

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON COMMERCE AND LABOR**

**Seventy-Ninth Session
May 22, 2017**

The Committee on Commerce and Labor was called to order by Chair Irene Bustamante Adams at 3:17 p.m. on Monday, May 22, 2017, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/79th2017.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Irene Bustamante Adams, Chair
Assemblywoman Maggie Carlton, Vice Chair
Assemblyman Paul Anderson
Assemblyman Nelson Araujo
Assemblyman Chris Brooks
Assemblyman Skip Daly
Assemblyman Ira Hansen
Assemblywoman Sandra Jauregui
Assemblyman Al Kramer
Assemblyman Jim Marchant
Assemblywoman Dina Neal
Assemblyman James Ohrenschall
Assemblywoman Jill Tolles

COMMITTEE MEMBERS ABSENT:

Assemblyman Jason Frierson (excused)

GUEST LEGISLATORS PRESENT:

Senator Yvanna D. Cancela, Senate District No. 10
Senator Aaron D. Ford, Senate District No. 11



STAFF MEMBERS PRESENT:

Kelly Richard, Committee Policy Analyst
Wil Keane, Committee Counsel
Kathryn Kever, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

Amanda Khan, Economic Justice Organizer, Progressive Leadership Alliance of Nevada
Lupe Guzman, Private Citizen, Las Vegas, Nevada
Rigoberto Rosales, Private Citizen, Las Vegas, Nevada
Erika Washington, Nevada State Director, Make It Work Campaign
Carter Bundy, Political Action Representative, Political Action Department, American Federation of State, County and Municipal Employees, AFL-CIO
P. Elliott Parker, Associate Dean for Undergraduate Programs and Administration, The College of Business, University of Nevada, Reno
Todd Sorensen, Assistant Professor, Department of Economics, University of Nevada, Reno
Marlene Lockard, representing Service Employees International Union Nevada; and Nevada Women's Lobby
Chris Daly, Deputy Executive Director, Government Relations, Nevada State Education Association
Shane Piccinini, Government Relations, Food Bank of Northern Nevada; and representing Three Square Food Bank
Kristy Oriol, Policy Coordinator, Nevada Coalition to End Domestic and Sexual Violence
Kent M. Ervin, Legislative Liaison, Nevada Faculty Alliance
Jared Busker, Policy Analyst, Children's Advocacy Alliance
Rusty McAllister, Executive Secretary-Treasurer, Nevada State AFL-CIO
Wendy Stolyarov, Legislative Director, Libertarian Party of Nevada
Warren B. Hardy II, representing Nevada Restaurant Association
Janine Hansen, State President, Nevada Families for Freedom
John Wagner, Carson City Vice-Chairman, Independent American Party
Randi Thompson, representing National Federation of Independent Businesses
Lea Tauchen, Senior Director, Government Affairs, Grocery and General Merchandise, Retail Association of Nevada
Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro Chamber of Commerce
Ray Bacon, representing Nevada Manufacturers Association
Andrew Clinger, Senior Advisor, Office of the Governor
Manny Lamarre, Director, Office of Workforce Innovation, Office of the Governor
Steve Canavero, Superintendent of Public Instruction, Department of Education

Nathan R. Ring, representing Operating Engineers Local 12; and Laborers International Union Local 872
Sean Stewart, Chief Executive Officer, Nevada Contractors Association
John Wiles, Director, Unified Construction Industry Council
Dan Musgrove, representing Mechanical Contractors Association of Las Vegas; and Sheet Metal and Air Conditioning Contractors' National Association
Lucas Ingvaldstad, representing Nevada Builders Alliance
Todd Koch, President, Building and Construction Trades Council of Northern Nevada, AFL-CIO
Don Soderberg, Director, Department of Employment, Training and Rehabilitation
William Stanley, Executive Secretary-Treasurer, Southern Nevada Building and Construction Trades Council, AFL-CIO

Chair Bustamante Adams:

[Roll was called. Committee rules and protocol were explained.] We have two bills today. I will open the hearing for Senate Bill 106.

Senate Bill 106: Requires certain increases in the minimum wage paid to employees in private employment in this State. (BDR 53-865)

Senator Yvanna D. Cancela, Senate District No. 10:

I am here with Senator Ford to present Senate Bill 106, which increases the minimum wage paid to employees in private employment in Nevada. I would like to start by talking about why S.B. 106 is tremendously important. More people than ever are working in jobs that pay too little and offer too few benefits. We believe, and expert testimony will discuss this in more detail, that an increase in the minimum wage will stimulate our economy and allow hardworking families to improve their lives.

As a state, we have not made any significant changes to our minimum wage in nearly a decade. In 2006, voters approved a minimum wage amendment in the *Nevada Constitution* that requires the wage rate be calculated based on increases in the federal minimum wage and the cost of living. Currently, the minimum wage is \$8.25 an hour, or \$7.25 an hour if an employer offers qualified health benefits. Today, a single parent of two working an \$8.25 an hour minimum wage job does not even meet the federal government's own measure of the poverty line, which is \$20,160 a year. How can a person who makes \$17,160 annually hope to escape poverty.

An increase in the minimum wage will help the recovery of our state's economy to continue. It will stimulate consumer demand and help drive economic growth for the people who need it the most—hardworking families. Increasing the minimum wage will not make anyone wealthy, but gradually increasing the minimum wage will put hundreds of millions of dollars

into the pockets of Nevadans, who will then spend money on basic necessities. That is hundreds of millions of dollars going back into the economy in the form of goods and services consumed. Raising wages will help more people get off public benefits. That saves taxpayers money in the long run. For example, raising the minimum wage to just \$10.10 could save \$22 million annually in Supplemental Nutrition Assistance Program (SNAP) spending in Nevada.

We have made significant gains since the Great Recession, and our state employment rates are moving. However, new job growth remains disproportionately concentrated in lower-wage industries, such as retail and food services, making an increase in the minimum wage an urgent priority this legislative session.

In 2015, the Bureau of Labor Statistics, U.S. Department of Labor, reported there were roughly 1.2 million workers in Nevada. Of that total, 794,000 workers are paid hourly rates. Of those workers, 20,000 are at or below minimum wage. Approximately 9,000 workers earn the federal minimum wage of \$7.25 an hour, and 10,000 workers earn less than that amount. Frankly, it is unacceptable.

Historically, minimum wage jobs are a chance for entry-level workers to prove themselves before earning a promotion or moving on to other, better paying jobs. However, the demographics of low-wage workers have changed. Low-wage workers are not always teenagers working part-time jobs for spending money. A study by the Economic Policy Institute confirms the national average wage of low-wage workers is 35 years old; more than half of all affected workers are at least 30; and more than one-third are at least 40 years old.

Recently, I read an article about Franklin D. Roosevelt's Fair Labor Standards Act of 1938, passed as part of the "New Deal" legislation. It set the minimum wage at 25 cents. President Roosevelt was quoted that this rate was to be "more than a bare subsistence level." He explained, "No business which depends for existence on paying less than living wages to its workers has any right to continue in this country." Over 70 years later, the sentiment holds true.

Too many of Nevada's working families rely on low-wage work to make ends meet. In fact, the Economic Policy Institute ranks Nevada as 32nd among the 50 states and the District of Columbia based on the concentration of workers earning under \$12 an hour. In Nevada, 30.3 percent of all workers earn less than \$12 an hour. Low-wage families reside throughout Nevada, from smaller rural communities to our major metropolitan areas in Las Vegas and Reno. There are hardworking families in every corner of the state who do not make enough to support their families on their own.

This bill is an important step forward that will boost low-wage workers and put more money directly into our state economy. Thank you for taking the time to consider S.B. 106. I will turn the testimony over to Senator Ford to discuss the specifics of the bill.

Senator Aaron D. Ford, Senate District No. 11:

I am here to discuss and highlight the key provisions of S.B. 106, and offer two amendments before making additional remarks. In S.B. 106, we require that the Office of Labor Commissioner must, through regulation, ensure the minimum wage for employees in private employment be increased by 75 cents each year for five years, or until the minimum wage is \$12 or more if the employer does not offer health insurance, and \$11 or more if the employer offers health insurance.

We are proposing two amendments to this bill. The first amendment will change the effective date. The bill currently states that the legislation will become effective upon passage and approval. We propose amending the effective date to January 1, 2018. This gives businesses operating on an annual budget sufficient time to plan for any necessary wage increases. The second amendment we would like to offer would take language regarding remedies and damages that currently exist in Article 15, Section 16 of the *Nevada Constitution* and place them in the *Nevada Revised Statutes* (NRS). The goal is to ensure that those provisions match, so any violation of this legislation is treated the same as the violation of minimum wage protections of the *Constitution*.

