

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Seventh Session  
April 2, 2013**

The Committee on Government Affairs was called to order by Chairwoman Teresa Benitez-Thompson at 8:07 a.m. on Tuesday, April 2, 2013, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 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 [nelis.leg.state.nv.us/77th2013](http://nelis.leg.state.nv.us/77th2013). In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Teresa Benitez-Thompson, Chairwoman  
Assemblywoman Dina Neal, Vice Chairwoman  
Assemblyman Elliot T. Anderson  
Assemblywoman Irene Bustamante Adams  
Assemblyman Skip Daly  
Assemblyman John Ellison  
Assemblyman James W. Healey  
Assemblyman Pete Livermore  
Assemblyman Harvey J. Munford  
Assemblyman James Oscarson  
Assemblywoman Peggy Pierce  
Assemblyman Lynn D. Stewart  
Assemblywoman Heidi Swank  
Assemblywoman Melissa Woodbury

**COMMITTEE MEMBERS ABSENT:**

None



**GUEST LEGISLATORS PRESENT:**

Assemblyman Ira Hansen, Assembly District No. 32

**STAFF MEMBERS PRESENT:**

Jennifer Ruedy, Committee Policy Analyst  
Jim Penrose, Committee Counsel  
Bonnie Hoeffcker, Committee Manager  
Lori McCleary, Committee Secretary  
Cheryl Williams, Committee Assistant

**OTHERS PRESENT:**

Lynn Chapman, representing Independent American Party  
Constance Brooks, representing Nevada System of Higher Education  
Tom Akers, President/CEO, Akers & Associates, Inc., Las Vegas, Nevada  
Brian Christ, Vice President, S&B Christ Consulting, Las Vegas, Nevada  
Louise Helton, Owner, 1 Sun Solar Electric, Las Vegas, Nevada  
Ted Olivas, representing City of Las Vegas  
Jacki Ramirez, CEO, Ramirez Group, Las Vegas, Nevada  
Edy Seaver, Owner, Tangerine Office Systems, Henderson, Nevada  
Don Gallimore, Owner, Zumba Fitness, Sparks, Nevada  
George W. (Buddy) Borden, Area Extension Specialist, Community  
Economic Development, University of Nevada Cooperative  
Extension  
Allison Copening, Private Citizen, Las Vegas, Nevada  
Juana Hart, J. Hart Communications, Las Vegas, Nevada  
Steve Hill, Director, Governor's Office of Economic Development  
Brian Daw, representing Clark County School District

**Chairwoman Benitez-Thompson:**

[Roll was called. Rules and protocol were explained.]

We are going to be hearing two different bills today, Assembly Bill 253, presented by Assemblyman Hansen, and Assembly Bill 294, presented by Assemblywoman Bustamante Adams. We will open the hearing on A.B. 253 and welcome Assemblyman Hansen to the witness table.

**Assembly Bill 253: Requires reports of federal revenues received by state agencies, institutions of higher education, school districts and charter schools. (BDR 31-165)**

**Assemblyman Ira Hansen, Assembly District No. 32:**

[Assemblyman Hansen provided a summary of his written testimony ([Exhibit C](#)).] I will give you a quick background on this bill. What got me interested in this issue in the first place was actually a political flyer sent out by then-Congressman Dean Heller. At that time, he was running in a primary against Sharron Angle and Dawn Gibbons. In the flyer, Congressman Heller accused them of agreeing to spend over \$14 billion in the state budget. I was shocked by the numbers. Currently, the Governor's Executive Budget is about \$6.5 billion. This was in 2007 or 2008, when I was a private citizen and not a legislator. I had always had interest in these kinds of things.

I met with a man I had never met before, Lorne Malkiewich, the former Director of the Legislative Counsel Bureau (LCB), who pawned me off to a man named Brian Burke. Mr. Burke gave me the 2007 *Nevada Legislative Appropriations Report* and I started doing a lot of homework. If you look in the Nevada Electronic Legislative Information System (NELIS), you will see I have provided a copy of page 13 of this report ([Exhibit D](#)). At the bottom of the page, it says something that really struck me: "After adjusting for interagency transfers, the total authority for spending for the 2007-09 biennium for revenue sources other than the General Fund is \$9.129 billion. Total spending authorized from all revenue sources, including General Fund, totals \$15.931 billion . . . ."

Even now, as a legislator, all we talk about is the General Fund. We do not discuss any of that \$9 billion or where that comes from. The whole purpose of my bill, as you will see, is to simply make sure the State has some kind of backup plan. What has made this especially timely is that everyone is dealing with the question of automatic budget cuts; the sequestration issue. Right now, the federal government is going to start cutting back, potentially, on the funds. How will that affect Nevada? How will the agencies that currently have those federal monies respond to that?

If you ever really want to get bored, you can come see my office. Going back to 1976, I have all of the State appropriations reports and all the pie charts. I actually did a spreadsheet on it. I know you cannot wait to come to my office to enjoy this. I joke about this because honestly, looking at numbers is not that exciting. When I got into this, it really was interesting to me because I had no clue how much money we actually spend in the state of Nevada. I thought what we were doing in this body, where we basically argue about spending \$6.5 billion and how that should be allocated, was all the money.

I have provided a list of appropriations and authorizations by funding source ([Exhibit E](#)). This was put together by LCB for the folks on the Assembly Committee on Ways and Means. If you look at the second column in the bottom chart, you will notice the total estimated authorized spending for the State of Nevada is \$17.6 billion for the 2013-15 biennium. The next column over is General Fund, which is the one we are dealing with, at \$6.5 billion. Notice the percentage of the spending, which is 37.1 percent of the total amount of money that the government spends. If you go over two more columns to the federal funding, you will notice that is \$5.9 billion dollars. That represents 34 percent of the total spending in the State of Nevada. It is almost as much as the General Fund that we talk about all the time.

What happens if that federal tap is turned off? That is what this bill is all about. I admit that may be a long shot scenario, but we are currently seeing the sequestration issues and the automatic cutbacks. We had a meeting with the Governor the other day and he said he does not know how this is going to affect us or what will be cut. What my bill really deals with is that exact issue.

With that, let me get into the bill itself. Sections 2 through 7 of the bill contain definitions for the terms in the bill. A key definition is in section 5 for "designated state agency," which sets out the state agencies and entities subject to the reporting requirement. Affected state agencies are the Board of Regents for the Nevada System of Higher Education (NSHE); the Department of Education; and any Executive Branch agency that receives more than \$500,000 in federal funds. In other words, we are not looking to micromanage everyone. We do want a macro though, where people who are spending big federal dollars have a backup plan.

Section 8 requires those designated state agencies to submit annual reports by November 1 to the Chief of the Budget Division in the Department of Administration and to the Office of the State Controller. The reports would include: the amount of federal funds received in the prior fiscal year; what percentage of the budget is federally funded; the amount of federal money that the Legislature approved for expenditure; and contingency plans for both a 5 percent reduction and a 25 percent reduction of federal funding, which is a critical component.

The bill makes clear that the Board of Regents and the Department of Education are not required to provide contingency plans relating to individual institutions, school districts, or charter schools. That would be on the micro level; we are looking at macro here.

Section 9 does require the Board of Regents and the Department of Education to include in their reports information on the amounts and percentages of federal funding for each institution, school district, and charter school, along with the amounts of federal money approved for expenditure by the Legislature.

Section 10 requires the Chief of the Budget Division to compile and summarize the designated state agency reports for submittal to the Office of the State Controller and the Director of LCB. The Chief's summary report would also compare the amount of federal funding received by each agency and educational institution to the amount approved by the Legislature for expenditure. The Chief would also keep track of agencies that do not file required reports. The LCB Director would forward the reports to the money committees or the Interim Finance Committee, depending on the year in which the report is received.

Section 11 would make the first report due on November 1, 2014, which would cover fiscal year 2013-14.

That is really the whole idea behind the bill. It is not conservative, liberal, Republican, or Democrat. It is simply asking for a backup plan. No one knows what is going to happen with this whole issue of automatic funding cuts. Those could have a huge impact on all the agencies in this state. As you see, roughly 33 or 34 percent of the total spending in the State of Nevada are federal monies, almost equal to the total amount that we all talk about in the General Fund, which I have always assumed is the total amount of money that we spend in State government. It is not even close; about one-third of the money.

Madam Chairwoman, that is pretty much the gist of the bill. As I said, the most critical thing to me is to come up with a contingency plan so when things like these automatic spending cuts happen, we have a backup plan in place.

**Chairwoman Benitez-Thompson:**

Thank you for the presentation. Are there any questions from Committee members?

**Assemblyman Stewart:**

I think this is a very interesting thing you have come up with. Have you ever calculated how much money we send to the federal government? From what I have heard in the past, we send a lot more than we get back. Has that ever been a part of your calculation?

