

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON TAXATION**

**Seventy-Seventh Session
March 26, 2013**

The Committee on Taxation was called to order by Chairwoman Irene Bustamante Adams at 1:01 p.m. on Tuesday, March 26, 2013, in Room 4100 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. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblywoman Irene Bustamante Adams, Chairwoman
Assemblywoman Peggy Pierce, Vice Chairwoman
Assemblywoman Teresa Benitez-Thompson
Assemblyman Jason Frierson
Assemblyman Tom Grady
Assemblyman Crescent Hardy
Assemblyman Pat Hickey
Assemblywoman Marilyn K. Kirkpatrick
Assemblyman Randy Kirner
Assemblywoman Dina Neal
Assemblyman Lynn D. Stewart

COMMITTEE MEMBERS ABSENT:

Assemblyman William C. Horne (excused)

GUEST LEGISLATORS PRESENT:

None



STAFF MEMBERS PRESENT:

Russell J. Guindon, Principal Deputy Fiscal Analyst
Michael Nakamoto, Deputy Fiscal Analyst
Terry Horgan, Committee Secretary
Gina Hall, Committee Secretary
Olivia Lloyd, Committee Assistant
Colter Thomas, Committee Assistant

OTHERS PRESENT:

Caleb S. Cage, Captain, U.S. Army, Executive Director, Office of the
Executive Director for Veterans' Services, Office of Veterans'
Services
Caleb E. Harris, representing the Disabled American Veterans
Chris Wahle, representing the Disabled American Veterans
Rick Houghtelling, Private Citizen, Las Vegas
Wes Henderson, Executive Director, Nevada League of Cities and
Municipalities
Kimberly H. Robinson, Executive Director, Truckee Meadows Regional
Planning Agency
Jeremy M. Smith, GIS/Planning Analyst II, Truckee Meadows Regional
Planning Agency
Bob Potts, Research Director, Office of Economic Development, Office of
the Governor
Kevin Raiford, Instructor, Department of Business Administration, College
of Southern Nevada
Brian Bonnenfant, Project Manager, Center for Regional Studies,
University of Nevada, Reno
Ray Bacon, representing the Nevada Manufacturers Association
Jacqueline R. Holloway, Director, Business License, Clark County
Steve Hill, Executive Director, Office of Economic Development, Office of
the Governor

Chairwoman Bustamante Adams:

Good afternoon everyone. I would like to welcome a new member to our staff. Colter Thomas will be our new committee assistant. Please stand up and let us give him a round of applause and make him feel welcome.

We have two bills today. We have videoconference in Las Vegas today so I would like to welcome those individuals. I will ask Assemblyman Stewart to come to the witness table. We are going to hear his bill. I would like to open the hearing on Assembly Bill 290.

Assembly Bill 290: Revises provisions relating to certain tax exemptions for certain veterans. (BDR 32-438)

Assemblyman Lynn D. Stewart, Clark County Assembly District No. 22:

I appreciate the opportunity to present Assembly Bill 290. First of all I would like to acknowledge the veterans at the table with me today, and the veterans in the audience. We appreciate their service and their support.

Assembly Bill 290 is a very short bill. In current law those veterans who have a service-related disability are granted a property tax exemption based on the extent of the injury. Those injuries go from 0 to 100 percent. Some individuals do not have a 100 percent disability but are unable to get gainful employment due to their injury.

I have at the table with me Mr. Caleb Cage, the Executive Director of the Office of Veterans' Affairs, Caleb E. Harris and Chris Wahle, representing Disabled American Veterans. With your permission, Madam Chairwoman, I will turn the time over to Mr. Cage.

Caleb S. Cage, Captain, U.S. Army, Executive Director, Office of the Executive Director for Veterans' Services, Office of Veterans' Services:

I would like to talk to you about what this bill does, and explain a couple of key terms and how my office is involved.

This bill basically creates parity between individual unemployability (IU), which is federal recognition of a 100 percent U.S. Department of Veterans Affairs (VA) disability without being 100 percent disabled, and 100 percent disabled for governmental services tax (GST) and assessors' taxes here in the state. Individual unemployability is a part of the VA's disability compensation program. It allows the VA to pay certain veterans compensation at the 100 percent rate. They are recognizing the veterans at the 100 rate, even though the VA has not rated their service-connected disabilities at that level.

In order to be eligible for IU a veteran must be unable to maintain substantially gainful employment as a result of his or her service-connected disabilities. There are several other caveats here that are important to the application of this law if it were to be passed. They have to have a minimum of a 60 percent service-connected disability, and those disabilities have to have deteriorated, for lack of a better word, to a level where the veteran is unemployable, or they have to have at least one disability rating at 40 percent and more than one combined rating that takes them to the 70 percent rate. Our office helps veterans in the State of Nevada who are eligible for this designation by the VA to apply for it and to manage their claim throughout the process.

Currently the federal VA in Nevada believes there are about 759 veterans who are designated as IU in the state. What this would mean for those 759 veterans here in the state, in an application sense, is if they were 60 or 70 percent disabled, 80 or 90 percent disabled, they would fall under a certain category for assessors' tax and GST, and this would move that 60 to 70 percent in line with the federal designation of 100 percent. That is an overview of our office's role in this and the bill itself.

Caleb E. Harris, representing the Disabled American Veterans:

I would just like to reiterate what Assemblyman Stewart and Mr. Caleb Cage have already mentioned. The primary concern the Disabled American Veterans has is that the 100 percent rating is established by the federal government. The State of Nevada has determined to apply a different definition than what the standard is. This is a very complex and complicated system. It is not just simply adding up different percentages to come up with an overall rating, and because of that we want it to be left to the federal government to apply the 100 percent, therefore using the same definition and standard at the state level.

What we currently have are inconsistencies throughout the state and veterans themselves, when they go in to get their tax exempt status, find it does not seem to be used consistently across the board. We think the federal definition being applied at the state level would help rectify that.

Chris Wahle, representing the Disabled American Veterans:

I agree with what has been said. To make a long story very short and simple, the VA uses "fuzzy mathematics." In order to be 100 percent totally disabled your additions would add up to about 160 percent. It is very hard to explain. It is very difficult. It is based on the percentage of your ability, and in order to get the full 100 percent it takes a lot of doing.

The IU is much easier and it is much easier to get. We would just like to have parity with the 100 percent individuals. It would be great for us to come into line across the State of Nevada with the various assessors and how the formula is administrated.

Chairwoman Bustamante Adams:

Are there any questions from the members of the Committee?

Assemblyman Kirner:

I am trying to follow all the percentages. As an overview of this bill, is this bill intended to take the federal definitions of the percentages and then overlay them into Nevada law?

Caleb S. Cage:

Essentially yes. The federal VA recognizes a person who is designated as IU as 100 percent disabled. That federal recognition is not reciprocated at the state level. The state interprets statute that says the actual percentage. Again there are about 759 people who are in the 60 to 70 percent range, but fall under 100 percent from a federal level.

Assemblyman Kirner:

Are there any other bills or laws that would be impacted by this?

Caleb S. Cage:

I know that there are two other bills forward that address this specifically. One is Senator Spearman's Senate Bill 308 and Assemblyman Healey's Assembly Bill 296. Both deal with this chapter, but I do not think would necessarily be impactful. They are basically expanding it for Operation Iraqi Freedom and Operation Enduring Freedom veterans, if I understand their bills correctly.

Assemblyman Kirner:

So they are not in conflict?

Caleb S. Cage:

To the best of my knowledge, no.

Chairwoman Bustamante Adams:

I will ask our fiscal analyst to verify that Assemblyman Kirner.

