

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

**Seventy-Eighth Session
February 17, 2015**

The Senate Committee on Revenue and Economic Development was called to order by Chair Michael Roberson at 3:40 p.m. on Tuesday, February 17, 2015, in Room 1214 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E 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 Ben Kieckhefer
Senator Ruben J. Kihuen
Senator Aaron D. Ford
Senator Pat Spearman

GUEST LEGISLATORS PRESENT:

Senator David R. Parks, Senatorial District No. 7

STAFF MEMBERS PRESENT:

Russell Guindon, Principal Deputy Fiscal Analyst
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
Jeremy Aguero, Principal Analyst, Applied Analysis
Dean Nelson, Vice President, Global Foundation Services, eBay
George Ross, Las Vegas Global Economic Alliance

Steven Polikalas, Unique Infrastructure Group, LLC
Darrol Brown, Vietnam Veterans of America Carson Area Chapter 388

Chair Roberson:

The Senate Revenue and Economic Development Committee meeting will hear testimony today on Senate Bill (S.B.) 170. I am a joint sponsor on this bill along with Assemblywoman Marilyn Kirkpatrick.

SENATE BILL 170: Provides for a partial abatement of certain taxes for new or expanding data centers and related businesses in this State.
(BDR 32-765)

Senator Michael Roberson (Senatorial District No. 20):

I have provided testimony on S.B. 170 ([Exhibit C](#)). The bill will build on our success with Tesla to grow and diversify our State's economy.

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

Senator Roberson's testimony clearly expresses the importance of this bill. I would like to make a couple of points regarding this legislation. EBay is an exceptional company with a footprint in Nevada and is considering expanding that footprint. There will be states that host the cloud and those that do not. With respect to the IT industry, the difference between the states that host and do not host the cloud will be profound over time. That has changed over the past 4 to 5 years as has the competitive environment for the industry. The industry is being formed around cloud storage and what can be done with that storage. This industry is experiencing rapid growth.

Nevada needs to be a part of that future. In order to do that, Nevada needs to be competitive. The investment it takes to build and operate the cloud is staggering. The competitive aspect of our tax situation as it relates to the industry becomes exceptionally important because of the magnitude of the investment it takes.

The competitive landscape is changing. As recently as 4 or 5 years ago, Nevada took the position that these are the taxes we have in place and we will take what portion of this industry we get with that competitive situation in mind and forfeit the rest. If Nevada does not remain competitive with our surrounding states, the industry will not be in Nevada.

It is not simply the gear, the data centers and the technology infrastructure that will not be here, the jobs and the industry growth around it will not be here as well. Dean Nelson of eBay will speak more acutely to this issue than I can.

It is important to point out that as we look to develop policy around data centers, there are two major types of data centers. One type of data center is a colocation facility where a company owns the building itself, the technology and infrastructure, but the company houses the gear or the servers for a large number of companies. Then, there are enterprise data centers where a company owns the building and the equipment in the building, which is typically only for that one company.

Few companies in the world have the ability to own and operate enterprise data centers. But it is a major portion of the industry. Abatement of taxes under our statutes applies to enterprise data centers. Colocation facilities are not entitled to tax abatements. Senate Bill 170 would allow tax abatements to be granted to the owner of the building itself and to their customers inside the building as well.

In his testimony, Chair Roberson explained the criteria to qualify for these abatements. A few issues should be considered as we move forward. From a policy and competitive standpoint, we look at those states nearest to Nevada. Arizona has recently passed legislation that allows it to be very competitive. Arizona's threshold with respect to qualifying for tax abatement is \$50 million with no requirement to create jobs. It is important to review S.B. 170 in comparison with Arizona legislation and give this legislation additional consideration. In addition, during the previous Legislative Session, this body passed legislation that installed specific data center abatement language in *Nevada Revised Statutes* (NRS) 274. As the Committee considers enacting S.B. 170 into law, it would be good policy to repeal the language in NRS 274 to avoid conflicting data center language in statute. The Governor's Office of Economic Development (GOED) also recommends that the bill require the colocation facilities to have centralized reporting of the information that goes into the criteria for abatement approval.

