

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

**Seventy-Eighth Session  
February 19, 2015**

The Committee on Taxation was called to order by Chairman Derek Armstrong at 1:32 p.m. on Thursday, February 19, 2015, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, 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 [www.leg.state.nv.us/App/NELIS/REL/78th2015](http://www.leg.state.nv.us/App/NELIS/REL/78th2015). In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblyman Derek Armstrong, Chairman  
Assemblyman Randy Kirner, Vice Chairman  
Assemblywoman Teresa Benitez-Thompson  
Assemblywoman Irene Bustamante Adams  
Assemblywoman Olivia Diaz  
Assemblywoman Jill Dickman  
Assemblyman John Hambrick  
Assemblyman Pat Hickey  
Assemblywoman Marilyn K. Kirkpatrick  
Assemblywoman Dina Neal  
Assemblyman Erven T. Nelson  
Assemblyman Glenn E. Trowbridge

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

None



**STAFF MEMBERS PRESENT:**

Russell Guindon, Principal Deputy Fiscal Analyst  
Michael Nakamoto, Deputy Fiscal Analyst  
Bryan Fernley, Committee Counsel  
Gina Hall, Committee Secretary  
Olivia Lloyd, Committee Assistant

**OTHERS PRESENT:**

Steve Hill, Executive Director, Office of Economic Development, Office  
the Governor  
Tom Clark, representing Sempra Energy

**Chairman Armstrong:**

[Roll was called and housekeeping items discussed.] Today we will have two hearings on economic development, this one and upon adjournment, we will convene with the Senate Revenue and Economic Development Committee for a joint hearing in Room 1214 at 3:30 p.m.

The first item on the agenda today is a presentation from Mr. Steve Hill on the Governor's Office of Economic Development.

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

Here with me today is Grant Sims, who is the Northern Regional Director of the Governor's Office of Economic Development (GOED). He is much more technically savvy than I, so he has agreed to help with the PowerPoint presentation. I apologize for the amount of time I will be in front of you today, but I certainly appreciate the opportunity to provide an overview of GOED and of the broader economic development efforts throughout Nevada.

As you know, during the 76th Session the Legislature and the Governor partnered to change the way we do economic development in Nevada. I moved to Nevada 27 years ago. For the first 20 years I was here, the cities in Nevada as a whole led the nation in job growth for 19 of those 20 years. The gaming and hospitality industry, which is obviously still the largest economic pillar in the state, was the economic driver throughout Nevada. I was in the construction industry. We could predict what was going to happen in the economy in southern Nevada based on the number of rooms that were going to be built on the Strip. It was very straightforward math. If you were going to build a room, you were going to get "x" number of jobs, you were going to get "x" number of houses, and you were going to get "x" number of square feet of retail and

commercial space. The entire economy was based on the growth of that industry, and it made for a spectacular economic period for Nevada. As we look back though, having a single industry as the driver of the economy subjects the state to the ups and downs of that industry, and the ups and downs in this particular case to the national economy. We were also very reliant on the construction industry. At our peak 12.5 percent of the jobs in Nevada were in the construction industry. The national average is 5 percent. Since the peak, our construction employment has receded back to 5 percent, and while it probably will be somewhat above the national average, we do not project it will reach the unhealthy 10-plus percent number that we experienced right before the recession hit.

During that period of time, the state lost 170,000 jobs. We started with about 1,350,000 jobs at the peak, and lost 170,000 of them. Our unemployment rate went from 4 percent to 14 percent, and of the 170,000 lost jobs, 100,000 of them were in the construction industry. We knew then, and we know now, that many of those jobs are not going to return. On the other hand, we have regained 100,000 jobs over the past four years. What I think is encouraging is that the job growth is across a broad variety of industry sectors, and that indicates this recovery should be more sustainable and much more resilient in the event that the national economy again has difficulty.

While we were at the depths of that recession, the Legislature and the Governor changed the way we do economic development in Nevada. The Division of Economic Development was moved into the Governor's Office. Certainly you have committed and supported more resources for the economic development effort, and I appreciate the work that was done in 2011 and all of your support since.

I took this job a little over three years ago. One of our first steps was to put together the first true plan for economic development that Nevada had had in quite some time. We worked with the Brookings Institution and groups across Nevada in order to do that and released Moving Nevada Forward: A Plan for Excellence in Economic Development, 2012-2014 (the State Plan) in February 2012. We are currently working on the next version of the State Plan, which we hope will be more in-depth.

I have said this in a couple of hearings, but I will repeat it here today. When I talk about economic development I say "we" a lot, and because I am representing GOED it is easy for people to hear and for me to neglect to mention that I am not just referring to GOED when I say "we." I am referring to a very broad group of people throughout Nevada who have had major impacts on our recovery over the last several years. Certainly that includes all

of you and your predecessors through the last several legislative sessions. The support that you have provided has been critical; we would not be here without it. The Governor and his staff, the regional development authorities, local governments, and really most importantly the businesses that are actually employing the 100,000, or now the 1.2 million people in the state, are all a part of that economic development effort. So when I say "we," I almost always mean all of you and all of us.

Economic development is really about two things. The first is bringing money from outside of Nevada to Nevada. That is what causes an economy to grow. Companies that do that and the jobs they provide are called primary companies and primary jobs. They are companies that export and sell their products or services out of state. Those are the targeted companies for an economic development effort, and I think it is important to point out that those are the companies that are eligible for abatements and incentives in Nevada. That is our law, our regulation, our policy. We think that is solid economic development policy. The rest of the companies in Nevada are no less important, but they are here because the primary companies are here. So the retail industry, the construction industry, professional services, for the most part those we call secondary industries, are here because primary companies and primary jobs exist. As the economy grows those secondary companies will grow with the economy.

The additional benefit to the focus and the restriction to primary companies and jobs for abatement and incentive support is that it virtually eliminates the concern that we are providing incentives or abatements to one company, and not to a competing company. When a company's customers are across the country and across the globe, the chances of Nevada companies having a significant portion of their business in competition with other Nevada companies is much less than it would be if we were offering incentives and abatements to those secondary companies and secondary industries. This is not simply an economic development issue. It should be, and I hope it will be, a consideration for you as you think about other policies in other aspects, specifically with respect to tax revenue. How we think about taxing those primary jobs can have a significant impact on the economy in Nevada, and in the joint hearing we will be having after this hearing, that is one of the topics.

