

**MINUTES OF THE  
SENATE SELECT COMMITTEE ON ECONOMIC GROWTH AND EMPLOYMENT**

**Seventy-sixth Session  
February 11, 2011**

The Senate Select Committee on Economic Growth and Employment was called to order by Chair Ruben J. Kihuen at 1:05 p.m. on Friday, February 11, 2011, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412E, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Ruben J. Kihuen, Chair  
Senator John J. Lee, Vice Chair  
Senator Valerie Wiener  
Senator Mark A. Manendo  
Senator Don Gustavson  
Senator Ben Kieckhefer  
Senator Greg Brower

**STAFF MEMBERS PRESENT:**

Kelly Gregory, Policy Analyst  
Bryan Fernley-Gonzalez, Counsel  
Leslie Sexton, Committee Secretary

**OTHERS PRESENT:**

Wade Pope, Chairman, Associated Builders and Contractors of Nevada; Regional Vice President of Operations, Roche Constructors, Inc.  
Warren B. Hardy II; Ex-Senator; Associated Builders and Contractors of Nevada  
Randy A. Soltero, Sheet Metal Workers International Association Union Local 88  
Paul McKenzie, Executive Secretary-Treasurer, Building and Construction Trades Council of Northern Nevada, AFL-CIO  
Darren Enns, Secretary-Treasurer, Southern Nevada Building and Construction Trades Council

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Danny Thompson, Executive Secretary-Treasurer, Nevada State AFL-CIO  
Geoffrey Lawrence, Fiscal Policy Analyst, Nevada Policy Research Institute  
Patrick T. Sanderson, Laborers International Union Local 872

CHAIR KIHUEN:

Today we will continue testimony regarding the economic conditions and effects on unemployment in Nevada. We will begin in Las Vegas.

WADE POPE (Chairman, Associated Builders and Contractors of Nevada; Regional Vice President of Operations, Roche Constructors, Inc.):

I have submitted my remarks in a written statement ([Exhibit C](#)). The mission of Associated Builders and Contractors (ABC) is to represent the open shop, or nonunion, sector of the industry, which makes up 80 percent of the total industry nationally and in Nevada. Unless those who work nonunion are included in the effort to put Nevadans back to work, the construction industry in our State cannot truly begin to recover. We recognize that there is only so much that any legislative body can do to turn an economy around. At some point, the private sector has to reengage to fuel a recovery. We respectfully request that you work with our industry to remove what we see as certain barriers to the private sector's ability to participate in an economic recovery. The construction industry in Nevada will survive if we can break free from the unnecessary regulation and artificial impediments that seem to block our way at every turn.

On behalf of ABC Nevada, I commit to work with the Legislature, our friends in labor and in the business community to be part of the solution.

CHAIR KIHUEN:

Are there any questions from the Committee?

SENATOR KIECKHEFER:

When you talk about the differences in numbers in union versus nonunion construction jobs, is that a number of people or the number of contracted companies?

MR. POPE:

That is based on Bureau of Labor Statistics (BLS). Approximately 85 percent are merit shop, open shop, nonunion contractors.

SENATOR KIECKHEFER:

I want to explore the issue of prevailing wage. What is the general pay differential to the employees who are working on those jobs?

MR. POPE:

Roche does bid a lot of public works jobs. One job we are currently bidding is with the Clark County School District. A general laborer doing day labor, sweeping floors, doing construction cleanup, digging a hole or landscape gardening on a prevailing wage project in Clark County, will make \$42.94 per hour. Due to the unknown economic conditions in Nevada, we typically will hire for those positions from a temporary labor agency so that we do not have to put those employees on our payroll for short-term jobs. The billing rate I have to pay to the agency is \$71.71. If I employed this person for one year, through the agency, on a State of Nevada job in Clark County, I would have to put \$143,420 in my bid for one person to do menial labor. That same labor, if I am building a retail project for one of the grocery store chains, will be billed to me at \$15.52 per hour. The State and the taxpayers are burdened with the difference on a prevailing wage project.

SENATOR GUSTAVSON:

What constitutes the difference between the \$42.94 and the \$71.71?