We are going to hear from some witnesses on this issue shortly, but I would like to make a few points for the record regarding why I believe S.B. 106 is a critically important piece of legislation. Oxfam International estimates that there are 360,000 men and women in Nevada who earn less than \$12 an hour. Nevadans deserve an economy where a hard day's work earns a decent day's pay. Many people, including many business owners, believe that as well.

A 2015 survey of the small business majority found that three out of five small business owners with employees support a gradual increase in the minimum wage to \$12 and adjusting it annually to keep pace with the cost living. The survey reports that many small business owners say an increase would immediately put more money in the pockets of low-wage workers who would then spend that money on things like housing, food, and gas. This boost in demand for goods and services will likewise stimulate the economy and help create other opportunities. Additionally, paying a higher wage to employees can help employers cut costs in other ways. According to the Center on Budget and Policy Priorities, "Beyond simple supply and demand theory, increasing the minimum wage may also spur businesses to operate more efficiently and employees to work harder."

Today, we are fortunate enough to have people here to address many of the economic and demographic issues surrounding minimum wage and wage growth in Nevada. They will be able to speak on economic benefits and will testify as such to the effect on families, businesses, and the community of a gradual increase in the minimum wage.

As I close, I will reiterate what I have said to this Committee several times already, which is I have made myself available to the business community since well before session to discuss this bill—the idea of increasing, in a gradual way, the minimum wage such that businesses can project and absorb what we are looking to do here. We do not believe that growing businesses is mutually exclusive from allowing their employees to have and earn good wages. I am open to answer questions, but I know we have several people here who would like to testify in support of the bill.

Chair Bustamante Adams:

At this time, we will open the hearing for questions from the Committee.

Assemblyman Daly:

I support the effort. I have a question on the insurance that is offered. I know we have gone back and forth that someday we would like to make sure employers actually provide insurance. Is that going to be brought up in the regulation, or are there already regulations on what the minimum insurance needs to be? Something could be offered by an employer that is completely unaffordable in order to get the benefit of the reduced minimum wage without really even offering anything to the employees. Is there some way that is being addressed, or is it already addressed, that will apply to this provision?

Senator Ford:

You are right. There has always been discussion on the bifurcated approach that we take. I will say that this bill does not address that. My understanding, however, is in the Senate, Assemblyman McCurdy's bill [[Assembly Bill 175](#)] has been amended. It initially sought the \$15 minimum wage to attempt to address the insurance issue of which you speak. I cannot purport to speak on behalf of Assemblyman McCurdy or others who are engaged in that conversation. However, this bill does not address the insurance issue. We will leave it to other colleagues to address that issue.

Chair Bustamante Adams:

Senator Cancela, you mentioned that if the minimum wage were raised, the state would save money on SNAP. How much was that?

Senator Cancela:

If the minimum wage were raised to \$10.10 an hour, it would save the state \$22 million in SNAP benefits.

Chair Bustamante Adams:

I know our neighboring state, Arizona, increased wages. Did you look at Arizona, and what was the take-away?

Senator Ford:

I appreciate you bringing that up, because I had intended to do so. You are correct that Arizona increased their minimum wage. Interestingly, they have increased the minimum wage and instituted a paid sick leave policy, which is a conversation you may recall from recent testimony. Arizona did it in the exact same initiative petition that went to the ballot. The people of Arizona voted in favor of passing both—increasing the minimum wage over the course of years, comparable to what we are doing here, and instituted a paid sick leave policy in the same initiative. Frankly, we prefer to legislate through this process of deliberation and having discussions with our colleagues and members of the business community as opposed to going to the ballot. Rest assured, there is an effort, and there is an alternative to this measure. There have been conversations about pursuing that avenue in the event we are unable to come to a legislative solution to the minimum wage issue.

I will further note that there was a recent article about a month ago. I can forward that article to the Chair and the Committee for your reading and edification. The article stated that since the onset of the minimum wage increase and the paid sick leave policy, they have seen increases in activities at restaurants. There has not been the decrease and the laying off of employees that was projected by the naysayers. I think it is interesting to note that jurisdiction in particular, which is comparable to ours, has pursued this and has been successful. Their citizens and the businesses that employ them have been able to reap benefits.

Chair Bustamante Adams:

Do you have any additional details about where Arizona's minimum wage was and where it went? Also, regarding the paid sick leave, do you have any additional information?

Senator Ford:

I do not have it handy, but I can certainly email that to you before a work session if that is okay. It is comparable to Nevada, but I do not want to misspeak. Perhaps someone speaking after me will be able to testify as to the number. I want to say it is at \$12 an hour as well, over the course of time.

Chair Bustamante Adams:

Are there any other questions from the Committee?

Assemblyman Paul Anderson:

I think this is important. We look at many of these studies and things that have been enacted in other states. Arizona, for example, has just enacted the paid sick leave and minimum wage. I believe Arizona is at \$8 an hour currently, and they are ramping up as they move forward in their petition. I am not sure we can use Arizona as any ill effect or not an ill effect when we look at this issue. I think every study we look at we can find an opposite study that will show a completely different direction when it comes to minimum wage.

As we consider the new jobs being created in Nevada now, the average job is being created at over \$15 an hour. Basically, the weekly wage is up to \$935 a week, which is a record for Nevada. I am wondering, as we artificially inflate the cost of labor, what effect do you think that might have on those wages and the new jobs coming into play?

Senator Ford:

While I agree you want to give new laws time before really making an assessment, that is the exact same question Arizona asked. What we have seen over the short period of time is that it has not had a negative effect on the types of jobs that you are talking about on the economy of Arizona. In my testimony earlier, I indicated that 360,000 Nevadans make under \$12 an hour. There is a large population of your constituents and our citizens in this state who could benefit from a higher minimum wage. We do believe putting that money in their pocket enables them to spend it elsewhere. They will leave work and walk across the street to spend that money. That will continue to help grow the economy.

I will also note that there have been other alternatives looked at by different states. I have made myself available to anyone who wanted to speak about alternatives to a minimum wage approach. I have been known to say that I do not think anyone has a monopoly on good ideas, nor do I think anyone has a monopoly on bad ideas. I wanted to open myself to suggestions on the issue. One of the suggestions that was not brought to me by anyone in this room, but that I noticed on my own, was in New York they have taken a trifurcated, or maybe even a four-point approach, to addressing minimum wage. New York City is increasing its minimum wage over a number of years to \$15 an hour, and they are basing it on the number of employees. They are staggering it in accordance with what they think and how they think different numbers of employees can absorb it.

Outside of New York and places close to it, they are getting up to \$15 an hour, but over a time period. Outside of New York City, they are not even getting to \$15 an hour, only \$12 or \$13. That is an option and approach that I would have been amenable to had we been able to ascertain whether it was appropriate here. I have not been able to make that determination. What I have been able to determine, however, is that other jurisdictions similar to ours, as in Arizona, have looked at increasing the minimum wage in a steady way over the course of years and accomplished it in a way that has not been overly detrimental to the employers.

Assemblyman Paul Anderson:

The one thing we look at with Arizona is they obviously have different labor laws—whether it is overtime rules or tip credit rules that many of Nevada's employees rely upon as part of their income. Certainly, those are reported differently when we look at the average income and the minimum wage. It is very different. I would assume that you would want to make sure in a minimum wage environment where the rate is being increased, those that are making minimum wage as their entire income would be the ones you want to focus on versus those that work for minimum wage but earn a large part of their income in tips. That balance is difficult for me to see in an economic way. How can we make sure we focus on those who are truly making minimum wage versus a good income because of our tourist and income levels through tips?

Senator Ford:

With all due respect, your assumption would be incorrect. I am not enamored with the notion of a tip credit approach for a number of reasons. First of all, constitutionally we have some constraints in being able to do that. Secondly, and interestingly, in the Senate Committee on Revenue and Economic Development in a joint meeting we had with the Assembly Committee on Taxation, we received a presentation from a young lady about wealth and wealth building. I learned something that had always been bothering me.

Tip credit has a history based on "New Deal" economics where those receiving a tip credit or disallowed from receiving minimum wage were those who were typically black or brown working in tip jobs. The minimum wage was disallowed to them because of racial issues as opposed to the actual work they were doing. I do believe that when we look at these different types of approaches, we want to consider the genesis and if they make sense now. Again, whether you are persuaded by the historical context of why tip credit came into being, it is worth noting that the *Nevada Constitution* sets a minimum wage standard. When I worked at Outback Steakhouse as a Ph.D. student and a law student in 1999, the minimum wage was \$5-something an hour, and I made \$2.30 below the minimum wage. We cannot do that in our state. That conversation has to be separate and apart from the minimum wage conversation. That is my position.