The other area that economic development focuses on is growing the general prosperity of the citizens of Nevada and, to say it a different way, how we think about this is trying to raise the state average wage. Over the past three years, our economic development efforts have really migrated from what started as a parallel path where when we have 14 percent unemployment we are working as hard as we can to help people get back to work. Any job is a great job,

particularly when you are on unemployment and looking for a job, but as our unemployment rate drops we are shifting our focus to a more targeted effort to raise the state average wage and provide assistance for companies that are paying higher than the state average wage. We have bills that you will see in the future on that subject.

As GOED has looked at industries on which to focus our effort and resources, we are focused on industries that are very science, technology, engineering, and mathematics (STEM) based. We think that those industries have more sustainability. They have more ability to export their products and services out of the state, and it also provides great opportunities for Nevada citizens and students as they choose careers moving forward. Some of the examples of that are unmanned aerial vehicle (UAV) efforts in the aerospace and defense industry, water technology, health care and telemedicine, and information technology. There are areas of agriculture, particularly indoor agriculture, where we feel that industry can be created in Nevada as well. This is happening. You can see it. Front page news about drone regulations coming out. Nevada is at the center of that conversation. That industry and robotics are going to be important for decades to come. It is hard to pick up a newspaper these days and not read about advanced battery manufacturing, or Tesla; the mushrooming aspect of "the cloud," the great data centers that we have in Nevada and the expansion that we are seeing; in addition to remaining the global hub of gaming, hospitality, and the mining industry. All of these are going to be critical industries for decades, and Nevada is at the forefront of many of those industries. That is really what the economic development effort is all about.

Those industries are going to require a focus on STEM education. I know that education and STEM education are of particular importance during this legislative session. I have said that an investment in education now is an investment in economic development. I think it is critically important that we improve not only the output in the number of students that we have in STEM fields, but also generally education achievement. Economic development and education are going to go hand in hand, and we look forward to working with you on that as well.

**Assemblywoman Neal:**

I have a question on the targeted sectors. When GOED first started you had all of these sectors, but you also had a category of "other". Was "other" deleted?

**Steve Hill:**

We have deleted the topic of "other," but the areas that were included in that category have now been melded into one new sector for the next State Plan, which is natural resource technology. Water technology was listed in "other,"

and it will be included in natural resources technology going forward. I believe financial services was the second subcategory under "other." We are consolidating and kind of repositioning some of those sectors, but they will include what was in the "other" category. The "other" actually was agriculture, the third category there, and going forward that will be part of natural resources technology as well.

**Assemblywoman Neal:**

There were a lot of small businesses that were very excited about the sectors and had considered realigning some of their business purposes to fit into the sector but did not know how. Even though there were those local consortiums, they were not necessarily aware of the meetings, where they could have introduced themselves, or able to figure out how to get into the group. Have there been more extensive efforts to allow some of the smaller businesses that are not in a particular clique to become more aware?

**Steve Hill:**

Actually there are a number of different efforts to include Nevada businesses, and in particular small-and medium-sized enterprises, in the economic development effort, and also to make them aware of what support is there for them. I will go through a couple of those, but during the last session Assemblywoman Bustamante Adams introduced the emerging small business program. That program in GOED assists those small and medium businesses to connect to potential customers. We got that program up and running about nine months ago, and we are already up to about 400 businesses. Our procurement technical assistance center is actually a federally funded program that does similar things to help small-and medium-sized businesses contract with federal, state, and local governments, with 1,300 active clients in the program. Those are just a couple of examples. Our regional development authorities in each of the regions have specific programs for retention and expansion of existing businesses that are largely focused on smaller businesses. We are helping to fund both of those major programs with the Las Vegas Global Economic Alliance and Economic Development Authority of Western Nevada (EDAWN).

Page 2 of our presentation ([Exhibit C](#)) provides a summary of what GOED does. This is a framework to give you a sense of what our functions are. We coordinate the economic development effort in the state and help perform business development in direct partnership with the regional development authorities.

Administer incentives, which is the fifth bullet point on this page, encompasses extensive work screening companies or analyzing companies for either

abatements or incentives. We take those to the Board of Economic Development. If they are approved by our Board, we then contract with each one of those companies. That contract reflects what was committed to in the application process. There is an audit that is performed following year 2 and year 5. We work with the companies throughout that process. We also work with the Department of Taxation, which performs those audits. We have had significant growth in that effort and significant growth in the amount of administration that it takes to do that.

As a result of the work that has been done by this body over the past several sessions, all of our abatements and incentive programs have a real performance aspect to them, as well as the accountability that comes with either clawbacks—in the event that is an appropriate method for the accountability—or the company does not receive the benefit until they have performed. That is a significant component of every abatement and incentive program that we have in Nevada. As a result of Assembly Bill No. 333 of the 77th Session we have an expanded reporting process. We report on all of these programs. If you look up Nevada Economic Development or Diversify Nevada, which is our website, there is a GOED reports icon. Under that you can see reports on each of the programs we have. When it comes to abatements, it goes back a number of years. They report on the audit results—if there was a clawback deemed necessary; what the results of that clawback were; whether that money was paid back; whether the Department of Taxation has received the money, has not received the money, or is still working on it—so you can find the results of the abatement and incentive programs.

Our original State Plan had five objectives. One was to correct the economic development structure in the state. We feel like that has been accomplished. We have had great partnerships with the regional development authorities and the local governments, so as we move forward we will eliminate that as one of the objectives, which leaves the other four.

One of the four is to advance the sectors. Those are the targeted sectors in the State Plan. The second is to increase our global engagement, not only at a state level but certainly the whole concept of exporting products and services and attracting primary jobs means that we do not want to limit that to just the United States. That is about 5 percent of the world market, so we want to help businesses expand globally and draw attention to Nevada from investors and companies around the globe to look at Nevada as a great place to do business.

The third objective in the State Plan is to build an innovation-based economic development effort and grow innovative companies and jobs. The Knowledge

Fund and Battle Born Venture, which are actually the subject of the bill we will talk about later, are two important components of that program. Basically this is the research and development effort at universities, in partnership with industries, to develop new ideas and new products that can help companies grow and expand jobs.

The last objective is to assist with the creation of a STEM workforce and the workforce that Nevada companies need.

The Nevada Film Office (Division of Motion Pictures) is operated within GOED, as is the State Small Business Credit Initiative (SSBCI), which is an approximately \$14 million federally funded program. The Rural Community and Economic Division Development, which administers a block grant program; the Procurement Technical Assistance Center; and the Local Emerging Small Business program are within GOED.

