:
That may be true, but the reality is that we just got the bill in this form this morning.

CHAIR ARMSTRONG:
I stated that the original bill was posted, but it was amended last night.

ASSEMBLYWOMAN NEAL:
I have two questions. I will start with section 62. This is for my education because this is a very unique provision. I want you to help me understand. In terms of the wording in section 62, subsection 2, when it says, ". . . the issuance of those securities constitutes an exercise of the authority . . ." are we using just the municipal securities cited in section 60, or does that language also capture the assessment bonds that were referenced in section 60.5, subsection 6? I am trying to get an understanding of the underlying securities and the use.

MIKE WILLDEN:
You will have to read the bill in context, not just section 62. There are several sections about bonding and securities. In general, it works this way—if there is bonding needed for the infrastructure projects, there are special improvements districts created and tax improvement areas. They are the first-line revenue stream to pay those bonds. Beyond the revenue from the tax improvement areas and the SIDs [special improvement districts], there is additional bonding language. The second level of defense is the local government, which will need to pledge their uncommitted general funds. In this case, North Las Vegas would commit to help repay bonds from their uncommitted balance of general funds. Again, that is if the SIDs and TIA [tax improvement area] revenue is unsatisfactory to meet the bond payment. The ultimate backstop, and we have talked about this several times, is the state's full faith and credit behind the bonds and the State General Fund. So you start with the revenues from the SIDs and the TIAs, which is further backed up by uncommitted balances from the local government, which is backed by the full faith and credit of the State of Nevada and our General Fund.

ASSEMBLYWOMAN NEAL:
Thank you for that answer. It is unique, and I had to read the Treasurer's debt policy so I could wrap my mind around it. When I saw the assessment bonds being issued, I was trying to get clarification on how it fit into the whole puzzle.

My next question comes from section 37. I understand what we are trying to do and that we are trying to build out Apex, but I want an explanation on the record in terms of section 37. When we talk about the economic tools that we use in order to promote economic development, we are adding a new tool that allows some functionality to perform municipality powers. I want a clear explanation of that on the record in terms of its use, scope, and parameters.

STEVE HILL:
I am happy to answer that question, but it may be helpful, Mr. Chair, if we are going to jump into questions on sections 19 through 37, if I provide an overview following my answer to this question.

CHAIR ARMSTRONG:
We can wait until we get to that subject matter.

ASSEMBLYWOMAN SPIEGEL:
This question goes back to the lead participant. If you could clarify whether the lead participant is a corporate entity or the persons behind it, such that if the lead participant were to sell or otherwise convey their equity interest in the project, what would happen? Would the abatements convey to the new owners?

STEVE HILL:
The agreement and the contract that we enter into with a company that applies to our Board and then is subsequently approved is not transferable. If the corporation that has entered into the agreement with us is sold, the agreement is a part of that corporation and is sold with it, but that corporation cannot transfer the abatement contract to a different entity.

ASSEMBLYWOMAN TITUS:
As the good stewards we try to be with taxpayers' dollars, how can we justify using taxpayer dollars to support this particular company? This company is going to be in direct competition with a company that we already used taxpayer dollars for and has already stated it would like to put this other business out of business. I am quite concerned that we are pitting these two companies against each other at the taxpayers' expense.

STEVE HILL:
I am certainly not aware of any comments by either of the companies, and I have talked personally with both of them. Neither has expressed their interest in putting the other out of business. If that was reported, that is untrue.

The investment that will be made through this process will have an exceptional impact on Nevada. When we say that, we mean a bunch of other businesses in Nevada, the employment situation in Nevada, and the general economic health of the state. This project will generate approximately $760 million in tax revenue over the course of 20 years. That is relatively equally split between local governments, the State General Fund, and K through 12 education. This is what it takes to be competitive and expand our economy because this is a very competitive process. This is also a very good deal for Nevada. The total amount of abatements in this project over the course of 15 years is approximately $175 million. That is roughly equally split between our standard abatements and the enhanced abatements that are up for discussion today.

In addition to that, there is the $38 million in transferable tax credits, which takes the incentive package to about $215 million over the course of 15 years. The return from that is the tax revenue generated, the $87.5 billion economic impact, 4,500 really good direct jobs, and another 9,000 jobs in the community. That is why we think this is the right thing to do.

ASSEMBLYWOMAN FIORE:
Mr. Hill, what are these cars going to be selling for? What is the value of these cars—$30,000, Tesla $170,000? Where are we with these cars that do not exist yet?

STEVE HILL:
That is a question that would probably be better answered by the company, but I will tell you what I know they have said publicly. Their business model will start, as do most car companies, with a high-end model that will obviously be at the higher end of the price structure. As they develop their brand and as they develop cash flow as a result of selling that high-end model, I think they plan to then broaden into a more mass-market car.

ASSEMBLYWOMAN FIORE:
This is a two-part question. Will the company be here to answer questions, and will they be showing us their business plan?

STEVE HILL:
The company is available. They will not appear during this hearing, but they are available to answer your questions if you have some. While I have had the opportunity to look at their business plan, that is a confidential business plan and will not be made public.

ASSEMBLYWOMAN FIORE:
If it is a confidential business plan and we, as a state, are about to give these people millions of dollars, I think it would behoove them to share how they are going to be successful if we are investing in them as a state.

CHAIR ARMSTRONG:
Was that a comment? I think that was more of a comment.

ASSEMBLYWOMAN FIORE:
No, I would like an answer. I would like to know what their business plan is. If I go to a bank and ask for a small business loan, I have to give them a business plan, a projection. How am I making the money? Where am I getting the money? What am I going sell? What are the costs of my goods and services? Why is this any different?

CHAIR ARMSTRONG:
I would say that we limit the questions to the bill. The company is not directly mentioned in the bill. I think that is outside the scope of this hearing.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:
Section 16 is talking about clawback provisions to protect the state's investment. Do the clawbacks cover all sales taxes, the modified business tax, and the property taxes abated or reimbursed through the economic diversification mechanism?

STEVE HILL:
Yes, they do.

ASSEMBLYWOMAN SHELTON:
I have a question and possibly a follow-up. In our gift shop, you can pick up a copy of the debate that was going on during the forming of our *Constitution*. It is about a thousand pages long, but it is very interesting to read the discussions they were having at the time.

In about the year 1864, when our state was booming, a big issue that they were having at that time was a private company wanting to build a railroad through our state. Great idea, right? There was a lot of discussion, just like there is today, on both sides of the fence. That discussion would later turn into Article 8, Section 9. The section forbade state investments in private businesses, including loans, gifts, or extensions of any type of credit. The arguments were long, and they got passionate, just like they get today. Helping a company build a railroad would create more jobs here in Nevada and also save millions of dollars in transportation costs. In fact, it was brought up that Virginia City at the time used millions of cords of wood that had to be brought by wagon. Mail documents and people would be able to get to the West Coast in hours rather than days. It would benefit Nevada immensely if the state participated in helping to fund the completion of the private railroad.

The railroad was completed, and they were right. A private railroad did, in fact, benefit Nevada. However, if it had failed—if the money had gone to a dishonest company or if the state had gambled with people's money—that would not have been acceptable. One particular argument that they were having at the time stuck in my mind because it reminded me of what is happening here today. A gentleman brought up the idea that maybe they should not place the prohibition in the *Constitution* but rather leave it up to the legislators of the future to decide in case things change in the future and we need to invest in a private company. He had claimed that the legislators of the future would most likely be trusted to make the best decisions based on the times and the circumstances.

The counter argument that prevailed was that the people should be the ones who decide such a thing, and if the people wanted it, they have the means to do it: by simply voting to amend the *Constitution*. So Article 8, Section 9 does read as the following: "The State shall not donate or

loan money, or its credit, subscribe to or be, interested in the Stock of any company, association, or corporation, except corporations formed for educational or charitable purposes." It is simple and to the point. Should future Nevadans ever want to change it, all they need to do is vote to do so. This prohibition was honored, and we did not hear much about it throughout 116 years of growth.

CHAIR ARMSTRONG:
Assemblywoman Shelton, are you getting to your question?

ASSEMBLYWOMAN SHELTON:
I am getting to it. There are three different things that have happened since then that led to our state turning down the path of gambling with people's money. The first attempt to change the *Constitution* to permit what we are discussing today was put to the people and it failed. We tried again in 1992, when taxpayers were asked if it was okay to invest taxpayers' money. It failed. In 1996, again it failed. Each time that it is brought to the voters, the words are changed just a little bit to try to make it more pleasant to people. In fact, in 2000, they put "high-quality jobs" in there. It read: "Shall the Nevada Constitution be amended to allow the investment of State money in a company, association, or corporation to assist economic development and the creation of new high-quality jobs?" Once again, it failed. I also have looked up different legal cases and attorney general opinions that have all basically said no, state money is not going to be invested in businesses.

My question to you today is, I have not been able to locate it, so I would like you to provide me with the date and result of the recorded vote where the people of Nevada amended our *Constitution* to allow for investing in our future with private companies.

MIKE WILLDEN:
I would simply answer this way—neither myself nor Mr. Hill are constitutional lawyers, as you know. I would further say that I think those questions are more for your staff. I would say further that your staff and we are not allowed to push forth legislation that does not meet the constitutional standard. Your legal staff checks that all the time. That is all I can respond. Tax abatements, tax credits, and incentives have been on the books for many years, and they have passed your staff's constitutional legal tests.

CHAIR ARMSTRONG:
I agree with that answer, and I think that question is probably appropriate for staff.

ASSEMBLYWOMAN SHELTON:
If all it takes to change our *Constitution* is for someone to decide the plain wording that has been accepted for over 100 years really does not matter, what is the purpose of the *Constitution*?

CHAIR ARMSTRONG:
I think that is outside the scope of this hearing and is probably another question for staff.

ASSEMBLYMAN OHRENSCHALL:
In section 62, subsection 1, my question has to do with the State Board of Finance issuing securities to municipalities for the preservation and protection of natural resources. It seems like we are losing a check and balance by bypassing the judicial review. I am wondering about the rationale for this new language. Has there been a problem with getting that judicial approval when the Board of Finance has needed it in the past? What is the reason for that new language in subsection 1?

MIKE WILLDEN:
This new language relates to the natural resources. Let me give you some history. When Assembly Bill 497 of the 78th Session was passed, there was language about the ability to use the Municipal Bond Bank to establish water projects. Several of these sections are expanding that scope from a water project to a natural resource project. What is important about the discussion is that natural resource bond funding does not go against the state's cap on how much we can bond for. In that Municipal Bond Bank process, the previous language was that you had a judicial confirmation that something was a natural resource project. Earlier in the definitions,

there is a definition of a natural resource project. That includes water, sewer, storm—those types of projects. All of those projects are natural resource projects available to the Municipal Bond Bank. This language clarifies that if they are one of those natural resource projects, the Board of Finance can determine that they meet that and do not need judicial confirmation.

CHAIR ARMSTRONG:
Mr. Willden, I believe you would have gotten to that if we had gotten to that part of the presentation. I believe we have gotten a little ahead of ourselves. To get us back on track, I have one more question from Assemblyman Moore, then I will let the presenters continue.

ASSEMBLYMAN MOORE:
Regarding the transferable tax credits, abatements, and that sort of thing, what programs are currently in place to help current Nevada businesses? In other words, do you offer current Nevada businesses tax credits and tax abatements to stimulate their business?

STEVE HILL:
The Legislature has put in place a structure that we implement that makes tax abatements available for current Nevada businesses that are expanding, provided that they qualify with the criteria that you have put in place. There has to be a certain amount of growth, both in terms of employment and investment, in order to be eligible. Companies that export their products or services, in the majority, are eligible to apply for those abatements.

CHAIR ARMSTRONG:
Assemblyman Moore, I am sure Mr. Hill would be available if you want to talk more about the state's GOED incentive programs. I think we will now continue to the next section.

STEVE HILL:
The infrastructure portion of this bill and the agreement with Faraday is exceptionally important. I would like to talk conceptually about what we plan to do, how we plan to do that, and how that is related in the bill that is before you today. There is a page in the last tab of the binder that is a brief description of each of the types of infrastructure projects on the site, how they will be potentially funded, and how this bill relates to them [Appendix D].

First, the Department of Transportation will build, through the highway trust fund—this does not take legislation—an expanded interchange at the intersection of Interstate 15 and U.S. Route 93. They will then widen U.S. Route 93 along the frontage of Apex. On the map, along the top and at an angle, there is a yellow line. That is U.S. Route 93. That is where the NDOT [Department of Transportation] project will take place. That is the length of the widening of U.S. Route 93. The intersection between U.S. Route 93 and Interstate 15 is on the east side of that map. In addition to that, there will be an entrance ramp built that will flow into the Apex park. It will be an elevated ramp because northbound/westbound traffic crossing southbound/eastbound traffic going downhill at a high rate of speed is unsafe. A ramp that is similar to what is at the entrance of Town Square will be constructed. That construction will not affect the timing of any other construction, either in southern Nevada or in the state. That is approximately a $50 million project.

There are two bonding mechanisms in this legislation that will be implemented as a part of this project. One is a special improvement district concept, and the other is a tax increment area. These are typically done at a local level. As I said earlier, the City of North Las Vegas is not in a position to do that. We will look to partner with the city and with the landowners of Apex to fund that infrastructure. That is reflected in the bill. The special improvement district is fully funded by landowners. Stormwater, a portion of wastewater, a portion of the water infrastructure, and the electrical infrastructure that is required to run what are typically those types of public facilities will be funded through a special improvement district, which is funded by the landowners at Apex, including, at times, Faraday.

The way it works is that an assessment is made on a per-acre basis. That assessment is added to the property tax bill of those landowners. That is the method of collecting that assessment. The land serves as collateral for that payment and for the bond. That makes a special improvement district a very safe bonding mechanism. The landowners at Apex in this particular case have already agreed to that, so that has been accomplished already. That is approximately

$69 million in projects, then there is additional financing of capitalized interest and debt service reserve funds that form an additional level of safety by basically borrowing money, in one way or another, and putting it into the bond repayment fund as a cash starting point for repaying those bonds. The special improvement district process is something that happens on a regular basis throughout the state. The only difference in this situation is that the state is also stepping up to partner with the city in order to allow the bonding process to happen.

The tax increment area is based on legislation that you passed during the last legislative session. It was sponsored by Assemblywoman Kirkpatrick in what was Assembly Bill 497 of the 78th Session. The handout says "NRS 497." That is not correct. It was Assembly Bill 497 of the 78th Session. A tax increment financing area measures the tax revenue that is being generated in that area right now. In this particular case, it would be the northern part of that Apex map. As you probably know, that is mostly desert. There is not a significant amount of tax that is being generated in that area right now.

As the infrastructure is put in and as businesses move there, the tax that is generated in excess of the tax that is currently being collected through the legislation that you passed last session is eligible to be used as funding for bonds to build water infrastructure. There is a $50 million minimum threshold in that bill for a project to be eligible and a $200 million maximum. What we are asking in Senate Bill 1 is to remove that minimum threshold because the projects that we contemplate to be funded through that process in the tax increment area do not reach a $50 million threshold. We are also asking that you include rail authority for funding through that process. We would intend to build a rail port in the Apex area that companies in Apex and companies in southern Nevada can use. It is a missing piece of infrastructure in southern Nevada, as there are no rail ports there. It is an important component of this deal with Faraday. Our preference would be that the Regional Transportation Commission of Southern Nevada be responsible for the rail port and the Southern Nevada Water Authority be responsible for the groundwater supply system.

The water project would be the initial infrastructure necessary to start the water wells and pipelines necessary to provide water to Apex and Faraday. The landowners, in addition to that, would be responsible through the special improvement district to pay for an expansion of the water system. It is a very typical way that developments are done. That total amount is approximately $70 million with an additional $15 million to $16 million in capitalized interest and reserve funds providing that cushion for payments in the future. The total bonding is projected to be $173 million. You will see in this legislation that the bonding authority that our Board would have is $175 million in any specific project and a total of $200 million total outstanding at any given time. We certainly worked with the Treasurer's Office and a number of other people in order to structure this part of the bill, and I certainly appreciate all of their help in doing that.

In response to Assemblywoman Neal's question regarding section 37, as a result of this portion of the bill, section 37, in a very straightforward way, gives our office the authority to administer the aspects of this bonding. It primarily gives us the authority to collect the money that will repay the state's bonds and take action in the event those payments are not immediately forthcoming.

As Mr. Willden said, the City of North Las Vegas in this case, or the municipality in general cases, will be the first in line if the payments to cover these bonds are not made. Then the State General Fund will make up any difference in payments that are not sufficient to cover the bond payments. A note on that, especially in this particular case: The special improvement districts, as I said, are approximately half of the $175 million. That is a very safe mechanism that is implemented on a very regular basis and is backed by the collateral that is land in that area. The risk level with the special improvement districts is very, very low. The tax increment area is, obviously, a projection of what will happen in the future, so there is somewhat more risk for both the city and the state in those types of bonds. We have had Hobbs, Ong & Associates run an analysis of what those projections would be. The Faraday portion of that alone is enough for those bonds to be issued with adequate coverage. When that infrastructure is put in place, the value of the property in that tax improvement area, which is broader than just the Faraday site, will improve and increase significantly. That increment of property tax revenue is a component that has a high degree of certainty that will be generated. That portion is in addition to the

amount projected in the first phase with just Faraday. In addition to that, any additional activity at Apex, and the portion of the taxes that are generated as a result of that, are also eligible to go to pay off those bonds.

The final point I will make is that this is a set of infrastructure projects that, on the tax increment area side, total up to $88 million when all of the costs are included. This will be one of the best investments in infrastructure made in this state. The opportunities at Apex cannot take place without it, and the opportunities at Apex are significant. In addition to that, the payments that will be required as a result of the bonding and the tax increment area are slightly less than $5 million a year. That is the maximum annual risk that is being undertaken with all the tax revenue that will be generated out there as an offset to that risk.

Mr. Chair, I think I will stop here and answer any questions the Committee may have.

CHAIR ARMSTRONG:

Assemblyman Ohrenschall, did that answer your question?

ASSEMBLYMAN OHRENSCHALL:

As to section 62, my only concern was in removing the judicial review, whether that removed the check and balance. I just wanted to comment on that. It seems like we are changing policy that has been in law since 1981, and I wondered why we felt we no longer needed that judicial review.

MIKE WILLDEN:

I would like to walk through this again with some context. If you look at section 50, there is the definition of a natural resources project. As I indicated earlier, Assembly Bill 497 of the 78th Session that was passed by this body, which Executive Director Hill and I have talked about, was contemplating a water project for Apex. Again, if you are going to use the Municipal Bond Bank, you have to make a determination: natural resource or nonnatural resource. As Mr. Hill talked about, some of the infrastructure is a natural resource. Of the $175 million, I think about $50 million of it will be nonnatural resource: rail, electrical, and the fire station emergency services. The other $125 million could be determined to be a natural resource. In section 50, we wanted to be clear about what a natural resource is, so you do not have to go through judicial review each time as to whether this is or this is not a natural resource project. We have added clear language: Drainage and flood control projects, sewerage projects, wastewater projects, and water projects are deemed natural resource projects. Then when you get to section 62—again, that is dealing with the Municipal Bond Bank language—it is "or" language. When the Board of Finance is going to obligate bonds, they have two ways to do so. They can determine that the lending project meets the definition of a natural resource, clearly one of those four that I just listed. If it is fuzzy, then they can count on judicial review. It is an either/or.

ASSEMBLYWOMAN CARLTON:

Road projects are always a contentious issue. My district runs north and south along the east side of the Valley, just south of that particular spot. There are no major roadways. Interstate 215 makes a "C." It is not a thorough beltway. I am concerned about the congestion of folks getting to work, the project being built, and the trucks that are going to be moving. We have been living in the "cone zone" in southern Nevada for a while. I am not sure if NDOT will be addressing this. I am curious what other projects are going to be dealt with or substituted for. How are the priorities going to be dealt with, and what criteria is going to be used to decide how we deal with this? Once we build it, they will come, and we have to be able to get the employees in and out of there along with the other traffic. The last thing I want to do is sit at Las Vegas Boulevard and Nellis Boulevard for half an hour trying to get through a light because this is directly north of there.

STEVE HILL:

The question can certainly be more thoroughly answered by the Director of the Department of Transportation, but I can tell you that a requirement of Faraday in this project is an update of a transportation impact study that was done approximately ten years ago when development was

contemplated north of the site. That study will be updated, and the impact that comes from this project will now be considered in that study. The plan will be developed from there.

ASSEMBLYWOMAN CARLTON:
Mr. Chair, are we planning to have NDOT testify?

CHAIR ARMSTRONG:
Yes.

ASSEMBLYMAN WHEELER:
You said there were some studies done on the bonding, bonding capabilities, paybacks, et cetera. As we all know, the state has a certain amount of bonding it can do based on the revenue that comes in and the sources of that revenue. Does this study tell us anything about future interest rates as our bonding capability drops or future bonding capability? Will we have the revenue to jump into a bond for an emergency if we need it?

STEVE HILL:
The study that I referenced does not address those questions, but let me try to address those separately. Currently, we have approximately $900 million of capacity in the bond bank. The amount of these bonds that will affect that $900 million capacity is about $50 million. There is adequate room in the cap itself. The amount of revenue, at its maximum, if no revenue came in at all from any other source, would be approximately $5 million per year. That would have to be found in the State General Fund budget.

MIKE WILLDEN:
I want to note and give the assurance that we have worked with the State Treasurer's Office on this project. There is language in here that when we bond, we need to consult with them to determine whether there is bonding capacity. As Mr. Hill indicated, currently there is a $900 million capacity to bond. Some CIPs [capital improvement programs] would lower that to about $850 million. This would take it down another $50 million, down to $800 million. So that capacity exists, but there is a consultation process in the statute, and we have committed to the Treasurer that that would be an ongoing consultation for the best way to bond. There are ways to bond—GO [general obligation] bonds, revenue bonds, using the Municipal Bond Bank. We will be in constant consultation with the State Treasurer.

ASSEMBLYMAN WHEELER:
I am assuming, since the capacity is so high and the need right now is very low compared to the capacity, that this will not affect interest rates for future bonds that are coming out. Can you put that on the record for me?

STEVE HILL:
That is my understanding, yes, in consultation with the Treasurer's Office.

ASSEMBLYMAN SPRINKLE:
Since we first started talking about this many days ago, I expressed to you my continuing concern over the second half of the bonding measures where there is more liability that is taken on by the state as opposed to the city. You have given me some assurances, but I would like to hear them again on the record. Should the current deal that we are talking about fall through, how am I able to go back to my constituents and say that this liability is worthwhile because future projections are going to cover the bonds that we will be issuing?

STEVE HILL:
There are a couple of different answers to that. One is that the bill requires security from a company that would be part of a qualified project that would trigger this type of activity. Secondly, just from a functional standpoint, it will take some amount of time to initiate and go through any kind of bond activity and financing effort. That will happen while the project is underway and getting started. We will be able to not only have security, but also have the security of seeing for ourselves that this is happening. If it is not, we do not have to proceed. In the future, if the project is up and running and slows or fails, the infrastructure that has been

developed at the site should have, at that point, allowed the revenue from other activities, including the rise in property values, to help offset any of that risk.

ASSEMBLYMAN SPRINKLE:
That is generally what I have heard from you and the City of North Las Vegas. Even without the current project happening, there is the potential for future growth. You have already seen that without the infrastructure, it has not been able to move forward. That certainly gives me a good feeling of security with this.

My second question is going back to section 18. You and I have already discussed this but, again, for public reasons, section 18 talks about the local jurisdiction's ability to offer incentives to bring future projects to this area. I just want to confirm that in no way would your office use that in determining what the state will be doing and the decision-making of the state. This is completely separate from the decisions that GOED will be making, correct?

STEVE HILL:
Yes, that is correct. If I could amplify my answer a little bit on your prior question. The other point I would make is that we talk about the risk with the bonds, and I think it is important to point out that we certainly need to analyze this as we go through a bonding process and count on revenues to cover the costs of those bonds and to do that professionally and accurately. I will also just say that it is a good investment. In thinking about the risk, practically what would happen is, if the revenue is not there from the anticipated revenue stream, that would turn into an investment from the state, and it is a very good investment. That is not anticipated at all. I do not think that will happen, but that is the other side of this.

ASSEMBLYMAN NELSON:
I have heard the words "security" and "collateral" come up a number of times. I wonder if you would elaborate on that. Are you saying there is some additional security or collateral? Is that over and above a typical lien that a governmental entity would have on a piece of property?

STEVE HILL:
No, it is not. Those are probably loose terms. In the special improvement district process, there is a lien right on the property of the owners who are being assessed. It is part of the reason for the language around our office having the authority of municipality so that we can exercise that type of lien right. That is the security that comes with a special improvement district.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:
Mr. Hill, I know we are talking about infrastructure, so in section 41, can you elaborate on the agreement that happened in that area regarding the natural gas?

STEVE HILL:
This section of the bill is a result of Senate Bill 151 of the 78th Session, which authorizes gas lines to be run for economic development purposes and the cost of that potentially spread through the rate base. That is a process that has to run through the Public Utilities Commission of Nevada. This section of the law is a two-step process. At this point, the regulations are not complete, but all this section does is certify the running of a natural gas line to the qualified project, in this case, as a project of economic development. It does not do anything to change the process of having to go to the Public Utilities Commission of Nevada to set rates and determine whether there is any eligibility under Senate Bill 151 of the 78th Session, or whether this all has to be paid for through the commercial projects that are at that site. That process still has to happen. It shortens the process of determining that it is a project for economic development. That is the only change.

ASSEMBLYWOMAN DIAZ:
I am going to backtrack to the abatement section. Knowing there are concerns about the proximity to the Nellis Air Force Base, are there concerns that will be addressed on federal process to ensure that they are compliant before abatements are issued?

STEVE HILL:
Yes, that is the case. The law requires that those companies meet all federal and state laws, regulations, and requirements. There is a process that is run through the U.S. Department of the Treasury that is called the Committee on Foreign Investment in the United States. That Committee is made up of representatives from 15 federal agencies, so almost any agency that you can think of that would be interested in foreign investment here. There are three ways that the Committee can be activated. The first way is if they see a project that they have an interest in, they are permitted to insert themselves to make determinations as to whether the investment is appropriate and safe in the United States. The second way is if they look at a project and determine that there is no reason to have an interest in it. The third way is if a company voluntarily submits to that process. The process is probably similar, although I think more expansive, to getting a gaming license in Nevada. It is a very significant and thorough process. In the past, Faraday has voluntarily submitted to that process.

ASSEMBLYWOMAN WOODBURY:
I would like to go back to abatements for a minute. I know some of the taxes that will be abated would have normally gone to support local schools. I am wondering how that abatement will affect the local school support tax and local education dollars.

STEVE HILL:
To start, if you look at Apex right now, there is no tax being generated from there at all. Certainly, the taxes that will be generated will be in addition to the general tax base of southern Nevada. That will be significant. As I said, about $760 million in taxes will be generated. Approximately $250 million of that will be for K through 12 education. In addition to that, the company has agreed to make a contribution of $1 million a year for six years, starting in 2018, to K through 12 education. That is a significant component of the education portion of their taxes that will be abated.

ASSEMBLYWOMAN WOODBURY:
I know that if this tax district were not created, we would not have those taxes in the first place, but there is the potential for more people to move in and more schools to be needed. I am wondering how that $6 million was calculated and if it would be more, less, or the same. Can we project if it is equal to what would have been lost?

STEVE HILL:
I do not mean to portray that it is the equivalent to the amount that would otherwise have been collected. This is a situation where there is certainly not 100 percent abatement, so there will be some revenue collected. It is also a very competitive process. The contribution is significant, but it is also a part of an overall agreement that we made with Faraday. I guess the last point I would make is that that type of contribution has happened in both of these major projects that we have had. That is very unique across the country. It is typically not something you see take place. I think both Tesla and Faraday should be applauded for being willing to make a significant contribution like that, but it does not substitute for the entire set of abatements, simply because of the competitive nature of the economic development effort.

ASSEMBLYWOMAN WOODBURY:
I hope that is something we see in further investments in the state.

ASSEMBLYWOMAN TITUS:
I know this is going to shock you, Mr. Hill and Mr. Willden, but I am going to go on record saying that I support your search for economic diversity in our state and the need for economic diversity. I am absolutely supportive of the concept. My concern follows along the same line as Assemblywoman Woodbury's concern regarding the folks you are anticipating coming in and what we have planned for them.

Mr. Hill, you have stated that you have an economic impact study, but have we done a social impact study? Last session, we heard that Clark County is one of the worst school districts, if not the worst school district, in the nation as far as graduates and serving their students. We made a lot of changes along those lines. Also, this state probably ranked bottom for providers in

health care to our constituents. In the rush to bring in industry—which I appreciate the concept—I am really concerned that perhaps it is premature with the infrastructure. We have already heard testimony regarding the traffic problems you have in Clark County. We know of the health care and education problems. Have we done a social impact study on how this number of folks might worsen those problems?

STEVE HILL:

We have not done a study, as a direct answer to your question. There are a number of steps that the Governor, the Legislature, and many across the state have taken in order to improve the state. The economic development effort is a part of that. The education efforts that most of you supported during the last legislative session are certainly a part of that. The opportunities that economic development efforts bring are critical to helping improve and diversify the economy and stabilize us from the ups and downs that we have experienced in the past. I think it is incumbent to make those other changes that are necessary in conjunction with the economic development efforts as well. Certainly not pursuing or accepting these opportunities, I think, would be a real mistake and would be to the detriment of the state.

ASSEMBLYMAN ELLISON:

Mr. Hill, I know that when you were over at the Senate side, they twisted your arm to get some of these things through. I hope you are feeling better. I see that the changes from the first print to the second print in section 15 have put in some checks and balances. I think that is important. My colleague from the north talked about section 33.5, which pertains to the net proceeds of mines. Considering those checks and balances, say a large mine or casino begins operations in a county. Do the county commissioners have any say whatsoever on these types of projects? If you take 75 percent outside of a county on property tax and 100 percent in sales tax, yet the mine might be on the other side of the line, and the county has the population cap. That puts a large burden on their jails, schools, streets, and the infrastructure. I think that is important. If we can get on the record that they do have a say or are involved in this.

STEVE HILL:

The ultimate decision for abatements is at the GOED Board level, but there is a process whereby we are responsible for giving local governments notice of anything that would be considered by the Board with 30 days' advance notice. They do have the opportunity to have input into the decision that the GOED Board will make.

The language that is in section 33.5 was inserted into the bill yesterday in order to make certain that the mining and gaming industries are not eligible for the abatements that are in the statute. That has been the law as it relates to sales tax abatements in this state for some period of time. That has been interpreted in the past, and has been interpreted by our office the entire time our office has been in existence, as being a prohibition for abatements for the investments that are listed there, which include mining equipment, gaming equipment, health care equipment, and municipal power supply. That is what has been implemented, either by law or by policy, even before GOED was formed. This language is intended to make that policy more clear.

ASSEMBLYWOMAN NEAL:

I have a question on section 32, subsection 1, paragraph (b). I read the whole thing in context, and I also read section 15. I want clarification on the record for this particular provision because it says that the abatement expires by limitation in ten years. Then it says it does not apply to those particular statutory provisions, NRS [*Nevada Revised Statutes*] 374.111, which we know are the additional amounts of sales tax and excise tax. What was interesting was that in law, it expired on June 30, 2015. I want an explanation of what that means. Is it an actual mechanism that is going to be used? Is it something that you are going to capture that is not under the ten-year limitation regarding the sales tax and excise tax?

STEVE HILL:

If we can get back to you on that, we will consult with the Department of Taxation so we can answer it accurately.

ASSEMBLYMAN KIRNER:
I have a bit of a different angle here. In the last session, my committee dealt with a number of issues related to energy. In the interim, the energy commission is also dealing with folks who want to leave the grid, et cetera. I would imagine a project like this, and even the entire project site when it is full, will be a major user of energy. Can you enlighten me a little bit about Faraday's plans and the project site's plans with regard to energy?

STEVE HILL:
That is a question better asked of Faraday than of me. Going through the [*Nevada Revised Statutes* Chapter] 704B process is not a topic that I have heard but, obviously, that law is available to the company as it would be to any. It is not something I am aware they are pursuing.

ASSEMBLYMAN KIRNER:
I guess part of the question is, we know that in the north, at least with regard to Tesla, they were pursuing an energy independence strategy. I do not know if that is part of this business plan at all or whether you can let us know that.

STEVE HILL:
Faraday certainly has a very strong environmental motivation. They will be building an electric car, and it is a part of who they are. I am sure that will be a part of their plans, but I think right now they are working to produce a car. I think that is probably their area of focus. Again, most of those types of questions are probably better asked of Faraday.

ASSEMBLYWOMAN DICKMAN:
We recently saw the results of the Tesla audit. The numbers seem considerably lower than the investment, and the employment numbers are considerably lower than the projected numbers. I wonder if that gives you any pause or concern about the numbers that are projected for this project.

STEVE HILL:
I think it is important to point out that the audit that was released a few days ago is providing information on the results of the project through June 30, 2015. That is eight and a half months into the project. The project is ahead of schedule, and they are moving at a quicker rate than they projected when we met 15 months ago. They have opened their operations and have hired quite a bit more permanent employees than were reflected in the audit, but the audit is only reflective of numbers from October 17, 2014, through June 30, 2015. Because of the timing of the release of the audit, there may be some disconnect between what people expected to be happening by now versus what was reported basically six months ago.

ASSEMBLYMAN EDWARDS:
I would like to go back to the economic value that might be added to the rurals. I know that in Mesquite, they are opening a corporate park at Exit 118 that they are all very excited about. I am wondering if you have had any indication of additional value that might be added by having Apex open just down the road.

I know there is some consideration about traffic congestion. I would like to say that there are a lot of folks in Mesquite and Moapa who are looking to help you by not having the congestion come from the south but rather from the north.

Regarding the issue of property values—not just at Apex—what would be the potential property value increases for communities like Mesquite and Moapa? Also, is there potential for additional opportunities for tourism coming from the north?

STEVE HILL:
I appreciate your raising that question. I think it is a good point and something that I should have mentioned. You are moving 4,500 really good-paying jobs 15 or 20 miles further north than they typically exist in southern Nevada. That starts to activate communities like Moapa and Mesquite. I know Lincoln County has reached out to us, and they are excited about what may come as a result of this project and are already starting to think about that and work on it.

We have not done a study about property values, but it cannot be anything but helpful when it comes to that. The number of jobs—just on this project, let alone what we think will happen at the Apex area—is exceptionally significant when you compare it to the employment base of some of our more rural communities. Just a couple hundred jobs start to make a really big difference, and we think it can be at least that.

ASSEMBLYMAN WHEELER:
I notice that section 33.5 carves out from future abatements anyone who is subject to NRS 362.130 as well as anyone who is subject to gaming license fees. I would like to put on the record that NRS 362.130 is the net proceeds of minerals tax. Is that correct? Do I interpret it correctly that any mining company cannot go into a small community, for instance, and abate 75 percent of their taxes?

STEVE HILL:
Yes, that is correct. In addition to that, none of these abatements are ever retroactive for industries outside of mining and gaming, to which they do not apply. It is only the growth portion but does not include the growth portion of these industries. There is good policy behind that. It is certainly not that we do not value those industries. It is also not simply because we cannot afford to do that. Those industries are competitively robust here in Nevada. Along the lines of Assemblywoman Titus' earlier question, incenting companies in an industry now that have not been eligible in the past is not good policy, either.

ASSEMBLYMAN HANSEN:
Are there any E-Verify requirements in this bill? I was told that Senate Bill 1 was going to have that, which is why we pulled it out of Assembly Bill 1.

STEVE HILL:
There are no E-Verify requirements in the bill. As I mentioned earlier, what came from the Senate was a result of a long conversation over there. This is the result.

ASSEMBLYMAN HANSEN:
I have not had time to pull up NRS Chapter 271, but section 37 says, "Notwithstanding any provision of this chapter to the contrary . . . ." That is only Chapter 271, correct?

STEVE HILL:
Yes, that is correct.

ASSEMBLYWOMAN FIORE:
Just to follow up with the Assemblyman from District 32, is it possible to amend and put the E-Verify in Senate Bill 1?

STEVE HILL:
That may be a question for the body, not for me.

CHAIR ARMSTRONG:
I believe that is correct.

ASSEMBLYWOMAN DICKMAN:
Regarding the average wage of $22 per hour, just to get it on the record, that is an average wage that includes high-paid executives, correct?

STEVE HILL:
Yes, that is correct. That is the average wage for all employees on the project.

ASSEMBLYWOMAN DICKMAN:
Could you give us a guess at the lowest wage?

STEVE HILL:
I can guess. The entry-level factory workers, which the vast majority of employees on this project will be, are typically in the $15 to $17 per hour range. That range is for entry-level positions and would move up from there.

CHAIR ARMSTRONG:
Mr. Hill and Mr. Willden, do you have anything else you would like to present?

MIKE WILLDEN:
No, Mr. Chair.

Chair Armstrong announced that the Committee of the Whole recess until 10:15 a.m.
Motion carried.

Committee of the Whole in recess at 10:05 a.m.

COMMITTEE OF THE WHOLE IN SESSION

At 10:15 a.m.
Chair Armstrong presiding.
Quorum present.

RUDY MALFABON, DIRECTOR, DEPARTMENT OF TRANSPORTATION:
I am here to respond to any questions from the Assembly, but I wanted to first acknowledge some confirmations in areas of concern from the body. One is that NDOT feels it has the money to deliver the Apex improvements, which consist of the reconstruction of the interchange at Interstate 15; widening of U.S. Route 93 five miles up from that interchange; realigning the frontage road north and parallel to Interstate 15; and also a flyover into the Apex industrial center about three miles up.

The way we anticipate financing those slated projects is through advancing construction. We receive a federal allocation each year and want these improvements to be federally funded, but you can use future years' allocations by advancing the construction with state funds. We have looked at our cash flow. With the additional revenue that we received from the legislative action last session with the governmental services tax; possibility of fuel revenue indexing coming to the State Highway Fund if it continues in Clark County; the normal gas taxes we receive at the state level; and federal funding, which is assured for five years from the passage of the recent transportation bill, we feel that with all of those mixes of funding going into the State Highway Fund, we have enough money to deliver these projects.

We anticipate doing the environmental clearance and preliminary engineering next year and the year after starting the construction using a design-build process, which would be the fastest mechanism to deliver the infrastructure improvements. I am willing to answer any questions.

ASSEMBLYWOMAN CARLTON:
I am not sure if you heard my questions earlier, so I will give you a brief overview. Traffic is not just one spot on the map. Everyone needs to get there, get back out of there, or go through there. I understand the improvements that you are talking about with the actual development. What are the criteria that will be used in order to establish how we are going to reorder? I know you have a list of projects. You always have a list; it will never end. I want to understand the criteria that the Department is going to use as you reprioritize because, let us be honest, something is going to move down the list, and something is going to move up the list.

The second part of my question is regarding not just this particular location but the area around it. There are a number of us who represent central Las Vegas and east Las Vegas. There is no real throughway there. You have to commute to get to the highway. Nellis Boulevard and Lamb Boulevard, north and southbound, are state roads. They are six-lane roads. I believe the impact on those is going to be great. There is already congestion there. I am concerned about the ingress/egress and how we are going to address not just the traffic at that intersection but

everything around Nellis Air Force Base, the speedway, Sunrise Mountain, North Las Vegas, and Las Vegas. With many folks coming and going to work every day, depending on how the shifts work, there are going to be some definite issues. That is the thing constituents care about. They want to see these jobs, but they are tired of gridlock on the east side of Las Vegas Valley.

RUDY MALFABON:

The Department of Transportation uses a collaborative process with the RTC [Regional Transportation Commission] of Southern Nevada and its member entities: the Cities of Las Vegas, North Las Vegas, and Henderson; Clark County; and the other areas in southern Nevada. We work collaboratively to identify which projects are needed. If there are any capacity improvements, we can work with those entities to prioritize them.

I want to plug the electronic Statewide Transportation Improvement Program, eSTIP. If you go to the web page, it allows you to look at the complete slate of projects for the next four years that are regionally significant or federally funded. It tells you what year it is planned and where the money is coming from—federal, state, or local funds. We have a very great working relationship with RTC and its member entities and share our funding to deliver those types of projects that are of your concern.

As far as prioritization of these types of projects—we call them capacity projects—there are several factors that we look at: congestion, as you mentioned; safety; and economic development. Those are some of the half-dozen criteria that we use in the ranking process for those projects. We are also working on a better prioritization process that is more transparent so that we can put those projects online, including the factors for each program area of NDOT. It is a software tool called Decision Lens. There is more to come on that new tool we are developing.

What we would do is look at other projects. We have a project on Interstate 15, from Craig Road to Speedway Boulevard, coming out next year. It is about a $40 million project for widening. We know that we have to advance that all the way out towards the industrial center. We have environmental clearance all the way out to the Apex Interchange. We have to go from the Apex Interchange and eventually all the way out to U.S. Route 93 for the Garnet Interchange. Those are the types of projects that we can work collaboratively with the City of North Las Vegas or RTC to share our funding and achieve some of those early action item projects, whether it is adding capacity with more lanes or improving safety in some manner. It could be putting in traffic signals at some of the intersections to improve safety. It is something that is done collaboratively and in partnership with the RTC and its member entities. Those projects can come up through North Las Vegas as a city to work with NDOT, through the RTC, or both.

ASSEMBLYWOMAN CARLTON:

If we build it, they will come, and we need to get ahead of the curve. As I said, on the east side, there is no good way to get anywhere. The debate that I have with my husband when we pull out of the driveway is which way to go to avoid the traffic and all the cones. I would really like your help in being able to not have that discussion anymore.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

You listed a group of possible revenue sources to help pay for this. One of those was the fuel revenue indexing. If it passes, is that the projected money that would be used to help pay for this, or is that the existing funds that we already have now?

