

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

**Seventy-sixth Session  
February 14, 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 Monday, February 14, 2011, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 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

**GUEST LEGISLATORS PRESENT:**

Senator Steven A. Horsford, Clark County Senatorial District No. 4

**STAFF MEMBERS PRESENT:**

Bryan Fernley-Gonzalez, Counsel  
Kelly Gregory, Policy Analyst  
Debra Carmichael, Committee Secretary

**OTHERS PRESENT:**

Robert E. Lang, Ph.D., Brookings Mountain West and Department of Sociology,  
University of Nevada, Las Vegas; Chairman, Nevada Vision Stakeholder  
Group  
Thomas A. Perrigo, Chief Sustainability Officer, City of Las Vegas  
Katy Simon, Manager, Washoe County  
Devon Whitney, Director of Northwest Government Affairs, TechAmerica

CHAIR KIHUEN:

This new Committee has been asked to help chart a new economic course for our state. We have been asked to provide a new vision for Nevada as we continue to struggle with the effects of a deep and prolonged recession that has left 200,000 Nevadans unemployed. We had the help of the Nevada Vision Stakeholder Group (NVSG) which consists of businesspeople, public officials and citizens. They spent several months assessing Nevada's quality of life and identifying what needs to be done to improve it. The NVSG, who worked with Moody's Analytics, developed a road map for Nevada's future in economic development, education, health care, transportation, energy and other key areas. They identified where we are now and where we need to be to become competitive nationally. Much of their work focused on how we would restore our economy and import a relationship among economic development, educational attainment, a good system of infrastructure and quality health care. Today we will hear about the findings of the NVSG that relate to our mission. The Committee may use this presentation to help define some tangible steps we can take as a Legislature and as a state to put Nevadans back to work and create jobs in a sustainable new economy.

ROBERT E. LANG, Ph.D. (Brookings Mountain West and Department of Sociology, University of Nevada, Las Vegas; Chairman, Nevada Vision Stakeholder Group):

This group has a comprehensive vision that does not mean anything unless it is shared by the rest of the State ([Exhibit C](#)). We are in the deepest recession since the great depression. For Nevada, the Great Depression of 1929 was not that bad because Hoover Dam was built and gaming became legalized in the decade. This recession may be the deepest one anybody alive has seen because the primary economic drivers such as tourism and growth are not providing the economic potential they have in the past. The whole world economy relies on excessive consumption. Personal wealth is down. People's housing values are down. Their ability to access the value in their homes and related financial instruments is what leads to so much distress in the marketplace. We are not going to be revisiting that source of wealth anytime soon.

The big question is, "What is next for our economy?" Nevada is a relatively affluent state, being fifteenth in the median household income in the United States. Yet if you look at our educational attainment there is a mismatch. We have gained that affluence because the primary industry that drove the growth facilitated upward mobility of a person who just entered with a high school diploma. Training for gaming jobs was done locally and did not require a bachelor's degree. Our level of bachelor's degree attainment is very low—about 20 percent. Our risk is that so much of the global economy relies heavily on education. Like Pittsburgh and the steel industry, a person could work in a casino and make a middle-class living. Pittsburgh's steel industry faced so much foreign competition that it eroded quickly. But what Pittsburgh had was two huge universities and a large hospital with medical research facilities. Pittsburgh has an economy that does over \$1 billion a year in sponsored research. Places like Reno and Las Vegas do a tenth of that. We do not have the substitutable immediate economic drivers found in Pittsburgh. We hope Las Vegas becomes equivalent to what Houston is in energy resources. For years, Houston was the focal point for energy recovery and exploration in the United States and the world. As local discovered resources waned, Houston still maintained an expert skill level it exported around the world. When oil was discovered in Saudi Arabia or off the coast of Africa, Houston grabbed a share of that by being there to help with exploration and finance.

