

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

**Seventy-Ninth Session
February 15, 2017**

The Committee on Commerce and Labor was called to order by Chair Irene Bustamante Adams at 1:30 p.m. on Wednesday, February 15, 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 Jason Frierson
Assemblyman Ira Hansen
Assemblywoman Sandra Jauregui
Assemblyman Al Kramer
Assemblyman Jim Marchant
Assemblywoman Dina Neal
Assemblywoman Jill Tolles

COMMITTEE MEMBERS ABSENT:

Assemblyman James Ohrenschall (excused)

GUEST LEGISLATORS PRESENT:

Assemblyman William McCurdy II, Assembly District No. 6
Assemblyman Edgar Flores, Assembly District No. 28



STAFF MEMBERS PRESENT:

Kelly Richard, Committee Policy Analyst
Wil Keane, Committee Counsel
Pamela Carter, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

Paul K. Sonn, General Counsel, National Employment Law Project, New York, New York
Will Pregman, Political Organizer, Service Employees International Union, Local 1107
Roxana Giron, Private Citizen, Las Vegas, Nevada
Maria Salinas, Private Citizen, Las Vegas, Nevada
Ruben R. Murillo, Jr., President, Nevada State Education Association
Lupe Guzman, Private Citizen, Las Vegas, Nevada
Ender Austin, Private Citizen, Las Vegas, Nevada
Harold Washington Carnes, Private Citizen, Las Vegas, Nevada
Phillip Kaiser, Private Citizen, Reno, Nevada
Allen "Eli" Smith, Private Citizen, Reno, Nevada
Jim Sullivan, representing Culinary Workers Union, Local 226
Susan Chandler, Private Citizen, Reno, Nevada
Luz Maria Maradiaga, Private Citizen, Las Vegas, Nevada
Erica Castro, Private Citizen, Las Vegas, Nevada
Larry Fosgate, Private Citizen, Las Vegas, Nevada
Megan Lewis, Private Citizen, Reno, Nevada
Isaiah Price, Private Citizen, Reno, Nevada
Chris Daly, Private Citizen, Fairfield, California
Wendy Stolyarov, Legislative Director, Libertarian Party of Nevada
Marcos Lopez, Field Director, Generation Opportunity Nevada
Ronald Najarro, Coalitions Director, LIBRE Initiative Nevada
Elliot Malin, Policy Analyst, Americans for Prosperity Nevada
Jared Hague, Private Citizen, Henderson, Nevada
Robert Buckel, Member, Legislative Committee, Henderson Chamber of Commerce
Brent Jones, Private Citizen, Las Vegas, Nevada
Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro Chamber of Commerce
Bryan Wachter, Senior Vice President, Retail Association of Nevada
Warren B. Hardy II, representing Nevada Restaurant Association
Connie McMullen, representing Personal Care Association of Nevada
Jimmi McKee, Private Citizen, Las Vegas, Nevada
Jeff Ecker, Private Citizen, Las Vegas, Nevada
Richard Carreon, Private Citizen, Las Vegas, Nevada
Peter Guzman, President and Chief Executive Officer, Latin Chamber of Commerce

Todd Sorensen, Private Citizen, Reno, Nevada
Steve Brown, Private Citizen, Las Vegas, Nevada
Jason Weinman, Political Director, Libertarian Party of Nevada
James Katzen, Private Citizen, Las Vegas, Nevada

Chair Bustamante Adams:

[The roll was called.] I would like to emphasize the importance of courtesy and professionalism in dealing with our members on the Committee, staff, and those wishing to testify today. My expectation is that we will be respectful to each other, even if we do not agree with the other person's view. It is my intent to maintain an atmosphere of decorum in the room and I ask those in attendance to refrain from any outbursts that may be disruptive to the proceedings.

I am going to open the hearing on Assembly Bill 175 and invite Assemblyman McCurdy to the speaker's table.

Assembly Bill 175: Requires certain increases in the minimum wage paid to employees in private employment in this State. (BDR 53-866)

Assemblyman William McCurdy II, Assembly District No. 6:

It is an honor to present Assembly Bill 175 that will do so much good for so many of our Nevadans whom we love and care about. The minimum wage was originally passed with the intent of providing full-time workers the capacity to support themselves and their families. The United States minimum wage has become stagnant. It is failing to reflect the inflation rate. In Nevada, the total estimated number of current workers is 1,232,800. Of that total, 794,000 are paid hourly. To further break it down, of the 794,000 workers, 20,000 are paid below minimum wage, representing approximately 1.6 percent of our total workforce. If we believe everyone should work a skilled job for a living, we have to either ensure that there are skilled jobs for everyone or recognize that some people will starve despite their best efforts.

Under A.B. 175, nearly 300,000 Nevada workers will see a pay increase, but opponents will insist that is purely for fast-food workers. Under A.B. 175, nearly 250,000 Nevadans over the age of 25 will see an increase in pay. Opponents will insist that this is only high school students who earn a minimum wage. Despite the economic boom seen in other states and cities that have raised their minimum wage, opponents will insist that raising the minimum wage will destroy our economy. It is time we give workers a boost.

I am introducing A.B. 175 to give Nevada's working families the raise they have earned and deserve. Assembly Bill 175 incrementally raises the minimum wage to \$15 per hour for those who do not receive health insurance from their employer and to \$14 per hour for those who do receive health insurance from their employer.

I have spent my career championing home health care workers who take care of our parents and grandparents, but they make minimum wage, and I have not seen an increase in over ten years. How can we ask them to take care of our families, grandparents, and parents if we will not give them an increased minimum wage? It is time we boost Nevada families.

Raising Nevada's minimum wage is an important step toward bridging the widening gap between income, opportunity, and inequality. Local businesses, our state's economy, and more importantly, everyday Nevadans will benefit from a pay raise. If it is not now, then when will it be? If it is not us, then who will it be? This is our opportunity to boost Nevada families. I am a proud Nevadan. I have been in Nevada for 28 years, and it is time that we get to work.

In my PowerPoint presentation ([Exhibit C](#)), I will present additional facts and figures that will support my argument. What is the state of the minimum wage? More than half of minimum-wage workers are under the age of 25. Minimum wage disproportionately impacts women versus men. Six percent of women are paid the minimum wage or less than minimum wage compared with 3 percent of men. One person working full-time under the current federal standard of minimum wage makes \$15,080 a year. That is \$5,000 below the federal poverty line for a family of three. It fails to meet the estimated cost of living for most states [slide 4, ([Exhibit C](#))].

Across the nation, we are hearing conversations about raising the minimum wage; workers need a boost. Help us hold on to the audacity of having hope. Nineteen states began the new year with higher minimum wages. Seven states automatically increased their rates based upon the cost of living. Five states increased their rates through ballot initiatives approved by voters. We have been down that route, and in seven states, this is a result of legislation passed in prior sessions. Washington, D.C., California, and New York are moving toward the \$15 per hour minimum wage [slide 5, ([Exhibit C](#))].

Let us look deeper into the states. California did so with Senate Bill 3. The new law in California increases the minimum wage to \$15 per hour by January 1, 2022, for employers with 26 or more employees. For employers with 25 or fewer employees, the minimum wage will reach \$15 per hour by January 1, 2023 [slide 6, ([Exhibit C](#))].

In Washington, D.C. [D.C. Act 21-429], they will progressively increase the minimum wage to \$15 per hour by 2020. Beginning in 2021, the minimum wage will increase during each successive year, pursuant to the Consumer Price Index [slide 7, ([Exhibit C](#))].

New York amended its bill to do so as well. New York was the second state to pass a new law that would raise the minimum wage in New York City to \$15 per hour by the end of 2018 [slide 7, ([Exhibit C](#))].

In Nevada, A.B. 175 proposes to increase the minimum wage as well [slide 8, ([Exhibit C](#))]. Assembly Bill 175, section 1, states:

. . . the Labor Commissioner shall ensure that the minimum wage for each employee to whom those regulations apply is increased by at least \$1.25 each year until the minimum wage that may be paid per hour pursuant to NRS 608.250 is: 1. If the employer of the employee does not offer health insurance for the employee in accordance with regulations adopted by the Labor Commissioner, \$15 or more; and 2. If the employer of the employee offers health insurance for the employee in accordance with regulations adopted by the Labor Commissioner, \$14 or more.

Currently in Nevada, with no health insurance offered by the employer, the minimum wage is \$8.25 per hour. When an employer offers health insurance to an employee, the minimum wage is \$7.25 per hour [slide 9, ([Exhibit C](#))]. Nevada's poverty rate is 13 percent. For a family of four in 2014, the official poverty line was less than \$24,230. Despite this low threshold, more than 208,000 Nevadans live on far less, below half of the poverty level. The number of people in Nevada who would be directly affected by increasing the minimum wage to \$10.10 per hour is 158,000. There will be approximately 139,000 children affected by an increase in their parents' wages if we increase the minimum wage to \$10.10 per hour [slide 10, ([Exhibit C](#))]. We can do it.

Real wages are tied to inflation in Nevada and have been stagnant for the past 15 years despite the growing employment and output. Stagnant wages negatively affect families' well-being, both materially and emotionally, and they also negatively affect the development of children in low-income communities like those I represent in District No. 6 [slide 11, ([Exhibit C](#))].

We have suggestions from Nevada KIDS COUNT: We can increase the minimum wage, increase the earned income tax credits at the federal level, begin subsidizing child care, or provide labor market training. The misconceptions we hear about raising the minimum wage are that it hurts small businesses, there will be substantial job loss, and prices will increase [slide 12, ([Exhibit C](#))]. One thing I understand is that businesses need predictability, which is why we propose a gradual minimum wage increase. Businesses can adapt to change when they have an opportunity.

The benefits of a minimum wage increase are an opportunity to reduce employee turnover, increase worker productivity and offer employees the incentive of feeling wanted and needed. The benefits can offset some payroll cost increases. Opposition also says that a minimum wage increase will result in job loss and hurt low-skilled workers. Automation is already here, and we have not touched the minimum wage.

According to the United States Department of Labor, the projected jobs scheduled to decline between 2010 and 2020 include these: postmasters and mail superintendents, scheduled to decrease by 27.8 percent; word processors and typists, 11.5 percent; cooks in fast-food restaurants, 3.6 percent; and farmers, ranchers, and agricultural managers, 8 percent.

Let us take a closer look at how Nevada children will benefit. In 2007, 14.9 percent of children were living in poverty. This is unacceptable. In 2015, 21.6 percent of children were living in poverty. Between 2007 and 2015, the percentage of children living in poverty increased from 28 to 33 percent in Mineral County; from 19 to 23 percent in Carson City; and from 18 to 28 percent in Nye County [slide 13, ([Exhibit C](#))]. Let us help our children and our families.

The positive business impacts from an increase in minimum wage are that more consumers are active in the market and families are positioned to save money. When I say "save money," let me be clear: These families are not saving money to go on a trip to Hawaii. They are saving a little bit to put extra food in the refrigerator, maybe buy an extra pair of shoes for their child, or rent a movie. It is time to give our families a boost. These results emphasize the importance of looking beyond employment rates to understand the impacts of minimum wages. Minimum wage increases over the past decade appear to have substantially reduced turnover and increased job stability, with small effects on overall employment levels for highly affected groups such as teens [slide 14, ([Exhibit C](#))].

In summary, it is possible for New York State to effect a vast improvement in living standards for over one-third of its workforce without generating net adverse employment. It can do so through induced efficiencies and slight price increases borne by all consumers. Based on our analysis, we conclude that the proposed minimum wage will have its intended effects in improving income for low-income workers. Any effects on employment and overall economic growth are likely to be small, but the net impact of the policy will be very positive [slide 15, ([Exhibit C](#))].

What about the savings? Annually, Nevada has 11,894 people who would not need Supplemental Nutrition Assistance Program (SNAP) benefits if the minimum wage was raised to just \$10.10 per hour. Raising the minimum wage to \$10.10 per hour will result in \$22.5 million annual savings in Nevada [slide 16, ([Exhibit C](#))]. I say it is time to give our families a boost.

