

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON COMMERCE AND LABOR**

**Seventy-Sixth Session
February 21, 2011**

The Committee on Commerce and Labor was called to order by Chair Kelvin Atkinson at 1:34 p.m. on Monday, February 21, 2011, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 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/76th2011/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).

COMMITTEE MEMBERS PRESENT:

Assemblyman Kelvin Atkinson, Chair
Assemblyman Marcus Conklin, Vice Chair
Assemblywoman Irene Bustamante Adams
Assemblywoman Maggie Carlton
Assemblyman Richard (Skip) Daly
Assemblyman John Ellison
Assemblyman Ed A. Goedhart
Assemblyman Tom Grady
Assemblyman Crescent Hardy
Assemblyman Pat Hickey
Assemblyman William C. Horne
Assemblywoman Marilyn K. Kirkpatrick
Assemblyman Kelly Kite
Assemblyman John Ocegüera
Assemblyman Tick Segerblom

COMMITTEE MEMBERS ABSENT:

Assemblyman James Ohrenschall (excused)

GUEST LEGISLATORS PRESENT:

Assemblyman Pete Goicoechea, Assembly District No. 35

STAFF MEMBERS PRESENT:

Marji Paslov Thomas, Committee Policy Analyst
Brenda Erdoes, Committee Counsel
Andrew Diss, Committee Manager
Patricia Blackburn, Committee Secretary
Sally Stoner, Committee Assistant

OTHERS PRESENT:

Tom Fransway, County Commissioner, Humboldt County
Rusty McAllister, President, Professional Fire Fighters of Nevada
George Ross, representing Nevada Self-Insurers Association
Wendy Kameda, Private Citizen, Henderson, Nevada
Mike Dayton, representing Southern Nevada Chapter, National
Association of Industrial and Office Properties
Suzette LaGrange, representing National Association of Industrial and
Office Properties
Paul Enos, CEO, Nevada Motor Transport Association
Chuck Alvey, President and CEO, Economic Development Authority of
Western Nevada
Glenn Christenson, representing Nevada Development Authority
Mendy Elliott, representing City of Fernley
Terry Graves, representing Henderson Chamber of Commerce
Judy Stokey, representing NV Energy
John Sande IV, representing Reno-Tahoe Airport Authority
Yvonne L. Murphy, representing Tahoe-Reno Industrial Center
Tom Clark, representing Sempra Energy and Interwest Energy Alliance
Kyle Davis, Political and Policy Director, Nevada Conservation League and
Education Fund
Ray Bacon, representing Nevada Manufacturers Association
Erin McMullen, representing Las Vegas Chamber of Commerce

Chair Atkinson:

[The roll was called. There was a quorum present.] We have three bills in front of us; however, we are pulling one. We will not be hearing Assembly Bill 131.

Assembly Bill 131: Revises provisions governing certain occupational diseases for employees in certain professions. (BDR 53-688)

We will open the hearing on Assembly Bill 141.

Assembly Bill 141: Revises the frequency with which certain volunteer firefighters must submit to physical examinations to receive workers' compensation coverage for certain occupational diseases. (BDR 53-567)

Assemblyman Pete Goicoechea, Assembly District No. 35:

Assembly Bill 141 is a request bill from Humboldt County that deals with heart/lung coverage. I did not realize that we needed some small changes in this bill, but I have had a number of phone calls within the last 48 hours. We will have to do some work on this bill before we attempt to pass it.

This bill refers to small fire districts that I have in my district, many of them such as McDermitt, Orovada, Beowawe, Crescent Valley, and Dunphy. These are small districts, rural in nature, and predominately respond to wildland fires. They may respond to a structure fire once a year. The bottom line is that with the requirements of the heart/lung legislation, at age 50 you have to have annual physicals. Those physicals typically cost about \$400 each. If you have a small district, such as Orovada, where there are 12 to 15 volunteers, of which 10 are over age 50, that would be \$4,000 per year. These are not county fire departments; they are fire districts, completely self-funded. They are supplying a service that no one else supplies. They have not been able to generate the funding necessary to meet the annual physical requirements.

We have other jurisdictions where heart/lung workers' compensation coverage is not provided. They also do not pay for physicals for their firemen. Any fire district has that option; they do not have to provide it. My concern is that the boards of trustees in those fire districts might be liable if they decide not to provide this coverage for their volunteer firemen. If someone is driving down the road, crashes his truck, and kills somebody because he has a heart attack, does that make that board of trustees liable? We need an amendment, a change in statute that would exempt them from liability.

My personal preference would be to change the law so that physicals would be mandatory every two years. Up until the age of 50, you have to have a physical every three years. After that they must be annual. I believe we are better off having the workers' compensation in place with a two-year physical, and in these small volunteer fire districts it clearly makes sense.