Likewise, because of the gaming industry, we project our skill around the globe in places like Singapore, China or India. The nice part of the gaming industry is that it is expanding. It also requires a high-skill level because it employs people who know foreign languages, regulations in other countries, information technology, law degrees, MBAs and logistics. The gaming growth is driven by careers that would require master's degrees in most cases. As a result, we can not rely on underinvestment in education as we could lose some of our competitive advantage. The NVSG goals are related to the economy. One such goal is the reduction in volatility in our economy. We seek to attract new industry in growth areas. Nevada's large entertainment enterprise would allow us to export pieces of that industry. For example, many of the shows in the United States are pre-made and sent from Canada. It would help if we in Nevada could achieve vertical integration in that industry.

The use of universities as instruments of economic- and technology-based development is very common around the country. Utah looked at sectors where they thought they enjoyed economic and competitive advantage relative to other states. Utah's universities were given money to build laboratory facilities and to hire people who were expert in areas connected directly to the state's economy and areas of innovation. We have some capacity to do that as well. We have lost some highly proficient academics. We are about to lose a green technology person from the University of Nevada, Reno to Salt Lake City because they have focused their effort so explicitly. We have a lot of venture capital potential in this State, especially in places like Incline Village, where a number of ex-Silicon Valley retirees live, whose wealth was acquired by knowledgeable investment in technology in the Bay Area. Those people are looking to do well here also. In other states, universities are developing technology as a public resource, but the universities themselves are not in the business of picking the winners in technologies and bringing them to market. The universities are working with venture capital networks to determine which of these products look promising. Venture capitalists are in the driver's seat, and they decide which resources look promising and deserve their private investment to bring them to market. So, there is an infrastructure of both lab capacity and people designed to hurry the resources to market and to improve employment in those states. We clearly have competitive sectors in information technology and green energy that would enable us to tie industry to the universities. Utah's universities are asked to provide a return on investment. Other states have universities explicitly connected to technology-based economic development. They are organized in a way to account for their own performance and to demonstrate they have provided a sufficient amount of business start-ups. We have been so successful, especially in southern Nevada, at building one key large industry where we have imported components to our State's economy that would have been organically here had we grown slower.

During the boom, it would have been hard to imagine what diversification would look like, because Nevada would have had to diversify in face of the overwhelming growth. In multiple years, the State was the fastest growing state in the United States. Some alternative drivers for economic diversity were not put in place during this robust growth. We should be ashamed if we think

this growth is going to be restored to anything like the very quick trajectory during the boom years, so we do not take the actions at the state level to provide the public, regulatory, public investment and private organization of some of these alternative industries. Moody's Analytics, "Envisioning Nevada's Future: Goals and Strategies for Advancing our Quality of Life" contains information that Nevada's infrastructure is in very good working order. But we have a small highway connection and network relative to the size of the region. Our mistake was we grew after the federal government was in the business of providing 90 percent of the investment in limited-access highways. Because Las Vegas and Phoenix were such modest-sized cities in the 1950s, no one saw the need to connect the two with an interstate highway. Now we have a road that will probably be the receiving road from the proposed port on the west coast of Mexico to take some of the overflow off Los Angeles' port. The logistics will flow north into a system where U.S. Highway 93 between Las Vegas and Phoenix is the weak link. If we build it to interstate scale, we help ourselves both by inducing more tourism and also by accommodating logistics. Logistics is an area we can move into as part of our economic diversity. Employment in the area does not require a highly educated workforce. Many logistic jobs are some of the best paying and could be retraining opportunities for people who used to work in construction and gaming. Instead, we countercyclically invest in some of the public-sector construction work that needs to get done anyway. That is not present now from the private sector. States are looking at creative opportunities for infrastructure investment if they think they are going to grow again and if that infrastructure investment is likely to lead to greater efficiencies and promote economic expansion with the general recovery of the United States and world economy.

