MINUTES OF THE
JOINT MEETING OF THE ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND THE
SENATE COMMITTEE ON FINANCE

Seventy-Fifth Session
March 18, 2009

The Joint Assembly Committee on Ways and Means and the Senate Committee on Finance was called to order by Chair Morse Arberry Jr. at 8:18 a.m. on Wednesday, March 18, 2009, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda (Exhibit A), the Attendance Roster (Exhibit B), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/75th2009/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblyman Morse Arberry Jr., Chair
Assemblywoman Sheila Leslie, Vice Chair
Assemblywoman Barbara E. Buckley
Assemblyman Marcus Conklin
Assemblyman Mo Denis
Assemblywoman Heidi S. Gansert
Assemblyman Pete Goicoechea
Assemblyman Tom Grady
Assemblyman Joseph (Joe) P. Hardy
Assemblyman Joseph M. Hogan
Assemblywoman Ellen Koivisto
Assemblywoman Kathy McClain
Assemblyman John Oceguera
Assemblywoman Debbie Smith

SENATE COMMITTEE MEMBERS PRESENT:

Senator Bernice Mathews, Cochair
Senator Steven A. Horsford, Cochair
Senator Bob Coffin
Senator Joyce Woodhouse
Senator William J. Raggio
Senator Dean A. Rhoads
Senator Warren B. Hardy II

STAFF MEMBERS PRESENT:

Mark Stevens, Assembly Fiscal Analyst
Gary Ghiggeri, Senate Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Brian Burke, Principal Deputy Fiscal Analyst
Tracy Raxter, Principal Deputy Fiscal Analyst
Carol Thomsen, Committee Secretary
Vickie Kieffer, Committee Assistant

Chair Arberry announced that the Committee would hear testimony regarding Assembly Bill 469.

Assembly Bill 469: Revises provisions governing unemployment compensation. (BDR 53-1275)

Barbara E. Buckley, Speaker of the Nevada Assembly, stated that she was pleased to bring two measures before the Committee for consideration, Assembly Bill (A.B.) 469 and Assembly Concurrent Resolution (A.C.R.) 17. Assemblywoman Buckley indicated that both measures dealt with unemployment funds available to Nevada through the American Recovery and Reinvestment Act of 2009 (ARRA).

According to Assemblywoman Buckley, as of January 2009, Nevada ranked number one of all states on the "economic misery index" compiled by the Kaiser Family Foundation. That distinction was made after review of Nevada's unemployment rate, its foreclosure rate, and the increase in recipients of the Supplemental Nutrition Assistance Program (SNAP). Assemblywoman Buckley reported that Nevada's unemployment rate was 9.4 percent compared to the national rate of 7.6 percent.

On a county-by-county basis, unemployment rates were worse in some Nevada counties. Assemblywoman Buckley indicated that the unemployment rates throughout Nevada were:

- Carson City - 11.1 percent
- Washoe County - 11 percent
- Las Vegas metropolitan area - 10 percent
- Lyon County - 15.1 percent
- Nye County - 13.1 percent
- Lander, Elko, and White Pine Counties - less than 7 percent

Assemblywoman Buckley stated that the Legislature had an opportunity through the federal economic stimulus package to alleviate the hardship on the one-out-of-every-ten Nevadans who was unemployed, by extending unemployment benefits, by qualifying some individuals who otherwise would not qualify, and by reviewing the quarters that persons had worked. Assemblywoman Buckley indicated that the Legislature also had an opportunity to stimulate the economy because the money that went into the pockets of unemployed workers would be spent for rent, mortgage payments, food, and utilities and would also aid the struggling small business owners in Nevada. She stated that the funding would also give Nevada's workforce the opportunity to remain in the state until the jobs returned.

Assemblywoman Buckley said the economic stimulus package would provide jobs for Nevadans. She pointed out that a measure had been approved by voters in northern Nevada that would likely lead to construction jobs. Nevada wanted to retain its workforce so that workers would be available when the economy began its climb back out of the "great recession."

According to Assemblywoman Buckley, there were two things that Nevada must do to take full advantage of the unemployment stimulus funds. She noted that Nevada had a period of 20 weeks of extended benefits under its existing unemployment law. She explained that under current law, when the rate of unemployment rose above 6.5 percent, the state had an additional 13 weeks of extended benefits. Assemblywoman Buckley indicated that under the stimulus package, Nevada would qualify for an additional 13 weeks of unemployment benefits based on high unemployment rates, and that funding would be paid 100 percent by the federal government. Assemblywoman Buckley stated that the last portion of the bill addressed an additional seven weeks of benefits, which would also be paid 100 percent by the federal government.

Assemblywoman Buckley said Nevada would be required to meet two stipulations to take advantage of the additional weeks of unemployment benefits. First, the state must change the optional extended benefits trigger. Assemblywoman Buckley indicated that if the state changed the optional extended benefits trigger, Nevada would receive extended unemployment benefits of seven weeks for the 13,545 workers who would have exhausted their state extended benefits before July 1, 2009.

Per Assemblywoman Buckley, the total benefit according to Legislative Counsel Bureau (LCB) staff, who had reviewed the financial information with the Employment Security Division (ESD), Department of Employment, Training and Rehabilitation (DETR), was that Nevada would receive $114 million in unemployment insurance benefits. Both the U.S. General Accountability Office and the National Employment Law Project (NELP) calculated that for every dollar in benefits there would be an economic multiplier of 2.15, which would be the amount that rippled through the economy from the spending of unemployment benefits. That multiplier, in conjunction with the stimulus package unemployment benefits, would amount to an additional $245 million for Nevada's economy. Assemblywoman Buckley reported that the cost to the state General Fund through the end of 2009 would be $405,000. That $405,000 would bring an economic benefit to the State of Nevada of $245 million. She commented that 16 states had already qualified for the seven-week unemployment benefit.

Continuing her presentation, Assemblywoman Buckley stated that the second portion of the stimulus package would assist thousands of additional Nevadans by changing to an alternate base period. The NELP calculated that 4,137 individuals in Nevada would benefit from that change. Assemblywoman Buckley said the ESD estimated that the number of persons who would benefit from the change would be between 3,000 and 6,000 individuals, but it was difficult to determine how many individuals would apply. Representatives from the ESD would present testimony to the Committee today regarding those figures.

Assemblywoman Buckley explained that the alternate base period simply allowed earnings in the most recently completed quarter to be included when making a decision regarding unemployment eligibility. Currently, the ESD reviewed the last five quarters and used the first four to determine eligibility. Assemblywoman Buckley said the bill would simply provide another way to calculate unemployment eligibility by including the more recent quarter. During previous hearings, the NELP informed the Legislature that the alternate base period would include many minimum wage workers and construction workers.

Assemblywoman Buckley also noted that the Legislature could sunset the provisions of the first extension, which would eliminate any long-term liability to the state. However, the federal government did not want states to place a sunset provision on the alternate base period. Assemblywoman Buckley pointed out that state legislatures could review the statutes at any time to ensure that the law was still viable for their state.