MR. POPE:

The \$42.94 is the mandated prevailing wage rate by the Labor Commission for that specific trade. The difference is a profit that the temporary labor agency makes for providing the service. That profit also pays for the insurance and any other benefits that they are obligated to pay. If I put that same laborer on my payroll at Roche, I would take that \$42.94 per hour and include another 45 percent to 50 percent for my labor burden. This is comparable to the cost of the agency. I must emphasize, with not a lot of projects on the horizon here, we are not going to hire 10 or 15 laborers and try to keep them on our payroll. It is better business, in order for me to survive, to hire through a temporary labor agency.

WARREN B. HARDY II (Ex-Senator; Associated Builders and Contractors of Nevada):

We want to point out some of the unique challenges we are facing on the open shop side. We do have new numbers from the BLS that show that 87 percent of

the industry is open shop. In the Reno-Sparks area, 7.3 percent of the construction industry is union-affiliated. In Clark County, it is 12.2 percent. It is impossible to get the industry to turn around in Nevada unless the open shop is able to compete effectively.

The fact that contractors are being forced to go out of Nevada to survive is a big concern. Why is Nevada lagging? We have too much inventory in both residential and commercial, particularly in southern Nevada. Until that is absorbed, it will remain part of the problem. There are opportunities that exist in Nevada because of our tax base structure and our land prices. These should put us on the forefront of any recovery in this industry, and we are just not seeing that. For clarification, when we use the terms "open shop" or "merit shop," we refer to nonunion contractors.

Another thing we see with the reduction in work, is that the competition for that work is becoming much greater. This is a good thing for the taxpayers. If the factors relative to competition were allowed to exist independently, it could be a very good thing. It is the cheapest time in our history to do construction. Costs of materials and labor are down, so it is a great time to compete. During the construction of The Las Vegas Strip, there was an unwritten agreement that for all the years that the work was so busy, the nonunion sector conceded that work to the labor unions. The labor unions were so busy and doing such an effective job of building The Strip, they conceded the off-Strip commercial work to the nonunion side. With the completion of the work on The Strip, the competition has increased in light commercial. It should be a good thing except for a dynamic of which I will speak later. Some of the tactics that are being used are creating a cannibal-like condition in the market. It is not a union versus nonunion issue. The Legislature can help address this problem.

From the nonunion employer perspective, we are concerned about the increased push for the Project Labor Agreement (PLA). This is essentially a prehire labor agreement wherein a nonunion contractor would be required to sign a labor agreement for the duration of the project. These have also been called Responsible Contractor Ordinances. Labor will tell the contractor that they will guarantee labor peace if the PLA is done properly. We do not have a problem with the concept of the PLA. There are two factors that are significant deal-killers for us and create enough of a disincentive to cause nonunion

contractors to refrain from bidding on 87 percent of the jobs. This has an adverse affect on your constituents who work in the construction industry.

First, the nature and the application of PLAs in Nevada only allow nonunion contractors to use seven of their "core" employees. This is the term used in the PLA. Those seven can be hired on an alternating basis with the first seven union members from the union hall. The remainder must be hired from the union hall.

It is very difficult in these economic times for a contractor like Roche to go to their 100 employees and say, "We've got great news, we've just been awarded a PLA. The bad news is that only seven of you are going to get to work on that project, and 93 of you will be displaced and unable to work on that project." That is fundamentally unfair and creates a circumstance that is difficult for the business owner. An employer does not want to hire a member of an organization that has sometimes been hostile to his company and then place that employee on a piece of equipment that costs \$700,000. The majority of our employers choose not to bid. The result is that 87 percent of nonunion employees who would otherwise be employed remain unemployed because their employers choose not to bid that job.

The second concern we have with PLAs, as they are currently written in Nevada, is that they require payment of double benefits on behalf of nonunion contractors. The PLA requires nonunion contractors to pay the full benefit package into the union trust fund. That is only a problem if the contractors provide company benefits to their employees. This is the case for most of our contractors.