Energy is another opportunity. Nevada's capacity in geothermal and solar energy is fantastic. California has a requirement that 30 percent of its electrical generation has to be from alternative sources by 2030. California tested this politically in the last election, and it sustained the test. It is likely that California will keep this policy, and this creates an opportunity for Nevada. We are a neighboring state and have a lot of capacity in this area. The State can get involved by working with the federal government to help produce transmission lines and a building campaign across the federal lands that encompasses

Nevada. One disadvantage is that so much of this federal land is beyond our immediate control and requires goodwill from Congress. If we push hard enough, we have such strategic advantage in both the generation of solar and geothermal that we are likely to be major players. There is a concern that the State has underinvested in education, in both kindergarten through 12th grade (K-12) and higher education. There are states like Mississippi and Arkansas that put \$1 billion or close to that into higher education, not including junior colleges. Nevada's investment in higher education, without the stimulus money, is about \$400 million. So Nevada invests less than half of what Mississippi invests in education. The two states are comparable in population.

The NVSG feels reform and repurposing of the education system is needed. Nevada would not be that much better off if more money were put into education as it is currently structured. However, the absence of the investment would be damaging. Reform that is paired with a much-heightened level of investment and creativity of new revenue streams into the universities and into K-12 is needed by diversifying the sources of revenue in the state and creating a tax structure that would capture the diversification as it occurs. There should be a way to approximate the expansion in sectors and tie it to the ability to capture a small share for purposes of reinvestment. The NVSG's attitude is K-12 is not performing even with a decent amount of investment, yet we may put more investment into the system and into training people who are in this country but are foreign born. Foreign-born students in Denver have a higher educational attainment than native-born citizens of Nevada because Denver has been substantially investing in education. Denver invested in education. The public perception was the money was well spent, and they were willing to go further with that investment. Over several decades, Denver has built up a formidable human capital capacity that would rival Nevada in all key technology sectors. A representative from Dallas, Texas, testified at the Nevada 2.0 conference in Las Vegas about higher education. He noted that their robust, diverse and powerful economy is missing one key component. They have no tier-one university. Texas plans to infuse capital in one of the universities, in Dallas, so Dallas could have a tier-one school like Texas A&M or Rice University.

They believe it is affecting them in technology-sector development and told us they would be happy to have a school like the University of Nevada, Las Vegas, as the starting point for such an investment.

SENATOR LEE:

How has the vision been related to the State's Executive Branch?

DR. LANG:

State leadership has to decide which of the options fit the political reality of the state and are worth perusing. It is not my place to say to members of the Executive Branch that they ought to select specific recommendations. Some recommendations do not have any heat behind them. What should occur is a public discussion that deals honestly with the State's deficit. Have a discussion that is not hopelessly pessimistic but that demonstrates there are real opportunities available. We are emerging on the global chart because gaming has produced so much connectivity to the global economy that we can piggyback on it. It is a real opportunity, but we need to prepare ourselves to exploit it. There has been a change in some of the discussion already as these ideas are considered. They may not get adopted in this round, but they will get adopted in the next one or two cycles.

SENATOR KIECKHEFER:

What role does our educational system play in attracting businesses, diversifying our economy and training people for a new economy?

DR. LANG:

Arizona is an example of turning around their universities. They recognize there is a top tier to the university structure and have separated three of their universities into a separate tier. They have cost shared their junior colleges. Arizona went from where Nevada was to the median for bachelor's degree attainment. We are no match for them in areas like solar technology. Arizona has had at least a decade of very explicit economic development policy tied to university hires when the state's economy was booming. Arizona State University's primary mission is to steward technology, technology transfers and innovation into the local regional economy. We can give our universities that charge, and they are waiting for it. They would love the challenge, and because they have a high confidence level they would perform in a way that would gain credibility and momentum the same way as Arizona. A reform is needed in the current structure of our education. We may not be oriented to produce some of

these outcomes, but that does not mean we cannot go back ten years to where Arizona was and adopt some of these best practices. Look at the University of Utah, it was not a bad school, but it is a powerhouse today. It has as much success at translating its ideas into patents and products as Massachusetts Institute of Technology. Our regional competitors made a decision to do this, invested in it, reformed and demanded accountability from the universities. I think we can do the same.

SENATOR WIENER:

How can we expand our brand and make Nevada a place to stay?