Michael Nakamoto, Deputy Fiscal Analyst:

The two bills Mr. Cage is referring to deal with exemptions in a separate section of *Nevada Revised Statutes* (NRS), for both property tax and the governmental services tax, that are afforded to veterans who have served during various war or conflict periods. Those particular bills are in a separate section than what is being proposed to be amended in this bill.

Chairwoman Bustamante Adams:

Mr. Cage you mentioned 759 veterans, is that correct?

Caleb S. Cage:

That was the estimate given to us by the federal VA.

Chairwoman Bustamante Adams:

Are those veterans already classified as having one disability?

Caleb S. Cage:

In order to be designated as IU you have to be at least 60 percent with one disability or 70 percent with multiple disabilities. The short answer is yes.

Chairwoman Bustamante Adams:

I know that we are not the money committee, Assemblyman Stewart, but could you reference the effect on the state portion of this? Do you have that information?

Assemblyman Stewart:

Michael has come up with some figures for us: fiscal year 2013-2014 approximately \$156,000, and 2014-2015 approximately \$175,000. May I add, money well worth it.

Chairwoman Bustamante Adams:

Are there any other questions from the members of the Committee? [There were none.] I am going to transition to the support position of your bill. We will take the person in Las Vegas.

Rick Houghtelling, Private Citizen, Las Vegas:

These people went out, were injured, and they earned this. I do not think this is a money issue. Our government is the only one that can add 30, 40, and 50 and come up with 70. We need to amend our law to meet what the federal law says. I am what they would consider a permanently and totally disabled veteran, with the 70 and the 30. It took 11 years to get to that point. Two of those years I spent in a long-term care facility and another year I spent in the hospital. This is not something you are giving to people who did not earn it. I am urging very strongly that you pass this.

Chairwoman Bustamante Adams:

Are there any others in Carson City who would like to testify in support? [There were none.] I know we have several veterans in the audience. I would like you stand up so I can acknowledge you. I know you are not going to come to the witness table but we would like to express our gratitude.

We will transition to the opposition for this bill. Is there anybody in Las Vegas in opposition? [There was no one.] Is there anybody in Carson City in opposition? [There was no one.] Could those in the neutral position please come to the witness table.

Wes Henderson, Executive Director, Nevada League of Cities and Municipalities:

We are neutral on this bill. My comments today are of a more global nature on the subject of tax abatements. There are several bills this session that deal with

tax abatements. We respectfully ask when you consider them to take into consideration the total effect these have on local governments. A little abatement here, a little abatement there ends up being real dollars that are not going to local governments for them to be able to provide the services they are required to do. Certainly in no way are we against veterans and tax exemptions for veterans, and we appreciate their service to our country.

Chairwoman Bustamante Adams:

Are there any questions from the members of the Committee? [There were none.] Are there any others in the neutral position? [There was no one.] I would like Assemblyman Stewart to come back and close on this bill.

Assemblyman Stewart:

Thank you again for hearing this bill. I hope we will consider the service of our veterans. I appreciate what Mr. Henderson said. We have a lot of abatements, but I think there are none more deserving of an abatement than our veterans.

Chairwoman Bustamante Adams:

I will close the hearing on A.B. 290. We will transition to our next bill. I would like Assemblywoman Neal to come to the witness table. I will open the hearing on Assembly Bill 410.

Assembly Bill 410: Directs the Office of Economic Development to create a pilot program to encourage the growth of existing businesses in this State. (BDR S-33)

Assemblywoman Dina Neal, Clark County Assembly District No. 7:

Assembly Bill 410 is an economic gardening bill. If you look on Nevada Electronic Legislative Information System (NELIS) there is an amendment ([Exhibit C](#)). I will first go through a PowerPoint presentation ([Exhibit D](#)) to explain what economic gardening does.

Economic gardening started in 1987 in Littleton, Colorado. I had the privilege of meeting Chris Gibbons, the man who created it. The process of economic gardening came about because Littleton, Colorado, lost one of its largest employers. They lost 7,000 workers. Instead of focusing on recruitment of outside businesses, they focused on how they could grow their own. They then applied a technical assistance program to those businesses. It is a long-term strategy, and over a 20-year time frame they saw their \$6 million tax base change into a \$20 million tax base by applying this technical assistance program.

I will go over the four phases of economic gardening. First is to shift away from recruiting outside businesses and work within your own community to help those businesses expand. The second phase is to de-emphasize the idea of low cost when doing business. You focus on the importance of a highly skilled workforce that will create new wealth. The third phase is to provide assistance to local growing businesses and allocate scarce resources to proven businesses in targeted sectors. In phase four you identify the role of the public sector: information, infrastructure, and connections.

I know some people may be asking why are we doing this now. I had a big interest in focusing on our existing businesses within our economic development plan. Who do we have, how can we help them grow, and what was the missing link? I have been working on this during the interim, about a year and a half. I was fortunate, when we had our Council of State Governments conference, to meet Mr. Gibbons.

In phase one knowing what our existing businesses are and their projected growth is important because you need to have a sense of the landscape in your economic environment.

I have a second chart [([Exhibit D](#)), page 4] that I got from the U.S. Bureau of Labor Statistics. It is specific to Nevada. You may not remember this, but about a year ago we printed out a report on the economic growth and our industry projections through 2018. What I highlighted in yellow and green on this chart was just to give you an example of what positions were actually growing. It is about a 70-page document. In yellow you can see a projected outcome of what is happening with management occupations. By 2018 you can see they will grow by 796. Then you see what is happening in business and financial. This is only to give you the example of what the process is for identifying growth. How do you know what is growing and how do you target industries that you know are going to have a significant increase?

The reason this is brought up is that there are two approaches to economic gardening. One approach is to take an existing business that is in its second stage, not a startup. They have not matured. They have not gotten to the level where they are ready to just fly on their own. They still need some help. The second type of business is considered a gazelle, because it has been determined that they will have 20 percent growth in four to five years. They are high-paced, second-stage companies, but they have a different potential than a post-startup. This type of data can help you find out who is growing and what type of industry you should focus on.

We need to know what our labor skill set is. If we know what our projected growth is for labor, then we can utilize that data to be innovated and creative. Let us say in phase two we are looking at our team structures. As a business, if we want to grow, we need to assess who is on our team. We also need to assess who we can add to our team in terms of labor and management decisions, or business decisions, because it is really important that your team structures work.

What I found out over the past year is that we had a lot of businesses that were not using data. They were using a lot of prayer. They were being their chief executive officer (CEO), their accountant, their part-time lawyer, and they were doing more than they needed to do. They kept wondering why they were not growing and why they were not able to move their business forward. It was because they were doing too many things they did not have expertise in. You need to know who is on your team, how you can help build your team, and what you need. So that is part of the discussion.

This team structure is important because in the bill language you see that it requires mentoring. The expectation is that you may not know as a business much more than your bright idea. You love your business and think you want to do this. Now the state will then be an actor that engages in a level of mentoring. There will be CEO forums for mentoring of business decisions, so companies make the right decisions and get growth.

Phase three is competitive intelligence. This is the benchmark of economic gardening. Once you identify your market, what industries are growing, what your labor force is, and how you are going to grow your team, then you need to move to competitive intelligence. How do you use this data?

I have this interesting quote, "Know thyself, know thy competition, and get it right almost every time. Know thyself, not know thy competition, and get it right about half the time. Not know thyself, not know thy competition, and get it wrong almost every time."

Competitive intelligence is the process that gives insight into what might happen in the near future. It involves stages of data to help you make an informed decision. The key part of this is that it requires you to collect data, but it also requires the next stage of analysis. The purpose is to derive some meaning from the gathered data and information, which is the filtering, and to use that information, and to act on that information. To understand the opportunities that may come your way as a business.