Assemblyman Paul Anderson:

I would like to try to explain my statement a little differently. I was not suggesting an amendment or a different approach. The idea is if I am a barkeep, I am making minimum wage. If I am a bartender, I am probably making minimum wage plus a whole lot more. I think the target of those who may need help at the minimum wage level would be the barkeep versus the bartender. I do not think that has anything to do with the demographics that are approached there. I would suggest that maybe those are the folks we help lift up in an argument for a minimum wage increase versus those that may not need that help.

Senator Cancela:

I think while certainly the intent is to target as many people as possible, distinguishing between tipped earners and nontipped earners in this kind of fashion, and eliminating the baseline that creates equity, particularly in the service industry, is problematic because tipped income is not a guaranteed income. If a restaurant or a bar gets slow, then that individual who originally had a constant baseline minimum wage they could count on, now has to be directly impacted by how the business is doing and how much customers want or do not want to tip.

I think that kind of instability is really dangerous and problematic. We are much better off by not creating a race to the bottom by which there is a distinguisher in service jobs that does not allow people to actually have a job that allows them to take care of their families. I think when you eliminate the minimum wage from tipped earners, that kind of situation is created. I think it is extremely problematic in a state where so much of our industry is service based.

Senator Ford:

There was recently an article in a newspaper highlighting that the racial underpinnings of tip credit should be taken into consideration as we continue to have that conversation. They mentioned the fact that prevailing wage, likewise, has a genesis. I would respectfully indicate that there is a distinction with a humungous difference in that regard. That is, both of those institutions have progressed over the years; one of which has progressed such that it is more integrated than others—prevailing wage with union jobs being more integrated. Whereas, the minimum wage institution remains, generally speaking, a lower socioeconomic status and more minorities contained within that particular environment. I find that argument particularly unpersuasive as well.

Focusing on what we are trying to do here, which is to provide a balance between giving employers an opportunity to grow and their employees an opportunity to likewise benefit, is what we should be looking at. That is why I brought this bill, because I think it does that in a very moderate way.

Assemblywoman Neal:

I was looking at the National Conference of State Legislators (NCSL) information from the Senate hearing [Senate Committee on Commerce, Labor and Energy, February 20, 2017]. According to the NCSL, New York has the alternative minimum wage. What has been the business impact when you talk about the regions that have actually adopted minimum wage? What have we seen in terms of the positive impacts in work culture? In addition, what are some of the negative impacts because of the adoption in those regions? I need to get an idea of the comparison. New York has a little more condensed population where there are varying ranges of service.

Assemblywoman Cancela:

I think someone else on the Committee said something that is true, which is in any region where the minimum wage has been increased, there are credible studies that go both ways. I think hard numbers tell a much better story. If you look at what has happened in Arizona this year since voting in the higher minimum wage, where they are now at \$10 heading to \$12, there have been close to 6,000 jobs created in the restaurant sector from the start of this year to today. To me, that is an undeniable number. Those are job increases in a sector that is often seen to be the most vulnerable by increases in the minimum wage. Again, you could look across the country and find data that goes both ways. However, to me, numbers are a good indicator.

Assemblywoman Neal:

In the NCSL presentation, which I was not clear on, it said "other trends" and talked about adjusting by business size and indexing exemptions for certain types of employees. In terms of the things they said were trending, what were the reasons why you selected not to do some of the things that were trends within the minimum wage discussion?

Senator Ford:

Honestly, I cannot answer that question for you. We scheduled this without getting NCSL on the phone. What we can endeavor to do is get some additional analysis from NCSL to augment what they have already put on the record in that regard.

Chair Bustamante Adams:

Are there any further questions from Committee members? [There were none.] Is there anyone here wishing to testify in support of S.B. 106? There will be a three-minute cap for testimony.

Amanda Khan, Economic Justice Organizer, Progressive Leadership Alliance of Nevada:

The Progressive Leadership Alliance of Nevada stands in support of the original intent of Assembly Bill 175 to raise Nevada's minimum wage to \$15 an hour. However, we are here today in support of Senate Bill 106 to raise Nevada's minimum wage 75 cents per year until it reaches \$12 an hour for employees not provided health insurance, and \$11 an hour for employees who are provided health insurance.

Lupe Guzman, Private Citizen, Las Vegas, Nevada:

I am speaking on behalf of Brittany Harris, who had to leave to pick up her kids from school. She states:

Hello, my name is Brittany Harris. I work at Burger King and make \$10.50 as a manager. I've been working in fast food for 10 years. I'm also a mom—I have 3 beautiful children, ages 7, 5 and 1.

I actually work 40 hours a week (unlike many of my co-workers), but I'm only bringing home about \$800 every two weeks.

I'm here to make sure everyone here understands that \$8.25 is not enough for anyone let alone a mother with 3 children to provide for.

I'm going to school because I want a better life, but how am I going to achieve that if by the time I graduate I'm going to owe thousands of dollars in student loans.

I want to be a business owner one day so that my kids will have economic security in the future, and you better believe that when I make that happen I will be paying a living wage. I know what it's like trying to survive on the minimum.

We have to rely on food stamps and medical from the government—we shouldn't have to. I donate plasma twice a week for \$50 dollars per donation—I should not be in a position to have to do that!

I struggle. Every day is a struggle. I recently couldn't afford to pay my gas bill in the winter. That means no hot water, no stove. I had to cook meals for my family and heat up water for a warm bath in the microwave for an entire month. No one should have to live that way.

I ask that you please vote in favor of this bill for an increase to \$12. It's a step in the right direction. I will, however, not stop fighting until we win \$15/a living wage.

With everything going up every year, but our wages staying the same, something is wrong. It is up to you to please help working families achieve our goals. [Written testimony was also submitted ([Exhibit C](#)).]

Rigoberto Rosales, Private Citizen, Las Vegas, Nevada:

I am currently working at Jimmy John's Gourmet Sandwiches. I am barely making \$8.25 for working the register, cleaning, and making food. Currently, I barely work 25 hours a week. I am bringing home barely \$230 every two weeks. I live in a household of five, including myself. Only two of us are working. We are barely making a living with the money we bring in.

While working at the store, I have been listening to my coworkers complain about the pay they get on their paychecks. They are not happy about it, obviously. I am speaking for the people who want to increase the minimum wage to \$12. I am a former graduate and have barely started my life as it is. For the money I am getting from my job, I am probably not going to get anywhere. I cannot think of college. I cannot find another job. If the pay stays the same, any kids who are going to graduate from high school are not going to go anywhere in life—not from saving.

To get to the main point without wasting your time, if you pass this bill, it will not just help the community, it will actually provide inspiration and motivation to the employees to work harder for their money. It will make their lives a little better and make their children's lives better. I am going to ask if you will pass the minimum wage increase.

Chair Bustamante Adams:

Thank you, Mr. Rosales. I appreciate Nevadans participating in the process.

Erika Washington, Nevada State Director, Make It Work Campaign:

The Make It Work Campaign is a nonprofit, nonpartisan campaign that advocates for affordable childcare, equal pay, and paid family leave. I am here today in support of S.B. 106. It is important to note that we did support the minimum wage raise to \$15 an hour as well.

Many people do not associate minimum wage with unequal pay, but since two-thirds of the people who would benefit from an increase in the minimum wage are women, higher minimum wage would make pay more fair across the genders. Women workers make up 62 percent of all minimum and subminimum wage workers, which includes tip workers. Over 80 percent of these minimum and subminimum wage workers are unmarried women. Also, in 2011, two-thirds of all households with children under the age of 18 were headed by women who were either the primary or cobreadwinner. Of these breadwinner moms, 37 percent were married women with higher earnings than their husbands, and 62 percent were single mothers.

We have already seen how important this can be for equal pay in states with higher minimum wages than the federal floor. The difference between men and women's paychecks is 22 percent smaller than in states with a \$7.25 minimum wage. It is also important to highlight that tipped employees live off the kindness and generosity of their customers. Mothers cannot feed their children off the whims of the customers.

Carter Bundy, Political Action Representative, Political Action Department, American Federation of State, County and Municipal Employees, AFL-CIO:

We stand in strong support of this legislation, and I would like to thank Senator Cancela and Senator Ford. I actually do a lot of work in New Mexico for the American Federation of State, County and Municipal Employees as well, and I live in Santa Fe. Even though New Mexico has the highest unemployment rate in the country, Santa Fe, like Las Vegas, is a very hospitality-driven city and has the lowest unemployment rate in the state.

I think there have been some good points raised. There are conflicting studies. However, these anecdotes and the positive studies about the minimum wage make it clear that we should not necessarily listen to "the sky is falling" arguments that things will go awry and we will have high unemployment. At a minimum, higher minimum wages have not been a direct cause of that.