Additionally, said Assemblywoman Buckley, the funding of $77 million that the state would receive would cover the cost of additional unemployed individuals possibly through the year 2018. That was the best case scenario and the worst case scenario would be through the year 2013, but in the meantime the state would have had the benefit of that $77 million in funding. Assemblywoman Buckley said some would question why that was important. She indicated that according to the most recent figures, Nevada's Unemployment Insurance (UI) Trust Fund was expected to be depleted by the end of 2009. If the situation did not improve by the end of 2010, Nevada would suffer a deficit of $750 million.

Assemblywoman Buckley asked why Nevada would not want to receive $77 million that would pay for itself, stimulate the economy, and provide relief to the unemployed, while allowing the Legislature to retain the ability to examine the law in the future to determine whether it still made sense for Nevada. Assemblywoman Buckley stated that was basically the reason why she believed it would be prudent for Nevada to accept the federal unemployment insurance stimulus funding.

According to Assemblywoman Buckley, after the Joint Committee heard the initial testimony regarding the unemployment stimulus funding, the Assembly Committee on Commerce and Labor was asked to hold additional hearings regarding those benefits, while the Assembly Committee on Ways and Means and the Senate Committee on Finance focused their attention on the education and Medicaid stimulus funding.

Assemblywoman Buckley advised that she attended the hearings held by the Assembly Committee on Commerce and Labor, where many of her questions were answered, which led her to believe that it made sense for Nevada to accept the federal stimulus funding. The current hearing to consider A.B. 469 and A.C.R. 17 allowed the Committee to collectively determine whether receipt of the stimulus funding would make sense for Nevada and whether more money would be saved than expended. Assemblywoman Buckley emphasized that she believed that it would make sense and would save money.

Assemblywoman Buckley explained that Assemblyman Conklin would provide a section-by-section overview of A.B. 469. Also available to the Committee via telephone was a representative from the National Employment Law Project NELP), who would answer questions regarding NELP's analysis of the funding and explain what action had been taken by other states. Assemblywoman Buckley informed the Committee that also present at the hearing was Cynthia Jones, Administrator, ESD, who had done a very good job of providing information that would be needed by the Legislature in making its decisions.

Assemblyman Marcus Conklin, Clark County Assembly District No. 37, explained that Section 1 of A.B. 469 revised the definition of base period for the purpose of determining whether a person was entitled to unemployment benefits. The provision would enact the alternate base period, which was one of the modernization requirements for the state to qualify for the $77 million incentive payment.

Assemblyman Conklin explained that some unemployed workers currently did not qualify for benefits under the current base period, which used the oldest four quarters of the last five quarters. Assemblyman Conklin said that A.B. 469 would allow individuals who did not qualify under the current base period to use the most recent four quarters in an attempt to qualify for benefits. It was estimated that would capture approximately 4,100 additional persons and move them into the unemployment insurance ranks. Assemblyman Conklin advised the Committee that the 4,100 figure was provided by NELP.

Assemblyman Conklin stated that Section 2 of the bill, in terminology of unemployment compensation, would allow Nevada to "trigger on" an extended benefit period when the total seasonally adjusted unemployment rate equaled or exceeded 6.5 percent in the last three complete months and was 10 percent above the rate for the same three months in either of the previous two years. Assemblyman Conklin explained that was called the Total Unemployment Rate (TUR) trigger. By adding that trigger, Nevada would qualify for 100 percent federal cost-sharing for its existing 13 weeks of extended benefits, along with the additional seven weeks addressed in Section 3 of the bill.

Assemblyman Conklin indicated that Section 3 of the bill added seven weeks of state-extended benefits during high unemployment periods starting February 1, 2009, and ending December 12, 2009, or three weeks before the last week in which 100 percent federal sharing was authorized, whichever was later. Assemblyman Conklin said the high unemployment period meant a time when the total unemployment rate for the last three complete months equaled or exceeded 8 percent, and was 10 percent above the rate for the same three months in either of the previous two years.

Section 4 of the bill contained transitory language that Assemblyman Conklin believed all parties had agreed was necessary to carry out the provisions of the bill. Section 5 of the bill indicated that the act became effective upon passage and approval, along with language regarding the expiration of provisions. He noted that there was a complex trigger on which Section 3 of the bill would expire on December 12, 2009. However, if the federal government extended the 100 percent payment, the provisions of the bill would extend to the extent that the federal government extended the funding.

Assemblyman Conklin explained that if the federal government extended the funding for an additional six months, the program would also extend for the duration of the six months. The reason for that provision was that the Legislature would not be in session in October, November, or December 2009, when a decision would likely be made regarding whether or not the benefits would be extended at 100 percent funding. He pointed out that the bill would provide the provisions in statute that allowed the state to capture the funding, should it be offered.

Senator Raggio believed that some states, such as Texas, had rejected some, if not all, of the stimulus funding for unemployment compensation. He stated that he had two basic questions regarding the funding: (1) What the ultimate effect would be on the State of Nevada if the definitions to qualify for unemployment benefits were changed; (2) What the ultimate cost would be to the state when the federal funding was no longer available. He wondered, if the funding was accepted, whether the state would be required to continue funding the program and what the impact of the changes would be for the employers in Nevada.

Senator Raggio believed there would be some additional cost to employers in the amount of premium that was payable to sustain the enhanced unemployment benefits. Those were concerns that were being expressed across the nation and Senator Raggio stated that, as one member of the Committee, he would need to be comfortable with the response to those questions.

Assemblywoman Buckley believed that the answers to the questions posed by Senator Raggio would show that acceptance of the funding would be beneficial for Nevada. She explained that the optional extended benefit portion of the stimulus funding would provide seven weeks of additional benefits, and would provide unemployment coverage for 13,545 Nevadans who had not been able to secure employment. Assemblywoman Buckley reported that the benefit of accepting that funding would be an additional $114 million and the economic benefit to the state would be $245 million. There would be a sunset provision on the funding at the end of 2010, or whenever the federal government chose to not pay 100 percent of the benefit. Assemblywoman Buckley stated that the cost to the State General Fund would be $405,000. She emphasized that there would be no long-term liability to the state, the funding would provide relief to unemployed citizens, and the state would realize a huge economic benefit at minimal cost.

The second portion of the bill involved the alternate base period. Assemblywoman Buckley indicated that 4,137 unemployed Nevadans would benefit from the alternate base period. She stated that the benefit would be $77 million to the state's Unemployment Insurance (UI) Trust Fund in modernization funding. Should the state suffer a $450 million shortfall next year, the funding would help toward that shortfall and reduce any rate increase to Nevada businesses, which would not be implemented in any case until the economy improved. Assemblywoman Buckley advised that Cynthia Jones would provide testimony regarding the policies used by the ESD, which had been explained to the Assembly Committee on Commerce and Labor. She explained that no rate increase would be implemented until employment expanded and the economy began to recover.

