

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Ninth Session
May 5, 2017**

The Committee on Government Affairs was called to order by Chairman Edgar Flores at 9:07 a.m. on Friday, May 5, 2017, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 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:

Assemblyman Edgar Flores, Chairman
Assemblywoman Dina Neal, Vice Chairwoman
Assemblywoman Shannon Bilbray-Axelrod
Assemblyman Chris Brooks
Assemblyman Richard Carrillo
Assemblyman Skip Daly
Assemblyman John Ellison
Assemblywoman Amber Joiner
Assemblyman Al Kramer
Assemblyman Jim Marchant
Assemblyman Richard McArthur
Assemblywoman Daniele Monroe-Moreno

COMMITTEE MEMBERS ABSENT:

Assemblyman William McCurdy II (excused)
Assemblywoman Melissa Woodbury (excused)

GUEST LEGISLATORS PRESENT:

Senator Scott T. Hammond, Senate District No. 18
Senator Patricia Spearman, Senate District No. 1
Senator David R. Parks, Senate District No. 7



STAFF MEMBERS PRESENT:

Jered McDonald, Committee Policy Analyst
Jim Penrose, Committee Counsel
Lori McCleary, Committee Secretary
Cheryl Williams, Committee Assistant

OTHERS PRESENT:

Jared Busker, Policy Analyst, Children's Advocacy Alliance
James L. Wadhams, representing Las Vegas Convention and Visitors Authority
William Stanley, Executive Secretary-Treasurer, Southern Nevada Building and Construction Trades Council, AFL-CIO
Todd Koch, President, Building and Construction Trades Council of Northern Nevada, AFL-CIO
Luke Puschnig, Legal Counsel, Las Vegas Convention and Visitors Authority
Terry K. Miller, Consultant, Las Vegas Convention and Visitors Authority
John Wiles, Director, Unified Construction Industry Council, and representing Southern Nevada Building and Construction Trades Council, AFL-CIO
Danny L. Thompson, representing Local 1872, Laborers International Union of North America, AFL-CIO
Nathan R. Ring, representing Local 12, International Union of Operating Engineers; and District Councils 15 and 16, International Union of Painters and Allied Trades
Rusty McAllister, Executive Secretary-Treasurer, Nevada State AFL-CIO
Robert A. Conway, Business Agent, Ironworkers Local 433, International Association of Bridge, Structural and Ornamental Iron Workers, AFL-CIO
Mac Bybee, President and Chief Executive Officer, Nevada Chapter, Associated Builders and Contractors, Inc.
Nathan Foreman, Private Citizen, Las Vegas, Nevada
Crystal Hurst, Private Citizen, Las Vegas, Nevada
Robert Sedillo, Private Citizen, Las Vegas, Nevada
Jose David Dominguez, Private Citizen, Las Vegas, Nevada

Chairman Flores:

[Roll was called. Committee rules and protocol were explained.] We will be doing the work session first. After that, we have three bill presentations. I will open the work session for Senate Bill 7.

Senate Bill 7: Revises provisions of the Nevada Code of Military Justice. (BDR 36-169)

Jered McDonald, Committee Policy Analyst:

The first bill on work session is Senate Bill 7. The bill is sponsored by the Senate Committee on Government Affairs on behalf of the Office of the Military and was heard in this Committee on April 18, 2017.

Senate Bill 7 removes the requirement that a person must be in a duty status, instead requiring that the person is subject to jurisdiction under certain provisions of the Nevada Code of Military Justice in order to be tried or punished for certain offenses under the Code. The bill further provides that any person who is subject to the Code, regardless of duty status, shall be punished for the offense of waste, spoilage, or destruction of property other than military property ([Exhibit C](#)). There are no amendments for this bill.

Chairman Flores:

I will entertain a motion to do pass Senate Bill 7.

ASSEMBLYMAN KRAMER MOVED TO DO PASS SENATE BILL 7.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN McCURDY AND WOODBURY WERE ABSENT FOR THE VOTE.)

Chairman Flores:

Assemblyman Kramer will take the floor statement. We will move on to Senate Bill 16.