Finally, I think there are some conservative values in raising the minimum wage. It encourages work, and it encourages self-sufficiency and independence. We hope you will support S.B. 106.

P. Elliott Parker, Associate Dean for Undergraduate Programs and Administration, The College of Business, University of Nevada, Reno:

My testimony does not reflect the views of the University of Nevada, Reno (UNR) or the Nevada System of Higher Education (NSHE).

I received my Ph.D. in economics from the University of Washington in 1992, and I have taught economics for 25 years at UNR. On March 13, I published a column on the minimum wage in the *Nevada Independent*. Most of what I say today was explained there.

The national minimum wage has failed to keep up with inflation for the last 50 years. Congress rarely increases it and has not indexed it to price inflation like they have social security benefits. Nevada passed a constitutional amendment in 2004 and 2006 that indexed the wage to inflation, but at a lower rate than the current federal minimum. If the rate is raised to \$12, it should continue to be indexed to inflation so we are not back here again in a decade.

Adjusting for inflation, the 1968 minimum wage was about \$10.90 in 2017 dollars. Unemployment rates were less than 4 percent back then, suggesting that a high minimum wage does not necessarily lead to high unemployment. In theory, there are good economic reasons for this. Basic supply and demand only works if the market is perfectly competitive. However, if firms can pay lower wages without having all its best workers leave, then it is possible that raising the wage could actually increase employment. Better-paid workers also tend to work harder and be more productive.

Both the minimum wage and the median wage have stagnated since 1980 and have failed to keep up with the productivity of the average worker. During this period, income inequality has grown significantly. By the time a \$12 minimum wage phases in at 75 cents per year, it will be worth about \$10.35 in today's dollars. In real terms, it was higher 50 years ago.

Comparing the minimum wage to the median wage in each country, the United States currently has the lowest minimum wage of any developed market economy in the world. A \$12 wage would bring us closer to average.

There have been many estimates of the elasticity of labor demand for low-income workers. A high-side estimate is around 0.2, meaning that at worst, a 25 percent increase in the real minimum wage would mean 95 percent of minimum wage workers would be better off, but 5 percent of them would not be able to find jobs. That is the worst-case scenario. Many other elasticity estimates are much lower and suggest the employment effects would be even smaller, maybe even zero. Nationwide, 3 million workers—fewer than 4 percent of wage workers—earn the minimum wage or less. In Nevada, the number is 20,000—about 2.5 percent of wage workers. However, there are many more than that who earn a little above the minimum wage, and they would also be affected.

There are other effects that have been remarked upon. Adults are less likely to need food stamps or other government support to live. Minimum wage workers also tend to spend all of their income.

As a Nevada voter and a concerned citizen, I support increasing the minimum wage because I think no adult who works full time should live in poverty. As an economist who has examined published evidence, I am confident that the positive consequences of a \$12 minimum wage indexed to inflation will far outweigh any negative consequences.

**Todd Sorensen, Assistant Professor, Department of Economics, University of Nevada,
Reno:**

I will also note that my testimony does not reflect any position taken by UNR or NSHE.

Thank you for allowing me to share some thoughts on this legislation from the perspective of a labor economist. Higher minimum wage helps lower-wage workers by rewarding work. A report by the nonpartisan Congressional Budget Office (CBO) states that a higher federal minimum wage would redistribute income to lower-income families and lift individuals out of poverty. This potentially could increase tax revenues and decrease government expenditures on social programs.

The main risk of a higher minimum wage is the loss of low-wage jobs. Economic theory makes no clear predictions about the effect of the policy. In uncompetitive labor markets, higher minimum wages may actually increase employment. In competitive labor markets, economic theory predicts a decrease in employment. The size of the decrease will depend on how sensitive employers are to higher wages in their hiring decisions. This sensitivity depends on many different factors, such as how able employers are to pass on higher wages to customers through higher prices; whether employers can replace workers with machines—which might be easier to do with a cashier than a bartender—whether increased motivation will increase productivity; whether less worker turnover will reduce training costs; or whether higher paid workers will buy more goods produced by minimum wage workers.

To measure the effect of higher minimum wages, economists have studied real world data from what we call "natural experiments." When a minimum wage increases on one side of a state border but not the other, changes in employment on each side of the border can allow us to infer the employment effect. These effects have tended to be small. The CBO report implies that a 10 percent increase in the real minimum wage would decrease employment by less than 1 percent—significantly less.

In the absence of increases to the federal minimum wage, many states and cities have taken it upon themselves to increase minimum wage locally. Indeed, Nevada already has a minimum wage that is higher than the federal minimum wage. Most economic studies have found small to no adverse effects on employment of moderate minimum wage increases. The question then becomes: what is a moderate increase? Economists often measure the size of the minimum wage by its share of the median wage. I estimate that a \$12 an hour minimum wage in 2022 would be around 65 percent of the median wage. This would be at the high end, but not outside historical experiences within the United States and other countries. A minimum wage of \$15 an hour would involve more uncertainty and more risks. Indeed, Alan Krueger, who was on the Council of Economic Advisers under President Obama, has stated that he is confident a federal minimum wage increase to \$12 an hour would not have a meaningful negative effect on United States employment, while an increase to \$15 an hour would put us into uncharted waters and risk undesirable and unintended consequences.

Assemblywoman Tolles:

We have heard a lot about the impact on employment, but do you have any data on the impact on the cost of goods and services? My second question is about the impact on student employees. I know kids in high school and college are getting these minimum wage jobs. Could you speak to those two data points, please?

Elliott Parker:

On the second point, my understanding was that Nevada limited the minimum wage to those 18 years old or above. In general, I would support that. I am more concerned about a \$12 minimum wage for people under 18 years old at a training wage.

Todd Sorensen:

On the first point, I do not have any exact numbers for you. There is some possibility that firms are going to pass on higher wages in terms of higher prices. Customers will pay some of this. That is actually one of the reasons why employment effects would not be that large.

Assemblywoman Tolles:

Could our legal counsel clarify if the minimum wage applies only to people over 18 years of age?

Wil Keane, Committee Counsel:

The constitutional provision is specifically for people who are 18 years old and over. The bill does not specify. I would have to look into whether NRS Chapter 608 in general only applies to people over 18 years old.

Chair Bustamante Adams:

We will follow up on that question. Are there any other questions from the Committee? [There were none.] Is there anyone else wishing to testify in support of S.B. 106?

Marlene Lockard, representing Service Employees International Union Nevada; and Nevada Women's Lobby:

I think the debate is interesting. Everyone always indicates that this study says this, and this study says that. However, according to Forbes peer-reviewed studies using mathematical modeling and statistical evidence, there appears to be a consensus. That consensus is that changes in the minimum wage have little to no impact on employment. In all the different interpretations, I found it very interesting that both sides could agree to that consensus. Even Adam Smith, the father of capitalism, wrote in favor of protecting the worker from exploitation.

Service Employees International Union Nevada and Nevada Women's Lobby feel very strongly about this measure, and we support it.

Chris Daly, Deputy Executive Director, Government Relations, Nevada State Education Association:

We believe public education is the basis for a healthy society and results from quality schools, quality educators, and quality communities. Every day, our members work with students and communities that struggle with issues related to poverty. Research shows that poverty is the leading indicator of low student opportunity and success. Many of our members go above and beyond to address impacts of poverty that our students struggle with in the classroom and at the school site. However, with students who are dealing with unstable or substandard housing, lack of access to nutritious foods at home, or parents working multiple jobs and not being able to provide support with schoolwork, the challenges are many. We know the best way to level the playing field for these students is to address the root causes of poverty. We believe S.B. 106, raising the minimum wage, is a very strong step to take to address these issues.

Meanwhile, the Nevada State Education Association remains committed to the struggle to ensure a living wage for all of our members. Most educational support professionals across our state earn less than a living wage. Nevada State Education Association members, such as bus drivers, nutrition workers, and custodians, engage with our students every day. They are the backbone of our school sites in making sure the schools are able to function. Unfortunately, many of these public workers face the same life issues as low-wage workers in the private sector: having to work multiple jobs and making the difficult decision on which bills to pay. We understand that increasing the minimum wage will have an indirect but positive effect on our members at the lowest rungs of the pay scale, which in most districts is under \$10 an hour.

Some of you may know that in a previous life I served for ten years on the San Francisco Board of Supervisors. In that time, we raised the minimum wage in 2002. It happened again after I left in 2014. San Francisco enacted paid sick days and universal health requirements in 2006. In that time to present day, the economy in San Francisco and the San Francisco Bay Area, and many other cities like Oakland, Emeryville, Berkeley, by raising the minimum wage and enacting other employment standard increases, the economy there is gangbusters. Not related largely to the improved working conditions and work standards that have been implemented, but certainly not hampered, harmed, or hamstrung at all by those measures.