Large colocation facilities may include as many as 600 to 800 customers. Consequently, GOED or the Department of Taxation would be required to track the equipment purchases in those facilities on an individual company basis. This would result in GOED or the Department to interact with 600 to 800 customers.

Given the large number of companies potentially receiving abatements, it would be helpful if the companies centrally reported to GOED and the Department; GOED requests that this requirement be considered in the bill's language before the next hearing.

The accountability and clawbacks that all our performance-based abatements are known for are in this legislation.

Jeremy Aguero (Principal Analyst, Applied Analysis):

I have prepared a financial analysis relative to the economic and fiscal impacts associated with S.B. 170. Economic impacts are generally viewed in the traditional context of jobs, wages and salaries paid to Nevada workers. We may also think about the total amount of economic output. Fiscal impacts are generally viewed in terms of taxes paid to offset the cost of providing public services.

Relative to traditional economic impacts, the impact of data centers on our economy is massive. Their impact is also different in other ways. There is more economic activity in a Switch developer and an operator of SuperNAP data centers than in all other industrial activity in southern Nevada. Moreover, data centers have larger footprints than the entire State's \$132 billion economy.

Given the massive economic impact data centers have, we attempted to understand the industry as it exists in Nevada and to extrapolate that forward in terms of investment, jobs, wages, sales, use and property taxes.

Switch has proposed expanding data center facilities in both northern and southern Nevada. The southern Nevada Switch facility gauges its size based on a "cabinet" concept, where a cabinet is an object filled with "gears," which includes servers and other peripheral technology hardware. One cabinet contains approximately \$250,000 worth of gear. Switch's southern Nevada expansion plan calls for approximately 20,000 cabinets, each at a cost of \$250,000, a total of \$5 billion worth of assets by the time the facility is completed. This investment has a useful life of approximately 3 to 4 years. At its inception, the data center represents a \$5 billion investment in southern Nevada, and this investment will repeat itself multiple times over the 20-year abatement period.

The amount of investment to build the physical structure is roughly \$375 million and, including the equipment loaded into the structure, the combined

investment is approximately \$5.375 billion. Over the 20-year time horizon, \$1.25 billion will essentially be refreshed every year following the 3-year, ramp-up period. Including the initial capital infrastructure investment of \$5.375 billion, the aggregate investment will be \$21.5 billion in southern Nevada alone.

Having roughly 15,000 cabinets, the proposed northern Nevada facility will be smaller than the southern facility. The \$250,000 per cabinet investment multiplied over time, including building the facility, results in roughly \$16.3 billion worth of investments following the 3-year, ramp-up period over the 20-year time horizon. The combined investment for northern Nevada is \$4.125 billion based on a structure cost of \$375 million and the initial capital infrastructure investment in gear of \$3.75 billion.

Throughout the State, traditional industry generates in terms of gross state product approximately \$100,000 and \$125,000 per employee per year. The GOED has done a great job in attracting companies to Nevada that add to the gross state product by exporting and bringing in technology companies that have the ability to do more with fewer people. A facility of Switch's size has approximately 375 full-time employees who represent only a fraction of the people actually employed either directly or indirectly with Switch facilities. The colocating businesses bring in their own employees to manage \$5 billion worth of infrastructure. The total number of people who have access to the secure Switch facility is 5,000, and 2,300 are Nevada residents. From an economic impact standpoint, we want to gauge the number of employees. However, the reason some states mentioned by Mr. Hill do not view the issue in terms of employment is because the data center industry should not be viewed in terms of a regular industry.

Aside from the massive investments in capital and infrastructure, Switch directly employs 375 people today, compared to 100 only a few years ago. Based on the economic models of what we physically know today, we are talking about 7,350 direct employees a year. Indirect employment, which includes the suppliers of services, represents an additional 3,500 jobs. The impact of employees spending their paychecks creates additional jobs and results in the creation of up to 13,500 jobs in total. This may be viewed as an overstatement, but it is nonetheless a fair estimate.