On a Davis-Bacon public sector job, nonunion contractors get credits for the cost of company benefits provided to employees. On a private sector job they do not, and they are forced to decide between discontinuing benefits they are currently providing or paying for those benefits and then paying the additional benefits that are mandated by the collective-bargaining agreement. Most of these jobs do not last long enough for the employee to vest in the benefit packages that the union offers. We maintain the PLAs do not have to be an impediment to the 87 percent of the industry that is open shop. That 87 percent does not include the residential market, which has been 100 percent nonunion. We encourage the Legislature to enact legislation to provide that if PLAs are employed, nonunion contractors must be able to use 100 percent of their own

employees and that nonunion contractors receive credits for the costs of company benefits.

Another impediment the nonunion contractor sees is the prevailing wage rate. We support the concept of prevailing wage as originally set out in the Davis-Bacon Act. That is: people who are working on public sector work should be paid a wage that is comparable to the private sector. It also levels the playing field when bidding on jobs. We have an issue with the concept as taxpayers. With the downturn in the economy, it has had an adverse and chilling impact on bringing jobs into Nevada, especially southern Nevada, because of our proximity to Arizona where the prevailing wage rate is significantly lower than in Clark County.

For example, the prevailing wage for a laborer in Clark County is \$42.90 per hour. The prevailing wage for a laborer in Maricopa County, Arizona, is \$14.28 per hour. This is for largely unskilled work. For carpenters, who have significantly more skill, the Clark County rate is \$48.68 per hour. In Maricopa County, it is \$30.24. The collectively-bargained rate has a similar disparity. If a contractor is going to choose between southern Nevada and Arizona to build a project that requires a similar climate, he is likely going to choose the area with the lower labor cost. This has been a significant problem with solar projects and renewable energy projects where there are government incentives and Wall Street financing guidelines that require the payment of prevailing wages for private sector projects.

SENATOR LEE:

This is not really a union versus nonunion issue. Earlier you asked, "Why is Nevada doing worse than other places?" That is the fundamental question. Before the economic downturn, we were all working well together. Our problem seems to be the lack of capital. The banks are not loaning money. It used to be that an applicant would go to just one bank and apply for a loan. Now the applicant has to get three banks to participate because no one lender wants to take the whole risk. People are "land-banking," buying land at low prices, not wanting to develop in the current market. They are going back to the "flipping" process. The hard money lenders and the real estate investment trusts are bankrupt right now. Besides the PLAs, what does ABC see that we can do as a Committee to help the process? I would like the global picture.

SENATOR HARDY:

It was not my intent to turn this into a union versus nonunion issue. In fact, there has been an unprecedented level of cooperation between the two sectors. I have provided ABC's perspective on what is causing the difference between Nevada and other states and causing problems that are unique to Nevada. Those financing issues occur across state lines. That is a symptom of the problem and not the cause. Those are the reasons that financing is not available. For many years in Nevada, especially on The Strip, property owners did not really care about the cost of construction, they just wanted the project completed by a deadline date so income could start to be generated. That condition does not exist anymore. The projects have to make sense financially in order to get financing.

One last issue relates to an effect of the intense competition that exists in the construction industry. When a bid is awarded and the job is won, everything is getting challenged in court. We need the Legislature to very clearly define what can occur and what should occur reasonably in bid challenges. The legislation needs enforcement mechanisms. When courts are involved, there can be many lengthy delays, financiers lose their incentives and projects are cancelled.

SENATOR KIECKHEFER:

Besides Nevada contractors going outside the state, we have contractors from other states coming into Nevada and bringing their labor force. This is a significant problem that we need to address. When Nevada companies go out of the state, do they take Nevada workers with them?

MR. POPE:

We have had to relocate individuals who leave their families for several months in order to survive. We are forced to hire local subcontractors because they are going to be more competitive in those markets. We definitely try to use Nevada labor. There are certain states that have in-state preferences, including Nevada. If a contractor has not been in Nevada for five years or more, there is a 5 percent premium on that bid. In response to Senator Lee, in addition to large banks, community banks help fund local projects. Their hands are tied. They are not getting the help from the Federal Deposit Insurance Corporation on a national basis, and they are unable to predict from one quarter to the next what will happen. That is a national problem that affects us in several industries

across the country. And finally, regarding PLAs: they are not the solution to the problems.