There are several studies from the University of California, Berkeley Labor Center on many of these increases and their impact on the economy. I know the opponents like to talk about restaurant closures in San Francisco, but unfortunately, when there is a fifth or sixth of the exact same restaurant on the same block, there is some churn and turnover in restaurants. That was happening at about the same rate before. These employment standards, as it is, posed very little impact.

Shane Piccinini, Government Relations, Food Bank of Northern Nevada; and representing Three Square Food Bank:

Mr. Daly and Mr. Parker covered what I was going to say, other than we support the bill.

Kristy Oriol, Policy Coordinator, Nevada Coalition to End Domestic and Sexual Violence:

I want to bring attention to the inner section of domestic violence and economic security, including minimum wage. It is well documented that economic security is the main reason why victims are forced to stay in abusive relationships. Those who do not earn a livable wage are at a perpetuated risk of experiencing economic abuse by their abusers. We truly feel that a good minimum wage is not only a solid prevention measure to prevent domestic violence, but it also helps victims escape abuse. Therefore, we are in support.

Kent M. Ervin, Legislative Liaison, Nevada Faculty Alliance:

We have many students who are struggling to pay high student tuition and fees, and they often work in minimum wage jobs. When students who are struggling come into my office, I no longer ask whether they are working; I ask how many hours they are working. It is amazing how often it is 30 hours or full-time, plus working and trying to be a full-time student. We would like to have our students make enough money in their minimum wage jobs to actually complete the 12 to 15 credits to finish and get out into the new Nevada economy faster to get those higher paying jobs that are out there.

Jared Busker, Policy Analyst, Children's Advocacy Alliance:

We are in full support of S.B. 106. We believe it will support our working families.

Rusty McAllister, Executive Secretary-Treasurer, Nevada State AFL-CIO:

We are also in support of this legislation. Many of the members that I represent fall into this category. Anything we can do to raise the wages for those people would be a good thing. Certainly, that money is going to go back into the economy. People making minimum wage are not putting a lot away in savings. It is not as if they are hoarding their money. They will put it back into the economy to support their families. An increase in the minimum wage will put that money right back into the pockets of the businesses that will come up here later to say it will drive them out of business. The Nevada State AFL-CIO supports this bill.

Chair Bustamante Adams:

Is there anyone else wishing to testify in support of S.B. 106? [There was no one.] Is there anyone wishing to testify in opposition to the bill? Please be specific to the provisions you would like to see changed.

Wendy Stolyarov, Legislative Director, Libertarian Party of Nevada:

You know I am not out here fighting for special interests or corporate sponsors. Most of our members are actually either students or tipped and hourly workers. We are committed to improving policy for everyone, and especially fighting injustices that disproportionately affect lower- and middle-income people. We believe, based on the evidence, increasing the minimum wage does more harm than good to the people it is intended to help. More participation in the marketplace strengthens the economy. Economic growth is positive sum, not zero sum, and any mercantilist or protectionist philosophy that suggests restricting the entry of any person into the labor market is counterproductive and inhumane. Artificially reducing workforce participation is bad for the economy and bad for human beings.

As with any legislation, our primary goal should be to discover how this bill alters incentives for employers and opportunities for employees. All other things being equal, employers will hire as many employees as they can afford to, and employees will attempt to get the highest paying jobs they can. When the minimum wage increases, employers must choose between hiring fewer workers or offering fewer working hours to their existing employees. They may also choose to replace human employees with automated solutions.

The employees disproportionately affected by an increase in the minimum wage are those who were previously working at or below that wage level, most particularly immigrants, minorities, and young workers. An increase on the employer's price floor for labor acts as a barrier to entry for these workers, who will then find it harder to get a foot in the door.

Our goal is a world where standards of living increase for everyone, especially the most vulnerable. This bill will disadvantage the people on the edge of the system by incentivizing employers to shift labor either to those with more experience or seniority or to move more quickly toward industry automation. The Libertarian Party of Nevada, therefore, opposes S.B. 106.

Warren B. Hardy II, representing Nevada Restaurant Association:

The minimum wage issue is a nuance thing for the restaurant industry. The restaurant industry is uniquely impacted by this bill. I will tell you, the most important commodity or asset that any restaurant has is a happy employee—a happy server, a happy greeter, a happy individual—who is interacting with the public. Certainly, being well paid is a part of that equation. Our objective is to provide as high a wage as we possibly can.

The minimum wage is difficult because of the impact it has on the entry-level job. The restaurant industry is the primary provider of first jobs in the country—the first step on the economic ladder, if you will. That initial job gets people into the workforce who do not have skills but have the ability to demonstrate their abilities and honesty and work themselves up. Astonishingly, 90 percent of the managers and upper level management in the restaurant industry started out as servers in the industry. A full 80 percent of business owners in the restaurant industry started out as servers. The advancement there is absolutely incredible.

Our concern is what impact increasing the minimum wage will have on that entry-level job, or the first rung of the economic ladder. I do not know what that amount is that moves us to eliminating entry-level jobs. However, we are certainly approaching it. At some point, we are going to get to the place that because of the amount of money being paid, the industry will start looking at college graduates and others and not provide the jobs for the low-skilled workers that we currently provide.

I know tip credit is not something we can even discuss in this legislation because it is currently in the *Constitution* and will need to be addressed there, but the reason the restaurant industry is so interested in the potential of the tip credit is because many of our minimum wage earners in the industry make \$50,000, \$60,000 or \$70,000 a year because of their tips. The requirement to pay them a higher minimum wage takes money out of the balance for

being able to pay those employees who are not tipped. I know Senator Ford mentioned \$2.30 an hour, which I think is what the federal tip credit is. Our proposal is we do a tip credit that is the difference between the current rate and whatever the increase would be, so the \$7.75 would remain.

With regard to the economists, I agree if you have six different economists in a room, there will be eight different answers. Economists do disagree on the impact, but what they do agree on is the impact on entry-level jobs. I have dealt with Senator Ford regarding this issue, not just for this session, but for many years. I appreciate his very measured, reasonable approach to this legislation. I look forward to an opportunity to continue to work with him. However, as currently written, the Nevada Restaurant Association is unable to support the legislation.

Assemblywoman Carlton:

Mr. Hardy and I have a huge philosophical difference on tip credit. He calls it tip credit, and I call it subminimum wage. I would like to clarify for the record that I do not believe servers are low-skilled workers. I would dare Mr. Hardy to hang out with me in a restaurant, take an order for 14 or 15 people, and deliver it with drinks.

This state is one of eight states that does not have a subminimum wage. If you look at the growth that has happened in this state in the last 25 years, it has not slowed us down. I see no reason to go backward. We have had multiple companies come into this state knowing full well minimum wage would have to be paid. A couple of companies who were not going to come to this state have recently moved here because the population is here, and there is money to be made. I want to make sure it is clear on the record that it is all in how you call it. A rose is a rose except tip credit is not tip credit. Tip credit is subminimum wage, and I think we need to be honest about that. I would hate to come up here and lower people's wages rather than raise them. I think we need to keep that in mind as we move forward.

Warren Hardy:

I did not mean to indicate that servers were low skilled. They certainly are not. It is not a job I would do. I have a daughter who worked in food services. It is certainly a skill. When I talked about low-skill, entry-level work, I am primarily talking about fast food. Our servers make much more than minimum wage.

Janine Hansen, State President, Nevada Families for Freedom:

My concern is a mandated increase in the minimum wage will hurt those it is supposed to help the most. Minimum wage laws create a barrier to getting a job that the privileged are better able to overcome than the underprivileged. When jobs are scarce, immigrants, workers with few skills or little education, and those with limited English proficiency, are going to have a harder time convincing employers that their labor is worth the \$12 an hour over their better-skilled, native, English speaking competitors.

Unemploying such marginalized groups was regarded as a part of the point of the minimum wage laws in the early twentieth century by progressives who saw the minimum wage as a tool for keeping immigrants, blacks, and women out of the labor market. The effect has not changed in the last 100 years, even if our moral evaluation of this issue has. In other words, the most vulnerable and marginalized people are the ones who will most likely be put out of work by increases in the minimum wage.

The minimum wage would eliminate jobs, especially at entry levels for young people and vulnerable workers. Ordering businesses to pay entry-level workers more makes them hire fewer of them and consider replacing more workers with robots and computers. I saw a show the other night on this issue about how robots are being used to fill many jobs. There will be far fewer of these kinds of jobs in the future.

The nonpartisan Congressional Budget Office (CBO) estimated that President Obama's proposed \$10 minimum wage increase, once fully implemented, would reduce total employment by about 500,000 workers. Even the CBO feels it would create a loss of jobs, not an increase of jobs for precisely the groups that need it the most. We are concerned about that, because they are very vulnerable.