**Assemblyman Hansen:**

I have not seen that in a while. I know one of the accusations against the late, great Senator Patrick McCarran, who was a four-term Democrat in the United States Senate, was that he was always robbing the United States Treasury for the benefit of Nevada. Back then, I think we were getting \$1.50 back for every \$1 in taxes we paid. My understanding is that has substantially changed and we actually pay more to the federal government than we receive back. I do not know the exact numbers.

**Assemblyman Stewart:**

The figure I heard was we get about 70 cents back for every dollar we give.

**Assemblyman Hansen:**

I heard around 75 cents for every \$1 we give. The days of Senator McCarran are behind us.

**Assemblyman Healey:**

Section 10, subsection 1, paragraph (c) states, "Identifies any agency which has failed to submit a report . . . ." What happens if they fail to submit the report? Is there any kind of accountability?

**Assemblyman Hansen:**

That would probably go to the Legislative Commission. That has been an issue the Legislative Commission is trying to deal with. There are a series of reports that agencies are supposed to prepare and send. One was a three-year report and another was a ten-year report. When I asked LCB about that, they indicated most agencies had not complied. Technically, no, there is no accountability if they fail to submit the report. In another bill with Assemblywoman Kirkpatrick, we are putting some teeth in those issues so there will, in fact, be a penalty. What we decided to do in a de facto way was if they had not submitted their three-year or ten-year reports, any regulations they brought before the Legislative Commission would not be heard until those had been turned in. That was a de facto, very temporary arrangement, but we noticed immediately there was a substantial increase in compliance right away. I would assume it would be the same with this. There is no penalty; no one is going to be arrested or fired. Obviously, if an agency consistently fails to produce those things, then the Governor, who is ultimately the head of all of the Executive agencies, would be held accountable. If he has a head of an agency that cannot manage to do what the Legislature is directing him to do, heads could potentially roll.

**Assemblywoman Swank:**

I have a question on section 5 pertaining to NSHE. I looked up the meaning for federal financial assistance. It means, "assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees . . ." and it goes on, but I am particularly interested in grants. There are a lot of grants that faculty and departments get that fund laboratories, graduate assistantships, et cetera. These are grants that individual faculty members have received from federal resources, such as the National Science Foundation and the National Institutes of Health. I was wondering how that plays into this.

**Assemblyman Hansen:**

That is a good question. I really do not know if it is an individual grant given to a specific professor or something like that. I do not know how that would factor in. I am not really even sure if that is calculated in the totals that are given to the state. That would be a question we could ask the Fiscal Division.

**Assemblywoman Neal:**

I have two questions. The first question is regarding section 8, subsection 2. How did you pick the 5 percent and the 25 percent? The second question is regarding section 10, where the Office of the State Controller is supposed to compile and summarize the reports. Is there a fiscal note associated with that? Is she going to come in and testify?

**Assemblyman Hansen:**

To answer your first question about the 5 percent and 25 percent, this bill actually had its genesis from a similar issue in Utah and those were the numbers they used. Frankly, those are just random numbers that I suspect were selected just so we had some idea of what would happen in a mild situation or a pretty serious situation. If you received a 25 percent rollback in your money, that could put a hurt on a lot of people in Nevada who are counting on that money. The 5 percent we could probably juggle and work with, temporarily at least.

There is a fiscal note on this bill, but I do not know if anyone is testifying from the Office of the State Controller. It is not a big fiscal note. I think the total estimated costs would be around \$43,000 for one fiscal year and the grand total for the biennium would be \$74,000.

**Assemblywoman Neal:**

Did that come from the Office of the State Controller?

**Assemblyman Hansen:**

I do not know where it came from.

**Chairwoman Benitez-Thompson:**

We have the Executive agency fiscal note available on NELIS and it is coming from the Department of Education. Are there additional questions from Committee members? [There were none.]

For the record and to the legislative intent, you talk a lot about NSHE and the Department of Education. However, the scope is every agency in the Executive Branch that receives more than \$500,000 in federal awards in any fiscal year, correct?

**Assemblyman Hansen:**

Correct.

**Chairwoman Benitez-Thompson:**

Talk to me more about section 9 and why you talk so much more about NSHE and education, in particular, out of all the other agencies.

**Assemblyman Hansen:**

Again, this was a Utah bill and I think we copied what they did there. It is probably because they are the highest recipients of federal funding. Also, I would suspect that would be the agency that would have the most impact on the most people. You are talking about all the children who go to school. Do you know how many people are getting various federal funds in our public schools? It is huge. In higher education, it is the same thing. If you start seeing cutbacks in those areas, I think those are the ones that will impact the most people in the most severe way. I am guessing as to why they chose higher education. Frankly, any agency that receives over \$500,000 should have some sort of contingency plan for the potential loss of that revenue.

**Chairwoman Benitez-Thompson:**

As the bill's sponsor, what do you imagine some of those contingency plans might look like? You have been looking at this data for a couple of years. Tell me what you expect to see.

**Assemblyman Hansen:**

That is why I want to see how Utah does it. I do not know. If we had to cut 5 percent more than we have right now out of the state budget, where would we do it? Those are the tough decisions these agencies are going to have to make in a contingency format. We can then look at those things in a safe setting, like now, rather than being forced into it when federal funds could potentially be cut by an automatic spending cut. I do not know exactly how I would see that. Ideally, we could start trimming the excess at the top. Unfortunately, the reality is people at the bottom receiving the funds end up



being shorted long before we start cutting the fat cats at the top. Again, if they present us with a contingency plan and we want to have an opportunity to review it, which is the idea, this comes back to us. We could say the way they juggled these numbers, if this were a real life scenario, it would really impact a lot of innocent people at the bottom. We can have them review it and come up with a better plan. Again, it is a contingency plan and that is why we would have opportunities to do some fine-tuning.

**Assemblywoman Bustamante Adams:**

I am concerned about the fiscal note from the Department of Education. I know we are here on policy, but I really do not understand why they provided one. I would encourage you to find out why the fiscal note is \$74,000.

Also, did you get a chance to speak with the Office of the State Controller regarding their participation in preparing the reports?

**Assemblyman Hansen:**

Frankly, I did not. I am at fault for that. I probably should have gotten a hold of the Controller's Office to tell them we were going to dump a little more load on their shoulders and ask them what they think of the idea. That is something I will work on.

**Assemblywoman Bustamante Adams:**

You mentioned that Utah is the highest recipient of federal funding. From what I remember, Nevada is at the bottom. We are not maximizing the federal dollars coming back to our state. I look at it a different way. This would be able to tell us where we fall short and what areas are not getting the money. I do not want to become dependent upon it. It would be more like the ice cream on top of the cake scenario and we live within our means. This could help us identify where we are actually falling short.

**Assemblyman Hansen:**

I did not mean to say Utah is the highest. I said that is where this bill originated. I really do not know which state has the highest federal funding. I know Nevada is not as high as it once was. I agree. We could use this report in a lot of different ways. Just so you know, if you look at the *Nevada Legislative Appropriations Report*, there is a whole section where they break out each major section of the government, such as Finance Administration, Education, Commerce and Industry, et cetera. Under each section, there is a federal fund section. For example, for elected officials, the federal fund for the 2010-11 work program was \$140 million. If you look at Education, the federal fund was \$443 million. It is actually broken down for us now if we really wanted to do the homework. This will give you an idea of how

much each agency depends on federal funds. As an overall total for the state, we are looking at about 34 percent in direct federal funds. That does not include the State Highway Fund. If you look at the page I provided ([Exhibit E](#)), in the bottom chart you will notice the Highway Fund is broken out. Other funds are semi-defined at the bottom. If you study these figures, you realize there is a lot of money going through the State of Nevada, and a lot of it we think we have some control over, but we actually have zero control. We need a backup plan on some of this.

**Assemblywoman Pierce:**

I do not know about your district, but my district is still struggling from the Great Recession. The idea that we pretend the recession is not happening and blindly look at what would happen if we had to cut; we have cut and there is still a lot of suffering. I would prefer to concentrate on the disaster we are in now and the struggling that is actually happening now as opposed to speculating maybe, at some point, something might happen.

I need to point out, as he just said, if this happened, we would have to cut the excess. Let me remind you, and you have probably heard me say this before, there is no excess. If Nevada had the number of public employees today that it had in 1978, we would have to hire 40,000 government workers. If Nevada had the number of government workers that Utah has, we would have to hire 17,000 government workers. The idea that somehow there are some riches out there that we are not recognizing is preposterous. I am going to concentrate on the disaster my constituents are still in.

**Assemblyman Hansen:**

I am in complete agreement with that. I represent the two poorest counties in the state of Nevada, Mineral County and Esmeralda County, with the highest levels of unemployment. The idea that somehow we are looking to do something that would harm the recovery; in fact, if you look at the federal fund totals, the net total is 34 percent versus 25 percent in 2005-07 biennium. Essentially, we are getting more federal monies to save us through the economic catastrophe that we have all been dealing with now for four years. This has absolutely nothing to do with taking any monies away from current programs, or anything like it. If you look at the article I provided ([Exhibit F](#)), they speculate within the next month the amount of real-life cutbacks we are going to receive in the programs we have right now. We can all sit here dreaming about our own budget and ignore what is going to happen with those federal cuts. They are going to happen now. This is not make-believe. This is going to happen in the next month, assuming the sequestration continues on the path it is currently on. I do not see any change. We can all pretend that this is make-believe, but it is not. This will help us so when we are potentially

facing situations like this in the future, then we actually know what we are going to do, rather than guessing like we will have to in the next month.