SENATOR HARDY:

I would like to associate myself with Senator Kieckhefer's remarks. We are very grateful to the measures that the Legislature is taking this Session. We know that this is right on your radar screen and that you are headed in the right direction.

RANDY A. SOLTERO (Sheet Metal Workers International Association Union Local 88):

I will not make this a union versus nonunion issue. Local 88 represents approximately 1,650 members in several job classifications. Nearly 60 percent of these members are unemployed. We see those faces every day. Our members are losing their livelihoods, their families, their homes, their social connections resulting from relocations and their dignity. With the loss of their homes comes the adverse effect upon the State in the form of lower property tax and sales tax revenue.

Our apprenticeship program is designed to create careers, not just jobs. These careers provide health care and pensions. Apprenticeship programs are a vital part of the State's educational system. Merely creating jobs is not the long-term solution. Careers reach out into the future. Enrollment in our program has declined in the last year because there are no jobs to support the program. We are reeducating our membership in solar and renewable energy fields because there are greater future opportunities in that field. We are also retraining our members to conduct energy audits, mandated by *Nevada Revised Statute* (NRS) 701.250, the program to evaluate energy consumption of residential property. These audits are now required when ownership transfers take place on residential properties. The Legislative Commission that was given the task of implementing that requirement interpreted the requirement as a "clipboard audit" instead of what the Legislature intended with the passage of S.B. No. 437 of the 74th Session, which required a full-energy audit to help people save on energy costs and to create jobs in the residential and the commercial markets.

With the implementation of energy audits, we have developed a national training program centered in Nevada. This includes training for the Building Performance

Institute (BPI) certification and the Residential Energy Services Network (RESNET) residential certification. These are the nationally-recognized certifications through the U.S. Environmental Protection Agency that go along with energy audits.

Nevada Jobs First, Assembly Bill (A.B.) 144, is a step in the right direction. The requirement to hire at least 50 percent Nevada residents may not be enough. You can find as many qualified workers as would be required for any of the construction projects in Nevada. It is not necessary to go elsewhere. It is important to work with groups such as labor unions and other interested parties to find real solutions to the unemployment problem. I pledge my participation in this process.

[ASSEMBLY BILL 144](#): Makes various changes relating to bidder preferences on state and local public works projects. (BDR 28-64)

CHAIR KIHUEN:

How long is the training process for energy audit certification? Approximately how many members have you trained so far?

MR. SOLTERO:

There are two different certifications, BPI and RESNET. Our program is ten weeks of class time and then assisting in the field.

SENATOR KIECKHEFER:

Are there jobs available yet for those who are retrained?

MR. SOLTERO:

We were hopeful that when the Legislative Commission met to talk about NRS 701.250, a more comprehensive audit—similar to a termite inspection—would be required. That was the intent of the legislation. The regulation now only requires a very simple “clipboard audit” requiring a walk-through of the property to note visible deficiencies. We supported this legislation four years ago because we saw the potential for homeowners to substantially save on their energy bills and to provide early warning of potential problems that could be fixed before they became major and more expensive problems.

PAUL MCKENZIE (Executive Secretary-Treasurer, Building and Construction Trades Council of Northern Nevada, AFL-CIO):

Two years ago, we represented 5,000 construction workers. Currently, that number is just under 3,000 because of the downturn in the economy. Since 1905, the construction industry in Nevada has never seen the unemployment rate as high as it is today. Our membership is currently 30 percent to 40 percent unemployed. Of the members who are employed, 10 percent to 20 percent of those are underemployed or working less than 30 hours per week. The unemployed are eligible for unemployment benefits and extension of benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The underemployed are not working enough hours to remain eligible for benefits, and they cannot participate in benefits under COBRA or collect unemployment benefits because they are still employed. They are not making enough money to pay their bills. As a consequence, the State takes on an additional burden of covering emergency room visits by uninsured workers and their families.