DR. LANG:

Las Vegas serves as an ad hoc market exchange equivalent in importance to the New York Stock Exchange or the Chicago Board of Trade. We have built a wonderful and fun brand, but the business side of the brand has gone underdeveloped. Our large capacity for convention space is contingent on the amount of physical hotel space and the airport capacity, which we have. The first place we should look for economic diversification is with the businesses that come here on a repeated basis and ask them how we could facilitate permanence in our city. It is especially true with the furniture shows that come to Las Vegas. We have no competitive advantage in furniture—it is a North Carolina industry. The show got so big and so important that it really needed to come to Las Vegas. When it did come to Las Vegas, it was a tough show to assemble and tear down, so they determined it would be worthwhile to become a permanent presence in Las Vegas. We are a complex space in some ways, but Las Vegas is a global leader already in convening and face-to-face exchange and market exchange of everything from household goods to high-tech material. But we have not started a systematic program of capturing them. There have to be other sectors equivalent to furniture that could spur other industry.

SENATOR MANENDO:

Did the NVSG think about recycling?

THOMAS A. PERRIGO (Chief Sustainability Officer, City of Las Vegas):

Yes, we have an objective to increase recycling to a level consistent with other western states. We have some strategies to move toward single-stream recycling.

SENATOR MANENDO:

How are you planning to achieve those goals?

DR. LANG:

We did not provide specific actions, but we did a comparative regional analysis that drew information from neighboring states. We have examples of the intermountain west states that are doing a better job. We have structural differences between ourselves and these other states that may or may not make it difficult to enact some of these similar policies. It is encouraging to say there are other places that have facilitated those practices. This was a good way of introducing some of those other practices. We can do a better job, and the way to do it is to adopt some of these practices.

MR. PERRIGO:

I am going to talk about the specific activities and actions by southern Nevada local governments that support the goals stated in the report. We have a strategy to promote collaboration and cooperation among state and regional economic development agencies. About a year ago, the Southern Nevada Regional Planning Coalition issued a report to define and implement cluster-based economic development strategies which can be found at <http://www.snrpc.org>. Under the strategy of promoting and expanding research and development clusters in health care and promoting medical tourism, the tremendous success of Lou Ruvo Center for Brain Health in downtown Las Vegas is well-known. We have an exclusive negotiations agreement with the Cleveland Clinic to study expanding the center by five parcels of land in the downtown area that would include medical care and research facilities.

A tremendous amount of work on clean energy jobs is ongoing, as shown on the "City of Las Vegas, Sustainable Energy Strategy" ([Exhibit D](#)) that was adopted by resolution in 2008. The city council saw this as an opportunity to create jobs, increase savings in energy costs and promote economic diversification by developing a green skill set among our workforce and promoting commitment to clean-energy industries. In 2006, a report was done by Cleantech Group looking at the primary motivators for investing venture capital in certain areas. One of the drivers was commitment in policy and action by government agencies. To date we have received \$5 million in Energy Efficiency and Conservation Block Grants (EECBG) that were leveraged with other grants, low-interest financing and utility rebates to invest \$25 million in

our energy program. The resulting payback on the city's investment in about 9 years will be energy savings over \$1 million and about 300 jobs created in green industry. The savings on this investment will more than pay back the bonds and, in fact, will provide additional resources for investment. One of the best ways to create green-industry jobs is through building retrofits. The city has been promoting its Green Building Program which offers incentives for retrofits. During the last 18 months, we have completed about 600 energy audits and followed up with over 200 retrofits. We are working with nonprofit organizations to help them retrofit their buildings, and we are beginning a small commercial program.

All the local governments that received EECBG in southern Nevada provided some funding to the HomeFree Nevada Program, which is the sponsor of the U.S. Environmental Protection Agency's (EPA) Home Performance with ENERGY STAR® program. HomeFree Nevada is designed to help overcome some of the barriers, creating more jobs and getting more people interested in retrofits. Another organization we have worked with is Green Chips. That program is establishing a revolving loan fund to provide low-interest financing for people to complete energy retrofits. The local governments worked with the State's Office of Energy and made application for the Nevada Retrofit Initiative which succeeded in getting \$5 million in funds from the U.S. Department of Energy with the goal of retrofitting 1,700 homes over the next 3 years. Those efforts will include outreach, additional loan funds and training the workforce.

