

**MINUTES OF THE
SENATE COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Seventh Session
May 31, 2013**

The Senate Committee on Government Affairs was called to order by Chair David R. Parks at 1:49 p.m. on Friday, May 31, 2013, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator David R. Parks, Chair
Senator Pat Spearman, Vice Chair
Senator Mark A. Manendo
Senator Pete Goicoechea
Senator Scott Hammond

GUEST LEGISLATORS PRESENT:

Assemblywoman Irene Bustamante Adams, Assembly District No. 42

STAFF MEMBERS PRESENT:

Patrick Guinan, Policy Analyst
Heidi Chlarson, Counsel
Gwen Barrett, Committee Secretary

OTHERS PRESENT:

Caleb S. Cage, Executive Director, Office of Veterans' Services

Chair Parks:

We will start the hearing on Assembly Bill (A.B.) 294.

ASSEMBLY BILL 294 (1st Reprint): Revises provisions relating to economic development. (BDR 27-777)

Assemblywoman Irene Bustamante Adams (Assembly District No. 42):

This bill has to do with small businesses. During the Assembly Committee on Government Affairs hearing, the Governor's Office of Economic Development (GOED) came forth with a fiscal note of \$1.4 million. Through negotiations, we were able to get the fiscal note down to \$400,000, and during the Assembly Committee on Ways and Means hearing, the fiscal note was removed.

During the interim, I worked with several small businesses in both northern and southern Nevada, looking at barriers and what we could do to enhance small business viability in Nevada. That is how A.B. 294 came forth.

Part of the issue is that State government has a threshold for discretionary dollars, meaning for any purchasing priced under \$25,000, the State does not require competitive requests for proposals. We worked with the State to lift the cap to \$50,000, which has worked well in a pilot program conducted in Clark County. We want small businesses to build capacity. A business owner can get a contract for \$10,000, do well, and then can get a contract for \$20,000—building capacity over and over.

The vision is to create a certification program for local, emerging, small businesses. Oregon has had a successful program for several years that we used as our model.

A large proportion of money is leaving our State, as seen on page 2 of the A.B. 294 Overview ([Exhibit C](#)). State procurement has captured about 59 percent of the contracts to Nevada businesses, but the majority of the others are leaving our State. Our goal is to capture more of the market for Nevada-owned businesses.

In A.B. 294, we create certification requirements, through the GOED, setting parameters for local emerging businesses. To be certified, the business must be in existence, operational and for-profit; maintain the principal place of business in Nevada; not be a subsidiary or parent company; outline the total number of employees; and outline annual gross receipts. The threshold for spending is increased from \$25,000 to \$50,000 for State procurement contracts. The GOED will set the regulations; be in charge of creating parameters for outreach; create a reporting mechanism; establish a recognition program; and be held accountable to help local and State agencies set goals.

Senator Spearman:

Some parts of A.B. 294 mirror A.B. 283—trying to establish an entry level for smaller contracting businesses. Did you say the fiscal note was reduced to \$400,000?

ASSEMBLY BILL 283 (2nd Reprint): Makes various changes to provisions governing public works. (BDR 28-658)

Assemblywoman Bustamante Adams:

Correct. However, the fiscal note was recently removed. We worked with the Legislative Counsel Bureau to find a statute to apply, and the Department of Employment, Training and Rehabilitation (DETR) will make an agreement allowing the money to be used. We got it reduced to \$100,000 per year as a pilot program, and GOED Director Steve Hill will determine whether it is a viable option to bring in-house.

Senator Spearman:

If this bill passes, will you be willing to review the provisions of A.B. 283—the construction manager at risk—if it passes? There may be some of the same small businesses covered in both bills. I think the bill is a good idea; I am wondering if we could consolidate resources.

Assemblywoman Bustamante Adams:

This has been a collaborative effort between the State agencies, local government and private sector small businesses. If this bill passes, we know we will need to leverage dollars from the federal side and from private entities. Collaboration has been key for us to come to this point.

Chair Parks:

Did you say the fiscal note was reduced to \$100,000?

Assemblywoman Bustamante Adams:

Correct. It was reduced to \$100,000 per year. During the Assembly Committee on Ways and Means hearing, DETR Director Frank Woodbeck said the agency would make an agreement with GOED to assume the costs, which removed the fiscal note from the bill.

Chair Parks:

Will any costs be assumed by the Department?

Assemblywoman Bustamante Adams:

Correct. This does involve training. The business owner knows his or her trade, but there is a component of training the business owner needs to run a business. Due to these provisions, DETR was able to have the authority to make the agreement.

Chair Parks:

On page 2 of [Exhibit C](#), I am surprised to see that the states of Virginia and Georgia have substantially larger contracts than California. Do you know what programs incurred those expenses?

Assemblywoman Bustamante Adams:

We are buying commodity foods from California for \$5 million. I recently learned that there was a bill presented through the U.S. Department of Agriculture that would give us the leverage to buy from Nevada instead of out-of-state.

Chair Parks:

What are some of the items we are buying from Virginia or Georgia?

Assemblywoman Bustamante Adams:

I am referring to a report for 2012 Nevada state contracts. We paid Virginia \$10 million for auditing services, \$3 million for the Electronic State Level Repository (SLR) and \$71 million for Business Operation Solutions (BOS). There are other services, such as professional services, that could be handled in-state. The first step is looking at our supply chain and at what is going out. What can we do internally to build capacity for our local, small businesses? That is the end goal. Even if we capture 3 percent of the market that is now going out, that is several millions of dollars for our small businesses.