We are talking about small districts, predominately rural. Most of their fires are wildland in nature. They do not have sophisticated equipment, and they mostly do not do structure fires and do not enter buildings.

Tom Fransway, County Commissioner, Humboldt County:

Humboldt County enthusiastically supports A.B. 141. As you well know, the 2009 Legislature passed Senate Bill No. 6 of the 75th Legislative Session. The intent of that bill was to remove the stipulation that heart disease contracted by volunteer firemen as an occupational disease would be covered under workers' compensation only for those active firefighters under the age of 55. The passage of that bill did create certain unforeseen circumstances that caused our county to be very concerned. That measure required a person over the age of 50 applying to be a volunteer firefighter pay for a physical on his own. If he was successful in obtaining such employment, the cost of the first physical would be reimbursed. After that time, it required a firefighter over the age of 50 to submit to annual physicals.

There lies the problem for most of our districts. My county comprises 9,700 square miles in northern Nevada, most of it public lands. We have seven fire districts, including the Winnemucca city fire department. Most of the fire districts in the outlying areas of my county operate on very minimal budgets. In some cases the budget is \$50,000 or as low as \$30,000. The fact that those particular districts are mandated to supply physicals for their active firefighters places them in a fiscally difficult position. Some of these firemen are going to choose not to serve anymore, because obviously, if there is an incident and they are injured, they would not want to risk the chance that their injuries would not be covered.

Most of our rural fire districts have many volunteer firefighters who are over the age of 50. I believe that A.B. 141 helps prevent us from losing our firefighters. We are asking that this Committee support this bill for basic fairness and for the ability for these fire districts to maintain active firefighters.

I agree with Assemblyman Goicoechea. I am not speaking for my neighboring counties, but I know that they are under similar circumstances, particularly our Grass Valley district, which has mutual aid agreements. I understand the fiscal issues that an annual physical present.

Chair Atkinson:

Are there any questions?

Assemblyman Ellison:

This bill was passed before, and you are just amending it, correct?

Assemblyman Goicoechea:

I am amending the present statute with this bill.

Assemblyman Ellison:

The only thing you are asking for is the change to require a physical every two years, correct?

Assemblyman Goicoechea:

Yes, that is correct. The bill states in section 1, subsection 3, "A volunteer firefighter who is 40 years of age or older shall submit to the physical examination required pursuant to subsection 2 once every 2 years during his or her employment."

Assemblyman Ellison:

The reason I brought that up is to note that there is little being put into statute with this bill, but the problem is that in the rural counties they are having a hard time getting volunteers. The Nevada Division of Forestry (NDF) may be pulling out of first response fire protection in northern Nevada and moving the NDF people back to Carlin. That will make it worse; it would be 120 miles for the NDF to respond to wildland fires. There are a lot of firefighters who are over the age of 50. I think this is a minor change.

Assemblywoman Kirkpatrick:

Do all the fire districts in the state have volunteers?

Assemblyman Goicoechea:

Yes. A lot of areas do not have fire districts. Instead, the departments are under the county, but they still include those small, rural, 15-member volunteer fire departments.

Assemblywoman Carlton:

I appreciate your dilemma. We had this debate last session. I know that \$400 is a lot of money for an exam, but if you have one person with one incident, you would be talking about an emergency room bill that could be \$20,000. Did you weigh the cost of what that would do to your workers' compensation in the long run? If you have physicals only every two years, you will not have as good of a record of what is going on with that person. I hate to see you step over a dollar to pick up a nickel.

Tom Fransway:

I believe our rural fire districts have weighed that out. They came before the County Commission several times. Their individual firefighters were there, and they agreed with what the Board of Trustees said. I believe there is some level of risk, but there is also a high level of risk if those volunteers do not serve.

Assemblywoman Carlton:

I am confused with people not serving. Are you saying they will not serve because they have to have a physical every year, but they will serve if it is every two years? I do not understand the service and the exam component together.

Tom Fransway:

If they are not covered by workers' compensation, a large majority of these volunteers will consider not serving.

Assemblyman Horne:

How many firefighters are we talking about?

Assemblyman Goicoechea:

Are we talking about volunteers across the state, or Humboldt County, or just the rurals?

Assemblyman Horne:

What is the target population that you are trying to exclude from taking a yearly examination?

Assemblyman Goicoechea:

In the seven fire districts in Humboldt County, I will assume there are 70 to 75 volunteers, of whom 10 might be over age 50. In Winnemucca they have a fairly substantial department. I am not so concerned about the City of Winnemucca and Churchill County, which has a very good volunteer fire department; I am concerned about the smaller fire districts that have perhaps 10 members, the majority of whom would be over 50 years old.