The next few pages (pages 3-5, [Exhibit C](#)) show what has been accomplished. Over the past three years we have directly assisted, with the help of regional development authorities and local government, about 280 companies with 8,500 immediate jobs, where companies commit to job creation within four quarters of contract signing, so within a 12-month time frame. We also ask them to project how many jobs will be created within 3 to 5 years, and those 8,500 jobs become 21,000 jobs over that time period. Those numbers do not include Tesla. Tesla and their partners have projected to create about 6,500 jobs on their site by the end of this decade. These do not include construction jobs. They also do not include the indirect effect of these jobs being created. So this number would roughly double if you included the indirect impact on top of the direct impact from these companies.

I think it is important to point out that the effort has attracted some significant companies to Nevada. I have listed about 15 companies here. I think 11 of these 15 companies are publicly traded. Three years ago if you looked at them they were not here. The brand that Nevada has and the business case that we are able to present to major companies has been improving, and I think effective over the last three-year period. These numbers are somewhere around 400 to 500 percent higher than they had been at any time during the decade prior to your revamping of the economic development effort in 2011.

We have been able to launch six very exciting Knowledge Fund projects (page 4, [Exhibit C](#)). We have been able to present some of those projects to this body during this session. They are making great progress and are really still in their infancy. One thing I would like to point out is that the Knowledge Fund projects are very much in alignment with where we see the highest and best



opportunities for job growth in cutting edge industry in Nevada. I really want to thank the university system for their partnership and their alignment with our efforts.

The Battle Born Venture program is a part of the SSBCI. It is one of the subjects in the next bill, so I will not talk about it too much now, but it was approved by the U.S. Treasury in 2014, and then by the Interim Finance Committee in August 2014. The program has allowed investment in three companies at this point, and we know this is going to grow significantly in the future.

We received the Federal Aviation Administration (FAA) UAV test site designation in December 2013. The announcement this past weekend by the FAA regarding draft rules for the industry's platforms that are 55 pounds and less really provides light at the end of the tunnel. Within the next one and a half to two years those UAVs will be able to fly commercially in national air space, so we will see this industry start to pick up again in the coming year.

**Assemblywoman Neal:**

A lot of this information is really good, pertaining to the large companies. I know your office is part of the workforce conversation. How are you helping to connect and navigate the middle-tier degreed positions, not below an associate level? That particular category is a hard area to fill in our state. How are you helping to connect and navigate those companies to the Department of Employment, Training and Rehabilitation (DETR) and the workforce, which are both operating in the same sphere but at a different angle and approach?

**Steve Hill:**

We are actively involved in the identification of workforce needs in each of the industry sectors, as well as connecting those industry needs to the actual training programs, certificate programs, and up through advanced degrees. As an example, one of the programs our health care industry specialist, Vince Farrow, spearheaded was the Community Health Worker Pilot Program. This was an area of need throughout the state. This was formed in partnership with the College of Southern Nevada and Truckee Meadows Community College as a one-semester program that trained people for entry level positions in the health care industry. We had 20 students in southern Nevada and 20 students in northern Nevada. All of those students graduated from the program. Most all of them are now employed, with a couple who are soon to be employed. We helped identify a need, helped work with the community college to develop a certificate program, and got the initial 40 people to work. We are looking to expand that program in the future. We think there is a demand for somewhere

between 1,000 and 2,000 people in that particular area, so that is just an example.

We worked very closely with the sector councils over the past six months. The sector councils, for those of you who do not know, are through DETR but are really a partnership among GOED, education, industry, and labor, where leaders in all of those areas get together to discuss exactly what was addressed by your question, Assemblywoman Neal. We are going to take more of a leadership role in the sector councils, to help drive the outcomes rather than simply trying to help provide advice.

**Assemblywoman Kirkpatrick:**

Something that may be of interest to the Committee is that when the workforce sectors were set up from Senate Bill No. 239 of the 75th Session, they had very little direction on where to obtain the data to determine which sectors actually made sense.

Now we have Tesla, and we have the manufacturing program up here as pilot programs to get the business industry to help us create those programs. I know the Governor's Workforce Investment Board is trying to do a better job, but people need to know where to go to get those resources. There tends to be some stumbling blocks. Could you talk a little bit about where to find information on what sectors the state is driving for people who are looking for a job or want to make a career change?

**Steve Hill:**

The sector councils themselves have certainly evolved and are continuing to pick up speed to try to find the most pressing needs in each of the targeted industries. Legislation that was passed along with Assembly Bill No. 449 of the 76th Session required that those sector councils be in alignment with the targeted sectors in Nevada. The Department of Employment, Training and Rehabilitation certainly has a broad footprint and quite a bit of outreach. The Governor's Workforce Investment Board is a board of approximately 40 people who represent a number of different organizations, all of which can be plugged into for that type of information. There are regional workforce boards that work up through the Governor's Workforce Investment Board and implement the workforce investment act, which is a federal act that funds a lot of that effort, as well as coordinating some of the state spending on that workforce development effort.

We and the regional development authorities often partner with DETR and the members of the regional efforts to do job fairs that connect companies to potential workers, either generally or in a specific industry. Those are some of

the best areas to do that. JobConnect programs have also been put on the campuses of some of the community colleges by DETR. There are 55,000 students that go through the College of Southern Nevada, for example. There is a JobConnect office now at Southern Nevada that can help with real-time connections. The last point, which I think is important as well, is that DETR is investing in a software program called Burning Glass. The Burning Glass program picks up job opening information in real time. It goes onto the Internet and other places that post jobs and consolidates that information. It tracks not only lists of people who are unemployed and looking for work, but does some interviewing with those individuals and enters their skill set—what they best match from a job standpoint—so we have much better resources to put somebody specific into a job they want to do, that meets their skill sets, and fits them that are available right now. This is really new for the state, and the program is not online yet. I think this will be very helpful once it is online.

**Chairman Armstrong:**

In the interest of time, I know we have about 13 slides and a bill, with just over an hour left. You can have another 15 minutes for this, and then go into your bill.