SENATOR MANENDO:

Did you look into retrofitting schools?

MR. PERRIGO:

The Clark County School District is very aggressive and has won awards for its energy-efficiency program. However, this is more of an issue in the rural areas where the buildings are older and could benefit from energy upgrades. We did not look specifically at schools.

SENATOR MANENDO:

I disagree with you, as some of the most-expensive schools to operate are in southern Nevada. We have the money available to retrofit them, but it is just a matter of getting people to work.

MR. PERRIGO:

The focus of these efforts has been on establishing the residential retrofit market, so we have not looked at schools.

The City of Las Vegas has more than 95 percent alternate-fuel vehicles and is a member of the Las Vegas Regional Clean Cities Coalition. This region is a leader in that area. Southern Nevada Water Authority is very effective with its conservation programs and in organizing local governments to develop drought-related ordinances. Annual consumption decreased by 26 billion gallons between 2002 and 2009, while at the same time the population increased by 400,000. The City of Las Vegas retrofitted public facilities with energy-efficient technology and encouraged retrofitting in private buildings. We are in the process of retrofitting ten of our most energy-intensive using buildings. The council has created ongoing funding dedicated to renewable energy and energy conservation to help drive the economy and reinvest the savings into future projects.

All local jurisdictions work very closely with the Regional Transportation Commission of Southern Nevada to maintain, develop and finance transportation infrastructure. Many of the agencies' key performance measures are directly aligned with the strategies and metrics of the NVSG report.

From 2009 to 2010, there is a reported decrease of 19 percent of property crime rates and violent crime rates. Fire Department emergency response times have decreased. Clark County and the City of Las Vegas entered into an interlocal agreement which provides an opportunity for the county to eliminate their heavy rescue and hazardous material response services, reducing cost up to \$5.8 million.

Convene for Green, an effort parallel to the NVSG, has been meeting to develop a road map and key targets for a sustainable future in southern Nevada. They are not developing new targets but are taking existing targets, many from the NVSG report, with the idea of presenting these road maps and targets at a summit on March 10, 2011 ([Exhibit E](#)). The idea is to move beyond talking about these issues and come to a consensus on the road map and targets. We are asking participants to develop partnerships to focus on a specific area on the road map over the course of the year and then share information at the following year's summit. The Convene for Green effort is being hosted by the Southern Nevada Regional Planning Coalition and Green Chips.

SENATOR WIENER:

Who will be participating as stakeholders at the summit?

MR. PERRIGO:

The participants at the summit will be the stakeholders. They will sign a declaration of intent showing commitment to promote the road map.

KATY SIMON (Manager, Washoe County):

I want to focus on things Washoe County has done since the NVSG's process. In May 2010, Washoe County Commissioners took formal action to launch the Regional Jobs Team ([Exhibit F](#)) which convened all the parts of the system that creates and retains jobs. The City of Reno, the City of Sparks, the Reno/Sparks and Northern Nevada Chambers of Commerce, Congressional office staff, Desert Research Institute and many more are a part of the Regional Jobs Team. About eight months ago, we started monthly meetings and created nine task forces that are working today. Our future meetings will include presentations by multiple groups, status reports from the existing task forces and the creation of new task forces to focus on emerging opportunities. Washoe County managed more than \$13 million in federal funding, known as the federal stimulus funding, created 186 jobs and used some of the money for EECB grants and solar-panel installation on our facilities. This year, Washoe County was named one of the top ten local governments in the United States for sustainability efforts. We launched our first sustainability summit in 1998, and we have been named three times by the U.S. Environmental Protection Agency as the No. 1 local government in the United States for waste reduction.

SENATOR WIENER:

Is Washoe County taking steps to educate people about buying locally and realizing the impact if they do not?