RUDY MALFABON:

The funding scenario for delivering the Apex improvements that I mentioned is independent of the fuel revenue indexing. Certainly, having the possibility of the additional fuel revenue indexing funding coming to the State Highway Fund gives us more flexibility for some of the other improvements, as Assemblywoman Carlton mentioned. We are looking at our regular cash flow of our state fuel tax revenues and the federal revenues that were just approved December 4, 2015, by President Obama through a five-year transportation bill. We have assurance of what we should be receiving.

We check quarterly with the Department of Motor Vehicles on the projections for state fuel tax revenue into the State Highway Fund. We keep tabs on that on a regular basis. Between that

and the additional revenue from the GST [governmental services tax] that starts the second year of the biennium, half of that revenue goes to the State Highway Fund. In the third year, 2018, all of the additional increment of the GST will go to the State Highway Fund. It is substantial. It is $30 million to $35 million the second year of the biennium and close to $70 million in 2018. We feel that with those combined state and federal revenues, we can deliver the slate of projects related to the industrial center.

ASSEMBLYMAN OSCARSON:

I want to make a brief comment. I have seen the kind of work you have done in extremely difficult circumstances. When we had the floods that came through Interstate 15, you responded quickly and were able to resolve those issues and get traffic moving again, as well as along the way in from the north towards the Apex area. I would use that as an example of the kind of work and as a testament to the kind of work you are able to do. Continue to do that and help move these people out. I am supportive of your doing that, and I appreciate the immense work that was done in those areas. While traffic is difficult on the east side and we anticipate having commuters from those areas, I hope, like my other colleague from Moapa Valley, that a lot of them come from the Lincoln County area and from the Moapa Valley area. We are looking forward to that. Thank you for that. I think that is an example of what NDOT is capable of doing and is a testament to how I think you are going to handle this project as well.

CHAIR ARMSTRONG:

I think that is a great point for Mr. Malfabon. Thank you for coming and answering our questions. At this point, I will close this part of the hearing and open public testimony, beginning with those in support of Senate Bill 1.

PAUL MORADKHAN, VICE PRESIDENT OF GOVERNMENT AFFAIRS, LAS VEGAS METRO CHAMBER OF COMMERCE:

On behalf of our members, the Metro Chamber Government Affairs Committee has taken the position to support Senate Bill 1. As you know, the Metro Chamber is the state's largest and most broad-based business organization in Nevada. Our Government Affairs Committee, which represents those different industries, has taken the position to support this bill.

As many of you know, the Metro Chamber will be celebrating its 105th year in 2016. Over the years, our organization has supported many economic development endeavors throughout our history. That includes the construction of the Hoover Dam in the 1930s, the creation and construction of the McCarran Airport in the 1960s, the original construction efforts of Interstate 15, between Southern California and Las Vegas, and now Interstate 11 in this past decade.

We believe the opportunity that lies before you is another game changer for our community and for southern Nevada. This legislation will allow for the development of industrial areas, such as Apex, in southern Nevada. This industrial park will change the way businesses look at the region for possible relocation or expansion. Its estimated economic impact is impressive in regard to job creation and dollars. This bill is about job creation, infrastructure investment, and moving our economy forward. It is about opening the region up for large-scale manufacturing.

This bill has the potential to benefit both employers and employees. Direct job and indirect job creation will be significant and will help improve our workforce needs and put Nevadans back to work. This will help small and large businesses in our community. This bill is about job creation, and the Metro Chamber supports that. The Metro Chamber recognizes that this will take support by the state, but we believe that this will result in economic prosperity for the region. A core mission of the Metro Chamber—and, of course, all chambers—is to support economic prosperity for all of us.

We also support the enhanced accountability standards, reporting requirements, and thresholds in this legislation. We believe this is absolutely important for the taxpayers, and we support these standards in the legislation. Having standards are important safeguards, and we believe these are essential.

In closing, on behalf of our membership, I hope each of you will support this measure and embrace the opportunity for our state.

ANDREW DOUGHMAN, COMMUNICATION DIRECTOR, LAS VEGAS GLOBAL ECONOMIC ALLIANCE:

The Las Vegas Global Economic Alliance is the regional development authority for southern Nevada, and it is our mission to grow the economy of southern Nevada through connectivity, community development, and aggressive business recruitment, retention, and outreach. Our board of community and business leaders unanimously endorses the proposal as presented by the Governor's Office earlier this month.

We have all heard by now the predictions of 13,000 total jobs in the key industries of technology and manufacturing, $760 million in state and local tax revenue over 20 years, the series of triggers and thresholds that the company must meet, and the clawback provisions for transferable tax credits. We appreciate the hard work from the City of North Las Vegas to jump-start this deal, and we are grateful for the significant vetting that the state of Nevada has undertaken in this proposal. All of that work has made this a sound agreement and one that should, frankly, be a model for other states. The Las Vegas Global Economic Alliance cannot stress this enough.

Faraday Future and the infrastructure going in at Apex Industrial Park fixes a huge problem for the state of Nevada. We are aware of 151 companies who, in 2014, told us that there was not an appropriate large industrial site in our southern Nevada market. We lost those companies and opportunities to employ Nevadans in the private sector.

Apex is an ideal industrial park for large industrial sites that will attract more businesses and more jobs to our region. When we take clients to Apex now—and this happens on a monthly basis—we run into problems. Companies see the lack of infrastructure and the cost it would take to install infrastructure at Apex, and they go elsewhere. This proposal creates opportunities for the state of Nevada to invest in necessary infrastructure, to enhance the private sector competitiveness, and provide more revenues for the entire state. This proposal further creates real opportunities to put thousands of Nevadans to work at well-paying jobs. This is a great piece of legislation for Nevada, and we urge the Legislature to pass it.

CHAIR ARMSTRONG:

Also, to put on the record since they could not be here, the Urban Chamber of Commerce was here yesterday, and they want it on the record that they are in support. Several others also put their comments on the record, which have been submitted and are posted online [Appendix E and Appendix F].

Is there anyone else who would like to speak in support of Senate Bill 1? [There was no one.] Seeing no one, is there anyone who would like to speak in opposition to Senate Bill 1, either in Las Vegas or Carson City? [There was no one.] Seeing no one, I will move to the neutral position. Would anyone like to speak neutral to Senate Bill 1 in Las Vegas or in Carson City? [There was no one.] Seeing no one, I will close the hearing on Senate Bill 1 and open the hearing on Senate Bill 2.

Senate Bill No. 2 considered.

PAM ROBINSON, POLICY DIRECTOR, OFFICE OF THE GOVERNOR:

I am happy to be here to talk to you about Senate Bill 2. This legislation provides for an expedited process to review certain water rights and applications for a change of the point of diversion, place of use, or manner of use of an existing water right in a specific basin. It only applies if the water is needed for a qualified project; if the Executive Director of the Office of Economic Development determines that the project is an economic development priority of the state; an expedited determination of water rights in the area where the qualified project is located is necessary; or if the State Engineer elects to expedite the process. Additionally, the State Engineer must have already determined that the basins where the water rights are located are managed jointly as a single basin pursuant to a ruling made by the State Engineer prior to the effective date of this act. This prevents any future unintended expansion of the bill.

Any action taken by the State Engineer is subject to protest and appeal by any person who holds a water right in the basin or owns a domestic well in the basin. This limitation is to ensure that only those actually affected by the application can protest.

This bill is important to the future development of the Apex area and opportunities that exist there, and it ensures that existing water rights can be applied to any qualified project in a timely manner. I appreciate the opportunity to be here this morning and am happy to answer any questions. Leo Drozdoff, Director of the State Department of Conservation and Natural Resources, is here as well. We are prepared to answer any questions.

ASSEMBLYMAN HICKEY:

Since we are hearing and reading the bill for the first time, can you tell me what changes took place? A constituent in my district, who happens to be a water official and a city council person, had concerns with the original Senate Bill 2. She communicated with me recently that she was pleased with the changes that have been made to it in the past day or so. Could you tell me how the bill has come to the place it is? The specific concern that some have is whether it is impacting our current interbasin water transfer laws in any significant way. Did that raise your concern? If there was a concern, how has it been addressed in this bill?

LEO DROZDOFF, DIRECTOR, DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES:

Probably the most important piece of where we stand now is that none of these changes are in water law. They are all in NRS [*Nevada Revised Statutes*] Chapter 360; therefore, none of the issues about interbasin water transfer, et cetera, are affected.

ASSEMBLYMAN HICKEY:

Can you help us in the education of this issue and bill? What changes were made, and how have you satisfied the questions and concerns that some had over its original drafting?

LEO DROZDOFF:

We clarified a number of terms that matter to us in terms of the types of activities that can occur, and we added clarification about how basins would be managed. As Ms. Robinson stated, this is really a finite example and is constrained by a number of relevant matters that are now prescribed in this version.

ASSEMBLYMAN SPRINKLE:

I have a couple of questions in section 1, subsection 1. I would like further explanation or a definition of a couple of different terms. Exactly what constitutes an economic development priority, and what constitutes an expedited determination?

PAM ROBINSON:

A priority project is defined in Senate Bill 1 and is also defined in NRS Chapter 360. If the Executive Director of the Office of Economic Development determines that a project that is being brought to the state, and specifically to this basin, is a priority under those definitions, it can be expedited by the State Engineer. I do not know the exact process for the expedition. I do not know if Mr. Drozdoff does, but we can find that out and get back to you.

LEO DROZDOFF:

To me, expedite is just a definition that we would find. We think this is a good idea because this allows for communication between state agencies. It allows for us hearing and communicating with the Office of Economic Development and the Office doing an analysis and saying, This is something that is important to us. In practice, we will obviously give that great weight, but we would weigh it against other things we have going on, either in terms of workload or in terms of priority.

ASSEMBLYMAN SPRINKLE:

It sounds like the easy answer is to refer back to Senate Bill 1. Secondly, Mr. Drozdoff, you already touched on this question in regard to interbasin transfers but, specifically to section 1, subsection 3, where it talks about "a unique and close hydrological connection to another basin or basins," could you explain exactly what that means?

LEO DROZDOFF:

When I was answering the question for Assemblyman Hickey, I touched on this, but I will expand on it. When the State Engineer was looking at this area within the state, dating back

almost two decades, they received dozens, if not hundreds, of applications for additional water. That office rightly said, Hold on, we are going to put all of these applications on hold, and we are going to study the area. They studied the area for the better part of a decade. What they found was two important things. They found that there was no additional water to appropriate, and they also found that these basins that are unique actually operated as one. That resulted in a ruling from the State Engineer. This is key—over the course of the study that the State Engineer did, these five basins and areas south of Garnet have demonstrated that they actually operate as one basin, so they are unique and in close hydrological connectivity. That is what is meant by that language. It is based on the work that has been done by the State Engineer's office for close to a decade.

CHAIR ARMSTRONG:

For future questions, I would like to not have the answer "we will get back to you" unless staff is going to get that question answered immediately. We are going to act on this bill in a rapid fashion, and I want to ensure we have a clear record as much as possible.

ASSEMBLYMAN HANSEN:

Where is Jason King, the State Engineer? He has not been here. This was a highly contentious issue on the Senate side, and I have a bunch of questions regarding the 20-year study you are talking about. I doubt you are going to say you are the expert in that field, yet the person who is an expert in that field is not here to answer the questions. That is my first question.

The question I have on the bill itself is in regard to section 1, subsection 3, the very first sentence: "Notwithstanding any other provision of law to the contrary . . . ." Does that mean all of the water law that is not in NRS Chapter 360 is going to be trumped by this decision-making process?

LEO DROZDOFF:

I will answer your first question. If this legislation is passed, then the State Engineer is the arbiter in a process. The process still has to happen; the process still needs to move forward. The primary reason Jason King is not here is because we are trying to be true to that process—he has to be a finder of fact and weigh evidence that comes before him. So speaking specifically about a bill before it becomes law seemed problematic to us.

As far as the second question, I think what that does say is that as long as all of these criteria are met—as I mentioned to Assemblyman Sprinkle, as of now, there is one series of basins that acts like this—then, yes, other provisions in state law are affected by this legislation.

ASSEMBLYMAN HANSEN:

In other words, this one new section does trump state water law. The answer for not having Jason King here is very strange. I cannot imagine that we are going to confuse him. There are all sorts of questions about the basin, the water, and whether it is going to be a well system. I understand they are going to be pulling 1,700 acre-feet. You just heard an individual testify that they are talking about 151 businesses potentially looking at this. How much water are we going to need down the road from building all of this infrastructure? Do we have the $150 million to build a pipeline from North Las Vegas? There are some questions that the State Engineer should be here to answer. I think his absence here is telling, to be frank. You all work for the Governor. The Governor's entire staff has been here, but the main man on these critical issues is somehow absent. And according to your answer, he is absent because he is going to be an arbitrator.

LEO DROZDOFF:

There is not much of a question there. I respect your opinion. I do want to point out that the State Engineer's office is within my department.

ASSEMBLYMAN HANSEN:

Then do you feel comfortable answering the technical questions on the water basin, its history, its development, the interbasin transfers, and so forth?

LEO DROZDOFF:
I am here to answer questions. As I said, we are going to do our best not to speculate or provide hypotheticals but, yes, I feel comfortable answering questions.

ASSEMBLYMAN HANSEN:
So you are as qualified as the State Engineer would be to answer water questions?

LEO DROZDOFF:
The State Engineer's office is within my department.

ASSEMBLYWOMAN SWANK:
I have a question on section 1, subsection 3. I understand that only a person who holds a water right can protest or appeal an approved application. I am wondering, in a state where we all know we do not have enough water, what is the process for getting public input in an expedited review? Is this something the public would be notified of? Is there a time for them to at least make statements on these applications? Can you speak to how that process works in terms of public input?

PAM ROBINSON:
Yes, there will still be a public process for these, it is just limited to the people who have water rights or domestic wells that are affected in that basin and their existing water rights that would be moved and transferred from point of diversion to a new place in the basin.

ASSEMBLYWOMAN SWANK:
I am asking a different question. I understand the right to protest or appeal an approved application. I am not asking about that. I am asking about merely giving input and having notice, even if you do not hold water rights.

PAM ROBINSON:
I would say yes, there would be a public process.

ASSEMBLYWOMAN TITUS:
I, too, am frustrated that Mr. King is not here, but perhaps you can answer my questions. According to the Nevada state water website, there are 256 basins identified in the state of Nevada. According to your website, 45 of them have been over-allocated. I have been reassured by multiple people today that this will not affect other basins and that the wording of this has been limited to this unique basin in this one location. Nowhere in this document am I really reassured that it is limited. Perhaps in a decade, the Executive Director of the Office of Economic Development will determine another gigafactory will be of economic importance to Nevada and decide that they need the water, and only the older water users and domestic water users will be able to protest. What about environmental issues and other impacts? Yet no one can protest. I need a yes or no that absolutely, by this document, no other basins are going to be impacted by these changes. In the way I am reading it, I do not see that.

LEO DROZDOFF:
The short answer is that there is only one set of unique basins that I am aware of that meets this criteria. If I may, I would like to step back and talk about why I feel this is a very unique situation from a historical perspective. As I briefly mentioned, back in the 1990s, the State Engineer's office, based on some preliminary work that was done by reputable people, was inundated with applications. They were inundated with applications because there was a thought that there was more water available to appropriate than was appropriated. The State Engineer's office—in my view, correctly—said, You know what? We need to get to the bottom of this. So they put all of the applications on hold, and they spent the better part of a decade studying that area. They did many pump tests and studied how the basins responded. By the end of 2013 and into 2014, they came up with two important points based on a decade's worth of work—one, that there was no additional water to appropriate; and two, these series of basins act as one. That is why I feel confident answering your question that that amount of work, that amount of history, that level of unique applicability between basins, and the hydrologic conditions that exist are not replicated elsewhere in the state.

ASSEMBLYWOMAN TITUS:
Again, so this document, this particular bill, is going to stay within that one location, one unique basin, and at no time in the future will it be allowed to be applied, or could be construed to apply, to any other basin in the state of Nevada?

LEO DROZDOFF:
If I may, there is a significant point that Ms. Robinson mentioned earlier, and I want to try to locate it.

ASSEMBLYWOMAN TITUS:
As you try to locate that, I might just add that the water users in my district cannot afford to go out and pay attorney fees to protest this at some point if it is reapplied on another application. I want to make sure I make a commitment to them by asking these questions.

LEO DROZDOFF:
We understand. I would point to section 2, subsection 3, because I think it is also an important point and is backed up by what I was saying earlier. It talks about a basin being "managed jointly as a single source and supply of water with the other basin or basins pursuant to a ruling of the State Engineer." So when you are looking prospectively, it is tied back to a ruling that has already been made.

ASSEMBLYMAN OHRENSCHALL:
In regard to the Garnet Valley basin and the super basin it is connected to, is there enough water for the project in that basin?

PAM ROBINSON:
Are you talking about the Faraday project specifically?

ASSEMBLYMAN OHRENSCHALL:
Yes.

PAM ROBINSON:
Yes, there is enough water in the basin for the Faraday project. This bill provides for the additional build-out of other projects that may come to the Apex location, for the water to be used for that and moved to where it needs to be.

ASSEMBLYMAN OHRENSCHALL:
Section 1, subsection 2 of the bill talks about the Executive Director of GOED [Office of Economic Development, Office of the Governor] trying to expedite the State Engineer's process. What does it currently take for someone who wants to try to drill a well or get water rights? How long does it normally take?

LEO DROZDOFF:
The short answer, of course, is that it depends. It depends on the basin of interest and the size of the project. Very large projects can take years because there is extensive public process, but there are plenty of smaller applications that the State Engineer handles on a daily basis and in a small period of time. Regarding the previous answer about expedite, those are the kinds of factors we and the State Engineer's office would consider if we were to get such a request from the Office of Economic Development.

ASSEMBLYMAN OHRENSCHALL:
Following up on a question Assemblywoman Swank asked about public participation under the new scheme under section 1, subsection 3, in which only a holder of a water right in that basin or basins would be eligible to protest, what if there is an application for a water right and none of those holders of water rights file a protest? For conservation groups or members of the public, what would be their avenue to complain if they felt that an appropriation of water was not in the best interest of an environmental concern or a tribal concern? Would they still have that public input?

PAM ROBINSON:
Official protests against the application for the diversion of water to take it from one part of the basin to another part can only be done by those who hold water rights or own a domestic well in the location. The public process period, when statements are taken or people can submit their comments on whether they believe it is appropriate or not, would be when other groups could say yes or no, agree with or disagree with.

ASSEMBLYMAN OHRENSCHALL:
So if no protest is filed, is there an avenue for public conservation groups to let the State Engineer know they think the appropriation might be unwise?

PAM ROBINSON:
I do not know. Mr. Drozdoff, I would have to defer to you on that.

LEO DROZDOFF:
The actions that may be undertaken by this body speak to the significance of the project. I will answer your question in two ways. One, the State Engineer still has all of his authority and his office's authority that they will go through. It is not like, somebody has not protested, so we are done here. Given the answer that Ms. Robinson already provided, this will be done in a public setting, and input will be welcomed.

ASSEMBLYMAN OSCARSON:
We have had a lot of discussion about the interbasin transfers and those types of things. I would like to read a little thing that I put together. I would like your acknowledgement on the record, if you do not mind. The super basin had to be created before the effective date of this act. That is why it limits it to one, and one only, super basin. Correct?

PAM ROBINSON:
Correct.

ASSEMBLYMAN ELLISON:
I really want to thank the Senators on the other side who worked diligently to take us from where we were on Senate Bill 1 to where we are today on these water issues. It was a total wreck from what was proposed originally to what we have right now. My big concern is that I want to get it on the record—and I know what you are going to say, but just for the record—that we are not creating a precedent that could be used in another water basin on another project sometime in the future.

PAM ROBINSON:
We are not creating a precedent; this is unique to that one specific basin. The language is very specific about that. It has to meet all of the criteria, most specifically that there has to be a ruling by the State Engineer prior to the date of this act in order for it to be recognized as a unique basin.

ASSEMBLYMAN ELLISON:
I agree and that is how I read it, but it is best to get it on the record so there is no discussion and no concern. I did walk in when you were in this meeting with the Senators and listened to some of the comments and changes that were made to the existing bill. You did a good job. It looks like you took your hats off, rolled up your sleeves, and got a lot done, so thank you.

ASSEMBLYMAN EDWARDS:
As I am reading through this, it appears as though the State Engineer and the state government still have to do everything to make sure that the water rights are protected as normal. It is just a matter of giving you the ability to expedite and streamline the process to get the job done. Would that be a fair assessment of what this bill is about—simply streamlining and expediting the process, but not ignoring the process?

PAM ROBINSON:
Yes, that would be the case. I should also point out that the State Engineer is not required to do this. He can be requested to do it, but it is within his jurisdiction to decide whether it is an appropriate request to expedite the process.

ASSEMBLYWOMAN DIAZ:
For a lot of us, concern is being raised around the expedited action language in the bill. I would like to ensure that expediting does not mean we skip any steps in the process; it just means we try to turn things around in a timely manner. We are not really going to pick and choose what we want to do for getting this accomplished. I want to make sure that you give us some comfort in knowing that all steps in the process are still going to be followed and that we are not just going to do what is convenient, we are just going to do it in a faster way.

LEO DROZDOFF:
I think that is exactly right. We will take a look at things based on workload to see if we can accommodate such a request, but expediting does not mean eliminating steps.

ASSEMBLYMAN HICKEY:
Along with expediting the process and the enabling power this bill gives both the State Engineer and GOED, reassure me that others who have been waiting in line in the process of getting their water rights in other parts of the state will not be trumped or significantly impacted by the need to get ahead of this one. I want some reassurance there.

LEO DROZDOFF:
I think that is why the language is permissive in terms of "may." As I said, I want to be clear that if such a request comes from the Office of Economic Development, based on a number of criteria, it will get significant weight but, as I have answered previously, it will not be unilaterally given all the weight. We will, in fact, evaluate what else we have going on, workload issues we have, and other strategic priorities we have. So it will be given substantial weight, but what is pending in terms of other applicants in the state of Nevada regarding their own livelihood absolutely would be evaluated in that process.

ASSEMBLYWOMAN TITUS:
You just mentioned that this bill simply expedites the process but does not eliminate any steps. I am not seeing that. For water transfers and water designation, one of those steps you are eliminating is any input from sportsmen, ranchers, and environmentalists because they do not really have any say in this process. Only domestic well owners and water right holders can protest.

PAM ROBINSON:
They have a say during the public process. During the application process, they do not have the opportunity to protest or challenge the application since they do not hold water rights in the basin. If they did, they would, but they do have the ability to give public comment on that.

CHAIR ARMSTRONG:
With that, I will close this part of the hearing and open it to public testimony. Would anyone like to speak in support of Senate Bill 2? [There was no one.] Seeing no one, I will move to those opposed to Senate Bill 2. Would anyone like to speak in opposition to Senate Bill 2, either in Las Vegas or Carson City? [There was no one.] Seeing no one, would anyone like to speak in the neutral position? [There was no one.] I will close the hearing on Senate Bill 2 and open the hearing on Senate Bill 3.

Senate Bill No. 3 considered.

PAM ROBINSON:
Senate Bill 3 is basically an infrastructure bill. This bill amends the Las Vegas Valley Water District Act to designate the Southern Nevada Water Authority and the Las Vegas Valley Water District as the exclusive providers for water service in the Garnet Valley Ground Water Basin in Clark County. The Garnet Valley Ground Water Basin is where Apex is located.

Senate Bill 3 also requires that the Legislature review the effects of this bill in five years—I think that is 2021—and determine if the implementation and administration of the financing proposals have been done properly and determine whether any changes in the administration are appropriate. The bill also provides that nothing will change the geographic boundaries or jurisdiction of an existing local government.

That is the essence of the bill. It will provide for the infrastructure to go in and for development to begin quickly and efficiently. I am happy to answer any questions.

ASSEMBLYMAN THOMPSON:

I have a question as a representative of North Las Vegas. I want to put on the record that this will not have an effect on our ratepayers and our homeowners who pay into the water system. This bill will not affect their rates, specifically with an increase, and that this is specifically for the people involved in the Apex project.

PAM ROBINSON:

That is my understanding. If there is anything different, we do have experts here from the Las Vegas Valley Water District who can either confirm or deny that, but our understanding is that that is the case.

CHAIR ARMSTRONG:

Assemblyman Thompson, would you like to ask those members off-line so you can get your answer?

ASSEMBLYMAN THOMPSON:

I would rather not have it off-line. When the water authority comes up, I will ask the question again.

ASSEMBLYMAN HANSEN:

Section 1, subsection 2 has a sentence that I have never seen in law before. It says: "Any contract or agreement for the provision of such service in the Garnet Valley Ground Water Basin that is entered into before the effective date of this act is void." Is it normal in contract law to void things through a legislative act? Does that mean there are no preexisting contracts? What is going on with that?

PAM ROBINSON:

If you will allow me to let the water authority answer that. There were contracts that had been entered into previously with the water district and the City of North Las Vegas on how things were to be developed out there. They have come to a new agreement, which is reflected in Senate Bill 3.

ASSEMBLYMAN HANSEN:

That makes some sense. There are no additional contracts floating out there?

PAM ROBINSON:

No.

ASSEMBLYMAN HANSEN:

The other question ties in with Senate Bill 2 and Senate Bill 3 and is regarding the capacity of this basin. Is the Garnet Valley Ground Water Basin included in the super basin? Obviously it is, but is Garnet Valley included in all of the other basins? Or is it a unique basin within those five basins?

PAM ROBINSON:

There are five basins, and the Garnet Valley basin is one of them. Apex happens to be located in the Garnet Valley basin.

ASSEMBLYMAN HANSEN:

I have another question regarding the recharge capacity. It is rather hard for me to believe, in this day and age, especially anywhere near Las Vegas, that there are any groundwater basins or aquifers that are not already substantially over-allocated. I would like to know the recharge

capacity and the current demand because virtually every basin I have seen with any proximity to a major municipality is allocated substantially beyond its actual recharge capacity. I am wondering where we are coming up with 1,700 acre-feet with no problem and with there being plenty for the Apex project. If that is the case, why has that water not been already allocated and used somewhere else?

LEO DROZDOFF:
As I mentioned earlier, there was a thought back in the 1990s that there was more water than had been appropriated. The work that was done by the State Engineer's office determined that was not the case. The water that was already appropriated, which varies anywhere from hundreds of acre-feet in Garnet Valley to thousands of acre-feet in other basins, like Coyote Springs Valley, is, in fact, appropriated. That is what this project is all about: being able to utilize water in surrounding basins that act as one basin.

ASSEMBLYMAN HANSEN:
I am confused. What is the recharge capacity for Garnet Valley? I do not know if that question is appropriate, Mr. Chair, because it is not specific to the bill, but I would like to see those numbers. We have to vote on this today, and if we are going to be using a well to do all of this, there are other people around that area that must have existing water rights, wells, and uses as well. I have a hard time believing there is an extra 1,700 acre-feet of water unallocated and available.

LEO DROZDOFF:
It is not unallocated. It is allocated. There are existing water rights holders, but this gives the ability to take water from outside Garnet Valley, from Coyote Springs Valley, for example. This is about existing water rights. We are definitely not finding new water. It is moving existing appropriated water between these places.

ASSEMBLYMAN HANSEN:
I understand the water is transferred from basin to basin. I would still like to get those numbers.

ASSEMBLYWOMAN JOINER:
My question also relates to scarcity of water and questions about recharge. I am wondering, as part of this system under SNWA [Southern Nevada Water Authority], whether the calculation for how much water this project needs took into consideration things that are already being done in the Valley, such as recycling the water on site, using gray water, and getting more than one use out of potable water. I am wondering if that is in the plans. The scarcity and conservation of that water is a concern to me.

PAM ROBINSON:
I have not seen the Faraday plan. I cannot speak to that. I can speculate that there is a section in there that takes into account how the natural resources, including water, are used as they build and implement their project. If there is a different answer to that, I will find it for you. Your whole county is a shining example of how water is reused for virtually every single drop, and my guess is that those plans would take that into consideration as well.

ASSEMBLYMAN NELSON:
I would like to follow up on the question from my colleague from District 32 about the sentence that says, "Any contract or agreement for the provision of such service . . . is void." We were not involved in the Senate hearings, but we have heard a number of different things, including that there was a compromise between the City of North Las Vegas and the water authority. You indicated that this sentence refers to that. Is there going to be any written agreement changing those contracts, or is it only taken care of by this statute?

PAM ROBINSON:
I will let the City of North Las Vegas and the water authority address that. They have been in discussions about how they will manage and implement this and how this will all happen. I am not qualified to speak on that. If you direct that question to them, they can tell you.

ASSEMBLYMAN NELSON:
I think that is important for the record because I agree with my colleague. This is very rare to see a series of contracts abrogated by statute, even with public entities. Is that correct?

PAM ROBINSON:
That is correct, and I think we need to make sure that the parties involved in those contracts are the ones to put it on the record as to what the discussions have been between them and how this will go forward.

ASSEMBLYMAN OHRENSCHALL:
Will this amendment to the enabling act of the Las Vegas Valley Water District provide that the Las Vegas Valley Water District will have to sell water to anyone in the Garnet Valley basin who wants to build a home or open a business, or just those in the Apex Industrial Park? Is it just for the lead participant in the project that we are talking about, Faraday? Who could be the customers of Las Vegas Valley Water District? Can it be a small business owner, a homeowner, or can it just be the big project that we are working on this session?

PAM ROBINSON:
My understanding is that because Apex is an industrial center, I do not think there will be homes out there. The Las Vegas Valley Water District will be the purveyor of water and supply and will be the operator of the water system in the Garnet Valley area and for all of Apex.

ASSEMBLYMAN OHRENSCHALL:
So if I am a small business owner at Apex and I want to hook up to water district lines, they will provide that?

PAM ROBINSON:
That is my understanding.

ASSEMBLYMAN EDWARDS:
I am looking at the paragraph about making all the other contracts void. I am curious, how many contracts are we talking about? Have the people or companies involved made any statements about this? Are they willing to void the contracts? Are they on board with this? Is this almost a moot issue because we have concurrence?

PAM ROBINSON:
My understanding is that both parties are on the record agreeing to this. They both testified in favor of this bill in the Senate last night. I do not know how many contracts there are between them and which ones are voided or if there are just portions of contracts. When the City of North Las Vegas and the water authority come down to testify, that would be an appropriate question for them. I am not privy to how many contracts there are.

ASSEMBLYMAN EDWARDS:
But we do know that the parties involved have already agreed to this and we are just affirming what they have already agreed to among themselves.

PAM ROBINSON:
That is correct.

CHAIR ARMSTRONG:
We will move from this part of the presentation and bring down a representative from the Southern Nevada Water Authority to answer Assemblyman Thompson's question and any other questions that might be applicable. We will also have a representative from the City of North Las Vegas. Assemblyman Thompson, would you like to ask your question again?

ASSEMBLYMAN THOMPSON:
My question is for the Southern Nevada Water Authority or the City of North Las Vegas. Will this project in Apex affect North Las Vegas water ratepayers in any way?

JULIE WILCOX, DEPUTY GENERAL MANAGER, LAS VEGAS WATER DISTRICT AND SOUTHERN NEVADA WATER AUTHORITY:
No, it will not. This will be a rural system. We, as the water district, own and operate five rural systems now, and each of those systems' rate structures are independent from the water district's general rate structure, as this one will be from North Las Vegas.

ASSEMBLYMAN OHRENSCHALL:
Following up with Assemblyman Thompson's question, will this affect rates of the Las Vegas Valley Water District customers in urban Clark County?

JULIE WILCOX:
No, it will not.

ASSEMBLYMAN OHRENSCHALL:
If this passes, will the water district then be able to sell water to small businesses in that Apex area and not just the Faraday project?

JULIE WILCOX:
Yes.

ASSEMBLYWOMAN TITUS:
According to your website, of the water that the Southern Nevada Water Authority already owns, Garnet Valley and Hidden Valley have 2,200 acre-feet of groundwater rights that you already own. According to the website, the majority of these rights have been leased to the dry-cooled power plants and the remainder leased to the City of North Las Vegas for development in the Garnet Valley. Are there any additional water rights available? Will those 2,200 acre-feet not be used for the current application sources?

JULIE WILCOX:
No. North Las Vegas has 900 acre-feet. The other water will still continue to be used. We will move some water that we have already permitted and approved through the State Engineer's process, from Coyote Springs down, to help with the next piece of this. At the same time, we will be working with a committee of users and beneficiaries of this infrastructure to set up rates and service rules. The rates will have several different components. One of those components will be looking to the future. We do know that there is going to be a lot more need for water than just 1,700 acre-feet. We will be putting together a sinking fund in the rate structure to build a pipeline to come out there in the future.

ASSEMBLYWOMAN TITUS:
According to your website, Coyote Springs has 27,000 acre-feet of pending water applications that the State Engineer has not made a decision on. I am wondering, will this bill help expedite the State Engineer's decision-making process?

JULIE WILCOX:
No, that does not have anything to do with this. We have current rights of 9,000 acre-feet up there, and the most we would move down is about 3,000 acre-feet. In the meantime, we would be using that water from our Coyote Springs applications in this jointly managed basin while we are putting together the plan to build and finance the pipeline.

ASSEMBLYWOMAN TITUS:
Will all of these 27,000 acre-feet of pending applications be moved forward in addition to the ones for this particular project?

JULIE WILCOX:
Not ours. I do not know if any of these pending ones you are talking about are someone's besides ours, but no, the answer is not the Southern Nevada Water Authority ones.

ANDY BELANGER, DIRECTOR OF PUBLIC SERVICES, LAS VEGAS VALLEY WATER DISTRICT AND SOUTHERN NEVADA WATER AUTHORITY:

I would note that the reference on the website to the 27,000 acre-feet of applications in Coyote Springs is outdated. Those applications have since been ruled on by the State Engineer. That is the subject of the ruling that is referenced in Senate Bill 2. There are no further appropriations of water from Coyote Springs that are contemplated beyond what was granted prior to the 2014 ruling by the State Engineer.

ASSEMBLYMAN HANSEN:

Once again, it would be very nice if the State Engineer were here to help answer some of these questions.

The cost for the well, as I understand it, is $35 million to $37 million. Is that to actually put in a well, or is that for putting in a pipeline from Coyote Springs and then recharging the aquifer? According to all the information that has been shared, the basin is already over-allocated; any water that is there is already in full use. There was the mention of a pipeline needed from North Las Vegas to Apex with an estimated cost of $150 million to $175 million. Is that already on the drawing boards and the $35 million well system is kind of a temporary fix?

JULIE WILCOX:

The pipeline is a future project. We have not looked at that yet, but we do know that with the amount of land out there and the interest that has been shown in the past in Apex as an industrial site, more water will be needed than can be sustained through the groundwater system.

Basically, we were asked if there is some way that we can start this project and get it going without waiting for five years to have a pipeline completely finished. In looking at that, we looked at the yields of the basin, the water rights we had, and the opportunities that we could put together. The infrastructure you are asking about will be a system of wells, pipes, and pumps that would be able to be used in the future but will certainly not sustain the entire build-out of the Apex project. You are correct.

ASSEMBLYMAN HANSEN:

I am still a little confused. Does that mean you are going to be transferring water in a pipeline from Coyote Springs to Garnet Valley to recharge the aquifer as you are pumping it?

JULIE WILCOX:

No. We will be transferring permits that we have already had approved through the State Engineer's process to Garnet Valley to be used, up to the 1,700 acre-feet needed.

ASSEMBLYMAN HANSEN:

Mr. Chair, I would point out that it would be very nice if the State Engineer could be here to answer some of the questions on the allocation issues involving Coyote Springs and these other groundwater basins. It is a shame we have to do this in such a rush.

ASSEMBLYMAN STEWART:

There are two businesses that are already in that area: the gas station/convenience store and the gypsum mine. Do you service them?

JULIE WILCOX:

A private water company is doing that.

ASSEMBLYMAN STEWART:

So they have their own wells there?

JULIE WILCOX:

Yes, they do.

ASSEMBLYMAN NELSON:

One of the questions earlier was whether this would affect any rates of North Las Vegas users. I think the answer was no. I understand there have been a lot of issues going on in the Senate and the bonding capacity of North Las Vegas, but in the macro sense, is it true that if the

City of North Las Vegas were doing this, the rates of North Las Vegas water users would actually go down?

JULIE WILCOX:

No, I do not believe so. The water system will be designed to accommodate the users out there. The users will be paying 100 percent of the freight. Otherwise, it would be subsidized by another municipality, and the water district does not do that in managing our small systems. As I talked about, a couple of different components in the rate base that would be structured for Garnet Valley and Apex include having enough funds to develop the infrastructure, pay the debt back, and operate and maintain the facility.

In discussions with North Las Vegas, they would also like to put, for expediency, wastewater charges on the water bill as well. We would add those costs of the wastewater facility, which would be run by North Las Vegas, on that bill, too. Those four components would give us the total cost of the infrastructure out there. The users, the developers, and the landowners are the ones who would pay that bill.

I can tell you that in rural systems, as many of you know, there are not as many users in a rural system. I will use Kyle Canyon as an example. Kyle Canyon is another water system that we manage. That has a customer base of about 350 people. The service charge in that community is $70 a month, and then you have another charge for your actual water use per 1,000 gallons. That is much different than it is in Las Vegas. The Apex water structure would be very different than the North Las Vegas water structure or the Las Vegas Valley Water District structure as well. It will be, no doubt, two or three times more because of the location and the number of users.

When the Las Vegas Valley Water District and the Southern Nevada Water Authority approach putting together rates and infrastructure plans, we put together a public process for those people who have an interest and are affected. We have talked with North Las Vegas, the landowners, and Faraday. They will be a part of a public process that we will go through to determine the rates. We recently did that in Las Vegas through our Integrated Resource Planning Advisory Committee process. We had 21 people from all different groups—developers, homebuilders, and environmentalists—at the table so they could understand what the rates would be for the Valley. We would have a similar committee—obviously, it would be much smaller because the interests are more industrial and do not go into the homeownership aspect.

ASSEMBLYMAN NELSON:

I am wondering if there is an analogous situation to energy in the Valley. The large users are always complaining because they are paying too much and they are subsidizing the residential customers, which is why many of them want to leave the grid. I am wondering if it is analogous here that by removing these very large users, it does not affect the smaller customers.

JULIE WILCOX:

All of the users will be a part of, and have to pay a part of, the water infrastructure and water rates.

RYANN JUDEN, ASSISTANT CITY MANAGER, CITY OF NORTH LAS VEGAS:

We do have a disagreement on this point. We have had a disagreement on this point in regard to rates, but it is an honest disagreement. The reality is that one day this will be a unified system that will connect into North Las Vegas. When that happens, the bonds will have been satisfied, the sinking funds will have been used, and there will still be funds that exist for maintenance and upkeep of the assets. But at that time, you are correct, Assemblyman—if we look forward 20 to 30 years when it is a unified system, the realities of having a high-yield, large user on the system will have the effect of stabilizing and potentially lowering the rates of the people in the residential communities.

It is interesting because oftentimes businesses are looked at as not being community-friendly or part of the community. But as we know, and many people in this room understand, businesses quite often do stabilize and quite often do participate. Their yields, when you are dealing with a volume business—that is the reason a lot of people in this room probably have

Costco cards. We go to Costco to buy things in bulk. When we buy things in bulk, it conversely reduces the price. In the short term, whenever you have an isolated system out there and it is an expensive system, you will not see that effect.

In North Las Vegas, one of the approaches we have had from the very beginning is to not just look at the now but to also look at our near-term and long-term challenges. At the same rate, we also look at solutions. We believe there would be a long-term impact. There was also a question from Assemblyman Thompson, who is a strong supporter of the city and has residents who will be impacted by this. So there is a disagreement on that point, but it is correct that in the short term, there will be no impact. I think most of you in this room are suggesting policy and crafting policy for the long term.

ASSEMBLYMAN ELLISON:

I have a couple light questions for clarification. They say that if you build it, they will come. In most cases, if you build a rail port, they will come because there are not enough of them in the state as it is. Bringing in a fire district and a fire holding system in that district will create a massive need for water. Can you address that? Have you discussed what you will do? Are you going to bring in gray water for the fire district, or are you going to use the same water pumping from the Southern Nevada Water Authority?

JULIE WILCOX:

The plan we have put together does address that issue. It does address fire flow, fire protection, and water storage for those purposes. That would be a part of what is needed out there and is part of the plan. In the long term, as you have all noted and my colleague from North Las Vegas noted, there is going to be need of a pipeline, and that will take care of the future.

ASSEMBLYMAN ELLISON:

I am not sure how the aquifer works down there or what basins tie into that aquifer, but would Mesquite and those areas to the south fall into that basin?

JULIE WILCOX:

No, that basin is not part of the five-basin system that we are talking about here. It is not interconnected or managed jointly as one.

ASSEMBLYMAN OHRENSCHALL:

I would like to follow up on a question that Assemblyman Nelson asked regarding section 1, subsection 2, the voiding of any prior contracts or agreements. Are there prior contracts or agreements in effect? Do you know what is going to be voided, and is this going to be a taking, or are those folks agreeable to these contracts being voided?

JULIE WILCOX:

No, there are no takings here. By statute, the Las Vegas Valley Water District has jurisdiction throughout Clark County for serving water. A few years back, the Las Vegas Valley Water District, Southern Nevada Water Authority, and the City of North Las Vegas had an MOU [memorandum of understanding] wherein we agreed that North Las Vegas would be the water provider out there. We had one amendment to that agreement in, I believe, 2009. That is the only contract that we are talking about. Both of the organizations agree that this is a better plan right now to get things moving and get them done quickly, so we are both in agreement to void those contracts.