Additionally, America's fast-food companies have outsourced a significant portion of their labor costs in salaries. More than half of the 3.65 million minimum wage workers in the fast-food industry have a direct impact on our public assistance. In 2013, it was costing American taxpayers \$7 billion each year.

Chair Bustamante Adams:

Assemblyman McCurdy, your guest is on the line. Would you please introduce him?

Assemblyman McCurdy:

Mr. Sonn, thank you for joining us by teleconference. Please introduce yourself.

Paul K. Sonn, General Counsel, National Employment Law Project, New York, New York:

Thank you for the opportunity to testify by telephone. I will be happy to answer any questions.

Chair Bustamante Adams:

Let us take questions from Committee members on A.B. 175. Paul Sonn will also be taking technical questions.

Assemblyman Hansen:

One concern I have is that wages are a function of supply and demand. No one wants to talk about the number of illegal immigrants who are flooding the job market. When I was a journeyman plumber in 1983, I received \$14 per hour for residential non-union work. During the 78th Session of the Nevada Legislature, I had the Nevada Labor Commissioner research job sites in Washoe County to find the wage for non-union plumbers, and the wage was \$15 per hour. With an inflation calculation, my \$14-an-hour wage in 1983 should be \$35 per hour today. What happened? The labor market has been flooded with people who are not supposed to be in the job market. If we want to increase the wage scale for Nevada workers, we will have to deal with the illegal immigrant labor situation. Illegal labor workers in Nevada do not hold a Nevada contractor's license. That would be against Nevada law. When Nevada workers are forced to compete in a labor market with illegal labor, nothing happens. In many cases, people defend that. This is another issue that needs to be addressed.

In 1938, the minimum wage was 25 cents per hour for a 10-hour day, or \$2.50 per day. Minimum wage was not designed to support a family of four, even back then. If we want to help workers in Nevada, let us eliminate minimum wage and pay everyone prevailing wage. I am sympathetic; I want Nevada residents to make as much money as possible. I think there are cases where we absolutely need to do this. My question is, how should Nevada workers compete with illegal labor in the market?

Assemblyman McCurdy:

It is my understanding that Nevada has laws in place to ensure that everyone is doing what is supposed to be done according to law and statute.

Assemblyman Hansen:

Are you suggesting that you support the illegal labor workforce in Nevada?

Assemblyman McCurdy:

I am suggesting that there are already implementations in place to ensure that everyone is working here legally.

Chair Bustamante Adams:

If you could, Assemblyman McCurdy, take into consideration E-Verify this and the other question that Assemblyman Hansen posed.

Assemblywoman Carlton:

Assemblymen Hansen, McCurdy, and I had discussions in the caucus room yesterday on these issues. Assemblyman Hansen had another very interesting viewpoint which I enjoyed and would like to share with the Committee. I would also ask Assemblyman McCurdy's opinion on that viewpoint.

Assemblyman Hansen has conceptualized a tax bank, where depending on wage scales, money is put into the tax bank through taxes. Workers either contribute to the tax structure in this country by making a good wage and doing well, or they take money from the tax bank because their family does not make a living wage, and they need help from society to be able to feed their children, house themselves, pay for health care, and all of the basic needs every family should have.

With the numbers Nevada has, people are not making enough money; therefore, they come to the government. Our job, as a government, is to provide the basic, minimum subsistence dollars to help families. The more people we have on the one side of the equation will help our tax structure; the more people we have on the other side of the equation will hurt our tax structure. The question is, do you want people to contribute or not? I hope we can look at the impact of minimum wage increases in other places and how the state is not providing corporate welfare to corporations that are quite profitable and not paying their employees, but the state is picking up that side of the equation.

Assemblyman McCurdy:

I think Assemblyman Hansen is correct. We need to ensure we are helping the people who are taking away from our tax bank. We need to give them a boost in their minimum wage so they can take care of themselves to ensure that we save the state and the nation money. If we do not help them, they will continue to lose trust in the government.

Chair Bustamante Adams:

The "tax bank" flow chart ([Exhibit D](#)) is being distributed and will be included as part of the record. My question, Assemblyman McCurdy, is when was the last time Nevada raised the minimum wage?

Assemblyman McCurdy:

The last time Nevada raised the minimum wage was in 2009.

Chair Bustamante Adams:

Can you tell me from what amount it was raised to the amount it is now?

Assemblyman McCurdy:

I do not have that information, but I can get it to you.

Assemblyman Kramer:

I believe the last raise of the minimum wage in Nevada was done by constitutional amendment. I believe further raises have to be done by constitutional amendment. Can you respond to that?

Assemblyman McCurdy:

My understanding is, if there is an increase in the cost of living, by *Nevada Constitution* provisions, we have to look at adjustments in the minimum wage, which we have not done.

Chair Bustamante Adams:

Assemblyman Kramer, I think our legal counsel has an answer for you.

Wil Keane, Committee Counsel:

In anticipation of the question of the constitutionality of A.B. 175, I spoke with Legislative Counsel, Brenda Erdoes. She told me that our office thoroughly researched this issue during the 2015 Legislative Session and then updated and confirmed that research during the drafting of A.B. 175 this session. She said that as a result of that research, it is the opinion of Legislative Counsel Bureau's Legal Division, based on the rules of statutory and constitutional construction, that the provisions of the minimum wage amendment to the *Nevada Constitution* do not limit the inherent powers of the Legislature to establish by statute a new minimum wage that is higher than the minimum wage which is currently required by law.

Assemblyman Brooks:

We have heard several presentations from different agencies about their budgets in which large parts of their budgets are directed to providing services to people who are earning minimum wage, and in some cases, below minimum wage. Do you have any idea how much of Nevada's budget and city and county budgets are currently providing services to those earning minimum wage or below minimum wage? How many dollars would be saved by increasing our current minimum wage of \$7.25 per hour to \$15 per hour? How much money could go back into the economy that is currently coming from taxpayers across Nevada?

Assemblyman McCurdy:

I have looked at SNAP savings based on 11,894 employees in Nevada. If we raise the minimum wage to \$10.10 per hour, annual savings would be approximately \$22.5 million in SNAP savings [slide 16, ([Exhibit C](#))].

Assemblyman Brooks:

Some of the programs such as free lunch in schools, day care assistance, and child care assistance before and after school are subsidized in some communities by tax dollars. Do you have any idea how many children of parents who work for a minimum wage would be lifted out of that situation?

Assemblyman McCurdy:

I can get that information for you and the entire Committee.

Assemblywoman Carlton:

There are no definite answers. The caseloads are constantly changing, and we have wait lists. I do have people looking into a couple of specific budget items to figure out how this will affect those families receiving Temporary Assistance for Needy Families who are on Medicaid. I understand SNAP is something that most of us can relate to, but SNAP is federal money that comes across state lines and is spent here. Those are tax dollars that come from Nevadans that go back to Washington, D.C., and then are returned to us. Those dollars have a roundabout way of getting back to Nevada. We are looking at it, and I am asking my staff to look into some of these things to get it more quantified. I will be happy to provide those responses to the entire Committee and staff as soon as we receive them.

Assemblyman Araujo:

My question is directed to Paul Sonn. I would like a national perspective on this conversation. I would like to hear what the positive aspects of a minimum wage increase on a national level would be.

Paul Sonn:

I hope you received the written testimony from my colleague, Yannet Lathrop ([Exhibit E](#)). I will try to cover some of the main points in it. The National Employment Law Project is a nonprofit, nonpartisan research advocacy organization specializing in employment policy. We work with federal, state, and local policymakers on workforce policy as experts on the minimum wage, among other things. We are testifying in support of A.B. 175 to raise the minimum wage gradually to more than \$15 per hour in Nevada.

One key point in raising the minimum wage to \$15 per hour in Nevada begins by looking at worker living costs. If you direct your attention to a resource used by a lot of legislators, the Economic Policy Institute's family budget calculator [www.epi.org/resources/budget] which can be customized by county, it covers all of the regions of Nevada and identifies basic living costs by family size. It shows that even for single workers not supporting any children, just themselves with a basic apartment, transportation, and food costs, Nevadans currently need more than \$29,000 in rural Nevada to cover basic costs. This takes us to approximately \$14 per hour to \$15 per hour in today's dollars for a full-time worker.

By 2023 when the proposal is phased in, those living costs rise to a little more than \$16 per hour. That is for a single, low-wage worker in the least expensive areas of Nevada. It highlights the \$15 per hour minimum wage is in line with worker living costs, and those costs are even higher if you are in the Las Vegas metropolitan area. If you are talking about a two-worker family supporting two children, then each working adult will need a wage closer to approximately \$20 per hour by 2023 to cover the basics. This is the background that has led many states to begin pushing for much larger minimum wage increases than seen before.

Over the past year or two, we have seen a large group of cities, then last year California, New York, and the District of Columbia approved the \$15 per hour minimum wage. The impact is much more significant than smaller minimum wage increases seen in the past.

In Nevada, pay has fallen so far that more than 536,000 workers earn less than \$15 per hour. It is not just fast-food workers; it is child care workers. Close to half of emergency medical transport workers earn less than \$15 per hour and close to half of manufacturing workers, workers at the airport, and home health aides earn less than \$15 per hour.

For one of these typical workers who often struggles on approximately \$17,000 or \$18,000 a year, a \$15 per hour minimum wage gradually phased in would deliver a raise of more than \$4,000 per year once it was finally phased in by 2023. This is enough to make a life-changing difference for workers at the bottom of the economy. A typical worker who would see a raise is a full-time working woman over 25 who has at least a few years of college experience. They are not the teenagers some people think of when they think of low-wage workers. It is a wide range of states like Nevada that are proposing \$15 per hour minimum wages. This year we are seeing proposals in Vermont, Connecticut, Rhode Island, New Jersey, Pennsylvania, Missouri, Minneapolis, and a growing number of cities and states. We are also beginning to see a body of economic analysis starting to look at the minimum wage, including the \$15 per hour minimum wage.

Assemblywoman Jauregui:

Have you seen any economic growth trends in cities and states that have increased the minimum wage?

Paul Sonn:

Yes. Research is beginning to come out now on the minimum wage. There is substantial research in the United States because there has been a lot of activity over the past 20 years to raise the minimum wage. The lion's share of credible research on the minimum wage in the United States shows that when it is gradually phased in, it improves worker pay with variable adverse effects on employment levels. There are two major meta studies which gather together and synthesize results of studies across the country, and they reach the same conclusion that the lion's share of the study finds little adverse effect on jobs.

The latest study came out from the White House Council of Economic Advisors in December. It looked at all of the states and the greatest minimum wage since the 2009 recession, and it found that they had seen much larger wage gains than the other states. There is no evidence that their job growth trends have been any slower.

One of the most lauded studies methodologically looked at all of the neighboring counties in the United States where one county abuts another county with a lower minimum wage rate. These are chiefly counties along state lines such as Nevada's state line with Utah and Idaho, which have had lower minimum wages for many years.

The study by University of California researchers found that there was no discernable difference in job growth trends between the lower and higher minimum wage-adjacent counties. That is viewed as a very effective study because economic conditions in neighboring counties tend to be very similar, and it controls different factors related to job growth trends in the economy.

About the \$15 minimum wage and job growth trends, *Forbes* magazine published an article in January 2017, "Higher Seattle Minimum Wage Hasn't Hurt Restaurant Jobs Growth After A Year." The *Puget Sound Business Journal* featured the article, "Apocalypse Not: \$15 and the cuts that never came." The same has been true in San Francisco and Los Angeles. They have seen continued, very steady growth in low-wage jobs such as restaurant jobs and home health jobs even as the \$15 minimum wage has phased in. There also have been analyses commissioned for the first states—California, New York—that have approved the \$15 per hour minimum wage, which are economic modeling studies because those laws have just started to phase in. Studies by University of California researchers took into account all of the positive and negative effects that are likely to result from a higher minimum wage.

For business, obviously, one of the negatives is higher labor costs, a large portion of which gets passed on with modestly higher prices. The study also analyzed both the savings from reduced employee turnover, but most significant, the impact on businesses with employees having more wages in their pockets projected increased consumer spending that occurs when the minimum wage is increased. That increased spending effect offsets much of the higher costs of the higher wages, which enables states to phase in a significantly higher minimum wage with little projected adverse effect on job levels.