Chair Parks:

Lifting the threshold from \$25,000 to \$50,000 involves the purchase of materials, supplies and equipment. Does that include professional services?

Assemblywoman Bustamante Adams:

It would. Professional services have a higher ticket price. Changing the State level to \$50,000 brings it up to the local government threshold.

Senator Spearman:

The BOS at \$71 million and SLR at \$3 million—perhaps those are areas we can consider.

Assemblywoman Bustamante Adams:

When I was looking through the information, I asked if I could categorize the list by commodity, but the State is not yet at that point. The State has been instrumental in helping us develop the draft of this bill because we want to implement something that will work.

This is the first step; the next step will be to bring uniformity. If we are buying apples at the State level from one agency, then it is categorized as apples with another State agency. That is part of the evolution process.

Chair Parks:

I worked on legislation many years ago that dealt with allowing local and State governments to connect on one another's contracts. It has worked well in the acquisition of vehicles.

Assemblywoman Bustamante Adams:

I have heard from personnel at the Department of Administration's Purchasing Division that it is a great tool.

Senator Goicoechea:

This is a pilot program, but I do not see a sunset.

Assemblywoman Bustamante Adams:

It would become an unfunded mandate. It is up to us to find the money to make it work. That is why finding the partnership with DETR was critical to remove the fiscal note. The program does not have a sunset, but our agreement with Mr. Hill at GOED is that he would evaluate it and determine if it would be viable to bring in-house in the next Legislative Session. That discussion was set on record during our Assembly testimony.

Senator Goicoechea:

At the end of 2 years, once the report is in place, if GOED decides it is not worthwhile fiscally, would legislation be proposed to stop the program, or make tweaks to it?

Assemblywoman Bustamante Adams:

If it is not a viable option for Nevada, we would make an evaluation to remove it.

Small business owners have supported me throughout this entire Session. During the Assembly Committee on Ways and Means hearing, we read into testimony the number of supporting businesses.

SENATOR GOICOECHEA MOVED TO DO PASS A.B. 294.

SENATOR SPEARMAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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Chair Parks:

We will open the hearing on A.B. 58.

ASSEMBLY BILL 58 (2nd Reprint): Revises various provisions relating to veterans. (BDR 37-303)

Caleb S. Cage (Executive Director, Office of Veterans Services):

This bill does five things: changes the name of the Office of Veterans' Services to the Department of Veterans Services, making us a cabinet-level agency; creates the Interagency Council on Veterans Affairs; authorizes the construction of a veterans home in northern Nevada funded through the capital improvement program and other mechanisms; creates the Gift Account for the veterans home in northern Nevada, which mirrors our Gift Account for the veterans home in southern Nevada; and allows the Department of Conservation and Natural Resources to issue a State Parks annual permit for service-connected disabled veterans with a small annual fee.

This came out of an initiative started last year called the Green Zone Initiative. The idea is to maximize the coordination of services at the State, local and federal level; encourage the collaboration of State and federal entities in delivering services at the State level; and determine the policies that can be recommended from communities throughout the State for future Legislative Sessions.

Governor Brian Sandoval signed Executive Order 2012-15 in July 2012 creating the Governor's Interagency Council on Veterans Affairs. It has been valuable to us, and we have asked for it to be a part of our legislation so it could become a part of the law.

The Governor made us a Cabinet agency by asking me to be a part of his Cabinet. Fourteen years ago, the Office of Veterans' Services had about 15 people; today we have about 225 because of the construction of the Nevada State Veterans Home in Boulder City and the growth in our veteran service organization program and cemetery programs. Governor Sandoval asked us to include this change in our bill because, based upon our size and function we are a department. He wants us to be recognized as such.

The Division of State Parks portion of this bill came from various backgrounds. We hold a summit every even-numbered year with veteran community leaders throughout the State. They give us lists of legislative ideas to develop. One idea was to create a park permit for service-connected disabled veterans.

Through a previous bill, we have the initial funding to go from planning to bidding on a 96-bed facility for the northern Nevada veterans home. This bill gives us the authorization and sets up an account for us to raise money.

Chair Parks:

There were a couple of fiscal notes. Why were the State Park passes an estimated reduction in revenue?

Mr. Cage:

When the bill went through the Assembly Committee on Ways and Means, the Division of State Parks sent a letter reducing the fiscal note to zero, but it was a reduction in revenue. For us, it was a \$2,500 fiscal note to change the name from "Office" to "Department" on business cards, but we can use existing stock. The actual costs will be zero dollars.

Chair Parks:

You can absorb that cost?

Mr. Cage:

Most of our letterhead is digital, which is easy and free. We can use existing stock and reorder as usual, so it is actually zero.

Senate Committee on Government Affairs
May 31, 2013
Page 8

Senator Spearman:

Thank you for going digital.

SENATOR SPEARMAN MOVED TO DO PASS A.B. 58.

SENATOR MANENDO SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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Senate Committee on Government Affairs
May 31, 2013
Page 9

Chair Parks:

That closes the hearing on A.B. 58. The meeting is adjourned at 2:21 p.m.

RESPECTFULLY SUBMITTED:

Gwen Barrett,
Committee Secretary

APPROVED BY:

Senator David R. Parks, Chair

DATE: _____

<u>EXHIBITS</u>				
Bill	Exhibit		Witness / Agency	Description
	A	1		Agenda
	B	1		Attendance Roster
A.B. 294	C	2	Assemblywoman Irene Bustamante Adams	AB 294 Overview