ASSEMBLYMAN OHRENSCHALL:

To be clear, this will not void any private contracts that anyone might have had for purchase of water?

JULIE WILCOX:

It absolutely will not.

ASSEMBLYWOMAN FIORE:
I want to follow up on the comments from the Assemblyman from District 33. When we talk about the basins that you will be tapping into, I would like it clear and on the record that not using the basin near Mesquite also includes Bunkerville.

JULIE WILCOX:
That is correct. It does not include Bunkerville.

ASSEMBLYWOMAN TITUS:
According to the Southern Nevada Water Authority's plan and impact statement passed by your board on September 17 of this year, beyond the current impact of the drought and climate change, which we all know is unpredictable, the U.S. Bureau of Reclamation's water basin study of the Colorado River and that area reported a median imbalance between supply and demand of 3.2 million acre-feet of water. Now you tell us that there is plenty of water there. Was this project already known when that statement was made on September 17?

JULIE WILCOX:
Yes, we were aware of this project. That statement is about the Colorado River as a whole. The community of Clark County gets 300,000 acre-feet from the Colorado River. In addition to that, we have return flow credits. For every drop we return to the river, we get another one back. Currently, our community's conservation efforts have been so incredible that we are not using all of our 300,000 acre-feet of water. Although we were not talking about managing this small rural system at the time, that quote is for the Colorado River as a whole.

ASSEMBLYWOMAN TITUS:
So you do not see that, at some point, this water that is available now for this particular project will ever be needed in other uses—domestic uses or other growth issues? This water is there and available and you can spare it.

JULIE WILCOX:
The Southern Nevada Water Authority does a 50-year outlook resource plan every year. We just updated that plan, and the board approved it in September. That is probably what you are referring to. That plan basically shows our water based on the growth that we anticipate and adds even more growth than what the demographers predict. We have enough water for the next 20 or 30 years. At the same time, we have conservation programs that we are continuing to invest in and that the community continues to participate in very strongly. We have a conservation goal that we are getting very close to reaching. Once we do that, the board is going to look at that goal and retighten it.

ASSEMBLYWOMAN TITUS:
As an observation, usage in my area has been curtailed by 75 percent for next year because of the water situation, so I wanted to make sure you have plenty of water down there.

CHAIR ARMSTRONG:
Thank you very much for coming and answering questions. I will close this part of the hearing and move to the public testimony portion of this bill. I will first hear those in support of Senate Bill 3.

RYANN JUDEN:
In a way, this has been a difficult pill for the City of North Las Vegas to swallow. I kind of feel like a guy on a honeymoon with a toothache. We are excited for the opportunities being provided, but we have this little thing we have to suffer through. We are very excited and believe that this is the opportunity North Las Vegas needs to succeed. If that requires us to allow for someone else to come in and be the purveyor of water within the City of North Las Vegas, then that is something we are willing to do. We believe that will ultimately be best for the residents of North Las Vegas as well as for all of southern Nevada.

When we put together a plan to solve the problems in North Las Vegas, it included a number of different solutions that we had, one of which was making sure Apex had suitable water. We

believe that if it had the water, we would be able to have industrial dirt that could attract people to southern Nevada.

We know over the last 12 months, based on a study that was put together by LVGEA [Las Vegas Global Economic Alliance] that 151 different businesses, representing over 18,000 potential employees, have not been able to come to southern Nevada because they lack "suitable industrial land for development." We believe that the solutions this body has the opportunity to make a decision on today will help solve that problem. It will help to capture some of that demand with some of the provisions in this bill, including section 2, which is a look-back provision.

Southern Nevada Water Authority digs under lakes and makes big straws. These are incredible feats of engineering. At the same time, for our community, we want to make sure that what they are telling us today is in fact what they are going to deliver. It is very important for us when they talk about sinking funds into an account so that we can eventually build a water line from the city to Apex. Apex has always needed a groundwater as well as a municipal water solution. We want to make sure that through this body, sometime in the future, we are able to look back and make sure all of the promises that have been made have actually come to fruition.

One of the primary concerns we had right away, from the very beginning when the Mayor and the executive team came together in the City of North Las Vegas, was streamlining our business processes. In particular, we looked at industrial land following the passage of Senate Bill 1 of the 28th Special Session. We looked at what Storey County has, why they were able to make business happen quickly, and how North Las Vegas could mirror that. We took industrial processes that took four to six months before, and now they are over the counter, as quickly as someone can fill out an application. We made doing business in North Las Vegas fast. We wanted to make sure this would not affect that. When we take a permitting process from the City of North Las Vegas and move it into another entity, we lose some control over that process.

One of the commitments we have from SNWA [Southern Nevada Water Authority] is that they will work with us. When we put together a blue-ribbon task force to sit down with the new business coming into town, they will have a member of their team that is a decision-maker there with our decision-makers to ensure that our businesses experience that same ability to quickly get business done in North Las Vegas. Those are things that we believe we can look back at and make sure that our community is being protected and that our business owners are receiving the service levels that are necessary for them to stay in business in North Las Vegas. We believe that is accomplished in section 2.

We are very excited for the future of North Las Vegas. The condition of the city that we inherited is no surprise, and by no means are we in the clear. We have put together a plan that we are executing. We still are in a very difficult situation financially, but we have a plan, and we are moving out of it. This body has given us a number of tools—from Senate Bill 1 a year ago to the tools that we fought for in the last session, including Assembly Bill 497 of the 78th Session, which is being amended today to make that a little bit better of a tool for us. We are very grateful for the leadership of this body and this institution in helping North Las Vegas to succeed.

ASSEMBLYMAN HANSEN:
Is the entire Apex project in the existing boundaries of the City of North Las Vegas?

RYANN JUDEN:
That is a great question. They consider the east side of Interstate 15 Apex also. That is not in the City of North Las Vegas. That is in the county. That is where the landfill is, which can stay in the county. There is that area from U.S. Route 93 south, on the west side of Interstate 15, that we consider Apex. The majority of that is within the City of North Las Vegas. There are some county peninsulas, which is an issue for us because we are going to be providing police and fire services out there. So we expect to be working with our friends in the county to make sure we have an arrangement.

ASSEMBLYMAN HANSEN:
I keep hearing about a pipeline that is supposed to come out of North Las Vegas. Southern Nevada Water Authority indicated it is a future thing. Is that something that has been on the

drawing board for a while, or is that something that is new? I assume lack of water is one of the reasons that has retarded the development of the industrial park.

RYANN JUDEN:

Almost a year before the Mayor ran for office, he approached Robert E. Lang of the Brookings Institution and me and asked about what would need to happen to save North Las Vegas. He said that if he was convinced of the plan, then he would be interested in being mayor.

One of the things we identified was the importance of leveraging Apex, specifically to try to target some of the seven sectors that the state has identified as important sectors for economic diversification. We knew many of those sectors could be housed at Apex. Early on, we stuck a flag in Apex and said that is about one-third of the City of North Las Vegas. It is a very large area. We said that is an important asset for us. But you are correct, it lacks water. The Mayor is a plumber. He likes pipes, so we talked about a pipeline. What we were really talking about was the underlying water problem at Apex. The pipeline was something we talked about. Quite frankly, it did not matter to us if little Smurfs brought in water on their little blue backs, as long as there was a water solution for Apex. That was something we needed to make sure we had. We talked a lot about a pipeline from the City of North Las Vegas. You are correct that the estimates of that have been all over the place. We believe it is more like an $80 million pipeline. The feasibility study was put together for the City of North Las Vegas. While it had a $140 million price tag on it, that included flood control and a whole bunch of other things. It was not exclusively a pipeline.

We do believe that eventually, to solve the entire water needs in Apex—I am from a farming community and when you look at a field and try to determine what you are going to plant in that field, you think, what are the futures right now? If I plant soybeans, this is what my return is going to be. We looked at Apex the same way. Apex has the potential of yielding for southern Nevada. It has the ability, within that cradle, to house almost 116,000 jobs and produce over $193 billion in economic impact to the region over a 20-year period. We knew that was an important asset we needed to open up.

ASSEMBLYWOMAN NEAL:

I am super happy you said on the record that you were grateful and appreciative because when we go back home, I am hoping that the North Las Vegas representative and the city can accurately tell the story about what happened here. When you examine Senate Bill 1, you realize that the county, the city, the state, and the water authority really came together to put some extremely creative tools together in order to help Apex develop and to think about its short-term and long-term future. Although it is not perfect, there is a solid mix of different things that will help bring revenue streams from all kinds of different areas. I was appreciative that you said that on the record, and I hope that when we have town hall meetings, we accurately explain what happened in these wonderful days in Carson City in the snow.

ASSEMBLYMAN NELSON:

I think my comment is pretty much a ditto to what my colleague just said. I would like to commend on the record Mr. Juden, Mayor Lee, and your whole city for not giving up in a very difficult situation. You have the best wishes of the entire Assembly that North Las Vegas will be back on top. We appreciate the sacrifice you are making for the good of the whole state, and we commend you for that.

CHAIR ARMSTRONG:

Thank you, Mr. Juden, for being here. Is there anyone else who would like to speak in support of Senate Bill 3? [There was no one.] Seeing no one, I will move to opposition. Is there anyone who would like to speak in opposition to Senate Bill 3? [There was no one.] Seeing no one, I will move to neutral testimony in Las Vegas.

INEZ ESQUIVEL, PRIVATE CITIZEN, LAS VEGAS, NEVADA:

I am a resident here in Las Vegas. I have lived here since 1991. We hold a parcel in the Apex Industrial Park. We struggled to keep this property for all these years, even when the economy was not so good. Our parcel number is 103-13010-004. You may have already passed Assembly Bill 2, which is the one I wanted to catch, but you are speaking about the Garnet

Valley water availability. We have previously requested some water from the Valley, and we were basically denied. I am wondering, now that we are going through this process, will I be able to resubmit my application? Is there a way we can go on record to make sure that the people who previously requested water are going to be covered by this bill?

CHAIR ARMSTRONG:

Thank you very much, sir, for the comments. We did have representatives from SNWA talk about some of these issues during the previous hearing. This hearing should be posted online after a day or two. I would suggest that you then approach the water authority to reconfirm that as well. If that does not work for you, you can contact your representative, and we could act upon that as well.

Is there anyone else who would like to speak neutral to Senate Bill 3? [There was no one.] Seeing no one, I will close the hearing on Senate Bill 3.

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

ASSEMBLY IN SESSION

At 12 p.m.

Mr. Speaker presiding.

Quorum present.

REPORTS OF COMMITTEES

Mr. Speaker:

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

DEREK ARMSTRONG, *Chair*

Mr. Speaker announced if there were no objections, the Assembly would recess until 1:30 p.m.

Assembly in recess at 12:02 p.m.

ASSEMBLY IN SESSION

At 1:40 p.m.

Mr. Speaker presiding.

Quorum present.

GENERAL FILE AND THIRD READING

Senate Bill No. 1.

Bill read third time.

Remarks by Assemblymen Kirner, Wheeler, Moore, Fiore, Hansen, Dickman, Bustamante Adams, Hickey, Ellison, Neal, Titus, Paul Anderson, Stewart, Nelson, Oscarson, Seaman, Trowbridge, and Edwards.

ASSEMBLYMAN KIRNER:

Senate Bill 1 authorizes the granting of transferable tax credits and the abatement of certain taxes to participants in a qualified project. To qualify, the lead participant must make an application to the Governor's Office of Economic Development and demonstrate, among other things, that the participants will make a collective minimum investment of $1 billion within ten years of approval of the application. In addition, they must demonstrate that at least 50 percent

of the employees engaged in the construction of the project and 50 percent of the persons employed at the project are Nevada residents. These requirements may be waived by GOED [Governor's Office of Economic Development] if there are insufficient qualified and available Nevada residents and notice of the waiver is posted on GOED's website. To be considered a Nevada resident, each project participant must document that the person has a current and valid Nevada driver's license or identification card of the employee originally issued by the Department of Motor Vehicles more than 60 days before the hiring of the employee; or, if the employee is a veteran of the armed forces of the United States, the person must have a current and valid Nevada driver's license or identification card for the employee issued by the DMV [Department of Motor Vehicles].

If qualified, a lead participant may be approved for transferable tax credits of $9,500 for each qualified employee, up to a maximum of 4,000 employees, for a total of $38 million. The bill provides that no more than $7.6 million in transferable tax credits may be issued in any fiscal year starting in FY [Fiscal Year] 2018 through FY 2025, except for unused credits carried forward, and caps the total credits which may be approved at $38 million. Up to 75 percent of real and personal property taxes and employer excise taxes, meaning the modified business tax, may be abated for qualified projects for up to 10 years, and local sales and use taxes, as defined in the bill, may be abated for up to 15 years.

The bill sets out requirements for public notice, eligibility verification, audits, notice to affected local governments, and repayment of transferable tax credits and abatements if the lead participant or other participants fail to meet the criteria relating to minimum investments or otherwise become ineligible.

In addition, SB 1 grants authority to GOED, if it is deemed in the best interest of the state, to require the lead participant to pay all or a portion of the abated taxes into a trust fund to be held until all or a portion of the requirements for the abatements have been met. If the requirements for the abatements are met, the money in the trust fund, along with any earned income or interest, must be repaid to the lead participant. If the requirements are not met, the money and earned income or interest must be transferred to the entity that would have received the money if the abatements had not been approved.

Reports are required to be submitted to the Governor and Legislature annually by GOED regarding the number of qualified projects submitted and approved along with related matters. Reports must be submitted quarterly by GOED on the dollar amount of the abatements, the number of qualified employees and their wages, and investment amounts. Reports are required annually by a local government that has approved an abatement of licensing or permitting fees.

The bill includes financing mechanisms for related infrastructure needs for a qualified project, including projects for rail service, water, drainage, transportation, fire protection, wastewater, and electric service. Senate Bill 1 permits a local government to submit an application to GOED for approval of an economic development financing proposal to be financed from the proceeds of bonds, securities, or other indebtedness issued by the state. Such a proposal may include the creation of one or more tax increment areas or special districts along with the pledge of revenues from those areas to repay bonds issued by the state. Any proposal submitted after July 1, 2017, must be approved by the Legislature or the Interim Finance Committee, as applicable.

The measure specifies the criteria for approval, the components of an agreement to implement the proposal, and provisions for repayment of issued securities. The State Board of Finance may not issue bonds in an amount exceeding $175 million for each economic development financing agreement or an amount of bonds outstanding for all economic development financing proposals exceeding $200 million.

Senate Bill 1 makes provisions for natural gas service to the boundary of an economic diversification district and grants authority for regional transportation commissions to construct or operate a freight rail project. The bill provides for the allocation of a portion of the sales and use taxes or the modified business tax collected in a tax increment area for a natural resources project, as defined in the bill, or a rail project, for a qualified project, subject to the approval of the Interim Finance Committee.

Finally, the Executive Director of GOED must not include provisions in the State Plan for Economic Development that would grant economic development incentives to persons who pay the net proceeds of minerals tax or gaming license fees imposed on gross gaming revenue.

ASSEMBLYMAN WHEELER:

I rise neither in support nor in opposition to the bill because I think the bill is a good bill. The reason I rise is to ask this body to think about something over the next 14 months. In order to fully realize the economic benefits from both the project in the north that we approved in Senate Bill 1 of the 28th Special Session as well as SB 1 in this session, we are going to need not just specialized employees, but specialized products, specifically lithium. The state of Nevada holds the fifth-largest deposit of lithium in the world, yet we have seen other companies go outside of Nevada and the country to mine and process their lithium.

Believe it or not, Senator Spearman and I will be working together to bring legislation before this body in the next session to help lithium processing in this state. That is all I would like to say. Yes, you heard it right. Senator Spearman and I are going to work together on this. God bless her. We are going to try to put together something nonpartisan for everyone to look at so we can help the processing and create more high-tech jobs in manufacturing industries within this state.

ASSEMBLYMAN MOORE:

I rise in support of this bill. I struggled very deeply with this bill as to where I was going to fall. As most folks in this body know, I do not necessarily agree with big businesses being given taxpayer money to stimulate that sector of our economy. However, with this, I feel there are adequate protections in place for our taxpayers' money. I am comfortable with that. Not just in my own district but throughout Nevada, we have thousands of people who are out of work right now and need a job. For you to go back home and face anyone in your district—the common person on the street or even the homeless person—and say, I had the opportunity to possibly get you a job or get you some training, but I turned my back on you. I think that is not the way to go with this. That is the reason I am going to support it.

ASSEMBLYWOMAN FIORE:

I rise in support of this bill. I want to address my conservative peers. This is very important, especially to some of us conservatives who have questioned whether this company is American or whether there is even a car that they are manufacturing.

I want to extend an invitation from the Faraday Future company to every one of my peers, especially my conservative peers, to see their research and development plant in Gardena, California. With its 400 to 500 employees, you can know this is a real car, this is a real company, and it is a company here in America. There were a few things that we as conservatives feel we did not do right. Maybe we should have taken a tour before we brought this bill to the floor, but we do have that opportunity. Just as when we start businesses and we do not have a product—I will use myself as an example. A month ago, some of you had advertised in this magazine that did not exist. But I told you that I was building it, just like this car, and now it exists. This is what I am seeing with the Faraday Future.

It is so important that we give Nevada the opportunity to begin manufacturing here. When we look at the $1.4 billion SB 483—which, along with many of you, I was opposed to—it is driven by specific industry. If we do not grow Nevada with industries besides our top industry, which is gaming, there is going to be an industry that controls politics whether you like that or not. We need to diversify. We need more industries in this state to diversify where we go.

I am asking my fellow conservatives, every one of you, we made mistakes in the Tesla bill. We made big mistakes with Tesla, and we have the opportunity to make sure this language in SB 1, SB 2, SB 3, and AB 1 fixes the things we overlooked as we were excited to get Tesla in this state. If any of you are on the fence, I ask that you trust me. Please help grow Nevada. Help this manufacturing company come into our North Las Vegas area.

ASSEMBLYMAN HANSEN:

I rise in opposition to Senate Bill 1. Let us do a quick comparison here, since we are talking Tesla and Faraday. Faraday is a sole proprietorship; it is not a corporation. It is owned by a single billionaire from China. This company has money invested in it from the Chinese communist government. There are accesses to that Chinese market which are critical for Tesla's success. I did some homework on this gentleman from China. According to *Business Insider*, "In December, Jia revealed that Leshi had spent the year developing a plan to launch an electric

car, one that will directly take on the Model S" ["Meet The 'Chinese Elon Musk'—A Billionaire Who's About To Launch His Own Electric Car," *Business Insider*, January 9, 2015]. The Model S is the Tesla. Tesla is well within his range of competition. So we have a capital investment from Tesla of $11.4 billion over 20 years, and we are going to bring in Faraday, which is going to be in direct competition with our first investment, and their total investment is only $1.4 billion over 20 years. In other words, Tesla is ten times larger than Faraday. The article went on: "Jia seems to be getting some assistance from the Chinese government . . . Beijing is saying it will give car manufacturing licenses to non-automobile companies like Leshi to . . . encourage homegrown Tesla competitors." In effect, we are subsidizing a Chinese company to possibly put an American company out of business.

I have been doing some homework on the market for electric cars. Obviously, both these companies, at least in theory, are all about electric cars. The portion of the market for electric cars has declined substantially, almost 30 percent in the total number of cars being sold. In addition, there are a whole bunch of new competitors entering the market. You have more established auto makers, such as Chevy, Nissan, Ford, and Volkswagen, racing to grab shares of the electric vehicle market. "As a newcomer to electric vehicles, Faraday will be entering an unproven market that has still not been mastered by Tesla, which unveiled its first electric vehicle nearly a decade ago . . . That could make it even more difficult for an unknown brand such as Faraday to make a dent, experts said. 'Suddenly, this space has become a little bit crowded' . . . The market share for electric vehicles has dropped from a high of 3.7% in 2013 to 2.8% today" ["Electric car start-up Faraday Future picks Nevada over California to build a $1-billion plant," *Los Angeles Times*, December 10, 2015]. Why has it dropped? Because the price of fossil fuels has dropped. Right around here, we are paying two bucks a gallon.

Tesla has not yet made a profit in the car market. So our investment in Tesla is going to be directly challenged by the investment in Faraday. More importantly, Tesla has made it very clear that China is a key component for their success financially. Since Tesla has not been here to complain about this, I am suspicious that these billionaires, Mr. Musk and Mr. Jia, may be talking. The bottom line is that Faraday is a substantially different company than Tesla.

For those of us, like myself, who supported the Tesla deal, why would we change? For one thing, we are here to represent the taxpayers, and these are the taxpayers' dollars that we are talking about. Would I, if it were my own money, feel comfortable investing in Faraday? The answer is no. He is a sole proprietor. He could pull up stakes tomorrow and be gone. Tesla has to answer to a board of directors. It is an American company, substantially different than Faraday.

There are some other provisions in the bill. I really do like Mr. Hill. He is doing a fantastic job. But in this bill, we give so much power to the Executive Director of the Governor's Office of Economic Development. He is an economic czar dealing with hundreds of millions of dollars—if not, in the long run, billions of dollars—of potential investments. He can decide by himself or with a board. There is very little other involvement. You are talking about big dollars over time. That makes me very, very uncomfortable.

We have all been told that this is all about Faraday being a car manufacturer and Tesla being a car manufacturer. Perhaps Tesla is going to evolve into batteries and things like that. There are other things that may be going on. All the people out there in Nevada have been told this is a car thing, but I have been told behind the scenes that we are not that concerned whether or not Faraday makes cars. It is really about the investment in the infrastructure of North Las Vegas. If this bill were about the infrastructure of North Las Vegas, I would not have that much of a problem with the bill. The infrastructure total is about $200 million which, over a ten-year period, is not that big of a deal. Nevertheless, the idea that we are going to force Nevada taxpayers to finance that under the guise of bringing in Faraday makes me a lot more suspicious about it.

The ultimate question for me comes down to this: Would I invest my own money in this? No, I would not. More importantly, when I voted for Tesla, we had an understanding that we were not going to pass a margins tax, that we were not going to further burden the small business community in Nevada with additional taxes. Yet what we did in the last session was vote $1.5 billion of additional taxes on the small business community and now we are here giving a subsidy of approximately $335 million to Faraday. Out there in the world, the voters we all

represent, the ordinary Nevadan—why is it that the small guy always gets left out in these kinds of equations? We raise the taxes on the small business community, yet we create special deals for billionaires to bring them in here and create supposed guaranteed economic opportunities.

Look at the most recent audit of Tesla. I went back and compared what was promised to us in the rosy scenarios. Tesla was supposed to have by now approximately 700 full-time employees. They have 24. They were supposed to be at about 3,000 construction workers. They are at 1,300. They were supposed to be nearing $800 million in investment. They are at $139 million. So the rosy scenarios are not necessarily playing out. If I were playing with my own money, it would be totally different. But I am playing with the taxpayers' money. If the bonding capacity falls, it is going to fall back on the Nevada taxpayers. They have to pay it. If I were to go out there and ask the average Nevadan if Nevada taxpayers should subsidize a billionaire to encourage him to come here to Nevada, I think the average voter would say not only no, but hell no. There have been three separate ballot questions on this issue which were overwhelmingly shot down. In one case, the vote was 3-to-1 against. I would suggest that we think this through. If it were just about the investment in infrastructure in North Las Vegas, I would probably support it. But the idea that we are going to use taxpayer dollars to bring in Faraday to compete with Tesla—by the way, one more thing, Mr. Speaker. This is so rushed. We have been here three days. This is actually our first full day. We got SB 1 in its complete form this morning, and here we are voting on it today. I had requested earlier that we have these hearings so we have an opportunity to discuss it, take it back to our constituents, come back after the holidays, and then vote on it after everyone has an opportunity for input. I have been refused on that. I also asked in this bill that an E-Verify program be included. It has not.

There are a lot of problems with the bill. Overall, I like the idea of helping North Las Vegas. I think this could potentially be a huge blessing if it all works out as the rosy scenario looks like, but I do not think it is right for us to use taxpayer dollars to subsidize somebody who is not even an American company and is potentially in competition with somebody who would be denied market access to that giant Chinese market. I urge everyone to vote no on SB 1.

ASSEMBLYWOMAN DICKMAN:

This has been a really difficult decision for me. Based on reports that I heard regarding the deal proposed for this special session, I came here with a very open mind. I was eager to support it. When I learned some of the details, I became a little less convinced. Over the past few days, most of my issues have been addressed. After hearing all the arguments in support and opposition, I speak in support of the programs Faraday will take advantage of in their decision to move to southern Nevada. Faraday's new manufacturing facility will create hundreds of construction jobs, hundreds of good-paying manufacturing jobs, many new peripheral support businesses, additional jobs in those peripheral businesses, a more diverse employment portfolio for Nevada and, of course, a broader, more stable, consistent tax base. This is exactly what Nevada needs. For me, the most important part is the protections for the state investment that have been built into this. We are basically investing to develop Apex.

Having said that, I would just like to make a couple of observations. Both Faraday and Tesla have decided to locate to Nevada to take advantage of favorable economic conditions in this state. I believe this is the single largest factor in their decisions. Neither Faraday nor Tesla seems to be dissuaded by a perceived lack of a readily available, highly skilled workforce, or by reports of our education system, or by a lack of infrastructure, or any other factors. Faraday and Tesla, as well as other large companies, are coming to Nevada to take advantage of our favorable business conditions. However, these large companies enjoy these favorable business conditions mainly because of their immense size and the special conditions bestowed upon them by this legislative body to entice them into coming here. The same favorable business condition now allows the aircraft maintenance and parts business to flourish once the prohibitive taxes levied on those businesses were lifted.

I believe we can all learn a valuable lesson from Faraday, Tesla, the aircraft repair industry, and others. That lesson is simply that we must focus on creating the most favorable business climate in the country, one that benefits all of Nevada's job creators, not just a select few. If the state of Nevada—from the Governor's Office and the Office of Economic Development to the Legislature—can simply make this the best state in the country in which to do business—for

businesses large and small—just think of how many other Faradays, Teslas, Switches, and even mom-and-pop businesses will locate here. They will come without the need for special incentives, targeted tax abatements, taxpayer-funded programs, et cetera. In a short time, we will see our economy growing and diversifying, our tax base becoming broader and more stable, and Nevadans will enjoy greater incomes and job security. I think the lesson to take away is that lower taxes, minimal regulation, and an inviting business climate are what are really going to turn us around.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

I rise in support of Senate Bill 1. For as long as I can remember, we have talked and talked about wanting to diversify Nevada's economy. We knew that it was not wise to rely on one industry, but we did. We were really in our comfort zone until the recession hit. We had been so resilient during the mini recessions. We thought we would bounce back in just a few months. Not this time. I know that when I went home to my community, I saw sign after sign on houses being foreclosed, friends who had to move out of state because they had such large negative equity in their house, veterans like my husband who came home after serving and could not find a job. They had done their due diligence to serve our country, but now their unit was agonized over the high suicide rate because service members could not provide for their families. It was those kinds of real-life situations that motivated me to leave my comfort zone, get out of the private sector, and get into public service. I wanted to be part of that change.

Here we are with that kind of opportunity right in front of us, something we have only talked about and now it is a reality. It is going to take courage for us to step forward, and that is what I am asking this body to consider. We have an opportunity to attract new industries in manufacturing and distribution. We have an opportunity for large capital investment in our state. We have an opportunity to create new jobs with a new skill set. I know my high school students are super excited about getting into that kind of field.

I want to say thank you to North Las Vegas because of the courage you have had to go find the opportunity instead of just sitting there waiting for it to come to you. Thank you to the Governor's Office and his whole team for creating a new career pathway for our future generations. The ball is now in our court, and we do not need to waste the opportunity. Let us have the courage to make the right decision and create the New Nevada.

ASSEMBLYMAN HICKEY:

I rise in support of Senate Bill 1 and since this is probably my last opportunity to address this body, I especially appreciate the honor. It has been said Nevada always was a gamble. At the same time, there are no rewards without taking risks. This body took a risk at the last special session that many of us participated in when we voted unanimously in support of a similar project—larger, but essentially the same. The world took notice and Americans took notice that Nevadans stood together not as regional representatives or partisans. Beyond the places we represented or the parties we are a part of, we acted as statewide lawmakers in incentivizing development in this state that has helped Nevada. We have changed the brand that is Nevada.

As to the argument that a business could go under, I am here to say that could happen in the Tahoe Reno Industrial Center with the large anchor owner in the personage of Tesla, and it would still go on. Just to name a few of the 40 or so that are there: Ahern, Barrick, eBay, PetSmart, Pittsburgh Paints, Switch, Tesla, WalMart distribution center, Amazon, and Google taking recent interest. This has all happened on the strength of what Nevada did in enabling Tesla to come here. We in the north are now looking at projected 4 and 5 percent growth in the next few years. That is a huge challenge but a happy problem, I submit to you. Why should we not be state lawmakers in this moment and help southern Nevada have that same opportunity to build that infrastructure that we are taking advantage of here?

Finally, I would say that this is not a chunk of coal we are putting in the Christmas stocking of the Silver State. Investing in the future of this state is a gift and a legacy that we can leave. My colleague from rural Sparks acknowledged last time that the Tesla project was as large as the Hoover Dam or when God created Eve. I am not sure which is more important. That was an important step that we took, and so is this. Let us take advantage.

Thank you for this opportunity and for indulging me in these final few remarks that I get before this body. It has been an honor. I close with urging your support of SB 1.

ASSEMBLYWOMAN FIORE:

Thank you, Mr. Speaker, for allowing me to speak for a second time. I want to make it crystal clear and also challenge my peer from District 32 to prove that this is a Chinese company. As you know, the media has a heyday with words that are not true. This is not a Chinese company. This is an American company, and I want that debunked now on the floor so that we are crystal clear. I invite the Assemblyman from District 32 to take a field trip with me and check it out himself.

ASSEMBLYMAN ELLISON:

Four days ago, we showed up in this body and had Assembly Bill 1 and the Senate had Senate Bill 1 which, at that point, created Senate Bill 2 and Senate Bill 3. What we started with on AB 1, we all had a part in drafting. We made changes in that bill so that we could all vote it out of this body, which we did. I thought that was important because we had something to say about that bill, and we made those changes. That made me part of that bill. We got Senate Bill 1, and it was not about building cars in North Las Vegas. It was about building an infrastructure that would open a whole new world of infrastructure with rail ports and create tons and tons of new businesses. I think that is so important. I look back at SB 1, from where it started to where it is today. If you go back and look, we took all of section 64 out of that bill and drafted it to become SB 2, to something that would work not only for North Las Vegas but for my constituents in my county. It was so important that we could address the water issue.

The other thing that concerned me was the mining issue. Were they going to be protected in my district? We have been assured that they are. This is a rough decision because I do not believe in passing the buck to someone else to pay. I have to pay that also, but I see the benefits here. The benefits are going to outweigh the debt. I do not care if they build a car or not. The infrastructure will be there and will benefit this whole state. I think that is important, so I urge you to support SB 1.

ASSEMBLYWOMAN NEAL:

I rise in support of Senate Bill 1. There is nothing more powerful than diversity of thought and opinion. These days of debate have been valuable. We have learned through debate that building policy is hard work and it is okay to be skeptical. It is okay to be thoughtful. It is okay to thoroughly examine because that is the job of policy makers. But what is equally important is to build economic foundations that support a greater Nevada. What I saw happen in these four days, in all of this great thought and debate, was that we sparked hope, we created partnership, and we started to believe in each other that we could build a solid economic foundation. We decided that we would work through our fears and actually trust just a little bit, for a short period of time, to try to make something happen in North Las Vegas. That is what is of great importance. More than coming in here and debating, it is seeing that we have something of value in each other. It is knowing and understanding that someone can see an apple upside down and see an opportunity. That is awesome and amazing, and I think that we need to walk away knowing that we are greater and more powerful because we are diverse in our thought and opinion. I ask you for your support on this bill.

ASSEMBLYWOMAN TITUS:

I rise in opposition to Senate Bill 1. If Senate Bill 1 were just about economic diversity and infrastructure development, I would support it 100 percent because that is the role of government. I firmly believe infrastructure development is the role of government, but this bill is so much more than that. That is the part I cannot support. Throughout the past session, I rose in opposition to all tax abatements. I believed then and I believe now that if the state of Nevada had a fair tax system that would support all of the businesses—not just billionaires, but all the businesses—businesses would come here, and we would not need to be picking who those billionaires are that we are going to support. I am truly concerned that we are putting in direct competition two companies that we are asking the taxpayers to support. I cannot continue to condone that kind of behavior by this body.

ASSEMBLYMAN PAUL ANDERSON:

I rise in support of Senate Bill 1. I appreciate the comments that have been made that express the appreciation we have for North Las Vegas, the Governor's Office of Economic Development and the Governor's team, as well as the local boards, the LVGEA [Las Vegas Global Economic Alliance], and folks that have been involved in this process for some time.

Economic diversity does not just happen. It requires goals, planning, strategy and, most importantly, action. That is why we are here. If you go to the Tax Foundation's website and you look at what other states do when it comes to economic diversity in their states, every single state has a program in one form or another that works to entice businesses to come to their state. We are competing for these jobs. We are competing for these businesses. Without the opportunities that we create in this legislation, in previous legislation, and even before that as we created the Office of Economic Development, these opportunities would not be in front of us at all. There would not even be a discussion about abatements because we would not have businesses wanting to come here.

The Las Vegas Global Economic Alliance testified today that they had 151 businesses that came out to Apex and said, Sorry, we cannot afford to be here; we cannot wait for the infrastructure. So those businesses went to other states. We lost out on those jobs for people to get back to work, on those opportunities, and on the revenue that would have been created there for North Las Vegas. We lost out on those. That is a lot of lost opportunity. Here we have an opportunity to have an anchor tenant in a significant part of the state that is willing to make over a billion-dollar investment in that park. I think that the matching benefits that we get as a state far outweigh any abatements or incentives that we are proposing here. I think it has been extremely thought through as we have gone through this process. This is not the first time we have gone through this process. Senate Bill 1 is not entirely unique. It is very similar to other legislation that we have talked about and have passed.

As we look at whether or not we should support this bill, it is important to get beyond the academic or theoretical parts of this. Again, we competed with other states to attract this business here. Even though, according to the Tax Foundation, we have the fifth-best economic region when it comes to taxes and regulation, we still are not on the top of the list in attracting all the businesses to come here. It is not just about the tax environment or the economic environment. It is about education, workforce development, the willingness we have to come to special session and turn on a dime, in some senses, and say, Please come to our state. I can go to my neighbor, my neighborhood, and my constituents and say I did everything I could to encourage somebody to create a private enterprise to create 4,500 jobs with an additional 9,000 jobs that are looking to be indirectly created through this process. We are talking about $85 billion of economic development here, both direct and indirect. That is significant, and that is a pretty dang good return on investment when we look at what we are putting out there.

I think success begets success. Nevada has momentum rolling forward. We are known now internationally as a place to come and do business. We need to keep that momentum. I certainly encourage everyone to vote yes on Senate Bill 1, and I am excited for the opportunity to be here and to be part of this process.

ASSEMBLYMAN STEWART:

Like my colleague from Reno, this is probably the last time I will address you, so I am going to make it my shortest address by saying I urge you to support Senate Bill 1 for all the reasons that my eloquent colleagues have stated.

ASSEMBLYMAN NELSON:

I rise in support of Senate Bill 1. My speech will be very short because our eloquent Majority Leader said basically what I was going to say. I would like to echo what he said and what other people have said.

The more I have been up here and studying this bill, I think it should not be called the Faraday bill. It probably should be called the Apex bill or perhaps the southern Nevada bill because it is going to have an impact on our entire county and on our entire state. I think the Tesla bill, which you all passed a year ago before those of us who are freshmen were in this body, is going to turn out to be a great boon for our state. This one will build upon that. This is

an improvement on what was passed a year ago. Some of the problems in those earlier bills, as others have pointed out, have been fixed in these bills.

The economic impact is going to be incredible if we keep going the way we are headed. We need to listen to the experts. The people who specialize in economic development have told us for years that there are a number of reasons why people do not choose Nevada. One was our education system, and we took giant strides in the 78th Session in fixing that. What we passed yesterday in Assembly Bill 1 means we will now have training that is crafted to meet the needs of the employers. The other reason businesses have not chosen Nevada was that there have not been any large tracts of land with infrastructure. This will solve that problem, at least for Clark County.

North Las Vegas, as you all know, was on the brink of being turned over to the state and now we have a way to work together with North Las Vegas, Clark County, LVGEA, and GOED to push this forward. I am very grateful that this is a bipartisan effort and not a north-south effort. It is a statewide effort. It will build upon what we have done with Tesla and other companies. I urge you all to vote for this.

ASSEMBLYMAN OSCARSON:

I stand before you today and would be remiss if I did not ask and implore you to support this measure. I represent Assembly District 36, where this economic development process is going to happen. I do not know how many of you have driven through Moapa Valley lately, how many of you have driven through Alamo lately, and up that Lincoln County area. My friends have suffered tremendously from what has happened in those areas. Many of them were dependent on the lake and the traffic that went to the lake and that went down. Lincoln County, without some of the things that will come to fruition with this, has suffered. This is going to be a tremendous opportunity for these areas to redevelop, regrow, and come back to the vital, wonderful rural Nevada that we have come to know and love.

I appreciate the dialogue. I appreciate the support. I appreciate the education components that are going to come out of this and will be utilized in some of the rural areas. I truly am optimistic that this is going to be a real change for our rural areas. Thank you so much for having the prudent discussions we have had. I have learned a lot as well. I would encourage you all to support this very important economic package that will benefit not only North Las Vegas, which I am very grateful for, but some of the rurals as well.

ASSEMBLYWOMAN SEAMAN:

I also rise in support of this measure, but not without the same meaningful concerns as my colleague from District 32 regarding the tools the state is using to develop the economy. We, as a state, should be wary of economic development measures that pick winners and losers. It is not perfect, and we have a tough choice in front of us. We can diversify and create jobs, paychecks, and spending power, or say no on strict principles that no other competing states are living by so that they may capture the jobs, paychecks, and diversification that we seek. I urge my colleagues to support Senate Bill 1.

ASSEMBLYMAN TROWBRIDGE:

I stand in support of this bill. I agree with most of the things that have been said. Today, we need to seize the opportunity to help develop the necessary infrastructure to develop the Apex Industrial Park. This action will provide benefits to not only North Las Vegas and Clark County but to all of Nevada. The action we are being faced with today provides the business world proof that we are, in fact, open for business. That is not my quote. That is one from New York which, by the way, offers a ten-year tax-free zone, which is considerably more than what we are doing here. This bold move that we are faced with today is similar to when Clark County took a chance to facilitate infrastructure development on the dusty road to Los Angeles. That dusty road has become the backbone of the Las Vegas Strip, the economic hub of Nevada. I urge you today to support this bill.

ASSEMBLYMAN EDWARDS:

I rise in support of Senate Bill 1. I understand some of the concerns of my colleagues about where the money is coming from. I would like to point out that the Chinese government's

economic plan is to buy U.S. Treasury bonds with a defined benefit and no risk. I do not think the Chinese government has any interest in this deal whatsoever. To those who are concerned about competition between Tesla and Faraday, competition is good. Competition would make the product better. In fact, enough competition might actually help the lithium mines that our colleagues from the north and the south are hoping to open. I think that would be good for the state as well.

Most importantly, it is good for the folks in my district, especially those in the rurals who have suffered, as my colleague from Assembly District 36 mentioned. There are a lot of families that do not get the education benefits that they need. This offers workforce development that could come in handy to give them a sustainable job. For my constituents who have been unemployed, sometimes for three or four years, this gives them hope for a good job that will take care of their family. For those who are fearful that our economy will never recover, I think this opens a lot of doors that they will greatly appreciate. For more reasons than we really need to mention here—I know everyone wants to vote on this—I want to say that this is a great bill and a great opportunity. I urge everybody to vote in support of it.

Roll call on Senate Bill No. 1:

YEAS—37.

NAYS—Hansen, Jones, Shelton, Titus—4.

VACANT—1.

Senate Bill No. 1 having received a two-thirds majority, Mr. Speaker declared it passed.

Bill ordered transmitted to the Senate.

Senate Bill No. 2.

Bill read third time.

Remarks by Assemblymen Oscarson, Hansen, and Carlton.

ASSEMBLYMAN OSCARSON:

Senate Bill 2 authorizes the State Engineer to expedite action on an application for a permit relating to water rights in an area in which a project qualified under Senate Bill 1 of the 29th Special Session is located. Such expedited action must occur upon receipt of a notice from the Executive Director of the Governor's Office of Economic Development that the qualified project is an economic development priority of the state and that expedited action is necessary.

This measure also provides specific procedures with respect to such an expedited application that involves changing the point of diversion, place of use, or manner of use of an existing water right that lies within a basin that has certain connections to and is managed jointly with one or more other basins. Only persons holding a water right in the basin or basins may appeal or protest such an application.

This is a culmination of effort by many people—the City of North Las Vegas and the Southern Nevada Water District. I give special thanks to Senator Goicoechea, who worked tirelessly for hours to make this happen, as well as Senator Settelmeyer, Assemblyman Ellison, and others who also worked to make this happen. They took this out of water law to make it happen. I am very grateful for the opportunity to introduce this, and I support it.

ASSEMBLYMAN HANSEN:

I rise in opposition to Senate Bill 2 for a couple of reasons. I have been upset that this whole process is so rushed. Water law is extremely complicated in Nevada. The State Engineer was not here. This one sentence alone in this bill really disturbs me: "Notwithstanding any other provision of law to the contrary . . . ." We are basically saying this now trumps every other water law.

The other thing that is a little bit disturbing to me is that the only people who can protest any of this are people who actually have a water right in the basin. There are often very legitimate concerns about these kinds of changes and the impacts they have on the environment from

sportsmen's groups and environmental groups. Deliberately trying to deny them their right to protest is not fair.