We are down to a scenario where it depends on how the district is funded, whether they can afford to put \$3,000 or \$4,000 a year into physicals. I believe we are better off with the two-year physical, if that is what they can afford, than not offering the coverage. The current statute goes from every three years to once a year. I would like to find some middle ground. I do not believe most volunteers would be willing to pay \$400 for a physical to let them be called out in the middle of the night.

It is not really about the number; there are some districts and counties that clearly cannot afford to do it. Their only option is to go without, which is what White Pine County is doing right now, and it is not right.

Assemblyman Horne:

We are talking about smaller towns and communities and those volunteers who are 50 years old and older. They are providing a volunteer service to that community. Has anyone explored why the county hospital cannot give this physical, if it is not a very extensive one? Why would the community not give back to the volunteers?

Assemblyman Goicoechea:

It is a very extensive physical. Typically, if you have an endorsement for a commercial driver's license to drive a fire truck, you have to have a physical every two years, so we thought making it the same for the fire districts would save them the cost every year. The other issue, of course, is that there is an extended liability to those trustees in a fire district if they opt not to provide the workers' compensation coverage because they cannot afford it. I think the liability should be waived. I would prefer that we change it to physicals every two years that could be afforded.

Chair Atkinson:

Has the cost been most of your concern?

Assemblyman Goicoechea:

The people who have called me in the last 48 hours have concerns about changing the heart/lung bill. I think some of the insurance companies are nervous about going to a two-year physical versus the one year.

Chair Atkinson:

Who pays for this?

Tom Fransway:

The rural districts themselves will be required to pay for the physicals on an annual basis as it currently reads, and on a biennial basis as this bill reads. We are talking about very small agricultural communities that operate on budgets of less than \$30,000 annually. It is an undue burden on them to have to have an annual physical. They have no problem with the biennial.

Chair Atkinson:

It may not be cost-effective. Are there any other questions from the Committee?

Assemblyman Segerblom:

Did you say you have been in negotiations with the insurance companies as to whether they would raise the rates if you went to two years?

Assemblyman Goicoechea:

I am sure that is where the opposition is coming from. We have not had that dialogue yet.

Assemblyman Segerblom:

If the insurance companies raise it too high, you could stay at one year, correct?

Assemblyman Goicoechea:

We have not talked to them yet. Are you asking if they are going to change their premium if it goes to two years?

Assemblyman Segerblom:

I was just saying that if it became too expensive, you could go back to one year.

Assemblyman Goicoechea:

We are looking at two years and, again, we need to amend the bill. I think we need to look only at the smaller fire districts.

Chair Atkinson:

Are there any questions from the Committee? I see none. Is there anyone else in the audience, here or in Las Vegas, wishing to testify in favor of this bill? I see none. Is there any opposition to A.B. 141?

Rusty McAllister, President, Professional Fire Fighters of Nevada:

Although I was opposed to this bill, I am certainly neutral at this point. I do not represent any volunteers. From the financial aspect of it, it does not impact me necessarily. This was part of a negotiated provision last session, where the volunteers asked to have their heart/lung benefits extended beyond the age of 50, as a compromise, as long as they agreed to have annual physicals. One of the reasons we were strongly in support of that was because in many jurisdictions those volunteers work hand-in-hand, side-by-side, with the paid firefighters. It would be nice to know that there is some semblance of health amongst the volunteers who do not do this as a profession but who work hand-in-hand, side-by-side, with you every day. That is why we asked to have the one-year physical in the bill.

I talked to the president of the volunteer firefighters association today, and he said I could speak on his behalf with regard to their opposition to the way this is currently stated. They like the idea of having annual physicals after age 50. In the last biennium, since the institution of this law, in Churchill County, they found a firefighter who had to have two stents put in right away for a cardiac

problem. In Pershing County, they had a firefighter with a serious gall bladder infection. All of these were found in their firefighter physicals.

In Elko County they removed a firefighter from suppression activities to support activities because he could no longer, from a cardiac standpoint, do that job. Without that annual physical, that would not have been found.

In Humboldt County, they found one firefighter with testicular cancer, and one with prostate cancer, during their annual firefighter physicals. All of those firefighters were able to receive treatment in a very timely fashion.

During the last session, Humboldt County submitted letters in support of this legislation. Now they are asking to have it changed. I sympathize about the cost, and if there is a way to make this applicable only for the rurals, it might be okay. Fallon has a paid and volunteer fire department, but in reality it is an Insurance Services Office (ISO) class 1 department. Should they not be up to a standard of annual physicals? Perhaps the larger entities that have that type of service could provide it, although those that have the five- to ten-man volunteer fire departments may not be able to.