It is also important to view the matter of wages in terms of trading quantity for quality. The type of jobs we want to create and what is consistent with the State's plan for economic development are the jobs offering wages between \$50,000 and \$150,000 a year. Thinking in terms of direct, indirect and the total value of wages, we believe that number is approximately \$12.3 billion over a 12-year time horizon or about \$700 million annually. While the job figures may be high, the wage figures could be underestimated.

My testimony has focused on output, which is measured in jobs and payroll with respect to just one facility for which we have the information and what could be its future expectation. Connecting northern and southern Nevada and bringing together all the necessary pieces result in the creation of an ecosystem. Applying a 75 percent abatement to all the goods subject to sales and use and property taxes results in approximately \$33 million in sales taxes and \$12.7 million in personal property tax inclusive of the abatements.

In my preparation for today's testimony, I ran through two alternative scenarios. In scenario No. 1, Nevada does nothing with respect to implementing the proposed abatements. Arizona and Utah become increasingly effective as they attract some of Nevada's existing tenants and providers, and these companies consider migrating to the states with lower taxes. Looking at a 5-year timeline, the \$500 million annual investment in existing facilities is cut in half. This will continue through perpetuity.

In contrast, scenario No. 2 assumes the provisions of S.B. 170 actually materialize as planned. Scenario No. 2 assumes no adjustments for future costs, and the infrastructure investments of \$5 billion in the south and \$3.7 billion in the north continue to move forward. Considering only the 2 percent state sales tax portion and the 25 percent of the personal property tax portion, these small shares will generate two and three times more than what will be generated in scenario No. 1.

Senator Hardy:

With respect to Steve Hill's comments regarding amending NRS 274, does the proposed bill show the amending-out or adding-to provisions?

Mr. Hill:

This bill does not reflect the repeal of language in NRS 274; it was one of just several suggested changes recommended for the language in the bill.

Senator Hardy:

Will you be giving us the repeal language in written form?

Mr. Hill:

We intend to provide the Committee with the written repeal language soon.

Senator Kieckhefer:

With respect to the language contained in the bill, section 1, subsection 1, paragraph (d) on page 3 references NRS 361.0687. Is this the statute that the Committee amended in the 27th Special Session? There are different effective dates contained in this chapter: one starts July 1, 2017, then there is an effective date in place now. Is there a difference as to how this is applied based on application period due to the various effective dates contained in NRS 361.0687? It also appears that NRS 361.0687 changes on July 1, 2017, but I am not clear of the change, only that it was something that the Committee did during the 27th Special Session.

Mr. Hill:

I will need to review this matter, as we had not previously considered this issue.

Senator Kieckhefer:

With respect to employees of the data center, those are direct employees of the person owning the data center. Do health care benefits, for example, only apply to the employees of the data center itself and not the colocated companies?

Mr. Hill:

Yes. As pointed out by Mr. Aguero, the bulk of these jobs are high-paying, we have yet to see a company in this industry come without the benefits required to qualify for abatements of any type. Because of the nature of the colocation and the relative ratio of employees to investment, investigating the health care benefits of 600 to 800 companies in order to verify that health care benefits were available to all employees was not workable.

Senator Kieckhefer:

It is also possible that some of the employees are independent contractors for those companies as well. With reference to the bill language, section 1, subsection 3, paragraph (c) on page 4 states the Office's ability to amend the abatement requirements as set forth in section 1, subsection 1, paragraphs (d)

and (e). How will GOED go about this, and what type of restrictions may be applied?

Mr. Hill:

The GOED interpretation of the word "Office" represents the GOED Board of Directors. Where the bill reads the Director, GOED interprets that this is a matter that GOED can execute internally without Board approval. The subject language is contained throughout NRS 360 as it relates to abatements.

There is a set of criteria for companies to meet, whether for this bill or abatements in general; for general abatements, companies must meet two of three of these criteria. The GOED Board has the ability to consider extenuating circumstances at either end of what the two of three criteria may be. For example, GOED has talked to this and other committees about our focus on high-quality jobs. To be eligible for the abatements, a company must create a minimum of 50 jobs at the average State wage and a minimum investment of \$1 million. The IT industry does not need to invest a large amount of money in order to create jobs. As an example, software developer jobs are good but do not require a high level of capital investment. The company may not reach the \$1 million investment threshold. Additionally, the company may not be creating 50 jobs, it may be creating 40 high-wage jobs. In this scenario, the company will only meet one of the three criteria. Nevertheless, it would be a company that would warrant consideration by the GOED Board. The language cited provides this type of leeway.