Assemblywoman Buckley reported that Nevada's UI Trust Fund was already in a deficit, and the $77 million could be used to reduce that deficit. The additional unemployment benefits paid for FY 2009 was $9 million to $17 million and in FY 2010 the benefit would be $20 million to $40 million. Assemblywoman Buckley explained that the multiplier resulted in $19 million to $36 million in the general economy. She reported that the cost for the state would be between $67,000 and $133,000 per year, with the General Fund portion between $40,000 and $80,000. According to the ESD, the funds that Nevada would receive would pay for the program through 2018, assuming the best-case scenario, or at least through 2013.

Assemblywoman Buckley addressed Senator Raggio's question regarding long-term liability. She explained that the state would not be permitted to place a sunset provision on the alternative base period. However, the federal government had not indicated that a state legislature could not revisit the law, and there would be at least four legislative sessions between now and 2018.

Senator Raggio asked how Nevada's Legislature could revisit the law when the federal government stipulated that states could not sunset the alternative base period. Assemblywoman Buckley clarified that when the legislation to adopt the alternative base period was passed, it could not include a sunset provision, but the Legislature could revisit any statute in the future if it determined that the statute was no longer viable for Nevada.

Senator Raggio stated that Nevada would be precluded by federal law from revisiting or sunsetting the provisions of the alternative base period. Assemblywoman Buckley indicated that the state was precluded from adding a sunset provision to the law, but it was not precluded from repealing the statute. However, Assemblywoman Buckley did not think the state would want to repeal the statute. She explained that most of the workers who would qualify for benefits under the alternative base period were minimum wage workers and construction workers, and those workers would be needed by the state when the economy rebounded.

Assemblywoman Buckley opined that Nevada did not want its workers to pick up and move to other states, because when the economy rebounded, those were the workers that would be rehired. If the workers moved to other states, then when the economy was better the workforce for Nevada's businesses would be lost.

Senator Raggio asked about the difference between adding a sunset provision to the statute or repealing it, which appeared to him to be the same. Assemblywoman Buckley explained that, by limitation, a sunset provision ended a provision of law enacted by the Legislature. During any legislative session, the Legislature could review a law and determine that, based on current circumstances, the law no longer made sense in 2018. Assemblywoman Buckley said that with the current deficit in the UI Trust Fund, the alternate base period would ultimately be more beneficial to employers because additional money would be added to the UI Trust Fund at a time when it was running a deficit. She stated that when the economy rebounded the number of employers would expand, and the amount paid into the UI Trust Fund would expand, thereby decreasing the need for a rate increase, which might exist anyway in 2010.

Assemblywoman Buckley said if the state could pay down the deficit now, when the number of employers increased it would be less likely that the rate would increase because the deficit had been paid down. She noted that currently the federal government was offering the state interest-free loans to maintain the UI Trust Fund and that would probably expire in 2010, at which time the state would be required to pay 5 percent on those borrowed funds. Assemblywoman Buckley said those were some of the considerations that the Legislature should weigh in examining the unemployment stimulus funding.

Senator Raggio appreciated the information. But he opined that it seemed that if the Legislature changed the law as required to create the alternate base period, and if the alternate base period was required to continue, there would ultimately be some impact on the amount of premium that would be required from Nevada businesses because of the added benefit.

Chair Arberry asked Assemblywoman Buckley about the person who was going to testify via telephone. Assemblywoman Buckley advised the Committee that a representative from the National Employment Law Project (NELP) was on the line and would provide testimony.

Assemblyman Conklin introduced Maurice Emsellem, Policy Co-Director, NELP, who would provide testimony via telephone.

Mr. Emsellem thanked the Committee for the invitation to present testimony and stated he was sorry that he could not attend in person. He expressed appreciation on behalf of NELP to Cynthia Jones, Director, ESD, and her staff for providing the necessary information and discussing some of the options available to Nevada and some issues related to costs.

Mr. Emsellem stated that he would provide some context regarding the stimulus legislation and how it would help states like Nevada that were particularly hard hit by the economic downturn.

As previously mentioned, Mr. Emsellem explained that the stimulus package included several provisions that would provide significant help to unemployed families and boost the economy. The package provided the extra 33 weeks of benefits along with the regular state unemployment benefits currently being collected by Nevadans. Mr. Emsellem reported that the package would provide an extra $25 per week in benefits in both the state and federally extended benefits. Also, the package would suspend the tax on unemployment benefits, up to the set amount that was normally in place. Mr. Emsellem stated those were historic accomplishments for Congress. He indicated that the major purpose of an unemployment program during a recession was to boost the economy and help unemployed families.

Mr. Emsellem commented that the multiplier affect of the amount of money that would circulate in the economy was more than $2 for every $1 received in benefits, which was particularly important in states such as Nevada. Mr. Emsellem explained that 40 percent of home foreclosures nationally were occurring because persons were unemployed, and the stimulus benefits would go a long way toward the prevention of further foreclosures.

Mr. Emsellem reminded the Committee that there were many opportunities in the stimulus package that would boost unemployment benefits and boost the state's economy. He indicated that the stronger the unemployment system, the bigger the boost would be to the economy. In Nevada, which was not unlike many states, 43 percent of unemployed persons currently collected an unemployment check. Mr. Emsellem reported that was a relatively small percent compared to decades prior, because the eligibility rules within the unemployment system had not kept pace with the changes in the workforce.

Mr. Emsellem explained that today there were more women workers, more part-time workers, and more low-wage workers, but the eligibility rules had not kept pace with those changes. That accounted for the fact that so few workers collected unemployment checks. Mr. Emsellem said that currently, Nevada's unemployed workers collected an average of $292 per week, which was approximately 36 percent of the average weekly wage in the state. He believed that the reforms contained in the stimulus package would assist many workers.

Mr. Emsellem stated that in Nevada and nationwide, many more workers were unemployed for much longer periods of time during the current and previous recession compared to prior decades. That was a reality of life that states had to deal with, and one that required real reforms to unemployment programs as well. Mr. Emsellem indicated that the fact that the stimulus package would provide the extra 33 weeks of benefits to states like Nevada was important because the extra benefits proposed in the bill were necessary to deal with the issue of long-term unemployment.

According to Mr. Emsellem, the provision that would sunset and was 100 percent federally funded would provide 20 weeks of extended benefits to workers in Nevada. That provision had been described very well in previous testimony, and Mr. Emsellem added that the benefit to Nevada in terms of money circulating in the state's economy would be very significant compared to the minimal cost to "reimbursable employers" who paid dollar-for-dollar benefits into the system.

Mr. Emsellem explained that those were employers who had chosen the option not to pay federal unemployment taxes of $56 per worker. The reason those employers were required to pay extended benefits under the law that had been in existence since 1970, was because those employers made the decision that it benefitted them not to pay federal unemployment taxes and instead to pay dollar-for-dollar benefits. He pointed out that those employers were part of the equation, and the provisions of the stimulus package would not create an extra "hit" on those employers.

Continuing his presentation, Mr. Emsellem said that many states had approved the provisions of the stimulus package, such as Oregon and Rhode Island, both of which were currently receiving the additional 20 weeks in benefits because they had adopted the provisions.