Senate Bill 16: Changes the name of the General Services Division of the Department of Public Safety. (BDR 43-136)

Jered McDonald, Committee Policy Analyst:

Senate Bill 16 was sponsored by the Senate Committee on Transportation on behalf of the Department of Public Safety and was heard in this Committee on April 20, 2017.

Senate Bill 16 changes the name of the General Services Division of the Department of Public Safety to the Records, Communications and Compliance Division ([Exhibit D](#)). There were no amendments for this bill.

Chairman Flores:

I will entertain a motion to do pass Senate Bill 16.

ASSEMBLYWOMAN MONROE-MORENO MOVED TO DO PASS
SENATE BILL 16.

ASSEMBLYMAN ELLISON SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN McCURDY AND
WOODBURY WERE ABSENT FOR THE VOTE.)

Chairman Flores:

Assemblyman Ellison will take the floor statement. We will move on to Senate Bill 22.

Senate Bill 22: Revises provisions relating to governmental administration.
(BDR 31-236)

Jered McDonald, Committee Policy Analyst:

Senate Bill 22 was sponsored by the Senate Committee on Government Affairs on behalf of the Office of Finance in the Office of the Governor and heard in this Committee on April 21, 2017.

Senate Bill 22 makes various changes relating to the powers and duties of the Department of Administration and the Office of Finance. Among other things, key provisions of the bill require the Director of the Office of Finance to appoint a Deputy Director and delegate to the Deputy Director duties related to serving as Clerk of the State Board of Examiners. The bill transfers from the Director of the Office of Finance to the Administrator of the Administrative Services Division of the Department of Administration the duty of preparing an annual statewide cost allocation plan to distribute indirect costs of service agencies within the Executive Branch, and requires the Chief of the Budget Division of the Office of Finance to review and approve the plan.

The bill also requires the Division of Human Resource Management of the Department of Administration to prepare and submit a quarterly report to the Budget Division concerning the amount of overtime worked by Executive Branch employees. Finally, the bill transfers from the Chief of the Budget Division to the Director of the Department of Administration authority to deem certain information confidential for the purpose of maintaining public safety ([Exhibit E](#)). There were no amendments for this bill.

Chairman Flores:

I will entertain a motion to do pass Senate Bill 22.

ASSEMBLYMAN KRAMER MOVED TO DO PASS SENATE BILL 22.

ASSEMBLYWOMAN BILBRAY-AXELROD SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN McCURDY AND
WOODBURY WERE ABSENT FOR THE VOTE.)

Chairman Flores:

Assemblywoman Bilbray-Axelrod will take the floor statement. We will move on to Senate Bill 44.

Senate Bill 44: Authorizes the State Public Works Division to issue certain permits. (BDR 28-238)

Jered McDonald, Committee Policy Analyst:

Senate Bill 44 was sponsored by the Senate Committee on Government Affairs on behalf of the State Public Works Division of the Department of Administration and heard in this Committee on March 21, 2017.

Senate Bill 44 authorizes the Deputy Administrator of the Public Works Compliance and Code Enforcement Section of the State Public Works Division of the Department of Administration to issue to a person certain permits for the planning, maintenance, or construction of buildings and structures on property of the state or held in trust for the state ([Exhibit F](#)). There were no amendments for this bill.

Chairman Flores:

I will entertain a motion to do pass Senate Bill 44.

ASSEMBLYMAN CARRILLO MOVED TO DO PASS SENATE BILL 44.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN McCURDY AND WOODBURY WERE ABSENT FOR THE VOTE.)

Chairman Flores:

Assemblyman Marchant will take the floor statement. We will move on to Senate Bill 45.

Senate Bill 45: Revises provisions relating to the State Public Works Division of the Department of Administration. (BDR 28-128)

Jered McDonald, Committee Policy Analyst:

Senate Bill 45 was sponsored by the Senate Committee on Government Affairs on behalf of the State Public Works Division of the Department of Administration and was heard in this Committee on March 21, 2017.

Senate Bill 45 eliminates the requirement that the State Public Works Division periodically inspect all buildings at the state universities and specifically exempts all buildings and physical plant facilities owned by any part of the Nevada System of Higher Education (NSHE) from the requirement of periodic inspections by the Division. As you may recall from testimony, NSHE does its own inspections and State Public Works has not been doing so for quite some time ([Exhibit G](#)). There were no amendments on this bill.