This language has allowed GOED to place into policy what is now in a proposal to narrow abatements in better economic times for jobs that pay lower than the State average wage. The GOED Board has adopted this policy in advance of potentially making that change in volume.

Senator Ford:

Mr. Aguero, could you tell me what will be the fiscal impact on the State and local governments if these abatements were to pass?

Mr. Aguero:

The State will generate approximately \$664 million in revenue from the 2 percent sales tax and \$255 million in revenue from the personal property tax component over the 20-year investment horizon. If we compare these figures against the scenario where Nevada does nothing, these figures would be

roughly two to three times higher than the scenario where Nevada ratchets down the service now provided.

Senator Ford:

The numbers you just cited are two to three times higher.

Mr. Aguero:

Yes.

Senator Ford:

What would be the benefit on a net basis?

Mr. Hill:

With respect to the two-scenario thought process and the situation with respect to tax abatements remaining as is, the proposed economic and fiscal impact of this bill would be approximately 100 percent to 150 percent of what we now receive.

Mr. Aguero:

Mr. Hill is correct. We can run any one of a number of scenarios but based on the scenario I presented, the net positive fiscal impact over the 20-year period is roughly \$488 million.

Senator Ford:

Are the abatements in Governor Brian Sandoval's Executive Budget or accounted for in the Executive Budget?

Mr. Hill:

The Governor's Executive Budget did not address this bill; I am also not sure what the impact would be over the 2-year period.

Senator Ford:

I understand that the abatement may not exceed 75 percent. How was this figure determined? Additionally, the expiration date is December 31, 2056. How was this determined?

Mr. Hill:

During the last Legislative Session, this Committee changed NRS 274. *Nevada Revised Statute 274* defines and calls out data centers for a specific

abatement. With the exception of colocation customers, NRS 274 allows the owners of enterprise data centers to apply for the 15-year abatement of 2 percent for sales tax and a 15-year 75 percent abatement for the personal property tax.

Nevada Revised Statute 274 was not the right place for this policy, and GOED suggested moving the proposed abatement policy to standard abatement chapters. The policy lengthens the abatement period for larger investments to 20 years, shortens the abatement period for smaller investments to 10 years and allows colocation facilities to include their enterprise customers in the abatement.

Senator Ford:

Section 1, subsection 12, paragraph (b) defines data center in a purposeful way in its intent to allow growth for Switch, which is building a new data center in my district. The definition of data center as noted here “means one or more buildings located at one or more physical locations.” Is the intent of this verbiage to account for the fact that as the data centers continue to grow and run out of space, they can build another facility while at the same time remaining part of the data center that this bill contemplates?

Mr. Hill:

As this industry is relatively portable, GOED wants to avoid the unintended consequence of incenting new facilities while emptying an existing building because the incentive does not exist in that location. Connecting the data centers allows companies to expand without existing facilities suffering because companies may consolidate those purchases.

Senator Hardy:

Does the net positive fiscal impact figure of \$488 million over 20 years assume State success in keeping and growing the data centers? If we do not remain competitive, would the State be fortunate just to keep the data centers, resulting in a negative figure? What would be the fiscal impact on the State if the data centers exited versus the data centers remaining?

Mr. Aguero:

In terms of the cumulative investment, if everything discussed materializes as planned, we are looking at almost \$48 billion based on a \$5.5 billion investment. We are also looking at creating roughly 12,600 jobs versus

2,100 State jobs, wages and salaries paid of \$632 million per year versus wages and salaries of \$105 million per year, and sales taxes approximately \$664 million versus sales taxes of \$312 million. In terms of personal property tax numbers, we are looking at \$255 million versus \$120 million.