Mr. Emsellem referenced the alternative base period provision. He stated that Nevada was in a special situation because, like approximately ten other states, Nevada qualified for the entire federal unemployment incentive funding of $77 million simply by adopting the one reform. He explained that to receive the entire amount of funding, most states had to adopt several reforms. Nevada was in a situation where it would receive a very significant "bang for the buck" from the stimulus package for adopting one reform.

Mr. Emsellem mentioned that the last week was a significant week for the stimulus funding because two states, Iowa and South Dakota, became the first states to pass laws that allowed them to receive the funding. Several other states were acting on a very bipartisan basis, with as many Republican as Democratic governors voicing approval for the stimulus package. Mr. Emsellem reported that once the states reviewed the numbers, just as Nevada was doing today, some states determined that it would be beneficial to adopt the reforms that allowed collection of the funds.

According to Mr. Emsellem, states such as Georgia and Tennessee, whose governors at first expressed some concerns about accepting the funding, were now officially on record expressing support for the funding. He said that Georgia's legislature passed the measure 150 to zero, authorizing the state to accept full funding and adopting the necessary reforms with the support of the governor.

Mr. Emsellem said there were a handful of governors who maintained that they did not want to accept funding, but it was important to note that was the opinion of the governors, but the legislatures in those states were moving to enact the reforms on a bipartisan basis. He indicated that those governors would still be required to make a decision, if and when, the legislation was presented to them whether to make the final call to refuse benefits based on the facts before them. Mr. Emsellem stated that in Texas, for example, the infusion of the federal funding resulted in major tax cuts for employers, reducing taxes by $500 million.

In terms of the alternative base period for Nevada, Mr. Emsellem stated that the estimates from NELP indicated that the reform would cost approximately $4.5 million, would benefit 1 percent of the caseload, and would have an impact of one-half of 1 percent of claims. Mr. Emsellem further explained that because persons who would collect the benefits under the alternate base period earned much less, an average of $9.50 per hour, they would collect less in benefits. Mr. Emsellem said that Nevada would get a significant "bang for the buck" because there would be more persons collecting benefits, but those persons would receive less in benefits.

Mr. Emsellem said that the figures from NELP differed marginally from those of the Employment Security Division (ESD). However, the bottom line was that NELP agreed with the ESD that there would be several years of benefits.

He stated that NELP put the number at 10 years, compared to the amount of funding that would be received by Nevada. Overall, the figures provided by NELP were lower than those from the ESD, but both agreed that the funding would provide many years of benefits for Nevada.

Per Mr. Emsellem, 21 states currently had the alternate base period in law. He explained that the provision would simply address a very outdated system for processing benefits, which dated back to the days when calculations were completed manually and "lag time" was built into the calculation because extra time was needed to receive wage information from employers. Mr. Emsellem reported that when persons applied for benefits today, most of the time the employment record for the applicants was immediately available in the computer. However, he remarked that the information was being ignored for the purpose of calculating benefits simply because there had always been "lag time" built into the calculation and that was how calculations had always been done.

Mr. Emsellem commented that many states across the country, from Georgia to Washington, had reformed their unemployment programs. He noted that the reforms had been adopted through legislation because it was of primary interest to the states that the provision helped many low-wage workers who had "fallen through the cracks" in the system.

To address Senator Raggio's concern about the impact of the reform on employers, Mr. Emsellem explained that the state would be looking at a tax increase when the rates were recalculated. Mr. Emsellem noted that Nevada would need to consider a federal loan before the end of the current year or at least by 2010 if the provision brought in an additional $70 million. Implementation of the stimulus program would cost between $5 million and $10 million; the remaining approximately $60 million could be used for unemployment benefits for Nevadans. Mr. Emsellem explained that would be $60 million less that the state would be required to raise in taxes for the current year, or secure through a federal loan. He also commented that when the state needed the most help it would receive a significant boost in benefits through the stimulus package.

Mr. Emsellem stated that if Nevada secured a federal loan during the current year, the clock would be ticking regarding whether the state would be hit with a tax increase if it could not repay the loan within two years. If the state could put off securing the federal loan until January 2010, that would equate to one additional year of breathing room before tax increases would automatically kick in if the state was not able to repay the loan.

Mr. Emsellem stated that the future impact on employers when the federal money ran out would be determined by forces much larger than the current stimulus benefit. He explained that taxes did not go up across the board for every dollar that was increased in unemployment benefits, but rather taxes went up according to the state's tax schedule. Mr. Emsellem said the amount of money in Nevada's UI Trust Fund would determine the tax rates across the board; he also pointed out that those rates were figured every year.

In the future, said Mr. Emsellem, the tax rate would depend upon Nevada's situation and the state of the economy, along with many other larger forces, rather than the increase in benefits from the stimulus package. He explained that perhaps Nevada was on the cusp of a tax increase and the benefit put the state over the edge, but that was a very unlikely scenario. As previously mentioned, Mr. Emsellem stated that the benefit Nevada would realize because of tax cuts over the short term, when help was most needed, would likely be much larger than any potential increase in future taxes. Under the law, Nevada always would have the option to repeal the provisions of the stimulus package. Mr. Emsellem believed the earlier discussion of the provision was very accurate: a sunset provision could not be included, but the Legislature could revisit the law in the future and determine whether it should be repealed.

Chair Arberry thanked Mr. Emsellem for his testimony. The Chair recognized Assemblywoman Buckley.

Assemblywoman Buckley stated that she was interested in learning about the action that had been taken by other states. She noted that the Republican Chair of the Appropriations Committee in Texas voted to accept the federal unemployment funds despite the hesitation on the part of the governor, partly because of testimony before that Committee from economists who recommended that the funding be accepted. Assemblywoman Buckley stated that economists had informed the Appropriations Committee in Texas that without the federal funding its unemployment fund would likely "run dry" during the current economic downturn, similar to Nevada's UI Trust Fund, which in itself could possibly trigger higher unemployment insurance tax levies.

Assemblywoman Buckley noted that Texas conducted the same type of analysis that Nevada was undertaking today. She asked whether there was further information, noting that Mr. Emsellem had mentioned two states that had recently enacted the legislation. Assemblywoman Buckley asked about the current trend among state legislatures.

Mr. Emsellem replied that most states were in situations similar to that of Nevada, where legislatures were holding hearings and seriously reviewing the stimulus bill. In the states that were holding quality debates, such as that being held in Nevada, Mr. Emsellem said the decision was being made to accept the funding because it worked in favor of the states across the board. He commented that some states would not accept the funding, sometimes for very good reasons.

Mr. Emsellem said the trend was that states were accepting the funding because of the huge infusion of cash up front that helped states extend benefits when workers needed help the most. Mr. Emsellem indicated that California's Assembly passed the legislation on March 17, 2009. He reiterated that the legislation was just making its way through some state legislatures at the present time.

Senator Raggio asked for clarification regarding the infusion of federal funding that Nevada's UI Trust Fund would need by the end of the current year. A reference had been made during previous testimony to a federal loan, and Senator Raggio asked for an explanation of the mechanics of such a loan.