Assemblyman Paul Anderson:

Assembly Bill 175 specifically references the statute where we can adjust the minimum wage. You differentiate between public and private wage standards, and I am curious why you do not include public employees as well. Not everyone has the same collective bargaining or other options as they do with the municipalities, certainly on the state level.

Assemblyman McCurdy:

The data suggests that there is a large portion of public employees who would benefit greatly from this increase in the minimum wage. We have the adjunct faculty who make below minimum wage. They are struggling, and they would definitely benefit from an increase in minimum wage. We have a lot of individuals who work in the Clark County School District, but they are under a union contract, so we cannot go there. The question is how can we advance both public and private individuals?

Assemblyman Paul Anderson:

There are reports that would counter any reports that were just mentioned from Mr. Sonn. There are studies that show some increased costs that lead to lower hours, for example. There are also employers who would reduce not only the number of hours but a benefits package. As an employer, if I have higher costs, I have to cover those costs in greater efficiencies or lower my costs somewhere else or raise my prices to cover those increased costs. Without being able to make a profit, I cannot keep a business open, expand, or hire more people. As a business owner, one of the greatest things you ever do is hire somebody and pay them a great wage when you can.

One concern I have is the wage compression issue. If you raise the minimum wage, you have to increase wages for all of your other employees because that wage gap becomes very small, and your managers do not want to work at the same wages as everyone else. In addition, the artificial setting of a wage essentially evens itself out. I might have a little extra money in my pocket today, but in two, three, or five years, inflation will catch up to me, as it has for the minimum wage today. Buying power will equalize at some point; it is economics, and eventually it will happen. Costs will increase, prices will increase, but spending power will be the same or possibly less depending on whether this was increasing the Consumer Price Index or it was stagnant once again.

If I am currently making minimum wage, I am likely in the lowest tax bracket on the federal side. If I get up to \$8.92 per hour, I am in the 10 percent tax bracket, and that is an approximately \$18,500 per year job, which is not where you want to be to have a livable wage. As soon as I increase to \$10, \$12, \$13, or \$15 per hour, I am now in a tax bracket that taxes me at 15 percent as well as an approximately \$1,800 minimum tax. I am curious if we take into account that I might have discretionary income left in my pocket after an increase in my wage but also an increase in my tax bracket.

Paul Sonn:

Wage compression is an issue. Four in ten Nevadans earn less than \$15 per hour. If you gradually phase in the minimum wage to \$15 per hour, you are increasing wages for a lot of people, and employers would have to increase wages for employees being paid above \$15 per hour. It is a little complicated, but wages have been falling for everyone. States are finding that a very significant re-phasing up of the wage floor is one of the most high-impact things that can be done to reverse eroding pay and increase everyone's wages. It is viewed as a benefit in a \$15 per hour minimum wage. A portion of inflationary cost does get passed on in the form of higher prices, but it is a fraction of a percent. That is because the cost of low-wage labor overall in the economy is a tiny percentage of the average person's living cost. They are really driven much more by changes in the cost of food commodities, fuel, and health care costs. The biggest impacts will be in places like fast food businesses where you might see bigger increases, on the order of 5 percent of prices, but the workers affected will be much better off.

The Urban Institute has a good benefits and tax calculator that models it, but most of the workers end up keeping about 75 or 80 percent of their higher wages. Part of that is because the majority of the workers affected are single working adults or childless married adults. Those with children lose a little more of their benefits, depending on how many hours they work, but they all end up significantly better off.

Assemblywoman Neal:

What studies have you seen that address the issue of wage increases and the effect on businesses raising their prices to cover payroll costs? You cited the Seattle study, and when I was looking at the April 2016 study, they found little impact or no evidence of price increases. I am wondering if there are other studies. Are there any studies that have addressed or examined the impact of wage increases on rent burdens in distressed

communities? It is my understanding that one of the major reasons for increasing minimum wage is because there is a significant rent burden that is being faced by more than several communities in just being able to pay rent. There are several market studies out, and we have specific communities that are liquid-asset poor. That situation is heavy in Nevada and specifically in my district.

Paul Sonn:

The best model on the price effect of a \$15 per hour minimum wage is by economists at the University of California, Berkeley. They looked statewide and at the poorest counties in California such as Fresno County. The model says that when phased in by 2023, the projected net increase on prices in the state would be approximately 0.6 percent over that period ([Exhibit E](#)). I will send you the link to that study. The Congressional Budget Office (CBO) currently projects overall inflation will be approximately 1.8 percent over that period. There would be a slight increase in prices by approximately 0.5 percent, but it would be much smaller than the ongoing projected level of inflation, which is still relatively low. In the highest-impact industries like restaurants, the net price increase during the five-year phase-in period is predicted to be approximately 5 percent. If you had a \$5 hamburger, the price would increase by approximately 25 cents.

In most industries, labor costs are a relatively small portion of what factors into the price of things. There are a few industries where it is a larger portion, such as restaurants, where you get a higher price impact; however, many residents would probably view a 25 cent increase in the cost of a hamburger a modest price to pay in exchange for beginning to reverse growing wage inequality for the bottom 40 percent of residents.

Rent burden is a huge factor, and rising rents and housing costs are one of the biggest factors driving down living standards in Nevada and nationally. A \$15 per hour minimum wage has a negligible effect on housing costs, so it will not exacerbate housing inflation because that is driven mostly by speculative market factors. A \$15 per hour minimum wage will help residents better afford and keep up with rising rents ([Exhibit E](#)).

Assemblywoman Tolles:

I am particularly interested in the student population in the workforce. You gave a statistic on slide 4 of your PowerPoint presentation that more than half of minimum wage workers are under the age of 25 ([Exhibit C](#)). Can you get back to us with the Nevada statistics and how this impacts that population?

Chair Bustamante Adams:

If we can have that in writing, Assemblyman McCurdy, we can share it with the Committee members.

Assemblyman Marchant:

On one of your slides [slide 12, ([Exhibit C](#))], you presented misconceptions which identified the following points: hurts small business, job loss, and price increases. I have been a businessman all of my life, and those did happen to me and the people whom I work within

the industry. All of those did happen to me, and I wanted to point that out. I do not want everyone to think those are definite, because I experienced the opposite of that. Also, how did you arrive at \$14 and \$15 minimum wages? Why not a \$25 or \$50 minimum wage? If you can get back to me on that, I would appreciate it.

Chair Bustamante Adams:

I would like to thank Assemblyman McCurdy for his presentation and Mr. Sonn, who joined us by phone. We will now hear support for A.B. 175.

Will Pregman, Political Organizer, Service Employees International Union, Local 1107:

We stand in strong support of A.B. 175 in raising the minimum wage to \$15 per hour. Our economy has changed. More and more working families today rely on service jobs to make a living. These jobs currently do not pay enough for many workers to make ends meet, creating an inescapable trap of poverty for many people. Several states and cities across the country have already raised the minimum wage to \$15 per hour, and the doomsday predictions of mass job losses and economic decline have not happened.

Service Employees International Union (SEIU) stands in solidarity with those who have stood up for what is right, even at great personal risk for their own livelihood. This bill would not be heard here today if it were not for the countless workers who have taken to the streets and ballot box to demand economic justice.

We urge the Committee to pass A.B. 175 for the working families of our state. I would like to introduce two home health care workers and Service Employees International Union members, Maria Salinas and Roxana Giron, who will share their stories and explain why raising the minimum wage is sorely needed in Nevada.

Roxana Giron, Private Citizen, Las Vegas, Nevada:

I am a personal caregiver in Las Vegas, and I care for three veterans in their homes. I bathe them, ensure they eat, and take their medication. My work allows these veterans who sacrificed for their country to remain in their homes and retain their dignity and independence. I am not alone. Today there are more than two million home-care workers in the United States, and that number is expected to increase. Because of the aging baby boomer population, the demand for home-care workers is expected to increase by 40 percent in the next seven years. The work is hard and the pay is low.

I have been working as a home-care worker for more than 20 years, but I have never made more than \$10 per hour. I do not have sick time or benefits. That is why I join the fight for the \$15 per hour minimum wage. I want to be able to take care of my family. I want every home-care worker to earn a living wage. We work hard to take care of other people, but we cannot take care of our own families. We are fighting for a better life. The reason I first came to this country is to have a better life.

I came to the United States in 1988 as a documented refugee, fleeing from civil war in El Salvador. I remember hiding on the roof or with my grandmother in the church under a blanket when the rebels came to my town to take all of the girls over the age of 12. My grandmother wanted me to be safe. She wanted me to live with my mother in the United States. My mother paid to get my brother and me to this country, and today I am a permanent resident. I have four daughters, and the two youngest live with me. They have severe developmental disabilities and are diabetic. I bathe, feed, and give them their insulin. Like millions of immigrants, I came to the United States and worked hard to contribute to my community. Like millions of mothers across the nation, I work hard to provide a better life for my children. Like millions of personal-care workers across the United States, I work hard to take care of aging loved ones and family members with disabilities. I ask you to please support my children and the children of countless Nevadans who know the pain of parents who have to say no to their children so often and struggle to buy the necessities that others take for granted, like food and medicine. Please support the fight for a \$15 per hour minimum wage in A.B. 175.

Maria Salinas, Private Citizen, Las Vegas, Nevada:

I speak today on behalf of myself and many home-care workers. I work two jobs to help support my family. My second job is taking care of elderly and disabled people in their homes. My husband and I want to provide for our children. We want to work hard, get a good education, and enjoy a better life. We have no freedom from the struggle, but reality is very different. The reality of saving for college for even one of our children is not realistic; however, our children are our first priority over which necessities to do without. For us, college is not a luxury; it is simply impossible.

Many home-care workers are forced to receive public assistance. I earn \$11 per hour, which is at the higher end of the scale for home-care workers. Even with that, my second job pays only \$600 a month. I believe there are professionals in this Legislature who earn that much in just a few hours.

People ask why I do not change jobs. The answer is simple: Even with the back-breaking work lifting clients in and out of bed, showering clients, the low pay, and lack of respect, I love what I do every day. If I do not do this job, who will? Who do you want to care for your family, parents, grandparents, or even children with disabilities? Every day I take care of these people with compassion and comfort for the people who are alone.

You will hear from opponents today that raising the minimum wage to \$15 per hour will harm businesses and put people out of work. The United States Department of Labor says that has not happened in states that have raised the minimum wage. I am asking you to support the minimum wage increase to \$15 per hour, phasing it in over five years. It will not make me or any other home-care worker rich, but it will make us feel valuable.

Ruben R. Murillo, Jr., President, Nevada State Education Association:

I represent 40,000 teachers and support staff across the state. We are here speaking in support of A.B. 175 to raise the minimum wage. Teachers have many challenges in meeting

the needs of students who are from a community of poverty. Many parents from those communities have to work two or three jobs to be able to pay the rent. When I was a teacher at Lois Craig Elementary School in North Las Vegas, there was no parent-teacher association. We had a very difficult time getting parents to come in because they were working two and three jobs. We support this bill because we feel that in order to address the issue, we must look at the roots of poverty. We can help the parents of these students by passing a higher minimum wage in Nevada, enabling parents to be available to participate in the education of their children. [Mr. Murillo submitted additional testimony ([Exhibit F](#)).]

Lupe Guzman, Private Citizen, Las Vegas, Nevada:

For the past seven years, I have worked the graveyard shift in the fast-food industry. I used to make \$8.75 per hour for seven years, and I have just now received a raise. I am making \$9.25 per hour, and it is not enough. We are doing the work of three people. I count money, do inventory, food preparation, restrooms, tables, drive-through, and give excellent customer service. I have been held up twice at gunpoint and given no protection. My car has not worked in months. I walk my children to school. By working graveyard, I leave them at night.