Dean Nelson (Vice President, Global Foundation Services, eBay):

eBay is Switch's largest customer in Nevada; eBay enabled \$255 billion worth of commerce last year, with money moved and goods exchanged between hundreds of millions of customers on our site.

eBay has 105,366 servers that enable that \$255 billion. Putting this figure into perspective, every server eBay lands into the data center enables over \$200 million worth of commerce to happen globally. This industry is all about driving volume, connecting the world and enabling the technology underneath for this to happen.

My portfolio today is in Nevada, Arizona and Utah. This is where the core of all that money moves, and eBay has significant investments from an infrastructure standpoint in all three states. The bulk of the transaction volume goes through Arizona and Utah. Over the last 5 years, the infrastructure tripled, enabling eBay to handle this massive amount of volume.

eBay sells 10,000 cars a week through mobile devices on its site and has over 800 million items for sale at any given second. eBay sells a pair of shoes every 2 seconds and a car every 3 minutes. Huge volumes of goods are exchanged. What is especially important, everything eBay does runs through infrastructure. Every one of eBay's customers accesses the Internet and runs through a network inside a data center. And eBay is only one representative of the industry.

We are all connected to our devices, phones and laptops; everything we do on these devices is stored locally and goes back through a data center somewhere. Arizona and Utah have made it worthwhile for eBay to invest in that infrastructure. With respect to the \$250,000 cabinet investment, eBay's investment exceeds \$1 million per cabinet. eBay refreshes 33 percent of its equipment every year to stay ahead of demand.

In looking at the whole industry, a massive volume of transactions happen over the Internet. In the past, rivers, railroads and freeways were necessary to

facilitate trade. Today, the Internet and the digital highway enable global trade, and eBay is a platform for this to happen globally.

Hundreds of millions of people leverage eBay's platform to earn their income. In looking at the different states for eBay to consider, the state must be a hub. The term hub refers to an off-ramp. If no off-ramp exists, you cannot exit. That off-ramp represents network connections that terminate into a certain location.

Nevada has done a good job in creating massive concentrations of those off-ramps in Las Vegas. The next location for these off-ramps is Reno. eBay wants to be at those hubs, since every time we land at one of those hubs, eBay has 60 off- or on-ramps to launch into any part of the world.

All carriers, including AT&T and Level 3 Communications, have hubs that terminate in a data center. When eBay lands in one of those locations, we start to invest in the infrastructure that enables our customers to begin using these networks. Companies such as HP, Dell, Cisco and Arista are technology companies that eBay does commerce with. As a result, these companies now must support the infrastructure that eBay deploys. The technology companies represent the physical hands that do the work. Replacing broken equipment, refreshing equipment, debugging software and changing whatever in the data center are all enabled because we invested first in the location that enables our customers.

Arizona and Utah understand all of the issues, and they are attracting high-tech companies. While Nevada's largest company is Switch, eBay has larger infrastructures in both Arizona and Utah.

The tax incentives evaluated today will enable eBay to make significant investments in Las Vegas and Reno. The proposal will enable eBay to be in those concentration points and make it faster for our customers. Every time eBay has that tax incentive to invest more and save more on infrastructure, eBay will purchase more infrastructure equipment. eBay provides its customers with Internet and a global platform. We would love to invest more money in Nevada.

Senator Hardy:

Not being a Nevada native, how do you feel about Nevada's educational system and the workforce that you need?

Mr. Nelson:

EBay commenced its relationship with Switch's Nevada location in 2010. EBay chose Switch because of its concentration in the State. Switch had a large facility with many of eBay's peers, carriers and cloud providers. There was already a qualified workforce in place. Since 2010, Switch has doubled or tripled its infrastructure, and eBay has gone from zero to being the largest customer in Switch's Las Vegas facility.

The talent necessary to operate these facilities requires high-tech people. These high-tech people perform data center maintenance, computer maintenance, storage maintenance and software management. Workers need the skills necessary to run these complex environments. EBay finds the talent within these facilities because of a concentration of others who need this as well.

Investments made in the different universities and programs are now driven toward data centers, but even computer sciences and the other engineering fields need that talent. Talent aside, additional site selection criteria for eBay includes: access to the hub; a hub location; tax incentives; ease of doing business within the state from a governmental standpoint; and the people we need.