Chairman Flores:

I will entertain a motion to do pass Senate Bill 45.

ASSEMBLYMAN BROOKS MOVED TO DO PASS SENATE BILL 45.

ASSEMBLYWOMAN BILBRAY-AXELROD SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN McCURDY AND WOODBURY WERE ABSENT FOR THE VOTE.)

Chairman Flores:

Assemblyman Brooks will take the floor statement. We will move on to Senate Bill 57 (1st Reprint).

Senate Bill 57 (1st Reprint): Revises provisions relating to the Nevada Commission for the Reconstruction of the V & T Railway. (BDR S-414)

Jered McDonald, Committee Policy Analyst:

Senate Bill 57 (1st Reprint) was sponsored by the Senate Committee on Government Affairs on behalf of Storey County and heard in this Committee on April 26, 2017.

Senate Bill 57 (1st Reprint) revises provisions governing the Nevada Commission for the Reconstruction of the V & T Railway. Specifically, the bill removes the Board of County Commissioners of Douglas, Lyon, and Washoe Counties from the governing bodies of the Commission. The bill relieves Douglas, Lyon, and Washoe Counties from any requirement to fund the Commission's budget. The bill reduces the number of members of the Commission from nine to five and eliminates the authority of the Commission to enter into an agreement with the District Attorney or Treasurer of Douglas, Lyon, and Washoe Counties ([Exhibit H](#)). There were no amendments for this bill.

Chairman Flores:

I will entertain a motion to do pass Senate Bill 57 (1st Reprint).

ASSEMBLYMAN KRAMER MADE A MOTION TO DO PASS SENATE BILL 57 (1ST REPRINT).

ASSEMBLYWOMAN NEAL SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN McCURDY AND WOODBURY WERE ABSENT FOR THE VOTE.)

Chairman Flores:

Assemblyman Kramer will take the floor statement. We will move on to Senate Bill 105 (2nd Reprint).

Senate Bill 105 (2nd Reprint): Authorizes and requests the Governor to proclaim "Indigenous Peoples Day." (BDR 19-115)

Jered McDonald, Committee Policy Analyst:

Senate Bill 105 (2nd Reprint) was sponsored by Senator Segerblom and Senator Parks and was heard in this Committee on May 1, 2017.

Senate Bill 105 (2nd Reprint) authorizes and requests the Governor to annually proclaim August 9 as Indigenous Peoples Day to celebrate the thriving culture and significant value that indigenous people add to the state of Nevada and the United States of America ([Exhibit I](#)). There were no amendments for this bill.

Chairman Flores:

I will entertain a motion to do pass Senate Bill 105 (2nd Reprint).

ASSEMBLYWOMAN BILBRAY-AXELROD MOVED TO DO PASS
SENATE BILL 105 (2ND REPRINT).

ASSEMBLYWOMAN JOINER SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN McCURDY AND
WOODBURY WERE ABSENT FOR THE VOTE.)

Chairman Flores:

Assemblyman McArthur will take the floor statement. We will move on to Senate Bill 148.

Senate Bill 148: Revises provisions relating to veterans. (BDR 37-57)

Jered McDonald, Committee Policy Analyst:

Senate Bill 148 was sponsored by Senator Spearman and heard in this Committee on April 18, 2017.

Senate Bill 148 requires the Director of the Department of Veterans Services to provide assistance and information relating to aid, benefits, and services to veterans and members of the military who are lesbian, gay, bisexual, or transgender (LGBT) and their spouses and dependents. The Director is further required to assist a veteran who is LGBT in applying for an upgrade to the character of the veteran's discharge from service or a change in the narrative reason for the discharge. Finally, the measure prohibits the denial of a veteran's eligibility for any program, service, benefit, activity, or facility in Nevada for which the veteran would otherwise be eligible solely based on a veteran's status as a discharged veteran who is LGBT ([Exhibit J](#)). There were no amendments for this bill.

Chairman Flores:

I will entertain a motion to do pass Senate Bill 148.