When we present intelligence, people draw a conclusion and they make an important decision quickly. This is the part where the state comes in because we have been collecting data. The question is what level of data do you need to be encapsulated in order to make a business decision? We need to be able to get enough information and to know what is going on so we can give you an exact picture.

The roadblock to this is how we have housed data. Where can we find it? The good news here is that the Governor's Office of Economic Development (GOED) has actually managed to put all of this data in one place. They have created a data website where we can go and find data from multiple agencies. We can access it and pull it out.

The next part is selection, collection, and interpretation. You have language in the bill that says "Center." We have had the Center for Business and Economic Research (CBER) in the state for a while, and its mission has been to do a version of the selection, collection, and interpretation of data. There is a problem though. You have the University of Nevada, Reno (UNR) campus doing it, but sporadically. Then you have the southern CBER campus that was not doing it at all. This bill creates an alignment between the two entities. It also will draw in the College of Southern Nevada (CSN), so when you look at the language that says "other interested parties," that are engaging in economic development, that is inclusive of all parties in the north and south that are willing to participate in this pilot program.

The next issue is that if you are going to collect all of this data, what about the proprietary information? What about the next level business information that you are trying to collect? Competitive intelligence does not get into the business of trade secrets. It does not get into the issue of what is proprietary. When we look at tax level data, at our taxable sales, we know that some of that information is proprietary. What we have in our tax system is a self-reporting mechanism for taxable sales to identify businesses. We are only looking for what is already out there. We cannot get information that we are legally prohibited from using for your business or from your business. What we can get, we are going to collate and analyze to provide a full understanding of what your competitor market is—the culture, behavior, and capabilities.

Competitive intelligence involves some market research and benchmarking. The important questions that need to be asked and answered are: Who are your competitors? How are they able to grow? What is the capture of their market share? What new products will competitor A, B, or C develop, and when will they release these new products? An interesting exercise I did in the interim involved discovering if I was just a regular person and did not know anyone, or

that CBER existed, how I would find all this information. San Francisco produces a report for the western region on consumer expenditures and spending potential. I also wanted to find out by industry. I wanted to look at what Wal-Mart was doing and how they were selling. I looked up their industry report, what they were telling their investors, what was growing, what was doing well, and what was not doing well. I also looked at Designer Shoe Warehouse, which is a shoe store. What is interesting is that if you look hard enough on a website, you can find investor information. They are going to tell an investor if they are growing in tennis shoes or if they are growing well in sandals. That is competitive information you may not have known about, but you can find it on your own, to figure out if you want to open a shoe store, and will it be a shoe store for sandals or tennis shoes. What should I purchase? So this is a matter of using data to help you make an informed business decision. In my bill I am imagining that CBER will then engage to the next level, be a technical assistant actor in the state to help businesses do exactly that, without having to go the long way around and look at every website that may be associated with a potential business. It will actually compile all of the data, have it in one place, do the analysis, mentor business people, and then help them apply it.

Phase four is gardening. Gardening is collecting or retrieving data on industry trends and performing market analysis. The questions that a business will ask and answer within this model are: What does this data tell me? What do I need to adjust? What do I need to do to adapt? I learned that in the recession a lot of businesses were not good at adapting. They were not good at understanding that the market was not working for them, what they needed to do to adapt, or what data they needed to review to adapt their business decisions. I found this heavily in my district. When I started asking more questions in different districts I found the same thing was occurring. They may have pulled back on how much they were spending, but they did not know how to engage in the new market that may have been created.

I created a consumer expenditure chart [([Exhibit D](#)), page 18]. This is something I created, not the data guys. I presented this information to different businesses. I asked them if they had ever seen this information, if they knew what it did, and if they knew how to use the information? This consumer expenditure chart basically was pulled from the Bureau of Labor Statistics and the U.S. Census Bureau. It gave a regional landscape of what was happening in terms of the number of consumer units, age of the person, and expenditures for food and housing, so you could get an idea of how your region was working.

Page 19 ([Exhibit D](#)) still takes the national approach. I am getting ready to drill down to the next slide where you are able to look at food and how we are

growing regionally. Who was buying cereal, who was buying meat, and who was buying dairy. I then tried to drill down in retail goods and services expenditures. This is measuring the spending potential index. A spending potential index is how much consumers are actually spending, and the value of what they are spending on these particular products. Now, if the index is less than 100, an 80 or 70, you are in the mid. If you are 40 or 50, you are a low spend. If you are above 100, that means there is a high spend in that category.

Looking at men's apparel, you can see that in Las Vegas you had a spending potential index of 74. It gives you the average amount spent that month and then the total for the year. This is important data because if you are a business engaging in selling men's clothes, you now have a snapshot of what is happening in your area. From the cooperative extension at the University of Nevada, Las Vegas (UNLV), I was able to get this information for my district and by zip code. I was told yes. I was then able to show businesses in my district exactly what their spending potential index was, what was going on, so they could start thinking about decreases in the past year and what they should be doing to adapt and adjust.

In the bill itself you have agencies that are already providing free information. You have UNLV, the National Bureau of Economic Research (NBER), and the Nevada Department of Taxation. I went looking further to see what the cities had. I found out that the City of Las Vegas had been producing a demographic report every year that was a little bit more detailed than what the City of Henderson and the City of North Las Vegas were doing. They were doing population estimates, projections, and income population by zip code. I then found out that the City of Las Vegas was doing a form of a hybrid economic gardening.

Pages 23 through 26 ([Exhibit D](#)) are examples of the Las Vegas zip code profiles. This is the demographic profile they produce every year. It is in a book. You can even find it online. Most people did not even know it existed. You can figure out by zip code what is happening. If you were going to do a party-planning business for children, the detailed information by zip code would help you understand what percentage of children is in that community and what their ages are. It also offers the ability for a business to make a decision by combining zip codes. You can then send your marketing out to zip codes where you are actually going to get those children to come to your party business. This is a simple way.

The other information they put out was education. When I presented this to the business people in my community it was helpful. They wanted to know why the education of a constituent would matter in a zip code. I told them the main

reason why was to know how to write your marketing, to know who you are actually writing it for. If you know the education level of the people in those zip codes you know what kind of language to present and how you are going to draw those people in. If you ended up with a zip code that has less than a high school education, you should not be using large words in your marketing.

Page 27 ([Exhibit D](#)) shows the City of North Las Vegas' profile. I added this in so you could see who all was doing this.

Page 28 ([Exhibit D](#)) shows the City of Henderson. The City of Henderson breaks it down, but it is not as detailed as the City of Las Vegas. They do, however, lay out some interesting things.

The third part, which is still under gardening, is geographic information system (GIS) mapping. I will have the representatives from the Truckee Meadows Regional Planning Agency come to the table. They have actually started the process of a GIS mapping system that I want you to see.

Kimberly H. Robinson, Executive Director, Truckee Meadows Regional Planning Agency:

We have been working on a project in conjunction with the Economic Development Authority of Western Nevada (EDAWN) and the Western Nevada Development District (WNDD), in addition to the jurisdictions on our communities; Reno, Sparks, and Washoe County, to develop a business data viewer. This is in support of the economic development for our region.

The reason Assemblywoman Neal asked us here today was to provide the opportunity to see what is possible, imagine what the possibilities might be based on some of the work we have done. I will now turn it over to Jeremy Smith.