Those are the concerns we have. The president of the volunteer firefighters association asked me to tell you they like the way the law currently stands. He also wanted me to ask, how much is a firefighter worth? A fully-trained volunteer firefighter is giving you free service. Is that not worth \$400 for the year? Many of the volunteers in some of these entities are up to 70 years old. I think it would be appropriate for them to have annual physicals if they are going to be working side-by-side with the paid firefighters.

Chair Atkinson:

Are there any questions from the Committee? I see none.

George Ross, representing Nevada Self-Insurers Association:

It is difficult to testify in opposition to this bill, because I think the points that have been made by Assemblyman Goicoechea and Commissioner Fransway are understandable, and we sympathize. On the other hand, the firefighters in question will receive full benefits. This, for certain diseases, can be very costly in the long run. Our understanding is that they cannot be denied workers' compensation coverage, and that they automatically get coverage. The only way they can be denied coverage is to refuse to obey a doctor's orders. That is the crux. Physicals will find a lot of other things wrong with you. I asked my client if there was any way we could compromise on this bill, and they said perhaps it could be changed to a full physical every three years and more limited physicals every year if that would be cost effective. We understand there is a

problem, but we also have to realize that we are dealing with a very large unfunded liability, and it would not take many of these liabilities to pile up and cause some very large bills. For a very small county, one or two of these cases might make a giant difference in their yearly budget. There might be a way to work this out to the satisfaction of all concerned, and I hope there is, but we would like to go on the record as saying that we are in a situation where people will get the same benefits as anyone else in the state, and these are benefits that, if we find the problem fast enough, will cost less than if we wait until it is well along and too far to do too much about it, except for six months of very costly hospice-type treatment.

Chair Atkinson:

Are there any questions from the Committee? I see none. Are there any others wishing to testify in opposition? I see none. Is there anyone wishing to testify in the neutral? I see none. Mr. Goicoechea, did you have any closing remarks?

Assemblyman Goicoechea:

I will work with those in opposition, and hopefully we can find some middle ground. In these small fire districts, there are no paid firefighters. The volunteers would not be working hand-in-hand with paid firefighters. These are friends and neighbors, working with their friends and neighbors, trying to put out a fire.

Chair Atkinson:

We will give you time to work on this bill. Please keep in contact with me to see if you come up with something. We will now close the hearing on A.B. 141.

The next resolution is mine, so I will turn the gavel over to the Vice Chair. Wendy Kameda is in Las Vegas and will be presenting this resolution.

Vice Chair Conklin:

We will open the hearing on Assembly Concurrent Resolution 4.

Assembly Concurrent Resolution 4: Expresses support for economic development in Nevada in the sectors of logistics, supply chain management and renewable energy technology. (BDR R-174)

Assemblyman Kelvin Atkinson, Clark County Assembly District No. 17:

I am here today to introduce A.C.R. 4 for your consideration. Assembly Concurrent Resolution 4 expresses support for economic development and the development of a highly skilled workforce in the sectors of logistics, supply chain management, and renewable energy technology in this state. For

background purposes, this resolution was requested on behalf of the Legislative Commission's Subcommittee to Study the Development and Promotion of Logistics and Distribution Centers and Issues Concerning Infrastructure and Transportation, of which I was the Chair in the interim. The subcommittee was created from Assembly Concurrent Resolution No. 30 of the 75th Session. The Subcommittee was charged with, among other things, examining the benefits of renewable energy and logistics in Nevada and assessing Nevada's strength and development of economic diversification to create more jobs and a vibrant economy.

The Subcommittee met four times in the interim, and at each meeting the members heard from various presenters that the state must continue to shape an environment that strengthens business growth, bolsters job creation, and secures a superior quality of life. Many presentations were given to the Subcommittee concerning the need to develop a highly skilled workforce. We also heard that we must develop competitive industry clusters, such as manufacturing, distribution, and logistics, which will enhance the operating environments of the state and make it more competitive nationally and globally.

The Subcommittee recognized the need to prioritize the training and education of a highly skilled workforce in the sectors of logistics, supply chain management, and renewable energy technologies to promote the investment in these sectors. Therefore, we requested this resolution.

In conclusion, I am very excited about this resolution. I ask for your support and urge the Committee to act favorably on A.C.R. 4. I have many people here today to testify in support of this resolution and none against.

I would like to have Wendy Kameda testify about the background and overview of this interim study.

Wendy Kameda, Private Citizen, Henderson, Nevada:

Last session I was former Speaker Barbara Buckley's legislative liaison. I worked on Speaker Buckley's A.C.R. No. 30 of the 75th Session which was combined with elements of Chairman Atkinson's Assembly Concurrent Resolution No. 18 of the 75th Session. [Gives PowerPoint presentation ([Exhibit C](#)).]