Mr. Emsellem said he could speak to that. Should Nevada's UI Trust Fund run out of money, the federal trust fund provided loans to states to continue payment of unemployment benefits. He explained that the trust fund was supported by the federal unemployment tax, which was paid by all employers at a rate of $56 per worker. Mr. Emsellem stated that there were currently ten states in loan status and that number would undoubtedly double by the end of 2009.

If the projections were accurate that Nevada would need a loan by the end of the current year, Mr. Emsellem said the state could seek a loan from the federal government. If the state repaid the loan within the first year, there would be no federal interest paid on the loan. Mr. Emsellem reported that, under the stimulus package, the federal government enacted a reform that waived the federal interest on the loan until 2010. He noted that if the states failed to repay the loan after that period of time the federal government would recoup the loan by incremental increases of taxes paid by employers over a period of years. Mr. Emsellem stated that would occur at a certain point in time, depending upon when the state received the loan.

Obviously, the state was still taking in revenue of up to $400 million per year, but Mr. Emsellem opined that Nevada might be required to pay out as much as $900 million in benefits over the next year, which would create a gap. He assumed that the state would consider an increase in taxes during the current legislative session because of the anticipated shortfall in the UI Trust Fund.

Assemblyman Conklin explained that the debate over the alternate base period was ongoing and was not a new phenomenon. He believed there were between 15 and 20 states that had already adopted the concept. Mr. Emsellem reported that 23 states had adopted the concept, with Iowa and South Dakota being the last two states to do so. Most of the other states had adopted the alternate base period over the past ten years.

Assemblyman Conklin reported that the concerns voiced by Senator Raggio had also come up when testimony was heard by the Assembly Committee on Commerce and Labor regarding the unemployment stimulus package. It was his understanding that it was not uncommon for states to borrow from the federal trust fund. Assemblyman Conklin stated that Nevada's UI Trust Fund was designed to collect and retain surplus revenue during good economic times to ensure that there would be sufficient funding during bad economic times. He noted that it would have been difficult to plan for an economic time as bad as the current situation was for Nevada.

Assemblyman Conklin opined that Nevada was not the only state that would ask for assistance from the federal government, and it was his understanding that there was no cap on the amount of the loan. He indicated that the federal government was aware of how Nevada's UI Trust Fund operated and was happy to support it, which would not be uncommon or unusual. Assemblyman Conklin said the question was whether the state wanted to limit the amount it borrowed. As previously pointed out by Assemblywoman Buckley, acceptance of the stimulus funding would reduce the risk to Nevada's UI Trust Fund and reduce future costs for Nevada's businesses.

Mr. Emsellem added that some states had been in dire financial difficulty entering the recession, but all indications were that Nevada's UI Trust Fund was in good shape. However, as previously noted, Nevada was particularly hard hit by the recession, and the federal loan fund was available with very favorable terms offered to states. Mr. Emsellem said it made a lot of economic sense to accept the loan, which would give the state some breathing room to determine how to raise revenue and return the state's UI Trust Fund to solvency.

Chair Arberry recognized Ms. Jones.

Cynthia Jones, Administrator, Employment Security Division (ESD), Department of Employment, Training and Rehabilitation (DETR), introduced herself and Larry Mosley, Director, DETR, to the Committee. She stated that Mr. Mosley would introduce other staff members.

Mr. Mosley introduced William Anderson, Chief Economist, DETR, and David Schmidt, Economist, DETR. Mr. Mosley said the previous testimony regarding the stimulus package had been excellent, and he complimented both Assemblywoman Buckley and Assemblyman Conklin for their breadth of understanding of the issue. He pointed out that the stimulus bill was not easily understood or analyzed, particularly regarding its "moving parts."

Mr. Mosley indicated that Ms. Jones had completed an excellent analysis of both the state extended benefits program, and the alternate base period as depicted in Exhibit C entitled, "American Recovery and Reinvestment Act (ARRA), State Extended Benefit Analysis, Effect on Benefits and Costs, March 17, 2009," and Exhibit D entitled, "American Recovery and Reinvestment Act (ARRA), Alternate Base Period Analysis, Total Cost and Claimants Affected, March 17, 2009."

Mr. Mosley stated that DETR and the ESD had been asked to provide some specifics related to the impact of the stimulus funding, and the Committee would find that information contained in the aforementioned exhibits.

According to Mr. Mosley, the Governor's Office requested that DETR and the ESD provide information regarding the trend in other states, and that information would be provided to both the Committee and the Governor's Office. Mr. Mosley said that Ms. Jones would provide an overview for the Committee.

Assemblywoman Buckley asked Ms. Jones to comment regarding the current state of Nevada's UI Trust Fund, when Nevada would run out of money, when Nevada would ask for a loan from the federal government, and how the stimulus money might affect that decision and shore up the UI Trust Fund. Assemblywoman Buckley commented that this was not the first time that the state's UI Trust Fund had run low because of economic conditions, and she asked that Ms. Jones provide some historical information about prior federal loans.

Ms. Jones reported that Nevada's UI Trust Fund was projected to run out of money by the end of the current calendar year, in either December 2009 or January 2010. When the Employment Security Council met in October 2008 and rates were set for the upcoming calendar year, the ESD had projected the ending UI Trust Fund balance for 2009 to be approximately $425 million and the ending balance for 2010 was projected to be $127 million. Unfortunately, said Ms. Jones, Nevada had been extremely hard-hit by the economic downturn, and the state was paying out benefits at record rates. Therefore, the ESD expected to run out of funds at the end of the calendar year, and if the rate remained stable, the ESD expected to borrow approximately $750 million to pay benefits for calendar year 2010. Ms. Jones indicated that the figures were somewhat of a "moving target" because Nevada's unemployment rate had defied expectations, as had unemployment rates across the country.

Ms. Jones indicated that, to the best of her knowledge, the last time the state had borrowed funds from the federal government to support its UI Trust Fund was in 1974. As previously mentioned, the ESD tried very hard to stay within the tenants of countercyclical funding, wherein reserves were built during times of economic prosperity so the state could weather economic storms. Unfortunately, said Ms. Jones, even though Nevada entered the current recession with the 19th strongest trust fund in the nation, Nevada would be among those states that had to borrow from the federal trust fund by the end of the year.

Senator Raggio asked about the premium tax rate for employers. Ms. Jones reported that the average unemployment tax rate for contributory employers was 1.33 percent. She indicated that taxes could range between .25 percent and 5.4 percent, depending on an individual company's "experience rating." Senator Raggio said he was asking for the average rate. Ms. Jones replied that the average rate was 1.33 percent.

Senator Raggio asked when the rate was last raised. Ms. Jones explained that the rate had been reduced two years ago. Prior to that, the rate had been raised 0.10 percent to 1.38 percent after the economic downturn created by the events of September 11, 2001.

Senator Raggio asked Ms. Jones to discuss the likelihood of rate increases caused by the implementation of the stimulus package. He asked that she provide different scenarios with respect to the amount that would be required for a federal loan. He wondered whether there would be additional costs should the state adopt both the optional extended benefits and the alternative base period.