**Assemblyman Stewart:**

I appreciate you making these preparations for this. It seems to me, someone could be assigned to a department and spend two or three hours in the afternoon to come up with some figures. I cannot see where it is going to cost a large amount of money to do this. It seems to be relatively simple. It might cost a little bit the first year, but once you have the system set up and a person assigned to do it, it seems like it could be done for almost nothing.

**Assemblyman Hansen:**

I agree, because they are already doing it. As these numbers are broken out, we already know what the federal percentage is. The fight and discussion will be what to trim if we had a 5 percent net reduction. That is where the issue will probably become sticky. We already have the numbers as far as the math goes. What do we do in the assumption of a cutback? We are going to find out, whether we like it or not, assuming the sequestration sequence continues and these automatic budget cuts keep going forward. These agencies may not do it the way we like, but in about one month, we are going to have a one-month window in this Legislative Session to potentially deal with some major problems for the state and the people who are receiving federal monies.

Ideally, this is long-term planning and, whether we like it or not, we may be forced into this. My suggestion is to do it when we can do it in a rational fashion so we have a game plan in place.

**Assemblyman Elliot Anderson:**

You mentioned that we do not get our fair share back from the federal government like we used to. Would this not be a good opportunity to figure out and report how we could get more federal money?

**Assemblyman Hansen:**

Absolutely. As Assemblywoman Bustamante Adams suggested, we could use this a lot of different ways. I do not know about you, but I did not know any of this information. I always thought the General Fund budget was the budget for the State of Nevada. When I found all this other money and all this spending, I was shocked. When I discovered that the federal portion of it was almost equal to the General Fund portion, I was even more surprised. Can we leverage this in some way? In my mind, the more we understand the budget, the more we understand where we are getting monies from and the changes year by year, the more likely it is that we can go back to ask what happened; we used to get 35 percent of our budget from the federal government, but now we are

down to 25 percent. What has happened? We can work with our congressional representatives to find out what has changed.

**Chairwoman Benitez-Thompson:**

To be clear for the record, Assemblyman Hansen, you would absolutely be advocating for Nevada to try to get more federal funds and lobbying our congressional delegation for more federal funds to Nevada?

**Assemblyman Hansen:**

Absolutely. I have no problem with that at all. Senator Patrick McCarran is one of my heroes. When I look at what he was able to do when he was the Chairman of the United States Senate Committee on the Judiciary, or Senator Key Pittman when he was the Chairman of the Senate Judiciary Committee, those guys did their jobs well and were rewarded by being returned to the United States Senate until both of them actually died in office.

**Chairwoman Benitez-Thompson:**

In section 9, when we talk about contingency plans, do you mean supplanting state dollars for federal dollars?

**Assemblyman Hansen:**

We could look at that two ways. We could say what if we got an additional 5 percent of monies from the federal government, what would we do with the extra money? The reality is, what I am looking at is in that cut. As we all know, the federal government has been spending and spending. We are basically priming the pump trying to get us through this economic crisis. Ideally, it will all level out and then we will be back to where we can start paying our bills off instead of borrowing to keep us afloat. The danger is if, in fact, the economy does not substantially turn around and you continue to have this huge debt, then you have a problem. The bottom line is, absolutely, we should at least get par.

**Assemblywoman Neal:**

This has been such an interesting bill. We came in as freshmen together, so the evolution of thought has been quite interesting. One thing to consider when you are bringing this bill is on the parallel lane, how can we further strengthen Nevada without federal dollars? I know people want that, but there is still an internal component of how we build a better Nevada and how we internally move ourselves in a different direction. I am hoping you are somehow leaning in that other direction also.

**Assemblyman Hansen:**

Everyone wants more revenues, but where do we get it? It is like the Russell Long quote, "Don't tax you, don't tax me. Tax that fellow behind the tree." Every agency wants more money, every agency could use it, but where does it come from? That is where it gets down and dirty.

**Assemblyman Ellison:**

I signed on to this bill. We went into great discussion with it prior to my signing on it. I just want to go on the record as supporting it. I think it is a good bill.

**Chairwoman Benitez-Thompson:**

Seeing no other questions from the Committee, I will open the hearing for testimony in support of the bill.

**Assemblyman Hansen:**

Madam Chairwoman, I need to run back to the Judiciary Committee for the work session.

**Chairwoman Benitez-Thompson:**

Okay, thank you.

**Lynn Chapman, representing Independent American Party:**

I am currently the state treasurer for the Independent American Party. We are in support of this bill. I have to laugh because I will bet Assemblyman Hansen was a Boy Scout—be prepared. I think that is what this bill is about, being prepared. I think it is also about transparency. The public needs to know where money is coming in and where it is being spent. We also need to have a plan. In my own home, my husband and I have been married 37 years. We have always had a Plan A. However, when things get hard, you have to have a Plan B just in case. I think this is a good start and I think that is one of the reasons why we support this bill. We have to have a Plan B. Being prepared is very important for our state.

**Chairwoman Benitez-Thompson:**

Is there any further testimony in support of the bill? [There was none.] Is there any testimony in opposition to the bill? [There was none.] Is there any neutral testimony on the bill?

**Constance Brooks, representing Nevada System of Higher Education:**

Today I am here on behalf of the Desert Research Institute (DRI). They were unable to be here this morning. I actually spoke with the sponsor about a friendly amendment in section 8, subsection 3, paragraph (a). It lists all of our entities within the Nevada System of Higher Education with the exception of our

research institute. We want to make certain that DRI is included in this listing of our entities. The sponsor indicated that was okay. It is just a technical matter.

**Chairwoman Benitez-Thompson:**

Is there any other testimony neutral to the bill? [There was none.] I will close the hearing on Assembly Bill 253. I will open the hearing on Assembly Bill 294 and welcome the bill's sponsor, Assemblywoman Bustamante Adams, to the witness table.

**Assembly Bill 294: Revises provisions relating to economic development.  
(BDR 27-777)**

**Chairwoman Benitez-Thompson:**

Assemblywoman Bustamante Adams, would you like us to be referring to the mock-up proposed amendment ([Exhibit G](#)) or the original bill?

**Assemblywoman Irene Bustamante Adams, Clark County Assembly District No. 42:**

It is an attempt at my first mock-up, so we will be referring to the mock-up.

With me today are Mr. Tom Akers and Ms. Louise Helton. They will help me with the presentation today. I know we have some individuals in Las Vegas who wish to testify. Thank you to the small business owners who made time in their day to testify on the bill as well.

During the interim, I had the opportunity to learn about a pilot program that Clark County had done regarding local small businesses. I was very impressed with their process, on the outcomes especially, and that led to the formation of a working group to identify how we could look at retention and expansion of the local market within Nevada. We focus a lot on attraction, but this is on retention and expansion of our local market.

Before you is Assembly Bill 294, which focuses on the contributions of Nevada small businesses to the economic development of our state. The bill provides for a certification program to be developed by the Office of Economic Development for local emerging small businesses, to include an outreach strategy, goals for participation by small businesses, and a reporting mechanism to measure the success. Further, the bill increases the informal purchasing capacity of government entities in order to provide emerging small businesses the opportunity to gain experience and develop capacity.

Why do we need this bill? Nevada's small businesses are imperative to the state's well-being. They account for a significant share of the state's economic production and hiring. Many of Nevada's small businesses have experienced significant challenges when attempting to conduct business transactions with the state, county, or municipal government entities due to the complexity of the current bidding process. These barriers prohibit some businesses from competing with large businesses and corporations for government contracts.

Assembly Bill 294 is our solution to address this problem. It presents new opportunities for Nevada's current small businesses and will open the door for more of our local market to begin to operate in our state.

In the overview I provided ([Exhibit H](#)), there is a list of members and representatives that have been working for the last couple of months to bring the best practice that we found in the western region to be able to help our local market. You will see those names listed.

What I would like to do now is give you an overview of the pilot program that was in Clark County, how it worked, and how we were able to get contracts and expand our local market. I will then go through the bill section by section and answer questions. At this time, I will turn it over to Mr. Akers.

**Tom Akers, President/CEO, Akers & Associates, Inc., Las Vegas, Nevada:**

What I would like to do in terms of sharing this presentation with you is let you in on a little story. I had a chance to review the biographies of all of you on this Committee. One thing that impressed me more than anything was the diversity in terms of things you have done. You have people who are in the human resources field and the health care field. There are individuals who really love our unfortunate children and there is even someone who has done a mission in Africa. You have veterans and business owners. What we want to share with you is a best practice that all of you, we believe, can gravitate toward.