Jeremy M. Smith, GIS/Planning Analyst II, Truckee Meadows Regional Planning Agency:

It is my honor to be here today to talk to you about GIS and the viewer we have been working on. What we have here today is powered by Esri, the market share leader in GIS technology. It is a viewer tool that runs on Microsoft Silverlight. We are leveraging data about businesses that we collected for the Regional Transportation Commission (RTC) of Washoe County regional transportation plan update in the Truckee Meadows region. They were very interested to know, by their traffic analysis zones, how many employees there were in given industry types. They wanted to find out what the traffic demand is like on certain roads. We saw a connection with work that was being done by EDAWN and decided they could probably benefit from a tool like this, where

they could see this type of information about businesses. We are in the inception stages. I would say it is certainly not complete, but it is a working prototype.

I am on the Internet right now. We have loaded in the business data, which is from a vendor named Nielsen Claritas <www.claritas.com>. We have done quite a bit of spatial enhancement to that data as well.

What you see here is a base map in the background. The large round circles are spatial clusters of businesses, not divided by any sort of industry type yet, but they are spatially located together. As you zoom in you can get a little more information. All of the singular dots represent at least one business, possibly more than one. We can click on them, and in this particular location there are three businesses that come up. There are attributes involved with each record. You can find out things like what the name of the business is, what assessor parcel number they fall in, contact information, and address information. We can also find out the North American Industry Classification System (NAICS) code. This is the federal system by which we divide up all of the industries in the nation. We have that code, as well as its description and the number of local employees. In this case it is a local business with five local employees. If it was a business like U-Haul, you might see 27 at this location in Reno, but then there might be 25,000 as far as total employees in the entire business. Claritas provides a model number for annual sales, both locally and nationally, so we get that information as well.

You can scroll through each record individually. What is really nice is that you can use a spatial selection. Say you want to target retention, which is something that EDAWN was very excited about, they could go to a specific area, like Glendale Avenue, and draw a box with the selection tool. That is then highlighted and you can open a table and export that information to an Excel file. Then all of that same attribute information for all of those businesses you selected is available to you in Excel. You can decide how you want to break it up and how you want to target the businesses.

We are working on a tool, but it is really still a prototype, that would allow you to search by the NAICS code, or a collection of NAICS codes. You can find out for a specific industry who is where, and this of course leads to the ability for retention if you want to target them, or developing information about an existing supply chain business that could feed into other existing businesses.

Kimberly Robinson:

One other item I would like to point out is that we can also add a variety of additional data sets to this. Whether it is the Bureau of Labor Statistics

information that was previously shown or Census information, it can be added into this, since each is what we refer to as a layer in geographic information systems. We have an example of that layer piece as well.

Jeremy Smith:

What you see here, these polygon shapes that are sort of a red and pink color represent our efforts toward defining the industrial lands in the Truckee Meadows. You will notice that the darker color means that, according to the assessor, the parcel has been built, so there is a square footage, a certain building size, that sort of thing. The lighter salmon color represents a vacant parcel. We are trying to get a handle on, inline with what are the targeted industry types from GOED and EDAWN, we are trying to understand if we actually have the land, based on current zoning, to support those industries. That is an analysis layer you can add into a viewer like this and start to understand spatially what is going on.

Assemblywoman Neal:

That is really the fourth stage. I wanted them to show you this because my clustered map is too dense. I wanted them to show you what GIS can do. This is just the beginning stage. We are trying to get to the next level.

In the bill we are asking for a GIS specialist for both sides, the north and the south. The idea is to put someone on staff to be able to do this work, to get that level of data to help a business make a business decision. We are open to questions.

Chairwoman Bustamante Adams:

After we take questions from the Committee members I will have you go section by section. We have members on the Committee who have construction businesses. We also had a presentation today in the Assembly Committee on Government Affairs about businesses owned by service-disabled veterans. Could you help us understand in layman's terms how a business of that nature could use the information that you just described?

Assemblywoman Neal:

You would have to go a little bit deeper. Construction in what terms?

Chairwoman Bustamante Adams:

Let us say we had somebody in the electrical or plumbing trade.

Assemblywoman Neal:

What we would be able to do, by using the consumer expenditure report, is identify who was remodeling, how many homes were being remodeled, and

how many were actually buying certain kinds of electrical products. We would be able to identify the amount of money they were spending per month, and then hopefully with GIS be able to figure out where that business is and start looking at who the competition is around them. They would have to start answering some questions. What are you facing in your market? If it has dropped off, in what areas has it dropped off? Are you looking to expand within the state? If you are a Las Vegas company, are you looking at Washoe? If you are in Washoe, are you looking at Las Vegas? Are you looking at any of the borders? If you are, help us to understand if you are trying to adapt what you do. Since there may not be any construction, are you trying to get into home remodeling? As soon as they answer those questions then we would have the ability to tell them what is happening in say Portland. Portland is actually having an increase of growth in home remodeling or in construction, where they need electrical, because I actually tried it. I asked and answered my own questions. I started looking at Portland's data. I went city by city, because sometimes cities are more specific than a state in terms of having more on time data versus a state that may have a lag time of a year or two. That is how you can help them. You are helping them make a better business decision by applying data to figure out if they can expand, or are stuck in this market.

Chairwoman Bustamante Adams:

That helps paint the picture. Are there any questions from the members of the Committee?

Assemblyman Hardy:

I want to go in a little different direction. I think this is a good tool for the growth of business, but as we have seen over the last six to eight years, a number of businesses have failed. I never hear anybody talk about what really causes a business to fail. I am going to go into a little more depth about the reason I ask this question.

Probably about 2000 to 2001, being in business, banking was a little difficult again in this area. One of my friends is a banker from Minnesota. When I started looking for financing and was trying to build a business through that tough time he started asking questions as a banker. He asked if I owned an airplane. He asked if I owned a race car. He asked if I owned a boat. He kept asking questions of this nature. He said that the number one cause of business failure throughout our country is that people have businesses to play. They always want to turn it over. There is an education component behind that. We need to see what causes businesses to fail and educate people on that also, along with this component. This is fabulous, but I would dare say in this economic downturn people had too many investments in things other than their

business. This is just a comment. I would like to hear your comment as to whether you study any of that information?

Assemblywoman Neal:

Their area is GIS.

That puts us back in the bill as to what is envisioned. There are four components to gardening. My amendment tries to get to that, but it is kind of vague. You have a technical assistance part, which is what we discussed here. What is envisioned within the mentoring is the CEO roundtables where you sit with other people who are doing well and you get a chance to allow them to mentor you and assist in solving problems. The second is to have a forum where you have second-stage growth, where you have the ability to sit, discuss, examine, and analyze your decisions. You then have these workshops. Section 2, subsection 2, paragraph (i), lays out that they are supposed to do the consultation. It states "such other components as the Office, in consultation with the Center and other interested parties, determines are likely to be necessary, advisable or advantageous for the growth and development of businesses located in this state." It is important to have the mentorship and conversations with other people who are engaged in your area, to help you examine your decisions, and determine if it is the right or wrong move for you. The benefit of that conversation is that you get a chance to work out your problems with somebody. Because this is a pilot and I am literally mimicking this off of Florida's program, you have the GrowFL information [([Exhibit E](#) and [Exhibit F](#))]. It is what has worked for the past 20 years, having these four components as a part of it. If you do not have the mentoring, if you do not have these roundtables, if we do not track your business decisions every six months, then we do not know how well those decisions panned out. There is a built-in component of education or you will not fare well. What we know for a fact is that businesses are making a decision incorrectly, and they are not applying the right information, because they do not have the benefit. This bill is basically setting it up at the state level, and then pulling in all those players to then help those businesses. Does that help answer the questions?

I have Bob Potts with GOED down south. In the amendment you see GOED listed as an advisor and consultant for data. If you want to speak, Bob, on the issue of how the data could be helpful for a business, like what you have done so far that could be helpful to a business, to help them make a better business decision. Could you speak to that a little bit?