This resolution is a result of the recommendations of the Subcommittee. It identifies two target industries—logistics or supply chain management companies and renewable-energy-related businesses—as the types of businesses that Nevada is well positioned to attract. It is legislative exhortation to anyone with an oar in the water for the state to start rowing in the same

direction. That is, can we focus our efforts, not to the exclusion of any others, but as a primary focus to develop Nevada as the U.S. Southwestern hub, or a hub, for logistics-related businesses and renewable energy businesses? This resolution urges the Governor, the Department of Employment, Training and Rehabilitation (DETR), the Nevada System of Higher Education, and the Board of Regents to work towards that end.

What is logistics? There are many definitions, but essentially it is getting what you want when you want it, not before and not until. It is supply chain management for a business. For a vertically integrated business logistics will start with the purchasing function, inventory control function, and on to warehousing, distribution, and transportation of the product. Other functions will include management, finance, and human resources.

There are third parties who provide services. In some instances, for companies that are not vertically integrated, warehousing, distribution, and transportation functions are all outsourced to fulfillment houses and/or separate trucking companies. Additional third party functions in logistics include customs clearance, so if you have imports you must clear them through customs and pay the duty on them, and also foreign trade zones, of which we have many in Nevada. The advantage of a foreign trade zone is that it saves money. You are able to import products within a foreign trade zone and delay the payment of duty until you export the products to the end user, or for further assembly at the time they are needed. It is a cost-of-money issue. It saves you from paying those dollars until you absolutely have to.

Michael Skaggs, Executive Director of the Division of Economic Development, has indicated that in the past ten years the efforts of his group, the Nevada Development Authority (NDA), and the Economic Development Authority of Western Nevada (EDAWN), among others, have attracted 142 companies to this state. These companies average 40-plus employees per location. So it can be done. The issue is that most of these businesses provide services for Nevada itself. The real opportunity for Nevada is, given the difficulties with our sister state, California, we hope to attract much of the logistics business currently servicing that economy. The gross domestic product of California would rank about seventh in the world if it were a separate country. There is a huge economic opportunity if we can find a way to tap into it.

Currently, our community colleges and universities have some programs in place that can provide the basic workforce skills needed to support that business. There are not a lot of heroic efforts and money necessary to undertake that.

The demand for these services is going to increase even though we are having a rather modest business recovery in this country.

The rest of the slides in my presentation are to give you a picture of the potential opportunity. You can see where the deepwater ports are in the United States. Los Angeles/Long Beach brings in two and one-half times as much business as New York. It is a huge economic opportunity and is very close to us.

Tonnage is expected to increase by 400 percent in the Los Angeles/Long Beach harbor area and 200 percent in Oakland. If you look at rail freight, you can see that it traverses a small part of Nevada. The rest of it bypasses us and goes immediately east. We are not capturing any of the opportunity of offloading those goods, having them warehoused here, and subsequently shipping them. If you look at the projected growth in freight, the slide shows Interstate 40, which extends from southern California to North Carolina. This will become more important as you talk about the proposed Interstate 11, between Phoenix and Las Vegas, which is the subject of another bill. This, coupled with Interstate 40, is where the opportunity exists for Nevada.

I have a slide showing that air freight has recovered. Unfortunately, our airports are nowhere near the top 125 U.S. freight gateways. Air freight is used primarily for high value goods, not bulk. Still, it is an opportunity for logistics businesses.

Trucking is what I really want to show you. The slide shows freight flows in 1998. The next slide shows Interstate 10, which runs along the southern edge of the U.S., and Interstate 40. The growth is not projected to be as large for Interstate 40 as it is for Interstate 10. Hopefully, the proposed Interstate 11 will make a huge difference. Right now, the main Canada, Mexico, North American Free Trade Agreement (CANAMEX) activity predominately goes through Arizona and Utah. We catch a little segment of it as it moves from U.S. Highway 93 to Interstate 15 and up. We are not capturing much of the freight activity going towards southern California, which is one of the target markets.

The next slide shows the opportunity for solar. This state is well positioned to generate solar energy. We are reasonably positioned to generate wind energy and, of course, we are exploiting geothermal energy. Right now, the solar jobs we are getting are temporary construction jobs. In order to fully exploit the opportunities available for jobs in green businesses you will require more high tech. That requires a highly educated workforce.

One of the purposes of A.C.R. 4 is to encourage the Nevada System of Higher Education to look ahead to when things turn around and there is money again. While looking at programs to discard in the current crisis, and then looking at programs to bring back or expand, our universities and community colleges should keep in mind the fact that this is an area in which we are well positioned, by virtue of geography, to have a strategic advantage over many other states. That is one element of attracting green energy jobs. The other has to do with transmission lines.