In 2009, this Legislature and the federal government made valiant efforts to create jobs. Projects started across the State were intended to rejuvenate the economy and put our construction workers back to work. Through the trickle-down of that work, we were supposed to have put more people to work as we created jobs to support those construction workers. It did not work. There are a number of reasons why.

Under current law, a contractor who pays sales tax in Nevada is considered a Nevada contractor. He has a level playing field from which to bid against Nevada contractors. Those contractors, based in other states, notably Arizona, who normally pay their workers \$10 to \$15 per hour, do not pay retirement or health and welfare benefits. They bid on jobs in Nevada with the intent of paying Arizona wages. Because laws in Nevada are not properly enforced, these contractors are repeatedly cheating. This is one reason we are driving our local contractors out of business. The out-of-state contractors repeatedly underbid jobs by extreme amounts. By the time the necessary tracking is in place to enforce the law, they are gone. This applies to paying prevailing wages. It also applies to getting contractor licenses. For example, at the Sparks Marina project, they were issuing quick start building permits to property owners. These permits did not require an inspector on the job until the first inspection needed to be completed. We had buildings there, and no one knew who the

contractors were. They never turned in a single prevailing wage report. Upon investigation, we found that they were not even licensed in Nevada. They brought in their own workers, did the work and left. This is happening all over the state because the State does not monitor the jobs.

The low-bid contractors often leave items out of the bid and do not have proper insurance. The quality of the work is often in question. I am confident that those contractors who follow the rules and pay workers correctly do a better job within time limits and under budget. The failings of the low-bid contractor often lead to cost overruns, litigation and time delays. Contractors should be legally held to their low bids and face any adverse consequences. They should be legally required to hire qualified workers to perform specific jobs to ensure construction quality.

The point I am making is there are contractors who are not doing their jobs. They are overcharging. They bid the job low with the intent to cheat on the prevailing wage and with the intent to come back and get change orders to redo the job. And then we have contractors who are not building quality buildings. Our public bodies are refusing to disqualify those contractors from bidding future prevailing wage jobs. These contractors continue to come to Nevada repeatedly and get awarded new jobs with low bids because they know that the public is going to carry the cost override.

There is a solution to these problems. For everything I have mentioned so far there is already a law to keep a contractor from doing it. The problem is that there is no enforcement of the law.

SENATOR LEE:

Are you advocating "best bid" or "more value engineering"?

MR. MCKENZIE:

The low bid is not always the best bid.

SENATOR LEE:

Do you like the "best bid" because it looks at the experience level and the track record of the contractor?

MR. MCKENZIE:

Yes, and past performance is part of that. On a prevailing wage job, if the public body fails to bid that job properly, that same public body is the enforcement wing. If the public body violates the process in NRS 338, the public body also has to enforce the law on itself. There really is no enforcement of the statute.

Assembly Bill 144 is a good start to solving some of our economic problems, but unless it has a mode of enforcement, it will do no good. *Nevada Revised Statute* 338.130 already says that preference must be given to Nevada workers on a prevailing wage project; this is not happening. If you tell the agency involved that it must enforce that law upon itself, it is not going to do it. If you tell the agency that it must write that provision into a contract, it might do it; but when legal counsel says it is not enforceable, it will not happen.

DARREN ENNS (Secretary-Treasurer, Southern Nevada Building and Construction Trades Council):

For the last 50 years, our industry has seen a lot of work opportunities. The day we never thought would come has come. Since 2006, we have lost six out of ten jobs in southern Nevada. Construction workers are saddened and beaten down. They want to work. They have gone to other industries with lower wages and lost homes and medical coverage. We as an industry have been trying to solve the problems ourselves without government assistance. We decided that more PLAs were one way to ease the unemployment problem in our industry. We have had a problem with out-of-state workers. They take the wages, which are paid by our tax dollars, and spend them out of state. This does not contribute to our Nevada economy.

We are trying to do something about keeping wages and tax dollars here in Nevada by using PLAs. These allow us to bargain with the out-of-state contractor and get more of our local people back to work. There have been many such contractors who have been willing to come to the table with us and talk about using our local employees on jobs here. When they have done that, it has put local people back to work.