When fast-food prices increase by 10 cents, the employees do not benefit. The minimum wage needs to increase. Everything is increasing, bills and rent, but our wages are exactly the same, year after year. Without the minimum wage increase, we will not have a chance. We cannot survive on what we are making now. We work nearly every day, and we are still considered poor. I live on housing assistance, food stamps, and Medicaid just to survive, and I work hard. I am just one of many; I am not alone. There are employees who have worked in the fast-food industry for ten years at the same wage. Something is wrong. When we are given a raise, we are given nickels and dimes. I am just one of 500,000 people with children just trying to survive. I am fighting for people who cannot support their families on the wage we are making now because we are not getting paid enough. Please do the right thing, not just for me but for everybody out there fighting. There is no reason someone with a job should be living in poverty. With a \$15 per hour minimum wage, my life would change for myself and my children.

Ender Austin, Private Citizen, Las Vegas, Nevada:

I am a preacher, and I would like to speak from the Bible about how we treat our brothers and sisters. The Bible is clear when it says, ". . . muzzle not the ox that treads out the corn." The workman is due his hire. "Whatever is right, I will pay." My concern is that we have not adhered to what the text says when it says, "Whatever is right, I will pay." It is not right to have families working two or three jobs and living in abject poverty. It is not right to have a permanent serf class that is controlled by a system of people who are consistently wealthy. It is not right to subsidize the wages of millionaires and billionaires with tax dollars from the same minimum wage employees.

A songwriter once said, "We're not going to take it anymore." We have to speak about what is right. It is right to ensure that a parent can assist their child in the learning journey by ensuring that parents are able to come home and help them with their homework because

they are not working multiple jobs. It is right to be honest about the position of our brothers and sisters who are working to receive documentation to remain in this country; whoever is in this country, we must provide protection.

I would like to be clear about what the Bible says about our foreign brothers and sisters: "Thou shalt not oppress a hired servant that is poor and needy whether he be of thy brethren or of thy strangers in thy land within thy gates." (Deuteronomy 24:14, English Revised Version) It is also right to kill the spirit of greed by having the people's government work for the people. Clearly the rising tides have not lifted all boats, and I am addressing you today to ask you to throw a life preserver to many Nevadans who are being drowned by the rising tides. My sainted grandmother liked to say: "He has shown you, O man, what is good. What doth the Lord require of thee, but to do justly and to love mercy and to walk humbly before thy God?" (Micah 6:8) We must resist, but we must also go on defense, and that is why I proudly stand in agreement and support of A.B. 175.

Harold Washington Carnes, Private Citizen, Las Vegas, Nevada:

I am a husband, father, grandfather, minister, Army and Navy veteran, and I have also worked in the fast-food industry for nearly 24 years. I am currently a manager-in-training at Five Guys where I have worked for nearly two years. I am making \$8.75 per hour. I work an average of 30 to 34 hours weekly because they will not give me more hours due to my position. I make between \$400 and \$533 every two weeks.

It is a struggle because I am the sole income provider of my household. My wife and I are the legal guardians of my beautiful 15-month-old grandson. With my wages I pay our discounted rent of \$617.75 and a \$630 light bill almost every month on a payment plan of \$157 a month. We are struggling right now to get a two bedroom apartment because we have to make room for my grandson. I really cannot afford the extra \$30 to \$40 additional rent. I also pay the basic other bills which are electricity and transportation to work, which is between \$70 and \$80 a month. I pay for my grandson's necessities. We pay for our laundry, which is \$1.25 to \$1.50 for each machine. I have to account for every penny that I spend.

We do receive \$400 from the government and food stamps, but without that, we would not make ends meet. I struggle every day to get to work; I have stage 3 kidney disease and am pre-diabetic, which means I also have to have reliable medical assistance. It is difficult because my insurance does not cover it. I love my job. I am 59 years old, and I have been doing this for 24 years. There is no reason why someone like me should be struggling. Businesses in our country can do better, and Nevada can do better. There is no politician who would want to stay in my place for two weeks. It should be against the law for anyone who works as hard as I do, regardless of their line of work, to make poverty wages. In 2016, poverty wages were defined as \$14 per hour, and workers are still not making ends meet. We need a living wage in Nevada, and we need help from our politicians. I support A.B. 175, a hundred percent.

Phillip Kaiser, Private Citizen, Reno, Nevada:

I am a teacher in Washoe County. Many people think about minimum wage jobs as entry-level jobs for teenagers, and for some, that is true. Many teenagers I teach are helping to keep their families afloat through their minimum wage jobs. Increasingly, minimum wage and low-wage jobs are taken by adults. When we looked at statistics, approximately 50 percent of the minimum wage workers were under the age of 25; therefore, approximately 50 percent are over the age of 25. They are adults trying to make ends meet.

I want to tell you a story about a seventh grade girl who is 12 years old. Students are supposed to keep track of their homework in a daily planner that the teacher checks every day. The student was not doing it, and when the teacher asked why her parents were not signing it, she said that her dad is in jail and her mom works two jobs, so she is asleep by the time her mother gets home from work. The teacher asked, "How about your older brother? I know you have an older brother, could he sign it just to get you in the habit of keeping a record of your homework and making sure you get it done?" The next day the student did not have it written down again, and the teacher asked, "What happened? I thought we talked about your older brother doing that." The student said, "He didn't come home last night." Here we have a seventh grade, 12-year-old girl essentially raising herself because her parent cannot make enough money to supply what they need just to get by.

People cannot survive on the minimum wage. Essentially all of the taxpayers are subsidizing national, low-wage retail employers because those employers are paying such low wages. This legislation would increase the minimum wage gradually over time, and it would allow employers to plan ahead and know what was going to happen. I urge your support for A.B. 175.

Allen "Eli" Smith, Private Citizen, Reno, Nevada:

I am an electrician and am in favor of A.B. 175. We have heard many people speak today on the fact that A.B. 175 represents a living wage for Nevadans, so they can live with dignity and pride. There have been several international and national studies that have proven that a living wage and fast food profitability do not have to happen at the expense of each other. There is a way we can make this work; we have to be pragmatic about it.

There was also a study done in January 2015 that states raising the minimum wage from \$7.25 to \$15 per hour can be done without shedding jobs by simply reducing turnover with a minor cost increase. This has been proven progressively. We have brothers and sisters who are working and ignoring their families in the effort of providing for their families. We as taxpayers are supporting people through assistance programs who are working themselves to death. If we provide a living wage, our brothers and sisters will be able to provide for themselves and their families. I grew up on a farm, and I had a mother who left me in the middle of the night. I took food service jobs, retail jobs, and then became a tradesman. Without an infrastructure to support those who are most in danger in our community, none of us will truly be safe. I encourage you to vote yes on A.B. 175.

Jim Sullivan, representing Culinary Workers Union, Local 226:

I would like to read a statement from Geoconda Arguello Kline, Secretary-Treasurer of the Culinary Workers Union Local 226: "The Culinary Union supports raising the minimum wage, but it's just the start. To really change the lives of working people, they need a union to secure fair wages, job security, a pension, and good health benefits. When workers do well, our community benefits."

Susan Chandler, Private Citizen, Reno, Nevada:

For the past 20 years, I have been studying the lives of low-wage workers in Nevada. I am the coauthor of *Casino Women: Courage in Unexpected Places* and "Working Hard Living Poor, A Living Wage Study for Nevada." I support A.B. 175 for a moral reason: Nevada is blessed with an extremely hard-working labor force, and I believe that someone who works hard for 40 hours a week should be able to support themselves and their family.

Over and above the moral reason are strong economic reasons why a \$15 per hour minimum wage makes sense. Consider the 60,000 unionized casino workers on the Las Vegas Strip. Wages start at \$15 or \$16 per hour and the benefits package is wonderfully strong. Those housekeepers and cooks make Nevada's economy run, and no one doubts their value, least of all casino owners.

Highly skilled housekeepers can turn over thousands of hotel rooms a night. They are reliable, long-term employees who spend their wages locally. Las Vegas businesses rely on their patronage. They do not need welfare services, and they can pay for medical care.

Like everyone else, they are taxpayers. They constitute a very strong base on which to build Nevada's economy. Well-paid workers like these are invaluable for Nevada. Low wages are not the great bargain they appear to be. They are accompanied by significant hidden costs. Even though \$15 per hour sounds like a lot, it is not. Life for some is still a struggle at that level. I am extremely pleased and proud to be here today to hear a \$15 per hour minimum wage being debated in the Nevada Legislature. It is a very important moment for Nevada and this country.

Luz Maria Maradiaga, Private Citizen, Las Vegas, Nevada:

[Testimony presented in Spanish.]

Chair Bustamante Adams:

Are you going to interpret for her?

Erica Castro, Private Citizen, Las Vegas, Nevada:

Yes. I am going to translate it. My name is Erica Castro, and this is Luz Maria Maradiaga. She is a mother, grandmother, and she was a lawyer in Honduras. For the past three years, she has been working at a McDonald's here in Las Vegas. Unfortunately, on the amount she makes there, she is unable to afford her medication. She has decided to take a second job as a cleaning woman. She sleeps only three or four hours a day because she also has to take public transportation from her house to her first job, her second job, and then back home.

She has a roommate to share living expenses, but she still finds it difficult to afford basic human necessities like shampoo and medication. She also says she helps take care of her three-year-old grandson, and it is difficult to afford any of this on her current wages. She urges you to support raising the minimum wage to \$15 per hour. She just wants to live a healthy life and make ends meet.

Larry Fosgate, Private Citizen, Las Vegas, Nevada:

I am a 40-year resident of Las Vegas and Madam Chair's district. I work for much less than \$15 per hour. Presently, I am a part-time usher in resorts on the Las Vegas Strip.

An increase in the minimum wage to \$15 per hour would cost my employer less than 40 cents a ticket at the venues in the resorts where I work. This increase, of much less than 1 percent, would have a profound impact on my coworkers who struggle with much less than \$15 per hour. Adding \$20 to \$40 a day to their pay for someone making less than \$15 per hour would improve their lifestyle, decrease their problems with debt, and increase spending immensely over the population.

I am a trained economist, and I can tell you that every dollar over the current minimum wage will turn over in our society many times within one year, increasing the volume of business for all who cater to the general population. All this for a small increase of the cost of a product.

I give shelter to two women who would otherwise be homeless. That alone saves the state much more than I make. [Mr. Fosgate submitted additional testimony ([Exhibit G](#)).]

Assemblyman Edgar Flores, Assembly District No. 28:

I grew up in a household where weekends did not mean a day off because my parents often worked multiple jobs at minimum wage to sustain our family. I am here in strong support of A.B. 175, and I am very proud of Assemblyman McCurdy for bringing this important bill before you. Outside of this building, I am an attorney, and I work with youth. I visit many high schools conducting workshops called, "What is Your Self-Worth." In that workshop, I create a metaphorical machine, walking around the classroom with students. I ask them to put their hand on the metaphorical machine and sell me an hour of their life. They put their hand on the machine, and some students will say, "I will sell you one hour of my life for \$1 million." Other students will say, "My life is too precious to sell." Other students will say, "Promise me college tuition and I will do it."

We teach youth that their lives are valuable. When we have the discussion about how much an hour of their time is worth, I implore that we do not focus in the context of money for what that hour is worth to the employer, but what it is worth to society. Do we as Nevadans believe our working hours are worth \$7.25 per hour? I invite you to look at A.B. 175 through the human rights obligation it puts on us.

Megan Lewis, Private Citizen, Reno, Nevada:

I am here today in support of A.B. 175. Some in opposition to this bill may call supporters of this bill leeches; people who just want handouts. I am here to prove that wrong.

When I was 15 years old, my mom left the state and left me to fend for myself. I worked minimum wage jobs and overtime when I could find it. I couch-hopped and spent countless nights in various hotel rooms with other homeless youth in downtown Reno. I was lucky to find a room to rent for \$200 a month in a stable environment.

Many of Nevada's youth were not as fortunate, not because they were lazy, uneducated, or that undocumented workers took their jobs. It was simply because \$8.25 per hour is not a living wage. If wages stay stagnant as the cost of living rises, many people will end up on the streets. I often worked through holidays and missed school for overtime opportunities just to survive. I had no choice but to drop out of school and get my GED. I was an English honors student at the time.

