

**MINUTES OF THE
SENATE COMMITTEE ON REVENUE AND ECONOMIC DEVELOPMENT**

**Seventy-Eighth Session
May 12, 2015**

The Senate Committee on Revenue and Economic Development was called to order by Chair Michael Roberson at 3:38 p.m. on Tuesday, May 12, 2015, in Room 1214 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 Michael Roberson, Chair
Senator Greg Brower, Vice Chair
Senator Joe P. Hardy
Senator Aaron D. Ford
Senator Pat Spearman

COMMITTEE MEMBERS ABSENT:

Senator Ben Kieckhefer (Excused)
Senator Ruben J. Kihuen (Excused)

GUEST LEGISLATORS PRESENT:

Senator David R. Parks, Senatorial District No. 7
Assemblywoman Dina Neal, Assembly District No. 7

STAFF MEMBERS PRESENT:

Joe Reel, Deputy Fiscal Analyst
Bryan Fernley, Counsel
Tony Rivano, Committee Secretary

OTHERS PRESENT:

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

Yolanda Jones, Chair, Regional Business Development Advisory Council,
Clark County
Justin Harrison, Las Vegas Metro Chamber of Commerce
Gerry Bomotti, Senior Vice President for Finance and Business, Division of
Finance and Business, University of Nevada, Las Vegas

Chair Roberson:

We will hear testimony on Assembly Bill (A.B.) 17.

ASSEMBLY BILL 17 (1st Reprint): Revises provisions relating to economic development. (BDR 18-292)

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

Assembly Bill 17 is a relatively straightforward bill. It modifies *Nevada Revised Statutes* (NRS) 231, which is the NRS chapter governing economic development in Nevada. The bill recommends two changes to statute. The first change would permit the Board of Directors of the Governor's Office of Economic Development (GOED)—consisting of nine voting members, including Governor Brian Sandoval, Secretary of State Barbara Cegavske, Lieutenant Governor Mark Hutchison, as well as six private sector members appointed by the Governor and legislative leadership—to authorize the formation of a corporation for public benefit. The corporation would be both tax-free and state-owned.

The primary purpose for this request is based on a federal grant the State received in the amount of approximately \$14 million several years ago. In 2017, the U.S. Department of the Treasury will turn over complete authority and responsibility for the administration and structuring of that funding to the State. The program is operating in Nevada through the government's rules of the U.S. Department of the Treasury and the State Small Business Credit Initiative (SSBCI) which funds three programs:

- Collateral support program for businesses struggling to receive loans
- The Battle Born Growth Escalator Venture Capital Program, which permits venture start-up capital and growth capital for Nevada businesses
- Small component for Nevada Microenterprise Initiative Microloan Program

When the U.S. Department of the Treasury turns over the grant program to Nevada, the State would house the grant program in a corporation for public benefit. The corporation would have a seven-member board of directors, which would be chaired by the Executive Director of GOED. The GOED Board of Directors would approve appointment of four additional members, and the Senate Majority Leader and the Speaker of the Assembly would each appoint a member.

The corporation would provide an annual report to the Legislature and the Governor, updating all concerned as well as the public as to the grant program's progress. All the money for the program and its administration, other than the work done through GOED, represents federal monies—there is no State funding portion in the SSBCI.

The second part of the bill allows confidentiality and the abatement and incentive processes to be extended beyond the application and/or approval process. Statute provides confidentiality of information up to the point where a company that has considered moving to Nevada actually does so. Once a company has taken the initial step to move to Nevada, any information provided to the State is no longer considered confidential. This is not an appropriate method to handle some information requested from corporations.

We have looked at how other states, particularly our surrounding states, handle the confidentiality issue ([Exhibit C](#)). These states do not cut off confidentiality as soon as an incentive or abatement program is approved and a company moves forward. It is important to make clear that the information required to determine a company's compliance with the criteria in its application or in the contract executed with the State is not to be considered confidential moving forward.

The information is considered public, and transparency is important. As an example, the average wages a company pays its employees is a criteria that must be disclosed to the State as part of the abatement program and as a part of audits. This information would continue to remain public. In order to determine average wages, it is necessary to know the salary of each company employee. We do not feel it is appropriate for a private corporation to identify the annual salary of each individual employee.

Another confidentiality example concerns film tax credits available for future use. Statute requires the State review a film script prior to approving abatements. However, a film company would not permit its script along with the entire premise of production be made public prior to the film's release. In situations where the State has personally inspected the script, the script copy remained with the film company, thus maintaining the script's confidentiality.

The above examples represent concerns that may arise because of the State's confidentiality policy. Our request is similar to the policies employed by other State agencies by bringing Economic Development confidentiality policy in line with other State agency policy.

Senator Hardy:

Does A.B. 17 provide sufficient leeway to meet the bill's objectives?

Mr. Hill:

The request was structured in a way that would both protect transparency and the public's right to know while preserving confidentiality.