I want to share with you the Agenda for this program [([Exhibit I](#)) page 2], whose genesis was Clark County, Nevada. We will go through the background and needs statement, an overview and objectives, and then program benefits.

The program is designed for small business [([Exhibit I](#)) page 3]. If you notice, in our state we hear this rhetoric a lot, about how small businesses are major employers. We decided to put that to the test. We found that small businesses struggle to gain access to contracting opportunities, to hire skilled and unskilled labor, and have limited growth strategies with the available economic opportunities. That is huge for us.

In 2008, with the Clark County Board of Commissioners and the Clark County staff, we decided to do this pilot program [([Exhibit I](#)) page 4]. Since then, effective this year, we have graduated 270 small businesses. A lot of those businesses are represented in Las Vegas. We have booked over \$11 million with these firms and they have hired over 200 employees. When you look at this program from a small perspective, it has been quiet. However, in 2010 [([Exhibit I](#)) page 5] Clark County decided to reach out to the federal government, which we talked about earlier. The U.S. Department of Commerce and their Bureau of Economic Analysis were so impressed, they decided to invest in this program. As a result of that, we decided to grow and expand. We have doubled the program in terms of our goals. We will graduate 100 local small businesses per year [([Exhibit I](#)) page 6]. We will actually find opportunities for them to land \$5 million, as well as hire those job seekers at 100 people per year.

We talked earlier about the downturn in our economy [([Exhibit I](#)) page 7]. In this program, we found when Nevada struggled from an economic standpoint, these local small businesses found work, they hired people, and they got involved. Even though the unemployment rate exceeded the national average, when these small businesses were able to build relationships, they hired people looking for jobs.

In terms of needs [([Exhibit I](#)) page 8], as a local small business, we have a lot of outreach programs available. Sometimes you will hear us say they are not working. The reason they do not work is because we do not meet the people who can make those decisions to buy. We see an opportunity to expand that in this program.

We were able to enroll these local small businesses into a capacity-building program [([Exhibit I](#)) page 9]. When you listen to testimony later, you will see they actually gravitated toward that four-month program with smiles. They did not hem and haw or have their hands out. We tell them nothing is guaranteed, but we do guarantee they will meet some pretty cool professionals in Clark County. In this program, we were able to use discretionary opportunities and informal opportunities to build relationships with those people who can make a buying decision.

Looking at the benefits of a statewide initiative [([Exhibit I](#)) page 11], obviously in Clark County, this program has some success. However, we believe it will be a much bigger success in the state of Nevada. With the legislation we are proposing, it is going to define what it means to be an emerging small business in Nevada for the first time. It will create a process to ensure the credibility of



the program through certification. It will provide benchmarks, but we look at them as targets, so we know where we are heading.

There is a reporting mechanism for accountability [([Exhibit I](#)) page 12]. In terms of the software tools, with the pilot program we were able to implement a mechanism so we can track everything that is happening with these small businesses in terms of informal opportunities. We can tell you how much work the small businesses have by industry type, by political district, and by ZIP code. We can even let you know how many people they hired. We can match those informal opportunities with the firms that can do that work [([Exhibit I](#)) page 13]. One thing we were challenged to do was to make sure that if someone was not comfortable with a small business, they could deselect them. It was not a mandate for them to use those firms.

Another thing we have found some success with is implementing a "Most Valuable Department/Division" recognition program. Once again, with our strategy in this pilot program process, we have said that these small businesses need to build relationships. The best way to do that is recognize those professionals inside the county who can assist with that journey. We also decided to track our progress with utilization reports. We can let you know what percentage of dollars went to each firm that enrolled in our program.

Major job creation, as I said, is part of the whole strategy [([Exhibit I](#)) page 14]. We say to our small business community, "Practice what you preach." We talk about hiring people to lead the country in employment. We can show Clark County that we can do that. We have also had the ability to identify those professionals inside the county who can make a buying decision, especially on informal opportunities. We provided a way for them to have access to those firms that go through the four-month capacity-building program.

That is the pilot program. Clark County has representatives in the audience and we have small business owners who will testify. With that, I will turn it back over to Assemblywoman Bustamante Adams.

**Assemblywoman Bustamante Adams:**

I will now go through the bill section by section. Usually the way we work these things is we have an idea and then we do a pilot program. We have the pilot program and it has proven its success. Our goal now is to expand it statewide. Just to reiterate, we did work with the north and the south and I really appreciate their input. We also worked with the state agencies, including the Governor's Office of Economic Development (GOED), who is going to carry this out.

Section 1 of the bill adds a new section to *Nevada Revised Statutes* (NRS) Chapter 332, which involves local government purchasing. It requires counties with populations of 100,000 or more to submit a report to GOED every six months. I do have an amendment to my own bill ([Exhibit J](#)) to section 1, subsection 1, adding a fifth requirement as a new paragraph (a), which states, "The number of local emerging small businesses that were solicited to submit a quote or proposal to the governing body or its authorized representative for a local purchasing contract."

In the mock-up amendment ([Exhibit G](#)), paragraph (a) would become paragraph (b) and read, "The number of local emerging small businesses that submitted a quote or proposal to the governing body or its authorized representative for a local purchasing contract of less than \$50,000, excluding transactions utilizing procurement cards." Paragraph (b) would become paragraph (c) and read, "The number of local purchasing contracts that were awarded by the governing body or its authorized representative to local emerging small businesses." Paragraph (c) would become paragraph (d) and read, "The total number of dollars' worth of local purchasing contracts of less than \$50,000, excluding transactions utilizing procurement cards that were awarded by the governing body or its authorized representative to local emerging small businesses." Paragraph (d) would become paragraph (e) but otherwise remain the same.

Paragraphs (a) through (d) are the four things that I am requiring local government to give GOED so we can track our local emerging small businesses.

Section 2 adds a new section to NRS Chapter 333, which involves state purchasing. It requires the Purchasing Division to submit a report to GOED every six months. I am asking for paragraphs (a) through (d) of subsection 1 of section 1 to be included in section 2, subsection 1, as well. Section 2, subsection 1, paragraph (e) on page 2, states, "For each goal established by the Office pursuant to section 16 of this act that has not been achieved, information on all efforts undertaken by the Purchasing Division to achieve the goals in the current fiscal year and a proposed plan for achieving the goals in the subsequent fiscal year."

Section 3, subsection 9 defines "state purchasing contract" to mean a contract awarded pursuant to the provisions of NRS 333.020.

Section 4, subsection 2 amends NRS 333.300 to raise the threshold of discretionary spending from \$25,000 to \$50,000.

Section 5 adds a new section to NRS Chapter 338 to require the State Public Works Division to submit a report to GOED every six months, including the four additional requirements I am asking for in section 1.

Section 6 amends NRS Chapter 231 by adding sections 7 through 17 of this act.

Section 7 states that the words and terms used in sections 7 through 17 have the definition given to them in sections 8 through 10.

Section 8 adds the definition of "local emerging small business" as a business that has been certified by GOED pursuant to section 12.

Section 9 defines "local purchasing contract" for the provisions in Chapter 332.

Section 10 defines "state purchasing contract" as ascribed to it in Chapter 333.

Section 11, subsection 1 is where we start getting into the certification of a local emerging small business. Eligibility begins on line 25 and the criteria we came up with are as follows: Be in existence, operational, and operate for a profit; maintain its principal place of business in Nevada; be in compliance with all applicable licensing and registration requirements in this state; not be a subsidiary or parent company belonging to a group of firms that are owned or controlled by the same person if, in the aggregate, the group of firms does not qualify pursuant to subsection 2 or 3 for designation as a tier 1 firm or a tier 2 firm, which I will explain later; and qualify pursuant to subsection 2 or 3 for designation as a tier 1 firm or a tier 2 firm.

Section 11, subsection 2 defines what it means to be a tier 1 firm.

[Assemblywoman Bustamante Adams read from the mock-up proposed amendment ([Exhibit G](#)), section 11, subsection 2.]

That is the designation for a tier 1 firm. As I said, it is local emerging small businesses. We had another bill heard the other day where they talked about anyone being considered, such as a veteran-owned business. However, we are really focused on the local emerging small business market here.

Section 11, subsection 3 defines what it means to be a tier 2 firm.

[Assemblywoman Bustamante Adams read from the mock-up proposed amendment ([Exhibit G](#)), section 11, subsections 3, 4 and 5.]

Those are fancy words for saying how we determine the full-time equivalent. There is a formula to it, it is not just random.

[Assemblywoman Bustamante Adams read from the mock-up proposed amendment ([Exhibit G](#)), section 12, subsections 1, 2 and 3.]

Section 13, page 6, line 44 prescribes how to determine if an employee is full-time equivalent pursuant to section 11.

Section 14, subsection 1 is where it allows GOED to adopt regulations regarding the application form and for the procedure for certifying the local emerging small businesses. We want to give GOED the flexibility. We have given them a suggested form. This is not anything new in other states so there are some best practices that they can look at, but it also gives them the flexibility.