It is my firm belief that no one working 40 hours per week should be living in poverty. I have spent time in downtown Reno speaking with the homeless community, mostly veterans, and the majority of people I spoke with have jobs. They work every day. It is a disgrace that our city has invested so heavily in work programs, but the jobs obtained are not paying employees enough to survive. What was once a stepping stone for teenagers and students has become careers, and not good ones. We cannot demand services while simultaneously degrading those who are providing services.

Isaiah Price, Private Citizen, Reno, Nevada:

I am a conservative former talk show host. I have a problem with my fellow conservatives saying it is wrong to raise the minimum wage. I think it is wrong for us to live in a state where we do not put the burden of support on the individual or on the employer but on the state. How many full-time employees have to rely on state-funded programs? I am a conservative, and I believe that should be a right of the individual. I believe the individual should be making the choice on where their children attend day care and where they are trained and taught. They should make their own choice on what insurance companies they use, but if they do not have the money to do so, it becomes the burden of the state.

I also strongly believe that right now we are penalizing the employers who actually want to pay a fair wage to their employees. Unfortunately, employees are going to be so far behind, we are not going to have the extra liquidity in the system to make up that cost for the employer.

If we have all these people making extra money, they are not going to be putting it into their bank accounts. They are going to be spending it in the economy. They will be making more money out of it. If only a couple of employers raise the wages of their employees, they will be punished without getting the benefit. If we do it as a state, everyone can benefit.

Chris Daly, Private Citizen, Fairfield, California:

Thank you, Assemblyman McCurdy. Assembly Bill 175 is awesome. In 2014, I was the coauthor of the Lift Up Oakland campaign to help pass Measure FF in Oakland, California. This measure increased Oakland's minimum wage to \$12.25 per hour and also enacted earned sick time requirements. Oakland is notable for having one of the largest increases in minimum wage with an over 50 percent increase within one year on top of the earned sick time requirements. When we were running the campaign to lift up Oakland, we were countered with a daily "sky is falling" objection coming from large employers and many of their associations about how Measure FF was going to be a job-killer in Oakland. This, however, is not what happened in Oakland, and it is generally not what happens when the minimum wage is increased.

In the six months following the minimum wage hike, Oakland's unemployment rate fell from 6.1 to 5.3 percent. It now sits at 4.7 percent. The number of jobs in Oakland in those six months grew from 196,400 to 199,900, and the job growth in Oakland has more than kept pace since then. Having spent much time in Oakland and Nevada, I would point out that Oakland and Las Vegas share more in common than just their desire to host the Raiders. Beware of the "sky is falling" objections from minimum wage opponents; beware of the "smoking is not bad for you" or "climate change is not real" studies commissioned by big business that say minimum wage will kill jobs. And beware of the anecdotes of specific restaurant closures in places like San Francisco, as if restaurants in San Francisco do not open and close every single month. Instead, lean on independent research and, more important, lean on the testimony we have heard today from hard-working Nevadans struggling to live with dignity on the minimum wage.

[Additional written testimonies in support were submitted: ([Exhibit H](#)).]

Chair Bustamante Adams:

We will now hear from those who oppose A.B. 175.

Wendy Stolyarov, Legislative Director, Libertarian Party of Nevada:

As a representative for the Libertarian Party, I am not here fighting for special interests or corporate sponsors. Most of our members are students or tipped and hourly workers, and most Libertarians are committed to improving policy for everyone, especially the lower and middle classes. We believe on the basis of the evidence that increasing the minimum wage does more harm than good for the people it is intended to help. More participation in the marketplace strengthens our 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 based on arbitrary characteristics like country of origin is both counterproductive and inhumane. Artificially reducing workforce participation is bad for the economy and human beings.

The Libertarian Party is opposed to any interference with an individual's freedom of association, whether that interference is preventing a person from agreeing to work for less than \$15 per hour or hiring someone regardless of immigration status. 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 hire, and employees will attempt to get the highest-paying jobs.

When the minimum wage increases, employers must choose between hiring fewer workers or offering fewer working hours to existing employees. They may also choose to replace human employees with automated solutions. The employees affected by an increase in the minimum wage are those who were previously working at or below that wage level, specifically immigrants, minorities, and young workers. An increase in the employers' 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 move more quickly toward industry automation.

Marcos Lopez, Field Director, Generation Opportunity Nevada:

I am a field director with the Nevada Chapter of Generation Opportunity, a nonprofit organization that advances policy change, holds policymakers accountable, fights for opportunity, and defends the freedoms of young Americans in Nevada. On behalf of our grassroots network of young Americans across the Silver State, I am here to urge you to vote against A.B.175, which would kill jobs, hurt small businesses, and raise barriers to opportunities for young Nevadans.

Government cannot create wealth out of thin air. When the minimum wage is increased, the responsibility falls on the private sector to find the means to pay for the increases. While many companies will be forced to raise prices to continue operating within their profit margin, some might be left with no choice but to lay off employees or dramatically cut employee hours. According to recent studies, these layoffs are likely to be concentrated among the youngest workers and those with the least education. Minimum wage pay is typically associated with entry-level workers, and if employers are forced to let employees go, they will lack the skills necessary to quickly rebound in the job market. As a result, unemployment rates will begin to rise. Older, more skilled, and experienced workers may get a raise but only at the expense of their younger coworkers who have to cope with being laid off. While some young people may lose their jobs as a direct result of this bill, many will not even get hired in the first place as opportunities shrink across the state.

When Washington, D.C., Oakland, Los Angeles, San Francisco, Seattle, and Chicago raised their minimum wage, job creation dropped to its lowest in the last five years in the leisure and hospitality sector ([Exhibit I](#)). Many minimum wage jobs fall within this field, which includes restaurants and hotels. As job opportunities are diminished in these areas, unskilled workers begin to leave for other cities around the country in search of jobs.

According to research by Joan Monras of the Paris Institute of Political Studies as cited in a post from the Foundation of Economic Education website ([Exhibit J](#)), these are not isolated

incidents. Areas that increase the minimum wage routinely see a reduction in the number of unskilled workers. Paradoxically, young and unskilled workers that the minimum wage is designed to help are the first to flee when the policy is implemented.

In Nevada, economists estimate that even a minimum wage hike to \$12 would cost 6,700 jobs. As with the rest of the country, this blow to employment will disproportionately affect young Nevadans trying to get their foot in the door of the labor market. With our youth unemployment rate at 18 percent, a decrease in jobs for young people and unskilled workers would be disastrous. This policy is terrible news for younger generations seeking to gain work experience before pursuing higher education. For those who do not have training beyond high school, the same policies that should be helping them save money for the future or live above the poverty rate are having an adverse effect. This could make it more difficult for young adults to get ahead or manage their debts. Nevada should focus on preserving job opportunities for young people, not narrowing their options in an already challenging employment environment. On behalf of young workers in Nevada, I urge you to reject A.B. 175.

Ronald Najarro, Coalitions Director, LIBRE Initiative Nevada:

The LIBRE Initiative ([Exhibit K](#)) advances the principles of economic freedom to empower the United States Hispanic community, so it can thrive and contribute to a more prosperous America. I am here today to testify against A.B. 175, which will destroy Latino jobs in Nevada.

In his first speech to the Senate, our new Majority Leader recognized the great diversity of our Silver State and our country as a whole. That message is especially poignant in Nevada, where nearly one-third of the population is Hispanic or Latino and growing quickly. The Majority Leader also recognized the need to create opportunity for everyone, but if passed, A.B. 175 will benefit only some workers while leaving others behind.

The wages of workers are tied to the value they provide their employer. When politicians put themselves between workers and employers by raising minimum wage above the value that workers can provide for a company through their work, they risk putting those workers out of a job.

According to research by the LIBRE Institute, young Hispanics and the less educated are more likely than the general population to face reduced job prospects as a result of minimum wage hikes. As minimum wage increases, the employment rate of Hispanic workers without high school diplomas drops dramatically. A higher minimum wage does the most damage to workers who are most in need of help and nearly nothing to holders of college degrees.

Nearby states that have experimented with minimum wage increases show us the dangers of such blunt policies. In Arizona, the State Superintendent of Public Instruction has revealed that the state's recent minimum wage hike will add millions of dollars in expenses to public schools, which will jeopardize the jobs of janitors, bus drivers, crossing guards, and cafeteria workers. In Colorado, experts forecast the minimum wage hike will cost up

to 90,000 lost jobs by as early as 2022 ([Exhibit L](#)), representing almost \$4 billion in lost wages. Census data from Las Cruces, New Mexico, shows declines in the number of restaurants and hotels since the minimum wage was raised, and Colorado experienced decreased employment at gas stations where many unskilled workers are employed ([Exhibit M](#)).

Latino workers all over the Southwest are suffering as a result of these well-intentioned, but ultimately disastrous, minimum wage hikes. Nevada should pay attention to the evidence.

We strongly urge the Assembly to reject [A.B. 175](#) and instead pass proven policies that will help Latinos, young people, and those with lower levels of education. The evidence shows that raising the minimum wage will lead to lost jobs, cut hours, closed businesses, and ultimately decreased opportunity for Latinos in Nevada.

Elliot Malin, Policy Analyst, Americans for Prosperity Nevada:

Americans for Prosperity is the nation's largest free-market advocacy group, with more than 3.2 million activists nationwide and more than 50,000 in Nevada. I am here today to testify against the opportunity-destroying proposal that is [A.B. 175](#).

Americans for Prosperity Nevada is committed to economic opportunity for all residents of the Silver State. Unfortunately, Nevada is still trailing when it comes to economic growth and employment. Nevada's unemployment rate is 5.1 percent, ranking thirty-eighth nationally as well as being higher than the nationwide unemployment rate. Although the statistic does not tell the whole story, it does indicate there are many in Nevada who want to work but cannot. Rather than attempting to increase opportunities and wages, [A.B. 175](#) would take away access to low-skill jobs, and in the process, destroy opportunity for those who need it most.

It is important to understand what a typical minimum wage worker looks like. According to recent data from the Bureau of Labor Statistics, U.S. Department of Labor, only 2.5 percent of Nevada's working population over 16 years of age earns at or below the minimum wage. Of those earning minimum wage, almost half are 25 years or younger. Only 2 percent of those with a full-time job earned minimum wage, and two-thirds of minimum wage workers are concentrated in the service industry, particularly food service. For an economy like Nevada's with such a large tourism industry, many of those earning minimum wage also work in the hospitality industry.

Understanding who currently earns the minimum wage is crucial to understanding how raising the minimum wage will affect those workers. Restaurants typically operate on thin margins, earning a profit of anywhere from 1.8 to 3.5 percent, depending on the type of establishment. Labor costs make up approximately 30 percent of a restaurant's net costs, and increasing the minimum wage even gradually will be too much to handle for many establishments. This will result in job opportunities lost and livelihoods destroyed. The damage is not theoretical. Across the country, Americans are witnessing right now the destructive power of a higher minimum wage.

Seattle became one of the first cities to institute a \$15 minimum wage, starting by phasing in a \$10.50 hourly rate in April 2015. Between April and December 2015, Seattle saw the highest decline in employment since the Great Recession, a loss of approximately 10,000 jobs. Washington, D.C., also increased its minimum wage to \$10.50 in July 2015. As expected, this increase in the minimum wage had a direct negative effect on jobs, especially in the restaurant industry. Between January 2015 and July 2015, restaurants in Washington, D.C., cut 1,400 jobs, a decline of 2.7 percent, which is the largest decline in food industry-related jobs in 15 years. Since we had earlier established that the majority of minimum wage earners are in the restaurant industry, this is hardly surprising, yet no less tragic.

Americans for Prosperity believes the Legislature should act on proven solutions to help those most in need as soon as possible. Nevada has the third most burdensome licensing laws in the nation, according to the Institute for Justice, and Nevada licenses 55 low- to moderate-income professions. According to University of Minnesota economist Morris Kleiner, more than 3 in 10 workers in Nevada require a license to work, ranking second highest nationally. Removing many of these unnecessary and expensive barriers would open up opportunities for higher-earning professions to many workers, without the negative side effects that come from banning low-paying jobs.