John Wagner, Carson City Vice-Chairman, Independent American Party:

We oppose this particular bill. I must say, I do admire the intent of the bill. Everyone would like to see everyone make higher wages. If we could do it by passing a law, we could all make ourselves rich. The intent of the bill is good. Unfortunately, the results would be on the bad side, for example, fast food restaurants. Several companies, including McDonald's in Japan, are experimenting with kiosks. A button is pushed and food is ordered. It dispenses canned drinks from one of the four kiosks. One person runs the show to take care of any problems. Now four jobs are lost. Another example is Walmart. The number of checkers may be reduced. The lines get a little longer, and it adds inconvenience to the customers, but after a while, the line goes down. Twenty-four hour businesses will close at 10 p.m. and open again at 7 a.m. There are all kinds of ways for businesses to eliminate jobs.

The intent of this bill is very good, and I admire people who support it. Unfortunately, I think it will have bad side effects and will not accomplish what we really want it to do.

Randi Thompson, representing National Federation of Independent Businesses:

I am not going to repeat what has been said. I have provided testimony ([Exhibit D](#)), so I will be very brief. First, I want to question the premise. Minimum wage is not meant to be a living wage. We hear time and again of people who are still living on minimum wage after ten years. Minimum wage is intended to be a learning wage, as Assemblywoman Tolles said—the student wage. It is really a starting wage.

I represent 2,000 small businesses across Nevada that are really the ones driving the economic recovery in this state. We create 60 percent of net new job growth, 43 percent of Nevada's total job base of 1.3 million, and I fear this bill will impact those very businesses that are creating those jobs.

While many small businesses do not pay minimum wage, our concern is that the artificial increase will push up all wages while there is no equal increase in profit to pay for those wages. I have provided testimony before to this Committee. I would just like to relate two articles. One came out today in Forbes Magazine that said nearly half of all retail jobs will be lost to automation within ten years. A study by the Cornerstone Capital Group showed that 6 million to 7.5 million retail jobs are vulnerable to innovation. The report concluded that as many as 47 percent of the 16 million Americans currently working in retail jobs could be made essentially redundant by highly automated e-commerce and other innovations. Last week, the Institute for Spatial Economic Analysis at the University of Redlands suggested places that are going to be hardest hit by automation in the coming decades. The number one city was Las Vegas. The report notes that Las Vegas will be one of the most vulnerable cities, potentially losing 65 percent of the jobs that could be automated by 2025.

I am bringing this back into perspective. There are many things going on that artificially increase minimum wage. When you can easily look at automation to replace a person, it is tough. We feel automation are the kinds of jobs that will essentially be replacing those that are the least trained, and those are the people at the low end of the pay scale who are making minimum wage. The very people you want to help are the ones who will most likely be hurt by this move. [Submitted but not discussed was ([Exhibit E](#)).

Lea Tauchen, Senior Director, Government Affairs, Grocery and General Merchandise, Retail Association of Nevada:

I am speaking in opposition to S.B. 106. Similar to Mr. Hardy and the restaurant industry, the retail industry also provides a variety of entry-level opportunities. We, too, are concerned that if the minimum wage level is increased, there will be fewer jobs available to train individuals how to work. Our industry takes pride in serving as a stepping-stone for students and young adults, but we do not expect them to stick around. Retailers teach them basic skills that they will use for the rest of their lives. These are skills that will allow them to advance to jobs that will pay more than minimum wage. For those employees who want a long-term career working in the retail industry, they will most likely be paid considerably more than minimum wage.

We are also concerned that imposing an artificial wage level could act as a disincentive for businesses to grow. It has already been mentioned, but I will say we, too, are concerned with the "compression effect," putting upward pressure on existing wages of employees who are making more than minimum wage. With higher expenses for employers, it would be difficult to increase the number of positions available to all wage earners.

We are just starting to see the results coming from jurisdictions that approved a higher minimum wage than the federal level. I know Arizona was mentioned today, and also San Francisco, and Seattle. We have not seen much from Arizona, but it has become evident in Seattle and San Francisco that not all businesses are affected equally. We have seen that some businesses can afford to absorb a price increase. They either have affluent customers or have limited competition, and they can pass the increased costs along without any change

in employment. Other businesses that do not have customers as affluent have had to eat the difference in the wages. These businesses are having to economize on labor by purchasing long-term labor saving devices, such as self-service kiosks, which we have heard mentioned today. This has reduced employee count. There are also the businesses that just cannot operate at a higher wage because competition is too tight or their customers are too sensitive to the price. Those businesses have undoubtedly had to lower employment if they have been able to keep the doors open.

Those latter two cases are the ones we worry about. We would prefer to support policies that allow private sector employers to respond to market demands and give them the tools to remain competitive and stable in the face of economic challenges.

Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro Chamber of Commerce:

The Las Vegas Metro Chamber of Commerce is opposed to S.B. 106 on behalf of our members. The Metro Chamber is concerned about the potential adverse impacts S.B. 106 would have on Nevada's employers and their employees. Because of the Metro Chamber's large and broad membership composition, this requires us to look at this bill and how it impacts all industries and businesses of all sizes as it applies to all employers in Nevada.

I would like to share with the Committee some of the major concerns and feedback from our membership. In a survey conducted by the Metro Chamber of private employers across a broad range of approximately 30 different sectors, 68 percent of Nevada respondents indicated a minimum wage increase would affect their business; 64 percent indicated they would anticipate a change or a need to adjust their business model if the state's minimum wage rate increased. Respondents indicated they would change their business model to include, but not be limited to the following items: 59 percent would consider slowing down hiring new employees; 57 percent would consider increasing the price on goods or services; 53 percent would consider reducing employee hours; 41 percent would consider not replacing employees who leave; 40 percent would consider laying off employees; and 33 percent would consider automation of services.

The reality is any mandate of wage increase also means additional cost for employers at the state level, such as the Modified Business Tax, unemployment insurance, and worker compensation. These types of costs are not independent of each other, and there is a direct correlation that needs to be looked at holistically. In this survey, 56 percent of respondents indicated these additional costs would increase their level of concern with a minimum wage increase. For today's discussion, these additional cost factors should be taken into consideration when discussing these types of proposals and how it may hinder job creation or adversely affect Nevada employers and employees.

How friendly a state's employment and labor laws are toward employers and the level of requirements are factors in a company's decision to relocate or expand an existing market. It is important to compare ourselves to other states in the Intermountain West region nationally. A variety of states have different minimum wage rates. They have different

formulas and factors that apply in calculating minimum wage, such as offering health care, overtime formulas, tip credit, industry, and employment size. These are just some of the policy and economic factors we would like to highlight for your consideration. We do appreciate Senator Ford engaging in dialogue, and we appreciate the perspective of the proponents today. However, since a majority of our members and private employers in southern Nevada have significant concerns associated with this bill, we are not able to support S.B. 106. The Reno Chamber of Commerce and the Latin Chamber of Commerce have also asked me to register their opposition to this bill today.

Chair Bustamante Adams:

Is there anyone else wishing to testify in opposition to the bill? [There was no one.] Is there anyone wishing to testify in the neutral position?

Ray Bacon, representing Nevada Manufacturers Association:

In general, the minimum wage is not an issue in the manufacturing sector. It is to some degree in the logistics sector. What is a factor deals with the automation that you have already heard about. The calculation of labor costs versus machinery costs versus capital costs becomes easier as the minimum wage increases. Robots have gone from being million-dollar investments a few years ago to some in the marketplace for \$35,000. Consequently, the calculation is getting smaller, and it is just the way it is.

Chair Bustamante Adams:

Seeing no further testimony, are there any closing remarks?

Senator Ford:

Senator Cancela mentioned 6,000 new jobs created in Arizona. Chair Bustamante Adams, I have forwarded you an email, and I would ask that you share with the Committee the article dated April 22, 2017 out of Arizona and what has happened. Senator Cancela was a bit off. Employers who run food service and drinking establishments added 7,800 new jobs in February compared with a 3.3 percent boost. They were six times higher than the state rate at that point. All the doom and gloom did not come to fruition and has not come to fruition thus far.

We are not asking businesses to go from zero to 100 quickly. We are not asking them to go to \$12 an hour tomorrow. We are requesting that they gradually increase over a five-year period about 75 cents a year. Innovation is coming, and I agree with the testimony that said innovation is coming and is going to cause problems. However, minimum wage is not the culprit, and to try to link the two in this testimony is problematic. Innovation is coming regardless. What we need to do is understand we do not have to solve every problem with one piece of legislation. To be sure, we are going to have to try to figure out how to transition those who will lose jobs to innovation and to other professions, but we do not have to do so at the expense of those who will remain in minimum wage paying jobs. We should be increasing it and helping them out.