Bob Potts, Research Director, Office of Economic Development, Office of the Governor:

To address Assemblywoman Neal's request, I want to back up a little bit and tell you a little bit about my history, my experience, and why we are supporting the merits of this bill. It gets to the neighborhood level of information that so many businesses need in order to understand their marketing strategies and understand how to go about financing opportunities. It gets the kind of information needed to apply for U.S. Small Business Administration loans, that kind of information. There are a number of merits in this bill that we see could be really advantageous for existing businesses in our communities as they try to make smart decisions as far as hiring, wages to pay, whether they should expand, what the expectations are, the market segment that they find themselves operating in, and how data can get them set up for making the right decisions as they move forward with their operations.

Chairwoman Bustamante Adams:

I think that answered Assemblyman Hardy's question.

Assemblywoman Pierce:

I read the other day that it really is small businesses that are creating jobs and big businesses are still laying people off. We know that we are creating fewer jobs here in Nevada than any of our neighboring states. I want to say that this seems much smarter than what we are doing. This seems much smarter than giving money to Apple computer.

The other thing is that I think businesses that would be helped in this way come away with a sense of community. Everything I have ever read about traditional economic development is that the minute the abatements go away these companies pretty much say "goodbye" and they go and start the race to the bottom again. You know it is easy for these companies to come and go. We would create a sense of community, a sense that there is a reason to make an investment. Someone made an investment in these businesses, and they are going to be invested in our community. Thank you. I think this is a terrific bill.

Assemblywoman Benitez-Thompson:

For the pilot program that is talked about here, you talk about selecting five different businesses representing different sectors of economic development. Could you give me a better idea of what the pilot program actually looks like? Are there specifically identified sectors, or all sectors across the board. Are they sectors identified by GOED?

Assemblywoman Neal:

There are two types. We could pick a gazelle, who we expect to see high growth in four to five years based on projections, or we could take a solid business that is performing well, that we know is not a startup, but is in the second stage that we want to latch on to. The idea initially, and why we pick five, is because \$300,000 is not a lot of money. The idea was to take one of our targeted economic development sectors and build from there, because then you have alignment between the state plan and a tracking mechanism in place to measure their growth. You could say, I took this company that was in agriculture and they are doing milk. If we use one of the examples that came up in Government Affairs, let us say we took the Elko company that wants to expand and start doing milk and trade outside of their region. We could pick that company, which we know is second stage, or is actually a gazelle at this point, and we could then bring that company into the program. We could track what they are doing and be able to bring a report three years from now to show that relationship. Being safe I put the sectors, believing that the sectors would be the state sectors.

Assemblywoman Benitez-Thompson:

So it is a total of five for the pilot program, each representing a different sector. I think I was reading it as five from each sector. After the three years of the pilot program, would you then compare that business to how the rest of the sector is doing and is that the analysis that would be used?

Assemblywoman Neal:

Yes.

Assemblywoman Benitez-Thompson:

What would be your measurement for how you define success of the pilot program? Is it still up and running? Is it doing better than the other businesses in its sector? Is it doing marginally better? Is it doing a lot better? Is it at par?

Assemblywoman Neal:

The five from the north and south were to be balanced so we could measure. The statistical measurement I looked at actually came from another study. The statistical measure would be gathered data on several points. You have to measure the change in employees as to the function in the industry. You would examine if the actual employee change exceeded the predicted value, so you have to start out with a prediction. Let us do a hypothesis. You have a predicted value that you expect to see and you measure the change against the predicted value. The third part is that you then go further and measure that against all change in employees and businesses statewide, so you are sectioning out particular pilot businesses. You are going to do the change in employee

function. You have a prediction and you measure it against your baseline of all the other companies in that section. The next part is to measure the wage growth. I wrote it down for myself in four data points, so the fourth is wages. The idea is to use the same methodology for the measurement, measure it against the change in employees. The problem with that is that with employees you can get a quarterly examination, but for wages it is a little different. It stretches it out a little bit longer, but still with the same idea. That is the statistical measurement that existed with Florida, and I would like to carry it over to us. And, it is where they saw significant change in growth.

I want to give you a picture of what happened in Florida ([Exhibit E](#)). This fact sheet shows the overview. We had our annual impact of sales and output. This is what happened in Florida over their two years. For jobs, when I was talking about the statistical measurement, they did that quarterly, because they were able to get the quarterly data for this information. For the annual impact of wages they had to do it by the year, because it was only collected annually in the state. When I looked at the way the Department of Employment, Training and Rehabilitation (DETR) collects it I believe they still do quarterly for wages. It is like a three-month report. It is slightly different.

I wish I could show you, but it would take me a long time to go back and find that link. I can upload it to you guys. It shows the actual statistical measurement that they laid out.

Assemblywoman Benitez-Thompson:

I just wanted to make sure I captured your intent for the record so we could have a good measuring stick to say, "pilot program, success or failure?"

Assemblyman Kirner:

You had mentioned \$300,000. I am looking at section 3. Is it \$250,000 or \$300,000.

Assemblywoman Neal:

It is listed in the amendment as \$300,000, and that is paying for the GIS person.

Assemblyman Kirner:

That was not my major question, but if you are looking at targeting five businesses, and you are looking at a three-year pilot, it sounds like the GIS specialist would be providing continuous consulting basically over the three years for these five companies. Am I interpreting that correctly?

Assemblywoman Neal:

You are interpreting it correctly, but by the time we get to our second year it will be a new biennium. I figured by then I would be able to ask for some additional money. I am hedging my bets right now because of the state we are in right now. There is no money, so I am low-balling myself.

Assemblyman Kirner:

Your bill calls for appropriation from the State General Fund. Could we use catalyst money or some other thing as opposed to the State General Fund? I am trying to figure out how we can get the money if the State General Fund does not have it.

Assemblywoman Neal:

I do not know. The Governor's Office of Economic Development supports being an advisor but I figured the answer was no. Even though we are still trying to figure out how to use that money and it may be subject to negotiation.

Chairwoman Bustamante Adams:

We will ask Mr. Hill from GOED to come up in a few minutes to answer that question.

Assemblyman Frierson:

I am curious why we are focusing on existing Nevada businesses and not including possibly new Nevada businesses, not necessarily out of state. If there are some new Nevada businesses that think that they could thrive and benefit from this, why are we only focusing on existing Nevada businesses?

Assemblywoman Neal:

I am trying to stick with the actual original intent of economic gardening. It is home based businesses, which is the focus. You take an existing business, not a new business that came from out of state. You take your base businesses here and you help them grow and expand. The Governor's Office of Economic Development already has a recruitment for out of state businesses. I am not trying to engage in out of state businesses. I am trying to engage our existing businesses.

Assemblyman Frierson:

My question is not existing Nevada businesses versus out-of-state businesses. My question really is about existing Nevada businesses versus existing Nevada residents who want to start a business, and whether or not they would be able to participate.

Assemblywoman Neal:

You mean startups?

Assemblyman Frierson:

Yes.

Assemblywoman Neal:

I thought about that, but here is the problem. When you are starting a pilot program you can find yourself in a situation if you are measuring it against an existing established program, if you stray from the lines, how does your data then turn out. You are not measuring apples to apples anymore. You are measuring apples to oranges. If it is meant for second stage and you bring in the startup then what is the measurement? I am basing this off of an already established model. I am not saying that a startup will not benefit, because a startup will benefit from getting the information, being out there, and that relationship existing. To start out I think we should do what it was envisioned to do, which is a second-stage or a gazelle, and focus on them. I do have Mr. Raiford at the College of Southern Nevada (CSN) who could probably help with that question. He is handling the incubator program at CSN and they also want to be a part of this collaboration.