With an unemployment rate of 5.1 percent, Nevada still struggles to employ every resident who wants to provide for themselves and their families. All jobs, even minimum wage jobs, afford workers dignity and provide the first step on the economic ladder to further success. Increasing the minimum wage would deny tens of thousands of Nevadans the right to earn a living. Raising the minimum wage is not only poor economic policy, it is also immoral. We must not let populist politics overrule common sense. On behalf of our 50,000 Nevada activists, I urge you to reject this and any other bills to raise the minimum wage.

Assemblywoman Carlton:

I have worked in hospitality since I was 15 1/2 years old. There is a major chain in a number of states where the minimum wage for hospitality workers is \$2.13. In one of those states, an order of boneless wings in their restaurant is \$9.99. In Carson City, the minimum wage is much greater, and the boneless wings are \$10. For a one penny difference in the price of boneless wings, employees are making a living wage. I find the hospitality argument unsubstantiated.

I have looked at menus from all over the country, and in my home state of Missouri, the minimum wage is \$3.67 and boneless wings cost \$10.29. I do not believe the argument that prices go up and jobs are lost is a valid argument. That corporate chain is paying an employee a \$2.13 minimum wage and charging the same amount for the same product as states with higher minimum wages. I find your argument on hospitality not quite accurate.

Jared Hague, Private Citizen, Henderson, Nevada:

I am not here to address the merits or wisdom of a minimum wage increase. I would like to voice my opposition and respectful disagreement with the Committee's legal counsel

regarding the manner in which this problem is being addressed. I would, however, like to emphasize that under Article 15, Section 16 of the *Nevada Constitution* is a provision commonly referred to as the minimum wage amendment. It provides two mechanisms for an increase to the minimum wage: by virtue of an increase in the federal minimum wage or by virtue of increase in the Consumer Price Index with a cap. If one of those mechanisms had been intended to be an Assembly or Senate bill, it clearly could have been articulated within the amendment itself, and it was not.

It is a basic concept of legal interpretation that when you are looking at a law, you look at what it addresses. Everything it does not address is excluded. It has been addressed by the Nevada Supreme Court in *Thomas v. Nevada Yellow Cab Corporation*, 327 P.3d 518 (2014). The Nevada Supreme Court came down with precisely the same analysis in interpreting the *Nevada Constitution*. If this bill were to pass and face a legal challenge, I think we would have exactly the same outcome, and based on that fact, I am in opposition to A.B. 175.

Robert Buckel, Member, Legislative Committee, Henderson Chamber of Commerce:

I am a small-business owner in southern Nevada and a former owner of Jimmy John's Gourmet Sandwiches, three of them in Las Vegas. I am also a member of the Henderson Chamber of Commerce, and I am representing their interests today. I am here in opposition to A.B. 175. I would like to first applaud Assemblyman McCurdy for his goals and objectives in A.B. 175. Balancing what is right for employees and employers is definitely a difficult task. As a small-business owner, in order to meet Assemblyman McCurdy's objectives, I must also have the ability to operate my business and make sure that I gain profits. I am the risk taker, innovator, and entrepreneur. Small-business owners take care of their employees first, pay their bills second, and then pay their taxes.

As a small-business owner, I have always paid above minimum wage. I started my employees at \$8.50 per hour, but I quickly moved people to \$9 per hour. They had an opportunity after that, based on time merit, to achieve \$10 to \$12 per hour. Managers in training received \$12 per hour. If A.B. 175 were to pass the Legislature, it will create a wage compression and spring effect, up and down the pay scale, not only for minimum wage employees but for everyone.

I would like to give you real costs of how this will affect franchise owners throughout the Las Vegas Valley. Wage compression would cost a minimum of \$100,000, which does not sound bad, but that is if I pay equally. The spring effect is a big issue because I will have to increase supervisors to \$16 per hour and increase wages for my managers. It will reverberate throughout the entire chain. Based on those costs, I will incur an 86 percent increase in total expenses under wages and other related taxes.

Workers' compensation will be affected by an increase in the minimum wage based on every \$100 that I spend on labor. I will also have to pay extra medical, vacation, and training, and worry about the commerce tax. Another item I will have to think about is an increase by my

supply chain. I believe that higher minimum wages also create a barrier to entry for other entrepreneurs who start new businesses that need many employees. I urge the Committee to consider the cumulative effect and impact on the small-business owner.

Brent Jones, Private Citizen, Las Vegas, Nevada:

I am owner and president of Real Water, Real MMA, and the president of The Real Chamber of Commerce. I want to acknowledge that we have had a lot of emotional hardship stories today and I do not want to take away from them; however, we have to look at the practical facts from the business owner perspective. It would be nice if we could wish everybody a grand wage; in fact, a company tried to do this last year. They said they gave all of their employees \$70,000 a year because that is what they needed to live in San Francisco. The story was all over the liberal media and very well publicized. If you follow the story now, that company has gone out of business because there were practical realities of economics that we have to take into consideration.

In my company, very few, if any, employees are paid minimum wage. My line workers are the lowest-paid workers. If you look in my back office or on the line, most of my employees are paid between \$15 and \$18 per hour, which is a decent wage. They have skills, however, and they understand what it means to be in the marketplace and produce value for a company. The lower-wage people are the beginning workers who come into the workforce with little or no skills; they do not understand they need to show up to work on time and produce value for the company. They are talking on their cellular phones all the time and do not realize that as an employee, they have an obligation to the employer to create more value than they cost the business.

When supporters are talking about raising the minimum wage, my thinking turns toward automating a position like a packer who puts bottles in a box. When that position costs me more than \$1,800 to \$2,000 per month in wages, I call my machine supplier for the cost to automate the process. If that monthly cost is close to the wage cost, I will automate that position. That is the reality of what happens when you require low-wage workers. There are a lot of risks associated with creating a business, and businesses have to adhere to the realities of business. If this Committee is interested in helping those whom they purport to help, they would allow those workers the opportunity to get on the first rung of the ladder and learn what it takes to actually produce and participate in the workforce and move their way up to where they can make a better wage. The minimum wage is not for living wages, it is for a beginning wage.

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

As the state's largest business association, the Las Vegas Metro Chamber of Commerce is concerned about the potential adverse impacts of A.B. 175. We did reach out to the bill's sponsor and shared with Assemblyman McCurdy some of the concerns that we will share with the Committee.

One of our concerns is with your timeline that has been presented in the last two days. Small and large employers have not had the opportunity to properly evaluate the impacts of this specific bill; however, the reality is, there are some associated costs with this proposal that should be taken into consideration for the policy discussion today. Employers at the state level will have to pay higher costs on the modified business tax (MBT), unemployment insurance, and workers' compensation. These are costs that are not independent of each other; there is direct correlation, and it needs to be discussed.

For today's discussion, there are also additional cost factors that have to be taken into consideration with these types of increases and how they may hinder job creation or adversely affect employees. This leads to many questions that have already emerged from our membership in the last 48 hours that we believe need to be vetted and thoroughly discussed: Will employers be able to pay the required increases; how will this affect employment rates; will this change hiring practices by certain industries; will employee hours be affected; how does this impact nonprofits; does this impact youth employment; has Nevada compared neighboring states; and should we not be focusing on career development programs through our local community colleges? These are some of the questions and inquiries from our membership.

According to the latest numbers from the Department of Employment, Training and Rehabilitation, there are approximately 1.23 million Nevadans in the workforce. Nevada's mean employee wage for all industries in 2016 was \$20.58 per hour, differing between industry sectors, while the median wage in 2016 was \$16.20 per hour. Based on national emerging trends which have best been described as mixed results, we need to look at these in terms of developing jobs, hours, employment rates, business closures, and predictability. Before we make a decision, all of this needs to be better understood. It is important that if we are going to compare ourselves with other states, we look at these and other factors.

Regarding minimum wage in other states, we have to look at how they calculated their formulas and what factors were used in calculating, such as health care benefits, Consumer Price Index, cost of living, overtime, tip credit, and industry sector. All of those factors are a part of the policy discussion. On the surface, there are too many concerns associated with this bill as drafted, and that is why the Las Vegas Metro Chamber of Commerce cannot support this bill. The Chamber of Reno-Sparks-Northern Nevada cannot be here today, but they asked us to cite their concerns in opposition to A.B. 175.

Assemblyman Frierson:

Today it is the Las Vegas Metro Chamber of Commerce that cannot support A.B. 175 because of the way the bill is written. I recall there being opposition to this concept before there was a bill. I have appreciated the tenor of the conversation about living wage versus minimum wage, whether or not someone can take care of their family based on what they make working 40 hours a week, and whether or not there is room for movement in conversations about disabled employees and small businesses. There is room for that conversation, and we may not have all the answers, but we want to have the conversation.

I am concerned about lamenting the timeline of this bill because there was opposition to it before it came out in bill form for everyone to read. Is it because of what the language is or is it because the Chamber was against it at its concept?

Paul Moradkhan:

The Chamber wants to look at it bill by bill, and I do recall the conversation earlier. There are always concerns about mandates and minimum wage. We are looking at each bill individually, and we will always be at the table for that dialogue.

Assemblyman Frierson:

Can we have a conversation about whether we make exemptions for small businesses, disabled employees, minors who are employees, or any other reasonable discussion points?

Paul Moradkhan:

Yes, of course. We will be a part of those conversations.

Assemblywoman Neal:

In my North Las Vegas district, 49 percent of that population is liquid-asset poor. On the east side, 58 percent are liquid-asset poor. How do we promote business growth, try to provide a living wage, and money in the bank for our citizens? I am always looking for a balance. I am wondering if there are any solutions. It worries me every day when I drive past constituents who are trying to go grocery shopping, and they do not want to take the cart out of the parking lot because it is illegal and they can get arrested for taking the cart out, so they have to carry a million bags down the street from grocery shopping because they do not own a car. I see it time and time again, and it is a worry for me because I want them to have a car. I want them to have enough money to not have to push their baby in a stroller in 40-degree weather and try to figure out how to put a gallon of milk on top of a stroller and get home. I would like to discuss manageable solutions to strike a balance between promoting economic development and helping those who are trying to figure out every day how to make it work.

Bryan Wachter, Senior Vice President, Retail Association of Nevada:

The U.S. Census Bureau reports that 2.9 percent of workers in the United States earn minimum wage. They further report that over 50 percent of minimum wage workers are between the ages of 16 and 24. A total of 62 percent of minimum wage workers are still in school, and they work part-time. Only 22 percent of minimum wage workers live at or below the federal poverty level. A total of 66 percent of minimum wage workers live in families with incomes that exceed 150 percent of the poverty line. Only 4 percent of minimum wage workers are single parents working full-time. I think this data better illustrates the population we are talking about. If a retailer has 2,000 employees and 2.9 percent of them are earning minimum wage, there are 58 employees earning minimum wage. If 4 percent of the minimum wage workers are single parents working full-time, that

means you are raising the rate by \$1.25 in A.B. 175 to help approximately 2.3 parents who work for that large retailer. The remaining employees are students or individuals who have no one to support but themselves.

Nevada statistics indicate that only 1.6 percent of Nevada workers make minimum wage, which means 98.4 percent of Nevadans earn above the minimum wage. The percentage of Nevadans who want to work but cannot find work is closer to 12.2 percent, and the unemployment rate for Nevadans under the age of 25 is 15 percent.

Between April 2015 and December 2015, Seattle lost 11,000 jobs, which was the largest decline over 6 months since the Great Recession. Unemployment in Seattle increased by 4,700 jobs lost during the same time period, and the jobless rate in Seattle increased from 3 percent to 4.2 percent. We are starting to see conflicting numbers depending on cities. In Seattle, we have seen an increase in suburban employment as businesses have moved out of the city or employees have gone to other jobs in the suburbs. There is a lot to take into consideration. We know the Legislature plans to look at many bills that deal with employer and employee relations, including sick time. We ask that you consider what each bill is going to do, so that when we provide the end solution, there will be multiple ways in which small and large employers react. We ask that you look at everything.