I would also point out that the individual who spoke to us has been working for six years trying to get his water right situation straightened out. Once again, the little guy gets the shaft in the process, and the big guy not only gets the law in his favor but gets carte blanche special treatment. The big guy gets water rights and water law that nobody else in the state has. For those reasons, I am going to be voting no.

ASSEMBLYWOMAN CARLTON:

I would like to make it perfectly clear with the body that this bill is in NRS [*Nevada Revised Statutes*] Chapter 360. It is not in NRS Chapter 533. It does not affect any other water law. We know in this state that whiskey is for drinking and water is for fighting. This is not in water law. We are safe, and there are accountability measures built in. I want to make sure the body understands that we have not touched the water law in this state.

Roll call on Senate Bill No. 2:

YEAS—37.

NAYS—Hansen, Jones, Shelton, Titus—4.

VACANT—1.

Senate Bill No. 2 having received a constitutional majority, Mr. Speaker declared it passed.

Bill ordered transmitted to the Senate.

Senate Bill No. 3.

Bill read third time.

Remarks by Assemblymen Nelson and Thompson.

ASSEMBLYMAN NELSON:

Senate Bill 3 amends the Las Vegas Valley Water District Act to designate the District and the Southern Nevada Water Authority as the exclusive providers of water service for the Garnet Valley Ground Water Basin in Clark County, Nevada.

The measure specifies that any preexisting contract or agreement for the provision of such water service is void. Senate Bill 3 also requires the Legislature to review, on or before July 1, 2021, the effects of these provisions as well as any economic development financing proposal approved by the Governor's Office of Economic Development pursuant to Senate Bill 1 of the 29th Special Session. The bill is effective upon passage and approval.

I urge my colleagues to support this bill. This has been a highly negotiated piece of legislation involving the Southern Nevada Water Authority, the Las Vegas Valley Water District, and the City of North Las Vegas. They have all come to an agreement that will work best to supply the necessary water for the development.

ASSEMBLYMAN THOMPSON:

I stand in support of this bill. I am very excited and glad that we were able to come together, have the tough conversations around this, and make sure that it is truly in the best interest of our state. I am very glad to see and hear on the record that ratepayers will not be affected. This is going to be something good. We have the accountability measures in place and will be able to revisit it in the future to make it better and better. I urge everybody to please support this bill.

Roll call on Senate Bill No. 3:

YEAS—37.

NAYS—Hansen, Jones, Shelton, Titus—4.

VACANT—1.

Senate Bill No. 3 having received a constitutional majority, Mr. Speaker declared it passed.

Bill ordered transmitted to the Senate.

Mr. Speaker announced if there were no objections, the Assembly would recess until the call of the Chair.

Assembly in recess at 2:45 p.m.

ASSEMBLY IN SESSION

At 3:45 p.m.
Mr. Speaker presiding.
Quorum present.

MESSAGES FROM THE SENATE

SENATE CHAMBER, Carson City, December 19, 2015

To the Honorable the Assembly:

I have the honor to inform your honorable body that the Senate on this day adopted Senate Concurrent Resolution No. 1.

SHERRY RODRIGUEZ
Assistant Secretary of the Senate

MOTIONS, RESOLUTIONS AND NOTICES

By Assemblymen Roberson, Hammond, Brower, Gustavson, Farley; Goicoechea, Hardy, Harris, Kieckhefer, Lipparelli, and Settelmeyer.

Senate Concurrent Resolution No. 1—Declaring and expressing the Legislature's purpose and intent in enacting Senate Bill No. 302 of the 78th Session of the Legislature.

Assemblyman Paul Anderson moved the adoption of the resolution.

Remarks by Assemblyman Paul Anderson and Elliot Anderson.

ASSEMBLYMAN PAUL ANDERSON:

Senate Concurrent Resolution 1 declares and expresses the Legislature's purpose and intent in enacting Senate Bill 302 of the 78th Session, which created the education savings account, or ESA, program. Because this body is the same Legislature that enacted SB 302 of the 78th Session, it has the power to provide guidance regarding our purpose and intent in enacting SB 302 of the 78th Session.

When the Legislature passed SB 302 of the 78th Session, it was our understanding that the ESA program would be interpreted to be in harmony with Nevada's existing education laws and the Interstate Compact on Educational Opportunity for Military Children. Therefore, this resolution encourages the State Treasurer to adopt regulations to carry out our original purpose and intent.

This resolution also provides direction, guidance, and advice regarding our original purpose and intent to the Legislative Commission and the Subcommittee to Review Regulations when they are reviewing any regulations adopted by the State Treasurer.

ASSEMBLYMAN ELLIOT ANDERSON:

I rise in opposition to this resolution. First, I would like to thank the Majority Leader, on behalf of the Democratic Caucus, for the warning on this. We just wanted to say briefly that we are disappointed that this was done. The Legislature should not be injecting itself into litigation. I would just note that the 29th Special Session cannot speak retroactively for the 78th Session because it is a different membership—we have a vacancy from Commissioner Kirkpatrick's seat.

Thanks again to the Majority Leader for the notice. With that, I urge my colleagues to vote against this resolution.

Roll call on Senate Concurrent Resolution No. 1:

YEAS—25.

NAYS—Elliot Anderson, Araujo, Bustamante Adams, Carlton, Carrillo, Diaz, Flores, Joiner, Munford, Neal, Ohrenschall, Spiegel, Sprinkle, Swank, Thompson—15.

EXCUSED—Benitez-Thompson.

VACANT—1.

Resolution adopted and ordered transmitted to the Senate.

REMARKS FROM THE FLOOR

Mr. Speaker requested the privilege of the Chair for the purpose of making the following remarks:

We have three members who will not be returning in addition to Assemblyman Munford, who was honored during the regular session. Assemblyman Lynn Stewart will not be returning. I asked the LCB [Legislative Counsel Bureau] Research Division to do some checking up on Mr. Stewart, and they have verified that he was not a contemporary of Abraham Lincoln, as much as he likes to claim that he was. He has been very busy during his time in the Legislature. He has been on the Assembly Committees on Education, Government Affairs, Health and Human Services, Legislative Operations and Elections, and Taxation as well as the Select Committee on the Assembly.

Lynn, you are going to be missed. You are a gentleman. I think the entire body enjoyed your candor, your wit, and your integrity and honesty. You have been a true credit to this institution. I would ask my colleagues to please stand and show our gratitude to Assemblyman Lynn Stewart.

Assemblyman Pat Hickey is one of two members of this body who has served in two centuries. Assemblyman Hickey has served this body twice. You would have thought he learned his lesson the first time, but he came back. He is a dedicated member of his community, living up at Lake Tahoe. He is a journalist, a hard worker, and an amazing family man. He is committed to this institution, his community, and this state. During his time in the Legislature, he has served on the Assembly Committees on Commerce and Labor, Education, Taxation, Health and Human Services, Legislative Operations and Elections, Government Affairs, and Ways and Means. Pat, you are going to be missed. I understand that you already went to see *Star Wars* and they have converted you to the dark side. You are going to become a member of the Fourth Estate. Some of the younger members might not understand what the Fourth Estate is, but you and I most certainly do.

Last but certainly not least, Randy Kirner. Randy Kirner has not been in this body as long as some of the members, but he has a unique history. As many of you have, Randy defended this country and our flag as an Army Ranger. Dr. Kirner, Ph.D., has a fun sense of humor with a very slow cadence and is very deliberate in his thought. He is not afraid to challenge and will not let you skip the question. He will press and make sure you answer his questions. Randy, you sat next to me. We had offices next to each other. When you first came in, we knocked on the walls and had codes going back and forth. You and your lovely wife, Peggy, have been a joy to my wife and me. I wish you well. I know you did a world tour not too long ago. When I grew up, my mother said that if you take something to school, you have to bring enough for everybody. Who else in this body was on that world tour? You have to fix that.

You are going to be missed. All three of these gentlemen are going to be missed. Regardless of party, integrity and cordiality are above all, and you certainly have all those. Randy, it has been an honor to have you in this building. Thank you very much.

GUESTS EXTENDED PRIVILEGE OF ASSEMBLY FLOOR

On request of Speaker Hambrick, the privilege of the floor of the Assembly Chamber for this day was extended to Cameron Hoffman, Candace Hoffman, Connor Hoffman, Caedmon Hoffman, Cassandra Hoffman, Colton Hoffman, Ben Hoffman, and Allison Hoffman.

A committee from the Senate consisting of Senators Settelmeyer, Kieckhefer, and Woodhouse appeared before the bar of the Assembly and announced that the Senate was ready to adjourn *sine die*.

Mr. Speaker appointed Assemblymen Stewart, Silberkraus, and Flores as a committee to wait upon His Excellency, Governor Brian Sandoval, Governor of the State of Nevada, and inform him that the Assembly was ready to adjourn *sine die*.

Mr. Speaker appointed Assemblymen Hickey, O'Neill, and Thompson as a committee to wait upon the Senate and inform that honorable body that the Assembly was ready to adjourn *sine die*.

Assemblyman Hickey reported that his committee had informed the Senate that the Assembly was ready to adjourn *sine die*.

Assemblyman Stewart reported that his committee had informed the Governor that the Assembly was ready to adjourn *sine die*.

Assemblyman Paul Anderson moved that the 29th Special Session of the Assembly of the Legislature of the State of Nevada adjourn *sine die*.

Motion carried.

Assembly adjourned at 4:07 p.m.

Approved:

JOHN HAMBRICK
Speaker of the Assembly

Attest: SUSAN FURLONG
Chief Clerk of the Assembly

APPENDICES

Twenty-Ninth Special Session, 2015

	Page
APPENDIX A	131
Proposed Amendment 3515 to Assembly Bill No. 1, prepared by the Legal Division, Legislative Counsel Bureau	
APPENDIX B	145
Letter dated December 17, 2015, from Renee L. Olson, Administrator, Employment Security Division, Department of Employment, Training and Rehabilitation, regarding Assembly Bill No. 1	
APPENDIX C	147
Proposed Amendment to Assembly Bill No. 1, submitted by Assemblyman Hansen	
APPENDIX D	148
Legislative Briefing Materials for the 29th (2015) Special Session, provided by the Governor's Office of Economic Development	
APPENDIX E	230
Statement from Jason Weinman, Outreach Director, Libertarian Party of Nevada, in opposition to Senate Bill No. 1	
APPENDIX F	231
Statement from Andrew Lea, Student, College of Southern Nevada, in opposition to Senate Bill No. 1	

MOCK-UP

PROPOSED AMENDMENT 3515 TO ASSEMBLY BILL NO. 1

PREPARED FOR ASSEMBLY COMMITTEE OF THE WHOLE
DECEMBER 18, 2015

PREPARED BY THE LEGAL DIVISION

NOTE: THIS DOCUMENT SHOWS PROPOSED AMENDMENTS IN CONCEPTUAL FORM. THE LANGUAGE AND ITS PLACEMENT IN THE OFFICIAL AMENDMENT MAY DIFFER.

EXPLANATION: Matter in (1) ***blue bold italics*** is new language in the original bill; (2) variations of **green bold underlining** is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.

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

Section 1. Chapter 231 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to ~~[5,]~~ 5.5, inclusive, of this act.

Sec. 2. ***"Authorized provider" means any institution within the Nevada System of Higher Education, a state or local agency, a school district, a charter school, a nonprofit organization, a labor organization or a private postsecondary educational institution that provides a program of workforce development approved by the Office.***

Sec. 3. ***It is hereby declared to be the public policy of this State in implementing the State Plan for Economic Development developed by the Executive Director pursuant to subsection 2 of NRS 231.053 that*** ~~***[the]***~~ :

1. The industrial and economic development of all geographic areas of this State be supported through the implementation of programs of workforce development that prioritize the recruitment, assessment and training of a highly skilled and diverse workforce ~~***[.]***~~ ***; and***

2. Creating equal opportunities is critical to ensuring equity, social and economic mobility and sustainability.

PROPOSED AMENDMENT TO AB1

Appendix A

Sec. 4. *1. A person who wishes to provide a program of workforce recruitment, assessment and training may apply to the Office for approval of the program. The application must be submitted on a form prescribed by the Office.*

2. Each application must include:

(a) The name, address and telephone number of the applicant;

(b) ~~[A description of the types of employers;]~~ The name of each business for which the applicant will provide the proposed program of workforce recruitment, assessment and training;

(c) A statement of the objectives of the proposed program of workforce recruitment, assessment and training;

(d) A workforce diversity action plan; and

(e) The estimated cost of the proposed program of workforce recruitment, assessment and training.

3. Any program of workforce recruitment, assessment and training approved by the Office pursuant to this section must:

(a) Include a workforce diversity action plan approved by the Office; and

(b) To the extent practicable, be provided on a statewide basis to support the industrial and economic development of all geographic areas of this State.

4. The Office shall:

(a) Maintain on the Internet website of the Office a list of the criteria for evaluating applications for approval of a program of workforce recruitment, assessment and training;

(b) Approve or disapprove each application for approval of a program of workforce recruitment, assessment and training within 60 days after receiving a complete application; and

(c) Provide notice of the approval or disapproval of each application to the applicant within 10 days after approving or disapproving the application.

5. An authorized provider that provides a program of workforce recruitment, assessment and training approved by the Office pursuant to this section or the governing body of a local government within the jurisdiction of which the authorized provider will provide the program may apply to the Office for an allocation, grant or loan of money to defray in whole or in part the cost of the program. The application must be submitted on a form prescribed by the Office.

~~5.~~ 6. The Office shall approve or deny each application for an allocation, grant or loan of money submitted pursuant to subsection ~~4~~ 5 within 45 days after receipt of the application. When considering an application, the Office shall give priority to a program of workforce recruitment, assessment and training that will provide workforce development services to one or more businesses that:

(a) Provide high-skill and high-wage jobs to residents of this State;

(b) To the greatest extent practicable, use materials that are produced or bought in this State; ~~[and]~~

(c) Are consistent with the State Plan for Economic Development developed by the Executive Director pursuant to subsection 2 of NRS 231.053 ~~.~~

~~6.~~ ; and

(d) Are consistent with the unified state plan submitted by the Governor to the Secretary of Labor pursuant to 29 U.S.C. § 3112.

7. An authorized provider may use money distributed pursuant to this section:

(a) To provide technical services to a business that participates in the program of workforce recruitment, assessment and training;

(b) To provide publicity for the program of workforce recruitment, assessment and training and for job recruiting and assessments conducted through the program;

(c) To provide instructional services;

(d) To provide analysis of on-site training;

(e) To pay any costs relating to the rental of instructional facilities, including, without limitation, utilities and costs relating to the storage and transportation of equipment and supplies;

(f) To pay administrative and personnel costs; and

(g) To pay any other costs necessary to effectively carry out the program of workforce recruitment, assessment and training.

~~7.~~ 8. A person who operates a business or will operate a business in this State may apply to the Office to participate in a program of workforce recruitment, assessment and training provided by an authorized provider. The application must be submitted on a form prescribed by the Office and must include, without limitation:

(a) The name, address and telephone number of the business;

(b) Proof satisfactory to the Office that the business is consistent with the State Plan for Economic Development developed by the Executive Director pursuant to subsection 2 of NRS 231.053;

(c) A description of the number and types of jobs that the business expects will be created as a result of its participation in the program of workforce recruitment, assessment and training and the wages the business expects to pay to persons employed in those jobs;

(d) The types of services which will be provided to the business through the program of workforce recruitment, assessment and training;

(e) A workforce diversity action plan approved by the Office; and

(f) Any other information required by the Office.

Sec. 4.5. *A workforce diversity action plan submitted to the Office for approval pursuant to paragraph (a) of subsection 3 of section 4 of this act or paragraph (e) of subsection 8 of section 4 of this act, must include, without limitation:*

1. A statement expressing a commitment to workforce diversity, an explanation of the actions that will be taken and strategies that will be implemented to promote workforce diversity and the goals and performance measures which will be used to measure the success of the plan in achieving those goals; and

2. A statement expressing a commitment to comply with all applicable federal and state laws.

Sec. 5. *A business that participates in a program of workforce development may request that any proprietary information, intellectual property or trade secret which is contained in any training materials provided through the program ~~[which relate to the business]~~ be deemed confidential. Upon approval by the Executive Director of such a request, the ~~[training materials]~~ proprietary information, intellectual property or trade secret identified by the business shall be deemed confidential , may be redacted from the training materials and may not be disclosed.*

Sec. 5.5. *The Office shall, on or before January 15 of each odd-numbered year, prepare and submit to the Director of the Legislative Counsel Bureau for transmission to the Legislature a report concerning programs of workforce development which receive money from the Workforce Innovations for a New Nevada Account created by NRS 231.151. The report must include:*

1. A summary of the expenditures from the Account;

2. A summary of the outcomes of the programs of workforce development which receive money from the Account, including, without limitation, the number of persons trained by each program, the number of persons employed by businesses that participate in each program and the average wages of the employees who are hired through each program;

3. An evaluation of the workforce diversity action plan of each authorized provider and each business that participates in a program of workforce development; and

4. Any other information the Executive Director of the Office determines is appropriate.

Sec. 6. NRS 231.037 is hereby amended to read as follows:

231.037 The Board shall:

1. Review and evaluate all programs of economic development in this State and make recommendations to the Legislature for legislation to improve the effectiveness of those programs in implementing the State Plan for Economic Development developed by the Executive Director pursuant to subsection 2 of NRS 231.053.

2. Recommend to the Executive Director a State Plan for Economic Development and make recommendations to the Executive Director for carrying out the State Plan for Economic Development, including, without limitation, recommendations regarding the development and

implementation of a recruiting and marketing effort to attract professionals and businesses to this State.

3. Recommend to the Executive Director the criteria for the designation of regional development authorities.

4. Make recommendations to the Executive Director for the designation for the southern region of this State, the northern region of this State and the rural region of this State, one or more regional development authorities for each region.

5. Provide advice and recommendations to the Executive Director concerning:

(a) The procedures to be followed by any entity seeking to obtain any development resource, allocation, grant or loan from the Office;

(b) The criteria to be used by the Office in providing development resources and making allocations, grants and loans;

(c) The requirements for reports from the recipients of development resources, allocations, grants and loans from the Office concerning the use thereof; ~~[and]~~

(d) ***The development and implementation of programs to provide customized workforce development services to existing and prospective businesses in this State; and***

(e) Any other activities of the Office.

6. Review each proposal by the Executive Director to enter into a contract pursuant to NRS 231.057 for more than $100,000 or allocate, grant or loan more than $100,000 to any entity and, as the Board determines to be in the best interests of the State, approve or disapprove the proposed allocation, grant or loan. Notwithstanding any other statutory provision to the contrary, the Executive Director shall not enter into any contract pursuant to NRS 231.057 for more than $100,000 or make any allocation, grant or loan of more than $100,000 to any entity unless the allocation, grant or loan is approved by the Board.

Sec. 7. NRS 231.055 is hereby amended to read as follows:

231.055 Under the direction of the Executive Director, the Office:

1. Shall provide administrative and technical support to the Board.

2. Shall support the efforts of the Board, the regional development authorities designated by the Executive Director pursuant to subsection 4 of NRS 231.053 and the private sector to encourage the creation and expansion of businesses in Nevada and the relocation of businesses to Nevada.

3. Shall coordinate and oversee all economic development programs in this State to ensure that such programs are consistent with the State Plan for Economic Development developed by the Executive Director pursuant to subsection 2 of NRS 231.053, including, without limitation:

(a) Coordinating the economic development activities of agencies of this State, local governments in this State and local and regional

organizations for economic development to avoid duplication of effort or conflicting efforts;

(b) Working with local, state and federal authorities to streamline the process for obtaining abatements, financial incentives, grants, loans and all necessary permits , ~~[and]~~ licenses ***and registrations*** for the creation or expansion of businesses in Nevada or the relocation of businesses to Nevada; and

(c) Reviewing, analyzing and making recommendations for the approval or disapproval of applications for abatements, financial incentives, development resources, and grants and loans of money provided by the Office.

4. Shall, upon request, assist an electric utility with the marketing of vacant or decommissioned assets for sale and redevelopment pursuant to NRS 704.734.

5. ***Shall, in consultation with the Nevada System of Higher Education, the Department of Employment, Training and Rehabilitation, the Department of Education and any other person or entity which the Executive Director determines is appropriate, develop and implement one or more programs to provide customized workforce development services to persons that create and expand businesses in Nevada and relocate businesses to Nevada.***

6. Shall prepare a list of authorized providers that are eligible to provide programs of workforce recruitment, assessment and training pursuant to section 4 of this act.

7. May:

(a) Participate in any federal programs for economic development that are consistent with the State Plan for Economic Development developed by the Executive Director pursuant to subsection 2 of NRS 231.053; and

(b) When practicable and authorized by federal law, act as the agency of this State to administer such federal programs.

Sec. 8. NRS 231.0685 is hereby amended to read as follows:

231.0685 The Office shall, on or before January 15 of each odd-numbered year, prepare and submit to the Director of the Legislative Counsel Bureau for transmission to the Legislature a report concerning the abatements from taxation that the Office approved pursuant to NRS 274.310, 274.320, 274.330, 360.750, 360.752, 360.753 or 360.754. The report must set forth, for each abatement from taxation that the Office approved during the fiscal years which are 3 fiscal years and 6 fiscal years immediately preceding the submission of the report:

1. The dollar amount of the abatement;

2. The location of the business for which the abatement was approved;

3. The value of infrastructure included as an incentive for the business;

4. If applicable, the number of employees that the business for which the abatement was approved employs or will employ;

5. Whether the business for which the abatement was approved is a new business or an existing business;

6. The economic sector in which the business operates, the number of primary jobs related to the business, the average wage paid to employees of the business and the assessed values of personal property and real property of the business; ~~[and]~~

7. ***Any information concerning whether the business for which the abatement was approved participates or has participated in a program of workforce development, as defined in NRS 231.146, implemented by the Executive Director; and***

8. Any other information that the Office determines to be useful.

Sec. 9. NRS 231.141 is hereby amended to read as follows:

231.141 As used in NRS 231.141 to 231.152, inclusive, ***and sections 2 to*** ~~[5.]~~ ***5.5, inclusive, of this act,*** unless the context otherwise requires, the words and terms defined in NRS ~~[231.143 and]~~ 231.146 ***and section 2 of this act*** have the meanings ascribed to them in those sections.

Sec. 10. NRS 231.146 is hereby amended to read as follows:

231.146 "Program ~~[" means a course]~~ ***of workforce development" includes:***

1. A program of ***workforce*** training ~~[administered by a community college for employees of a business.]~~ ***provided pursuant to NRS 231.147.***

2. A program of workforce recruitment, assessment and training provided pursuant to section 4 of this act.

Sec. 11. NRS 231.147 is hereby amended to read as follows:

231.147 1. A person who operates a business or will operate a business in this State may apply to the Office for approval of a program ~~[.]~~ ***of workforce training.*** The application must be submitted on a form prescribed by the Office.

2. Each application must include:

(a) The name, address and telephone number of the business;

(b) The number and types of jobs for the business that are available or will be available upon completion of the program ~~[.]~~ ***of workforce training;***

(c) A statement of the objectives of the proposed program ~~[.]~~ ***of workforce training;***

(d) The estimated cost for each person enrolled in the program ~~[.]~~ ***of workforce training;*** and

(e) A statement signed by the applicant certifying that, if the program ***of workforce training*** set forth in the application is approved and money is granted by the Office to ~~[a community college]~~ ***an authorized provider*** for the program ~~[.]~~ ***of workforce training,*** each employee who completes the program ~~[.]~~ ***of workforce training:***

(1) Will be employed in a full-time and permanent position in the business; and

(2) While employed in that position, will be paid not less than 80 percent of the lesser of the average industrial hourly wage in:

(I) This State; or

(II) The county in which the business is located,

➥ as determined by the Employment Security Division of the Department of Employment, Training and Rehabilitation on July 1 of each fiscal year.

3. Upon request, the Office may assist an applicant in completing an application pursuant to the provisions of this section.

4. Except as otherwise provided in subsection 5, the Office shall approve or deny each application within 45 days after receipt of the application. When considering an application, the Office shall give priority to a business that:

(a) Provides high-skill and high-wage jobs to residents of this State;

(b) To the greatest extent practicable, uses materials for the business that are produced or bought in this State; ~~[and]~~

(c) Is consistent with the State Plan for Economic Development developed by the Executive Director pursuant to subsection 2 of NRS 231.053 ~~[.]~~ ***; and***

(d) Is consistent with the unified state plan submitted by the Governor to the Secretary of Labor pursuant to 29 U.S.C. § 3112.

5. Before approving an application, the Office shall establish the amount of matching money that the applicant must provide for the program ~~[.]~~ ***of workforce training.*** The amount established by the Office for that applicant must not be less than 25 percent of the amount the Office approves for the program ~~[.]~~ ***of workforce training.***

6. If the Office approves an application, it shall notify the applicant, in writing, within 10 days after the application is approved.

7. If the Office denies an application, it shall, within 10 days after the application is denied, notify the applicant in writing. The notice must include the reason for denying the application.

Sec. 12. NRS 231.149 is hereby amended to read as follows:

231.149 1. The Office may apply for or accept any gifts, grants, donations or contributions from any source to carry out the provisions of NRS 231.141 to 231.152, inclusive ~~[.]~~ ***, and sections 2 to ~~[5,]~~ 5.5, inclusive, of this act.***

2. Any money the Office receives pursuant to subsection 1 must be deposited in the State Treasury ***for credit to the Workforce Innovations for a New Nevada Account*** pursuant to NRS 231.151.

3. A person who makes a gift, grant, donation or contribution to the Office to carry out the provisions of NRS 231.141 to 231.152, inclusive, and sections 2 to 5.5, inclusive, of this act must be:

(a) Informed that the receipt and use by the Office of the gift, grant, donation or contribution may be conditioned upon terms specified by the person; and

(b) Provided the opportunity to place conditions upon the receipt and use by the Office of the gift, grant, donation or contribution.

Sec. 13. NRS 231.151 is hereby amended to read as follows:

231.151 1. ***The Workforce Innovations for a New Nevada Account is hereby created in the State General Fund.*** Any money the Office receives pursuant to NRS 231.149 or that is appropriated to carry out the provisions of NRS 231.141 to 231.152, inclusive ~~[.]~~ ***, and sections 2 to ~~[5,]~~ 5.5, inclusive, of this act:***

(a) Must be deposited in the ~~[State Treasury and accounted for separately in the]~~ State General Fund ~~[.]~~ ***for credit to the Account;*** and

(b) May only be used to carry out those provisions.

2. Except as otherwise provided in subsection 3, the balance remaining in the Account that has not been committed for expenditure on or before June 30 of ~~[a]~~ ***an odd-numbered*** fiscal year reverts to the State General Fund.

3. In calculating the uncommitted remaining balance in the Account at the end of ~~[a]~~ ***an odd-numbered*** fiscal year, any money in the Account that is attributable to a gift, grant, donation or contribution:

(a) To the extent not inconsistent with a term of the gift, grant, donation or contribution, shall be deemed to have been committed for expenditure before any money that is attributable to a legislative appropriation; and

(b) Must be excluded from the calculation of the uncommitted remaining balance in the Account at the end of ~~[the]~~ ***each odd-numbered*** fiscal year if necessary to comply with a term of the gift, grant, donation or contribution.

4. The Office shall administer the Account. Any interest or income earned on the money in the Account must be credited to the Account. Any claims against the Account must be paid as other claims against the State are paid.

Sec. 14. NRS 231.152 is hereby amended to read as follows:

231.152 The Office may adopt such regulations as are necessary to carry out the provisions of NRS ~~[231.147.]~~ ***231.141 to 231.152, inclusive, and sections 2 to ~~[5,]~~ 5.5, inclusive, of this act.***

Sec. 15. NRS 239.010 is hereby amended to read as follows:

239.010 1. Except as otherwise provided in this section and NRS 1.4683, 1.4687, 1A.110, 41.071, 49.095, 62D.420, 62D.440, 62E.516, 62E.620, 62H.025, 62H.030, 62H.170, 62H.220, 62H.320, 75A.100, 75A.150, 76.160, 78.152, 80.113, 81.850, 82.183, 86.246, 86.54615, 87.515, 87.5413, 87A.200, 87A.580, 87A.640, 88.3355, 88.5927, 88.6067, 88A.345, 88A.7345, 89.045, 89.251, 90.730, 91.160, 116.757, 116A.270, 116B.880, 118B.026, 119.260, 119.265, 119.267, 119.280, 119A.280,

119A.653, 119B.370, 119B.382, 120A.690, 125.130, 125B.140, 126.141, 126.161, 126.163, 126.730, 127.007, 127.057, 127.130, 127.140, 127.2817, 130.312, 130.712, 136.050, 159.044, 172.075, 172.245, 176.015, 176.0625, 176.09129, 176.156, 176A.630, 178.39801, 178.4715, 178.5691, 179.495, 179A.070, 179A.165, 179A.450, 179D.160, 200.3771, 200.3772, 200.5095, 200.604, 202.3662, 205.4651, 209.392, 209.3925, 209.419, 209.521, 211A.140, 213.010, 213.040, 213.095, 213.131, 217.105, 217.110, 217.464, 217.475, 218A.350, 218E.625, 218F.150, 218G.130, 218G.240, 218G.350, 228.270, 228.450, 228.495, 228.570, 231.069, 233.190, 237.300, 239.0105, 239.0113, 239B.030, 239B.040, 239B.050, 239C.140, 239C.210, 239C.230, 239C.250, 239C.270, 240.007, 241.020, 241.030, 241.039, 242.105, 244.264, 244.335, 250.087, 250.130, 250.140, 250.150, 268.095, 268.490, 268.910, 271A.105, 281.195, 281A.350, 281A.440, 281A.550, 284.4068, 286.110, 287.0438, 289.025, 289.080, 289.387, 289.830, 293.5002, 293.503, 293.558, 293B.135, 293D.510, 331.110, 332.061, 332.351, 333.333, 333.335, 338.070, 338.1379, 338.1725, 338.1727, 348.420, 349.597, 349.775, 353.205, 353A.049, 353A.085, 353A.100, 353C.240, 360.240, 360.247, 360.255, 360.755, 361.044, 361.610, 365.138, 366.160, 368A.180, 372A.080, 378.290, 378.300, 379.008, 386.655, 387.626, 387.631, 388.5275, 388.528, 388.5315, 388.750, 391.035, 392.029, 392.147, 392.264, 392.271, 392.652, 392.850, 394.167, 394.1698, 394.447, 394.460, 394.465, 396.3295, 396.405, 396.525, 396.535, 398.403, 408.3885, 408.3886, 408.3888, 408.5484, 412.153, 416.070, 422.290, 422.305, 422A.320, 422A.350, 425.400, 427A.1236, 427A.872, 432.205, 432B.175, 432B.280, 432B.290, 432B.407, 432B.430, 432B.560, 433.534, 433A.360, 439.840, 439B.420, 440.170, 441A.195, 441A.220, 441A.230, 442.330, 442.395, 445A.665, 445B.570, 449.209, 449.245, 449.720, 450.140, 453.164, 453.720, 453A.610, 453A.700, 458.055, 458.280, 459.050, 459.3866, 459.555, 459.7056, 459.846, 463.120, 463.15993, 463.240, 463.3403, 463.3407, 463.790, 467.1005, 480.365, 481.063, 482.170, 482.5536, 483.340, 483.363, 483.575, 483.659, 483.800, 484E.070, 485.316, 503.452, 522.040, 534A.031, 561.285, 571.160, 584.583, 584.655, 598.0964, 598.098, 598A.110, 599B.090, 603.070, 603A.210, 604A.710, 612.265, 616B.012, 616B.015, 616B.315, 616B.350, 618.341, 618.425, 622.310, 623.131, 623A.353, 624.110, 624.265, 624.327, 625.425, 625A.185, 628.418, 629.047, 629.069, 630.133, 630.30665, 630.336, 630A.555, 631.368, 632.121, 632.125, 632.405, 633.283, 633.301, 633.524, 634.212, 634.214, 634A.185, 635.158, 636.107, 637.085, 637B.288, 638.087, 638.089, 639.2485, 639.570, 640.075, 640A.220, 640B.730, 640C.400, 640C.745, 640C.760, 640D.190, 640E.340, 641.090, 641A.191, 641B.170, 641C.760, 642.524, 643.189, 644.446, 645.180, 645.625, 645A.050, 645A.082, 645B.060, 645B.092, 645C.220, 645C.225, 645D.130, 645D.135, 645E.300, 645E.375, 645G.510, 645H.320, 645H.330, 647.0945, 647.0947, 648.033, 648.197,

PROPOSED AMENDMENT TO AB1

649.065, 649.067, 652.228, 654.110, 656.105, 661.115, 665.130, 665.133, 669.275, 669.285, 669A.310, 671.170, 673.430, 675.380, 676A.340, 676A.370, 677.243, 679B.122, 679B.152, 679B.159, 679B.190, 679B.285, 679B.690, 680A.270, 681A.440, 681B.260, 681B.410, 681B.540, 683A.0873, 685A.077, 686A.289, 686B.170, 686C.306, 687A.110, 687A.115, 687C.010, 688C.230, 688C.480, 688C.490, 692A.117, 692C.190, 692C.3536, 692C.354, 692C.420, 693A.480, 693A.615, 696B.550, 703.196, 704B.320, 704B.325, 706.1725, 706A.230, 710.159, 711.600, ***and section 5 of this act,*** sections 35, 38 and 41 of chapter 478, Statutes of Nevada 2011 and section 2 of chapter 391, Statutes of Nevada 2013 and unless otherwise declared by law to be confidential, all public books and public records of a governmental entity must be open at all times during office hours to inspection by any person, and may be fully copied or an abstract or memorandum may be prepared from those public books and public records. Any such copies, abstracts or memoranda may be used to supply the general public with copies, abstracts or memoranda of the records or may be used in any other way to the advantage of the governmental entity or of the general public. This section does not supersede or in any manner affect the federal laws governing copyrights or enlarge, diminish or affect in any other manner the rights of a person in any written book or record which is copyrighted pursuant to federal law.

2. A governmental entity may not reject a book or record which is copyrighted solely because it is copyrighted.

3. A governmental entity that has legal custody or control of a public book or record shall not deny a request made pursuant to subsection 1 to inspect or copy or receive a copy of a public book or record on the basis that the requested public book or record contains information that is confidential if the governmental entity can redact, delete, conceal or separate the confidential information from the information included in the public book or record that is not otherwise confidential.

4. A person may request a copy of a public record in any medium in which the public record is readily available. An officer, employee or agent of a governmental entity who has legal custody or control of a public record:

(a) Shall not refuse to provide a copy of that public record in a readily available medium because the officer, employee or agent has already prepared or would prefer to provide the copy in a different medium.

(b) Except as otherwise provided in NRS 239.030, shall, upon request, prepare the copy of the public record and shall not require the person who has requested the copy to prepare the copy himself or herself.

Sec. 16. Section 2 of chapter 433, Statutes of Nevada 2015, at page 2479, is hereby amended to read as follows:

Sec. 2. 1. A person who intends to locate or expand a business in this State may apply to the Office for a certificate of eligibility for transferable tax credits which may be applied to:

(a) Any tax imposed by chapter 363A or 363B of NRS;

(b) The gaming license fee imposed by the provisions of NRS 463.370;

(c) Any tax imposed by chapter 680B of NRS; or

(d) Any combination of the fees and taxes described in paragraphs (a), (b) and (c).

2. After considering any advice and recommendations of the Board, the Executive Director shall establish:

(a) Procedures for applying to the Office for a certificate of eligibility for transferable tax credits which must:

(1) Include, without limitation, a requirement that the applicant set forth in the application:

(I) The proposed use of the transferable tax credits;

(II) The plans, projects and programs for which the transferable tax credits will be used;

(III) The expected benefits of the issuance of the transferable tax credits; and

(IV) A statement of the short-term and long-term impacts of the issuance of the transferable tax credits; and

(2) Allow the applicant to revise the application upon the recommendation of the Executive Director.

(b) The criteria which a person to whom a certificate of eligibility for transferable tax credits has been issued must satisfy to be issued a certificate of transferable tax credits.

3. After receipt of an application pursuant to this section, the Executive Director shall review and evaluate the application and determine whether the approval of the application would promote the economic development of this State and aid the implementation of the State Plan for Economic Development developed by the Executive Director pursuant to subsection 2 of NRS 231.053.

4. If the applicant is requesting transferable tax credits in an amount of $100,000 or less, the Executive Director may approve the application, subject to the provisions of subsection 6, if the Executive Director determines that approving the application will promote the economic development of this State and aid the implementation of the State Plan for Economic Development.

5. If the applicant is requesting transferable tax credits in an amount greater than $100,000, the Executive Director shall submit the application and the Executive Director's review and evaluation of the application pursuant to subsection 3 to the Board, and the Board may approve the application, subject to the provisions of subsection 6, if the Board determines that approving the application will promote the economic development of this State and aid the implementation of the State Plan for Economic Development.

6. The Executive Director or the Board shall not approve any application for transferable tax credits for:

(a) A period of more than 5 fiscal years; ~~[or]~~

(b) ***Fiscal Year 2015-2016; or***

(c) Any fiscal year if the approval of the application would cause the total amount of transferable tax credits issued pursuant to this section to exceed:

(1) ~~[For Fiscal Year 2015-2016, $500,000.~~

~~(2)]~~ For Fiscal Year 2016-2017, ~~[$2,000,000.~~

~~(3) $500,000.]~~ ***$1,000,000.***

(2) For ***Fiscal Year 2017-2018, $2,000,000.***

(3) For Fiscal Year 2018-2019, ~~[$2,500,000.]~~ $2,000,000.

(4) For Fiscal Year 2019-2020, $3,000,000.

(5) For a fiscal year beginning on or after July 1, ~~[2017,]~~ ***2020***, $5,000,000.

7. If the Executive Director or the Board approves an application and issues a certificate of eligibility for transferable tax credits, the Office shall immediately forward a copy of the certificate of eligibility which identifies the estimated amount of the tax credits available pursuant to this section to:

(a) The applicant;

(b) The Department of Taxation; and

(c) The State Gaming Control Board.

8. Within 14 days after the Office determines that a person to whom a certificate of eligibility for transferable tax credits has been issued satisfies the criteria established by the Executive Director pursuant to subsection 2, the Office shall notify the person that transferable tax credits will be issued. Within 30 days after the receipt of the notice, the person shall make an irrevocable declaration of the amount of transferable tax credits that will be applied to each fee or tax set forth in paragraphs (a), (b) and (c) of subsection 1, thereby accounting for all of the credits which will be issued. Upon receipt of the declaration, the Office shall issue to the person a certificate of transferable tax credits in the amount approved by the Executive Director or the Board, as applicable, for the fees or taxes included in the declaration. The Office shall notify the Department of Taxation and the State Gaming Control Board of all transferable tax credits issued, segregated by each fee or tax set forth in paragraphs (a), (b) and (c) of subsection 1, and the amount of any transferable tax credits transferred.

Sec. 17. The State Treasurer shall, as soon as practicable after the effective date of this act, transfer from the amount appropriated for Fiscal Year 2016-2017 for the support of the Office of Science, Innovation and Technology to the Workforce Innovations for a New Nevada Account

created by NRS 231.151, as amended by section 13 of this act, the sum of $1,000,000.

Sec. 18. There is hereby appropriated from the State General Fund to the Workforce Innovations for a New Nevada Account created by NRS 231.151, as amended by section 13 of this act, the sum of $1,500,000.

Sec. 19. The Office of Economic Development is hereby authorized to expend any money transferred to the Workforce Innovations for a New Nevada Account created by NRS 231.151, as amended by section 13 of this act, pursuant to section 17 of this act or appropriated to the Account by section 18 of this act for the purposes set forth in NRS 231.151, as amended by section 13 of this act.

Sec. 20. The provisions of subsection 1 of NRS 218D.380 do not apply to any provision of this act which adds or revises a requirement to submit a report to the Legislature.

Sec. 21. NRS 231.143 is hereby repealed.

Sec. 22. This act becomes effective upon passage and approval.

TEXT OF REPEALED SECTION

231.143 "Community college" defined. "Community college" means a community college of the Nevada System of Higher Education.

H

EMPLOYMENT SECURITY DIVISION

Office of the Administrator

DETR
Nevada Department of Employment, Training and Rehabilitation

BRIAN SANDOVAL
Governor

DON SODERBERG
Director

RENEE L. OLSON
Administrator

December 17, 2015

The Honorable Assemblyman Armstrong
Assembly Committee of the Whole
State of Nevada
Legislative Counsel Bureau, Legislative Building
401 S Carson Street
Carson City, Nevada 89701

RE: AB1, Clarification Questions and Answers

Dear Chair Armstrong and Members of Committee:

This letter is provided by the Employment Security Division (ESD) of the Department of Employment, Training and Rehabilitation (DETR) to address questions brought up during the December 17, 2015, hearing for Assembly Bill 1. In response to inquiries over employment outcomes, here are examples of how the division measures performance of the various programs administered by the Employment Security Division of DETR.

Performance Measure	Goal	Actual
Career Enhancement Program (CEP) Participants that entered employment *	85%	87%
Career Enhancement Program (CEP) Participants that entered employment after receiving training *	80%	89%
Employment Services Participants that entered employment after receiving services *	61%	68%
Adult Participants that entered employment*	75.5%	81%
Adult Participants that retained employment *	82.4%	82.9%
Dislocated Worker Participants that entered employment*	77%	76%
Dislocated Worker Participants that retained employment*	84.5%	84%
Workforce Innovation Opportunity Act (WIOA) Participants that gained employment after receiving training **	75%	76.9%
** July 1, 2015-September 30, 2015*		
***WIOA Participants who received training services and entered employment number is received only annually thru the Employment Training Administration (ETA) 9091 PY14 Q4 thru June 30, 2015*		

500 East Third Street • Carson City, Nevada 89713 • (775) 684-3909 • Fax (775) 684-3910
2800 E. St. Louis Avenue • Las Vegas, Nevada 89104 • (702) 486-6632 • Fax (702) 486-6633
www.nvdetr.org

Appendix B

In addition, in response to a question about a formalized plan for outreach and marketing, there is a more specific plan for the Faraday Future project that can be found in the diversity plan referenced during the hearing. However, for the WINN program, DETR will be working with the GOED and other WINN partners to develop effective outreach strategies.