SENATOR LEE:

In some ways, PLAs do not make sense. Most of our Nevada contractors are going out of state. We have been concerned that if we put serious restrictions on contractors coming into our State, other states might reciprocate and stop

our Nevada contractors from doing work in their states. Have you heard that debate before?

DANNY THOMPSON (Executive Secretary-Treasurer, Nevada State AFL-CIO):  
The PLA is a negotiable contract. Many of the hotels on The Strip were built with PLAs because owners wanted the job done right the first time, on time and under budget. I have not heard the discussion about other states.

MR. ENNS:

As Mr. Thompson has said, every PLA is individually negotiated, based on the needs of the contractor. We start with boilerplate language. Project Labor Agreements are also known as Community Workforce Agreements and include the community in the Agreement. With respect to compliance, we have very little money to hire compliance people, so we have tried to do it with volunteers through a pilot project with Clark County. We do have some bright horizons with renewable energy jobs. The Building Jobs Coalition and the Nevada Jobs First legislation, A.B. 144, have good recommendations with which we can assist.

MR. THOMPSON:

We represent over 200,000 workers in the private and public sectors. They have all been affected by our economic downturn. The Davis-Bacon Act was introduced by two Republicans in Congress because there was a downturn in the national economy and workers were crossing state lines to take work away from locals. It was designed to protect local workforces and make sure wages were spent locally. I would like to clarify Senator Hardy's statement that 87 percent of the work is open shop and that it includes residential. Residential work today is zero. It has gone flat.

How did we get to where we are today? I have been in this building as a Legislator or a lobbyist for 30 years. This is the worst economy I have seen in that time period. For decades, we depended on the gaming industry for tax revenue. Every Legislative Session, we talk about diversifying the economy. Solving our problems cannot be done with gaming alone when one can gamble in 47 states. We must now diversify the tax base. We had a housing bubble in which home prices were inflated two, three, even four times their value. The federal government still owns 87 percent of the land in Nevada. They should give us that land back. As the amount of buildable land was decreasing, bidding

by developers became more competitive, driving up prices. In order for those developers to sell new homes at a profit, the prices of those homes increased. Speculators and others were willing to pay those inflated prices. That resulted in overbuilding residential—and finally a total halt. The same thing has happened in light commercial and commercial properties. Now it is cheaper to buy vacant commercial property than to build new buildings. The fact that we do not control our own destiny drove those prices up. A national recession and high unemployment has had negative impacts on people spending their discretionary income on gaming, an industry upon which the State depended to pay 50 percent of its bills.

Countless studies have been done, and they all say that we must also improve education, with special emphasis on higher education and research facilities. Low taxes are not the formula for business development. If business development was dependent on low taxes, we would have every company in the world here because we have the lowest taxes. We have no inventory taxes. We have the most business-friendly taxes in America. If that is the solution, why are businesses not here? Look at Minneapolis. There are many large national companies based there. The taxes are very high. But Minneapolis has a world-class educational system in kindergarten through Grade 12, the finest research institutions and the finest medical facilities. Instead, Nevada is looking at eliminating all-day kindergarten and taking loans out on the money that was bonded to build schools.

The other thing we must do is put Nevadans back to work. We cannot tax our way nor cut our way out of the current economic situation. If you fired all of the State employees today, you still would not have the money in the budget to pay for education in the second year. Cutting retirement benefits is not the solution either. I can show you a study that demonstrates if you change the Public Employees Retirement System from a defined benefit plan to a defined contribution plan, it will cost the State 0.3 percent more because the State does not pay social security taxes on those employees.

There is no question that we need a new revenue system that is fair to everyone. In the current system, there are too many exemptions. The exemptions should all be eliminated. If the Legislature does not find solutions to the State's economic problems, the people will. Their solutions will be fixed and rigid. The initiative process to amend the State Constitution will not provide

debates as you have in the Legislature. Once the Constitution is amended, you will not be able to change it. It is in everyone's self-interest that we figure out solutions.