Kevin Raiford, Instructor, Department of Business Administration, College of Southern Nevada:

I am a business instructor at CSN. I am the advisor for the CSN entrepreneurship incubator. Over the past two years at CSN we have launched 20 student businesses. Those businesses are all up and running, ranging from mobile car wash to apparel companies. The key thing is this information we would use to actually go into communities where they are lacking services, or where they are sort of underserved, and to that point we would actually start businesses. If there is a business looking to launch, we could do the area that does not have salons, or does not have landscaping, or maybe does not have day care services. We would use information to actually tailor our curriculum. When I am teaching entrepreneurship in my classes, I can tell students sometimes do not follow what your immediate passion might be, but actually start up businesses that are needs-based in what is lacking in the community. So we would use the information for businesses that are being started to address some of the underserved communities, especially in southern Nevada where there is still building going on and there is development going on. These residents are driving 3 to 15 to 30 miles to services because they do not have it in their community. That is what we would use that information for, to actually start up brand new businesses.

Chairwoman Bustamante Adams:

What is the name of your class and what is the number?

Kevin Raiford:

Actually there is an entrepreneurship component running through all my classes. I teach Marketing 210, which is Principles of Marketing. I also teach Management 201, as well as Business 101, Introduction to Business. Surprisingly, I have also incorporated entrepreneurship into my Accounting 202, which is a managerial accounting class. Every class has an entrepreneurship component. A lot of my students actually transfer to the other institutions in the State of Nevada. I am getting a lot of students now who are nursing students and culinary students. They take my class in order to open up their own businesses. We even have a collaboration with the fine arts now, where I work with the fine arts professors. Photographers, graphic designers, and even musicians are actually taking one or two business classes to be able to launch their own businesses in what they are pursuing.

Chairwoman Bustamante Adams:

I have a question for Assemblywoman Neal. When we had the folks from Fallon, who spoke of the new powdered milk facility that is going up there, one of the main points was looking at the supply chain within that market and trying to recapture for local businesses ways to own more of the supply chain within our state. Would this economic gardening help Nevada owned businesses to capture more of the supply chain?

Assemblywoman Neal:

I think it could. Infrastructure is important. If they are trying to get into the chain but do not know how to expand their particular business, what their team makeup needs to be, and how they should be mentored in order to get into that, then yes. In terms of data, trying to help them identify where in the chain they could go, because if you went further into your question in terms of powdered milk breakdown, what is the supply chain? Where are their entry points? You would need to lay that out.

I have Brian Bonnenfant from northern CBER, which is on UNR's campus, who could probably further drill into that, because this map right here is what he created ([Exhibit D](#)). He also did a map in 2006 where they took Latino businesses and were able to pinpoint where they were and what they were doing. In terms of the supply chain, we would have to know what area you were trying to get into to give you the data to help support that. I want him to examine that because he really is the data guy. I am just his fan.

Brian Bonnenfant, Project Manager, Center for Regional Studies, University of Nevada, Reno:

We are housed with the Small Business Development Center and the CBER operation, kind of a consortium of economic development entities. I have been working with Assemblywoman Neal for a couple years now on this issue, and it is because we are on the constant mission to improve small area, accurate data that is very hard to access right now throughout the state. For the 10,000 foot level data there is no shortage of entities to help you with that information. Once you get down to the local level and you need some radius ring, sales, employment, and demographics to help the due diligence phase of the business, there is not a great supply of this information.

We were hired in the 1990s by the then state demographer to work on the 1990 census. It was the first digital census that we would bring into a GIS, map it out, and run these low-level estimates. As the 1990s continued that was when the population started to explode up north in Spanish Springs, South Meadows, Dayton, and Fernley. They started growing at a rapid pace, and because the census is decennial we had no current estimate to use in 1996, 1997, and 1998 when Wal-Mart, Raley's, and Kohl's were trying to site for locations. So, we then started working with the county assessors to access the assessor data, so we could update population based on the housing units. We were in the trenches working with the small businesses and big businesses to site locate and do market analysis. They then started asking us "What about employment and sales?" Currently you could buy that stuff online from Dun & Bradstreet and Claritas. This stuff was not very accurate to be used at the one mile/three mile radius ring, so we developed partnerships with DETR and the Department of Taxation. We got an executive order from Governor Bob Miller in the late 1990s to get quarterly downloads from taxable sales, so we have address-level, or entity-level, sales from taxation. We get the same for employment and payroll from DETR. We have an address, we take it to the GIS, we put it on the map, and we can look at neighborhood level analysis. We can look at the trends. We started building on these data sets to provide these local analysis up north. We started working with the title companies as real estate really started to explode. We tracked and measured the residential subdivisions, how many units were approved, how many units were under construction, and how many were selling, what were the absorption rates. We can turn those into population projections and we can help the commercial developments follow the growth of the residential development.

We put this in place over many years, and then we attempted to do this in southern Nevada, specifically in Clark County. Basically two of us were doing this up north, but trying to do this in the south became a nightmare. We did the exploratory, met with jurisdictions to see what kind of databases they had, to

see if we could work with that and build it in. We found that there was really no central database of approval of housing units, so you had to work with each jurisdiction. There was a lot of that data in the meeting minutes, but not in any sort of database or even an Excel file. You basically had to build it from scratch by going through hundreds and hundreds of meeting minutes, where the parcel numbers changed and the applicants' names changed. It was a real nightmare for just two people out of UNR to build for southern Nevada. We see A.B. 410 as helping resolve this and get some resources, so we can build out this local level, small area using state and local government high accurate data that we have access to. We need to make a better application or use this information, put it on a map, the GIS, and have it in place. The data sets take work. They take labor. They take people to constantly clean and fix these data sets, and check with business licenses and DETR databases to make sure they are accurate in that location so we do accurate analyses. We see A.B. 410 as bridging into this solution.

It is a constant quarterly basis to put this information in, clean it, geocode it, put it on the map, and make sure it is right. Once we get this information in place, we can then answer a whole spectrum of questions from users, be it small business, big businesses, or a specific supply chain for the powdered dairy. Once we have the information in place, we can build and go sideways into other data sets. We can look at the supply chain. If you want to see if these companies are in town, you can go to the DETR database and see if they are. If we want to find what industry is purchasing dairy we go into the input-output model to find out the industries that buy (that is the supply chain) from the dairy industry, go into the NAICS codes, look up to see if those NAICS codes are in Churchill County, or in Nevada, and identify them. Once you put the stuff on the map, get it cleaned up, get a consortium of DETR, the Department of Taxation, and the universities to work together with this highly confidential data to improve it. Universities have the agreement to use the data because we have to scrub it, treat it, mask it, and aggregate it before we can release it to the small and big businesses. That is what we are there for, the improvement of the data, putting it on the map, and then working with these clients. This is not a onetime shot. It is a constant back and forth. This is what the Small Business Development Center counselors do throughout the state. They get these requests from the small businesses, they come to us for the data, we give them the data, we give it back to the counselor, not the client, and the counselor then goes through and interprets the results with the client. Then there is follow-up. It is a constant evolutionary type of thing with what we do. It is not a onetime thing where you say "Here is the map and there you go." There is a lot of in between and a lot of grey area. We can speak to these custom analyses once you put all this data in place. There is a lot you can do that we cannot do right now, specifically for southern Nevada.

Chairwoman Bustamante Adams:

You are from the northern CBER, is that correct?

Brian Bonnenfant:

That is correct.

Chairwoman Bustamante Adams:

I believe UNR had a supply chain degree. Forgive me if I am not stating it correctly. I do not think we have it anymore, is that accurate?

Brian Bonnenfant:

That is accurate. Supply Management was cut during the budget cuts of the last session.

Chairwoman Bustamante Adams:

This might help to alleviate some of that, because we do not necessarily have a degree. We at least now have the data we could use for individuals who are interested in that specific area.