EBay uses approximately 50 different criteria to select locations to put our infrastructure. An additional issue to consider is whether this is a long-term investment. While data centers are modular, which make it easy for a company to pick up and move, once the initial investment has been made, it is easier to stay and invest in that location. EBay has tripled its infrastructure in Arizona and Utah. In Nevada, eBay has grown from zero to its current size. In terms of volume, eBay has gone from 160 million items for sale at any given second to 800 million, with 1 billion right around the corner. Every transaction through an electronic device has to go over a network connection, land in a data center, be computed, stored and presented back. EBay infrastructure growth is proportional to the merchandise on its site and the number of people using it. EBay continues to need more high-tech workers. The university is feeding that work stream, which is extremely important.

Senator Kihuen:

Will passing this bill make Nevada competitive relative to Arizona and Utah?

Mr. Nelson:

Arizona and Utah extend 100 percent tax exemptions for data center infrastructure. EBay believes it should pay taxes, be good neighbors and invest in the states by upgrading the infrastructure. States need to be competitive. The language in S.B. 170 provides long-term benefits through lower tax rates, which will drive incentives for companies to enter Nevada and to invest more money. With more companies investing money, the State will attract more customers. EBay and its peers have the same issues, i.e., am I close to the customer? Do I have the fastest possible connection? Is there enough space to deliver relative to demand, and can I be competitive relative to revenue earned?

This bill provides a competitive advantage for Nevada because no other state has the ability to do this in the long term. A large investor would realize the same benefits whether an enterprise customer or a colocation provider. The Internet's rapid growth has led to the whole world using technology, which drives volume back into data centers. If a state does not participate in technology expansion, it will forgo a significant opportunity. EBay has evaluated all U.S. states for possible data center locations and discovered that there are states that have no off-ramps. Consequently, these states will not qualify for an eBay data center. These states do not have first-, second-, third- or fourth-tiered jobs and the ripple effect resulting from this type of investment. These significantly large investments are expensive.

Senator Kihuen:

Would the passage of S.B. 170 put Nevada in the forefront for attracting companies such as eBay?

Mr. Nelson:

I could not say that this bill would make Nevada the best state in terms of competition because zero tax is hard to compete with, but long-term tax incentives and all the criteria make Nevada a state where eBay would like to invest more money. The biggest difficulty eBay has is keeping up with demand. Making a data center investment requires an 18-month timeline to reach a point where it can serve its customers.

This timeline is similar to the Switch data center currently under construction in Reno, which will not be operative until 2016. EBay is growing rapidly in all other locations and is looking to expand into Reno; the issue is how big of an investment we will make. EBay requires the Reno connection for the Internet

hub. EBay wants to have the links to all different places. Providing the industry with infrastructure incentives will result in attracting a significant amount of high-profile companies to invest in Nevada.

Senator Spearman:

Based on the 18-month timeline to get up and running, how quickly will the financial investment occur here in the State? The rationale for this question is that Nevada will need more people, which will lead to more children leading to the need for more schools and other infrastructure investment. How quickly will the monetary investment happen for the State?

Mr. Nelson:

Building a new location containing hundreds of megawatts worth of capacity from the ground up will take a significant amount of time. However, following completion, expansion can occur quickly since data centers are modular. It is easy to expand the data center's capacity. Data centers can respond to demand increases by adding an additional 2 megawatts in a few months. Data centers do not require a large number of employees to operate. For example, eBay has 55 people in its Utah enterprise center, but more than \$100 billion worth of commerce goes through that location. The second-, third- and fourth-tier jobs, which account for the support functions, represent hundreds of people supporting the enterprise center. The relatively small number of people required to run data centers do not need a high education level to operate the infrastructure. Yet eBay is constantly refreshing its equipment.

Senator Spearman:

I am more concerned with the number of jobs created by the passage of S.B. 170. Based on Mr. Aguero's testimony, the number of jobs created is approximately 12,000, I am trying to anticipate how much time the State will have to improve its educational infrastructure.

Mr. Nelson:

For a facility with 100 megawatts, the initial investment is to erect a building, scaled for additional buildings over time. Adding more clients over time will scale up the number of employees. The level of employees will not reach 12,000 for a considerable time.