SENATOR BROWER:

Is it true that the prevailing wage is about \$42 in Nevada and \$14 in Maricopa County, Arizona?

MR. THOMPSON:

I do not know. The Labor Commissioner sets the prevailing wage each year by county, using surveys of work performed. The wage that is paid for the greatest number of hours prevails. The rate for 2011 will probably decrease in every county. The prevailing wage adjusts with the economy. Other states in the West have eliminated their prevailing wage. Where that has been done, the wages level out at \$14, and the government ends up supporting those workers and their families in the form of medical care.

SENATOR BROWER:

If those amounts are correct, we need to look at that situation. The wage differential between laborers and carpenters is not very much, but the work is very different. Something is wrong with that system.

MR. THOMPSON:

A laborer in many fields is skilled. For example: a laborer who lays asphalt must be properly trained to do the job correctly because doing the job over will incur additional expense.

SENATOR GUSTAVSON:

You stated that if we do not come up with a solution, the people will. If they have a solution, I certainly would like to hear it. Do you have any idea what that solution might be?

MR. THOMPSON:

I was referring to the initiative process, relating to the minimum wage provisions in the Nevada Constitution, which indexes the wage to inflation. There are many people who do not like that. The point is, once the Nevada Constitution is changed, you are stuck with it because it would take another five years to change it again. The people are not going to stand by and have the highest

drop-out rate in the Nation and the lowest per-pupil spending in the Nation. They are going to do something about it. It is far better for the Legislature to debate the issues and take action.

SENATOR GUSTAVSON:

I am well aware of the initiative process. I do understand that the reason people undertake the process is because the Legislature has not solved the problem.

SENATOR KIECKHEFER:

This Committee does need to tackle this very difficult issue. This is a bipartisan issue, and I was disappointed that the press conference yesterday phrased this as a partisan issue.

CHAIR KIHUEN:

Are there any public comments either in Las Vegas or Carson City?

GEOFFREY LAWRENCE (Fiscal Policy Analyst, Nevada Policy Research Institute)

I am submitting a copy of my remarks for the record ([Exhibit D](#)). This document explains why I have reached the following conclusion. If lawmakers are intent on using government policy to put displaced construction laborers back to work—beyond the establishment of a favorable tax and regulatory environment—then a far better policy would be to provide job training. These workers can acquire the skills to work in alternative industries that market fundamentals determine to be more sustainable. The policy direction currently being discussed will fail to realize the result desired by lawmakers.

PATRICK T. SANDERSON (Laborers International Union Local 872):

I am a retired laborer. I worked my first Davis-Bacon job in 1959 and was paid \$1.65 per hour. This is not a union versus nonunion issue. This is about how to get Nevadans back to work at a living wage. Construction labor is skilled labor. Laborers put in the foundation footings for buildings, pour the walls, do exterior plastering, drill and blast, rake asphalt and do striping. These all take a tremendous amount of skill. This is not just sweeping floors, which is done to keep the site safe.

We do need new sources of financing. North Dakota has a state-owned bank that reinvests all profit back into the state on projects. We do need a fair

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taxation system. There are industries that do not contribute what they should and do not pay their workers what they should.

CHAIR KIHUEN:

Thanks to everyone who testified today. This meeting is adjourned at 2:57 p.m.

RESPECTFULLY SUBMITTED:

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Leslie Sexton,  
Committee Secretary

APPROVED BY:

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Senator Ruben J. Kihuen, Chair

DATE: \_\_\_\_\_

**EXHIBITS**

**Committee Name:** Select Committee on Economic Growth and Employment

**Date:** February 11, 2011

**Time of Meeting:** 1:05 p.m.

| <b>Bill</b> | <b>Exhibit</b> | <b>Witness / Agency</b> | <b>Description</b> |
|-------------|----------------|-------------------------|--------------------|
|             | A              |                         | Agenda             |
|             | B              |                         | Attendance Roster  |
|             | C              | Wade Pope               | Written Testimony  |
|             | D              | Geoffrey Lawrence       | Written Testimony  |
|             |                |                         |                    |