ASSEMBLYMAN CARRILLO MOVED TO DO PASS SENATE BILL 148.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

Assemblyman Ellison:

I am going to vote yes to get this bill out of Committee. I do want to do more research, but I do believe this is still an existing law. I reserve my right to change my vote on the floor.

Assemblyman Marchant:

I will also be voting yes to get this bill out of Committee, but I reserve my right to change my vote on the floor.

Assemblyman McArthur:

I will also be voting yes to get this bill out of Committee, but I reserve my right to change my vote on the floor.

Chairman Flores:

Is there any further discussion? [There was none.]

THE MOTION PASSED. (ASSEMBLYMEN McCURDY AND
WOODBURY WERE ABSENT FOR THE VOTE.)

Chairman Flores:

Assemblyman Carrillo will take the floor statement. We will move on to Senate Bill 160 (1st Reprint).

**Senate Bill 160 (1st Reprint): Revises provisions relating to administrative regulations.
(BDR 18-610)**

Jered McDonald, Committee Policy Analyst:

Senate Bill 160 (1st Reprint) was sponsored by Senator Gansert and heard in this Committee on May 3, 2017.

Senate Bill 160 (1st Reprint) revises notice requirements affecting the adoption of administrative regulations by agencies of the Executive Department of state government that are not exempt from the Nevada Administrative Procedure Act. Specifically, the bill provides that an agency must ensure that a regulation to be considered at a public hearing is posted on the agency's website three working days before the hearing. Similarly, the measure requires an agency to provide at least three working days-notice of its intent to approve a revision to a regulation before holding a second or subsequent hearing on that

regulation, including, without limitation, a subsequent hearing on an adopted regulation that has not been approved by the Legislative Commission or the Subcommittee to Review Regulations ([Exhibit K](#)). There were no amendments for this bill.

Chairman Flores:

I will entertain a motion to do pass Senate Bill 160 (1st Reprint).

ASSEMBLYMAN MARCHANT MADE A MOTION TO DO PASS
SENATE BILL 160 (1ST REPRINT).

ASSEMBLYWOMAN BILBRAY-AXELROD SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN McCURDY AND
WOODBURY WERE ABSENT FOR THE VOTE.)

Chairman Flores:

Assemblyman Daly will take the floor statement. We will move on to Senate Bill 202.

**Senate Bill 202: Revises various provisions of the Charter of the City of Sparks.
(BDR S-503)**

Jered McDonald, Committee Policy Analyst:

Senate Bill 202 was sponsored by Senator Ratti and Assemblyman Sprinkle and was heard in this Committee on April 19, 2017.

Senate Bill 202 amends the Charter of the City of Sparks to require that newly elected municipal judges be licensed members of the State Bar of Nevada. The bill deletes obsolete provisions establishing the terms of office for officials of the City of Sparks elected in 2001, 2003, and 2004, and requires ward-only voting in a general election for each member of the Council for the City of Sparks. The bill requires that, regardless of the number of candidates for an office at the primary election, if one candidate receives a majority of the votes at the primary election, he or she must be declared elected to the office, and no general election for the office need be held. Finally, the bill provides that such a candidate takes office at the first regular meeting of the City Council following the meeting at which the canvass of the returns of the general election is made ([Exhibit L](#)). There were no amendments for this bill.

Chairman Flores:

I will entertain a motion to do pass Senate Bill 202.

ASSEMBLYMAN DALY MOVED TO DO PASS SENATE BILL 202.

ASSEMBLYMAN CARRILLO SECONDED THE MOTION.

Assemblyman Ellison:

I like the bill for the City of Sparks Charter, but I do not like that the Justice of the Peace is to be a member of the State Bar of Nevada. I think the Justice of the Peace is the people's court, and I think it needs to stay as the people's court. I will be voting no on this bill.

Assemblyman Marchant:

Ditto.

THE MOTION PASSED. (ASSEMBLYMEN ELLISON, KRAMER, MARCHANT, AND McARTHUR VOTED NO. ASSEMBLYMEN McCURDY AND WOODBURY WERE ABSENT FOR THE VOTE.)

Chairman Flores:

Assemblyman Daly will take the floor statement. That was the last bill on work session. I will open the hearing for Senate Bill 175 (1st Reprint).