MRS. SIMON:

Yes. We have a presentation on the Buy Local Initiative scheduled for the February 22, Washoe County Commission meeting. Buying online is the last resort because none of the sales tax dollars stay in the county. First is to buy local; second is to buy from a local franchise; third is to buy online.

SENATOR STEVEN A. HORSFORD (Clark County Senatorial District No. 4):

I just left a meeting with the Governor; the Minority Leaders in both Houses, Senator Mike McGinness, Assemblyman Pete Goicoechea; the Speaker; and

several key business leaders who were present to talk about their interests in Nevada and understand some of the issues or barriers they may have. I want the Committee to hear everything they talked about in the press conference.

DEVON WHITNEY (Director of Northwest Government Affairs, TechAmerica):

We represent approximately 1,200 high-tech companies across the country. Many of those companies' representatives were able to make it to the meeting with the Governor today. Some of the issues plaguing Nevada result in the lack of technological company investment. Many of those issues include the lack of workforce development and skills acquisition that our companies require to relocate or expand operations in the State. Often a company will come here to do a project and, unfortunately, will have to import its workforce from other states. One of the key issues affecting Nevada's workforce development is a lack of a coordinated effort with the regional community colleges to make sure they are working with the large regional employers. They need to ensure the workforce development and skills training effort are relevant and best matched with the needs of the large regional employers. Another issue is the need for a strong and accessible chief information officer in the State. We know you just made a recent appointment for the position, and we have high expectations for this person. We need to be aware of technological infrastructure invested, upgrades in broadband or fiber-optic cable and what projects the state is undertaking. Another issue is making sure the State is well positioned to be a net exporter for renewable-energy technology. The rate per kilowatt-hour needs to be low enough to compete with other states that have been very successful in stealing away the data center infrastructure. We are available to the Committee as a resource on what the high-technology industry needs and what sort of barriers there are to invest in the State.

SENATOR KIECKHEFER:

What types of skills are you looking for that are not currently in place? Is the training not in place or just not heavily invested?

MR. WHITNEY:

The ability to provide various high-technology and information-technology certifications is lacking. The community colleges are best positioned to be the regional hubs for workforce development, but the skill acquisitions they offer are outdated, outmoded and geared toward industries that are dying or no longer operating. Often certifications do not require a college degree in order to

get a job with a company. You just have to make sure you have the required skills.

SENATOR KIECKHEFER:  
So would that be a college certificate program?

MR. WHITNEY:  
Yes. Some of them are more complicated. But most are a simple certification process: do the training, take the course, pass the test. Then you are certified to work on those specific tasks.

CHAIR KIHUEN:  
Have you started working with the local community colleges, or is this the initial step?

MR. WHITNEY:  
These are my initial steps, and I hope this is the beginning of a great relationship with the State.

SENATOR LEE:  
Are there dark fiber optics up north, or are they mostly in the south?

MR. WHITNEY:  
It is mostly down south.

SENATOR LEE:  
Have you looked into the power responsibilities of companies locating here?

MR. WHITNEY:  
I have not looked into it. Companies would have to work with the local investor-owned utility in the area and make sure there is a good collaboration between them.

SENATOR LEE:  
Is it accident avoidance that brings you to Nevada?

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MR. WHITNEY:

The reason we are looking at Nevada is the regulatory and tax environment is very hospitable to business. What it is still lacking is the skilled workforce, which requires the appropriate investment in the education system. But even with a hospitable regulatory and tax environment, if you do not have the skilled people to perform the job, the companies will look elsewhere.

CHAIR KIHUEN:

The meeting is adjourned at 3:23 p.m.

RESPECTFULLY SUBMITTED:

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Debra Carmichael,  
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 14, 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	Dr. Robert Lang	Envisioning Nevada's Future
	D	Thomas Perrigo	City of Las Vegas, Sustainable Energy Strategy
	E	Thomas Perrigo	Convene for Green, Regional Sustainability Summit
	F	Katy Simon	Regional Jobs Team