The division thought you would also like to know that the division has been leveraging social media to enhance the department's marketing and outreach efforts. Social media has become one of the division's best tools to use for reaching existing and untapped labor pool of jobseekers. During the 4th quarter of 2015, the Nevada JobConnect Business Services Offices exceeded its annual goal of 1,500 followers on Facebook growing to 1,721 followers. During the same period, Facebook posts had 118,232 impressions or views and were uniquely seen by 71,486 individuals.

Additionally, the division added a Quick Response Barcode (QR code) that links events to announcement flyers. Interested jobseekers can now save the date as a Facebook Notification and sign-up for automatic notification of events when posted on the site. JobConnect's Facebook posts are concurrently posted on Twitter.

Please let me know if I can offer further clarification or if there are additional questions regarding this issue.

Sincerely,

Renee L. Olson
Division Administrator

RLO:cg

cc: Don Soderberg, Director, DETR
Dennis Perea, Deputy Director, DETR
Kristine Nelson, Assistant to the Director, DETR
Lynda Parven, Deputy Administrator, ESD/DETR
Dale Erquiaga, Chief Strategy Officer, State of Nevada

Proposed Amendment to AB 1
Proposed by Assemblyman Hansen
December 17, 2015

Amend the bill by adding a new subsection 8 to section 4 of the bill, as follows, to require any business that participates in a program of workforce development through the Office of Economic Development to participate in the federal E-Verify system:

8. Any business that participates in a program shall register and participate in the E-Verify system to verify the 5 employment eligibility of all employees of the business. As used in this section, "E-Verify system" means an electronic program through which employers verify the employment eligibility of their employees administered through the United States Department of Homeland Security and established pursuant to 8 U.S.C. § 1324a.

Appendix C

Legislative Briefing Materials

29th (2015) Special Session

Provided by the Governor's Office of Economic Development

Appendix D

SUMMARY OF AGREEMENT

Faraday Future in Nevada

Project Highlights

- Approximately **$85 billion in economic impact** over 20 years
- 4,500 direct jobs on-site with an average wage in excess of $22 per hour and full benefits package
- 3 million square foot automobile manufacturing facility
- More than $1 billion initial investment on the site within the first 10 years
- Peak construction employment of more than 3,000 construction and installation workers
- Faraday will make a direct contribution to K-12 education of $1 million per year for six years, beginning in 2018-2019 school year
- Faraday will prioritize the employment of Nevadans

Economic Data

- Project will generate approximately 9,000 indirect jobs in the community
- Total of 13,500 jobs
- Faraday will increase manufacturing employment in the county by more than 20 percent
- Direct economic impact generated by the project will be $55 billion over 20 years
- Indirect economic impact will be approximately $30 billion over 20 years
- Gross Regional Product in Clark County would increase by up to 4 percent
- Estimated value of incentives is approximately $217 million over 15 years, depending upon size of investment

Fiscal Projections After Abatements

- $230 million in state General Fund revenue over 20 years
- $270 million in local government revenue over 20 years
- $260 million in K-12 education revenue over 20 years
- $760 million in total fiscal impact

Summary of Potential Legislation & Major Deal Points

- 100% abatement of Sales & Use Tax (15 years) *
- 75% abatement of Real Property Tax (10 years) *
- 75% abatement of Personal Property Tax (10 years) *
- 75% abatement of Modified Business Tax (10 years) *

(Company will receive standard abatements upon approval. Company will pay enhanced abatements and will receive rebate once $1 billion investment has been made.)

Tax Credits

- Transferable Tax Credit of $9,500 per permanent, full-time job, up to 4,000 jobs – average wage of jobs must be $22 per hour to qualify *

Economic Development Rate Rider

- Remaining 25 MW of electricity will be made available through the Economic Development Rate Rider program (10 years)

Infrastructure

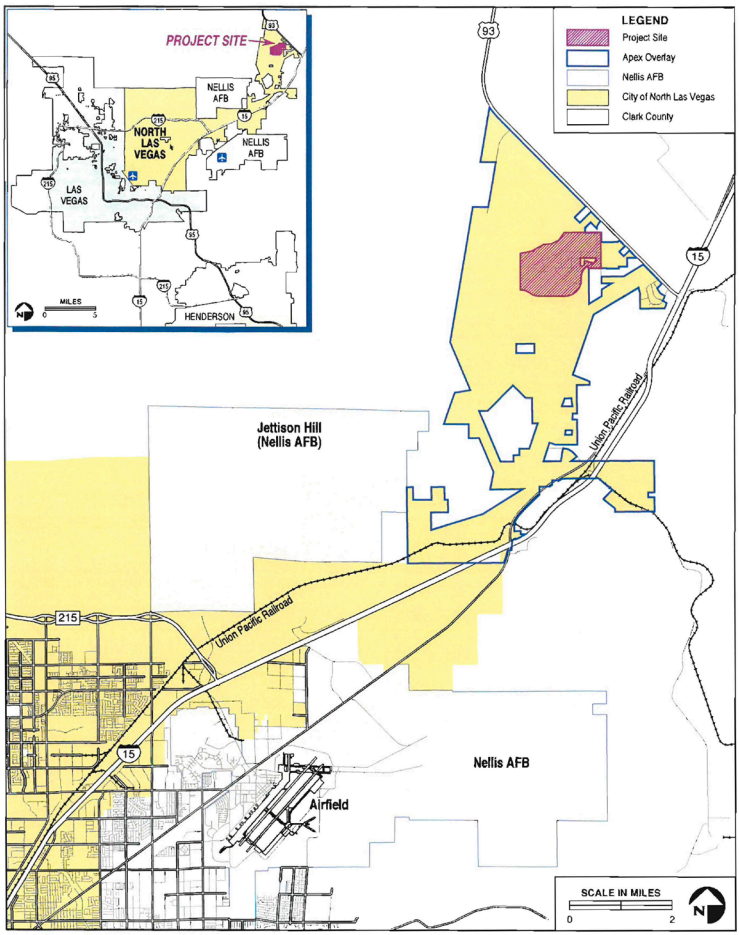
- NDOT will advance a previously planned project to construct and install an enhanced interchange at the intersection of I-15 and U.S. 93, widen U.S. 93 to four lanes to Apex Power Parkway, and add an elevated left turn lane at Grand Valley Parkway
- Ensure a municipal water infrastructure system is available at the project site *
- Construction of a rail port and associated rail infrastructure *

Workforce Innovations for the New Nevada (WINN) Fund

- Construct a training program sufficient to provide training for up to 4000 automobile assembly workers at the facility - this program will train up to 800 workers in any given 12 month period *

*** Denotes a deal point that requires approval by the Nevada Legislature**

PROJECT LOCATION



amec foster wheeler

Regional Location

FIGURE 1

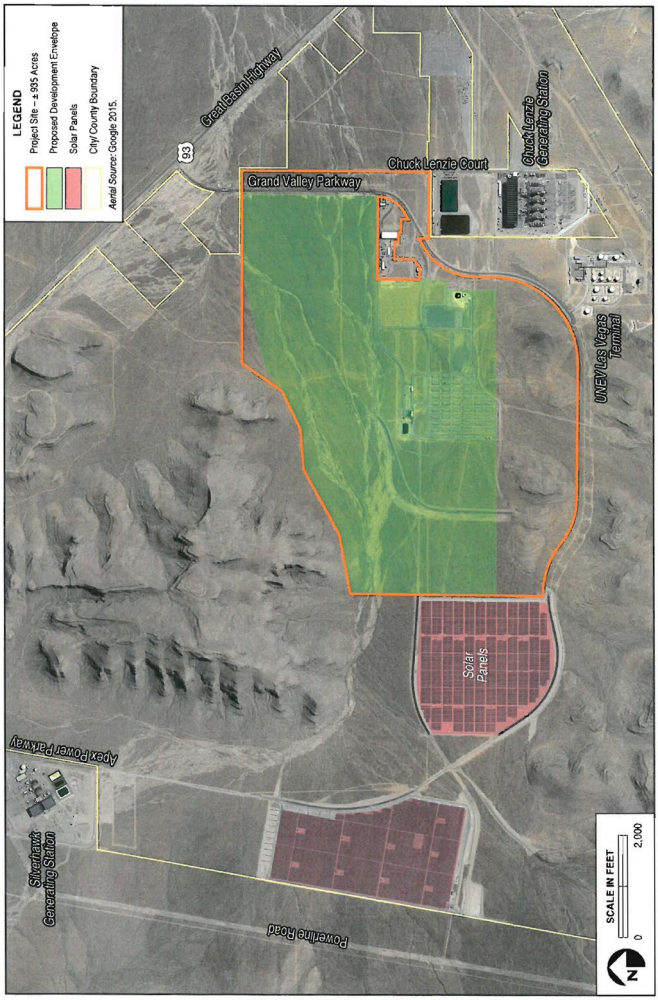
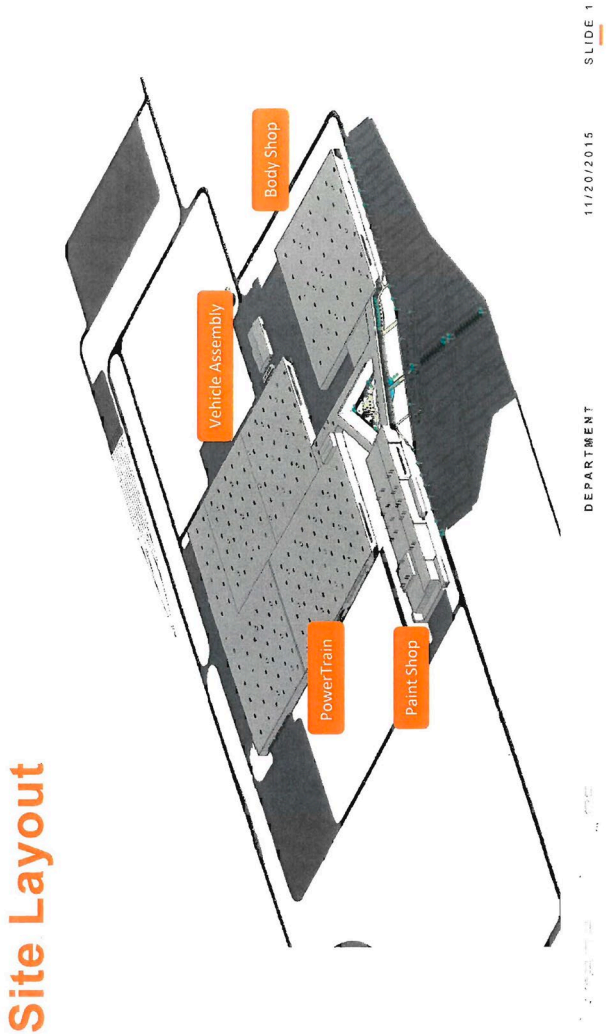


FIGURE 3

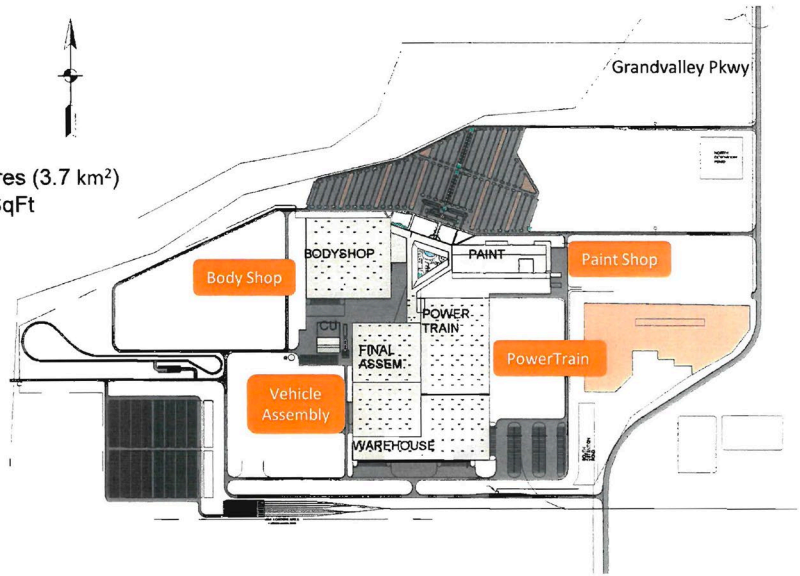
Project Site

PROJECT DESCRIPTION


Site Layout
Body Shop
Vehicle Assembly
PowerTrain
Paint Shop
DEPARTMENT
11/20/2015
SLIDE 1

Site Layout

Total Land Purchase: 938 acres (3.7 km²)
Factory Foot-Print: ~3.4 mil SqFt
Site Developed: ~400 acres



ECONOMIC IMPACTS

Nevada Governor's Office of
ECONOMIC DEVELOPMENT

808 West Nye Lane, Carson City, NV 89703
775.687.9900 • www.diversifynevada.com

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 Faraday Future project, GOED contracted with Applied Economics to complete an economic impact which includes a net tax revenue analysis. In the report you will find a regional growth scenario that uses multipliers based on the current economy of Clark County in the short term, and then reflects a moderate expansion of the local supply base over a ten year period. Local multipliers were applied in the early years, expanding up to one-third of the national multiplier level by 2025. 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 Faraday Future. For larger scale projects such as Faraday Future, GOED commissions the development of a custom model that studies both regional and national impacts to better assess the economic impact of these types of projects.

One purpose in creating a custom model for the Faraday Future project was to show the significance of large scale projects. The other purpose was to allow results from IMPLAN to be compared against other results generated by the Nevada Department of Taxation using its own software developed by Regional Economic Models Incorporated (REMI).

There are a number of major economic modeling programs available, but those most notable for this type of analysis include IMPLAN and REMI. By commissioning a separate report from REMI, GOED's goal was to make sure that the IMPLAN results were reasonable and accurate.

Assisting GOED in its review of these results was Dr. 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 Department of Taxation and has over 20 years' experience running the REMI model.

Since the Nevada Department of Taxation does not have national licensing for REMI and cannot run the national model, GOED requested both regional and statewide models be created for the Faraday Future project. From that analysis REMI yields impact estimates similar to those produced by IMPLAN. Mr. Hardcastle's work shows an economic output of over $81.6 billion over the next 20 years using his state model which compares favorably with the $87.5 billion estimated by the IMPLAN regional growth model.

Given this outside analysis, it was determined that the IMPLAN model provides a reasonable and accurate estimate for the Faraday Future project.

Economic Impact of Faraday Future On Clark County

December 2015

Prepared By:

APPLIED ECONOMICS

TABLE OF CONTENTS

INTRODUCTION 1

IMPACT METHODOLOGY 2

PROJECT SUMMARY 3

ECONOMIC IMPACT ANALYSIS 7

Construction Impacts 7

Operations Impacts 7

Revenue Impacts 10

Summary 13

APPENDIX 14

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 Faraday Future on the local economy. In no way will Applied Economics LLC 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 auto manufacturing facility in Clark County, 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 Clark County.

Faraday Future would make a major capital investment as well as generate a significant number of new jobs that would provide economic benefits to the region. They would also support improvements in utility infrastructure that would enhance the competitiveness of the Apex Industrial Park in North Las Vegas for future industrial projects including an enhanced interchange at the intersection of I-15 and State Route 93, extension of the municipal water system, natural gas infrastructure and construction of a rail port to serve the site.

Faraday Future would be an important contributor to Nevada's economy and could help to diversify the economy of Southern Nevada by adding high quality primary jobs in advanced manufacturing. Primary jobs are especially attractive as most of the sales generated by Faraday Future will be to customers outside of the region which, in turn, brings new wealth of the state. 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 Clark County would not only create a large number of new direct jobs, but also support significant additional economic activity, jobs and payroll at related local supplier and consumer businesses.

IMPACT METHODOLOGY

The development and operation of Faraday Future in Clark 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 by the company, its employees, suppliers and customers. The economic impacts include direct and indirect jobs, personal income, and economic activity or output that would be generated by the auto 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 Faraday Future. 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 utilized a low and high scenario to develop a regional growth scenario, as shown in the Key Findings. The regional growth scenario uses multipliers based on the current economy of Clark County in the short term, and then reflects a moderate expansion of the local supplier base over a ten year period. Local multipliers are applied for the first 4 years and then there is gradual increase in years 5 to 10 up to 33 percent of the national multiplier level for output. The indirect and induced jobs and income multipliers are adjusted proportionally to reflect national ratios for indirect and induced output per job and income per job by year 10. However, the magnitude of indirect and induced jobs and income impacts are maintained at 33 percent of national levels. Note that the national multipliers reflect a high level of supplier availability that is consistent with the most developed auto industry clusters in areas such as Detroit, Kokomo or Chicago.

Given the overall size of the company's operations in Nevada and propensity for co-locating suppliers in the auto industry, 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 in other parts of the country. The regional growth scenario assumes that some economic base changes will occur over the next 20 years in response to supply chain demand.

PROJECT SUMMARY

Based on the assumptions used in this analysis, the company would create a total of 4,500 jobs within the next nine years including assemblers, process and quality assurance engineers, maintenance mechanics, logistics workers, supervisors and managers. The average wage is estimated at $22.10 per hour in 2015 dollars.[1] The company would build out in phases beginning with 50 jobs in 2015 and ramping up to 1,000 jobs by 2017. They would add 3,000 additional jobs by 2021, and 500 additional jobs by 2023 for a total of 4,500 jobs. In the pro-forma shown here, the company would make a $638 million investment in land and buildings and $737 million in equipment over the twenty year period (Table 1).

TABLE 1
PROJECT DESCRIPTION

			Capital Investment			Utilities		
Year	Jobs	Payroll	Construction	Land	Equipment	Electric (15.98 MW, 70 Mwh per yr)[1]	Economic Development Rider	Natural Gas (335,000 therms per yr)[2]
2015	50	$2,399,980	$1,000,000	$26,000,000	$0	$0	$0	$0
2016	300	$13,795,428	$359,237,537	$0	$300,000,000	$0	$0	$0
2017	1,000	$46,008,464	$130,762,463	$0	$270,000,000	$1,955,429	$0	$56,650
2018	2,339	$108,221,236	$90,000,000	$0	$90,000,000	$1,955,429	$0	$56,650
2019	3,668	$167,856,208	$1,000,000	$0	$3,000,000	$6,339,915	($985,740)	$225,924
2020	3,668	$167,856,208	$2,000,000	$0	$4,000,000	$6,339,915	($985,740)	$225,924
2021	4,000	$183,251,624	$2,000,000	$0	$5,000,000	$6,339,915	($657,160)	$225,924
2022	4,200	$192,389,316	$2,000,000	$0	$5,000,000	$6,339,915	($657,160)	$225,924
2023	4,500	$206,149,188	$2,000,000	$0	$5,000,000	$6,339,915	($657,160)	$225,924
2024	4,500	$206,149,188	$2,000,000	$0	$5,000,000	$6,339,915	($657,160)	$225,924
2025	4,500	$206,149,188	$2,000,000	$0	$5,000,000	$6,339,915	($328,580)	$225,924
2026	4,500	$206,149,188	$2,000,000	$0	$5,000,000	$6,339,915	($328,580)	$225,924
2027	4,500	$206,149,188	$2,000,000	$0	$5,000,000	$6,339,915	$0	$225,924
2028	4,500	$206,149,188	$2,000,000	$0	$5,000,000	$6,339,915	$0	$225,924
2029	4,500	$206,149,188	$2,000,000	$0	$5,000,000	$6,339,915	$0	$225,924
2030	4,500	$206,149,188	$2,000,000	$0	$5,000,000	$6,339,915	$0	$225,924
2031	4,500	$206,149,188	$2,000,000	$0	$5,000,000	$6,339,915	$0	$225,924
2032	4,500	$206,149,188	$2,000,000	$0	$5,000,000	$6,339,915	$0	$225,924
2033	4,500	$206,149,188	$2,000,000	$0	$5,000,000	$6,339,915	$0	$225,924
2034	4,500	$206,149,188	$2,000,000	$0	$5,000,000	$6,339,915	$0	$225,924
20 Year Total	4,500	$3,355,568,720	$612,000,000	$26,000,000	$737,000,000	$105,349,497	($5,257,280)	$3,728,083

[1] Electric usage and consumption apply from 2019 forward. Estimate assumes company can achieve 50% load factor and qualify for EDRR.
[2] Natural gas usage level applies from 2019 forward. Estimate assumes sales rate schedule.

[1] The incentive agreement with the company requires a minimum average wage of $22 per hour.

Economic Impacts

- **Construction Impacts.** Construction jobs are not permanent and should therefore be viewed as a "person-year" equivalent. About 4,000 direct construction jobs and 2,700 additional indirect jobs would be created in Clark County over a 20 year period from 2015 to 2034 through the new construction activity associated with the building and site improvements for the manufacturing facility. This level of construction activity would result in a one-time economic impact of $976.8 million. These construction impacts are in addition to the operations impacts detailed below.

  There would also be regional construction impacts associated with utility infrastructure including new electric substations, wastewater treatment facilities, and extension of natural gas and water lines, none of which are included in these estimates.

- **Operations Impacts.** All total, Faraday Future could create an annual economic impact of $5.6 billion at stabilized (or full operational) annual levels, or $87.5 billion over the next 20 years on Clark County. Their operations could directly and indirectly support an estimated 13,600 total jobs (based on 4,500 direct jobs) and $696.5 million in annual personal income, or $10.7 billion in personal income over the 20 year period. The company could increase annual GRP in Clark County by an estimated 4 percent based on their total annual impact.

- **Overall Stabilized Impacts.** Based on the construction and operations impacts combined, Faraday Future could generate overall impacts of $88.5 billion over 20 years.

- **Jobs and Income.** The facility would directly employ about 4,500 people with an estimated annual payroll of $206.1 million by 2023 (excluding inflation). Through the multiplier effect, an additional 9,100 jobs and $490.3 million in annual payroll could be supported at other local businesses, based on 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 the auto manufacturing facility and consumer demand created by its employees.

- **Supported Population.** The 4,500 direct jobs and an estimated 9,100 indirect and induced jobs associated with Faraday Future's operations would support a population (including families) of about 30,000 people. This estimate assumes that approximately 98 percent of the workforce would live in Clark County based on current commuting patterns.

Revenue Impacts

- **Direct Revenue Impacts**. Based on a capital investment of $1.38 billion in land, buildings and equipment, the project would generate an estimated $6.4 million in average annual property tax revenues and $2.7 million in average annual modified business taxes, net of incentives. All total, the company could generate about $156.2 million in direct state and local revenues the next 20 years, after incentives.

- **Indirect Revenue Impacts**. In addition to direct revenues, Faraday Future and its employees would generate indirect property and sales tax revenues through employee spending and property ownership. Indirect revenues are estimated at $40.0 million per year at stabilized annual levels, or $610.9 million over 20 years, based on the level of economic impacts and the total number of indirect and induced employees that could be supported by Faraday Future.

- **Value of Abatements and Reimbursements.** Over the 20 year period, the company could generate up to $767.1 million in direct and indirect revenues in Nevada, net of abatements and reimbursements. The proposed package of abatements, reimbursements and tax credits associated with Faraday Future would total $215.9 million over 10 years. Abatements are higher during the first ten years due to the effect of sales and use tax abatements on equipment and construction materials. The incentives include a 10 year, 75 percent real and personal property tax abatement; an abatement of all sales and use taxes on equipment purchases and construction materials for 15 years; a 75 percent abatement of modified business taxes for 10 years; and additional Transferrable Tax Credits totaling $38.0 million, or $9,500 per job for the first 4,000 jobs.

Project Robin
Summary of Key Findings
(Regional Growth Scenario)

Jobs and Income Created	Jobs	Annual Personal Income	Average Wage
Direct	4,500	$206.1 million	$22.02
Indirect	9,078	$490.3 million	$25.97
Total	**13,578**	$696.5 million	**$24.66**
Economic Impact	Stabilized Annual	10 Year	20 Year
Direct	$3.5 billion	$21.9 billion	$56.8 billion
Indirect	$2.1 billion	$9.4 billion	$30.7 billion
Total	$5.6 billion	$31.3 billion	**$87.5 billion**
Construction Impact (20 Years)	Total		
Direct Jobs	4,046		
Indirect Jobs	2,655		
Total	6,701		
One-Time Economic Impact	**$976.8 million**		
Capital Investment (20 Years)	Total		
Direct Construction	$612.0 million		
Equipment[1]	$737.0 million		
Land	$26.0 million		
Total	**$1.4 billion**		
Tax Revenue Impact (Net of Abatements)	Stabilized Annual	10 Year	20 Year
Direct			
State of Nevada	$0.8 million	$5.6 million	$38.3 million
Local Government	$1.8 million	$16.5 million	$71.7 million
School District	$1.1 million	$10.1 million	$46.2 million
Total	$3.7 million	$32.3 million	$156.2 million
Indirect			
State of Nevada	$12.6 million	$64.8 million	$191.3 million
Local Government	$13.4 million	$71.7 million	$205.9 million
School District	$13.9 million	$74.4 million	$213.7 million
Total	$40.0 million	$211.0 million	$610.9 million
Total			
State of Nevada	$13.5 million	$70.5 million	$229.7 million
Local Government	$15.2 million	$88.3 million	$277.6 million
School District	$15.0 million	$84.6 million	$259.8 million
Total	$43.7 million	$243.3 million	**$767.1 million**

[1] Equipment assumes intial purchase of $667 million with annual replacements of $5.0 million.

ECONOMIC IMPACT ANALYSIS

The economic benefits resulting from the attraction of Faraday Future to Clark 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 Southern Nevada 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 Table 2. The facility required for this project would result in direct construction expenditures of about $612.0 million over 20 years, excluding land acquisition. The multiplier effect of this spending would result in a total increase in economic activity of about $976.8 million. The approximately 6,700 direct and indirect jobs created locally by the construction could result in more than $346.4 million in personal income over the 20 year period. There would be additional construction impacts related to utility improvements that are not included here.

TABLE 2
CONSTRUCTION IMPACT OF PROJECT ROBIN
ON CLARK COUNTY

	Direct			Total		
Year	Construction Expenditures	Jobs	Personal Income	Output	Jobs	Personal Income
Facilities						
2015	$1,000,000	7	$400,000	$1,596,010	11	$566,057
2016	$359,237,537	2,375	$143,695,015	$573,346,701	3,933	$203,348,839
2017	$130,762,463	864	$52,304,985	$208,698,199	1,432	$74,018,977
2018	$90,000,000	595	$36,000,000	$143,640,900	985	$50,945,109
2019	$1,000,000	7	$400,000	$1,596,010	11	$566,057
2020	$2,000,000	13	$800,000	$3,192,020	22	$1,132,114
2021	$2,000,000	13	$800,000	$3,192,020	22	$1,132,114
2022	$2,000,000	13	$800,000	$3,192,020	22	$1,132,114
2023	$2,000,000	13	$800,000	$3,192,020	22	$1,132,114
2024	$2,000,000	13	$800,000	$3,192,020	22	$1,132,114
2025	$2,000,000	13	$800,000	$3,192,020	22	$1,132,114
2026	$2,000,000	13	$800,000	$3,192,020	22	$1,132,114
2027	$2,000,000	13	$800,000	$3,192,020	22	$1,132,114
2028	$2,000,000	13	$800,000	$3,192,020	22	$1,132,114
2029	$2,000,000	13	$800,000	$3,192,020	22	$1,132,114
2030	$2,000,000	13	$800,000	$3,192,020	22	$1,132,114
2031	$2,000,000	13	$800,000	$3,192,020	22	$1,132,114
2032	$2,000,000	13	$800,000	$3,192,020	22	$1,132,114
2033	$2,000,000	13	$800,000	$3,192,020	22	$1,132,114
2034	$2,000,000	13	$800,000	$3,192,020	22	$1,132,114
Total	$612,000,000	4,046	$244,800,000	$976,758,120	6,701	$346,426,742

Operations Impacts

For the operations impact, the analysis presents a regional growth scenario that reflects future changes in the economic base. Given the overall size of the company's operations in Nevada and propensity for co-locating suppliers, it is expected that over the longer term a cluster of local suppliers would develop. The regional growth scenario assumes that some economic base changes will occur over the next 20 years in response to supply chain demand and that the share of supplier demand that could be met locally would increase over time as reflected in the corresponding levels of indirect and induced output. The on-going economic impacts from the operations of Faraday Future over the next 20 years are shown in Table 3.

TABLE 3
ANNUAL OPERATIONS IMPACT OF PROJECT ROBIN
ON CLARK COUNTY

	Direct			Indirect			Induced			Total		
Year	Output	Jobs	Personal Income	Output	Jobs	Personal Income	Output	Jobs	Personal Income	Output	Jobs	Personal Income
2015	$40,650,068	50	$2,399,980	$6,354,134	34	$2,259,814	$2,864,692	22	$912,757	$49,868,894	106	$5,572,551
2016	$233,662,402	300	$13,795,428	$36,524,471	197	$12,989,735	$16,466,657	126	$5,246,656	$286,653,530	623	$32,031,819
2017	$779,276,163	1,000	$46,008,464	$121,810,995	656	$43,321,437	$54,917,150	422	$17,497,867	$956,004,308	2,078	$106,827,768
2018	$1,833,015,541	2,339	$108,221,236	$286,524,158	1,543	$101,900,804	$129,176,271	992	$41,158,531	$2,248,715,971	4,874	$251,280,571
2019	$2,843,092,995	3,668	$167,856,208	$575,078,627	2,683	$175,788,046	$250,818,128	1,825	$75,665,711	$3,668,989,751	8,176	$419,309,965
2020	$2,843,092,995	3,668	$167,856,208	$705,744,859	2,972	$193,523,171	$301,277,807	2,113	$87,492,612	$3,850,115,662	8,753	$448,871,992
2021	$3,103,855,465	4,000	$183,251,624	$913,124,946	3,560	$230,634,460	$383,998,104	2,621	$108,428,889	$4,400,978,514	10,181	$522,314,973
2022	$3,258,626,673	4,200	$192,389,316	$1,108,420,993	4,069	$262,462,070	$460,980,493	3,081	$127,391,074	$4,828,028,159	11,350	$582,242,460
2023	$3,491,686,839	4,500	$206,149,188	$1,348,171,422	4,715	$303,014,547	$555,921,297	3,655	$151,027,176	$5,395,779,558	12,869	$660,191,011
2024	$3,491,686,839	4,500	$206,149,188	$1,508,646,498	5,070	$324,795,680	$617,892,326	4,008	$165,552,144	$5,618,225,662	13,578	$696,497,013
2025	$3,491,686,839	4,500	$206,149,188	$1,508,646,498	5,070	$324,795,680	$617,892,326	4,008	$165,552,144	$5,618,225,662	13,578	$696,497,013
2026	$3,491,686,839	4,500	$206,149,188	$1,508,646,498	5,070	$324,795,680	$617,892,326	4,008	$165,552,144	$5,618,225,662	13,578	$696,497,013
2027	$3,491,686,839	4,500	$206,149,188	$1,508,646,498	5,070	$324,795,680	$617,892,326	4,008	$165,552,144	$5,618,225,662	13,578	$696,497,013
2028	$3,491,686,839	4,500	$206,149,188	$1,508,646,498	5,070	$324,795,680	$617,892,326	4,008	$165,552,144	$5,618,225,662	13,578	$696,497,013
2029	$3,491,686,839	4,500	$206,149,188	$1,508,646,498	5,070	$324,795,680	$617,892,326	4,008	$165,552,144	$5,618,225,662	13,578	$696,497,013
2030	$3,491,686,839	4,500	$206,149,188	$1,508,646,498	5,070	$324,795,680	$617,892,326	4,008	$165,552,144	$5,618,225,662	13,578	$696,497,013
2031	$3,491,686,839	4,500	$206,149,188	$1,508,646,498	5,070	$324,795,680	$617,892,326	4,008	$165,552,144	$5,618,225,662	13,578	$696,497,013
2032	$3,491,686,839	4,500	$206,149,188	$1,508,646,498	5,070	$324,795,680	$617,892,326	4,008	$165,552,144	$5,618,225,662	13,578	$696,497,013
2033	$3,491,686,839	4,500	$206,149,188	$1,508,646,498	5,070	$324,795,680	$617,892,326	4,008	$165,552,144	$5,618,225,662	13,578	$696,497,013
2034	$3,491,686,839	4,500	$206,149,188	$1,508,646,498	5,070	$324,795,680	$617,892,326	4,008	$165,552,144	$5,618,225,662	13,578	$696,497,013
20 Yr Total	$56,835,514,365	4,500	$3,355,568,720	$21,696,866,080	5,070	$4,898,646,667	$8,953,236,181	4,008	$2,435,894,860	$87,485,616,626	13,578	$10,690,110,247

The company would open with about 50 jobs and $2.4 million in payroll in 2015. By 2023, they would expand to 4,500 jobs and $206.1 million in payroll. Through their local supplier purchases, as well as employee spending, they could create an annual economic impact of $5.6 billion at full operational/stabilized levels. Faraday Future could indirectly support an estimated 9,100 additional jobs and $490.3 million in annual personal income at other local businesses in Clark County on an on-going basis.

The multiplier effect of the auto manufacturing operations on the region could result in a total economic impact of $87.5 billion over the next 20 years, based on direct employment of 4,500 jobs and an estimated annual payroll of $206.1 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 30,000 people, most of whom would live in Clark 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 98 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 into 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 local multipliers and the regional growth scenario, it is evident that both the indirect (supplier) and induced (employee spending) impacts will likely increase over time. However, the regional growth scenario yields much lower indirect and induced impacts than a scenario based on national multipliers where almost all supplier demand is being met locally. In the regional growth scenario, it is assumed that the local economy adjusts over time to the presence of this new industry, but some supplier demand will continue to be met by non-local providers. In terms of the induced impacts, it is likely that most of the employee spending 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 regional growth scenario. Details on economic impact results using local and national multipliers are shown in Appendix A.

The multipliers used in this analysis are from IMPLAN, a national vendor of economic impact software. Industry specific multipliers for auto manufacturing as well as commercial construction were used in the analysis. The average output multiplier for the regional growth scenario is 1.61 and the average jobs multiplier is 3.02. This means that for every $1 billion of output created by the company, an additional $610 million in economic activity is generated in

the regional economy and for every one direct job created by the company, an additional 2.02 indirect jobs are generated.

Revenue Impacts

In addition to supporting jobs and output at related businesses in the area through multiplier effects, Faraday Future would also generate state and local tax revenues to North Las Vegas, Clark County and the State of Nevada. All total, the company could generate $767.1 million 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 all scenarios, whereas the indirect or employee-driven revenues vary depending on the number of indirect and induced jobs supported by the project.

Direct Revenues

All sales taxes generated by the company on equipment purchases and construction materials would be abated for the first 15 years. Real and personal property taxes would be partially abated at a rate of 75 percent over ten years. Over 20 years, the company could still generate $116.7 million in state and local property taxes, net of incentives (Table 4). Modified business tax would similarly be partially abated at a rate of 75 percent for 10 years. The remaining modified business taxes to the state are estimated at $31.8 million over 20 years. Sales tax revenues after year 15 are estimated at $2.5 million total. All total, this would result in $156.2 million in direct revenues net of incentives over 20 years.

TABLE 4
DIRECT REVENUE IMPACT OF PROJECT ROBIN
NET OF ABATEMENTS AND REIMBURSEMENTS

	City		School		County and Other Local Govts		State			Total
Year	Property Tax [1]	Franchise	Property Tax [1]	Sales Tax [2]	Property Tax [1]	Sales Tax [2]	Sales Tax [2]	Property Tax [1]	MBT [3]	Direct Revenues
2015	$28,986	$0	$30,793	$0	$15,453	$0	$0	$4,016	$7,272	$86,519
2016	$736,702	$0	$782,637	$0	$392,759	$0	$0	$102,078	$45,300	$2,059,476
2017	$1,127,869	$100,604	$1,198,194	$0	$601,304	$0	$0	$156,278	$152,801	$3,337,051
2018	$1,249,328	$100,604	$1,327,227	$0	$666,057	$0	$0	$173,108	$360,417	$3,876,741
2019	$1,180,283	$279,005	$1,253,876	$0	$629,247	$0	$0	$163,541	$559,430	$4,065,381
2020	$1,123,013	$279,005	$1,193,035	$0	$598,714	$0	$0	$155,605	$559,430	$3,908,802
2021	$1,074,838	$295,434	$1,141,857	$0	$573,031	$0	$0	$148,930	$610,808	$3,844,898
2022	$1,031,462	$295,434	$1,095,776	$0	$549,906	$0	$0	$142,920	$641,302	$3,756,799
2023	$995,928	$295,434	$1,058,026	$0	$530,961	$0	$0	$137,996	$687,221	$3,705,566
2024	$967,297	$295,434	$1,027,610	$0	$515,697	$0	$0	$134,029	$687,221	$3,627,288
2025	$3,779,539	$311,863	$4,015,202	$0	$2,014,995	$0	$0	$523,695	$2,748,884	$13,394,179
2026	$3,697,655	$311,863	$3,928,212	$0	$1,971,339	$0	$0	$512,349	$2,748,884	$13,170,303
2027	$3,603,925	$328,292	$3,828,638	$0	$1,921,369	$0	$0	$499,362	$2,748,884	$12,930,469
2028	$3,493,422	$328,292	$3,711,245	$0	$1,862,456	$0	$0	$484,051	$2,748,884	$12,628,349
2029	$3,387,674	$328,292	$3,598,903	$0	$1,806,079	$0	$0	$469,398	$2,748,884	$12,339,230
2030	$3,274,845	$328,292	$3,479,040	$161,200	$1,745,926	$217,000	$124,000	$453,765	$2,748,884	$12,532,951
2031	$3,146,730	$328,292	$3,342,935	$161,200	$1,677,623	$217,000	$124,000	$436,013	$2,748,884	$12,182,676
2032	$2,992,599	$328,292	$3,179,194	$161,200	$1,595,451	$217,000	$124,000	$414,656	$2,748,884	$11,761,277
2033	$2,906,692	$328,292	$3,087,931	$161,200	$1,549,651	$217,000	$124,000	$402,753	$2,748,884	$11,526,403
2034	$2,891,682	$328,292	$3,071,985	$161,200	$1,541,649	$217,000	$124,000	$400,673	$2,748,884	$11,485,365
Total	$42,690,468	$5,191,015	$45,352,316	$806,000	$22,759,667	$1,085,000	$620,000	$5,915,217	$31,800,042	$156,219,724

Note: All figures are in constant 2015 dollars.

[1] Property tax calculation assumes 75% abatement of real and personal property for 10 years.

[2] This analysis assumes a full abatement of local sales and use taxes on capital equipment and construction materials.

[3] This analysis assumes a 75% abatement of MBT for 10 years.

Indirect Revenues

Along with the direct taxes paid by the company, there would also be indirect taxes generated by employees. Using the results from the economic impact analysis on direct, indirect and induced employees and income, it is possible to estimate indirect or employee-driven tax impacts for each of the scenarios. In total, all the employees associated with this project could generate $610.9 million in state and local revenues over the next 20 years.

Indirect property tax revenues were based on average residential assessed value per capita in Clark County, times the annual supported population, times a total property tax rate of 3.35 percent. For city property tax, the model assumes that 21 percent of the supported population would live in North Las Vegas. Indirect property taxes are estimated at about $8.4 million per year to the school district, $1.7 million to the city, $4.3 million to the county and $1.1 million to the state (Table 5). All total the company could generate about $238.3 million in indirect property tax revenues to all jurisdictions combined over 20 years. Details on indirect revenue impact results using local and national multipliers are shown in Appendix A.