Senate Bill 175 (1st Reprint): Designates May 18 as Asian Culture Day in Nevada. (BDR 19-74)

Senator Scott T. Hammond, Senate District No. 18:

Senate Bill 175 (1st Reprint) is short in length. What it attempts to do is request that May 18 of every year be designated as Asian Cultural Day in Nevada. The proclamation must call upon the news media, educators, businesses, labor leaders, and appropriate governmental officers to bring to the attention of Nevada residents the important contributions of Asians and Asian-Americans to the state of Nevada and the United States of America. That is the end of the bill. There is a long preamble to the bill as amended, but after that, it just states those two things I mentioned. I am open for any questions you may have.

Chairman Flores:

I appreciate the brevity. We do have a few questions.

Assemblyman Carrillo:

Because I was able to participate in some Asian functions as well, they had asked me to bring a bill like this. I am glad you were able to step forward and get this done. In speaking with some individuals regarding this bill, the date was changed from November 12 to May 18. I know that was a concern at one point. I know the bill has been amended. I did not know the background of why the date was changed. Could you explain the date change?

Senator Hammond:

When the bill was proposed and brought to me, I am not sure everyone in the Asian community had knowledge of the date chosen. When it became known to everyone, they were wondering if that was the most appropriate date. May is known throughout the United States as Asian Cultural Month. It seemed more appropriate to find a date in May. Of course, the problem is in early May we have Mother's Day and Memorial Day at the end of the month. We had to find something in between, so we settled on May 18.

Chairman Flores:

I could imagine finding the perfect date is nearly impossible. Someone will be inadvertently upset about something. I think the important message is we are trying to recognize that community in general, regardless of what date is chosen.

Assemblyman Ellison:

Is there going to be some kind of cultural event in Carson City on May 18, or is it going to be in Las Vegas?

Senator Hammond:

I do not know if there will be a cultural event in Carson City, but the plans are definitely for a weeklong celebration. We have a very large Asian-American population in both the north and south. Las Vegas is a popular destination, and we will be rolling out the red carpet when we announce the date. There are a few other states that have a celebration, but it will be nothing compared to what we are planning in Las Vegas. Although I may not fall within that persuasion, I do know the community quite well, and they are amped up and ready to welcome the world into Las Vegas. Hopefully, we can spill that over into northern Nevada as well.

Chairman Flores:

Seeing no further questions from the Committee, is there anyone wishing to testify in support of S.B. 175 (R1)? [There was no one.] Is there anyone wishing to testify in opposition to the bill? [There was no one.] Is there anyone wishing to testify in the neutral position? [There was no one.] Are there any closing remarks?

Senator Hammond:

Thank you for allowing me to present the bill this morning. Had you been in the Senate when we had this bill, we had 15 or 16 different Asian countries representing the Asian community from Nevada. Each one of them came up to testify on their endorsement of the bill. I do appreciate your attention, and I hope brevity helps.

Chairman Flores:

I will close the hearing on Senate Bill 175 (1st Reprint). I will open the hearing on Senate Bill 400.

Senate Bill 400: Authorizes the Director of the Department of Health and Human Services to enter into success contracts. (BDR 18-310)

Senator Patricia Spearman, Senate District No. 1:

I am here to present Senate Bill 400 for your consideration. Before I go over the bill provisions, some background is in order. For those of you not familiar with success contracts, the concept is similar to performance based contracting, and is also referred to as social impact bonds or pay-for-success contracts. The idea is that a government contracts with a private sector entity and investors to fund prevention-focused services to address critical social problems with the goal of reducing government spending in the long run.

Savings from the reduced government costs are used to reimburse the investors with a return on investment, but only if the project successfully achieves specific, quantifiable goals. According to the John F. Kennedy School of Government at Harvard University, this model creates financial incentives for contractors to produce better outcomes and overcome barriers that typically slow the pace of social innovation. Some contracts are in use internationally, and more and more states are adopting enabling legislation, including California, Colorado, Idaho, Texas, and Utah. This bill is based on best practices gleaned from innovation labs and includes significant protection for the state.