Section 15, subsection 1 provides GOED shall, in consultation with the Department of Business and Industry, establish an outreach program for local emerging small businesses and state agencies seeking state purchasing contracts and contracts for public works. I think one of the key pieces is that there be collaboration across agencies to reach out to this market.

Section 16, subsection 1 talks about the state purchasing contract threshold of \$50,000 or less. This is what is called discretionary spend. This is where we have some flexibility to be able to issue contracts to local small businesses and also for public works contracts of less than \$100,000.

Section 16, subsection 3 states GOED, in cooperation with the Office of the Governor, shall establish an annual recognition program for the state agencies that meet the goals established pursuant to section 1.

That is the end of my presentation. I would be happy to entertain any questions.

**Assemblyman Daly:**

I want to thank Assemblywoman Bustamante Adams for bringing this bill. When I read it, I could tell you put a lot of work into it. The thresholds are reasonable. I think it is something that could actually work. I had a concern with the consumer price index (CPI) increase. We do not do that on a lot of other issues when we set thresholds. We usually come back to the Legislature to do that, so I am not a big fan of that.

Can you explain the thought process when you changed public works to construction services? I do not think it is a big issue, I just did not understand

the change. Hopefully, you can change the CPI issue, but other than that, the thresholds and the processes look good.

**Assemblywoman Bustamante Adams:**

For the CPI, I cannot say that I fully understand how that works, but I would be open to any other tool we could use to make sure there was a formula in place. I will have Mr. Akers answer your other question. We did have a lot of dialogue regarding that specific topic.

**Tom Akers:**

In the state of Nevada for the construction industry, we have the State Contractor's Board, as you all know. As a small business owner, we have to make sure they comply with those regulations just like anyone else. When we look at informal procurement opportunities, we wanted to cover the gamut; we did not want to be restricted on that. That was in some of the conversations we had. We wanted to make sure we stayed consistent with the requirements to do construction services. That is all governed under our public works statutes.

**Assemblyman Daly:**

I do not know if it makes that much difference. I do know on the \$100,000 and less, they still have to bid, but they do not have to advertise in the newspaper. I do not know if you know this or not, but they have a list of contractors that want to perform certain kinds of work. Those are the connections you need to make so they have their name on that list. The Public Works Division usually sends out an email to ask for bids. Between \$25,000 and \$100,000, they have to solicit at least three bids. Under \$25,000, it is even more discretionary; they only have to solicit one bid. Getting businesses into those networks is the way. The Department of Transportation has a similar program, but their thresholds are \$250,000 and lower. You still have to have a license in the business and other requirements. I do not know if that word makes any difference and I would be happy to talk with you on the CPI issue. It is just not something we do. We set a number and the Legislature changes it. In other words, we do not have a CPI on the \$50,000 limit, so I have concerns about it.

**Assemblyman Oscarson:**

Now that you have run a successful pilot in the urban areas, have you given any thought to doing anything in a rural setting that might be similar to this in the future?

**Assemblywoman Bustamante Adams:**

Yes, we have. I will let Mr. Akers answer as well. Our idea was to do this statewide. In our interim discussions that is why we reached out to the north and met twice with their small business groups to get input and make it realistic on how we could do it in the rural areas. They also made it realistic and said if we want them to report this, then we need to understand the person who is submitting the report may also have several other jobs. They wanted a time frame. Their willingness was very refreshing. I will let Mr. Akers speak specifically to the other feedback the rural areas have given us regarding implementing this in their counties.

**Tom Akers:**

We had an opportunity to visit 16 out of the 17 counties. The seventeenth county was Clark County and was not represented. We shared the best practice concept and they had positive feedback across the board, especially about the hiring component. When a small business is blessed to get a project, they can look and try to hire those job seekers across the state. We had positive feedback. We believe it will work. One of my partners is the University of Nevada Cooperative Extension. They have an office in every county in Nevada. We believe that strategy would work as well as it would work in southern Nevada.

**Assemblywoman Neal:**

Referring to section 1, subsection 2 of the amendment ([Exhibit G](#)), when do the 90 days kick in?

**Assemblywoman Bustamante Adams:**

The 90 days are for local government and what I was referring to earlier to Assemblyman Oscarson, the local governments felt they needed more time. I was originally asking for 15 days. The 90 days would be after the end of each fiscal year and the end of each calendar year so it would give them three months to be able to produce a report and submit it. It was working with local government and the Purchasing Division trying to understand the limited resources that one entity had over another and trying to be flexible so we were not being burdensome in what we were asking.

**Assemblywoman Neal:**

For clarification, for bodies that are not local, the reporting requirement is six months to GOED, but for locals it is every year, giving them a 90-day window, correct?

**Assemblywoman Bustamante Adams:**

Yes, that is correct.

**Assemblywoman Neal:**

In section 11, subsections 2 and 3, where you created the tier 1 and tier 2 businesses, you used the gross receipt language. My question is why did you use gross receipt language? Did you feel it was a better term to capture the revenue that each one of these tiers may receive?

**Assemblywoman Bustamante Adams:**

This was one of our other major discussion points regarding what we use to determine a consistency with local businesses. I am going to let Mr. Akers answer your questions. This is an issue that we voted on that would best fit to make the measurement happen.

**Tom Akers:**

As a group, we felt we should look at what is consistent in terms of establishing criteria and standards. When you look at other states in the Union, or if you look at the federal government, they look at gross receipts because it is easy to capture off the tax returns. It is a way to audit without drilling down and being more intrusive to a business owner. That standard is something we have seen time and time again in programs to assess the criteria for making a business eligible for a program.

**Assemblywoman Neal:**

The reason why I was curious is because we have had a lot of bills that have come through and I was thinking there might be some reconciling of language. There are different applications coming through in this session where they do not fit in the same box. That is why I wanted to know.

**Assemblywoman Bustamante Adams:**

I agree with you exactly. I think we should use one measurement to determine the criteria. I would like to say mine is better, but it is not really mine; it is just a universal approach and it would be my recommendation.

**Assemblywoman Neal:**

That is what I was thinking, with you being the Chairwoman of the Assembly Committee on Taxation and constantly filtering all of the other revenue language.

You have language in section 15, subsection 1 where GOED consults with the Department of Business and Industry. In subsection 2, it states GOED "shall encourage." I need to understand what is envisioned for this consulting relationship. How is this supposed to play out and what is considered encouraging; what level, how high is that level, how low is that level, because it is also applied to local governments?

**Assemblywoman Bustamante Adams:**

During our discussions, there were two options of where we could put this certification program: GOED or the Department of Business and Industry. In speaking to both agencies, Business and Industry told me that currently it could not be something they could take on. The Governor's Office of Economic Development was warmer and obviously their focus is economic development. Even in the past, it leans more toward attraction, but retention and expansion is also part of their scope of work. Even though Business and Industry was not ready, we wanted to make sure we formed that relationship between the two entities because I think they are both critical to the development of our local market. That was the goal. We did not specifically lay out parameters, such as meeting once a month, et cetera; we are leaving that up to them. They have two good leaders who are very interested in our market. We added that so they would at least have a consulting relationship with one another. I am taking a leap of faith in saying they would work together to help our small businesses.

**Assemblywoman Neal:**

I understand the big picture. I am looking at all the moving parts going through. I understand there is a need to have all of those entities connected. As we grow, one agency's role may increase or another agency's role may decrease. I am thinking about my own legislation, which you had the benefit of hearing. We need to sit down and talk about when we get to the end of the year, where we are, what are we doing, what is the next step, what did we take care of and what do we need to take care of in the future.

**Assemblywoman Bustamante Adams:**

I agree with you wholeheartedly. I think this is where the testimony is. As a legislator, you follow your legislation. You put some things in place and then you have to monitor whether it is working well or not. There may be some evolution that takes place. You are right, Business and Industry may be able to evolve and actually take on more responsibility. We will monitor that closely and see what needs to be adjusted as we move forward.

**Assemblyman Ellison:**

In section 16, subsection 2, paragraph (c) on page 8, lines 4 through 7, it suggests that counties with populations less than 100,000 collect information and submit reports. What happens if that report is not submitted? That could create a problem. Is GOED going to request the report after the fact? There are a lot of questions I have in this section.

The other question I have is from page 4 of the presentation, where you stated there were over \$11 million dollars awarded to small businesses. Where did that money come from? Did that money come from federal grants?



Page 5 of the presentation states there was a \$600,000 grant to expand the program. My other question is where is the money going to come from to implement the new program?

**Assemblywoman Bustamante Adams:**

There is no penalty if an agency does not submit their report. That is why it was critical for us to go to each of the counties to speak to the entities involved that would produce the reports to make sure there was not a barrier. They are the ones who helped with the language to make sure it is doable. Even after we received the draft back, we sent it back out to the participating entities. They are the ones who made the change from 15 days to 90 days. Other than that, there were no other issues they saw. The intent would be to figure out how could we work with that group to make sure we can help the local market within their county, but there is no punishment for not submitting the report.