Brian Bonnenfant:

Any resources that you could bring to getting Nevada's data into a better shape is going to pay dividends. One example of that, because we had this data in place up north in 2009, we helped the Reno Housing Authority with a Neighborhood Stabilization Program 2 (NSP2) U.S. Department of Housing and Urban Development HUD grant. We helped write that grant because we knew where all the distressed housing was. We automatically could find the concentrations of distressed housing. We showed six census tracts that we identified and we wanted to get 200 of these homes. We were very specific because we had the data in place, and we got the \$21 million for the Reno Housing Authority. I do not know if you remember but Clark County got passed up for that funding, and they wanted a couple hundred million. They did not even get an honorable mention because their application did not provide specifics. They did not have the distressed housing on the map. They had no idea what census tracts needed to be treated and what properties to buy. That is why they were passed up, even though they had the number one distressed community in the nation.

Assemblywoman Neal:

Southern and northern CBER are different in terms of the southern CBER has focused more on macro-application of data. They have not gotten down to the technical application. That is just the difference. When I started out the hearing, the idea was to either align those two groups, or if the southern CBER was not willing to align, to then align the other

Nevada System of Higher Education (NSHE) institutions and hopefully CSN with the UNR CBER. It is about interest. It is about willingness to want to do the alignment and do the work.

Brian Bonnenfant:

Our operation up north has been self-funded in its entirety. That is the big disconnect. We have been looking for investment in the south because you need to buy equipment and software, you need space, and you need to find some bright, skilled labor to do these types of analyses. We need an investment to get the south going. In the north we had a couple bright graduate students come in and start the operation. We actually began doing riverboat gaming studies down the Missouri and Mississippi rivers in the early 1990s with just that 1990 census data, making money, and paying for it. That is how it all started. We were being self-sufficient and just following the puck on what the businesses wanted and needed. In the south we have just never been able to find the bodies, the investment, and the graduate students to make it work. We are now excited to be working with Kevin Raiford at CSN, through the Small Business Development Center network. We are now in the urban chamber in Las Vegas. We are trying to make these connections and partnerships with the south, to build the infrastructure, and get some students. If we can get some resources we can make it happen.

Chairwoman Bustamante Adams:

Are there any questions from the members of the Committee? [There were none.] We will now transition to the support position. Is there anybody in support of A.B. 410?

Ray Bacon, representing the Nevada Manufacturers Association:

While this bill does not necessarily mention the specifics of the manufacturing sector, let me point out that these were some of the tools that were not available for some of the companies that you all know and recognize. Let me just go through a couple of them. I was around when International Gaming Technology (IGT) started as Sacoma Sierra. At that point in time there were about ten employees. Today they have reached the stage of almost 4,000 employees in the state. They could have used some of this data and some of that information when they started. I do not know what the next Sacoma Sierra is going to be, but there will be another one at some point in time.

I spent 14 years of my life with Bently Nevada. Don Bently came over here from being a graduate student at Berkeley. It started with Don and his brother. When I left there were 1,000 employees. It has been sold to General Electric and it sells in about 78 countries around the world. There is a company here

called Click Bond, Inc., that basically started with a couple that moved up here from the Los Angeles area. At this stage of the game they did not have the data sets and did not know where they were going. Eventually they got into the aircraft industry and their fasteners have changed the entire construction of airplanes for the last 15 years, and continue to do so. They are now at about 350 employees.

We do not know what the next success story is going to be, but the data that comes out of these things is one of those pieces that new companies need. Regardless of whether they are in the manufacturing sector or in the retail sector, what they are doing has a lot of value to it. Brian has done several pieces that have been exclusively focused on the manufacturing sector. One piece, which did not come out in prior testimony, is that Truckee Meadows Community College (TMCC) has picked up the ball where UNR dropped it on the logistics program. They now have an associate's program that starts in the fall in the logistics area. We have not dropped the ball completely. We kind of fumbled it a little bit at this stage of the game in that area.

Jacqueline R. Holloway, Director, Business License, Clark County:

In the fall of the year Assemblywoman Neal had a discussion with Clark County, the Department of Business License, along with the Department of Comprehensive Planning. We are very excited this afternoon to support the merits of the bill. The Department of Business License licenses 42,000 business establishments, issuing approximately 58,000 licenses. We do have a very robust database that is real time and accurate in nature. We can provide two types of data and information. One comes from a public domain system. We can provide information such as business name, business address, license classification by NAICS code and by categories, zip code information, and license status information. From a systems perspective, we can also generate reports that will provide us with the length of time that a business has been in business. We can provide information on businesses that have been placed out of business, which may be able to help answer some of the questions related to why businesses fail and what are the circumstances and situations behind that. We can also provide some change of ownership data. Over the course of the last four years there were a number of businesses that changed ownership because of the economic situation. We experienced a number of businesses that had to relocate from commercial enterprises to more of a home-based business so they could support their infrastructure.

We do support this. We support the development of maps, various survey tools, and any indicators that would help us get a better sense of the regional landscape of economic development. Certainly we are willing to collaborate and

participate in the pilot project. I am also willing to facilitate any other Clark County department and their resources when appropriate.

Chairwoman Bustamante Adams:

There is a smile on Assemblywoman Neal's face. I know you cannot see it, but she appreciates your efforts to assist her and to bring the collaboration forth, so thank you.

Are there any others in the support position? [There was no one.] We will move to opposition. Is there anybody in Las Vegas in opposition? [There was no one.] Is there anybody in Carson City in opposition? [There was no one.] We will now move to the neutral position. I would like Steve Hill to come up. I want you to answer Assemblyman Kirner's question from earlier in the hearing.

Steve Hill, Executive Director, Office of Economic Development, Office of the Governor:

I would like to thank Assemblywoman Neal for her obvious commitment to the economic development effort here. This is not just an issue that she spent an hour on and developed a bill. I think you can obviously see from the work she has done that this is a cause that is very important to her. I appreciate that and I appreciate her willingness to work with our office, both on the general economic development effort and on this bill.

Originally it was a more expansive process and our office really did not have the resources to implement that. She has worked with Bob Potts who has put an awful lot of effort into the data generation and data coordination effort over the past year that he has been with us. His experience of over 20 years at UNLV has been really helpful for our office in economic development.

To answer Assemblyman Kirner's question, you folks have an awful lot of ability to do a lot of things, so I cannot say the answer is no. I think the answer, given the way, one, it is structured right now, and, secondly, the way it has been presented and funded this would be outside of the scope, I think both of the law and the way it works, as well as the intent. That can be changed obviously, so I do not want to say just no. The other thing I will point out is at this point the responsibility for GOED in the bill, if the amendment is accepted, is as an advisory role, even though through Bob and his efforts on the data side is putting a fair amount of resources into the generation of data and the coordination of that. Bob works with DETR, UNLV, Brian, and others at UNR in order to help make that happen. We look forward to continuing to be able to help with that. We do think it is a worthwhile effort, and the information is valuable to those already in Nevada. To Assemblyman Frierson's comment earlier, that information is also valuable to those looking at the state. The more

accurate the information we can provide to save companies, both inside and outside the state, time, effort, and mistakes is very helpful.

Assemblyman Kirner:

I do not think you are going to see an argument that the data is not valuable. It is very clear that this type of data is extremely helpful in terms of a new business perhaps relocating to Nevada or starting up in Nevada, or taking one of those gazelle businesses and making it better.

I guess the question is, given the demand on the limited General Fund, if we were not able to come up with the \$300,000 as an additional increment from the State General Fund, could this be funded some other way?