Section 1 adds the success contract provision in *Nevada Revised Statutes* Chapter 232 pertaining to the Department of Health and Human Services (DHHS). Section 2 provides a definition of "success contract" and permits DHHS to contract with a local government or a person, giving DHHS the authority to enable it to enter into contracts to improve health outcomes. The idea is to have private investors foot the initial bill for things like preventative health care services, which can significantly reduce the cost to the state in the long run.

Section 3, subsection 1, lays out the required components of a success contract, which must include a purpose within the jurisdiction of the Department. Paragraphs (a) through (g) state the success contract must include a requirement that payment be conditioned upon achieving specified outcomes based on defined performance targets, which is critical; an independent evaluation of the performance targets, which is another critical component to ensure the targets and outcomes are being met; a schedule of dates for performance targets, payments, and the amount of any payments; a description of the investment that will be solicited and a 13 percent cap on any return on investment; provisions for termination of the contract; and protection against investors having input on the provision of services once the contract is effective.

Section 3, subsection 2 goes on to require any success contract to be competitively bid based on a request for proposal from DHHS. Section 3, subsection 3 sets forth the findings that DHHS must make before entering into a contract. Section 3, subsection 4 requires DHHS to publish its rationale on its website. Section 3, subsection 5 requires a biennial report to the Legislature each October before a legislative session identifying each success contract in the past two years and detailing its outcomes and cost savings. Section 4 creates the success contract account in the State General Fund to be administered by the Director of DHHS. It also provides authority to solicit gifts, grants, and donations.

In using success contracts, the opportunity for cost savings is unlimited to DHHS. For example, DHHS might enter into a success contract with the Department of Corrections and a nonprofit organization to ensure inmates reentering the community are connected with the appropriate health care services, housing, and other social services to reduce recidivism and decrease Medicaid costs. Other issues that success contracts could help address range from homelessness and criminal justice, to maternal and child health care, and early childhood education. In addition, there is a potential to pair success contracts with Medicaid to

leverage additional funding. For example, South Carolina is expanding its nurse-family partnership and evidence-based nursing home visitation program using a variety of the success contract models that rely on philanthropic investments, as well as federal funding through a Medicaid waiver.

In conclusion, I would like to emphasize the potential of this innovative model of financing social services in Nevada. We have much to gain by trying new ways to provide services more effectively and more efficiently than the traditional models. With the protections laid out in this bill, we have nothing to lose, and I urge your support.

Assemblyman Kramer:

This actually sounds innovative in the sense that we can perhaps save some money in the future by investment from not only the private sector, but from some government agencies. My question comes down to section 3, subsection 1, paragraph (e). It seems to me that if it is really investment money that is coming in and not grant money, someone takes the risk that the success contract is either going to work or not work. There is a chance the investor could lose everything versus a cap of 13 percent on profit. My feeling in capping the profit seems it would diminish the number of people who would want to invest their own money. Unless it is a no-brainer, in which case, I am thinking the government would do it; there is risk involved. My question is how was 13 percent arrived at and is there any way of saying for the private money invested that there be a prorated portion that would go to the investors? I would think that would be unlimited. If it were grant money, there is no profit return in my mind unless there is a payback. I would hate to give the profit on the grant money to a private investor, but it seems like the private investor return should be unlimited.

Senator Spearman:

We discussed this thoroughly with DHHS and wanted to make sure people were not investing in these types of nonprofit social programs purely for the outcome of making money. One of the things that makes this type of program so innovative is the people who typically invest in these types of programs are not really looking for a high rate of return. What they are looking to do is take what money they have philanthropically to help address specific social issues that the government cannot. One of the best examples is the one I identified in my testimony. Currently, the Department of Corrections is trying to make sure prisoners who are being released, if they are deemed in some spectrum of mental health incapability, be connected with the social services on the outside. Unless we have wraparound services for this type of initiative, people who are released from prison are usually doomed to repeat what put them in prison in the first place.

In terms of profit, unlike people who invest in the stock market, these are people who are concerned about investing their money to take care of social issues that they know the government may not have an opportunity to do. I think that is apropos given the narrative that we hear a lot of time from politicians that the government should not do everything. This is a program that says in some way that is right, and there are people who have money and who also have goodwill and a conscience who want to use their money so it betters society, not necessarily lines their pockets with unlimited profit.