**Steve Hill:**

The Catalyst Fund on page 6 ([Exhibit C](#)) is certainly one of our most important programs and is really the most efficient from the standpoint of helping create jobs. In 2011 it was originally funded with \$10 million. Our goal at that time was to assist in the creation of 2,500 jobs. In 2013, \$1.5 million was added to the Fund to replenish what had been committed at the time, so there is \$11.5 million total. Ten million dollars of that has been committed. Certainly the other \$1.5 million will be committed before this session is done. With that \$10 million we have assisted in the creation of about 3,800 jobs. It is approximately \$2,600 per job. The Catalyst Fund is completely performance-based. The job has to be in place before the company receives any funding for that job, and the contracts are typically between 3 and 5 years, so the jobs have to remain in place in order for the company to receive those funds. We implement and administer the program in a partnership with local government, so our contract is with local governments. Then the local governments work with the specific businesses to facilitate this. This page has a list of 14 of the current Catalyst Fund projects.

I have already talked about page 7 and the objectives for the next State Plan.

Page 8 ([Exhibit C](#)) lists the new, slightly reconfigured targeted sectors from the last State Plan. At the bottom you can see the natural resources technology

sector, which is a combination of agriculture, water, and energy technologies. I think it is probably pretty easy to see the nexus between those three, but that nexus really exists in Nevada. It is a real Nevada opportunity. We see that as a truly important targeted sector moving forward.

**Assemblyman Hickey:**

Not to slow you down here, given the Chairman's urgings, but could you talk a little bit about the commercialization plank there, because that is really what the Knowledge Fund is intended to do. Briefly report on how that is materializing.

**Steve Hill:**

I appreciate your bringing the Knowledge Fund back to the conversation. There are a couple of different steps that are important for innovation-based economic development, and if you are going to build new economies in a state it really needs to happen through that innovation-based effort. New ideas and new products are what moves economies forward. There is no better place to start that effort than our research institutions.

The Knowledge Fund was a \$10 million grant established during the 77th Session, which goes through GOED. We administer and oversee this program to align the research and development efforts at the three university systems with our economic development efforts. We formed a Knowledge Fund Advisory Committee of six terrific Nevadans who have experience in this area. They have the responsibility of hearing proposals from the university system and offering their opinions and advice to us before we move forward. We were very specific, and you were very specific during the last legislative session, about how we were going to measure the success of the Knowledge Fund. If you look on our website there are dashboards with the metrics on each of the Knowledge Fund projects. We get quarterly reports and annual reports from the projects. We are working with them on a daily basis in order to move them forward. What it really amounts to is new companies that start as a result of the research and development, the innovation that comes from the partnership with the universities and the industry. Jobs that are created. Companies that are attracted to Nevada. Companies that want to grow their business, grow their product line, come up with new ideas, want to be around others in their industry and around the smart people at universities they can work with. These Knowledge Fund programs help attract companies from out of state to locate into Nevada.

If you get down to how you measure innovation in a state, it is the number of patents that are generated. A core goal of what we are doing in the Knowledge Fund projects, and in general in innovation-based economic development, is to

grow the number of discoveries and the number of patents that we have in the state. That is the framework of the Knowledge Fund projects.

**Chairman Armstrong:**

We can skip slide 9, the GOED organizational chart, and move on to slide 10.

**Steve Hill:**

Slides 9 and 10 are really just informational for the Committee, so you know how we are structured, how the regional development authorities are structured, and where they are located throughout the state.

Slides 12 and 13 are slides that came from presentations that the Las Vegas Global Economic Alliance (LVGEA) and the Academic Development Association of Western Nevada provided at a different hearing earlier in the session. They are the two largest regional development authorities. You can see a little bit about what they do and the success they have had. You can see that the Las Vegas Global Economic Alliance has been a big partner in the recruiting and expansion effort throughout the state and the growth that has come there.

On slide 13 you can see what those sectors are. Tourism, gaming, and entertainment certainly continue to be a big part, with 37 percent of the jobs in Clark County.

One of the things the LVGEA studied is the impact of not having available land and available buildings in southern Nevada. This is a focus that I think is important, probably during the legislative process as well as for local governments in southern Nevada. Certainly during the recession, business developers became very reticent to build speculative office, warehouse, and industrial space. That has started to return, but we are losing a number of opportunities because companies do not have the luxury of waiting to design and build a building prior to making the decision to move. Certainly moving that process more quickly, working with local governments to do that, is important, but there has been quite a bit of lost opportunity as a result of not having available buildings for companies to move to Nevada.

We have very similar success stories in northern Nevada. The Economic Development Authority of Western Nevada (EDAWN) thinks about their mission and their objectives in three ways: to attract companies, to help companies stay in Nevada and grow, and to support the entrepreneurial effort to help companies to start.

They have seen similar success in the number of jobs that are coming to northern Nevada. Certainly Tesla will have a big impact over the next several

years and probably into the future past that. You can see the difference in what was happening for the last decade. The graph on page 17 ([Exhibit C](#)) only goes back to 2008, but prior to that those numbers are very similar in growth and job creation, and that is reflective of both northern and southern Nevada.

We have obviously talked a little bit about Tesla. It is an opportunity in and of itself, but using that facility and the status of those companies, the number of jobs they bring to an advanced manufacturing sector allows this region the opportunity to be as globally significant in the advanced manufacturing sector as southern Nevada is in the gaming and hospitality sector.

Again, EDAWN wants to emphasize the importance of the partnership between education and workforce development and economic development. The economy is shifting quickly, and we are going to need to grow a workforce that is there for all the potential jobs.

That is the conclusion of my presentation. I appreciate the opportunity, and I am happy to answer any questions you may have.

**Chairman Armstrong:**

Thank you for speeding your presentation up. Are there any questions? [There were none.] We will close the presentation and open the hearing on Assembly Bill 17.

**Assembly Bill 17: Provides for the establishment of a nonprofit entity for certain economic development purposes. (BDR 18-292)**

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

I appreciate the opportunity to present Assembly Bill 17 today. Chapter 231 of the *Nevada Revised Statutes* (NRS) is really the governing chapter for economic development in Nevada. This bill contains two important topics that we are proposing as changes to Chapter 231 of NRS.

The first topic relates directly to the State Small Business Credit Initiative (SSBCI). It provides for general authority for the Governor's Office of Economic Development (GOED), and ultimately the Board of Economic Development, to approve what are corporations for public benefit. I am shorthanding this presentation a little bit, and I am calling them 501 corporations. I am sure you are familiar with those. Those are nonprofit corporations governed by the Internal Revenue Service (IRS).