Ms. Jones replied that if the state implemented the extended benefit trigger, those benefits would be paid 100 percent through the federal trust fund for contributory employers and would have no impact on the tax rates, if the state sunset those provisions at the same time that the 100 percent federal reimbursement expired. The alternate base period, said Ms. Jones, would eventually impact Nevada's tax rate because it represented a program expansion over the long haul; the state would be paying benefits to more people.

Ms. Jones said if the state were to absorb the impact of an alternate base period program into its system now, with a current tax rate of 1.33 percent, the rate would increase to 1.38 percent, a 0.05 percent incremental difference. She explained that the rate applied to the first $26,600 of wages earned for each employee, so the average tax rate resulted in a tax of $353, and adding the 0.05 percent increment would raise that tax to $367 per employee.

Ms. Jones explained that reimbursable employers paid dollar-for-dollar for claims, and reimbursable employers included the State of Nevada, other entities defined as local and state government, certain non-profit organizations, and one Native American tribal casino in Nevada.

Assemblywoman Gansert asked about the number of hours that a part-time employee would be required to work to qualify for benefits. She also asked about the number of quarters that a part-time employee would be required to work to qualify, and what incentive there would be for those employees to look for a job and return to work.

Ms. Jones explained that Nevada currently allowed benefits for persons who were only seeking part-time employment, if during their base period they were working in a part-time employment circumstance. That was one of the two requirements for incentive stimulus funds under which the state was already qualified. Ms. Jones stated that part-time employees had to qualify in the same manner as full-time employees. The part-time employee would have had to earn at least $400 during the base period and to have had earnings in three quarters, or if the person had earnings in two quarters, one quarter had to be half of the other quarter. Ms. Jones said the alternate base period would simply take the same mechanism and forward that one quarter to pick up the most recently completed quarter, but it did not change the calculation regarding how a person qualified for benefits.

Assemblyman Conklin indicated that the Committee was attempting to weigh the cost-benefit of the provisions, and he wanted to ensure that the Committee was clear on several issues. First, said Assemblyman Conklin, prior to the 2007 Legislative Session the unemployment tax rate was 1.38 percent. During the 2007 Legislative Session, the ESD advised the Legislature that it would like to reduce the tax rate. Assemblyman Conklin noted that in her previous testimony, Ms. Jones stated that if the alternate base period were absorbed into the current system, it would result in a tax rate of 1.38 percent, which was the rate prior to 2007.

Ms. Jones stated that was correct. She reiterated that if the ESD were to implement the alternate base period, it would restore the tax rate to 1.38 percent. Ms. Jones clarified that the rate was set by regulation every year and was not considered through the legislative process. The Employment Security Council, and any other interested parties who participated in the rule-making mechanism, established the regulation each year.

Assemblyman Conklin indicated that Nevada was already paying the 13-week state-extended benefits to claimants from its UI Trust Fund. Should Nevada not accept the federal stimulus money, the state would still continue to pay extended benefits. He asked Ms. Jones whether that was correct.

Ms. Jones replied that was correct. She explained that, typically, state-extended unemployment benefits were paid on a 50-50 basis: 50 percent federal trust fund and 50 percent state trust fund. The trigger for the state-extended benefit program was based on economic conditions within individual states, compared to federal extended benefits that were implemented by the federal government based on economic realities across the nation.

Ms. Jones said it was simply coincidental that, based on Nevada's existing trigger language, the state-extended benefit program triggered the week of February 22, 2009. The intention of the American Recovery and Reinvestment Act of 2009 (ARRA) that encouraged states to implement the optional trigger, was to encourage states to use a trigger that would trigger "on" earlier, which meant more states would pay state-extended benefits. Ms. Jones stated that it just happened that Nevada was already paying state-extended benefits, so changing the trigger to the optional trigger ensured that Nevada would qualify to obtain 100 percent reimbursement for claims that it would pay out regardless of the stimulus funds.

Ms. Jones explained that the U.S. Department of Labor had reviewed Nevada's current triggering mechanism to determine whether it would qualify for 100 percent reimbursement. She stated that she had as many as six different opinions regarding Nevada's eligibility. Changing the trigger to comply with the provisions of the ARRA would guarantee Nevada's eligibility to receive 100 percent reimbursement for the first 13 weeks of extended benefits and for the optional trigger that allowed for 7 additional weeks of funding as well.

To recap, Assemblyman Conklin stated that the approximate amount that would be paid out of Nevada's UI Trust fund was $95 million for the 13-week state-extended benefit period, which would be reimbursed by the federal government at 100 percent if the Legislature passed A.B. 469. There were no other ramifications of the bill, because Nevada would pay the extended benefits one way or another and the question was whether Nevada would accept the federal funding or pay the benefits from its own UI Trust Fund. Ms. Jones replied that was correct.

Assemblyman Conklin addressed the alternate base period as depicted in Exhibit D, which indicated that the ESD expected the alternate base period to extend to 2013 before the federal stimulus funding expended. It appeared that the maximum period of time that the federal funding would cover the additional cost was be approximately 2018, based on the experience relative to other states that had already adopted the alternate base period. Assemblyman Conklin noted that the ESD had estimated the number of eligible employees under the alternate base period to be between 3 percent and 6 percent, which equated to 1.2 percent to 2.4 percent of the benefit payout amount. Ms. Jones stated that was correct.

Assemblyman Conklin stated that the money received by Nevada could exceed the amount that Nevada would pay out and could be used for other purposes within the UI Trust Fund. Ms. Jones stated that was correct. Assemblyman Conklin indicated that the funding would shore up the UI Trust Fund, which meant if the economy were to turn around within the next four years, Nevada would actually benefit because it would borrow less from the federal government.

Ms. Jones stated that was correct. The stimulus funding would infuse dollars into the state's UI Trust Fund now, but would create a permanent program expansion. Ms. Jones explained that the bill would create a permanent program expansion unless the Legislature took action to repeal the law in the future.

Assemblywoman Buckley said she wanted the Committee to have adequate information to perform its cost-benefit analysis. She noted that A.B. 469 would enable Nevada to receive $114 million in additional unemployment benefits, $95 million by virtue of the federal government paying the state's 50 percent state match through the end of 2009 and an additional $15 million in unemployment benefits to the part-time workers, as well as $77 million in grant monies to the UI Trust Fund. Assemblywoman Buckley asked whether those figures were correct in considering the cost-benefit analysis. Mr. Jones believed those figures were correct.

Larry Mosley, Director, DETR, explained that the only problem with the numbers presented by Assemblywoman Buckley was the $77 million in grant monies required a separate set of funding requirements for the alternate base period.

Assemblywoman Gansert asked what would occur should Nevada fail to repay the loan by 2010, and what would be the terms of the loan, such as interest rate and duration. Ms. Jones said it was her understanding that loan interest rates were between 4 percent and 5 percent until such time as the loan was repaid. She was not aware of a maximum payback period. Ms. Jones advised the Committee that the ESD was running a number of models to determine the best strategy for setting rates and for payback over the upcoming years. The idea was to repay any outstanding loans and shore up the UI Trust Fund to a sufficient solvency balance before the next economic downturn, which undoubtedly would occur.