Assemblywoman Bilbray-Axelrod:

I think this is a great bill, and I thank you for bringing it forward. Have other states done something like this before? I apologize if you have already mentioned it.

Senator Spearman:

Yes. There are about 17 or 18 states that are doing something similar. Much of that has to do with fiscal responsibility and not having the unlimited funds to address the social issues of our times. These states recognize that if we can take whatever grant money is out there, and if there are people who are willing to help fund programs like this, then we as a state can actually reap the benefits without having to figure out where the money is coming from. TED Talks or the Harvard Kennedy School probably have 10 or 15 YouTube videos that talk about success contracts as part of a social innovation program that will help us do what we need to do even when the state does not have the money to do it.

Assemblywoman Neal:

Is this similar to the Pay for Success program from the Office of Social Innovation and Civic Participation at the White House?

Senator Spearman:

It is somewhat similar, yes.

Assemblywoman Neal:

How do we get the performance targets set up? We are lacking in our data, so in order for the government to provide a target, we have to then provide the data that streamlines the direction in which we seek the investment.

Senator Spearman:

Let me continue with the example I gave with the Department of Corrections. The Department of Corrections knows there is a certain percentage of inmates who are released and do not have access to the wraparound services they need to be successful on the outside. There are some inmates who are leaving with health issues who do not have access to an organization that will help them apply for and receive Medicaid. There are some who leave who would like a job, but they do not have access to an organization that helps inmates reintegrate with the community. The Department of Corrections has those data points, if you will. They go to DHHS to explain the issue but do not have the funding in the budget. The DHHS places a request for proposal stating exactly what the Department of Corrections is trying to achieve. A private investor looks at that. What is actually happening is there are people who would like to contribute philanthropically, but they do not know which organizations are good and which are not. The DHHS provides the clearinghouse. The data points actually come from the organization or agency that needs help with the issue.

Assemblywoman Neal:

How does the gift process work? I do not know how it is going to be classified. An agency solicits help, an investor says yes, and then there is the threshold for the dollars on how high it can be. I know there are rules around what an agency can receive. How do we deal with that?

Senator Spearman:

The beauty of this is once DHHS puts out the request for proposal and identifies an investor or philanthropic organization who wants to pay for the service, then the actual contract is between the person giving the money and the organization performing the service. We are not really talking about the Department of Corrections actually receiving the money. There are organizations that help prisoners reintegrate into the community that have a success rate. If this is actually a need for the Department of Corrections, the DHHS puts out the request for proposal. They are looking for nonprofits that have a track record with the issue. Once the nonprofit is identified, the investor and the nonprofit create the contract. There is an independent auditor who looks at what actually occurred to make sure the goals for the length of the contract are being met.

Assemblywoman Neal:

Do the investors get a return on investment that is set up for community benefit? It is almost as if the investor is going to make money from helping people.

Senator Spearman:

That goes back to Assemblyman Kramer's initial question. There are some returns on investment that the investor will receive. Typically, in programs like this, the investors put the money back into another program. It is not as if the investor is making money to buy a yacht; the money usually goes back into their coffers to support another program.

Assemblyman Kramer:

I would like to follow up on what Assemblywoman Neal has suggested. If you say the recidivism for released prisoners is 50 percent and through this program it is 40 percent over five years, or whatever the time period, there is a cost involved for every percentage point. You are saying that because the percentage was reduced from 50 percent to 40 percent, we have saved so much money. Are you saying that would be the return on the investment for that particular program? Where does that saved money come from? Does it come from the Department of Corrections for not having individuals return to prison?

Senator Spearman:

Using your example, if something were to cost \$500,000 and a nonprofit agency was able to do it for \$300,000, then the delta would be \$200,000. The return on the investment would actually come from what the state has saved—not the full \$200,000, but what the state has saved. That would then go back to the investor. The state could say a particular program would normally cost \$500,000. The investor that comes forward to fund that particular

nonprofit usually gives the upfront money of \$500,000. What is saved is the 13 percent. It is capped at 13 percent so people do not just invest money with a goal of making money. People who invest like this have a goal of making sure they are contributing positively to social issues in our community and in our state.