A corporation for public benefit is actually a corporation that is owned by a public entity in Nevada, and in this case it would be the State, that is a tax-exempt organization by definition, so we would technically not have to apply for 501 status, because we would have a tax-free status as a result of the ownership in the corporation being the State. In the future there may be other purposes for corporations for public benefit, but the primary purpose today is to set up a mechanism to receive the funding that is processed through the SSBCI. This is a federally funded program. It is 100 percent federal money. It is a \$13.8 million grant that Nevada actually applied for before I was in this position, and we received the grant right about the same time I started in late 2011.

The SSBCI is run through the U.S. Department of Treasury. They approve the ground rules of the program and how the funding is used. Currently Nevada has three approved uses.

The first is a collateral support program. If a business in Nevada is struggling to obtain a loan from a bank, this program provides cash collateral that can be posted and put into an account at a bank, basically as a partial guarantee for repayment of that loan. The intention here is for additional collateral and additional security to facilitate lending, and certainly several years ago loans were very difficult to obtain. That pipeline is opening somewhat. We have provided collateral for probably 7 or 8 loans in that period of time. There are a couple of additional loans that collateral will be provided for soon, so this is one of the components of the SSBCI program.

Another is a microenterprise lending program. We do this in partnership with a business that is certified by the federal government. We have allocated \$500,000 of the \$13.8 million to this program, but it requires a 1 to 1 match from a different lending organization in order to commit a dollar from this program. To date we have only been able to locate \$200,000 in matching dollars for that program, so \$200,000 is what has been part of the microenterprise funding program.

**Assemblyman Kirner:**

In Assembly Ways and Means we heard the Office of the State Treasurer's report the other day. Is this the same microenterprise loan thought process that he has, or is it a different one? Can you marry those two for me and let me know how they are the same or different?

**Steve Hill:**

The only program of which I am aware in the Treasurer's office is the Silver State Opportunity Fund. That is a different program. It is really a private

equity type fund. I am not familiar with a microenterprise fund in the Treasurer's office.

**Chairman Armstrong:**

I would say that those are different programs. The Treasurer's budget included a \$1 million microbusiness loan program that I feel is redundant to this. Maybe you could reach out to them to see what the program is.

**Steve Hill:**

I did not realize that, and I will do so. Again, I will point out that it may be somewhat different. This is all federally funded, and these are the specific uses and the specific methods that are required by the U.S. Treasury for this program. Blending them with a different program would probably not be possible because of the federal regulations attached to it.

The third component of this program is the Battle Born Venture Fund. It is a venture capital type program, where we work with an advisory committee. We have asked several Nevadans who have experience in this area to work with us to screen these companies.

All of the programs in the SSBCI program require a minimum of a 1 to 1 match with private sector dollars in order to move forward.

The way the program works is you get approximately one-third of the complete \$13.8 million at a time. Once you commit that money and move it out the door, you can request the second tranche and then the third tranche. We have committed all of the first tranche now, which is really a significant improvement over the conversation we had two years ago. We are into the second tranche, and we think we will be requesting the third tranche toward the end of this year.

As that money is returned this becomes an evergreen fund, and in 2017 the U.S. Treasury will relinquish control of that program and turn it over to the state. Now it has to continue to be used in this general fashion, but we will no longer have to apply to the U.S. Treasury for approval of how that program is administered in Nevada. What we require though is an entity that is capable of housing that program and the funds as they are relinquished from U.S. Treasury control, and this is the reason for our request to allow our Board the authority to form corporations for public benefit, with which this is directly in-line and conforms, so that we can accept the return of those funds as they come in from the collateral support program or when we have exit events on the venture capital side and then can reinvest those funds with businesses throughout Nevada. I am happy to answer any questions on that portion of the bill.



**Assemblywoman Bustamante Adams:**

Are we just talking about one nonprofit? The federal government would give you a designation for one nonprofit, and then the money would be funneled through that in order to get to these other public benefit corporations. Is that how it works?

**Steve Hill:**

The terminology is a little different. I think the answer is basically yes, but with a couple of differences. As I said earlier, I shorthanded at times using the 501 designation. That is a federal designation, so it is my fault for using that shorthand. Because we are the State of Nevada and would be the owner of the corporation for public benefit, we do not actually have to apply to the IRS for that status. We would, by definition, be a corporation that is not subject to taxation, so we would have that nonprofit status by definition. We would be able to form this corporation under Nevada law, and we would not have any tax liability. We would be a nonprofit entity.

The funding would then be housed in that corporation for public benefit. So let us say we steal the Battle Born name and call it the Battle Born Corporation. The Battle Born Corporation would house the grant money that has been received, employed in the field, and then returned through the normal course of business over time. If we provided collateral support for a bank loan for a company, as that company pays the loan back, the collateral support that we have provided is paid back as well, so we receive that money back as a result of that transaction. It is the same way with the Venture Capital Program. We invested recently in a company called Wedgies. Sooner or later Wedgies is going to go to the next level and have private equity funding, which would buy out our original position. We would receive our funding back, as well as hopefully a profit, or they will go public, in which case we would be bought out that way and receive the money back. So this is intended to be a permanent program where the money goes out, does good, and then we are repaid.

**Assemblywoman Bustamante Adams:**

I know that in your slide the scale was skewed more to attracting companies. My preference is retention and support of existing businesses, so would it be more support for existing Nevada businesses instead of using the other money to attract companies to Nevada? My second question is where is the accountability and transparency under this view model if you do not have to report to the IRS your tax exemption?

**Steve Hill:**

There are a couple of different things there. It is not prohibited for use in attraction, but it is unlikely to be used as an attraction mechanism, because the companies have to be in Nevada. So far this has all been used for Nevada companies, and I would anticipate that to be largely true moving forward.

From a transparency standpoint, the Legislature and the Interim Finance Committee (IFC) have required that every six months we come before the Legislature or the IFC and present a report on the activity in the SSBCI. There is also a requirement that we provide a written report.

**Assemblyman Nelson:**

I want to preface my question by stating that I am all for economic development. Some people have voiced concerns about favoritism with some of these programs. What is the criteria you use for deciding which companies to help either through loan guarantees or other economic incentives?

**Steve Hill:**

There are different answers for different programs. Largely, and particularly from a tax abatement standpoint, if a company qualifies they are typically approved. Frankly, I am not sure that in the three years I have been on the job our Board has not approved a company that qualifies for those abatements. The Board has discretion in statute, but the position that I and our Board have taken is that the discretion really should not be used on an individual basis. If we are going to either expand or contract the criteria under which companies are approved, we should do that by policy and not on a one-off individual basis, unless there is some exceptional extenuating circumstance, which to date we have not encountered. The Catalyst Fund, and to some extent the SSBCI program, are somewhat different. The Catalyst Fund has been designed as a deal closing fund, so we are looking at what we see are the best opportunities for job growth, sustainable job growth, and high wages in targeted areas that really can have a catalyzing effect on the economy in the state. The program is in partnership currently with local governments. Our Board has the final decision on whether those agreements move forward.