TABLE 5
INDIRECT REVENUE IMPACT OF PROJECT ROBIN

	City	School		County and Other Local Govts		State			Total
	Property	Property		Property			Property		Indirect
Year	Tax	Tax	Sales Tax	Tax	Sales Tax	Sales Tax	Tax	MBT	Revenues
2015	$13,287	$65,874	$44,016	$33,733	$59,253	$34,550	$8,592	$46,795	$306,101
2016	$77,953	$386,465	$253,013	$197,902	$340,594	$198,597	$50,406	$268,987	$1,773,917
2017	$259,914	$1,288,559	$843,811	$659,849	$1,135,900	$662,332	$168,064	$897,085	$5,915,515
2018	$609,718	$3,022,765	$1,984,815	$1,547,906	$2,671,866	$1,557,940	$394,253	$2,110,125	$13,899,388
2019	$1,022,858	$5,070,967	$3,312,046	$2,596,756	$4,458,523	$2,599,722	$661,397	$3,708,943	$23,431,212
2020	$1,094,999	$5,428,614	$3,545,550	$2,779,901	$4,772,856	$2,783,006	$708,044	$4,144,983	$25,257,953
2021	$1,273,634	$6,314,222	$4,125,662	$3,233,406	$5,553,775	$3,238,353	$823,552	$5,001,184	$29,563,788
2022	$1,419,895	$7,039,332	$4,599,017	$3,604,722	$6,190,984	$3,609,903	$918,127	$5,750,334	$33,132,313
2023	$1,609,996	$7,981,787	$5,214,717	$4,087,338	$7,019,811	$4,093,184	$1,041,049	$6,697,117	$37,744,999
2024	$1,698,594	$8,421,024	$5,501,491	$4,312,263	$7,405,853	$4,318,281	$1,098,338	$7,232,630	$39,988,474
2025	$1,698,594	$8,421,024	$5,501,491	$4,312,263	$7,405,853	$4,318,281	$1,098,338	$7,232,630	$39,988,474
2026	$1,698,594	$8,421,024	$5,501,491	$4,312,263	$7,405,853	$4,318,281	$1,098,338	$7,232,630	$39,988,474
2027	$1,698,594	$8,421,024	$5,501,491	$4,312,263	$7,405,853	$4,318,281	$1,098,338	$7,232,630	$39,988,474
2028	$1,698,594	$8,421,024	$5,501,491	$4,312,263	$7,405,853	$4,318,281	$1,098,338	$7,232,630	$39,988,474
2029	$1,698,594	$8,421,024	$5,501,491	$4,312,263	$7,405,853	$4,318,281	$1,098,338	$7,232,630	$39,988,474
2030	$1,698,594	$8,421,024	$5,501,491	$4,312,263	$7,405,853	$4,318,281	$1,098,338	$7,232,630	$39,988,474
2031	$1,698,594	$8,421,024	$5,501,491	$4,312,263	$7,405,853	$4,318,281	$1,098,338	$7,232,630	$39,988,474
2032	$1,698,594	$8,421,024	$5,501,491	$4,312,263	$7,405,853	$4,318,281	$1,098,338	$7,232,630	$39,988,474
2033	$1,698,594	$8,421,024	$5,501,491	$4,312,263	$7,405,853	$4,318,281	$1,098,338	$7,232,630	$39,988,474
2034	$1,698,594	$8,421,024	$5,501,491	$4,312,263	$7,405,853	$4,318,281	$1,098,338	$7,232,630	$39,988,474
Total	$26,066,787	$129,229,847	$84,439,043	$66,176,407	$113,667,942	$66,278,684	$16,855,205	$108,184,488	$610,898,402

Note: All figures are in constant 2015 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 98 percent for the county, times the local sales tax rate.[2] No residency ratio is used for state indirect sales tax. Indirect sales taxes are estimated at about $5.5 million per year to the school

[2] *According to the Census Bureau Consumer Expenditure Survey, persons in the median income range spend about 31 percent of their income on taxable goods.*

district, $7.4 million to the county, and $4.3 million to the state.[3] All total the company would generate about $264.4 million in indirect sales tax revenues to all jurisdictions combined over 20 years.

In terms of state modified business tax, indirect and induced employees could generate approximately $108.2 million in new revenues over 20 years. For this calculation a rate of 1.475% 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, Faraday Future could generate an estimated $767.1 million in direct and indirect tax revenues, net of abatements and reimbursements, to state and local governments in Nevada over 20 years. Table 6 shows the value of the sales, property tax and modified business tax (MBT) abatements and reimbursements provided by each jurisdiction. These total $139.6 million at the local level and $76.4 million at the state level over 20 years.

The summary shows the value of a 75 percent real and personal property tax abatement for 10 years as well as a state and local sales tax abatement on equipment purchases and construction materials for 15 years. There would also be a 75 percent MBT abatement for ten years. In addition, the state is offering Transferrable Tax Credits totaling $38.0 million based on $9,500 per job for the first 4,000 new jobs created by the company which will be issued beginning in July 2017 in amounts of up to $7.6 million per year. The proposed package of abatements, reimbursements and tax credits offer to Faraday Future would total $215.9 million.

TABLE 6
ABATEMENTS AND REIMBURSEMENTS SUMMARY
PROJECT ROBIN

	Property				Sales			MBT	Legislative TTC	Total	
Year	City	County	School District	State	County/Other Local	School District	State	State	State	Local	State
2015	$86,957	$46,359	$92,378	$12,049	$21,000	$15,600	$12,000	$21,815	$0	$262,294	$45,864
2016	$2,210,105	$1,178,278	$2,347,910	$306,234	$18,043,988	$13,404,106	$10,310,850	$135,801	$0	$37,184,388	$10,752,985
2017	$3,383,608	$1,803,911	$3,594,583	$468,835	$12,196,012	$9,059,894	$6,969,150	$458,404	$2,850,000	$30,038,008	$10,746,388
2018	$3,747,985	$1,998,172	$3,981,680	$519,323	$5,040,000	$3,744,000	$2,880,000	$1,081,251	$6,650,000	$18,511,836	$11,130,574
2019	$3,540,848	$1,887,740	$3,761,628	$490,622	$126,000	$93,600	$72,000	$1,678,290	$7,600,000	$9,409,815	$8,840,912
2020	$3,369,038	$1,796,143	$3,579,105	$466,816	$182,000	$135,200	$104,000	$1,678,290	$7,600,000	$9,061,486	$9,849,106
2021	$3,224,515	$1,719,093	$3,425,571	$446,791	$217,000	$161,200	$124,000	$1,832,423	$7,600,000	$8,747,379	$10,003,213
2022	$3,094,385	$1,649,717	$3,287,327	$428,760	$217,000	$161,200	$124,000	$1,923,905	$5,700,000	$8,409,630	$8,176,665
2023	$2,987,783	$1,593,883	$3,174,078	$413,989	$217,000	$161,200	$124,000	$2,061,663	$0	$8,132,943	$2,599,652
2024	$2,901,890	$1,547,091	$3,082,830	$402,088	$217,000	$161,200	$124,000	$2,061,663	$0	$7,910,012	$2,587,751
2025	$0	$0	$0	$0	$217,000	$161,200	$124,000	$0	$0	$378,200	$124,000
2026	$0	$0	$0	$0	$217,000	$161,200	$124,000	$0	$0	$378,200	$124,000
2027	$0	$0	$0	$0	$217,000	$161,200	$124,000	$0	$0	$378,200	$124,000
2028	$0	$0	$0	$0	$217,000	$161,200	$124,000	$0	$0	$378,200	$124,000
2029	$0	$0	$0	$0	$217,000	$161,200	$124,000	$0	$0	$378,200	$124,000
2030	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2031	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2032	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2033	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2034	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total	$28,547,113	$15,219,388	$30,327,090	$3,955,505	$37,562,000	$27,903,200	$21,464,000	$12,933,606	$38,000,000	$139,558,791	$76,353,111

[3] *Reflects state sales tax rate of 2 percent.*

Summary

The operations of the manufacturing facility described in this analysis would create significant economic benefits for Southern Nevada. The company would not only create new primary jobs and payroll in an export industry where most of the sales are outside Nevada, but would also create additional demand for other local businesses based on supplier purchases and employee spending. The number of direct jobs created by Faraday Future would increase manufacturing employment in the county by more than 20 percent, with an even greater percentage increase in advanced manufacturing employment.

The company would generate significant property, sales and MBT revenues to state and local governments in Nevada. It would also result in new employee housing and consumer spending that would generate sales and property taxes at the full unabated rate. Furthermore, it is likely that investing in attracting this size of manufacturer to Southern Nevada will seed additional related economic development activity locally and throughout the region.

APPENDIX

LOCAL AND NATIONAL ECONOMIC AND REVENUE IMPACTS

TABLE A-1
ANNUAL OPERATIONS IMPACT OF PROJECT ROBIN
ON CLARK COUNTY USING LOCAL MULTIPLIERS

	Direct			Indirect			Induced			Total		
Year	Output	Jobs	Personal Income	Output	Jobs	Personal Income	Output	Jobs	Personal Income	Output	Jobs	Personal Income
2015	$40,650,068	50	$2,399,980	$6,354,134	34	$2,259,814	$2,864,692	22	$912,757	$49,868,894	106	$5,572,551
2016	$233,662,402	300	$13,795,428	$36,524,471	197	$12,989,735	$16,466,657	126	$5,246,656	$286,653,530	623	$32,031,819
2017	$779,276,163	1,000	$46,008,464	$121,810,995	656	$43,321,437	$54,917,150	422	$17,497,867	$956,004,308	2,078	$106,827,768
2018	$1,833,015,541	2,339	$108,221,236	$286,524,158	1,543	$101,900,804	$129,176,271	992	$41,158,531	$2,248,715,971	4,874	$251,280,571
2019	$2,843,092,995	3,668	$167,856,208	$444,412,395	2,394	$158,052,921	$200,358,450	1,538	$63,838,810	$3,487,863,840	7,600	$389,747,939
2020	$2,843,092,995	3,668	$167,856,208	$444,412,395	2,394	$158,052,921	$200,358,450	1,538	$63,838,810	$3,487,863,840	7,600	$389,747,939
2021	$3,103,855,465	4,000	$183,251,624	$485,172,959	2,613	$172,549,200	$218,734,902	1,679	$69,693,971	$3,807,763,326	8,292	$425,494,795
2022	$3,258,626,673	4,200	$192,389,316	$509,365,711	2,743	$181,153,225	$229,641,939	1,763	$73,169,203	$3,997,634,323	8,706	$446,711,744
2023	$3,491,686,839	4,500	$206,149,188	$545,796,045	2,940	$194,109,481	$246,066,155	1,889	$78,402,336	$4,283,549,038	9,328	$478,661,005
2024	$3,491,686,839	4,500	$206,149,188	$545,796,045	2,940	$194,109,481	$246,066,155	1,889	$78,402,336	$4,283,549,038	9,328	$478,661,005
2025	$3,491,686,839	4,500	$206,149,188	$545,796,045	2,940	$194,109,481	$246,066,155	1,889	$78,402,336	$4,283,549,038	9,328	$478,661,005
2026	$3,491,686,839	4,500	$206,149,188	$545,796,045	2,940	$194,109,481	$246,066,155	1,889	$78,402,336	$4,283,549,038	9,328	$478,661,005
2027	$3,491,686,839	4,500	$206,149,188	$545,796,045	2,940	$194,109,481	$246,066,155	1,889	$78,402,336	$4,283,549,038	9,328	$478,661,005
2028	$3,491,686,839	4,500	$206,149,188	$545,796,045	2,940	$194,109,481	$246,066,155	1,889	$78,402,336	$4,283,549,038	9,328	$478,661,005
2029	$3,491,686,839	4,500	$206,149,188	$545,796,045	2,940	$194,109,481	$246,066,155	1,889	$78,402,336	$4,283,549,038	9,328	$478,661,005
2030	$3,491,686,839	4,500	$206,149,188	$545,796,045	2,940	$194,109,481	$246,066,155	1,889	$78,402,336	$4,283,549,038	9,328	$478,661,005
2031	$3,491,686,839	4,500	$206,149,188	$545,796,045	2,940	$194,109,481	$246,066,155	1,889	$78,402,336	$4,283,549,038	9,328	$478,661,005
2032	$3,491,686,839	4,500	$206,149,188	$545,796,045	2,940	$194,109,481	$246,066,155	1,889	$78,402,336	$4,283,549,038	9,328	$478,661,005
2033	$3,491,686,839	4,500	$206,149,188	$545,796,045	2,940	$194,109,481	$246,066,155	1,889	$78,402,336	$4,283,549,038	9,328	$478,661,005
2034	$3,491,686,839	4,500	$206,149,188	$545,796,045	2,940	$194,109,481	$246,066,155	1,889	$78,402,336	$4,283,549,038	9,328	$478,661,005
20 Yr Total	$56,835,514,365	4,500	$3,355,568,720	$8,884,129,757	2,940	$3,159,593,825	$4,005,312,368	1,889	$1,276,184,640	$69,724,956,491	9,328	$7,791,347,184

TABLE A-2
ANNUAL OPERATIONS IMPACT OF PROJECT ROBIN
USING NATIONAL MULTIPLIERS

	Direct			Indirect			Induced			Total		
Year	Output	Jobs	Personal Income	Output	Jobs	Personal Income	Output	Jobs	Personal Income	Output	Jobs	Personal Income
2015	$40,650,068	50	$2,399,980	$53,223,024	179	$11,458,356	$21,798,412	141	$5,840,457	$115,671,504	370	$19,698,793
2016	$233,662,402	300	$13,795,428	$305,933,545	1,028	$65,864,266	$125,300,387	813	$33,571,784	$664,896,334	2,141	$113,231,478
2017	$779,276,163	1,000	$46,008,464	$1,020,304,154	3,429	$219,660,724	$417,883,254	2,710	$111,963,632	$2,217,463,571	7,139	$377,632,820
2018	$1,833,015,541	2,339	$108,221,236	$2,399,962,248	8,065	$516,686,561	$982,946,142	6,375	$263,361,163	$5,215,923,931	16,780	$888,268,960
2019	$2,843,092,995	3,668	$167,856,208	$3,722,453,903	12,510	$801,405,067	$1,524,595,525	9,889	$408,485,504	$8,090,142,422	26,065	$1,377,746,779
2020	$2,843,092,995	3,668	$167,856,208	$3,722,453,903	12,510	$801,405,067	$1,524,595,525	9,889	$408,485,504	$8,090,142,422	26,065	$1,377,746,779
2021	$3,103,855,465	4,000	$183,251,624	$4,063,869,493	13,657	$874,908,243	$1,664,428,198	10,795	$445,950,930	$8,832,153,156	28,453	$1,504,110,797
2022	$3,258,626,673	4,200	$192,389,316	$4,266,511,014	14,338	$918,534,825	$1,747,423,546	11,334	$468,187,908	$9,272,561,233	29,872	$1,579,112,049
2023	$3,491,686,839	4,500	$206,149,188	$4,571,656,053	15,364	$984,229,334	$1,872,400,987	12,144	$501,673,165	$9,935,743,879	32,008	$1,692,051,687
2024	$3,491,686,839	4,500	$206,149,188	$4,571,656,053	15,364	$984,229,334	$1,872,400,987	12,144	$501,673,165	$9,935,743,879	32,008	$1,692,051,687
2025	$3,491,686,839	4,500	$206,149,188	$4,571,656,053	15,364	$984,229,334	$1,872,400,987	12,144	$501,673,165	$9,935,743,879	32,008	$1,692,051,687
2026	$3,491,686,839	4,500	$206,149,188	$4,571,656,053	15,364	$984,229,334	$1,872,400,987	12,144	$501,673,165	$9,935,743,879	32,008	$1,692,051,687
2027	$3,491,686,839	4,500	$206,149,188	$4,571,656,053	15,364	$984,229,334	$1,872,400,987	12,144	$501,673,165	$9,935,743,879	32,008	$1,692,051,687
2028	$3,491,686,839	4,500	$206,149,188	$4,571,656,053	15,364	$984,229,334	$1,872,400,987	12,144	$501,673,165	$9,935,743,879	32,008	$1,692,051,687
2029	$3,491,686,839	4,500	$206,149,188	$4,571,656,053	15,364	$984,229,334	$1,872,400,987	12,144	$501,673,165	$9,935,743,879	32,008	$1,692,051,687
2030	$3,491,686,839	4,500	$206,149,188	$4,571,656,053	15,364	$984,229,334	$1,872,400,987	12,144	$501,673,165	$9,935,743,879	32,008	$1,692,051,687
2031	$3,491,686,839	4,500	$206,149,188	$4,571,656,053	15,364	$984,229,334	$1,872,400,987	12,144	$501,673,165	$9,935,743,879	32,008	$1,692,051,687
2032	$3,491,686,839	4,500	$206,149,188	$4,571,656,053	15,364	$984,229,334	$1,872,400,987	12,144	$501,673,165	$9,935,743,879	32,008	$1,692,051,687
2033	$3,491,686,839	4,500	$206,149,188	$4,571,656,053	15,364	$984,229,334	$1,872,400,987	12,144	$501,673,165	$9,935,743,879	32,008	$1,692,051,687
2034	$3,491,686,839	4,500	$206,149,188	$4,571,656,053	15,364	$984,229,334	$1,872,400,987	12,144	$501,673,165	$9,935,743,879	32,008	$1,692,051,687
20 Yr Total	$56,835,514,365	4,500	$3,355,568,720	$74,414,583,922	15,364	$16,020,675,117	$30,477,782,829	12,144	$8,165,924,858	$161,727,881,117	32,008	$27,542,168,695

TABLE A-3
INDIRECT REVENUE IMPACT OF PROJECT ROBIN
BASED ON LOCAL MULTIPLIERS

	City	School		County and Other Local Govts		State			Total
	Property	Property		Property			Property		Indirect
Year	Tax	Tax	Sales Tax	Tax	Sales Tax	Sales Tax	Tax	MBT	Revenues
2015	$13,287	$65,874	$44,016	$33,058	$59,253	$34,550	$8,592	$46,795	$305,426
2016	$77,953	$386,465	$253,013	$193,944	$340,594	$198,597	$50,406	$268,987	$1,769,959
2017	$259,914	$1,288,559	$843,811	$646,652	$1,135,900	$662,332	$168,064	$897,085	$5,902,318
2018	$609,718	$3,022,765	$1,984,815	$1,516,948	$2,671,866	$1,557,940	$394,253	$2,110,125	$13,868,430
2019	$950,718	$4,713,321	$3,078,541	$2,365,339	$4,144,190	$2,416,437	$614,750	$3,272,903	$21,556,199
2020	$950,718	$4,713,321	$3,078,541	$2,365,339	$4,144,190	$2,416,437	$614,750	$3,272,903	$21,556,199
2021	$1,037,363	$5,142,875	$3,360,898	$2,580,907	$4,524,286	$2,638,068	$670,775	$3,573,087	$23,528,258
2022	$1,089,158	$5,399,657	$3,528,487	$2,709,771	$4,749,886	$2,769,613	$704,267	$3,751,256	$24,702,094
2023	$1,167,007	$5,785,605	$3,780,848	$2,903,456	$5,089,602	$2,967,698	$754,605	$4,019,549	$26,468,370
2024	$1,167,007	$5,785,605	$3,780,848	$2,903,456	$5,089,602	$2,967,698	$754,605	$4,019,549	$26,468,370
2025	$1,167,007	$5,785,605	$3,780,848	$2,903,456	$5,089,602	$2,967,698	$754,605	$4,019,549	$26,468,370
2026	$1,167,007	$5,785,605	$3,780,848	$2,903,456	$5,089,602	$2,967,698	$754,605	$4,019,549	$26,468,370
2027	$1,167,007	$5,785,605	$3,780,848	$2,903,456	$5,089,602	$2,967,698	$754,605	$4,019,549	$26,468,370
2028	$1,167,007	$5,785,605	$3,780,848	$2,903,456	$5,089,602	$2,967,698	$754,605	$4,019,549	$26,468,370
2029	$1,167,007	$5,785,605	$3,780,848	$2,903,456	$5,089,602	$2,967,698	$754,605	$4,019,549	$26,468,370
2030	$1,167,007	$5,785,605	$3,780,848	$2,903,456	$5,089,602	$2,967,698	$754,605	$4,019,549	$26,468,370
2031	$1,167,007	$5,785,605	$3,780,848	$2,903,456	$5,089,602	$2,967,698	$754,605	$4,019,549	$26,468,370
2032	$1,167,007	$5,785,605	$3,780,848	$2,903,456	$5,089,602	$2,967,698	$754,605	$4,019,549	$26,468,370
2033	$1,167,007	$5,785,605	$3,780,848	$2,903,456	$5,089,602	$2,967,698	$754,605	$4,019,549	$26,468,370
2034	$1,167,007	$5,785,605	$3,780,848	$2,903,456	$5,089,602	$2,967,698	$754,605	$4,019,549	$26,468,370
Total	$18,992,911	$94,160,092	$61,542,293	$47,253,426	$82,845,395	$48,306,353	$12,281,123	$65,427,732	$430,809,325

Note: All figures are in constant 2015 dollars.

TABLE A-4
INDIRECT REVENUE IMPACT OF PROJECT ROBIN
BASED ON NATIONAL MULTIPLIERS

	City	School		County and Other Local Govts		State			Total
	Property	Property		Property			Property		Indirect
Year	Tax	Tax	Sales Tax	Tax	Sales Tax	Sales Tax	Tax	MBT	Revenues
2015	$46,319	$229,632	$155,597	$115,239	$209,457	$122,133	$29,950	$255,157	$1,163,484
2016	$267,822	$1,327,768	$894,393	$666,329	$1,203,990	$702,035	$173,178	$1,466,682	$6,702,198
2017	$893,137	$4,427,856	$2,982,846	$2,222,081	$4,015,370	$2,341,323	$577,517	$4,891,459	$22,351,590
2018	$2,099,188	$10,407,027	$7,016,259	$5,222,676	$9,444,964	$5,507,268	$1,357,369	$11,505,704	$52,560,455
2019	$3,260,956	$16,166,658	$10,882,546	$8,113,097	$14,649,582	$8,542,030	$2,108,587	$17,845,886	$81,569,342
2020	$3,260,956	$16,166,658	$10,882,546	$8,113,097	$14,649,582	$8,542,030	$2,108,587	$17,845,886	$81,569,342
2021	$3,559,491	$17,646,688	$11,880,670	$8,855,837	$15,993,210	$9,325,487	$2,301,624	$19,482,673	$89,045,680
2022	$3,737,050	$18,526,962	$12,473,090	$9,297,596	$16,790,698	$9,790,495	$2,416,437	$20,454,160	$93,486,488
2023	$4,004,279	$19,851,788	$13,365,178	$9,962,448	$17,991,586	$10,490,720	$2,589,231	$21,917,062	$100,172,292
2024	$4,004,279	$19,851,788	$13,365,178	$9,962,448	$17,991,586	$10,490,720	$2,589,231	$21,917,062	$100,172,292
2025	$4,004,279	$19,851,788	$13,365,178	$9,962,448	$17,991,586	$10,490,720	$2,589,231	$21,917,062	$100,172,292
2026	$4,004,279	$19,851,788	$13,365,178	$9,962,448	$17,991,586	$10,490,720	$2,589,231	$21,917,062	$100,172,292
2027	$4,004,279	$19,851,788	$13,365,178	$9,962,448	$17,991,586	$10,490,720	$2,589,231	$21,917,062	$100,172,292
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2030	$4,004,279	$19,851,788	$13,365,178	$9,962,448	$17,991,586	$10,490,720	$2,589,231	$21,917,062	$100,172,292
2031	$4,004,279	$19,851,788	$13,365,178	$9,962,448	$17,991,586	$10,490,720	$2,589,231	$21,917,062	$100,172,292
2032	$4,004,279	$19,851,788	$13,365,178	$9,962,448	$17,991,586	$10,490,720	$2,589,231	$21,917,062	$100,172,292
2033	$4,004,279	$19,851,788	$13,365,178	$9,962,448	$17,991,586	$10,490,720	$2,589,231	$21,917,062	$100,172,292
2034	$4,004,279	$19,851,788	$13,365,178	$9,962,448	$17,991,586	$10,490,720	$2,589,231	$21,917,062	$100,172,292
Total	$65,176,264	$323,120,708	$217,550,082	$162,155,328	$292,855,880	$170,761,446	$42,144,024	$356,752,350	$1,630,516,081

Note: All figures are in constant 2015 dollars.

UNLV | LEE BUSINESS SCHOOL
UNIVERSITY OF NEVADA, LAS VEGAS

December 10, 2015

Observations on Faraday Future: Economic Impacts on Nevada

The purpose of this letter is to provide for the legislature an opinion for discussion purposes on the proposed Faraday Future production facility and its economic impacts.

In discussing the potential economic impacts of Faraday Future on Nevada, there are several observations that are analogous to the policy discussion that took place on the proposed major Tesla facilities. Thus, in the context of the proposed Faraday Future facilities, the legislature faces several similar issues which are outlined below. I have discussed several of the issues presented below with the legislature in the past legislative session.

However, in my opinion, there are two areas with Faraday Future which need to be specifically discussed by Nevada policymakers in more detail. Each of these two areas will then be discussed in turn below.

The proposed Faraday Future operation is a large manufacturing facility that represents not an intermediate product but rather final demand manufacturing of an electric vehicle. Thus, it needs to be recognized that manufacturing facilities tend to have higher multipliers on state growth than other industries (The Manufacturing Institute, 2009). Multipliers are numerical summaries of a complex process of production and consumption interactions given new economic activity within a state. Their size is dependent upon the state's industrial diversification, maturity, and technology across suppliers, its industrial and service complexity, consumption patterns, and qualified workforce.

As I have discussed with the legislature on prior occasions, it is critical 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.

If Faraday Future represents a new disruptive technology that is expected to grow in importance over time, then such a multiplier relationship may well be expected here in Nevada. This is particularly true if Faraday Future can act as a technological anchor for the Apex Industrial Park.

An important example to consider is the partnership between BMW and South Carolina. In this regard 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

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Business, 2008). To summarize this in a simple sense, BMW turned out to be an important "game changer" for the state economy.

Similar to the case of Tesla, estimating "total" economic impacts for Faraday Future 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.

As the legislature is aware, 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. Using an example that I have shared previously with the legislature, (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. As is well-known, 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.).

As noted above, there are two observations in my opinion that need specific attention by the legislature with respect to Faraday Future.

First, Faraday Future is, in my opinion, a startup automotive manufacturing enterprise even if at a very large scale. Thus, carefully matching state incentives with recognizable enterprise accomplishments will need thorough legislative discussion and formulation.

Second, how can the legislature secure the cooperation of other state institutions like NSHE to get on board to assist in the success of a major facility in engineering and manufacturing? A skilled workforce for a high-tech automotive facility with potential technology spinoffs elsewhere in the state economy will be critical. This brings issues of workforce training for high-tech manufacturing and related economic development to the forefront for both current development and future development throughout Nevada.

It also needs to be recognized of course that further work in economic development is needed to encourage domestic supplier needs of Faraday Future to be met by local vendors to create a

clustering effect. This may well involve, in part, future Nevada recruitment efforts and the relocation of national suppliers to our state.

In closing, the conceptual details for Faraday Future that are available do in my opinion represent the type of long run economic development potential that is associated with high-tech manufacturing and, if so, an opportunity for Nevada to broaden its current vison of the state's future. The challenge of the legislature from the public policy perspective is to manage the public finance risk of such a massive startup and its integration with other state institutions.

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.

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December 7, 2015

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 potential economic impact of the Faraday Future automotive factory should they locate in Clark County. I am submitting to you these general comments to assist you in your testimony to the Nevada Legislature.

In my office I have two different versions of the REMI model. One version provides county level analysis of broad industry groups, like manufacturing, while the other includes statewide information about detailed subsectors like motor vehicle manufacturing. Using these two versions together provides a more complete understanding of the potential economic impact Faraday Future would have not only in Clark County, but also the entire state.

For example, if Faraday Future's planned jobs, payroll, and investments as a broadly defined manufacturer are added to Clark County's economy, REMI estimates the cumulative economic impact of the factory by 2034 to be $58.7 billion with an increase of 10,993 jobs. This growth would naturally have ripple effects to other Nevada counties and generate an additional economic impact of $139.1 million and 37 jobs to northern Nevada (Carson City, Douglas, Lyon, Storey, and Washoe counties), and $357.9 million in economic impact and 62 jobs to the remaining Nevada counties (See Table 1).

Table 1: REMI Estimated Regional Economic Impact of Faraday Future

	Clark County	Northern Nevada Counties	Balance of State	Total
Cumulative Output in Millions of Current Dollars (2015-2034)	$58,671.624	$139.128	$357.918	$59,168.670
Jobs at Build-out	10,993	37	62	11,092

Additionally, and because of the dynamic nature of REMI, we can model the aggregate impacts when Tesla is added to Storey County in the sub-state model. When that is considered, the total economic impact to Clark County grows to $64 billion and 14,915 jobs (See Table 2).

Table 2: REMI Estimated Economic Impact of Faraday Future with and without Tesla on Clark County

	Faraday Future Only	Faraday Future and Tesla
Cumulative Output in Millions of Current Dollars (2015-2034)	$58,671.624	$64,011.222
Jobs at Build-out	10,993	14,915

Finally, if we add Faraday Future's planned jobs, payroll, and investments as a more narrowly defined auto manufacturer into REMI's industry detail model, much larger economic impacts are projected to occur as these industries mature. In this analysis, Nevada would recognize a cumulative economic impact of the factory by 2034 to be $81.6 billion with an additional 11,397 jobs added to the state's economy (See Table 3).

Table 3: Comparison Economic Impact of Faraday Future on Nevada as a Manufacturer and an Auto Manufacturer

	Manufacturer	Auto Manufacturer
Cumulative Output in Millions of Current Dollars (2015-2034)	$59,168.670	$81,563.790
Jobs at Build-out	11,092	11,397

In summary, Faraday Future would have a significant positive impact on the economy of southern Nevada and Nevada as a whole. Industry specific limitations of the regional model yield more conservative estimates than if the company were classified specifically as an auto manufacturer. Therefore, one could reasonably assume that if industry specificity were available in the county model, economic impact estimates for Clark County would be even higher than those outlined in Table 1.

Please feel free to let me know if you need additional information.

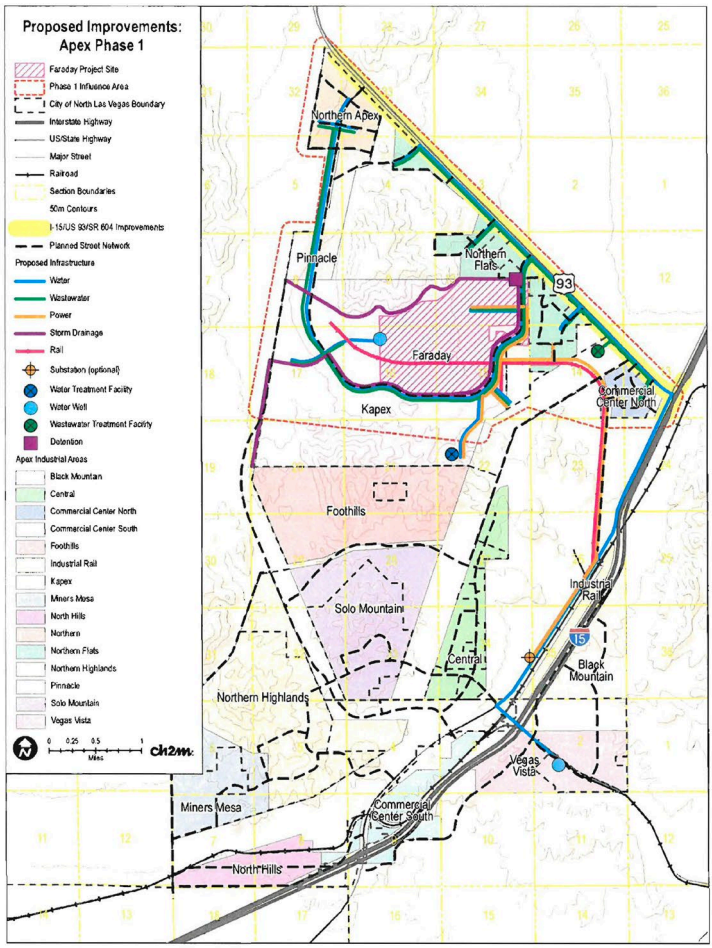
Sincerely,

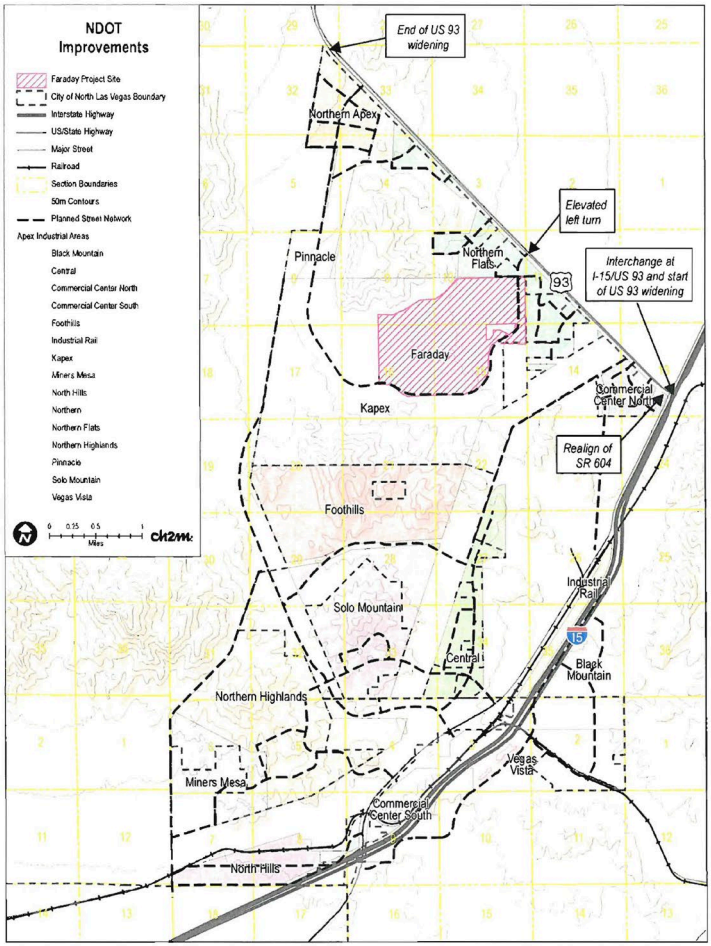
Jeff Hardcastle, AICP
Nevada State Demographer

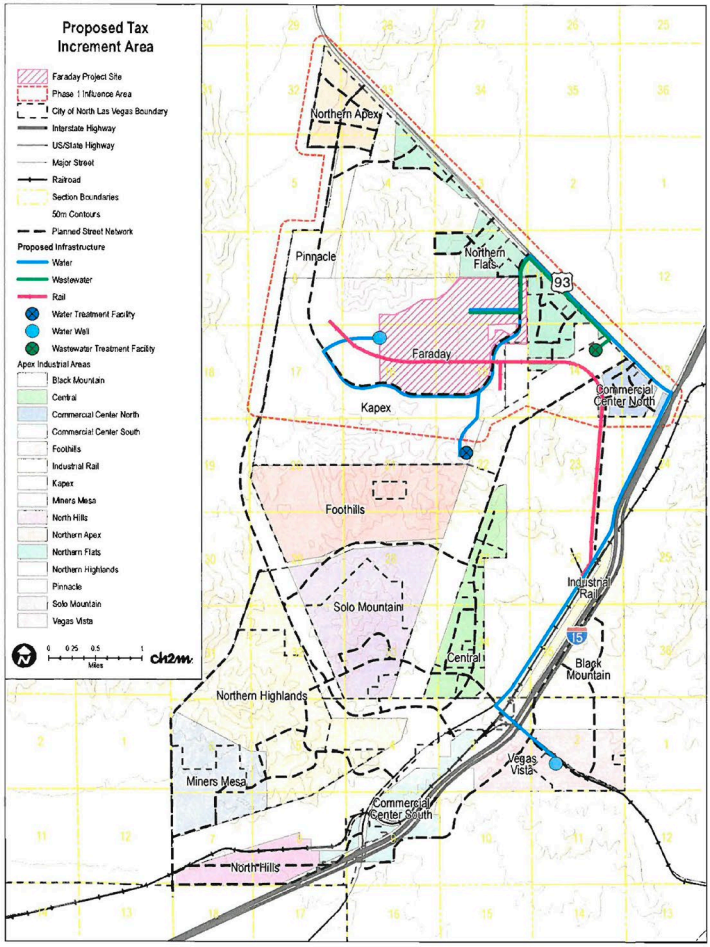
INFRASTRUCTURE SUMMARY

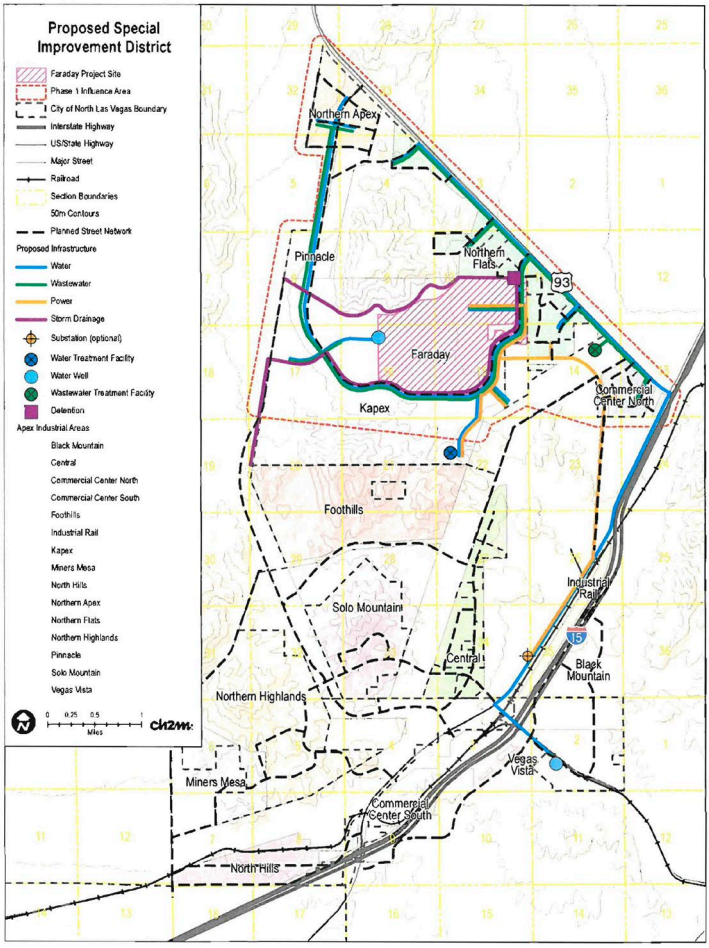
Apex Master Infrastructure Plan
Proposed Phase I Improvements

		Budget	Funding Source Allocations			
Ref	Description	Revised Total (Dec 7th)	NDOT-SHF	NRS 271 (SID)	NRS 497 (TIA)	Owners/ SB 151
1	Roadway-Offsite	$48,206,068	$48,206,068			
2	Rail	$32,204,991			$32,204,991	
3	Water	$67,866,975		$32,934,795	$34,932,180	
4	Wastewater	$12,136,125		$8,656,125	$3,480,000	
5	Storm Drainage	$12,962,500		$12,962,500		
6	Electrical	$10,919,000		$10,919,000		
7	Natural Gas	$5,764,500				$5,764,500
8	Emergency Services	$4,248,750		$4,248,750		
	Totals	**$194,308,909**	**$48,206,068**	**$69,721,170**	**$70,617,170**	**$5,764,500**

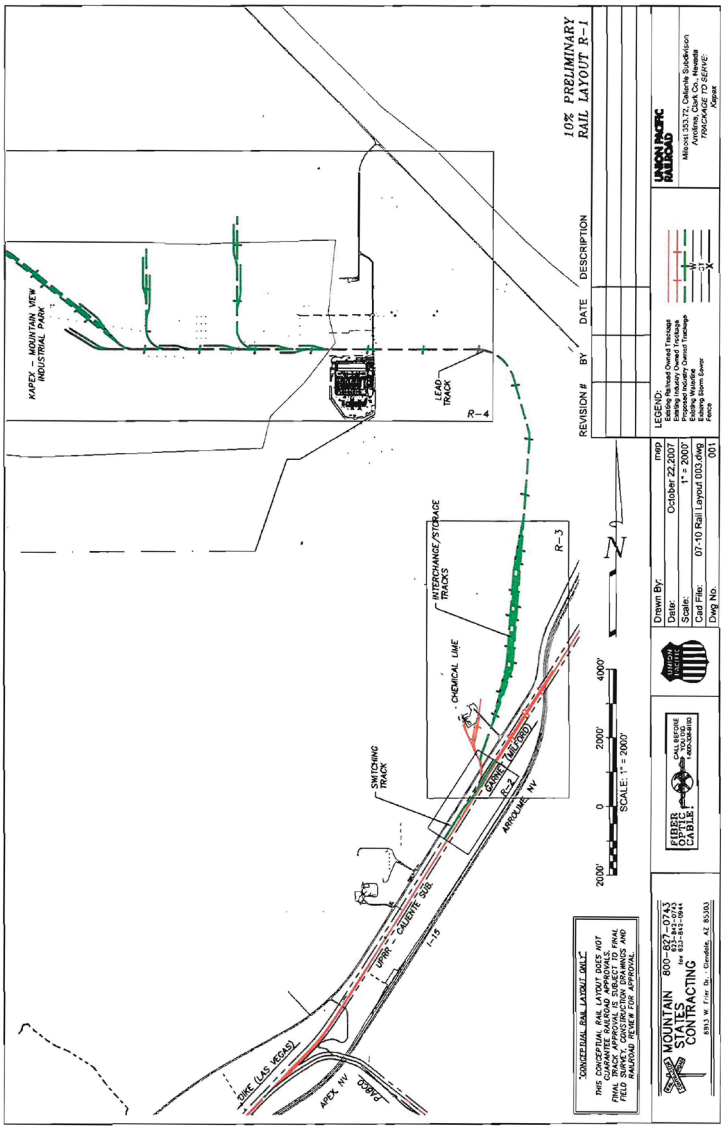

Proposed Improvements:
Apex Phase 1
Faraday Project Site
Phase 1 Influence Area
City of North Las Vegas Boundary
Interstate Highway
US/State Highway
Major Street
Railroad
Section Boundaries
50m Contours
I-15/US 93/SR 604 Improvements
Planned Street Network
Proposed Infrastructure
Water
Wastewater
Power
Storm Drainage
Rail
Substation (optional)
Water Treatment Facility
Water Well
Wastewater Treatment Facility
Detention
Apex Industrial Areas
Black Mountain
Central
Commercial Center North
Commercial Center South
Foothills
Industrial Rail
Kapex
Miners Mesa
North Hills
Northern
Northern Flats
Northern Highlands
Pinnacle
Solo Mountain
Vegas Vista
0 0.25 0.5 1
Miles
ch2m:
Northern Apex
Pinnacle
Northern Flats
93
Faraday
Kapex
Commercial Center North
Foothills
Industrial Rail
15
Solo Mountain
Central
Black Mountain
Northern Highlands
Vegas Vista
Miners Mesa
Commercial Center South
North Hills