**Tom Akers:**

In regard to your question about the \$11 million, that money is from contracts that these emerging small businesses were awarded in Clark County and other entities. A lot of those contracts were under the discretionary threshold, but there were some formal opportunities as well. When they built that relationship, we found they were able to get callbacks. They had experience to do bigger projects. That is directly related to project needs that the local small businesses were able to fill.

In response to your question about the \$600,000 grant, the Economic Development Administration required Clark County to have a matching component. The matching component was \$200,000 and the federal government invested \$400,000 over a two-year period.

**Assemblywoman Neal:**

You refer to goals a lot in the amendment. I know GOED has not been focused on emerging businesses. What is the goal that is envisioned? How many businesses do we expect them to serve? What will the conversation be after this bill on what the goal is they need to meet? This is blanket here.

**Assemblywoman Bustamante Adams:**

That is a great question. We did have discussions because some of us wanted to set goals. I am goal-oriented myself. However, we left it blanket to allow GOED to look at what would be a realistic goal. We left the discretion to GOED because they have to come up with the regulations for the form and for the application. We came to the consensus that we would let the agency do it.

**Tom Akers:**

One of the challenges we have in the state of Nevada is actually knowing who these small businesses are. We believe there are somewhere between 2,000 and 2,500 small businesses out there who are knocking on the door within the public sphere. We need to look at the availability that is defined by those small businesses. They may be ready and available, but they are not willing to do business because they may be a little intimidated by the process. We want to make sure we addressed the ready, willing, and able component with this strategy as well.

**Assemblywoman Neal:**

In section 13, you have a determination of a full-time employee. In subsection 1 of section 13, you state, "An owner of a business applying for certification as a local emerging small business must not be considered a full-time equivalent employee." Out of curiosity, were there business owners who were including themselves as an employee and that is why we need to exclude them?

**Tom Akers:**

The business owners were excluded from the calculation from our standpoint. That was a consistent strategy. When we looked at other states who implemented a similar strategy, they left them out. What we had to wrestle with was a lot of small business owners have part-time employees or they have project specific-type help. That is what we were trying to address.

**Assemblywoman Neal:**

In section 16, subsection 2, paragraph (c) you have the population listed as less than 100,000. Clearly, this is getting into the rural areas, but the six-month reporting applies to them. What is the feedback on whether the six months is a burden or not?

**Tom Akers:**

Because of some of the challenges that all the rural counties had with cutbacks, they were concerned. Obviously, they could not hire any new full-time employees, so where could they bring in talent to address some of these requests? We wanted to make sure they had the latitude to do that with existing employee levels. We did not think it was fair or appropriate to tell them to hire people because we knew it would not be a viable option.

**Chairwoman Benitez-Thompson:**

Are there any further questions from the Committee? [There were none.] Do you have anything further in the presentation?

**Assemblywoman Bustamante Adams:**

No, that concludes our presentation.

**Chairwoman Benitez-Thompson:**

We will open testimony in support of the bill.

**Brian Christ, Vice President, S&B Christ Consulting, Las Vegas, Nevada:**

I appreciate the opportunity to speak with you this morning. I am here in support of this bill, based on my prior experience. I would like to tell a quick story as to why I feel this bill is important.

Prior to starting my own company, I worked for a larger engineering firm here in Las Vegas. While working for them, I managed most of their work for the Clark County Water Reclamation District. In three years, I managed a little over \$3 million in design fees, which equated to a little over \$50 million in construction projects. Well known within the district, many of the project managers have a lot of the relationships. When I started my own business, I went back to the Reclamation District as being able to offer the same services or similar services, but at lower fees and with better service. However, because we were a new firm, we could not compete in the procurement process. We submitted several bids and ranked pretty much last in most cases. After about a year and a half in business, we submitted on the Reclamation District's statement of qualifications (SOQ) process. We managed to get ranked because we had gotten work through other entities, but we were ranked last. An opportunity came through the Reclamation District, which had federal funding associated with it. With the federal funding came a greater reliance and more use of small businesses, which gave larger businesses more incentive to use a small business. That allowed us to get on two teams and we were successful in winning the work. We ended up providing a significant portion of both of those contracts for engineering services.

From a business standpoint, this allowed us to hire three employees, two of whom were out of work prior to getting those contracts. This really served as a catalyst and a jumping point for us that led to other opportunities. We were able to take that experience, as well as our relationships, and are now getting awarded a prime contract with the Reclamation District, which we are very excited about.

To put it into perspective, it took us four years to get a prime contract with a county agency, even with the relationships, just because of the reliance on past performance for the selection process.

From our perspective, this bill is a great benefit because it provides a framework for new small businesses for the county to use. We see it as a great opportunity to better compete and be known to these agencies, as it is often very difficult to build relationships and gain that experience.

**Chairwoman Benitez-Thompson:**

Are there any questions from Committee members? [There were none.]  
Is there any further testimony in support of the bill?

**Louise Helton, Owner, 1 Sun Solar Electric, Las Vegas, Nevada:**

Several years ago, when President Clinton came through town to a Nevada Development Authority dinner in 2006, when things were not so bad, he actually laid out a challenge. He said if we were really going to be serious about diversifying our economy, which we have all talked about over the years, if it were up to him we would definitely get into renewable energy.

Looking at that and taking it upon myself as a citizen, thinking that would be a very good idea for our state, I started forming a business that actually became operational in 2009. I was able to stop working at my day job and actually be a full-time business owner in 2011. In 2011, as a small business owner, I had had experience in nonprofit work. I have been before your body several times on other occasions, usually looking for help for at-risk children in the areas of early childhood education, their health care, or their education and well-being. That will not stop. However, I have branched out and have a business now that has given me a whole different arena that I am now engaged in.

One of the things that you find as you are networked in this state and you have been very entrenched in one area, is that it is not easy to shift gears and have this new opportunity readily accepted. There are a lot of things you need to learn and networks that you need to approach and engage in to be successful, not the least of which are these government opportunities. I think everyone has heard there are small businesses or procurement offices from different counties and the state that are always looking to do business with small businesses. I can tell you, most small business people have never had that opportunity. While they may all be looking for each other, it has not been a fruitful hunt for most folks.

I have to tell you, my good fortune was to be engaged with Tom Akers' program, which was offered through the Clark County Small Business Development Program. I engaged in that program for nine months, during which time I was able, every month, to have a wonderful business coach who was introducing me to key individuals who were able to explain to me their

department's needs and how they could best be met. It was a wonderful opportunity to learn. It is sort of like when you have children. They do not show up with an owner's manual. The same thing happens when you give birth to a small business; there is no owner's manual. To have an organization like Akers & Associates and the county to become so interested in small business and actually help us grow and thrive offers so much opportunity to support and encourage small business development in our state.

We all know this is really where so much economic growth can come from and is what our whole nation has depended on to turn this economy around. By bolstering and strengthening our small businesses, it can do nothing but make our opportunities better as our state is trying to come out of the economic funk we have had.

I would very much encourage you to support this type of program, because I think it is very good for both sides. Our opportunities have been to grow our business and we have been able to actually triple our business. We have been able to be successful, not only in gaining government contracts through Clark County, but also the City of Henderson and the City of Las Vegas. It is not for any other reason than we were willing to walk through that door of opportunity that was made available through this program and apply the things we learned. It was very valuable. We hope we are a better contractor because of it. I encourage you all to support this bill because I know it will help other small businesses, as it has helped mine, make themselves more successful and offer employment to more fellow Nevadans.

**Chairwoman Benitez-Thompson:**

Are there any questions from Committee members? [There were none.]

**Ted Olivas, representing City of Las Vegas:**

In am testifying today in support of this bill with the bill sponsor's amendments. I know there were some questions from a few Committee members. With your indulgence, Madam Chairwoman, I will double back and go through some of those.

In the first section, there is an amendment ([Exhibit J](#)). I worked with Assemblywoman Bustamante Adams on this amendment to add a requirement. Right now, in section 1, subsection 1, paragraphs (a), (b), and (c), it says the agencies have to report the number of businesses that submitted a bid, how many were awarded, and the total dollar amount. Those are the three basic things. What we were missing is how many times we solicited those local emerging small businesses. If we submitted a request to 100 small businesses, but only 70 responded, we would want to know that. We would want to know

the response rate is 70 percent. That is the reason we added the number of those businesses that were solicited. Now we know the total population and then we know those businesses that actually submitted a bid based on the request, and then the number that was awarded and the dollar amount.

If you look in section 1, subsection 2, it talks about the reporting requirements. The reporting frequency is essentially every six months and it is the same for all of the jurisdictions. There was a question about whether it was different for state versus local versus public works contracts. The answer is it is consistent throughout. It is at the end of each fiscal year and at the end of each calendar year. The requirements in sections 1, 2 and 5 are all the same.

There was a question about the reporting requirements and when it needs to be submitted. We said we needed 90 days to make sure we had enough time to gather the data. I would suggest it be consistent, but the other two sections relate to the state and public works. There was some thought about it being consistent.