From the SSBCI, really the topic of this bill, from a collateral support standpoint, we are largely looking to banks as the primary screening mechanism. If the bank is willing to provide the loan only if we are willing to provide the collateral support, that is really the intention of the program. The process the bank goes through is pretty exhaustive; they want to know for sure they are going to get their money back.

On the venture capital side we have an entire pipeline application and screening mechanism, set up through the advisory committee. The committee includes several people who have been in the venture capital industry as their career, as well as the deans of the business schools at both the University of Nevada, Las Vegas, and the University of Nevada, Reno, and some others. So, we have a pipeline that typically has 25 or 30 companies in it. The Committee meets once a month, tries to narrow that down, chooses what they consider to be the best two or three to do further due diligence on, and then makes a recommendation to our office for ultimate approval.

**Assemblywoman Benitez-Thompson:**

To make it clear for the legislative record, as I read the bill I see that in section 1 we are empowering GOED to form a nonprofit, and then in section 2 we are also empowering you to create a nonprofit. Is the intent one single nonprofit for all of economic development, or the Board can do it, and you can do it?

**Steve Hill:**

I think I can clarify that fairly easily. The intention, as we read the bill, is for the Executive Director of GOED to be able to ask the Board to create more than one, if necessary. Certainly we have no intension of creating more than one corporation for public benefit at this time. We do not read the bill to allow the Director to create a nonprofit of my or his or her own volition in the future.

**Assemblywoman Neal:**

So the Valley Center Opportunity Zone (VCOZ) is under you. It seems like the structure you are creating would benefit them. Instead of being a grant agency, they have the ability to recycle some of their funds back by loans, picking businesses they feel would be successful, so they can somehow have a larger pool of funds in the future. They have had significant success with those they have picked to invest in, with the little bit of money that they have. Is this at all a consideration to make them either mix and match what they are doing, but to also strengthen their ability, or somehow connect them to the intermediary nonprofit that you are creating?

**Steve Hill:**

There are alternatives to creating a corporation for public benefit. For example, handing the money to an organization like VCOZ is one. It is really the other alternative. We are going to receive this money, or maybe even more if we are profitable in the investments we make, back. It does not have to be done through a corporation for public benefit. We think strongly that that is the best choice. It could go to any entity that the state chose to provide those funds to. What this method allows is for a link to be made between the Legislature, the

Executive Branch, and GOED to stay involved and to have some oversight. We will not have complete control. The board of that organization will have control, but we will have the ability to influence who is on that board. We think that this is by far the best mechanism to make sure that this funding, and its continued use, is appropriate and in line with what you and the state's efforts are.

As far as combining this program with the work of VCOZ, which is one of the organizations that is funded through a kind of pass through line item in our budget. It is an organization that does microenterprise lending, as well as training of small businesses to help them grow. The microenterprise component of this program is something that could be done in coordination with VCOZ, also really in partnership with VCOZ. The partner we have is capable of bringing the dollar for dollar match, so it is actually the Valley Economic Development Center (VEDC) that is able to go out and seek matching money for the funds that we provide, so that could work a couple of different ways.

**Chairman Armstrong:**

For clarification, previously you mentioned the reports you provide to the IFC regarding the other programs. If you create this nonprofit, will those reports still be required to be presented to the IFC?

**Steve Hill:**

They certainly can be. Again, one of the benefits of a corporation for public benefit is that we would have the ability to write bylaws. A contract, for example, as we are providing the funding, we can do that in a contractual relationship with that corporation. A part of that contract can be reporting mechanisms, so it would flow through GOED. We would be more than happy to come before the IFC or come before the Legislature and report on the progress that corporation is making.

**Chairman Armstrong:**

I wonder if it should be done in those bylaws or maybe in statute to require those, which would be the best vehicle for that?

**Assemblywoman Benitez-Thompson:**

Thank you for circling back on that, and just to echo the Chairman's comment that the language path was what could be, but I would say that we would want it to be so in statute.

In reading Section 4, it looks like we are fleshing out how the information becomes confidential or will earn confidential status. So the process is that the company makes a request in writing to you folks and you look that over.

It says "to the satisfaction of the Office." So that is you, not the Board, the Office, right?

**Steve Hill:**  
Right.

**Assemblywoman Benitez-Thompson:**

So you make a determination about proprietary or confidential information, and then you make a decision on that. While the information might remain proprietary, will the process by which that determination is made also be confidential, or will the public be able to know about requests on confidentiality?

**Chairman Armstrong:**

In addition, could you speak to the amendment ([Exhibit D](#)) that is proposed as well?

**Steve Hill:**

Thank you for the question and then the segue into the second part of the bill.

As I said earlier, there are two parts to this bill. The first was the corporation for public benefit. The second issue is confidentiality. If a company makes a request for confidential treatment of their information, current law allows the Executive Director of GOED to determine what will remain confidential and what will not.

The statute currently does not have a definition or a standard for what should or should not be confidential. We think that "standard" should be a part of our statute, so we have recommended a standard that mirrors the Department of Taxation's standard for confidential and proprietary. There is a definition of confidential and there is a definition of proprietary that is currently in the *Nevada Revised Statutes* that the Department of Taxation has, and we are recommending that those standards be applied to the decisions that the Executive Director of this Office makes or would make.

In addition, we have offered an amendment ([Exhibit D](#)), to what was clearly our mistake when we filed the bill draft request. The primary purpose of this part of the bill is to correct what we think is really a problem in current statute. Currently a company's information can be kept confidential until the point they take any step to move to Nevada or expand in Nevada, and then anything they have given us is no longer confidential. So true confidential or proprietary information is no longer able to be kept confidential. We think that is punitive to companies, and as a result of that, we just say "do not give us any

information" that might be helpful for our process "that you might consider confidential in moving forward. The confidentiality status as it relates to economic development for the five states surrounding Nevada, just to give the Committee a sense of how other states have felt about this, is, frankly, an impediment to a competitive situation for Nevada. Arizona and Idaho have exceptionally strong confidentiality provisions in that those states allow the entities similar to GOED to have broad discretion in what they include and broad discretion in how long it lasts. More moderate confidentiality provisions exist in California, Oregon, and Utah. All of them allow confidential information to remain confidential until at least the point where it does not provide an economic benefit to the company to maintain that confidentiality. So we are really the only state in the West, and probably the only state in the country, that has this type of confidentiality provision. This is, frankly, not a confidentiality provision. It just serves as a prohibition to providing us information that might be helpful in the process, because we cannot keep it confidential unless they do not come to Nevada or expand in Nevada.