Mr. Aguero:

A 6-year, ramp-up period will be required before the data center is fully loaded and running, at which point it attains the maximum number of jobs.

Senator Spearman:

Will Nevada have time to build the schools and infrastructure?

Mr. Aguero:

There will be time to build the schools, but this is not an all-or-nothing proposition. Capital inflows will create jobs, pay taxes and create demand on both the one-time investment of a development activity as well as the recurring investment. The figures cited in my testimony covered a 20-year period, but we can look at the issue on an individual year-over-year timeline.

Senator Kihuen:

Does Nevada have enough qualified people now to meet the demand for jobs that passage of S.B. 170 will create?

Mr. Aguero:

Nevada will not need to have all of the qualified employees available immediately to fulfill the data center functions, but the answer is no. Nevada must continue to train its people for the jobs that the data center requires. The University of Nevada, Las Vegas, the University of Nevada, Reno, and the community colleges are all getting students certified and making them more effective. State high schools are also graduating talented students.

With respect to Senator Kihuen's question, does Nevada have enough technologically savvy graduates? The answer is no but that is coming. Data center development is an area in which the State has a competitive advantage. Nevada must be prepared to train the workforce to maintain that competitive advantage. The abatements will help Nevada maintain that advantage from a fiscal standpoint as well as being competitive from a labor force standpoint. The State has been dealing with this issue for a long time. Nevada has made strides but will have to do more.

Mr. Nelson:

eBay has operated in Arizona and Utah for a long time. Over this time, eBay has collaborated with the University of Utah, which has created a new degree

program focused around data centers. This degree program has attracted a number of people to whom eBay has offered internships and jobs.

California's educational system is particularly focused on computer science. California also goes beyond computer science and promotes engineering. Data center design and construction require qualified people. Secondly, as you start filling data centers with computers, storage, networking, analysis equipment and data analytics, employees are required, such as break-fix technicians and system administrators. Job creation continues to climb. More infrastructure requires more workers. These jobs are complementary because as the need for jobs increases, a concentration of technology companies located in one place creates economies of scale.

Chair Roberson:

Are there any others here in support of S.B. 170 who would like to testify?

George Ross (Las Vegas Global Economic Alliance):

The Las Vegas Global Economic Alliance very strongly supports S.B. 170 and this concept.

Steve Polikalas (Unique Infrastructure Group):

The Unique Infrastructure Group (UIG) is the developer of the Reno Technology Park, which houses Apple's data center. The UIG supports this legislation and the clarifications of enabling aspects as it relates to colocation facilities and multitenant data centers. The UIG would like to have conversations with the bill sponsor as well as Mr. Hill to avoid unintended consequences relating to the types of enterprise-level data system reforms that Mr. Nelson proposes. We do not want to go backwards on these matters. I would caution that Mr. Hill's comments about excising the data center portion of NRS 274 should be viewed carefully because NRS 274 is the abatement method used for underserved communities in areas historically difficult to develop. Additional matters in the bill may require amending. With that, UIG supports S.B. 170.

Chair Roberson:

We would be happy to work with you.

Darrol Brown (Vietnam Veterans of America Carson Area Chapter 388):

With respect to Senator Spearman's comments regarding whether Nevada has the education process, i.e., do we have the workforce coming to the State?

Assembly Bill 76 is going to incentivize young men and women who are leaving the military to attend university in Nevada. As the Committee knows, these men and women are technologically advanced. However, to entice them to come to Nevada requires job and career opportunities. Senate Bill 170 will help these men and women make the decision to come to Nevada, not only for an education but to live here and bring along their families.

ASSEMBLY BILL 76: Makes various changes relating to the education of veterans and their dependents. (BDR 34-296)

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February 17, 2015
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Chair Roberson:

As there is no further testimony, I will close the hearing. The meeting is adjourned at 4:58 p.m.

RESPECTFULLY SUBMITTED:

Tony Rivano,
Committee Secretary

APPROVED BY:

Senator Michael Roberson, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit		Witness or Agency	Description
	A	1		Agenda
	B	3		Attendance Roster
S.B. 170	C	3	Senator Michael Roberson	Testimony