Warren B. Hardy II, representing Nevada Restaurant Association:

I am very encouraged by this debate. I am not discouraged to bring forward every single concern I have with A.B. 175. Above everything else, I care about this institution, the way things are debated, and the dialogue that occurs. Madam Chair, your posture yesterday represents the best of what this institution represents. Legislators are here doing a job because they want to do what they think is right for their constituents. They want to have a living wage for their constituents, which is admirable. I will tell you that business owners want that too.

There is nothing more valuable to any business entity than happy employees. This is particularly true in the restaurant industry. Our employees interact with our customers and represent our company. Please consider all of the facts on A.B. 175, because we cannot look unilaterally at any one of these issues and determine how it impacts business. We do not know at what point an increase in the minimum wage will start impacting a business. One factor economists agree on is that an increase in the minimum wage does have an impact on entry-level jobs, but at what point? I think there are arguments on both sides, but we have not yet reached that point.

I do know that an increase in the price of food is going to be the last thing impacted by this bill. At some point, business owners are going to have to start making decisions on automation, and we do not know when we are going to get to that point. As a legislative body with jurisdiction over this issue, consider the fact that at some point there will be an impact on the economic model that drives this legislation. The restaurant industry is a gateway to the workforce; that is where most people get started.

We have specific and unique issues that impact the restaurant industry. We have minimum wage workers who make \$60,000 or \$70,000 a year, including tips. We have other workers who do not make that amount. We want to have discussions on the other factors such as tip credit.

Assemblywoman Carlton:

You have heard my concerns on the sub-minimum wage in other states, prices being the same in the food industry, and profit margins being made on employees. You and I will never agree on tip credit. Nevada is one of eight states where we do not have tip credit, but balancing the budget and shifting the cost to the employees is an issue. It is not only the restaurant industry. I have pulled ads from retailers across the country comparing wages. The same pair of shoes sold by a major retailer on the East and West coasts and in the South sells for the same price, but the retailers pay different wages. The argument that this will impact real costs is not valid to me. We would like to have discussions on the impact of an increased minimum wage, but we will not discuss the tip credit issue.

Warren Hardy:

You raise a valid point. When you pinpoint all the factors associated with those increases, there are other factors. You have a certain amount of money on which to operate your business. Maybe it is not paying wages at \$7.25, \$8.25, or \$10 per hour, but at some point, something has to give. From an employee and restaurant association perspective, automation is occurring across the nation, and we do not like it. Part of the experience of dining is having that one-on-one interaction with the server. McDonalds and Arby's are testing automation now. The last thing to be impacted will be the price of the wings. As you consider this bill, please understand that it is a ripple effect. Let us find that number where employees are not negatively affected by these factors. The most important issue to the restaurant industry is happy employees because our businesses thrive or cease to exist on it.

Connie McMullen, representing Personal Care Association of Nevada:

The majority of my clients reside and do business in southern Nevada. We are concerned about A.B. 175. We are very much concerned about how it will impact our business. There are over 200 personal-care agencies doing business in Nevada, providing nonmedical caregiving services, which includes bathing, grooming, dressing, and transferring, and only half of those clients accept Medicaid from the Division of Health Care Financing and Policy, Department of Health and Human Services. The reimbursement rate is too low; it has not been raised since 2002, which was the first year that then-Governor Guinn commissioned a study on rates.

The state rate is inadequate to pay personal-care caregivers. Earlier in support of this bill, we heard two caregivers say their wages are too low. Home health and personal-care agencies cannot provide quality care to clients on Medicaid because they cannot cover their operating expenses. It is very difficult to do business with Medicaid in Nevada.

If the minimum wage is raised to this degree for employees working for private companies, it will devastate those services. For the personal-care agencies that provide nonmedical services for clients, the reimbursement rate in Nevada is \$17 per hour. Of that amount, most companies pay \$10 in wages. For homemaking, it is a \$15 per hour Medicaid reimbursement, which is at break-even if A.B. 175 passes.

The Personal Care Association of Nevada does not support the living wage increase because it will force people into a higher level of care in hospital emergency rooms and skilled nursing facilities. Since 2002, the inflation rate has increased 30 percent. Since 2015, new taxes have been implemented on businesses in Nevada. In 2015, employers had to accommodate the Affordable Care Act. The national average for private pay is \$21 per hour; we do not receive that here. The proposed bill draft requests (BDRs) requesting the minimum wage increase will make it worse for us. There are four BDRs working their way through the Legislature to raise the reimbursement rate for Medicaid, which is something that we support. Of all of the providers whose reimbursement rates have been raised, personal care is not in the Governor's budget, and this will impact a lot of people. Many will look for care outside of the home if they do not have family, friends, or neighbors.

Jimmi McKee, Private Citizen, Las Vegas, Nevada:

I am a landscape contractor; I am the qualified individual in a woman-owned business. The cost of doing business legally in Nevada has become so overwhelming that businesses like mine are on the verge of going out of business. We can agree that if a business fails to be profitable, it ceases to exist.

In my industry, I compete with people who are unlicensed contractors who are not bonded, and who do not pay workers' compensation, general liability, or unemployment insurance; unemployment bond; modified business tax; Nevada business license; Clark County business license; Las Vegas business license; North Las Vegas business license; or the City of Henderson business license. I am privileged to pay for two licenses because I provide a service and I am a contractor. I provide maintenance and construction services. Unlicensed workers mainly deal in cash, so they are not paying social security, Medicare, Medicaid, much less federal income tax. They flaunt their businesses with maybe having a city business license, but they do the work and charge the prices of a licensed contractor without the licensed contractor insurance. They collect their pay by cash, pocket it, and do not pay fees and taxes that licensed contractors pay. This is something that happens frequently in the landscaping, pest control, and general contracting businesses. At every turn, we are under assault by the state, local, and federal governments. When the governments cannot balance their budgets, instead of making tough decisions on spending, they double down and go after small businesses to make up the shortfall, which is what happened in 2015 with the commerce tax legislation, and we all know how that went with its attachments.

With the increase of wages to \$15 per hour, you will not only succeed in stifling business growth, but you will also incur businesses closing and laying off employees. I pay my

employees between \$10.25 and \$15.50 per hour. As a small business, each year I am doing my best to give my employees some sort of raise while not paying myself and stealing from my own savings account to ensure my employees are paid. If you increase the minimum wage to \$15 per hour, I will be unable to afford this because wages for the more skilled workers I employ will have to be increased to an unsustainable amount along with increased taxes and insurance, which are directly related.

What you will be doing for the consumer is making those unlicensed and uninsured people pretending to be legal business owners thrive while putting legitimate businesses who pay taxes out of business. This puts the general public at risk using unlicensed individuals who will take the place of legitimate, licensed business owners. The unlicensed businesses will benefit from an increased minimum wage because legitimate, licensed businesses will close, people will get laid off, less money will be paid to government, and the general public will suffer the unintended consequences.

I implore you to oppose A.B. 175 and bills similar to this. Nevada is heading down the same path as California. There are people and businesses fleeing to other states to get away from the reckless government spending of taxes.

Jeff Ecker, Private Citizen, Las Vegas, Nevada:

I am the owner of Restaurant Consultants of Las Vegas, LLC. I speak on behalf of the largest private industry employer in the United States and Nevada, the restaurant industry. Assembly Bill 175 does not address the people it needs to help the most. The current wage system is plagued with disparity. The present setup can be construed as discriminatory and unfair. Many English-speaking Americans dominate the front-of-the-house positions. Although they dominate the nonskilled positions like bartenders, servers, and other tipped employees, their compensation dwarfs that of the skilled immigrants. Nevada, unlike 43 other states, does not recognize tips toward overall wages, and nonskilled employees in front-of-the-house positions make in excess of \$100,000 a year. With the tip tax credit like that in most other states, the money could go directly to the positions of the people who are working the hardest and suffering the most. In my opinion, A.B. 175 further punishes the hardest-working employees who do not speak in the most articulate manner and whose skin is not bright white. I find it appalling, especially coming from a Democratic Assembly.

Saying that casual restaurants pay minimum wage to non-tip staff is a fallacy; we pay our dishwashers between \$10 and \$12 per hour because we have to get the best employees. If we do not have clean dishes, we do not have a restaurant. The market dictates who we hire. We are willing to pay that because we have to have clean dishes. Fast food restaurants are paying their employees minimum wage, and we are unfortunately aligned with that sweatshop mentality. Our casual restaurants in Las Vegas and northern Nevada truly take care of people and their families. Without the tip tax credit, nothing is going to change. It is going to hamper business from operating. Restaurants are closing regularly. It is very difficult to remain profitable with rising costs. Restaurants, according to the National Restaurant Association, profit between 2 and 3 percent, and this puts restaurants in a grave

situation. A tip tax credit does not hurt struggling businesses; it merely lessens the disparity by allowing some skilled positions to be paid a higher wage. There has to be an understanding that you cannot dismiss the tip tax credit and institute this minimum wage. It is a death knell for businesses and employees.

Richard Carreon, Private Citizen, Las Vegas, Nevada:

I speak in opposition of A.B. 175 for a couple of reasons. In the past 24 months, North Las Vegas was given a grant from the U.S. Department of Housing and Urban Development (HUD) to form a plan to ensure its economic prosperity. The boundaries of that project are from Cartier Avenue on the north side, Lake Mead Boulevard on the south, Clayton Street on the west, and Las Vegas Boulevard to the east. Most of that area falls within Assembly District No. 6.

I had sent a document earlier this afternoon ([Exhibit N](#)), and I want to pay close attention to wages. The average wage for the area is approximately \$34,000, and the average wage in North Las Vegas is approximately \$53,000. On page 2-23, it shows that 40 percent of that same area is not participating in the workforce, and 19 percent are unemployed. The community has come together with a plan to ensure that economic viability of their neighborhood is going to be solvent. The plan has been written and is currently under review. During the past 24 months while residents have been trying to figure out the best way to economic prosperity, I have not seen any of the Assembly or Senate representatives from that district participate in the process. I am trying to figure out where the Assembly people are who represent those areas, and request that they listen to their constituents who actually wrote this plan. The plan area is approximately 1.5 square miles. There are approximately 3,000 residents in that area, and we surveyed approximately 1,000 of them. Of the 1,000 residents we interviewed, zero residents said they wanted an increase in minimum wage. They do want economic opportunity enabling them to be competitive for the jobs that are coming to North Las Vegas. I urge this Committee to oppose A.B. 175 because they, unlike their constituents, have not taken it through due process.

Assemblywoman Neal:

I am very familiar with the HUD that North Las Vegas has implemented, which is part of Assembly District No. 6 and District No. 7. The community wanted mixed-use development and more jobs. I do not think the Choice Neighborhood Initiative Transformation Plan has anything to do with the minimum wage increase.

Peter Guzman, President and Chief Executive Officer, Latin Chamber of Commerce:

We oppose A.B. 175. I heard the words dignity, poverty, and compassion, but I did not hear about the small business owner. It is as if the small business owner, who takes a risk and whose whole livelihood is about creating jobs and losing sleep over meeting payroll, is insignificant. The small business owner is also a person. We have to put them in the equation, and that is what we do at the Latin Chamber of Commerce. We represent business owners, and they have some concern over increasing the minimum wage.

We feel that increasing the minimum wage is not the way to pull families out of poverty. We believe that focusing on job creation, economic development, and improved K 12 education are important in raising families out of poverty. We need to continue to create well-paying jobs. You, as elected officials, need to continue to help create well-paying jobs and find the money to offer training to those who want to achieve better-paying jobs. This is one way to give these workers dignity, and you can help them find a better way out of their situation.

Todd Sorensen, Private Citizen, Reno, Nevada:

Thank you for allowing me to share some thoughts on this legislation from the perspective of a labor economist. I am employed as an assistant professor in the Department of Economics at the University of Nevada, Reno (UNR). This testimony does not reflect any position by UNR or the Nevada System of Higher Education. Higher minimum wages help lower-wage workers by rewarding work. A report by the nonpartisan Congressional Budget Office (CBO) states that a higher federal minimum wage will redistribute income to lower-income families and lift individuals out of poverty. This could potentially increase tax revenues and decrease government expenditures on social programs as well. The main risk of a higher minimum wage is a loss of low-wage jobs. Economic theory has no clear predictions about the effect of the policy. In noncompetitive labor markets, higher minimum wages may increase employment. In competitive labor markets, economic theory predicts a decrease in employment. The size of this decrease will depend on how sensitive employers are to higher wages in their hiring decisions. The sensitivity will depend on many factors, such as how able employers are to pass on higher wages to their customers through higher prices, whether employers can replace workers with machines, whether increased motivation will increase worker productivity, whether less worker turnover will reduce training costs, and whether higher-paid workers will now buy more goods produced by minimum wage workers.