Let us try to bring those businesses to Nevada that we have not yet been able to attract. We do not have a corporate income tax. Arizona, which is our main competitor for the California relocated business, has a corporate income tax rate of 6.96 percent. We have a very favorable regulatory climate, particularly in comparison to California. We have a lot of ways to attract businesses, and we need to prioritize our education and training dollars to provide the workforce that those businesses need.

Vice Chair Conklin:

Are there any questions from the Committee?

Assemblyman Ellison:

I wonder if your presentation showed any economic impact. Do you have that information?

Wendy Kameda:

The resolution has no fiscal impact. The information in the slides is intended to let you see the magnitude of opportunity. This is simply saying to DETR and higher education that when things come back, as they will, let us not use a "shotgun" approach with job training. Let us try to focus our efforts, not to the exclusion of anything else, but as a priority and try to look at these as areas that we need to bring back.

Vice Chair Conklin:

Are there any questions from the Committee? I see none. Is there anyone wishing to testify in support of this resolution at this time?

Mike Dayton, representing Southern Nevada Chapter, National Association of Industrial and Office Properties:

The National Association of Industrial and Office Properties (NAIOP) is a commercial real estate and development association and is the leading organization of developers, owners, and related professionals in office, industrial, and mixed-use real estate. It comprises 18,000 members in North America, including 600 in southern Nevada. They are responsible for

commercial real estate development and are advocates for effective public policy. With me here today is Suzette LaGrange, a member of our chapter's board of directors.

Suzette LaGrange, Board Member, Southern Nevada Chapter, National Association of Industrial and Office Properties:

I want to thank you all for the opportunity to provide our support for A.C.R. 4. As you know, NAIOP participated in the interim study and helped identify some of the ideas and areas for improvement in Nevada's economy. We appreciate your support of economic development and the development of a skilled workforce in the sectors of logistics, supply chain management, and renewable energy technology in Nevada. With a pro-business regulatory environment and legislative support, our state can utilize its natural resources and geographical advantages to bring new businesses, new jobs, and private sector investment to the State of Nevada, especially distribution, manufacturing, or renewable energy technology companies. We commend the hard work of the Legislature and the staff and we thank you, Chair Atkinson, for allowing us to be part of the discussion. We look forward to working with all of you throughout this session and to work on policies that will grow and stabilize Nevada's business climate.

Vice Chair Conklin:

Are there any questions from the Committee? I see none.

Paul Enos, CEO, Nevada Motor Transport Association:

I speak in favor of A.C.R. 4. I would like to thank Chair Atkinson for working on this resolution, as well as former Speaker Buckley. We were very involved in the testimony and the implementation of this resolution last session. We worked with the Chair during the interim. We are very excited that we are looking at logistics and supply chain management, as another piston in Nevada's economic engine.

As you look throughout Nevada's history, we have had to reinvent ourselves. Whether it was quickie divorces after the demise of the mining industry or the legalizing of gaming, every time Nevada has faced economic challenges, as we do now, we have gone after different industries to help diversify and expand our economy. I think that logistics and supply chain management is something that is here, and it is something that we can expand on. We have seen great success stories with the Tahoe-Reno Industrial Center, a distribution center that has been able to attract manufacturing businesses because of its location. People ask, what is logistics and supply chain management? I think you can see a perfect example in a cup of Starbucks coffee. It all happens in northern Nevada. Green beans are shipped to a warehouse in Sparks. Those beans are then trucked down to a roasting facility in Minden, and trucked back, and then

you can buy them at any one of our area's 150 or so Starbucks locations. Watching that coffee progress from a raw material into something that you and I are drinking in our coffee cups is amazing.

Just-in-time delivery. We did talk about that. It is very important. When I was growing up in Elko, we went to J. C. Penney. If they did not have your size, they would go to the back room and find it. There are no back rooms anymore. Those Levi's are on the back of a truck, or they are in a warehouse somewhere, and getting that size jeans from a truck to an empty shelf in Elko, Nevada, is part of what supply chain and logistics management is. It is getting the goods delivered to where they need to be in a cost-effective and efficient way. We do appreciate having a plan, having a place where we can focus. We appreciate the Chair proposing this resolution so that it does give us a place to focus. It can help us in our economic diversification and expansion efforts and help us grow some of those private sector jobs that we desperately need right now.

Vice Chair Conklin:

Are there any questions from the Committee? I see none.

Chuck Alvey, President and CEO, Economic Development Authority of Western Nevada:

We applaud and support this resolution. We were pleased to have worked with you on it during the interim session. The point I wanted to make, today, regards the skill-based portion of this resolution. Too many times people have the impression that a logistics job is just simply moving materials, or that a renewable energy job is just polishing mirrors and solar parts. It is much more than that. The knowledge-based portion is what we encourage and find important in this resolution. With the recent cuts in education, the University of Nevada, Reno had to cut its supply chain management program, one of the premier programs in the country, but it was small and it needs your support. I know you have a tough session ahead of you, but the education support is critical to the supply chain program. When Microsoft Licensing came here, they were distributing their goods and services. However, apparently a shift from physical distribution to electronic distribution has occurred. Supply chain management is digital, and with the Governor's recent emphasis on becoming a center of excellence in the gaming area, those same distribution systems would apply.