Assemblywoman Gansert asked how much Nevada accumulated in the UI Trust Fund and what was the typical payout prior to the economic decline. She said she would like to have an idea of how the UI Trust Fund was usually funded and the amount that was typically used within a year, to determine how long it would take to accumulate a sizeable fund balance.

Ms. Jones said the ESD typically collected between $390 million and $400 million a year, based on the current tax rate. In recent years, less than that amount had been paid out each year, and the ESD had been building a balance in the UI Trust Fund. Ms. Jones stated that during past years, the ESD might have paid out $300 million per year, as compared to the current situation when it anticipated payment of up to $1 billion in unemployment benefits.

Assemblyman Hardy supposed that there had to be written statistics maintained by the ESD, and he asked that the ESD provide written information regarding percentages and statistics regarding the current payout of up to $1 billion in unemployment benefits during the current year. Assemblyman Hardy appreciated the information provided earlier by Assemblyman Conklin because that helped him to better understand the situation. Assemblyman Hardy asked whether the Department of Employment, Training and Rehabilitation (DETR) was advocating acceptance of the funding, or whether DETR would assume a neutral position. Assemblyman Hardy said he wondered whether DETR would "buy into the federal stimulus package."

Mr. Mosley replied that the role of DETR, at the present time, was to provide both the Governor's Office and the Legislature with a complete analysis of the unemployment stimulus funding as proposed in the ARRA and the overall impact of that funding. Mr. Mosley stated that DETR would remain neutral regarding the funding package and would provide the Governor's Office and the Legislature with the specifics as related to the UI Trust Fund, as well as the long-term impact. He advised that DETR had met with the Governor's Office and provided the same information as that provided to the Legislature today. Mr. Mosley noted that additional information had recently become available, and the Governor's Office had not yet made a decision concerning acceptance of the funding.

Chair Arberry thanked Ms. Jones and Mr. Mosley and asked whether there was further testimony to come before the Committee regarding A.B. 469.

Danny Thompson, representing the Nevada State AFL-CIO, commented that the numbers had been very well explained. He said he would like discuss the reality of the situation in Nevada. Mr. Thompson reported that unemployment within the 18 building trades unions in Reno was at 50 percent, and he was sure that in the non-union sector the rate was equally as high or higher. He noted that workers were close to completing the new baseball stadium job in Reno, and there was approximately one year remaining on highway construction in Washoe Valley.

In Las Vegas, said Mr. Thompson, the "off-strip" properties were either laying-off employees or closing because those properties could not compete with the prices of rooms offered by the larger hotel/casinos on the "strip." Mr. Thompson stated that in June 2009, Nevada's high schools would graduate thousands of students, some of whom would be seeking summer employment because they wanted to continue their education, but some would not continue school and would be seeking permanent employment.

According to Mr. Thompson, in approximately November of 2009 the large construction jobs in Las Vegas would begin to wind down and after those jobs ended no other jobs were scheduled to begin. One might think that was just happening in the construction industry, but Mr. Thompson advised that the unemployment rate in the tourism/hotel industry was staggering. It was Mr. Thompson's opinion that if Nevada did not accept the federal stimulus funding, it would be dealing on its own with a catastrophe without federal assistance.

Mr. Thompson opined that if the economy did not turn around during the next year, he believed the Legislature would again find itself in session trying to decide how to solve the problems facing the state. Mr. Thompson said, "To say we are in a bad spot is an understatement." He pointed out that a 50 percent unemployment rate was higher than the unemployment rate during the "Great Depression."

Mr. Thompson indicated that the unemployment rate in Las Vegas today was over 10 percent, and he submitted that by the end of the year the unemployment rate could reach a percentage that had not been seen before in the state.

Mr. Thompson said that he did not view the situation as a Republican or Democratic issue, or as an employer/employee issue, but rather he viewed acceptance of the funding as the right thing for legislators to do for their constituents. Mr. Thompson opined that more persons would soon become homeless, which would include persons who had never been in that situation before.

Mr. Thompson said that he could not advise the Legislature about what would occur after the federal stimulus funding ended, but he urged the Legislature to "do the right thing" and accept the funding. He was aware that the Governor was not in favor of accepting the unemployment funding, but he believed that even if the Legislature was required to override a veto from the Governor, acceptance of the funding was the prudent action that should be taken by legislators to aid their constituents. According to Mr. Thompson, the AFL-CIO would support any action taken by the Legislature in support of the legislation to accept the funding.

Testifying next before the Committee was Paul McKenzie, representing the Northern Nevada Building and Construction Trades Council, who stated that the Council was living with the reality of unemployment rates on a daily basis. Mr. McKenzie stated that as projects were coming to a close in the Reno area, the Council realized that the number of unemployed would get larger and larger as the year went on. Even more staggering was the fact that probably 10 percent of the persons who were unemployed right now had been unemployed for over one year and 5 percent may have been unemployed for as long as two years. Mr. McKenzie said he has recently spoken to three persons who had worked for only two weeks within the last two years.

Mr. McKenzie said unemployment was something that most persons never thought would take a toll on their lives as it had today. However, the downturn in the housing market and the fact that construction projects were not being undertaken, was staggering to the construction industry and its workers. Mr. McKenzie urged the Committee to accept the funding that would help stimulate the economy and help construction workers remain in their homes in Nevada until such time as jobs became available.

Mr. McKenzie opined that construction workers "needed all the help they could get," and they were looking to the Legislature for that help.

Jon Sasser, Washoe Legal Services, was the next person to testify before the Committee. He thanked NELP and the staff of ESD, who had been working with Washoe Legal Services over the past few weeks to try and understand the complicated question. Mr. Sasser stated that he believed the Legislature was in receipt of the information that it needed to conduct a cost-benefit analysis and make the decision to accept the funding, which he believed was right for Nevada.

Mr. Sasser said the question appeared to be that if the stimulus funding was such a good deal, why were some of the other states questioning whether to accept the funding. Mr. Sasser believed that the answer was that Nevada was in a somewhat different situation. In order to receive the funding for the Unemployment Insurance Modernization Act (UIMA), states were required to take action on two issues: (1) states had to adopt the alternative base period; and (2) states had to adopt two of the four reforms, which would expand their programs.

Mr. Sasser noted that Nevada currently met two of the four reforms and that was the reason the ESD would not be required to change its program, and there would be no cost to the state to adopt two of the four reforms. Other states that had not already adopted two of the four reforms would be required to conduct a hard analysis regarding whether they wanted to expand their eligibility rules to meet the requirements for funding. Ms. Sasser said the only action required by Nevada was to adopt the alternative base period.

Mr. Sasser believed that many of the points had been made regarding the cost benefit analysis for unemployed workers, for employers, and for the state. Mr. Sasser said that in adopting the alternative base period there was a possibility that from three years from now, up to ten years from now, the state might need to increase its employer tax rate by approximately $14 per year per worker. Mr. Sasser pointed out that, if the state did not want to increase the tax, the Legislature could repeal the law in the future after the federal funds had been expended.