**Assemblyman Kirner:**

I am sort of a visual guy and I am trying to go back to your corporation. You have the GOED Board, so would the corporation for public benefit be underneath this Board, or would it have its own board? If it has its own board would the Legislature have an opportunity to recommend somebody for that board?

**Steve Hill:**

The corporation would have its own board. If you want to get into who is going to appoint members of that board, or how, we could have that conversation. Certainly at this point our thought was that this would be done through our Board and through our Office.

**Assemblyman Kirner:**

This corporation for public benefit would then be making the small business credit loans for the microenterprise. I am calling it venture loans. The idea would be that we would get paid back, probably with interest, and we would make money. A lot of that is federally funded, but we get to keep that money, I guess. If there is a default on a loan are we the first in line for whatever remedy there would be.

**Steve Hill:**

This corporation would be a free floating organization that would be overseen and operated by its board of directors. The funding that began as federal funding would become the funding that allows this corporation to operate.

There would be no future mechanism, that I know of, to transfer any of that funding into the State General Fund, something along those lines.

The fund kind of acts like a company at that point, and it kind of acts like a company now. For the investments that we have made from the venture capital program, for example, we are one of the shareholders. We are treated as a shareholder. We do not have any special rights in our status simply because of who we happen to be. We are treated the same as other shareholders and other investors.

It is the same basic principal with the collateral support program. There is a \$1 million loan, and we supply \$200,000 in collateral support on deposit. As the loan is paid down, we are paid down proportionally. So we get pieces of money coming in on that return. Once that loan is paid off, we are paid back. These are usually relatively short term loans, two-or three-year terms typically. We are typically treated as equals in these transactions.

**Assemblyman Hickey:**

This Committee, and the members who were here at the time of the inception of GOED, have been very supportive of the Catalyst Fund, the Knowledge Fund, and these types of things. I am hearing some things from you today that break the mold of my simplistic thinking.

I have thought the monies we provided, GOED was just kind of a pass through to companies that you, your Board, and professionals deemed appropriate to incentivize and to be involved in Nevada and our economy. I am hearing from you terms like "contract" and "investments" and "profits" and "bank," and being a company, so to speak. It raises some questions about whether we will be making investments in companies we simply think will make the best return to the organization we are creating, or are we still going to be investing in the companies that we think are going to overall be best for Nevada? There may not be a conflict between those two concepts, but I guess I am finally realizing we are talking about setting up a nonprofit company in order to administer. Maybe you need to help me appreciate why that is a good thing?

**Steve Hill:**

I think there is a very clear distinction here. I appreciate the question and I should have made the distinction more clear. This is entirely federally funded money. If this was state money I would not be proposing this as a program. These are the functions that the federal government allows us to use this money for. We think it will be helpful for Nevada and helpful for specific businesses, but in order to administer and operate the program under the federal guidelines for what is federally permissible, with federal money, these are the

steps that we need to take. The other programs, state funded programs, are operated differently.

**Assemblywoman Benitez-Thompson:**

Since it is federal dollars, as opposed to nonprofit language, I really think it should be 501(c)(3) language. It has been my experience on tax that things we call nonprofit do not always end up as nonprofit as we might expect or as the general public might expect. I think if we did subscribe to that 501(c)(3) language and the activities that they are allowed to do that there is a better comfort level for me there, because it is much more in line with everything that is in section 1 of the bill, and what the Board is currently allowed to do.

On the amendment I feel like, as you said, it is very broad. If everything is kept confidential, is never considered public record, and can never be disclosed, then how will the public ever be able to know where those dollars went, how they worked, under what conditions they were given, whether those conditions were upheld or not? I know you might say they are federal dollars, but any taxpayer dollars should really have that level of accountability and transparency. Could you talk more about this amendment, because the way I read it, once it is confidential, it is confidential in perpetuity.

**Steve Hill:**

On the 501 thought process, I would ask that you not require that. It is not only unnecessary, it would cost the state to have to apply for 501 status unnecessarily. We can talk a little bit offline, but the proposal that we have is the most efficient for the state to follow. It is the same definition under state law. I think it is Chapter 82 of NRS that outlines the method for doing this.

With respect to the confidentiality, the confidentiality provision and the nonprofit provision in our bill have a little bit of an overlap, but they are really separate issues. The bill says that the confidentiality provisions we have requested generally would apply to the corporation for public benefit, but they would apply to all of the aspects of what we do at GOED. So this is a broad request for our abatement application process, the Catalyst Fund process, all of those.

The answer to your question of what is going to be confidential and could everything be confidential is no. Everything cannot be confidential. Assembly Bill No. 333 of the 77th Session expanded what was required to be disclosed to the public and in reports during the 77th Session. The criteria for qualifying for any abatement or incentive must be publicly disclosed. The jobs created, the average wages, the investment, the health care benefit, the economic impact, the amount of taxes that will be generated, all of those types



of information are required by law to be publicly disclosed. However, regarding what is not, for example, private companies have no public responsibility to disclose their balance sheets and income statements. We deal with a lot of private companies. Sometimes we ask to see those documents, but if we ask and they give them to us, we keep that record. If they decide to come to Nevada that is going to be made public. That is why we included the standards that we set. If you go to Chapter 360 of NRS, I think that is the citation, and a definition of what can be considered confidential, there is a definition of what can be considered proprietary, and those are used by other agencies in the state. We are just asking to be able to mirror that and then be able to keep information appropriately confidential for a period of time.

**Chairman Armstrong:**

I think I understand what you said, but I was asked by my fiscal staff, who sometimes request information or reports that are confidential, does this impact their ability to request that information for those reports?

**Steve Hill:**

No it does not.

**Assemblywoman Kirkpatrick:**

I have a couple of things. I get the whole nonprofit thing because Basic Management, Inc. (BMI) has been allowed to set up nonprofits within our state since 1985, so we have culinary, housing, and a couple of energy ones. The one thing that is consistent about all of their those nonprofits is that they do have some legislators who sit on their boards for some legislative oversight. In all the legislation that passed it allowed for two legislators, one from each party, so that there was an ability for some legislative oversight, because there comes a point where we want to make sure they are doing what they are supposed to be doing, even if they are federal dollars.