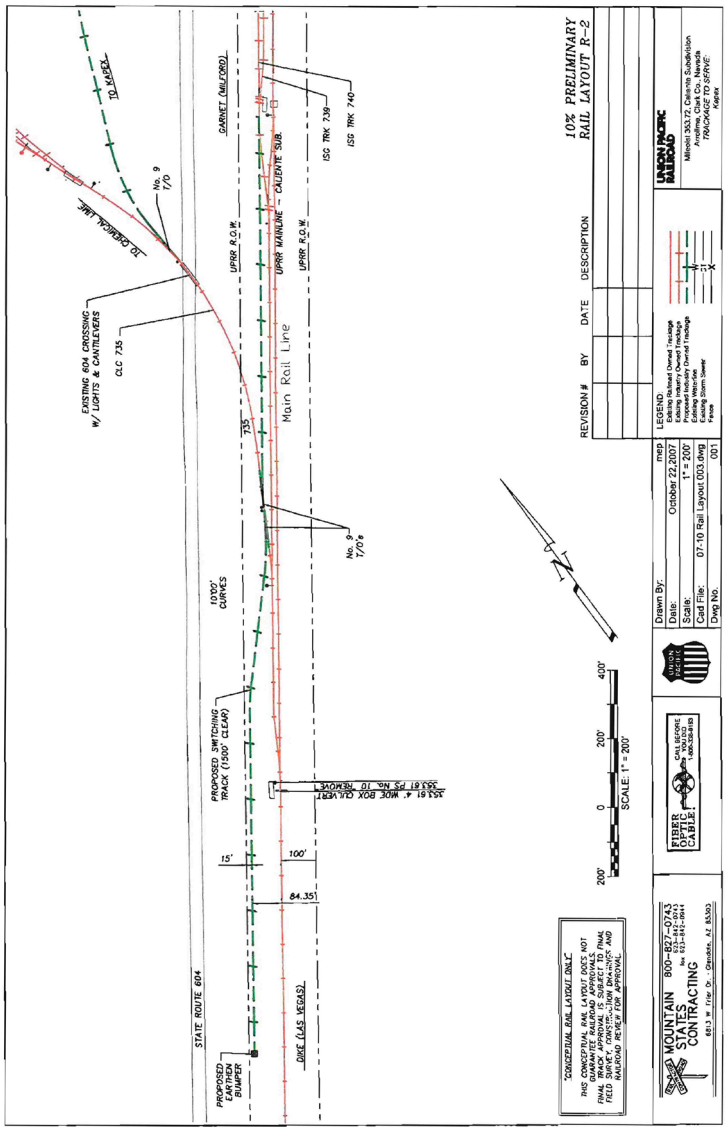

NDOT Improvements
Faraday Project Site
City of North Las Vegas Boundary
Interstate Highway
US/State Highway
Major Street
Railroad
Section Boundaries
50m Contours
Planned Street Network
Apex Industrial Areas
Black Mountain
Central
Commercial Center North
Commercial Center South
Foothills
Industrial Rail
Kapex
Miners Mesa
North Hills
Northern
Northern Flats
Northern Highlands
Pinnacle
Solo Mountain
Vegas Vista
Miles
ch2m
End of US 93 widening
Northern Apex
Elevated left turn
Pinnacle
Northern Flats
93
Interchange at I-15/US 93 and start of US 93 widening
Faraday
Kapex
Commercial Center North
Realign of SR 604
Foothills
Industrial Rail
Solo Mountain
15
Central
Black Mountain
Northern Highlands
Vegas Vista
Miners Mesa
Commercial Center South
North Hills

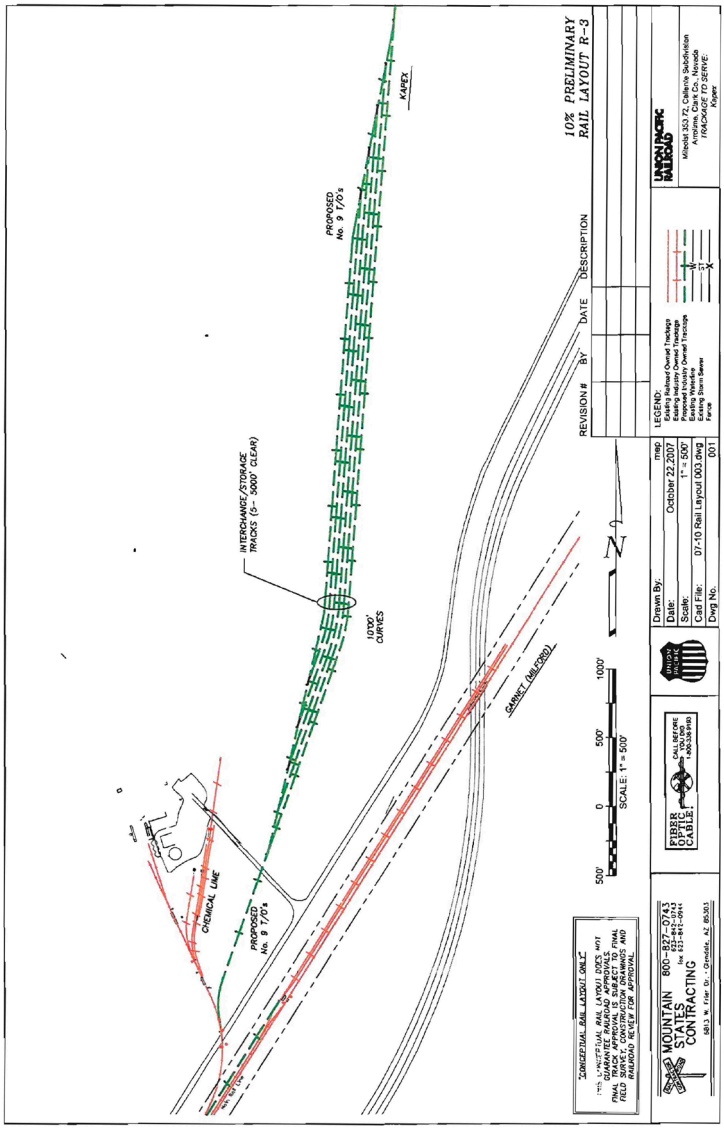

Proposed Tax Increment Area
Faraday Project Site
Phase 1 Influence Area
City of North Las Vegas Boundary
Interstate Highway
US/State Highway
Major Street
Railroad
Section Boundaries
50m Contours
Planned Street Network
Proposed Infrastructure
Water
Wastewater
Rail
Water Treatment Facility
Water Well
Wastewater Treatment Facility
Apex Industrial Areas
Black Mountain
Central
Commercial Center North
Commercial Center South
Foothills
Industrial Rail
Kapex
Miners Mesa
North Hills
Northern Apex
Northern Flats
Northern Highlands
Pinnacle
Solo Mountain
Vegas Vista
0 0.25 0.5 1
Miles
ch2m
Northern Apex
Pinnacle
Northern Flats
93
Faraday
Kapex
Commercial Center North
Foothills
Industrial Rail
Solo Mountain
Central
15
Black Mountain
Northern Highlands
Vegas Vista
Miners Mesa
Commercial Center South
North Hills

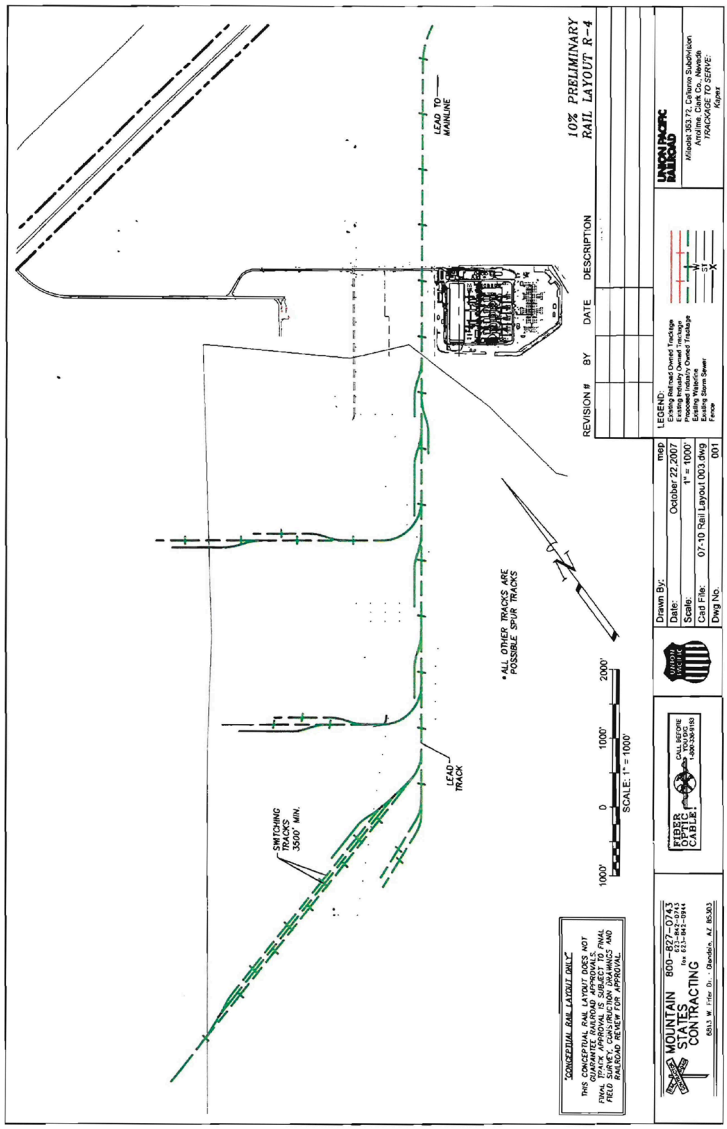

Proposed Special Improvement District
Faraday Project Site
Phase 1 Influence Area
City of North Las Vegas Boundary
Interstate Highway
US/State Highway
Major Street
Railroad
Section Boundaries
50m Contours
Planned Street Network
Proposed Infrastructure
Water
Wastewater
Power
Storm Drainage
Substation (optional)
Water Treatment Facility
Water Well
Wastewater Treatment Facility
Detention
Apex Industrial Areas
Black Mountain
Central
Commercial Center North
Commercial Center South
Foothills
Industrial Rail
Kapex
Miners Mesa
North Hills
Northern Apex
Northern Flats
Northern Highlands
Pinnacle
Solo Mountain
Vegas Vista
0 0.25 0.5 1 Miles
CH2M
Northern Apex
Pinnacle
Northern Flats
93
Faraday
Kapex
Commercial Center North
Foothills
Industrial Rail
Solo Mountain
Central
15
Black Mountain
Northern Highlands
Vegas Vista
Miners Mesa
Commercial Center South
North Hills

RAIL PORT

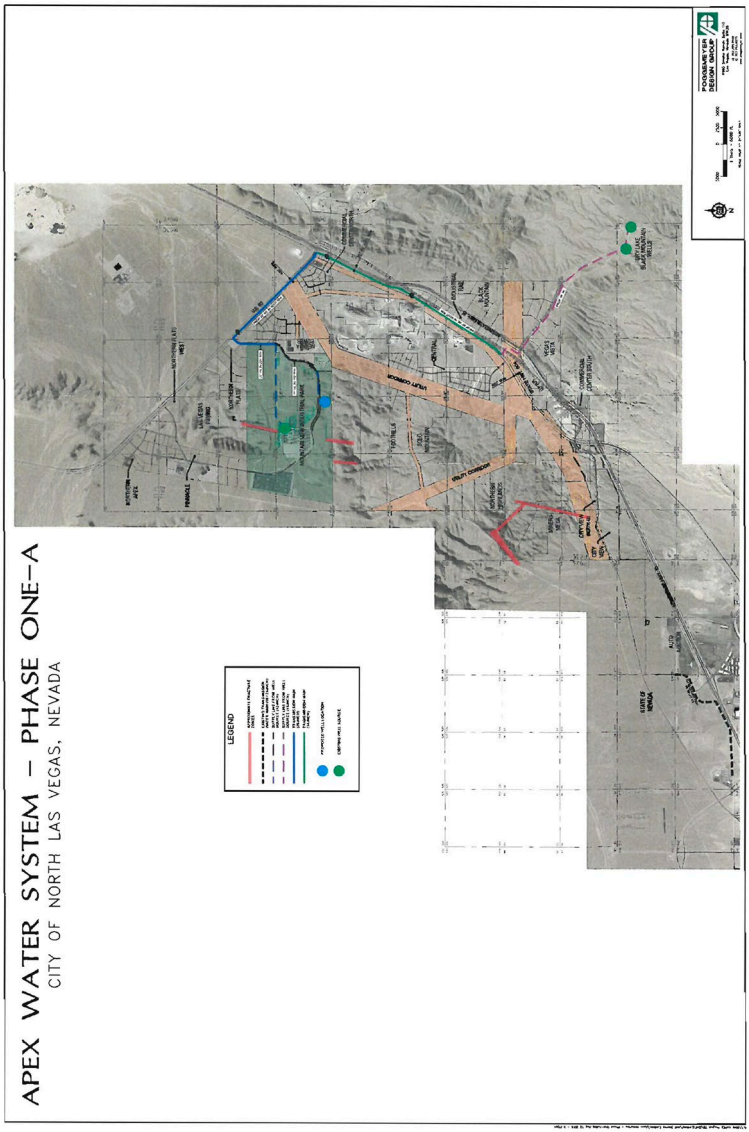

10% PRELIMINARY
RAIL LAYOUT R-1
KAPEX – MOUNTAIN VIEW INDUSTRIAL PARK
LEAD TRACK
R-4
R-3
INTERCHANGE/STORAGE TRACKS
CHEMICAL LINE
SWITCHING TRACK
CORNER (MILFORD)
AC-2
APEX, NV
ARROWLINE, NV
UPRR – CALIENTE SUB.
I-15
DRIVE (LAS VEGAS)
DOBBS
SCALE: 1" = 2000'
2000' 0 2000' 4000'
CONCEPTUAL RAIL LAYOUT ONLY
THIS CONCEPTUAL RAIL LAYOUT DOES NOT GUARANTEE RAILROAD APPROVALS. FINAL TRACK LAYOUTS ARE SUBJECT TO FINAL FIELD SURVEY, CONSTRUCTION DRAWINGS AND RAILROAD REVIEW FOR APPROVAL
MOUNTAIN STATES CONTRACTING
800-827-0743
fax 623-581-0440
8913 W. Friar Dr. - Glendale, AZ 85303
CALL BEFORE YOU DIG!
811
UPPER PORTION CABLE
Drawn By: mwp
Date: October 22, 2007
Scale: 1" = 2000'
Cad File: 07-10 Rail Layout 003.dwg
Dwg. No. 001
REVISION # BY DATE DESCRIPTION
LEGEND:
Existing Railroad Owned Trackage
Existing Industry Owned Trackage
Proposed Industry Owned Trackage
Existing Waterline
Existing Storm Sewer
Fence
UNION PACIFIC RAILROAD
Mileman 353.72, Dakota Subdivision
Ambrosia Clark Co., Nevada
TRACKAGE TO SERVE:
Aspect


10% PRELIMINARY
RAIL LAYOUT R-2
STATE ROUTE 604
DIKE (LAS VEGAS)
PROPOSED EARTHEN BUMPER
PROPOSED SWITCHING TRACK (1300 CLEAR)
10'00" CURVES
15'
100'
84.35'
EXISTING 604 CROSSING W/ LIGHTS & CANTILEVERS
CLC 735
TO CHEMICA LINE
TO KAPEL
No. 9 1/10
GARNET (MILFORD)
UPRR R.O.W.
UPRR MAINLINE - CALIENTE SUB.
Main Rail Line
735
ISG TRK 739
ISG TRK 740
No. 9 1/10
"CONCEPTUAL RAIL LAYOUT ONLY"
THIS CONCEPTUAL RAIL LAYOUT DOES NOT GUARANTEE RAILROAD APPROVALS. FINAL LAYOUT IS SUBJECT TO FINAL FIELD SURVEY, CONSTRUCTION DRAWINGS AND RAILROAD REVIEW FOR APPROVAL.
SCALE: 1" = 200'
200' 0 200' 400'
REVISION # BY DATE DESCRIPTION
LEGEND
Existing Railroad Owned Trackage
Existing Industry Owned Trackage
Proposed Railroad Owned Trackage
Proposed Industry Owned Trackage
Existing Storm Sewer
Fence
MOUNTAIN STATES CONTRACTING
800-827-0743
623-842-0911
Fax 623-842-0944
6813 W. Tyler Dr. - Glendale, AZ 85303
FIBER OPTIC CABLE
CALL BEFORE YOU DIG 811 or 800-STAKERS
Drawn By: mep
Date: October 22, 2007
Scale: 1" = 200'
Cad File: 07-10 Rail Layout 003.dwg
Dwg No. 001
UNION PACIFIC RAILROAD
Milepost 353.72, Caliente Subdivision
Approximately One Mile North
TRACKAGE TO SERVE
Kiplinx


10% PRELIMINARY
RAIL LAYOUT R-3
PROPOSED No. 9 T/O's
INTERCHANGE/STORAGE TRACKS (0 - 5000' CLEAR)
10100' CURVES
CHEMICAL LINE
PROPOSED No. 8 T/O's
SAMBET (MILFORD)
KAPEX
SCALE: 1" = 500'
500' 0 500' 1000'
N
REVISION # BY DATE DESCRIPTION
LEGEND:
Existing Railroad Owned Trackage
Existing Industry Owned Trackage
Existing Railroad Owned Trackage
Existing Waterline
Existing Storm Sewer
Fence
Drawn By: mag
Date: October 22,2007
Scale: 1" = 500'
Cad File: 07-10 Rail Layout 003.dwg
Dwg No. 001
UNION PACIFIC RAILROAD
UNION PACIFIC RAILROAD
Milepost 350.72, Cella's Subdivision
Arizona, Clark Co., Nevada
TRACKAGE TO SERVE:
Kapex
CHEMICAL LINE
PROPOSED No. 8 T/O's
FIBER OPTIC CABLE!
CALL BEFORE YOU DIG! 1-800-336-9193
MOUNTAIN STATES CONTRACTING
800-827-0743
fax 623-872-3914
5813 W. Fillmore Dr. - Glendale, AZ. 85301
LONGITUDINAL RAIL LAYOUT ONLY
THIS LAYOUT DOES NOT GUARANTEE RAILROAD APPROVALS
FINAL TRACK LAYOUT TO BE SUBJECT TO FINAL FIELD SURVEY, CONSTRUCTION DRAWINGS AND RAILROAD REVIEW FOR APPROVAL


10% PRELIMINARY
RAIL LAYOUT R-4
LEAD TO MAINLINE
SWITCHING TRACKS 3500' MIN.
LEAD TRACK
* ALL OTHER TRACKS ARE POSSIBLE SPUR TRACKS
SCALE: 1" = 1000'
1000' 0 1000' 2000'
"CONCEPTUAL RAIL LAYOUT ONLY"
THIS CONCEPTUAL RAIL LAYOUT DOES NOT GUARANTEE RAILROAD APPROVALS. FINAL TRACK ARRANGEMENT IS SUBJECT TO FINAL FIELD SURVEY, CONSTRUCTION DRAWINGS AND RAILROAD REVIEW FOR APPROVAL.
MOUNTAIN STATES CONTRACTING
800-827-0743
623-842-0743
fax 623-842-0744
6843 W. Tyler Dr. Glendale, AZ 85303
PIPER CABLE
CALL BEFORE YOU DIG
1-800-336-9155
REVISION # BY DATE DESCRIPTION
LEGEND
Existing Railroad Owned Trackage
Existing Industry Owned Trackage
Proposed Railroad Owned Trackage
Existing Waterline
Existing Storm Sewer
Fence
Drawn By: mep
Date: October 22, 2007
Scale: 1" = 1000'
Cad File: 07-10 Rail Layout 00.3.dwg
Dwg No. 001
UNION PACIFIC RAILROAD
Mission 353.77, Lahaina Subdivision
Approx. 3.77 Track Miles
TRACKAGE TO SERVE:
Kajeer

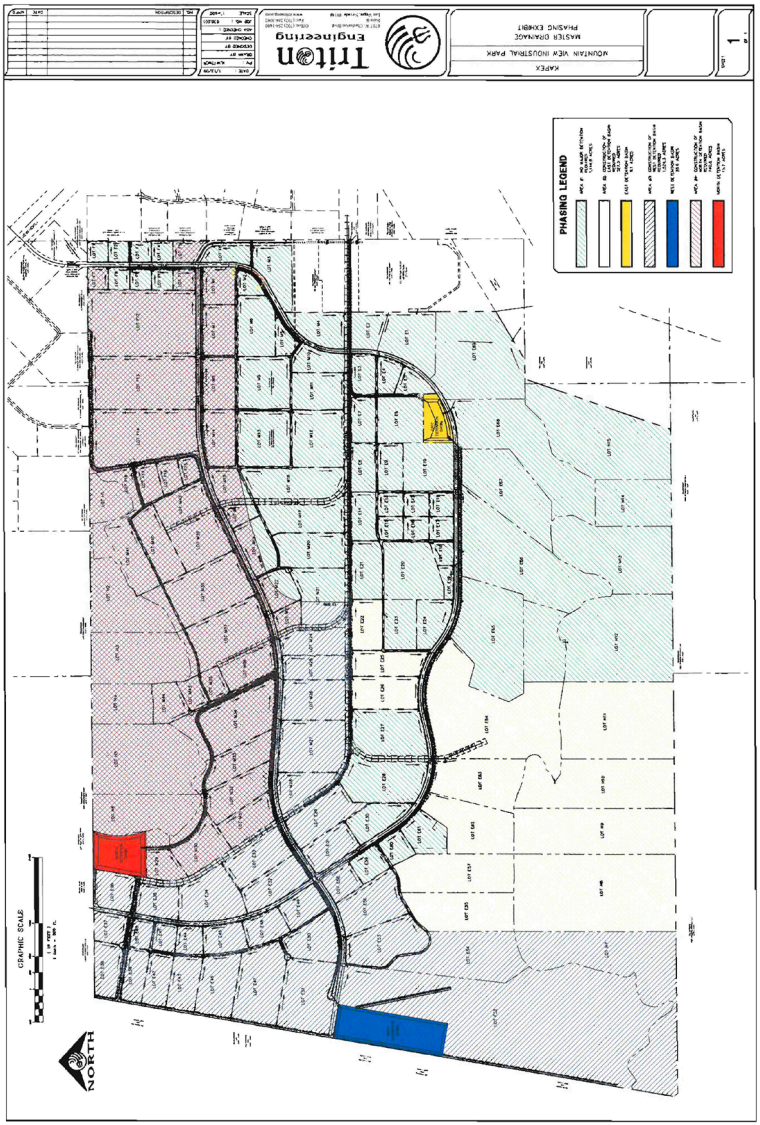
WATER


APEX WATER SYSTEM – PHASE ONE-A
CITY OF NORTH LAS VEGAS, NEVADA
LEGEND

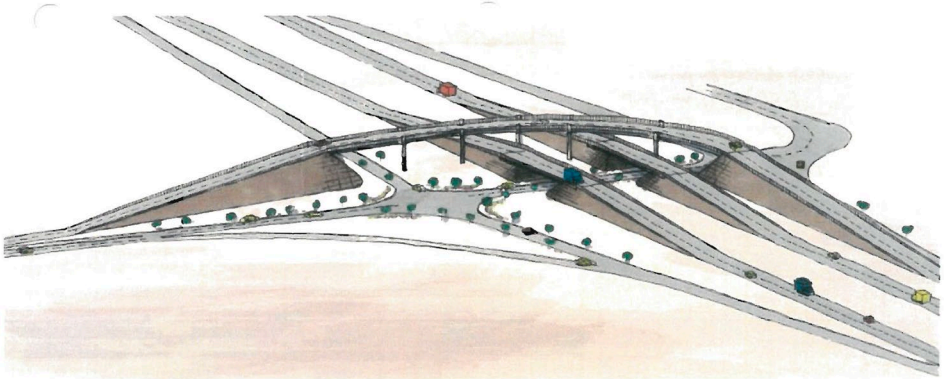
WASTEWATER

Conceptual .35 MGD Underground Wastewater Package Treatment Plant (For Discussion Only)

STORM DRAINAGE


KAPEK
MOUNTAIN VIEW INDUSTRIAL PARK
MASTER DEVELOPMENT
PHASING EXHIBIT
Triton
Engineering
PHASING LEGEND
GRAPHIC SCALE
NORTH

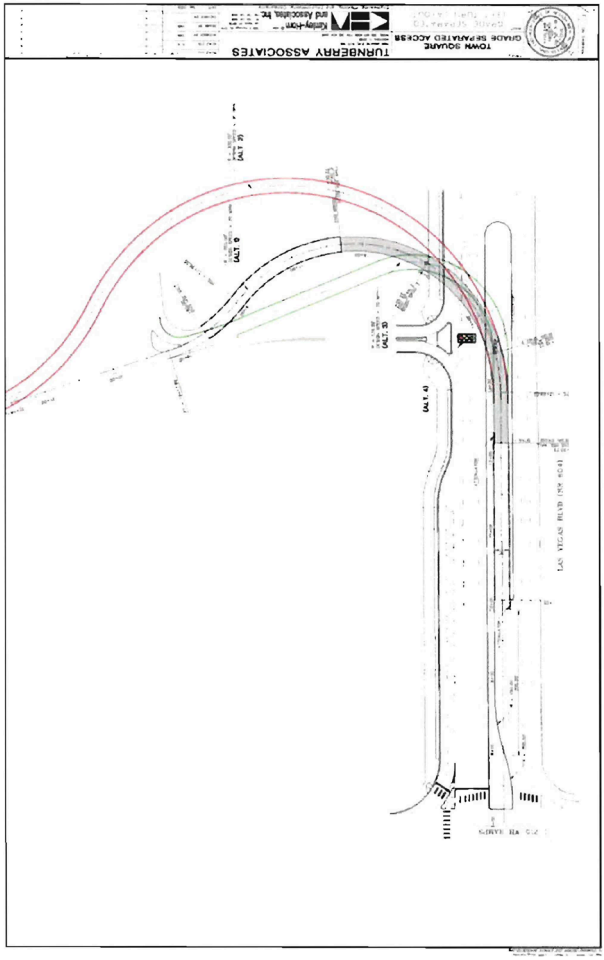
ROADS (OFFSITE)

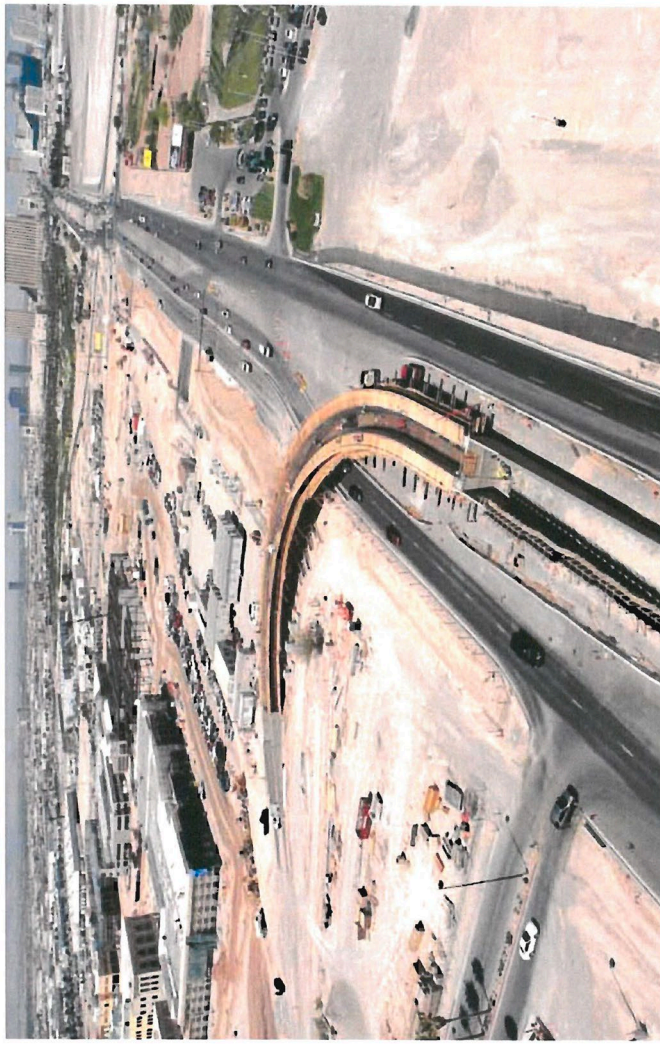


Conceptual Rendering of Flyover Ramp Option at I-15 and US 93

- **I-15 & U.S. 93 Interchange Expansion/Replacement**
- **U.S. 93 Widening from 2-Lanes to 4-Lanes (to Apex Power Parkway)**
- **U.S. 93 Elevated Left Hand Turn (at Grand Valley Parkway)**
- **S.R. 604 Realignment (if necessary)**

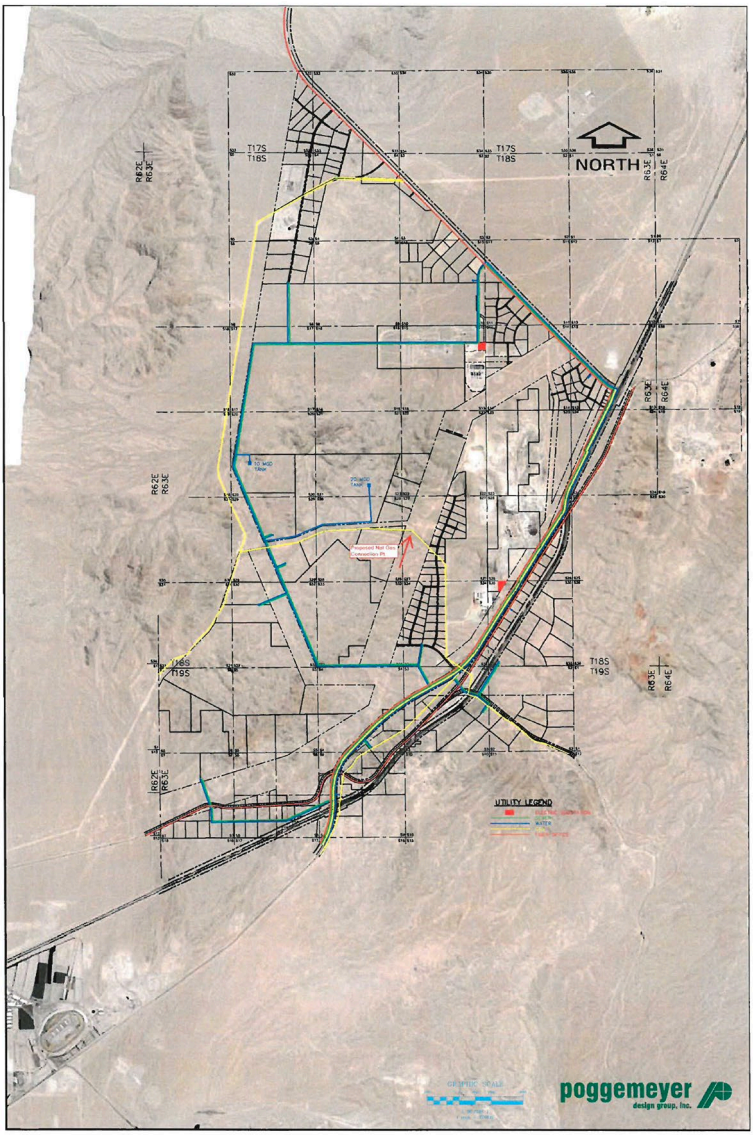
Note: This rendering is an illustration of one of several alternatives tested for this location. All alternatives are considered preliminary and subject to NDOT approval. All improvements are subject to approval by the NDOT Board of Directors.


TURNBERRY ASSOCIATES
TOWN SQUARE
GRADE SEPARATED ACCESS
LAS VEGAS BLVD



Conceptual Elevated Left Turn Design (Actual location at Town Square Las Vegas)

NATURAL GAS


NORTH
T17S
T18S
R62E
R63E
R64E
T18S
T19S
R62E
R63E
R64E
UTILITY LEGEND
poggemeyer
design group, inc.

EMERGENCY SERVICES

MEMORANDUM OF UNDERSTANDING
BY AND AMONG
THE CITY OF NORTH LAS VEGAS, FF INC., AND KAPEX, LLC

THIS MEMORANDUM OF UNDERSTANDING ("MOU"), effective December __, 2015, by and between the City of North Las Vegas, a political subdivision of the State of Nevada ("City"), FF Inc., a California corporation ("FF"), and FNBN Kapex, LLC, a Delaware limited liability company ("Kapex"), collectively "the Parties" or individually a "Party",, sets forth modifications to the Development Agreement between the City and Kapex recorded as instrument # 201005130000190 on May 13, 2010 ("the DA") necessary to address public safety service requirements as further defined in Section 6 of the DA.

FF is contemplating the acquisition, construction, installation and equipment of a new electric vehicle assembly factory and related facilities ("Project") to be located on approximately 800 acres within the Mountain View Industrial Park owned by Kapex ("MVIP") all of which are part of the northeastern industrial area of the City known as Apex Industrial Park ("Apex"). Since the public-private public facilities process contemplated in the DA was not completed, and since funding sources for the construction and operation of said facilities have therefore not been identified, the Parties herein agree to the following terms related to the public safety service requirements to which they have an understanding to avoid any suspension of building permits for the Project:

1. Public Facility Property. Kapex agrees to dedicate not more than ten (10) acres of land for the exclusive use by the City for police, fire, emergency medical and public works (the "Public Facilities Property") consistent with the DA. Dedication of the Public Facilities Property shall occur no later than thirty (30) days after that separate land purchase and sale contemplated by and between FF and Kapex.

2. Public Safety District or Association. The Parties contemplate the creation of a public safety district or association ("PSDA") necessary to provide for the operation of a regional police, fire, emergency medical and police services (the "RPSSC") consistent with the DA. FF, other companies doing business in Apex, and land owners in Apex are contemplated to be members of the PSDA. Fees paid by members of the PSDA are contemplated to be determined by an assessment engineer or similar independent expert, and are assumed to be based on a reasonable apportionment of the costs of RPSSC services versus the individual member need for said services, less the net increase of property taxes as a result of the Project. The Parties agree to meet to discuss the baseline of the property taxes prior to any further amendment to the DA or execution of one or more definitive agreements.

3. City Franchise Fee Contribution. The City Manager agrees to seek City Council consideration regarding the utility franchise fees related to the Project to be contributed to the PSDA.

4. Construction Funding. Consistent with NRS 271 or similar state law, the Parties contemplate the use of public financing to construct a collocated police and fire facility with a possible initial and approximate 10,000 square foot RPSSC designed in a fashion

similar to Station 56 which is owned and operated by the City. Members of the PSDA are assumed to be assessed a proportional share of this financing as determined by an independent assessment engineer selected by the City and FF. The Parties are not limited to public funding mechanisms. The Parties may opt for private funding to construct the collocated police and fire facility to be dedicated to the City for ownership, operation and maintenance.

5. RPSSC Phasing. The Parties commit that the RPSSC will be a municipally-owned and operated facility, but acknowledge interim private solutions may be necessary during construction of the Project through stabilized vehicle production, which is defined as FF achieving annual delivery of approximately 150,000 electric vehicles.

6. Construction Fire-EMS-Security. During construction of the Project and RPSSC, FF agrees to provide its own private Fire-EMS-Security services for the Project.

7. RPSSC Ownership. Consistent with the DA, both the Public Facilities Property and the RPSSC will be owned, operated and maintained by the City.

8. PSDA Dissolution. The Parties contemplate the PSDA will be an interim solution necessary to fund RPSSC operations at the Public Facilities Property. Once sufficient tax revenues are generated from Apex lands annexed into the City, the PSDA is assumed to be unnecessary and would thereupon be dissolved as mutually agreed upon by the Parties.

9. Non-Binding Nature. This MOU is not binding on the parties, but is intended by the parties to express their initial intent, as well as any initial activities to be performed to implement the cooperative efforts contemplated hereby, and is solely intended to be a guide for further amendment to the DA or execution of one or more definitive agreements. No party will be bound or obligated in any way hereunder until an amendment or formal and definitive agreement has been negotiated, drafted, approved by the parties, and executed and delivered.

10. Effect Date. This MOU shall take effect upon its full execution.

The undersigned, duly authorized by the respective Parties, have signed this MOU on behalf of such respective Parties as of the dates set forth beneath their signatures below.

[Signatures on following page]

City of North Las Vegas

By: _____
Name: Qiong X. Liu
Title: City Manager

Approved and accepted on Dec. 7, 2015

FF INC.

By: _____
Name:
Title:

Approved and accepted on _____, 2015

FNBN Kapex, LLC

By: _____
Name:
Title:

Approved and accepted on _____, 2015

City of North Las Vegas

By:_____
Name:
Title:

Approved and accepted on _____, 2015

FF INC.

By: David A Wisniewski
Name: DAVID A WISNIEWSKI
Title: CEO

Approved and accepted on _____, 2015

FNBN Kapex, LLC

By:_____
Name:
Title:

Approved and accepted on _____, 2015

City of North Las Vegas

By:_____
Name:
Title:
Approved and accepted on _____, 2015

FF INC.

By:_____
Name:
Title:
Approved and accepted on _____, 2015

FNBN Kapex, LLC

By: _____
Name: JIM SORENSON
Title: MANAGER
Approved and accepted on 12/8, 2015

HIRING AND TRAINING

Nevada Governor's Office of
ECONOMIC DEVELOPMENT

WORKFORCE INNOVATIONS FOR A NEW NEVADA

Workforce Development Program Summary for Faraday Future

EXECUTIVE SUMMARY

Faraday Future (the Client) aims to recruit and retain a well-trained, diverse workforce. The State of Nevada – through its state agencies and associated entities – has agreed to play a primary role in the recruiting, screening and training of the Client's immediate and long-term workforce.

The Nevada Department of Employment, Training and Rehabilitation (DETR) will be responsible for assisting in recruiting and screening for the entire workforce, while the Nevada System of Higher Education (NSHE) through the College of Southern Nevada (CSN) and the University of Nevada, Las Vegas (UNLV) will be responsible for developing and providing a customized training and certification program for up to 800 persons per year, until the project reaches its anticipated employment of approximately 4,500 full-time employees.

Funding for these efforts will be provided from the new Workforce Innovations for a New Nevada (WINN) Fund.

Analyze
The Governor's Office of Economic Development (GOED), DETR, NSHE and the Client will meet to understand the Client's full workforce needs. DETR will work with the Client to develop position-based skills profiles in order to develop a full recruiting plan and scope of work. Simultaneously, NSHE, through CSN and UNLV, will work with the client to understand the specific technical skills required for each position in order to develop a customized training and certification program to meet the Client's needs.

Recruit
DETR will lead the development and implementation of a full recruiting plan, in close coordination with local workforce development, education, social service, and veteran service entities. Strategies will include targeted career fairs, social and traditional media campaigns, and various other means of outreach. A significant emphasis will be placed on reaching underserved and underrepresented members of the community (see Workforce Diversity Action Plan).

Evaluate
DETR will work with the Client to screen applicants and identify candidates for further consideration. Through a series of assessments, interviews and other evaluations, DETR will score and sort applicants, and present the Client with the information in order to facilitate their hiring decisions. Candidates with sufficient skills or certifications may be hired immediately, while candidates needing additional training will be given individual education plans and connected with NSHE institutions for specialized assistance.

Train
Employees hired by the Client – or individuals identified as prime candidates for hiring – will be trained through custom curriculum developed by NSHE entities for the Client. Individuals will receive technical, organizational, and other training to ensure they can work at a high-level on "day one" and beyond. This targeted training program will be competency-based, allowing the program to respond to the direct needs of the Client as well as the individual. NSHE will also work to develop credit or degree-based training programs to provide the Client with a well-trained workforce for the long term. Additional training may be conducted on-the-job, on line or in classrooms for and individuals needing supplementary or remedial assistance.

AGENCY SUPPORT

The Nevada Governor's Office of Economic Development will provide leadership, guidance and facilitation, in order to ensure that interactions between state agencies and the Client are efficient and effective.

The Nevada System of Higher Education, through the CSN and UNLV, will provide customized, competency-based training programs, as well as degree or credit-based programs for long-term workforce needs.

The Nevada Department of Education and Nevada Governor's Office of Science, Innovation and Technology will work with GOED to develop and implement Career and Technical Education pathways that will prepare the Nevada students to be successful members of the Client's workforce.

DETR will provide human resource assistance to the Client. DETR will also leverage partnerships with local workforce boards and community organizations.

The Nevada Department of Veterans Services will provide support and assistance to DETR in order to facilitate direct engagement with local military installations and organizations.

Nevada Governor's Office of
ECONOMIC DEVELOPMENT

FARADAY FUTURE

WORKFORCE DIVERSITY ACTION PLAN

Faraday Future (the Client) aims to recruit a well-trained, diverse workforce. This Workforce Diversity Action Plan outlines key considerations and actions steps that the Nevada Department of Training, Employment and Rehabilitation (DETR) will use to help accomplish workforce diversity goals.

In order to develop this diverse workforce, it is important to consider ways to engage all segments of the population in (1) **recruiting**, (2) **interviewing**, and (3) **hiring**. At each of these stages, DETR will work with the Client to plan and implement initiatives targeted specifically at underserved and underrepresented segments of the community. Importantly, DETR will also work with the Client to measure the relative success of these initiatives at each stage, in order to understand potential barriers, biases or other factors that may be limiting success, and to inform improvements to the process.

AGENCY SUPPORT

The Nevada Governor's Office of Economic Development (GOED) will provide leadership, guidance and facilitation, in order to ensure that interactions between state agencies and the Client are efficient and effective.