Finally, if you go to section 11 in the mock-up amendment ([Exhibit G](#)), it identifies those businesses that we are calling local emerging small businesses and their requirements. If you look at section 11, subsection 2, paragraph (a), on line 38, it originally said, "If the business is involved in the performance of contracts on public works . . . ." Public works means something very specific to local governments in the state. That means they have worked on state or local government construction contracts. We are talking about local emerging small businesses that may not have had that opportunity before. If you look at this definition, it says the business was involved in that. We are trying to identify those businesses that may have been or may not have been. That was limiting, so that is why we said they were either in construction services or the sale of goods or non-construction services.

If you look in section 11, subsection 2, paragraph (b), it said, "If the business is involved in state or local purchasing . . . ." These businesses may not have been involved in state or local purchasing, so we did not want to cut them out. We want to open this to every local emerging small business. That is why we made the distinction in section 11, subsection 2, paragraphs (a) and (b) as to what those businesses are. That same change goes on to section 11, subsection 3.

I wanted to clarify that for the Committee. I would be happy to answer any questions.

**Assemblywoman Neal:**

This is more of a comment. Do you know what would be awesome? When you are working on Assembly Bill 50, if some of that redevelopment local money that you were thinking about applied to some of the emerging small businesses that found themselves in the redevelopment area.

**Ted Olivas:**

We do provide grants to mostly small businesses. I do not know that they actually meet the limitations that are provided in this bill, but those are the businesses that are getting those grants today. I would anticipate that we would do the same if it were a loan program, as well.

**Chairwoman Benitez-Thompson:**

Are there any additional questions? [There were none.]

**Jacki Ramirez, CEO, The Ramirez Group, Las Vegas, Nevada**

I am the CEO of the Ramirez Group, a woman-owned, small business firm in downtown Las Vegas. I am here today to testify in support of A.B. 294, which will provide more opportunities for small businesses to engage in business with the state and local governments in Nevada.

The success of small businesses is vital to economic recovery in our state. We need to create new resources to help them succeed. I have grown up in Las Vegas for the past 30 years and have seen the ebb and flow of the national economy impacts on our small businesses. For many years, my family owned and operated an air conditioning company in Las Vegas, which unfortunately fell victim to a bad economy.

Our local government spent millions of taxpayer dollars on contracting and business. We need to make a greater effort to keep those funds here in Nevada, provide resources to local small businesses, and invest in our own economic recovery.

I would like to mention, although it is not in your screenshot, we do have over 60 small business firms represented in the room this morning. Thank you for your time.

**Chairwoman Benitez-Thompson:**

Are there any questions from Committee members? [There were none.]

**Edy Seaver, Owner, Tangerine Office Systems, Henderson, Nevada:**

The recession was hard for our company. We sell office supplies and we remanufacture toner cartridges. We use green technology and I know Nevada

supports green technology today. The Department of Education, Training and Rehabilitation (DETR) and the Blind Center of Nevada approached me to help them with their state contract to sell remanufactured toner cartridges to state, city and local governments. We designed a program and we hired employees with the help of Workforce Connections, which is a great program also. It still is very difficult. We found roadblocks in getting through to all the state and county agencies. Mr. Akers' program and his Business Opportunity and Workforce Development (BOWD) certification really helped us make those connections. I can help the state, the Blind Center of Nevada, and DETR, who make profits off the program I am running for them. It is all about our carbon footprint in Nevada. The more we remanufacture used toner cartridges, the more we will lower our carbon footprint.

Mr. Akers did help me connect to a lot of different county purchasing agents and provided formal and informal opportunities. These small businesses have trouble with huge contracts that are being put out by or cities, states and local governments. We need entrance. We need practice to do small so we can then do the larger contracts. I have been in touch with Adleen Stidhum with Clark County Purchasing to take the toner portion out of the major contracts. I do urge the city and state agencies to do the same so you can utilize remanufactured product, which is better for our environment and will save our state, city, and local governments money.

I support this bill in total. It has been an excellent program and very professionally done. I encourage you to bring this program to the rural areas of Nevada, both north and south.

**Chairwoman Benitez-Thompson:**

Are there any questions from the Committee? [There were none.]

**Don Gallimore, Owner, Zumba Fitness, Sparks, Nevada:**

My wife and I are neophytes as business owners. For the most part, we are looking for every opportunity to help the community in fitness and nutrition. We are essentially looking to make sure our workforce stays healthy, which is one of our primary goals. We have a lot of friends who work in sedentary positions in their jobs, so they need to have this type of help.

This bill would possibly give us an opportunity to emerge into the governmental pockets that are available with funding, grants, et cetera. This is something that Assemblywoman Bustamante Adams has our full support in. We want to make sure we can compete with the more experienced corporations and companies that are out there. Mr. Olivas mentioned that all businesses should be included in this proposal.



**George W. (Buddy) Borden, Area Extension Specialist, Community Economic Development, University of Nevada Cooperative Extension:**

I am a state economic development specialist who actually covers the entire state of Nevada, working with communities, industries, and agencies on economic development issues. Of course, that also includes small businesses. I am actually one of the partners in the Clark County program. We have partnered with Akers & Associates, as well as some other agencies, including the Nevada Small Business Development Center, in order to provide the holistic program that we have been discussing today.

Small businesses are obviously very important to Nevada's economy. Our recruitment of industry is important, but so too are the business retention and expansion we have also talked about. That is what we are talking about with the small businesses. What can we do to make them better? As we have gotten them in the classroom, taking them through this 12-week course, that is what we are trying to do; basically improve their overall approach to business. A lot of that has to do with building business relationships and how to build their business.

This is a nontraditional approach. What we have heard from a lot of the agencies we have talked with is they are having great difficulty finding these businesses to do their business with. I look at this as an opportunity for us to actually build on that bridge and fill that gap. I think we are actually starting to see some of that. In our last session, we had close to \$3.5 to \$4 million worth of contracts that were actually awarded, just from one class of 60 businesses, as well as new employment of close to 40 new employees. Yes, a lot of it came from one big contract, but it was actually that relationship built through that class.

It is having impact and that is one of the key roles in this program. We are trying to measure that information; from when they start the class and how they have changed since then. There is a lot of one-on-one counseling.

This is also a way of leveling the playing field. A lot of the small businesses do not have the opportunity to legitimately get in and compete for those contracts because of their size or lack of experience. This puts them on a level playing field by putting the different tiers in the bill so they can actually gain the experience and receive some contract work. It gets them in the game, as we say in class. They have to get into the game and that is what they are they for. More importantly, I know the question came up of how we are going to address the rural side of this. The University of Nevada Cooperative Extension is actually throughout the entire state. I have the network system throughout and we are more than willing and able to work with GOED in order to make sure the

infrastructure is fulfilled to the fullest in order to make this program beneficial in what it is intended to do. That is also to connect our rural businesses if there are urban opportunities that we can also help them identify.

I am in favor of this bill and moving it forward. I have actually experienced it and am a part of it on a daily basis. I think it would be very good for the state of Nevada.

**Chairwoman Benitez-Thompson:**

Thank you for sharing your class size. I think that helps some of us who are not familiar with this field to better gauge the type of appetite that is out there for something like this.

**Assemblyman Oscarson:**

I appreciate the efforts of the cooperative extensions we have for the rural areas because they are so integrated into those communities. It is important that they are involved and share those ideas to help implement these programs, so I want to thank you.

**Allison Copenig, Private Citizen, Las Vegas, Nevada:**

I am a former State Senator for District 6. I still live in the district. I currently own a consulting business and will be opening a funeral planning services business in about a month.

Although my new business does not really utilize the services of state and local government, I am here in support of my brothers and sisters in small business. I understand the struggles that are out there. Ms. Helton mentioned that there is not any type of playbook that comes to small business, and navigating it is not an easy system, even for someone like me who has had the contacts.

I had the privilege of working with Assemblywoman Bustamante Adams and other members to craft this bill. I have to tell you, it was extremely refreshing to see the local and state governments' participation, excitement, and willingness to take on extra responsibilities to see that our businesses thrive in this community. As you know, that is not always the case when you are trying to marry businesses with local and state government. However, as I witnessed it, everyone who I came in contact with, the purchasing agents and purchasing departments, were really looking for something to get small businesses into some of these contracts. They basically had their hands tied by certain limitations that were either in statute or by their own regulations.

I am very much in support of this bill and I am happy to have collaborated with everyone else. One comment about Mr. Akers and his program is I am actually

a member of that program currently. I had taken a client to be a part of that program to help him get more connected with local and state government. When I attended, I was so impressed by the work this man has done and really credit him for getting hundreds of small businesses exposure into getting state and local contracts. One thing we do realize is he is just one man with one program. He, like so many other people, would like to see this grow. He cannot do it all. It is time we stepped in to give small businesses a greater opportunity.

That is all I have to say, other than I just wanted to thank you all for your service. I know you are entering the point of tired to exhausted in this session, and you are probably not getting thanked too much. I feel for you and I am grateful for the service that you are doing for our state. Thank you for considering this bill.