Steve Hill:

I think it is worthwhile thinking about how we might do that, and potentially including all the economic development partners in that conversation. The data generation effort in Nevada has been ongoing, but it does need to improve. I think it has improved over the last year as that effort has become more coordinated. I think it is also worthwhile to look at how far we can get if \$300,000 is available. What would be needed in order to do this on a basis that would allow this type of information to be full and robust across all that depth and breadth that was discussed earlier? I think to look at what the benefits are of the pilot project before we commit to all that is well thought through.

Assemblywoman Kirkpatrick:

One thing that happens when we leave the Legislature is everybody agrees to do something to help move the process along, but when we go home their numbers have changed, they are not available, or they have traded jobs. I have been saying this for a long time, and Assemblywoman Neal is right, we have all the tools, we just do not know how to collaborate them to get the information out to benefit our state.

We cannot get any funding. In the paper last week it said we are the last for federal funding because we do not have any data. We really do have the data, we just do not know how to put it all together. Is there not a person in your office that we should be looking to hire, like we hire marketing people, who can get that data and keep it going for the long term. It seems that the executive order got us a long way, but not everybody is a willing partner all the time. It seems in my mind that it should truly be part of the benchmark that we talk about. It should be part of economic development because it helps everybody.

I go back to the business portal where you can look up a lot of the data to see all that information. Not everybody wants to use it so you have to legislate it. It just seems like it is a perfect fit for a position within your office, even if it is a pilot program. We have done that with marketing. Does it not make sense that it fits in there?

Steve Hill:

I appreciate those thoughts and we agree with you. Bob Potts, who is on the screen in front of me here, is the person we have hired to do that. He has a lot of experience in that area. I will let Bob talk shortly. Some of that work is actually happening. The coordination between the data sources Bob has helped to coordinate I think will pay off. As with a number of the initiatives we have in our office, we have hired a single person to do that. Bob also responds to individual questions from a broad variety of customers in Nevada companies. Our economic development partners sent me some information just a couple of weeks ago about how many people we have in southern Nevada who can translate from this language to that language, because a company that was interested in coming here needed to know. He is spread thinly. It is certainly possible the effort could be sped up with more resources. Bob, would you like to add anything to that?

Bob Potts:

I worked at UNLV for almost 18 years prior to coming here. I probably spent 80 percent of my time answering questions from small businesses in our state, particularly in southern Nevada, asking for data and information to help them run their businesses better. As Director Hill has mentioned there is a lot more work than there are bodies to get it done. What I see as the merit in this bill is that it is a way to tie together a lot of the experts that we already have in the state, along with the data that is already available, and marry those two together in an effort that really dovetails quite well with what GOED is doing right now. The university has academic expertise with Brian Bonnenfant and other folks that I think is an untapped resource. We have an opportunity to really provide a resource to grow the economy, not only from the work that GOED is doing from the top down at the state level, but also at the regional, local, and neighborhood levels. I see this as an opportunity for us to make a difference for the businesses and the economy of the state, to provide that neighborhood level of information, working together with the experts we already have in the state and the data that is already available. We can put in a pilot program and see how it works out. Come up with performance metrics and ways to measure its success, and then reevaluate it down the road as to whether we want to expand, build, and make this a place where the money coming into the state exceeds the money that is leaking back out of it. That is the whole goal. I really see our role in this as advisory, as a consultant and

maybe in a bit of an oversight capacity, to make sure there is a coordinated effort so there is not ground that gets plowed twice while other ends up going fallow.

Assemblywoman Kirkpatrick:

I understand. Sometimes we do not invest enough to get a return on our investments. I do not mind fighting for folks that want to put data together. I do not mind fighting to make more bodies, so that people are not doing ten times the work. We can only get so much out of that person before they burn out because we have overworked them. I would bet data is probably a passion of yours, and that is why you like putting in all together, to see the end result. I know it is with Assemblywoman Neal.

I understand that \$300,000 is a small amount, but I have been trying to pass the same bill for four sessions that only costs \$150,000 and they cannot seem to find that amount. I just want to make sure we are spending our dollars wisely. We can get a huge return on our investment. I really think this data makes a lot of sense for everybody. Hopefully we can get there sooner than later, because I think of all the missed opportunities that we will have if it is later. I appreciate the work that all of our state employees do, but somehow we have to figure out how to get you a few more resources to make it work.

Assemblyman Grady:

Along the same lines as Assemblywoman Kirkpatrick, I realize that GOED started two years ago. It took six months to get it rolling. It has now started to take effect in all the areas, working with the other economic development areas. I sit on the Northern Nevada Development Authority's board and we are doing the same thing. We are all trying to gather information. I have worked with Mr. Bonnenfant and UNR on a number of projects. I am glad to see Mr. Potts is working and helping in the southern area. I think the biggest challenge we have is to get a person in Mr. Hill's office to get all of this information. It is very obvious. With just what we have heard here today, the information is available but it is not together. It is spread out all over. We commend Assemblywoman Neal for bringing forward that we need to get someone to get some hard facts that we can use. We need it all over, both urban and rural, if we are going to make economic development work. Again Mr. Hill has only had 18 months to really start driving this home, and if we are going to have GOED we need to give you some resources to get it done.

Assemblywoman Kirkpatrick:

I had another thought. We do give away abatements and we do give away Catalyst Fund dollars. Maybe we could invest in some smaller businesses to see if this marketing stuff will work for the short term, but include that other

person at the same time so it is an ongoing data process, so we are truly walking people through the process. I know currently within our abatement structure we do not allow for anything outside of a very specific way, so maybe we could just take what we would have given of \$300,000 and ask five people to be our guinea pigs for a year and a half, but still get that same person so we really truly collect the data along the way. I think there is a way to get there this session. This is a good time because we are not real busy and we are not real slow. There is some movement and it might be the time to do it.

Chairwoman Bustamante Adams:

Are there any others in the neutral position? [There was no one.] Would you like to give closing comments Assemblywoman Neal?

Assemblywoman Neal:

I want to thank the Committee for their thoughtful questions. I do love data. I have spent a lot of time on this. I appreciate Mr. Potts, Mr. Raiford, and Mr. Bonnenfant coming to the table to testify. They have been a great support to me over the past two years, and I appreciate their support on this bill. I want to let Mr. Bonnenfant make some final comments.

Brian Bonnenfant:

I do want to drive home that we do have the data. We maintain it in local state government on a daily basis. Assemblywoman Neal approached the Clark County Business License to help one of our issues with getting that information. She is knocking down these silos so we can build more collaboration and access these levels of detailed data that we really need, that works in conjunction with other data sets, so we can put them on the map. The data is there, but the data is in such shape that we need resources to scrub, treat, and put this data on the map. That is where the resources are needed. Some of these data sets really need work to make them usable to put them into the hands of the businesses. That is where I am coming from. We have great data, but it needs work to be put on the map and be usable.

Chairwoman Bustamante Adams:

I will close the hearing on A.B. 410. I will take public comment. Is there anybody in Las Vegas for public comment? [There was no one.] Is there anybody here in Carson City for public comment? [There was no one.] The meeting is adjourned [at 2:52 p.m.].

RESPECTFULLY SUBMITTED:

Gina Hall
Committee Secretary

APPROVED BY:

Assemblywoman Irene Bustamante Adams
Chairwoman

DATE: _____

EXHIBITS

Committee Name: Committee on Taxation

Date: March 26, 2013

Time of Meeting: 1:01 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 410	C	Assemblywoman Dina Neal	Proposed amendment
A.B. 410	D	Assemblywoman Dina Neal	Economic Development PowerPoint presentation
A.B. 410	E	Assemblywoman Dina Neal	GrowFL fact sheet
A.B. 410	F	Assemblywoman Dina Neal	The Economic Impact of GrowFL