In terms of the "strings" attached to the stimulus package, Mr. Sasser believed that was the "string," and Nevada had to determine whether it would retain the alternative base period in the future or possibly raise the tax rate.

Mr. Sasser said there was another cost to be considered. If the state failed to expand its program through the alternative base period, and did not make the extra 4,137 unemployed Nevadans eligible for benefits through the stimulus package, where would those persons find help. Mr. Sasser believed that those persons would seek assistance through other state programs, such as the Temporary Assistance for Needy Families (TANF) program, along with other assistance programs, which were funded at the expense of taxpayers rather than 100 percent federal funding. Mr. Sasser opined that the state would pay the cost in other ways, and that cost had not been included in the analysis to date. Mr. Sasser urged the Committee to support A.B. 469.

Assemblywoman Leslie commented that a major reason that some governors were rejecting the stimulus funding was the difference in unemployment rates. Previous testimony indicated that the unemployment rate in the Reno/Carson City area was 11.1 percent and the rate for Lyon County was 15.1 percent. Assemblywoman Leslie stated that the unemployment rate in

Louisiana was 5.1 percent, which appeared to be a significant reason why the governors did not want to accept the funding.

Mr. Sasser agreed, and pointed out that Louisiana had not adopted one of the modernization steps that had already been adopted by Nevada, which was that a part-time employee who was seeking part-time rather than full-time employment would qualify for benefits. Nevada had been doing that for years, but Mr. Sasser said that would be a change for Louisiana.

Testifying next before the Committee was Michael Cate, President, Construction Development Services, Inc. Mr. Cate said he was appearing before the Committee in support of A.B. 469. Mr. Cate appreciated the concerns voiced by Senator Raggio regarding tax rates and the well-being of business owners, which was also of major concern to his organization. However, Mr. Cate advised that his business had been forced to lay off several employees, and he believed that the stimulus funding would help his workers remain in Nevada. That would allow Mr. Cate to rehire his workers when the economy turned around and he again needed them. Mr. Cate believed that was very important to his business, and he urged the Committee to support the bill, which he realized would be a difficult decision for the Legislature.

The next person to testify before the Committee was Patrick Sanderson, representing Laborers International Union Local #872, AFL-CIO, who echoed the comments of those who testified before him. He explained that he had attended a legislative conference with the AFL-CIO today, and he wanted the Legislature to know that the AFL-CIO supported both A.B. 469 and A.C.R. 17.

Jan Gilbert, representing the Progressive Leadership Alliance of Nevada (PLAN), testified next before the Committee. Ms. Gilbert indicated that PLAN supported both bills. She explained that many of PLAN's members were employed in the human services areas and were already seeing an enormous demand for services. Ms. Gilbert said the food banks and the state's 2-1-1 line were seeing the results of the economic downturn. Ms. Gilbert urged the Legislature to accept the funding, which she believed would help Nevada's communities. She said it was becoming very difficult for nonprofit organizations to provide the needed services.

Testifying next before the Committee was Pilar Weiss, Culinary Workers' Union, Local 226. Ms. Weiss said the Culinary Union also wanted to express its support for both bills. There had been much discussion about the effect of unemployment in the construction area, but because of the economic downturn the effect was also being felt in the frontline hospitality industry. Ms. Weiss said that many workers were working reduced hours and others had been laid off. The union wanted those skilled workers to remain in Nevada in the hopes that as new properties came online later in 2009 and during 2010, that skilled workers would be available. Ms. Weiss believed that the stimulus funding would help those people remain in their homes in Las Vegas and in Nevada. She believed that the bills would go a long way toward addressing the vicious cycle of unemployment.

Veronica Meter, Las Vegas Chamber of Commerce, testified next before the Committee. Ms. Meter voiced support for A.B. 469. She stated that the Chamber of Commerce understood the human value in helping those Nevada citizens who were unemployed at the current time. Ms. Meter said the funding would also spur economic recovery in Nevada, which would in turn help Nevada's businesses recover and employ more people. She indicated that the Legislature needed to remain cognizant of the long-term risks, but she believed that the benefits outweighed those risks. Ms. Meter again voiced support for the bill.

The next person to testify before the Committee was Teresa Thienhaus, Director, Department of Personnel. Ms. Thienhaus explained that the Department of Personnel was in charge of collecting the assessment charged to state agencies to reimburse the Unemployment Compensation Fund. Ms. Thienhaus wanted to state for the record, that depending upon the projections and information received from DETR, there could be an increase in the assessment paid by state agencies. Ms. Thienhaus said she was not prepared to provide figures at the present time, but she wanted the Committee to be aware that the Department of Personnel depended upon the information provided by DETR to determine that calculation.

Chair Arberry asked whether there was further testimony to come before the Committee either for or against A.B. 469. There being none, the Chair declared the hearing closed.

For the record, Senator Hardy stated that in light of the focus on the construction industry, he wanted to disclose that he was President of the Associated Builders and Contractors of Las Vegas. Senator Hardy indicated that it was not a "Rule 23" disclosure because the legislation would not affect him differently than another person. Senator Hardy said he made the disclosure as a matter of public information.

Chair Arberry thanked Senator Hardy for his disclosure. The Chair opened the hearing on A.C.R. 17.

Assembly Concurrent Resolution 17: Accepts certain funds for unemployment compensation pursuant to the American Recovery and Reinvestment Act of 2009. (BDR R-1278)

Assemblywoman Buckley explained that Assembly Concurrent Resolution (A.C.R.) 17 was the companion legislation to A.B. 469 in the form of a resolution stating that the Legislature hereby accepted the unemployment insurance stimulus funds. Assemblywoman Buckley said the ARRA allowed states to accept stimulus funds through the use of concurrent resolutions. She stated that A.C.R. 17 was being introduced to ensure that Nevada received the unemployment benefits, and it would accompany A.B. 469 that changed the statute to allow the state to obtain the maximum benefit.

Chair Arberry asked whether there were questions from the Committee, or any other testimony to come before the Committee regarding A.C.R. 17. There being none, the Chair declared the hearing closed.

With no further business to come before the Committee, the Chair adjourned the hearing at 9:49 a.m.

RESPECTFULLY SUBMITTED:

Carol Thomsen
Committee Secretary

APPROVED BY:

Assemblyman Morse Arberry Jr., Chair

DATE:

Bernice Mathews

Senator Bernice Mathews, Chair

DATE:

EXHIBITS

Committee Name: Assembly Committee on Ways and Means/Senate Committee on Finance

Date: March 18, 2009 **Time of Meeting: 8:18 a.m.**

Bill	Exhibit	Witness / Agency	Description
* * *	A		Agenda
* * *	B		Attendance Record
A.B. 469	C	Cynthia Jones, ESD, DETR	ARRA Benefits & Costs
A.B. 469	D	Cynthia Jones, ESD, DETR	ARRA, Alternate Base Period Analysis