Renewable energy is exactly the same situation. In the past, one of our goals was to be the center of excellence around one of our six target industries. We are pleased to tell you we are getting very close to that in the geothermal industry. Five of the six geothermal companies in the United States are headquartered in northern Nevada. Recently, at a geothermal resource show,

EDAWN, NV Energy, and the State of Nevada hosted a group of companies to tell them about the geothermal industry. Out of the clear blue sky we found a new employee from Ram Power, a Reno-based company formed by former executives from Ormat, which had moved here from Utah. This employee said he came to our area not just for the lifestyle but because he wanted to be in the geothermal industry, and this is the epicenter of the geothermal world. If he loses his job, there will be another; that is the type of cluster or sector development we are looking for. This young man is both an attorney and an engineer. That is the type of skilled workforce that we need to get here.

In addition, Geothermal Associates, here in northern Nevada, won an export award from the U.S. Department of Commerce for shipping geothermal plants to Kenya and other places around the world.

There is much more depth to these industries than you may be aware. We strongly support this resolution.

Vice Chair Conklin:

Are there any questions from the Committee? I see none.

Glenn Christenson, representing Nevada Development Authority:

I am chairman of the Nevada Development Authority. I am also chairman of the Nevada State College Foundation. I am here today to support A.C.R. 4 and the recommendations of the interim committee on logistics. Two of the highest-profile issues in the State of Nevada are economic development and education, and we particularly support this resolution because it calls for a partnership between the state, the business community, and the educational community.

Normally, our president, Summer Hollingsworth, would be here. He is much more conversant on some of the details of this resolution, but I would like to make the following observations. The primary focus of the NDA has been in the area of attracting businesses that specialize in renewable energy to southern Nevada. One of our clients, Amonix, has been in business in southern Nevada for about one year, and they are one of the premier manufacturers of solar panels.

We also want to applaud the interim committee for the inclusion of logistics-based businesses. Such businesses will help leverage assets geographically and also support our efforts toward marking Las Vegas an inland port. We also strongly agree with the building of Interstate 11 and view that as a critical component in economic expansion and diversification efforts in southern Nevada.

While we support A.C.R. 4, we would also encourage you to think even more broadly with respect to other sectors that contribute to economic diversity in our state. We believe that a thorough sector analysis should be performed that would consider the viability of several sectors, which would, of course, include logistics and renewables. For example, the Las Vegas Chamber of Commerce, and the NDA working together, have identified 11 different sectors that we think should be evaluated. We would encourage the Legislature to include a sector analysis as part of its overall economic development plan.

Vice Chair Conklin:

Are there any questions from the Committee? I see none.

Mendy Elliott, representing City of Fernley:

We would like to thank Chair Atkinson and former Speaker Buckley for their efforts on A.C.R. 4. The mayor and the city council of Fernley send their regards and their support for this resolution for creating a strategy for economic engines in Nevada.

Vice Chair Conklin:

Are there any questions from the Committee? I see none. Are there any others wishing to testify in favor of this resolution?

Terry Graves, representing Henderson Chamber of Commerce:

We support the concepts embraced in this resolution. The Henderson Chamber of Commerce has long promoted economic development through its Henderson Development Association (HDA), which is a division of the Chamber. The Henderson Development Association and its board work closely with the City of Henderson's Economic Development Division, which is headed by its manager, Bob Cooper. The City of Henderson is in close proximity to one of the inland ports, with its warehousing and distribution center opportunities, that being the proposed Ivanpah Airport and the Jean area.

We therefore support A.C.R. 4 and look forward to participating in the evolution of this effort. We look forward to working with Chair Atkinson and all the other stakeholders.

Vice Chair Conklin:

Are there any questions from the Committee? I see none.

Judy Stokey, representing NV Energy:

We are here in support of A.C.R. 4. We believe that renewable energy could be a very important industry that will help our economy in Nevada. NV Energy has supported and sponsored numerous renewable energy workshops, including the

undergraduate renewable programs at the University of Nevada, Las Vegas and the University of Nevada, Reno, and we will continue to do so.

Vice Chair Conklin:

Are there any questions from the Committee? I see none.

John Sande IV, representing Reno-Tahoe Airport Authority:

I want to thank the Chair for bringing this important resolution. I hope that the Committee will look favorably upon what this will promote and what it stands for. Also I would like to recognize the state's geographic potential. We sit in a unique area in the country, and I believe that this resolution recognizes that and will allow us to move forward in ways that we can take advantage of. The Airport Authority would like to be a strong partner moving forward.