I concur with the notion that minimum wage should be a living wage. Alas, excuse my colloquialism, it is what it is. What is happening right now is different from what happened decades ago when I was making minimum wage in my first job at Burger King. I said this on the opening day of session: I was making minimum wage so I could buy a new pair of Jordan's. Now, people making minimum wage are raising Jordan. That is unacceptable, and we should be looking to give hardworking Nevadans a raise.

Senator Cancela:

I apologize for stepping out, but I had another bill downstairs. I was not here for the opposition, but I can guess the kind of naysaying you heard was the same we have heard every time this discussion has come up in this building. I think the time to take action could not be more clear. The fact that we have Nevadans who are working three and four jobs just to make ends meet means we have a real population that is looking for some sort of sign that things will get better. The way we do that is by letting them know that we, as a state, are invested in our most vulnerable workers, and that the minimum wage should be higher, not only for those populations but for generations to come. This bill does exactly that in a reasonable fashion designed for Nevada and fits our state's economy.

[Submitted but not discussed was ([Exhibit F](#)).]

Chair Bustamante Adams:

Thank you for the presentations. I will close the hearing on Senate Bill 106. I will open the hearing for Senate Bill 516 (2nd Reprint).

Senate Bill 516 (2nd Reprint): Revises provisions governing workforce innovation and apprenticeships. (BDR 53-913)

Andrew Clinger, Senior Advisor, Office of the Governor:

With me today is Manny Lamarre, who is the Director of the Office of Workforce Innovation (OWINN) within the Office of the Governor. Senate Bill 516 (2nd Reprint) is one of a number of bills proposed by the Governor as part of a comprehensive workforce development strategy. I would note for the Committee that the budgets closed in support of S.B. 516 (R2).

As we diversify and grow our economy, one of the challenges we face is making sure we have a prepared workforce. This bill is part of the Governor's strategy to ensure Nevada has a highly skilled and diverse workforce. The bill before you today establishes the Office of Workforce Innovation in the Governor's Office to provide central oversight and coordination among the various agencies that provide workforce development; oversee the Workforce Innovation and Opportunities Act (WIOA); and ensure alignment with the economic development strategy and coordination between the various agencies. The bill also transfers the State Apprenticeship Council, elevating its status to the Governor's Office; and transfers the Empower Program to OWINN to ensure relevant data is used as we make decisions moving forward.

Madam Chair, I do want to thank the trade councils and the labor representatives for all their help in putting this bill together. It was brought to my attention right before this hearing that they would like to propose an amendment to section 5, subsection 4. The bill currently states that the State Apprenticeship Council shall meet at least once annually. They would like to change that to quarterly. I would like to put on the record that we are fine with that change.

Manny Lamarre, Director, Office of Workforce Innovation, Office of the Governor:

I can go through the bill section by section, or I can provide an overview of the clustered sections. Which would you prefer, Madam Chair?

Chair Bustamante Adams:

For the sake of time, the overview would be best.

Manny Lamarre:

Sections 1 and 2 are definitions and the general introduction. The key pieces of the bill are sections 3 through 6, which outline the membership, procedures, and duties of the State Apprenticeship Council. Section 6 requires the Council act as a regulatory body in administering the provisions governing the State Apprenticeship programs, and also demonstrate linkage and coordination with the state's economic development strategies and workforce investment system as set forth by the Code of Federal Regulations, 29 C.F.R. § 29.13.

Sections 7 through 9 speak to the duties and responsibilities of the State Apprenticeship Director. Sections 10 through 13 speaks to the eligibility of approval of registered apprenticeship programs, terms and conditions of agreement as prescribed by the Council, and makes small clean ups complying with federal regulations.

Sections 14 through 16 comprise with existing *Nevada Revised Statutes* (NRS) regarding information obtained from the statewide longitudinal data system, and that the information is confidential and may not be disclosed or open to public inspection in any manner which would reveal the person's or employing unit's identity.

Sections 17 through 20 create the Office of Workforce Innovation (OWINN) and outline the duties and responsibilities of OWINN and the Executive Director. Section 21 identifies agencies that shall submit educational and workforce data for inclusion in the statewide longitudinal data system. Finally, sections 22 through 32 comply with various existing NRS statutes. That is the overview of the bill.

In the introduction of the bill, we did have letters of support from the Latin Chamber of Commerce, the Urban Chamber of Commerce, and JPMorgan & Co. They are not here today to provide testimony in support. I would be happy to answer any questions.

Chair Bustamante Adams:

Mr. Clinger, was the amendment submitted?

Andrew Clinger:

I am not sure if it was submitted. We were asked if we would be okay with amending that language in section 5, subsection 4 from annual to quarterly five minutes before the hearing. The language currently says the Council will meet "at least once annually." Our assumption has always been that they would meet more than once a year, but I think some folks would feel more comfortable if it states "quarterly." I do not believe the amendment has been submitted, but I did want to put on the record that we are okay with making that change.

Manny Lamarre:

The amendment has not been submitted. To clarify, when we think about diversifying the workforce and expanding apprenticeships, it is our explicit intent to have the Council meet as often as they need to with the Investment and Apprenticeship Director to help coordinate and convene those meetings. We are totally fine with that amendment. In the original section 5, subsection 4, it says "at least once annually." It was always our intent that the Council should meet as often as needed to conduct business and approve programs.

Chair Bustamante Adams:

Are there any questions from the members?

Assemblyman Daly:

I know there has been a lot of work put in on this bill. My question is in regard to section 27, subsection 1, where it states, "The terms of the members of the State Apprenticeship Council created by NRS 610.030 who are incumbent on June 30, 2017, expire on that date." At that point, the Governor would appoint voting members. Is it the intention to keep some of the same people who are already there in order to have continuity? I know you are adding two additional members, but I am curious as to the plan.

Andrew Clinger:

I have not talked to the Governor specifically about the idea of whether members are going to carry over. I would think for continuity purposes we would certainly want to keep at least some of the members. Again, it is not a conversation I have had with the Governor.

Assemblyman Daly:

I was just curious. Obviously, there have been people there for a while. I do not know if everyone wants to keep them or not, but there would probably need to be some continuity. According to the bill, the Council will be ended on one day, and then theoretically, a whole new board appointed on July 1.

My second question has to do with the repealed section, NRS 610.060, on page 21. I have no problem not making the person representing the general public the chair—and that person will be the ninth person rather than the seventh person now. I am curious why we are not keeping that person as the tiebreaker. I know 29 C.F.R. § 29.29 has specific language regarding who has to be on a federally authorized State Apprenticeship Council. There has

to be equal numbers from labor and from management. If that person is a voting member, I am concerned you may not be in compliance with that federal rule. To have that member on the Council as a tie-breaking vote might be the prudent way to go in that situation. In addition, if the person from the general public does not meet those specific qualifications that are in the C.F.R., you might want to have them as a tiebreaker. That is just a suggestion.

Manny Lamarre:

Could you repeat the concern or the question?

Assemblyman Daly:

The repealed section on page 21 at the end of the bill which removes the person representing the general public—which will now be the ninth person but used to be the seventh person on the Council—was automatically designated as the chair. I do not think that person necessarily needs to be the chair, but that person also only voted in cases of a tie. There were three people from management and three people from labor on the Council before. It was intended to try to have as much consensus as possible and make sure people were conducting the business in accordance with what the standards are under regulations, et cetera. I am curious why you are not having the ninth member, who does not necessarily meet the qualifications in the C.F.R., and is not a labor person or a management person, which is required on the Council, to vote on anything other than just a tie.

Andrew Clinger:

We will go back and look at 29 C.F.R. because part of the intent of S.B. 516 (R2) was to make sure we have better compliance with 29 C.F.R. We will make sure that by taking that section out it has not taken us out of compliance with 29 C.F.R.

Assemblyman Daly:

I appreciate that. Having that person from the general public has been there for quite some time. I am sure you can have that person, but they are really not the subject matter experts that the labor and management appointees are. It just makes sense to me to have that person only vote in case of a tie.

Chair Bustamante Adams:

I appreciate Assemblyman Daly talking about the membership. I know the Sunset Subcommittee of the Legislative Commission reviewed the membership of this Council. Some people have served way too long. I appreciate continuity, but I would love to know the Governor's plans with the existing membership.

Seeing no further questions from the Committee, I will open the hearing for those who would like to testify in support of S.B. 516 (R2).

Steve Canavero, Superintendent of Public Instruction, Department of Education:

We are in support of S.B. 516 (R2), and we will be reliant upon the type of coordination coming from this group.