**Juana Hart, J. Hart Communications, Las Vegas, Nevada:**

I, too, am a partner in the Clark County Business Opportunity and Workforce Development Program. What I would like to provide is a perspective of not just what this could do for Nevada, but what approving A.B. 294 could mean in terms of what is going on with our nation.

I have had the opportunity for several years to work with Tom Akers as he worked with small business development for government entities throughout the United States. There is something that everyone has in common across the country. You have procurements and purchasing agents in government entities saying they do not have enough qualified small businesses to handle the work they have. At the same time, you have small businesses in all of those communities saying they want to have opportunities to work with government entities, but they do not know how to get into the system, or they have tried repeatedly so they have just stopped trying. When that happens here in Nevada, it means that dollars that could be spent here in the state with small businesses, or perhaps pay salaries for additional employees, instead of going outside of the state. What we have here is not only an opportunity to build Nevada from within, but also to set the standard for the rest of the country; something that could help our entire country become more economically sound.

When I think of the Clark County Business Development programs that have been conducted and the programs that these small businesses you are hearing from this morning have been involved in, I think about people like Louise Helton, who just told you a little earlier that she tripled her business in just one year. I think about someone like Don Ross of Don Ross Construction, who had actually considered moving out of the state because of what was going on, but decided to keep his business in Nevada as a result of what happened here.

I think about another person named Bernice Davidson who has told the students in the class that she has now stopped counting the number of contracts she has been able to land as a result of this program.

We have these people, but then we have other people who do not get a contract while they are going through the program, but who say they have been able to leverage this opportunity to get new business with nongovernment entities. This is a win/win for everyone involved. Thank you so much for being willing to entertain this bill today. I will be more excited to see it approved. Thank you for the opportunity to have a say in how things go.

**Chairwoman Benitez-Thompson:**

Thank you for your comments and for the specific examples of folks who would benefit from something like this. I see no questions from Committee members. Is there additional testimony in support of the bill, either in Carson City or in Las Vegas? [There was none.] I will transition to testimony in opposition of the bill. [There was none.] We will move to testimony neutral to the bill.

**Steve Hill, Director, Governor's Office of Economic Development:**

I am simply testifying in the neutral position based on the fiscal aspects of the bill and the fact that most of the fiscal note, if not all of it, is from our office. We do support the concept in this bill and I would like to thank Assemblywoman Bustamante Adams for including us in this conversation for quite some time. It has allowed us to get our arms around how we would administer this and look into where the information can be developed in order to certify these businesses. We are still projecting how that would work, primarily around the number of companies that would want to be certified. There may be some disputes along the certification process. We do think there will be a number of emerging small businesses that would want to be involved with this program. Mr. Akers earlier projected 2,000 to 2,500, but it could end up being more than that, in our opinion.

Currently in our office, we have what we call the Nevada Procurement Outreach Program (POP). Lyndee Cichon is the director of that office, which is a program that helps companies in Nevada contract with the federal government. It does not require a certification process on our end. We currently work with about 1,200 companies in Nevada to connect them with potential federal contracts. Ms. Cichon has been a lot of help in thinking through this as well.

From the merits of the proposal standpoint, many have already been articulated today. We do think it will provide an opportunity to open the door for smaller businesses in the state. We think that measuring those results will raise the

awareness in the agencies. I know that it would in ours, and I think it would in others as well.

With respect to the goals that would be determined, I think it is important that we first get our arms around where we are now. I think the goal should be based on improvement in those areas since we do not know what the current status is. It is very difficult to project, and I think the goals would basically just be a guess at this point. Measuring in that first year and then setting goals is probably the appropriate way to do that.

Something that has not been highlighted is not only would this help these small businesses, but given the way that the emerging small businesses are defined, it will also help keep some of that contract money from going out of state and keeping that contract money within state businesses. In order to qualify as an emerging small business, you would need to have your headquarters here in Nevada. I think that will keep some state purchasing dollars in the state, which I think would be beneficial for businesses here.

This bill does not mandate that these things happen. I think the measuring process encourages that and I personally think that is an appropriate way to start this program.

We do support the merits of the bill. We do have some experience in our office around these types of programs that have been pretty successful. We connected businesses with \$32 million in federal contracts during the last quarter. That number has been rising pretty significantly over the past year. We would like to help businesses here in Nevada connect with the state and local governments, as well.

**Chairwoman Benitez-Thompson:**

You mentioned a fiscal note earlier in your testimony. Is that fiscal note coming from your office? Are you going to base it upon the amended language and is that what we are waiting for?

**Steve Hill:**

I was under the impression we had submitted the fiscal note last week.

**Chairwoman Benitez-Thompson:**

I do not see it on the Nevada Electronic Legislative Information System (NELIS), so we will double check and then get it out to Committee members. Could you at least give us an estimate of what the fiscal note might be?

**Steve Hill:**

We allocated \$250,000 annually for the outreach program. In the first year of this program, in order to get it started, we need a director and four employees in administration. We would reduce that in the second year to three employees in administration. The total for the personnel costs and office costs was approximately \$450,000 in the first year. That would be reduced by the relative costs of an additional person, approximately \$75,000 I believe, in the second year and subsequent years.

**Chairwoman Benitez-Thompson:**

Thank you. We will look for your fiscal note and make sure it gets out to Committee members. Are there any questions from Committee members?

**Assemblywoman Neal:**

On the fiscal note, is that going to be internally eaten by GOED? Do you have funds that you can use, is there a federal grant or a relationship with the Economic Development Authority of Western Nevada (EDAWN), or something that could cover the cost?

**Steve Hill:**

Internally, we currently do not have the capacity to administer this program. We would need to add four or five people on staff and in order to implement the outreach program, we would need funds to work with the private sector.

**Assemblywoman Neal:**

Will this bill end up in the Assembly Committee on Ways and Means because it is going to come from the General Fund?

**Steve Hill:**

That would be my understanding, yes.

**Chairwoman Benitez-Thompson:**

Are there additional questions from Committee members? [There were none.]

**Brian Daw, representing Clark County School District:**

We would like to thank Assemblywoman Bustamante Adams for her willingness to work with us on this bill. While we support working with local emerging small businesses, our current purchasing system has limitations that would require reprogramming for the reporting requirements of this bill. We estimate that this reprogramming cost will be approximately \$100,000.

**Chairwoman Benitez-Thompson:**

When you say reprogramming, is that the technology and the staff, or is it new software?

**Brian Daw:**

I am just pinch-hitting on this bill and it is from another member of our government affairs team, so I do not have the specific information to give you a detailed answer on that, but I can certainly obtain that information and get it back to you.

**Chairwoman Benitez-Thompson:**

We will be looking for the hard copy of that fiscal note, as well. Are there any questions from the Committee? [There were none.] Is there any additional testimony neutral to this bill? [There was none.] I will invite the bill's sponsor back to the table for closing comments. I need clarification on one point from the bill's sponsor. In section 1, subsection 1, line 14, you talk about utilizing procurement cards. Could you explain what those are and what they do?

**Assemblywoman Bustamante Adams:**

The way I understand how procurements cards work is agencies are allowed to use something similar to a Visa debit card, which is probably not the right term, but the intent is like a Visa debit card, where they can purchase items under \$1,999. The feedback I received was it would be too burdensome to track those dollars when they make small purchases. We included that language to exclude tracking those dollars associated with the procurement cards. I do not know the exact technical term, but that is my intent.

In closing comments, I would like to say I am excited for all the collaborative efforts, working in the north and south, with our rural communities, and all the individuals who were on the working group. It has been an awesome experience for me to learn the functions of our state. I look forward to continuing to work with them and encourage your support of the bill.

**Chairwoman Benitez-Thompson:**

We will close the hearing on Assembly Bill 294. Is there any public comment at this time? [There was none.] The hearing of the Assembly Committee on Government Affairs is adjourned [at 10:17 a.m.].

RESPECTFULLY SUBMITTED:

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Lori McCleary  
Committee Secretary

APPROVED BY:

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Assemblywoman Teresa Benitez-Thompson, Chairwoman

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



**EXHIBITS**

**Committee Name:** Committee on Government Affairs

**Date:** April 2, 2013

**Time of Meeting:** 8:07 a.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Attendance Roster
A.B. 253	C	Assemblyman Hansen	Testimony
A.B. 253	D	Assemblyman Hansen	General Fund Appropriations, Page 13
A.B. 253	E	Assemblyman Hansen	Appropriations and Authorizations by Funding Source
A.B. 253	F	Assemblyman Hansen	Elko Daily Free Press Article – How automatic budget cuts could affect Nevada
A.B. 294	G	Assemblywoman Bustamante Adams	Mock-up Proposed Amendment
A.B. 294	H	Assemblywoman Bustamante Adams	Overview
A.B. 294	I	Assemblywoman Bustamante Adams	PowerPoint presentation
A.B. 294	J	Assemblywoman Bustamante Adams	Proposed Amendment