Vice Chair Conklin:

Are there any questions from the Committee? I see none.

Yvonne L. Murphy, representing Tahoe-Reno Industrial Center:

I am honored to participate in this process. I would also like to take this opportunity to thank both Chair Atkinson and former Speaker Buckley for the work that they did on A.C.R. No. 30 of the 75th Session. The Tahoe Reno Industrial Center is in full support of A.C.R. 4. We appreciate the effort of this Committee and the State of Nevada in recognizing the need for various avenues connected to economic development, sector logistics, and supply chain management. We stand with you today ready to transform this beautiful piece of work into a reality. We also would like to extend an invitation to this distinguished Committee on behalf of the Tahoe-Reno Industrial Center to tour our facility, so you can see the day-to-day management of it and how your legislation can enhance what we are doing there.

Vice Chair Conklin:

Are there any questions from the Committee? I see none.

Tom Clark, representing Sempra Energy and Interwest Energy Alliance:

Sempra has a 58-megawatt solar photovoltaic (PV) facility in Boulder City. Also, Interwest Energy Alliance does a lot of renewable energy work around the West. This resolution is great as stated in the previous testimony. A big part is that it sends a message to developers that Nevada is open for business.

Vice Chair Conklin:

Are there any questions from the Committee? I see none.

Kyle Davis, Political and Policy Director, Nevada Conservation League and Education Fund:

We are in support of A.C.R. 4, specifically, the renewable energy portion. We have always been a strong supporter of developing renewable energy in our state. I appreciate that it is included in this resolution.

Vice Chair Conklin:

Are there any questions from the Committee? I see none.

Ray Bacon, representing Nevada Manufacturers Association:

I agree with what everyone else has said. I would like to add a few points that I do not believe have been covered. The last time the State of Nevada made an active effort to recruit a logistics business was when California had a floor tax, which they did away with in the early 1970s, so we have not actively recruited as a focus on the logistics sector. We think it is time, partly because California has enacted legislation that has the potential to dramatically raise the cost of doing business in California. We believe some of the more modest operations will be driven to move somewhere else, and we would like it to be here.

My next point concerns the Ivanpah development. We could have a logistics rail-truck type operation at Ivanpah that would be the envy of the world. We have the opportunity with the energy components to do a real world-class operation.

My last point is that there will be some jobs in logistics operations that will not require high-end skills and will not be, necessarily, high-wage jobs. But simultaneously, a large portion of our current unemployed workers are lacking skills, and some of those people we can put back to work in logistics, because they already have some of those skills. The pieces fit together very nicely.

Vice Chair Conklin:

Are there any questions from the Committee?

Assemblyman Hickey:

I attended with you, Mr. Bacon, a conference on logistics at Truckee Meadows Community College (TMCC) last Friday. We know the reasons why the University of Nevada, Reno discontinued its supply chain management program. You are sometimes a forward thinker and a critic of higher education. Will you be encouraging them to reconsider reinstituting this program to meet these needs?

Ray Bacon:

At the risk of being politically incorrect, I believe the demise of the logistics program at the University of Nevada, Reno was at least partially due to a matter where they were encouraging the students who were graduating from the program to leave the state. I think that is profoundly wrong when you have an institution that is heavily state-supported. I believe they dealt with a management issue by dismissing the program instead of dealing with the issue properly.

Vice Chair Conklin:

Are there any questions from the Committee? I see none.

Erin McMullen, representing Las Vegas Chamber of Commerce:

We would like to echo the other supporters.

Vice Chair Conklin:

Are there any questions from the Committee? I see none. Is there anyone else wishing to get on the record in support? I see none. Is there anyone who would like to testify in opposition? I see none. Is there anyone wishing to testify in the neutral? I see none.

We will close the hearing on A.C.R. 4 and I will turn the gavel over to the Chair.

Chair Atkinson:

We already closed the hearing; however, I would like to thank everyone who participated in this venture. Mr. Goedhart, earlier, was going to make a motion, and I will allow him that opportunity.

ASSEMBLYMAN GOEDHART MOVED FOR THE ADOPTION OF
ASSEMBLY CONCURRENT RESOLUTION 4.

ASSEMBLYMAN HORNE SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMAN OHRENSCHALL WAS
ABSENT FOR THE VOTE.)

We are adjourned. [Meeting adjourned at 2:55 p.m.]

RESPECTFULLY SUBMITTED:

Patricia Blackburn
Committee Secretary

APPROVED BY:

Assemblyman Kelvin Atkinson, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Commerce and Labor

Date: February 21, 2011

Time of Meeting: 1:34 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.C.R. 4	C	Wendy Kameda	PowerPoint presentation