Nathan R. Ring, representing Operating Engineers Local 12; and Laborers International Union Local 872:

We stand in support of the bill. The major components of this bill for us that are important are ensuring that the State Apprenticeship Council is a regulatory body because there has been some debate on that over the years. In addition, there is a large working group that worked on this bill. We had nonunion contractors, union contractors, and representatives from the building trades north and south. This is a good bill that has worked out for everyone.

To address the concern regarding the amendment, the quarterly meetings were requested by my clients, as well as other clients in the south. I will submit that, but it is something that just came up today in a discussion with trade representatives.

Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro Chamber of Commerce; and representing Reno Chamber of Commerce:

We are also in support of S.B. 516 (R2).

Sean Stewart, Chief Executive Officer, Nevada Contractors Association:

We are in support of the bill as well, for all the reasons that have been stated.

John Wiles, Director, Unified Construction Industry Council:

The Unified Construction Industry Council is an organization comprised of the Southern Nevada Building and Construction Trades Council and some of their signatory contractors. I would like to speak briefly about the apprenticeship aspect. As a point of clarification in section 3, subsection 1, paragraph (c), the member of the general public is a voting member.

I think this bill is a good first step. It is good that it has been clarified that the Council is now a regulatory body. It is also good that it has been expanded to include representatives of the community college system. It is also good that the State Apprenticeship Council will have better and adequate resources to do its job. However, I have to say, we can do better, and this body can do better.

If we are going to build a diverse and highly skilled workforce, we need to think about ways to do that. We come before you today, and you will probably hear speakers who follow, about a way to do that. One way is to invest in workforce development through the prevailing wage system. In other words, we can put our public works projects to work to build the workforce of the future if we want to make some changes to existing law. One way to do that is to create an exemption to allow public bodies to require workforce development components in their public works projects.

Chair Bustamante Adams:

Would you approve of the bill if we passed it as is?

John Wiles:

Yes. We endorse the bill, and we encourage you to vote for it.

Chair Bustamante Adams:

The opposition will specify any changes, but you cannot be in support and in opposition. Would you like me to move your testimony to opposition so you can testify as to what you would like to see changed?

John Wiles:

No. I will stand mute for now.

Assemblyman Daly:

I understand the general public member is a voting member. Are there any concerns with the question I had regarding the eight subject matter experts, four from management and four from labor, and then having the general public member voting in case of a tie? It seems to me that makes more sense.

Nathan Ring:

We do not have a concern with it being a tiebreaker vote or a general vote. I think the reason for that is because we have one member of the general public who can sit and listen to the deliberations of the four members from management and the four members from labor and then make an informed decision based on what was heard at the meetings.

Assemblyman Daly:

I understand. Do you have a problem with the member of the general public only voting in case of a tie?

Nathan Ring:

We like the bill the way it is with the general public member having voting power. We would not be opposed if it were changed to only a tie-breaking vote. We are fine with it either way.

Assemblyman Daly:

I will look at 29 C.F.R. § 29.13 to see what the qualifications are, and we can go from there.

**Dan Musgrove, representing Mechanical Contractors Association of Las Vegas; and
Sheet Metal and Air Conditioning Contractors' National Association:**

We are signatory subcontractor employers who invest very heavily in time, effort, and dollars in apprenticeship programs and believe wholeheartedly in them and in this bill.

Lucas Ingvoldstad, representing Nevada Builders Alliance:

We are in support of S.B. 516 (R2). A skilled workforce is one of the larger concerns facing the construction industry, and addressing these issues continues to be one of our top priorities. Educating students about employment opportunities, developing programs to help students succeed in forming valuable collaborative partnerships will continue to ensure success throughout the industry. Senate Bill 516 (2nd Reprint) helps to achieve these goals.

**Todd Koch, President, Building and Construction Trades Council of Northern Nevada,
AFL-CIO:**

We are here today to support S.B. 516 (R2). We, too, have appreciated all the work the Governor's Office did with us on this bill. We like the way it turned out, and we support it. We think this is a good first step to help expand apprenticeships into the rest of the economy, which includes a lot of what will be coming with the new Nevada.

Rusty McAllister, Executive Secretary-Treasurer, Nevada State AFL-CIO:

We were also part of the discussions with regard to the changes being offered in this bill. We are in support of this legislation.

Don Soderberg, Director, Department of Employment, Training and Rehabilitation:

To be brief, we support this legislation.

**William Stanley, Executive Secretary-Treasurer, Southern Nevada Building and
Construction Trades Council, AFL-CIO:**

We, too, appreciate all the help and the work that was put in on this bill by everyone, including the Governor's Office. We especially like the fact that we are now going to have the resources we believe apprenticeships have lacked in this state for some time, and the appointment of an Apprenticeship Director who will now have, as part of the duties, outreach to the community to make sure we are educating the future construction workforce that will be developed through this type of legislation and through apprenticeships.

I would be remiss if I did not remind folks that this is just a piece of the puzzle. In fact, we believe there are two other additional pieces to this puzzle that need your support, which is Senate Bill 357, which is Senator Atkinson's bill, and Assembly Bill 154, which is Assemblyman Brooks' bill. We believe supporting apprenticeships require all the support of apprenticeships, and we need to make sure that those jobs that actually create apprentices are supported by the complete Legislature. I appreciate the time you have given us.

Chair Bustamante Adams:

I appreciate you reminding us that it is a three-part approach to this topic. Is there anyone else wishing to testify in support of the S.B. 516 (R2)? [There was no one.] Is there anyone wishing to testify in opposition to the bill? [There was no one.] Is there anyone wishing to testify in the neutral position? [There was no one.]

I do have a question for the sponsor of the bill. Traditionally, we have just thought about apprenticeships for the trades. However, this is more than that. Are there any comments you could put on the record regarding that?

Manny Lamarre:

To address that point, the concept of apprenticeships and the policy that was created in the United States was in 1937, but I may be off by a year or two. Apprenticeships as a concept could be applied to any industry. If you look at countries like Germany and Switzerland, they apply it to a whole host of industries. Quite frankly, I would be remiss if I did not say, particularly in construction and the trades, they have been stellar at creating apprenticeship programs in many instances, particularly in the United States. They are ahead of the game in terms of creating the actual program.

As we are looking at the new Nevada economy, we will still leverage the experience of the trades. However, when we look at the labor market data—technology, health care, advanced manufacturing—those numbers are alarming in terms of growth and the need to skill-up the workforce. We will leverage the experience of the folks who have been establishing apprenticeship programs in the trades. Apprenticeship programs are not exclusive to one industry. Other countries and other states have leveraged apprenticeships throughout all industries. The concept of an apprenticeship is paid on-the-job training and classroom instruction. At the most basic, rudimentary level, that is what apprenticeships are. It is a phenomenal avenue to expand and skill the workforce.

To Assemblyman Daly's question regarding 29 C.F.R. § 29.13, the regulation states, "It must include an equal number of representatives of employer and of employee organizations and include public members who shall not number in excess of the number named to represent either employer or employee organizations."

Senate Bill 516 (2nd Reprint) does not run contrary to those regulations. Section 3, subsection 1 outlines the membership, and there are four members from employer associations, four members from employee organizations, and one member from the general public. As long as we do not have more members of the general public, then we are 100 percent aligned with 29 C.F.R. § 29.13. We must have a member of the general public.

Chair Bustamante Adams:

Will you please follow up on Assemblyman Daly's question regarding the membership of the Council and whether those current members are going to continue?

[Submitted but not discussed was ([Exhibit G](#)).]

I will close the hearing on Senate Bill 516 (2nd Reprint). Is there anyone here for public comment? [There was no one.] This meeting is adjourned [at 4:59 p.m.].

RESPECTFULLY SUBMITTED:

Kathryn Keever
Recording Secretary

Lori McCleary
Transcribing Secretary

APPROVED BY:

Assemblywoman Irene Bustamante Adams, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is written testimony in support of Senate Bill 106, authored by Brittany Harris, presented by Lupe Guzman, Private Citizen, Las Vegas, Nevada.

[Exhibit D](#) is written testimony in opposition to Senate Bill 106, dated May 22, 2017, submitted by Randi Thompson, representing National Federation of Independent Businesses.

[Exhibit E](#) is a document titled "NFIB Presentation on Increasing Minimum Wage," dated May 22, 2017, submitted by Randi Thompson, representing National Federation of Independent Businesses.

[Exhibit F](#) is written testimony, dated May 22, 2017, in support of Assembly Bill 106, submitted by Janette Dean, Political Scientist and Sociologist, University of Nevada, Reno.

[Exhibit G](#) is a letter, dated May 19, 2017, to Honorable Irene Bustamante Adams, Chair, Committee on Commerce and Labor, in support of Assembly Bill 516 (2nd Reprint), from Frank R. Woodbeck, Vice Chancellor, Workforce Development, Nevada System of Higher Education.