To measure the effect of higher minimum wages, economists have studied real-world data from natural experiments. When the minimum wage increases on one side of the state border but not the other, changes in employment on each side of the border can allow us to infer the employment effect of a new minimum wage. The effects tend 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. In the absence of increases to the federal minimum wage, many states and cities have taken it upon themselves to increase minimum wages locally. Nevada already has a minimum wage that is higher than the federal minimum wage. Most economic studies have found small to no adverse employment effects of moderate minimum wage increases.

Economists often measure the amount of the minimum wage by its share of the median wage. I estimate that a \$12 per hour minimum wage in 2022 would be approximately 65 percent of the median wage. This would be on the high end, but not outside of historical experiences within the United States. A minimum wage of \$15 per hour involves more uncertainty and therefore more risk.

Alan Krueger, a professor at Princeton University and former chairman of the President's Council of Economic Advisers, has stated he is confident that the federal minimum wage increase to \$12 per hour "would not have a meaningful negative effect on United States employment," while increasing the minimum wage to \$15 per hour would "put us in uncharted waters, and risk undesirable and unintended consequences."

[Additional testimonies in opposition were submitted but not discussed ([Exhibit O](#)).]

Chair Bustamante Adams:

We will now take neutral testimony, first in Carson City and then in Las Vegas.

Steve Brown, Private Citizen, Las Vegas, Nevada:

I am a licensed contractor in Las Vegas and have been for 31 years. I own a business in the day, and at night, I work part-time as a dealer for minimum wage plus tips. I am neutral to this bill. Before you raise the minimum wage, you must address what you are doing to the small business person. No one is talking about the obscene regulations. I would love to have that minimum wage increase in my night job, but before you do this, you have to address what is really hurting small businesses. It is not the one percenters or the unlicensed contractors, and it certainly is not the undocumented workers. It is the regulations. If you want to help create good jobs, you have to cut back on the obscene regulations that you have got. [Mr. Brown submitted additional testimony ([Exhibit P](#)).]

Jason Weinman, Political Director, Libertarian Party of Nevada:

Initially I came here to speak in opposition to A.B. 175. The reason I would like to speak in the neutral position is because of some of the arguments we heard from the Republicans, and those arguments make it so difficult to have a reasonable, open, honest, and good-faith discussion about this issue. When you have Republicans like Assemblyman Hansen talking about how we should artificially restrict labor markets so we can raise nominal wages, he is making an argument in favor of the spirit of the minimum wage. If you think we can do that by restricting labor markets, I do not see how you can argue that we should not do it with price controls.

Your response, Assemblyman McCurdy, that we are restricting the labor market and are going to enforce those laws that are on the books, while more internally consistent than Assemblyman Hansen's comments, were equally not in the interest of the people in Nevada, which includes a fair number of immigrants who are here to work. I have not heard much clash or academic information from either side on the minimum wage. If we cannot expect our legislators to inform themselves on these issues, I think we should wait to see the impact of the increased minimum wage in California and Arizona and see whether they drive businesses into Nevada. In the past two years, as those states have raised their minimum wage, Nevada has gone from forty-ninth to first in job creation. Let us wait until their minimum wage plans are fully phased in, see what effect it has on Nevada and on them, and then make an informed decision as to whether this is good policy. If we are not going to address the academic work and studies, at least wait and see what we can see on the basis of the surface effect of these policies.

James Katzen, Private Citizen, Las Vegas, Nevada:

My neutral comment is that well over 100 years ago, Henry Ford knew to pay his workers a living wage. He designed his car so that everyone who was making a living wage could afford to purchase the Model T, including his own workers. By paying his workers enough in wages and keeping the same workers over a period of time, he did not have to spend a lot of time retraining, and he produced and sold 15 million cars in the 1920s in the United States. His cars were originally designed for alcohol intake because there was no infrastructure for gasoline. He paid employees a respectful living wage in full employment, and he created a product that went down in history.

Assemblyman McCurdy:

Thank you to the entire Committee for the opportunity to present my first bill. One thing to keep in mind is that A.B. 175 has the opportunity to benefit 300,000 Nevadans through an incremental minimum wage. While it may not be popular in the way we get there, the positive thing is that we are having this conversation to move Nevadans forward. Thank you for your civic engagement.

Chair Bustamante Adams:

For those in opposition, please speak with the bill sponsor regarding your concerns.

[Exhibits submitted but not discussed: ([Exhibit Q](#)), ([Exhibit R](#)), ([Exhibit S](#)), ([Exhibit T](#)), ([Exhibit U](#)), ([Exhibit V](#)), and ([Exhibit W](#)).]

Is there anyone in Carson City for public comment on A.B. 175? [There was no one.]
Is there anyone in Las Vegas for public comment? [There was no one.] The meeting is adjourned [at 4:29 p.m.].

RESPECTFULLY SUBMITTED:

Pamela Carter
Committee Secretary

APPROVED BY:

Assemblywoman Irene Bustamante Adams, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

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

[Exhibit C](#) is a copy of a PowerPoint presentation titled "AB 175 - Minimum Wage," presented by Assemblyman William McCurdy II, Assembly District No. 6.

[Exhibit D](#) is a flow chart titled "Tax Bank," dated February 15, 2017, submitted by Assemblyman Ira Hansen, Assembly District No. 32.

[Exhibit E](#) is written testimony of Yannet M. Lathrop, Research and Policy Analyst, National Employment Law Project, dated February 15, 2017, in support of Assembly Bill 175, presented by Paul K. Sonn, General Counsel, National Employment Law Project, New York, New York.

[Exhibit F](#) is a letter in support of Assembly Bill 175, submitted by Ruben R. Murillo, Jr., President, Nevada State Education Association.

[Exhibit G](#) is testimony in support of Assembly Bill 175, submitted by Larry Fosgate, Private Citizen, Las Vegas, Nevada.

[Exhibit H](#) is a packet of information in support of Assembly Bill 175, consisting of the following items:

1. A memorandum, dated February 15, 2017, from Janette Dean, Private Citizen, Caledonia, Minnesota.
2. A memorandum, dated February 15, 2017, from Kristofer DiPaolo, Private Citizen, Paradise, Nevada.
3. A copy of an article titled "Score One for the Little Guys as W Hotel Drops Its Minimum Wage Surcharge in Seattle," by Michael Tomasky, dated February 12, 2017, from The Daily Beast website, submitted by Kristofer DiPaolo, Private Citizen, Paradise, Nevada.
4. Written testimony from Ida M. Gaines, Private Citizen, Las Vegas, Nevada.
5. A letter dated February 15, 2017 from Chris Giunchigliani, Private Citizen, Las Vegas, Nevada.
6. A letter from James Katzen, Private Citizen, Las Vegas, Nevada.

[Exhibit I](#) is an article from *Investor's Business Daily* titled "Minimum Wages Surged in 6 Cities Last Year; Then This Happened," by Jed Graham, dated February 4, 2016, presented in opposition to Assembly Bill 175, by Marcos Lopez, Field Director, Generation Opportunity Nevada.

[Exhibit J](#) is a copy of a post on the website of the Foundation for Economic Education, by Corey Iacono, dated February 4, 2016, titled "Low-Skilled Workers Flee the Minimum Wage," presented in opposition to Assembly Bill 175, by Marcos Lopez, Field Director, Generation Opportunity Nevada.

[Exhibit K](#) is a copy of a blog post titled "Free the Wage," dated December 1, 2016, on the website of The LIBRE Institute, presented in opposition to Assembly Bill 175, by Ronald Najarro, Coalitions Director, LIBRE Initiative Nevada.

[Exhibit L](#) is a graphic titled "Key Findings From 'Impacts of Increasing Colorado's Minimum Wage' June 2016 Report," by Eric Fruits, Ph.D., posted on the website of the Common Sense Policy Roundtable, presented in opposition to Assembly Bill 175, by Ronald Najarro, Coalitions Director, LIBRE Initiative Nevada.

[Exhibit M](#) is a commentary from the *Las Cruces Sun-News* titled "Look carefully for impact of Las Cruces wage hike," dated July 30, 2016, by Paul Gessing and Michael Saltsman, presented in opposition to Assembly Bill 175, by Ronald Najarro, Coalitions Director, LIBRE Initiative Nevada.

[Exhibit N](#) is a document titled "Choice Neighborhoods Initiative Transformation Plan," by the City of North Las Vegas Choice Neighborhood Team, presented in opposition to Assembly Bill 175, by Richard Carreon, Private Citizen, Las Vegas, Nevada.

[Exhibit O](#) is a packet of information in opposition to Assembly Bill 175 consisting of the following items:

1. An email dated February 15, 2017, from Robert C. Carson, Private Citizen, Las Vegas, Nevada.
2. A memorandum dated February 15, 2017, from June Ingram, President, Charleston Neighborhood Preservation.
3. A letter dated February 15, 2017, from Terry Graves, representing A&A Midwest and Western Metals Recycling.
4. A letter dated February 15, 2017, from Andrew J. MacKay, Executive Director, Nevada Franchised Auto Dealers Association.
5. Written testimony from Mike PeQueen, Private Citizen, Henderson, Nevada.
6. Written testimony from Victoria Seaman, Private Citizen, Las Vegas, Nevada.
7. Written testimony dated February 13, 2017 submitted by Randi Thompson, Nevada State Director, National Federation of Independent Business.
8. A copy of a PowerPoint presentation titled "NFIB Presentation on Increasing Minimum wage: AB175," dated February 15, 2017 submitted by Randi Thompson, Nevada State Director, National Federation of Independent Business.

[Exhibit P](#) is written testimony, dated March 15, 2017, from Steve Brown, Private Citizen, Las Vegas, Nevada, regarding Assembly Bill 175.

[Exhibit Q](#) is a table titled "Characteristics of workers who would be affected by increasing the federal minimum wage to \$12 by July 2020," from the EPI analysis of Current Population Survey Outgoing Rotation Group microdata, 2014, submitted in opposition to [Assembly Bill 175](#), by Ronald Najarro, Coalitions Director, LIBRE Initiative Nevada.

[Exhibit R](#) is a document containing tables titled "Living Wage Calculation for Nevada, Typical Expenses, and Typical Annual Salaries," generated by Amy K. Glasmeier, Massachusetts Institute of Technology, and submitted by Assemblyman William McCurdy II, Assembly District No. 6.

[Exhibit S](#) is commentary from the *Las Vegas Review-Journal* titled "Proposal to hike Nevada's minimum wage will erode state's entry-level job market," dated February 11, 2017, authored by Michael Saltsman, submitted by Ronald Najarro, Coalitions Director, LIBRE Initiative Nevada.

[Exhibit T](#) is a copy of a post from the AEIdeas blog on the website of the American Enterprise Institute titled "New evidence suggests that Seattle's 'radical experiment' might be a model for the rest of the nation not to follow," dated February 18, 2016, by Mark J. Perry, submitted by Ronald Najarro, Coalitions Director, LIBRE Initiative Nevada.

[Exhibit U](#) is a report titled "Nevada QuickFacts," from the U.S. Census Bureau, submitted by Bryan Wachter, Senior Vice President, Retail Association of Nevada.

[Exhibit V](#) is a letter dated April 20, 2015, to former Assemblyman Randy Kirner, authored by S. Brett Sutton, representing Nevada Restaurant Association, regarding [Senate Bill 193 of the 78th Legislative Session](#).

[Exhibit W](#) is a government publication dated April 2016, titled "Characteristics of minimum wage workers, 2015," by the U.S. Bureau of Labor Statistics, United States Department of Labor, presented in opposition to [Assembly Bill 175](#), by Elliot Malin, Policy Analyst, Americans for Prosperity Nevada.