DETR will provide human resource assistance to the Client. As part of this assistance, DETR has agreed to assign staff resources to guiding the development and implementation of this Plan in close consultation with the Client. DETR will also utilize connections with local workforce boards and community organizations who work closely with underserved and underrepresented segments of the community.

The Nevada Department of Veterans Services (NDVS) will provide support and assistance to DETR in order to facilitate direct engagement with local military installations and organizations.

The Nevada System of Higher Education (NSHE), through the College of Southern Nevada (CSN), will provide customized workforce training programs, as well as ad hoc, performance-based curriculum for potential employees who may face basic education or language barriers.

The Nevada Department of Education (NDE) and Nevada Governor's Office of Science, Innovation and Technology (OSIT) will work with GOED to develop and implement Career and Technical Education (CTE) pathways that will prepare Nevada students to be successful members of the Client's workforce. As part of this initiative, close attention will be paid to how these CTE programs can be tailored towards underserved and underrepresented segments of the community.

ACTION PLAN

DETR, state agencies, and the Client will develop specific plans over time, but the following action plan describes broad steps and considerations that will be considered throughout.

DETR, in collaboration with appropriate offices, agencies and the Client, will develop, implement and evaluate strategic outreach and recruiting initiatives targeted toward underserved or underrepresented segments of the community.

During and after each part of the process, DETR will work with the client to understand the relative success of recruiting, interviewing and hiring underserved or underrepresented segments of the community. This is part of a continuous improvement feedback process which will assess performance and inform necessary modifications to the strategy.

This process will help identify gaps and barriers that may be preventing diverse segments of the community from applying for positions. For example, this process may highlight segments of the community that have been overlooked in recruiting, or may expose necessary improvements to non-English language postings that have not been well-translated, or could identify efforts that are particularly successful at engaging diverse segments of the community.

RECRUITING STRATEGIES

General

Marketing campaigns (e.g. radio, TV, print, social media) will be tailored to reach diverse audiences, promote awareness of job opportunities, and direct interested individuals to DETR and workforce development partner offices, job fairs, and other community events. Job announcements will also be posted at major web sites and job boards.

DETR will also coordinate a concentrated outreach effort in North Las Vegas and throughout the Las Vegas Valley at community, recreation and government centers.

Examples of successful efforts include but are not limited to:

- Posting job announcements in multiple languages
- Advertising on non-English speaking radio stations
- Implementing social media campaigns
- Holding job fairs at local churches, schools, Tribal centers or other community gathering places where traditionally underserved or underrepresented segments of the community are likely to frequent

Adults & Youth

DETR will work with the Client to create skill-based profiles for the Client's workforce positions in order to understand basic requirements for each position and to identify potential opportunities for targeted recruitment.

For manufacturing positions, DETR will compare position skill-profiles with existing profiles in the Nevada Job Connect Operating System (NJCOS). Using this information, DETR will identify diverse candidates who may be suited to the position, and will actively recruit individuals via phone, email and traditional mail.

Recruiting will also occur at DETR and workforce development partner offices throughout the Las Vegas valley. Cumulatively, these offices provide service to thousands of Nevadans each year. Many of these offices are located within traditionally diverse communities. Primary locations provide individualized job-matching, job preparation workshops, STEM workshops, skills-based assessments and other supportive services.

Once a job seeker engages with these offices, they will undergo a thorough assessment to identify areas for improvement and possible barriers to employment. Using work history, educational background and information from assessments, a dedicated workforce specialist will develop an Individualized Employment Plan (IEP) which can then be utilized by DETR, CSN and the Client to train individuals, as well as develop a pipeline of potential applicants over time.

Primary workforce locations include:

- Nevada Job Connect (S. Maryland Pkwy, N. Las Vegas Blvd, E. Sunset Rd)
- Nevada One Stop Career Center (W. Charleston Blvd)

Additional support will be provided by workforce partners including:

- FIT Re-Entry Initiative

- HELP of Southern Nevada
- Las Vegas Urban League
- Easter Seals Nevada
- Nevada Partners, Inc.
- Olive Crest
- Goodwill of Southern Nevada
- Academy of Human Development

DETR will also work with workforce partners and NDE to identify locations for job fairs or recruiting campaigns at area high schools with diverse populations. Working with career counselors and CTE programs, this will provide a pipeline of youth who are trained and ready to work at the Client's facility as well as increase awareness among parents/family and the community as a whole of career opportunities.

Professional Positions

Management, engineering, accounting, human resource and other professional positions will also be actively recruited in diverse communities. In addition to marketing campaigns, DETR will work with the Client to engage professional diversity organizations that can distribute notice of job openings to their members.

Example organizations include, but are not limited to:

- Association of Latino Professionals in Finance & Accounting
- Gay and Lesbian Community Center of Southern Nevada
- Lambda Business Association
- Las Vegas Paiute Tribe
- Las Vegas PRIDE
- National Association of Asian American Professionals
- National Black MBA
- National Business & Disability Council
- National Latino MBA
- National Society of Black Engineers
- Nevada Indian Commission
- Society of Women Engineers
- University and College diversity organizations and clubs

In addition to the strategies outlined above, specific initiatives will be utilized to target the following segments of the community:

Veterans

DETR will work with NDVS to recruit veterans and veteran families for positions at the Client's facility. NDVS will facilitate direct engagement with local military installations and organizations, and assist DETR in assembling skill profiles for eligible persons.

- Hold job fairs at local military installations and post on veteran-based job sites
  - Nellis Air Force Base
  - Creech Air Force Base
  - Nevada National Guard
  - Nevada Green Zone Initiative

Persons with Disabilities

Persons with disabilities will be assisted by DETR's Bureau of Vocational Rehabilitation (BVR). BVR provides services, technology, education, training and workforce support to more than 5,200 individuals with disabilities in Nevada each year. BVR will assist the Client with recruitment and retention of these individuals, and will customize work readiness and training, as needed. BVR's services ensure that individuals can meet the same performance standards and expectations as other employees. BVR can provide funding for on- and off-site training tailored to specific needs, and pays for the salaries of potential employees while they are learning, and also for job coaching, instruction at Nevada colleges, assistive technology and additional on-the-job supports. BVR will also provide the Client with information related to accessing additional tax incentives related to employing individuals with disabilities.

DETR will also work with community organization and partners that specialize in working with individuals with disabilities, including:

- UNLV, CSN, NSC & DRI Disability Resource Centers
- Opportunity Village
- Easter Seals

Individuals with Criminal Records

DETR will work with the Client to understand which level of convictions may preclude an ex-offender from applying for a position, consistent with best practices established by the National Workrights Institute or other similar organization. DETR will also work with the Nevada Department of Corrections and area education institutions to determine if an appropriate training program can be developed and implemented for incarcerated persons or ex-offenders.

INTERVIEWING

DETR will work with the Client to interview candidates for each position. DETR will provide locations in local Job Connect offices and identify other sites within or in close proximity to diverse communities in order to mitigate potential transportation issues that may prevent qualified candidates from interviewing for a position. DETR and the Client will also work to mitigate linguistic or cultural barriers by developing interview questions while paying close attention to how questions are phrased and how interviews are conducted.

DETR and CSN will utilize the ACTs Work Keys assessment to evaluate candidate skill and knowledge base. As potential candidates take the test, DETR will work with CSN to understand how the assessment may be inhibiting diverse candidates from progressing, which may inform the need for additional training for such candidates (e.g. basic English, math), or may identify necessary enhancements to the assessment itself.

HIRING

Once the Client makes a determination to hire a candidate based on the candidate qualifications and best fit for the position, DETR will work with the Client to understand if, how or why underserved or underrepresented segments of the community are or are not being hired. This evaluation will be conducted at the Client's request, and will only be used to inform improvements in recruiting, interviewing or training programs implemented by DETR, CSN or the State.

DETR will also work with the Client to understand potential barriers that might prevent candidates from being retained by the Client over the long term. These potential barriers include, but are not limited to, transportation, childcare or the need for continuing education. DETR will work to identify potential grants, model programs or other opportunities that the Client or State could apply for, provide or develop, to mitigate such barriers and help ensure that the diverse workforce is hired and retained.

DEFINITIONS

Availability
Availability is an estimate of the percentage of minorities and women in the relevant labor market who are qualified and interested in positions

Inclusion
Inclusion is a culture that connects each employee to the organization; encourages collaboration, flexibility, and fairness; and leverages diversity throughout the organization so that all individuals are able to participate and contribute to their full potential.

Racial & Ethnic Categories
As currently defined in federal regulations:

- **American Indian or Alaska Native**: A person having origins in any of the original peoples of North and South America (including Central America) who maintains cultural identification through tribal affiliation or community attachment.
- **Asian**: A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian Subcontinent, including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.
- **Black or African American:** A person having origins in any of the black racial groups of Africa.
- **Hispanic or Latino**: A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.
- **Native Hawaiian or Other Pacific Islander:** A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.
- **White:** A person having origins in any of the original peoples of Europe, the Middle East, or North Africa.

Underserved
Community-specific data should be used to better understand the composition of the workforce and to identify potential gaps or opportunities for additional engagement. In addition to traditional characteristics such as national origin, language, race, color, sexual orientation, etc., this Action Plan also seeks to identify opportunities to engage family members of veterans and individuals who may be homeless, disabled, formerly incarcerated, elderly, or youth who may be disconnected from school and employment.

Underrepresented
A situation in which the number of women or members of a minority group within a category of civil service employment constitutes a lower percentage of the total number of employees within the employment category than the percentage that women or the minority group constitutes within the civilian labor force of the United States.

Underutilized
Underutilization occurs when the percentage of employees of a minority group is less than the availability percentage for that group. Underutilization is calculated for employees in each job group. The declaration of underutilization does not amount to an admission of impermissible conduct. It is neither a finding of discrimination nor a finding of a lack of good faith affirmative action efforts. Rather, underutilization is a technical targeting term used exclusively by workforce diversity planners who seek to apply good faith efforts to increase in the future the percentage of utilization of minorities and women in a workforce.

Workforce Diversity
Workforce diversity is a collection of individual attributes that together help agencies pursue organizational objectives efficiently and effectively. These include, but are not limited to, characteristics such as national origin, language, race, color, disability, ethnicity, gender, age, religion, sexual orientation, gender identity, socioeconomic status, veteran status, and family structures. The concept also encompasses differences among people concerning where they are from and where they have lived and their differences of thought and life experiences.

PUBLIC FINANCING

Apex Master Infrastructure Plan
Proposed Maximum Par Amount

Ref	Infrastructure Projects	NRS 271 (SID)	NRS 497 (TIA)	Totals
1	Roadway (Not a Part)	-na-	-na-	-na-
2	Rail		$32,204,991	$32,204,991
3	Water	$32,934,795	$34,932,180	$67,866,975
4	Wastewater	$8,656,125	$3,480,000	$12,136,125
5	Storm Drainage	$12,962,500		$12,962,500
6	Electrical	$10,919,000		$10,919,000
7	Natural Gas (Not a Part)	-na-	-na-	-na-
8	Emergency Services	$4,248,750		$4,248,750
	Projects	**$69,721,170**	**$70,617,171**	**$140,338,341**
	2 Years Capitalized Interest[1]	$7,591,867	$7,940,338	$15,532,205
	DSRF[2]	$5,902,379	$8,367,817	$14,270,196
	Costs of Issuance[3]	$1,546,261	$1,571,150	$3,117,411
	Bonds	**$84,761,677**	**$88,496,476**	**$173,258,153**

Source: Apex Master Infrastructure Plan (v9B)

[1] Assuming 5% interest.

[2] Estimated at one year of average debt service, based on 25 year level debt for NRS 271 and based on 15 year level debt for NRS 497.

[3] Assuming 2% costs of issuance and underwriter discount.

Apex Land Summary
Estimated Industrial Park Phasing

Ref	Industrial Areas	Acres	Highland or Sold	Lowland[1]	Adjusted Lowlands[2]	Est. Apex Phasing (Lowland Acres Only)				
						Phase IA	Phase IB	Phase II	Phase III	Phase IV
1	Apex Comml. Center North	196.50	23.86	172.64	172.64		172.64			
2	Apex Comml. Center South	531.60	210.20	321.40	265.15				265.15	
3	Black Mountain	513.50	92.70	420.80	201.98				201.98	
4	Central	519.10	70.57	448.53	305.00			305.00		
5	Foothills	1109.40	911.80	197.60	197.60					197.60
6	Industrial Rail	299.50	134.39	165.11	165.11			165.11		
7	Miners Mesa	635.30	316.60	318.70	214.00					214.00
8	MVIP (Kapex)	2063.98	350.00	1713.98	1713.98	335.00	778.98	600.00		
9	MVIP (LVP)	1185.02	1185.02	0.00	0.00					0.00
10	North Hills	368.90	81.00	287.90	287.90				287.90	
11	Northern Apex /Pinnacle	848.20	0.00	848.20	650.30		650.30			
12	Northern Flats West	131.84	28.48	103.36	103.36		103.36			
13	Northern Flats	733.60	0.00	733.60	733.60		733.60			
14	Northern Highlands	1523.70	1363.70	160.00	240.00					240.00
15	Solo Mountain	420.70	0.00	420.70	337.00					337.00
16	Vegas Vista	647.90	113.70	534.20	534.20				534.20	
	Subtotal (Apex)	11728.74	4882.02	6846.72	6121.82	335.00	2438.88	1070.11	1289.23	988.60
17	ChemStar	1448.23	868.94	579.29	579.29			579.29		
18	Georgia Pacific	188.15	18.82	169.34	169.34			169.34		
	Subtotal (Other)	1636.38	887.75	748.63	748.63	0.00	0.00	748.63	0.00	0.00
	Total	**13365.12**	**5769.77**	**7595.35**	**6870.45**	**335.00**	**2438.88**	**1818.74**	**1289.23**	**988.60**

[1] Lowlands represent original 2008 Poggemeyer calculations for lands with less than 15% slope determined to be "developable property" pursuant to the Apex Master CCRs.

[2] Revisions to Lowlands due to prior sales and subsequent engineering analysis.

Funding the Infrastructure Improvements for Project Robin

Attached is a summary of estimated project costs for the various components of infrastructure that will be necessary for both the Faraday Future and Phase 1 portions of the Apex development. Certain elements of the project cost are allocated to the SID and to the TIA, as is shown on this exhibit. The rationale for this is that some projects (or parts of projects, in the case of water and wastewater) are allocable to Faraday alone, while others provide for a broader benefit to both Faraday and other properties in Phase 1. In other words, some improvements are specific to Faraday while others are more general to the larger area. The properties that receive the benefits of the improvements will participate in the cost of those improvements.

Special Improvement District – NRS 271

It is being proposed that the project costs for the following services be included within the Special Improvement District (SID) established for this project: storm water, fire protection, portions of water and wastewater, and electrical service. It is expected that the SID would be created by the City of North Las Vegas, and that the debt for the construction of the projects would be issued through the State of Nevada Bond Bank. Thus, the bonds would carry the State's name and credit rating, allowing for a marketable and lower cost debt issuance. This is necessary due to the fact that the City of North Las Vegas currently does not have an investment grade credit rating. The State of Nevada carries a AA credit rating.

Procedurally, North Las Vegas will pledge the property assessments of the SID and shall also pledge its full faith and credit to the State of Nevada. The pledge of the general obligation is an important protection for the State as the issuer of the debt. The State, in turn, will pledge its full faith and credit as the issuer of the bond bank bonds. There are nuances involved with the use of the State's bond bank that involve restrictions on the part of the bond bank to projects involving natural resources that will dictate how the debt is structured and sold. The term of the SID bonds is expected to be 30 years, though there may be a portion of the SID that is amortized over a 20-year term.

See the attached preliminary debt illustration for the SID bonds. Note that the debt illustrations are simply that – illustrations. The final structure and term of the debt will be determined by the State when the bonds are actually structured and issued.

Tax Increment Area (TIA) - AB497 (78th (2015) Regular Session of the Nevada Legislature)

The Tax Increment Area (TIA), similar to the SID, would be created by the City of North Las Vegas and would also be sold through the State of Nevada. The State shall receive a general obligation pledge from the City of North Las Vegas, along with a pledge of the tax increment revenue that is generated within the tax increment area. The State, in turn, would issue debt in the State's name. Due to the fact that the rail project is not an exempt project (per Nevada law), a shorter amortization period (20 years or less) is expected for the TIA bonds.

Unlike the SID assessments, which constitute a lien on the properties within the district, the TIA revenues are based upon the actual performance of the property within the TIA. Based upon the revenues that will be available from the Faraday project – 100 percent of the property tax (abated to 25% of normal) and 50 percent of the modified business (abated to 25% of normal) tax will be available over the first ten years of project operation to pay the debt on the bonds. After ten years, 100 percent of the property tax and 50 percent unabated modified business tax revenues generated within the district will be available for TIA debt service. 50 percent of sales tax revenues will also become available for TIA debt service after 15 years of operation. To the extent that other properties within the Phase 1 area of Apex develop in the coming years, property, payroll and sales tax attributable to those operations will also accrue to the designated TIA. In estimating the bonding potential for the TIA, only the revenues from the first phase of the Faraday Future project were considered. For purposes of this analysis, additional revenues from future, non-Faraday development at Apex is viewed as additional debt coverage, a conceptual back-up plan, and therefore is not included as a repayment source for purposes of the TIA .

An illustration of the debt capacity of the TIA is also attached, subject to the same caveats as the illustrations for the SID bonds.

For both the SID and the TIA, the final bond structure may include a funded debt service reserve and capitalized interest. Both of these may be used to create added security for the State, through the creation of debt or cash flow reserves. Both capitalized interest and a debt service reserve fund are considered in the table that shows the maximum par amount of the bonds ($175 million). The difference between the project costs (at $140.3 million) and the maximum par amount ($173.3 million) allows for the addition of debt reserves and capitalized interest to create the added security for the State. The final structure of the bonds to fund the projects may be less than the maximum par amount, but clearly will not exceed that amount.

The bond proceeds from both the SID and TIA would be received and administered by the State Department of Business and Industry. This Department will oversee the projects envisioned by this legislation with the various agencies and municipalities that will ultimately have responsibility for those public assets.

Tax exemptions for specific sectors, industries, companies, and individuals are functionally transfers of wealth from the poor to the rich, and impediments to economic growth. They have the same distortive impact as direct subsidies. In particular, the process of creative destruction, which is the engine of innovation and efficiency is significantly hindered when certain actors are exempt from taxes. In order to outcompete a beneficiary of this kind of subsidy, a firm must not only produce a cheaper or higher quality product, but must be able to do it by a wide enough margin that they can overcome their tax disadvantage. These barriers to entry slow innovation, increase prices, distort incentives, and by protecting incumbents, lead to concentrations of wealth. They also create perverse incentives, driving exempt industries to lobby in favor of punitive tax hikes to further impede potential competition. The mining tax cap has demonstrably had exactly that effect.

All of the imagined economic gains from the Faraday deal will be diverted from other segments of the economy. The reports from Applied Analytics and Brookings use static, input/output modeling, which as a rule count all of the benefits and none of the costs of any particular program. In particular, no adjustments are made for opportunity costs, and the estimates, assumptions and multiplier are all backfit on the basis of unrelated economic observations. IMPLAN (IMpact analysis for PLANning), is software into which you put these assumptions, which runs them through an algorithm, and reports how much economic activity would be created if the alternative were to leave all involved resources entirely unused. The available evidence indicates that this form of modeling fails badly, almost always by dramatically overestimating the economic benefits. A meta analysis by Groothuis and Rotthoff in 2014 analyzed the ultimate impact of stadium subsidies, which were generally promoted with static input/output modeling, and usually IMPLAN. This analysis found that of thirty-three studies, thirty-two found either slight-negative, or strong-negative effects. Eight of the studies were unable to detect any positive effect on employment and income even before the subsidy--only a shift in consumption from one sector to another, such that the entire subsidy amounted to deadweight loss, and was not even partially offset by new economic activity.

I would urge our legislators to strongly consider whether they can envision a more prosperous Nevada in which we rely on mercantilism and central planning, or one in which barriers to entry are as low as possible, and resources are directed by the wants and needs of the people.

https://scholar.google.com/citations?view_op=view_citation&hl=en&user=cBojd1UAAAAJ&sortby=pubdate&citation_for_view=cBojd1UAAAAJ:7PzlFSSx8tAC
http://journal.c2er.org/2015/06/questioning-the-value-of-economic-multiplier-estimates/

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Appendix E

Andrew Lea
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Hello. My name is Andrew Lea. I am a student at college of southern Nevada and I am deeply involved in my community. Organizations I with and for include Students for Rand, the Libertarian Party of Nevada, CSN Environment Science Club, Young Americans for Liberty, and Students for Sensible Drug Policy. I have lived in Nevada since I was ten years old, and if there is one thing I have learned about the people of this state, it is that Nevadans are some of the most fiscally responsible voters in this country. The Faraday Deal is as crony as crony gets, and if you think that we, the voting residents of the great state of Nevada will be okay with paying millions of dollars to some overseas company for a handful of jobs, the same voters who already feel severely betrayed after we had, with an overwhelming majority, voted down the margins tax that you decided to pass anyway, than you are truly delusional. The Nevada Legislature just raised taxes on all businesses in Nevada, killing tons of jobs that were created by local entrepreneurs, and now you are going to give this give this giant tax break to a Chinese company. How many jobs could we create if qew gave 300 million in tax breaks to Nevada companies?

Using your power to benefit individual corporations is what we voters like to call corruption, and we will not sit idly by as our legislators gets in bed with these billionaires.

We will not sit idly by as you sell out Nevadan taxpayers. 3 million people will be left with this bill that you are so eager to place. We have the most fiscally irresponsible "republican" governor in the country and our right wing is happy to go along. The left, which has the opportunity to be the fiscally responsible party by standing up to Sandoval and saying no to this absurd act of corporate welfare, is just sitting back and letting it happen. These two parties, which can't agree on anything, are coming together to give away our resources and money to some foreign company. For what? So you can lie and call yourself a job creator? Forcing 3 million to subsidize a handful of jobs, with an overseas corporation taking in the rake?

This is not something Nevada will forget. This is not something Nevada voters will forgive. This is not something that those who care about fair and decent economic policies will let you live down. Nevada will remember who the victor is today, be it the people of Nevada, or an act of Cronyism in which the people of Nevada end up paying big bucks to an overseas company. The ball is obviously in your court, and I can only ask, I can only beg, that you do what is right for Nevada, what is right for the people of Nevada, and refuse this bill. Let some other state be burdened with this cost, or let Faraday Future pay it's own way. We will not forgive you if you allow these fat cats to freeload off the back of hard working Nevadans.

Appendix F

INDEX TO ASSEMBLY JOURNAL, 2015
29TH SPECIAL SESSION

A

ANDERSON, ELLIOT T., Assemblyman from Clark (Part) County, No. 15 District—
Remarks from the floor re S.C.R. 1, 125.
Remarks in Committee of the Whole, 53.

ANDERSON, PAUL, Assemblyman from Clark (Part) County, No. 13 District—
Moves—
Assembly adjourn *sine die*, 127.
Committee of the Whole, resolve into, 12, 49, 76.
Committee of the Whole, rise and report, 47, 54, 114.
Press representatives, accreditation, 9, 12.
Suspend rules—
Declare an emergency measure, all bills and resolutions, for the balance of the 29th Special Session, 9.
Standing Rule No. 52.5, for the balance of the 29th Special Session, 9.
Standing Rule No. 57.4, for the balance of the 29th Special Session, 9.
Remarks from the floor re S.B. 1, 121; S.C.R. 1, 125.
Remarks in Committee of the Whole, 30, 46, 54.

ARAUJO, NELSON, Assemblyman from Clark (Part) County, No. 3 District—
Committee Appointments—
Special—
Inform Senate Assembly organized, 1.
Remarks in Committee of the Whole, 43, 80.

ARMSTRONG, DEREK, Assemblyman from Clark (Part) County, No. 21 District—
Remarks in Committee of the Whole, 13, 18, 24, 30, 37, 40, 45, 46, 47, 49, 50, 52, 54, 76, 78, 79, 81, 82, 83, 84, 85, 87, 88, 93, 94, 96, 97, 99, 103, 104, 106, 111, 113, 114.

ATTACHÉS—
Appointment, A.R. 1, 4.

B

BENITEZ-THOMPSON, TERESA, Assemblywoman from Washoe (Part) County, No. 27 District—
Remarks in Committee of the Whole, 25.

BUSTAMANTE ADAMS, IRENE, Assemblywoman from Clark (Part) County, No. 42 District—
Remarks from the floor re S.B. 1, 119.
Remarks in Committee of the Whole, 33, 34, 39, 83, 89, 95.

C

CARLTON, MAGGIE, Assemblywoman from Clark (Part) County, No. 14 District—
Remarks from the floor re S.B. 2, 124.
Remarks in Committee of the Whole, 38, 87, 88, 94, 95.

CARRILLO, RICHARD, Assemblyman from Clark (Part) County, No. 18 District—
Remarks in Committee of the Whole, 28, 43.

COMMITTEE OF THE WHOLE—
Addressed by—
Bacon, Ray, representing Nevada Manufacturers Association, 37, 38, 39, 40.
Belanger, Andy, Director of Public Services, Las Vegas Valley Water District and Southern Nevada Water Authority, 108.
Doughman, Andrew, Communication Director, Las Vegas Global Economic Alliance, 97.
Drozdoff, Leo, Director, Department of Conservation and Natural Resources, 98, 99, 100, 101, 102, 103, 105.
Erquiaga, Dale, Chief Strategy Officer, Office of the Governor, 13, 14, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 49, 51, 52.
Esquivel, Inez, Private Citizen, Las Vegas, Nevada, 113.
Gasca, Rebecca, representing Vander Holdings and Pistil & Stigma, 46.
Gouker, Dan, Senior Associate Vice President, Division of Workforce and Economic Development and Apprenticeship Studies, College of Southern Nevada, 41, 44.
Hill, Steve, Executive Director, Governor's Office of Economic Development, 77, 78, 79, 80, 81, 82, 83, 85, 87, 88, 89, 90, 91, 92, 93, 94.
Hunt, Cory, Northern Regional Director, Office of Economic Development, Office of the Governor, 14, 22, 23, 24, 27.
Jessup, Len, President, University of Nevada, Las Vegas, 41, 44.
Joecks, Victor, Executive Vice President, Nevada Policy Research Institute, 37.
Juden, Ryann, Assistant City Manager, City of North Las Vegas, 109, 111, 112, 113.
Malfabon, Rudy, Director, Department of Transportation, 94, 95.
Moradkhan, Paul, Vice President of Government Affairs, Las Vegas Metro Chamber of Commerce, 46, 96.
Olson, Renee, Administrator, Employment Security Division, Department of Employment, Training and Rehabilitation, 32, 33.
Perea, Dennis, Deputy Director, Department of Employment, Training and Rehabilitation, 35, 36.
Richards, Michael, President, College of Southern Nevada, 40, 43, 44, 45.
Robinson, Pam, Policy Director, Office of the Governor, 97, 98, 100, 101, 102, 103, 104, 105, 106.
Soderberg, Don, Director, Department of Employment, Training and Rehabilitation, 30, 32, 33, 35, 36.
Wagner, John, representing the Independent American Party, 37.
Wilcox, Julie, Deputy General Manager, Las Vegas Water District and Southern Nevada Water Authority, 107, 108, 109, 110, 111.
Willden, Mike, Chief of Staff, Office of the Governor, 76, 81, 84, 87, 88, 94.
Woodbeck, Frank, Executive Director, Nevada College Collaborative, Nevada System of Higher Education, 31, 32, 33, 34.
Chaired by—
Assemblyman Derek Armstrong, 12, 49, 76.
Resolved into, motion to, 12, 49, 76.
Rise and report, motion to, 47, 54, 114.

COMMITTEES, SPECIAL—
Inform Governor Assembly organized, 2.
Inform Governor Assembly ready to adjourn *sine die*, 127.
Inform Senate Assembly organized, 1.
Inform Senate Assembly ready to adjourn *sine die*, 127.

COMMUNICATIONS RECEIVED—
Governor re—
Convening of the 29th Special Session, 2.

D

DIAZ, OLIVIA, Assemblywoman from Clark (Part) County, No. 11 District—
Remarks from the floor re A.B. 1, 71.
Remarks in Committee of the Whole, 20, 32, 89, 103.

DICKMAN, JILL, Assemblywoman from Washoe (Part) County, No. 31 District—
Remarks from the floor re A.B. 1, 73; S.B. 1, 118.
Remarks in Committee of the Whole, 28, 92, 93.

DOOLING, VICTORIA A., Assemblywoman from Clark (Part) County, No. 41 District—
Committee Appointments—
Special—
Inform Senate Assembly organized, 1.

E

EDWARDS, CHRIS, Assemblyman from Clark (Part) County, No. 19 District—
Remarks from the floor re S.B. 1, 122.
Remarks in Committee of the Whole, 23, 43, 92, 102, 106.

ELLISON, JOHN C., Assemblyman from Elko, Eureka, Lincoln (Part), White Pine Counties, No. 33 District—
Remarks from the floor re S.B. 1, 120.
Remarks in Committee of the Whole, 28, 29, 91, 102, 110.

EMERGENCY MEASURE—
Rules suspended to declare all bills and joint resolutions, for the balance of the 29th Special Session, 9.

F

FIORE, MICHELE, Assemblywoman from Clark (Part) County, No. 4 District—
Remarks from the floor re A.B. 1, 72; S.B. 1, 116, 120.
Remarks in Committee of the Whole, 53, 82, 83, 93, 111.

FLORES, EDGAR, Assemblyman from Clark (Part) County, No. 28 District—
Committee Appointments—
Special—
Inform Governor Assembly ready to adjourn *sine die*, 127.

G

GARDNER, DAVID, Assemblyman from Clark (Part) County, No. 9 District—
Committee Appointments—
Special—
Inform Senate Assembly organized, 1.

GOVERNOR—
Informed Assembly organized, 2.
Informed Assembly ready to adjourn *sine die*, 127.
Proclamation Message, 3.

H

HAMBRICK, JOHN, Assemblyman from Clark (Part) County, No. 2 District—
Appoints Committees—
Special—
Inform Governor Assembly organized, 2.
Inform Governor Assembly ready to adjourn *sine die*, 127.
Inform Senate Assembly organized, 1.
Inform Senate Assembly ready to adjourn *sine die*, 127.

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, 71; S.B. 1, 116; S.B. 2, 123.
Remarks in Committee of the Whole, 24, 25, 50, 51, 52, 80, 81, 93, 99, 100, 104, 105, 108, 112.

HICKEY, PAT, Assemblyman from Washoe (Part) County, No. 25 District—
Committee Appointments—
Special—
Inform Senate Assembly ready to adjourn *sine die*, 127.
Remarks from the floor re A.B. 1, 70; S.B. 1, 119.
Remarks in Committee of the Whole, 26, 33, 39, 79, 98, 103.

J

JOINER, AMBER, Assemblywoman from Washoe (Part) County, No. 24 District—
Remarks in Committee of the Whole, 105.

JONES, BRENT A., Assemblyman from Clark (Part) County, No. 35 District—
Remarks in Committee of the Whole, 22.

K

KIRNER, RANDY, Assemblyman from Washoe (Part) County, No. 26 District—
Committee Appointments—
Special—
Inform Governor Assembly organized, 2.
Remarks from the floor re A.B. 1, 70; S.B. 1, 114.
Remarks in Committee of the Whole, 19, 52, 92.

M

MOORE, JOHN, Assemblyman from Clark (Part) County, No. 8 District—
Remarks from the floor re S.B. 1, 116.
Remarks in Committee of the Whole, 85.

MUNFORD, HARVEY J., Assemblyman from Clark (Part) County, No. 6 District—
Committee Appointments—
Special—
Inform Governor Assembly organized, 2.
Remarks in Committee of the Whole, 45.

N

NEAL, DINA, Assemblywoman from Clark (Part) County, No. 7 District—
Remarks from the floor re A.B. 1, 72; S.B. 1, 120.
Remarks in Committee of the Whole, 18, 34, 81, 91, 113.

NELSON, ERVEN T., Assemblyman from Clark (Part) County, No. 5 District—
Committee Appointments—
Special—
Inform Governor Assembly organized, 2.
Remarks from the floor re A.B. 1, 73; S.B. 1, 121; S.B. 3, 124.
Remarks in Committee of the Whole, 29, 89, 105, 106, 108, 109, 113.

O

OHRENSCHALL, JAMES, Assemblyman from Clark (Part) County, No. 12 District—
Remarks in Committee of the Whole, 25, 26, 45, 84, 87, 101, 102, 106, 107, 110.

O'NEILL, PHILIP P.K., Assemblyman from Carson City, Washoe (Part) Counties, No. 40 District—
Committee Appointments—
Special—
Inform Senate Assembly ready to adjourn *sine die*, 127.

OSCARSON, JAMES, Assemblyman from Clark (Part), Lincoln (Part), Nye (Part) Counties, No. 36 District—
Remarks from the floor re S.B. 1, 122; S.B. 2, 123.
Remarks in Committee of the Whole, 26, 96, 102.

P

PRESS REPRESENTATIVES—
Accreditation, 9, 12.

R

RULES—
Joint Standing Rules—
Adoption, A.C.R. 1, 4.
Standing—
Suspended—
Assembly Standing Rule No. 52.5, for the balance of the 29th Special Session, 9.
Assembly Standing Rule No. 57.4, for the balance of the 29th Special Session, 9.

S

SANDOVAL, BRIAN—*See Governor.*

SEAMAN, VICTORIA, Assemblywoman from Clark (Part) County, No. 34 District—
Remarks from the floor re S.B. 1, 122.
Remarks in Committee of the Whole, 25.

SENATE—
Informed Assembly organized, 2.
Informed Assembly ready to adjourn *sine die*, 127.

SENATE—*Continued*
Informs Assembly Senate organized, 1.
Informs Assembly Senate ready to adjourn *sine die*, 127.

SHELTON, SHELLY M., Assemblywoman from Clark (Part) County, No. 10 District—
Remarks from the floor re A.B. 1, 72.
Remarks in Committee of the Whole, 20, 53, 83, 84.

SILBERKRAUS, STEPHEN H., Assemblyman from Clark (Part) County, No. 29 District—
Committee Appointments—
Special—
Inform Governor Assembly ready to adjourn *sine die*, 127.

SPIEGEL, ELLEN B., Assemblywoman from Clark (Part) County, No. 20 District—
Remarks in Committee of the Whole, 23, 82.

SPRINKLE, MICHAEL C., Assemblyman from Washoe (Part) County, No. 30 District—
Remarks in Committee of the Whole, 19, 88, 89, 98.

STANDING RULES—*See Rules.*

STEWART, LYNN D., Assemblyman from Clark (Part) County, No. 22 District—
Committee Appointments—
Special—
Inform Governor Assembly ready to adjourn *sine die*, 127.
Remarks from the floor re A.B. 1, 71; S.B. 1, 121.
Remarks in Committee of the Whole, 29, 30, 44, 108.

SWANK, HEIDI, Assemblywoman from Clark (Part) County, No. 16 District—
Remarks in Committee of the Whole, 21, 100.

T

THOMPSON, TYRONE, Assemblyman from Clark (Part) County, No. 17 District—
Committee Appointments—
Special—
Inform Senate Assembly ready to adjourn *sine die*, 127.
Remarks from the floor re A.B. 1, 73; S.B. 3, 124.
Remarks in Committee of the Whole, 22, 35, 36, 104, 106.

TITUS, ROBIN L., Assemblywoman from Churchill, Lyon (Part) Counties, No. 38 District—
Remarks from the floor re A.B. 1, 73; S.B. 1, 120.
Remarks in Committee of the Whole, 21, 34, 45, 52, 82, 90, 100, 101, 103, 107, 111.

TROWBRIDGE, GLENN E., Assemblyman from Clark (Part) County, No. 37 District—
Remarks from the floor re S.B. 1, 122.

W

WHEELER, JIM, Assemblyman from Douglas, Lyon (Part), Storey Counties, No. 39 District—
Remarks from the floor re S.B. 1, 116.
Remarks in Committee of the Whole, 18, 40, 88, 93.

WOODBURY, MELISSA L., Assemblywoman from Clark (Part) County, No. 23 District—
Remarks in Committee of the Whole, 90.

JOINT STANDING RULES OF THE SENATE AND ASSEMBLY

OF THE

TWENTY-NINTH SPECIAL SESSION

OF THE

LEGISLATURE OF THE STATE OF NEVADA

2015

JOINT STANDING RULES OF THE SENATE AND ASSEMBLY

APPLICABILITY OF JOINT RULES

Rule No. 1. Generally.

The Joint Rules for the 29th Special Session of the Legislature are applicable only during the 29th Special Session of the Legislature.

[Statutes of Nevada 2015, 29th Special Session, 79]

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.

2. 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. A conference committee shall not recommend any action which would cause the creation of more than one reprint or more than one bill or resolution.

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

4. 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 2015, 29th Special Session, 79]

MESSAGES

Rule No. 3. Procedure Concerning.

1. Proclamations by the Governor convening the Legislature in special session must be filed and entered in the Journal of proceedings.

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

3. Messages from the Senate to the Assembly shall be delivered by the Secretary or a person designated by the 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 2015, 29th Special Session, 80]

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 2015, 29th Special Session, 80]

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 2015, 29th Special Session, 80]

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 2015, 29th Special Session, 80]

PUBLICATIONS

Rule No. 7. Ordering and Distribution.

1. The bills, resolutions, journals and histories will be provided electronically to the officers and members of the Senate and Assembly, the staff of the Legislative Counsel Bureau, the press and the general public on the Nevada Legislature's Internet website.

2. 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 2015, 29th Special Session, 81]

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 Standing 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, opinions 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 memorialize a former member of the Legislature or other notable or distinguished person upon his or her death.

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.

5. A resolution of one House may be used for any additional purpose determined appropriate by the Majority Leader of the Senate or the Speaker of the Assembly, respectively.

[Statutes of Nevada 2015, 29th Special Session, 81]

AMENDMENTS

Rule No. 9. Germaneness Required.

1. The Legislative Counsel shall not honor a request for the drafting of an amendment to a bill or resolution if the subject matter of the amendment is independent of, and not specifically related and properly connected to, the subject that is expressed in the title of the bill or resolution.

2. For the purposes of this Rule, an amendment is independent of, and not specifically related and properly connected to, the subject that is expressed in the title of a bill or resolution if the amendment relates only to the general, single subject that is expressed in that title and not to the specific whole subject matter embraced in the bill or resolution.

3. This Rule must be narrowly construed.

[Statutes of Nevada 2015, 29th Special Session, 82]

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 2015, 29th Special Session, 82]

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 2015, 29th Special Session, 82]

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 2015, 29th Special Session, 82]

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 2015, 29th Special Session, 83]

INDEX TO JOINT RULES OF THE SENATE AND ASSEMBLY

29TH SPECIAL SESSION, 2015

— A —

Subject *Rule No.*

Adjournment
Limitations and calculation of duration ... 10
Amendments
Conference committees ... 2
Constitutional amendments, proposal or ratification by joint resolution ... 8
Germaneness required ... 9
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
Electronic distribution ... 7
Enrolled bills
Request for return from Governor by concurrent resolution ... 8
Signatures required ... 5
Joint sponsorship ... 6
Notice of final action ... 4
Number of free copies, charges for additional copies ... 7
Printing ... 6, 7
Return from other House, determination of necessity by concurrent resolution ... 8

— C —

Chief Clerk of the Assembly
Communications to other House, signature required ... 4
Enrolled bills and joint resolutions, signature required ... 5
Messages, delivery ... 3
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
Communications Between Houses
Delivery of messages ... 3
Signatures ... 4
Written notice required ... 4

Subject *Rule No.*

Concurrent Resolutions *(See Resolutions)*
Conference Committees
Procedures ... 2
Congress
Addressed by joint resolution ... 8
Constitutional Amendments
Proposal or ratification by joint resolution ... 8

— 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

— H —

Harassment
Sexual harassment, policy and procedures ... 14
Histories
Electronic distribution ... 7

— I —

Interim Studies
Ordered by concurrent resolution ... 8
Internet
Publications, ordering and distribution ... 7

— J —

Joint Committees
Establishment by concurrent resolution ... 8
Joint Resolutions *(See Resolutions)*
Joint Rules
Amendment by concurrent resolution ... 8
Applicability ... 1
Joint Sponsorship of Bills and Resolutions
Procedures ... 6

Journals
Electronic distribution ... 7
Governor's proclamation convening Legislature to be entered in ... 3
Messages from Governor to Legislature to be entered in ... 3

Subject *Rule No.*

— 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
Legal Division
Adjournment to permit preparation of certain measures 10
Amendments, duties 9
Joint sponsorship of bills or resolutions, duties 6
Publications, electronic distribution 7
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 Leaders
Sexual harassment, complaints filed with 14
Simple resolutions, determination of use 8
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
Motions
Adjournment 10

— N —

Notices
Final action on bill or resolution 4

— P —

President of the United States
Addressed by joint resolution 8
Printing
Bills, reports and other matters 7
Joint sponsored bills and resolutions 6
Proclamations by Governor
Legislature, convening in extra session 3
Public Records
Committee meetings, records of 12

Subject *Rule No.*

— R —

Resolutions
Adjournment to permit preparation of certain legislative measures ... 10
Communications between Houses regarding ... 4
Concurrent resolutions
Adjournment for more than three days ... 10
Conference committees, procedure ... 2
Legislative Fund, authorization for expenditures ... 11
Printing ordered by ... 7
Uses ... 8
Electronic distribution ... 7
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
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
Simple resolutions, determination of use ... 8
Special Sessions
Proclamations by Governor, procedure concerning ... 3
Studies, Interim
Ordered by concurrent resolution ... 8

— 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-Ninth Special Session of the Legislature of the State of Nevada, held in 2015.

Speaker of the Assembly

Chief Clerk of the Assembly