I am probably the energy office's biggest thorn in their side, because I am always asking about that American Recovery and Reinvestment Act of 2009 money that we got, because I sat on that board to make sure that it is panning out.

I think there is a way to tighten this up with bills as we have done in the past, so that there is some legislative buy-in to doing that. I understand that these are federal dollars, but at the end of the day we have to be good stewards of those federal dollars, and legislators have to understand what it is.

As far as on the records, I am glad you clarified this is language similar to the tax commission, because many businesses will not even entertain coming to our

state if they have to give up their trade secrets or their proprietary information, because there is a risk when you are leaving one place to come to another if you have to give up that information.

My biggest concern is on these investments. How will we know who the right people are to invest in. It has taken us a couple of years to put it all together to make it work, and I know that the IFC did one, so investments are a little bit different. The other one that we did in the IFC was a flat set of money that came in and it was supposed to be used for specifics. On the investment piece, when we set up like the microloans with the school permanent fund, that took us almost a year and a half to get the Board, the right people, and the expectations, so how within those regulations will all of that be addressed?

**Steve Hill:**

The Battle Born Program in particular is where I think that question most applies. It is really a venture capital fund, and again the process we implemented was approved by the IFC in August. We have formed that advisory committee with professional venture capital career professionals, as well as groups in the university system and the Nevada Small Business Development Corporation. That is the current method we have. Nothing comes directly to our Office without having passed through that advisory council first. The requirement in the program is also that private money of at least as much is invested alongside our investment. So we really have validation from the private sector, as well as a group of private sector people who do the screening to ensure that we make the best decisions that we can. That is not to say that when you invest at a venture capital level, it is not very high risk investing. The real purpose of that fund, particularly as we see it, is to help attract other venture capitalists to the state. So we have people calling us saying "who is in your pipeline and who can we think about investing in alongside you?" The Wedgies investment brought to Nevada one of the premier venture capital companies in the country. This was a first time in Nevada and a significant step for the state. So there are real benefits there. This is not necessarily answering the question you asked, but that is the method that we currently have in place. If there are suggested improvements to that, we would be happy to have the conversation.

**Assemblywoman Kirkpatrick:**

Can I meet with you offline?

**Steve Hill:**

[Yes.]

**Assemblywoman Neal:**

I am going back to the bill. I would like a clarification on section 6, page 7, line 27. It states section 5 of this act becomes effective on July 1, 2036. In section 5, page 6, line 31, is the strikeout of "[and NRS 360.950]" a typographical error. I could not find 950. I am assuming that should have been an 8.

**Michael Nakamoto, Deputy Fiscal Analyst:**

The reference to NRS 360.950 is language that was codified as a result, I believe, of Senate Bill No. 1 of the 28th Special Session. Those provisions relating to the abatements that were approved during the Special Session expire on June 30, 2036, so the references have to be deleted from the statute beginning on July 1, 2036.

**Assemblywoman Bustamante Adams:**

You have many tools inside GOED that you are using to produce growth and retention in the state, so my question is why do we need this tool now? I know Delaware also passed the same legislation regarding benefit corporations. Are there any other states further along in their process, and how have they used it to support their state?

**Steve Hill:**

The reason we need the corporation for public benefit is that the state constitutionally cannot invest directly in a company. The corporation can. This is not something we can house in GOED. We cannot hold equity in a company. It is constitutionally prohibited.

To answer your question on states, the SSBCI is available to all states. I think virtually all states have implemented this program. We looked at several states, some of which had incorporation in place already, and they were able to just put the SSBCI program into it. The state we felt offered the best model was Florida. This was partially at the advice of the U.S. Treasury. They gave us kind of a cross section of states.

**Chairman Armstrong:**

With that, I will close the hearing and take testimony. I do not have anyone signed up to speak, but is there anyone who would like to speak in support of A.B. 17?

**Tom Clark, representing Sempra Energy:**

I am speaking in support of the concept of this bill and the conversations that have been taking place. I am sure, based on those conversations, there is going

to be quite a bit of follow up, and I look forward to seeing any amendments and other things that come forward on that.

May I briefly speak to Mr. Hill's presentation?

**Chairman Armstrong:**  
Just briefly.

**Tom Clark:**

Sempre U.S. Gas and Power was fairly new to the state a couple of sessions ago, and through the leadership of Assemblywoman Kirkpatrick we passed Assembly Bill No. 522 of the 76th Session that provided the incentives for property tax and sales tax for renewable energy companies.

I find it interesting that in the sectors Mr. Hill discussed renewable energy is not one of them, but then I got to thinking, it is because they are successful. There is not any additional effort that needs to go into attracting those companies because the policies that are already in place are working. Sempra started out with the 10 megawatt Copper Mountain Solar Project. Last week we just placed the final panel on Copper Mountain III, and there is a total of 550 megawatts of energy being generated in southern Nevada. We are about to break ground, probably in July, on another 94 megawatts.

So there are success stories behind these. I would offer to those of you who are recently elected or new to this Committee, you may get some pushback regarding these issues, based on abatements and incentives, but we have a poster child that will demonstrate that it works. I encourage you to sit on the right side of the airplane when you are flying back to Las Vegas, and when they say "put your tray tables up," put them up and then look down, because you will see it. It is amazing.

**Chairman Armstrong:**

I have been out to Copper Mountain for part of the economic development issues.

Is there anyone else speaking in support of A.B. 17? Seeing no one, I will now take testimony from those who are neutral on A.B. 17. Seeing no one, I will now take testimony from those who are speaking in opposition to A.B. 17. Seeing no one, I will close the hearing on A.B. 17. I will now open the meeting for public comment. Seeing none, I will close public comment.

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We will reconvene at 3:30 p.m. in Room 1214 for a joint hearing with Senate Committee on Revenue and Economic Development. We are adjourned [at 3:18 p.m.].

RESPECTFULLY SUBMITTED:

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Gina Hall  
Committee Secretary

APPROVED BY:

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Assemblyman Derek Armstrong, Chairman

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

**EXHIBITS**

**Committee Name:** Committee on Taxation

**Date:** February 19, 2015

**Time of Meeting:** 1:32 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Steve Hill / GOED	PowerPoint Presentation
A.B. 17	D	Steve Hill / GOED	Amendment