Chair Roberson:

I will close the hearing on A.B. 17. We will now hear testimony on Assembly Bill 116.

ASSEMBLY BILL 116 (1st Reprint): Revises provisions governing the Regional Business Development Advisory Council for Clark County. (BDR S-263)

Assemblywoman Dina Neal (Assembly District No. 7)

Assemblywoman Irene Bustamante Adams, Assembly District No. 42, the other primary sponsor of A.B. 116 with me, is unable to attend this meeting.

Assembly Bill 116 is an important issue for the constituents of both Assemblywoman Bustamante Adams and me. Assembly Bill 116 revises provisions governing the Regional Business Development Advisory Council (RBDAC) for Clark County enacted under A.B. No. 7 of the 20th Special Session. The RBDAC represents a group of public, nonprofit and private companies employing 500 or more employees in Clark County. The RBDAC works toward the common goal of promoting participation in local businesses owned and operated by disadvantaged persons in contracting and procurement with governmental entities.

The RBDAC has been functioning for 10 years and has thus far been effective; however, the following changes will help it be more effective:

Section 1 of the bill shows strikeouts for entities that were not active participants in the process. Over time, RBDAC realized that some entities provided no value and were deleted from participation.

Section 2, subsection 2, paragraph (c) clarifies that the RBDAC will focus on businesses that are owned and operated by disadvantaged persons, disaggregated by ethnic and racial categories and by gender.

Section 3 waives the 5-year limit on reporting to the Director of the Legislative Counsel Bureau and requires the Council to submit the report to the next regular session of the Nevada Legislature. Reports will be submitted every biennium as opposed to 5 years.

In summary, A.B. 116 imposes technical changes covering the common good dealing with small companies that want to participate in government procurement and contracting.

The testimony I provided was based on Assemblywoman Bustamante Adam's Statement ([Exhibit D](#)).

Yolanda Jones (Chair, Regional Business Development Advisory Council, Clark County):

The Regional Business Development Advisory Council for Clark County supports A.B. 116. The bill updates our representatives and encourages continued economic development and use of local businesses owned and operated by disadvantaged persons. I urge the Committee's support of the bill; RBDAC is encouraged, and RBDAC members representing public entities support local businesses owned by disadvantaged persons.

Members of RBDAC are active in developing and supporting local businesses through "Committed to Our Business Community" events to promote economic recovery in southern Nevada. Local suppliers will find business-building opportunities and resources. The RBDAC involves all businesses, Governor Brian Sandoval's Office and the Local Emerging Small Business Program.

Justin Harrison (Las Vegas Metro Chamber of Commerce):

The Las Vegas Metro Chamber of Commerce supports A.B. 116 and the proposed changes to the RBDAC. The Metro Chamber believes that the recommended changes will promote efficiency while also bringing regional stakeholders into the discussion concerning economic development in Clark County and fostering inclusion in the process of diversifying Nevada's economy.

Chair Roberson:

I will close the hearing on A.B. 116. We will now hear testimony on A.B. 451.

ASSEMBLY BILL 451: Revises provisions relating to the University of Nevada, Las Vegas, Campus Improvement Authority. (BDR S-1075)

Gerry Bomotti (Senior Vice President for Finance and Business, Division of Finance and Business, University of Nevada, Las Vegas):

Don Snyder, Presidential Advisor for Strategic Initiatives, Office of the President, University of Nevada, Las Vegas, could not be here today and asked me to provide a brief overview of A.B. 451 and answer any questions the Committee may have. Assembly Bill 451 basically makes three adjustments to A.B. No. 335 of the 77th Session.

The three adjustments include extending the University of Nevada, Las Vegas, Campus Improvement Authority Board of Directors' activity by 2 more years, providing an opportunity to present a recommendation to the 2017 Legislative Session. The bill also extends the Authority area—which is basically the Maryland Parkway main campus of the University of Nevada, Las Vegas (UNLV)—by 1.5 miles, which takes into consideration a 42-acre parcel north of Tropicana Avenue and east of Koval Lane that UNLV intends to purchase.

Third, the bill allows the meetings of the UNLV Campus Improvement Authority Board of Directors to be held anywhere in the County in which the Authority area is located. The rationale for this recommendation is based on efficiency. The UNLV Campus Improvement Authority Board will be able to hold open meetings at the Las Vegas Convention Center, if agreed to by Board members of the Las Vegas Convention and Visitors Authority, which is equipped to handle such meetings.

Senate Committee on Revenue and Economic Development
May 12, 2015
Page 7

Chair Roberson:

I will close the hearing on A.B. 451. The meeting is adjourned at 3:55 p.m.

RESPECTFULLY SUBMITTED:

Tony Rivano,
Committee Secretary

APPROVED BY:

Senator Michael Roberson, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	3		Attendance Roster
A.B. 17	C	8	Steve Hill / Office of Economic Development	Presentation
A.B. 116	D	3	Assemblywoman Dina Neal	Written Statement