Assemblyman Daly:

I have to admit, I am not often unsure of what we are doing, but I am not exactly following this. The DHHS puts out a request for proposal. Does DHHS have money for the program? I know you were saying they may already be running a program that may cost \$500,000. The DHHS puts out a request for proposal and finds a nonprofit that can do it for less. Does DHHS actually contract with the nonprofit and give the money they would have spent to the nonprofit or does the \$200,000 stay? Or, are you saying DHHS does not have the money but would like to provide the service? Does DHHS then put out a request for proposal on how much it might cost and then find an organization to fund it? I am not following this whole thing on the services we are already providing or services the government is providing less efficiently than a nonprofit would.

Senator Spearman:

I will continue with the example I gave with the Department of Corrections that the Director walked me through. We know there are some people who are in prison, and the reason they are in prison is because they were not able to get the mental health treatment they needed. These individuals go into prison, but at some point, they are going to get out. Unless we connect them to an organization that will help them with their medications or long-term treatment, we are sentencing them to go back to prison. The state does not have the money to supply all of the mental health requirements. We know that. Most of the time, when talking about funding programs for prisoners, people have a block that once individuals commit a crime, they need to pay for it for the rest of their life. That is not true.

There is not a lot of sympathy in terms of creating state-funded or government-funded programs that help former prisoners with mental health issues. There may be a nonprofit in the community that has an effective program that treats 20 people a month but has the capacity to double that number with more staff, a larger facility, et cetera, but does not have the money. The request for proposal from the Department of Corrections would identify an area they need to pay attention to. There needs to be wraparound services in the community for people who are actually in prison. Currently, there is not a program. The DHHS is doing what they can, but it is spotty depending on the geographic location in the state because of personnel resources, et cetera.

The nonprofit answers the request for proposal. Whoever the investor is wants to know the cost. If the cost for the state were \$500,000 for the program, the investor puts that money up front. The DHHS then steps back. The contract and all the talk about the targets, et cetera, are now between the investor and the nonprofit who can provide help for the issue. If, based upon what that nonprofit can do, the recidivism rate is reduced by 10 percent or 15 percent, that is a target the nonprofit can do and follow. If the nonprofit does not reach that percentage, then part of the contract that the investor and nonprofit reached, the money

invested may be paid back. Some of it may be a loss for the investor. How that happens internally is strictly up to the person investing and the nonprofit who is receiving it. The DHHS does not take a risk because the state is not providing any money. The state is simply acting as a clearinghouse. There is an issue or problem that needs to be solved. The state does not have the money to solve it, but here is a socially innovative way to get it done.

Assemblyman Daly:

It is getting a little clearer. The state is putting out a request for proposal to hook up the investor, whether they are for-profit or philanthropic, and a provider that is not the state to supplement whatever it is the state can do or not do. There is no money changing hands with the state. I do not understand if this money is going to be put into an account with the state. That is what I am not following because there is going to be an account opened by the state. What is the state's involvement if the contract and performance is strictly between the nonprofit and the contractor? The investor is at risk as to whether the nonprofit meets the target or not. How is the provider being paid by the investor? I am still at a disconnect with the 13 percent maximum profit in the account with the state and who is paying who. Could you clear that last little piece up for me?

Senator Spearman:

I will stay with the numbers we have already discussed. If there is a cost savings of \$200,000, the \$500,000 has been put aside. The \$300,000 is paid for the program. The \$200,000 that has been set aside is the percentage of savings where the return on investment would go back to the person who put up the money.

There is a program very similar to this in Iowa. As a matter of fact, I learned of this through meetings with Women in Government. One of the senators was talking about the success they had with a program like this specifically designed to help prisoners as they reintegrate into the community. She said one of the beautiful things about the program is we, as a state, are able to get done what we wish we could do if we had all the money in the world. We leverage whatever the need is with people who are saying they want to help with specific issues.

I actually talked to a couple of former inmates who had been helped by a program like this in Iowa. The District of Columbia and Massachusetts also have a program like this. The difference between ours and other states is we do not put up bonding money, so there is nothing the state invests or risks. The risks are entirely on the part of the investor.

Chairman Flores:

Are there any additional questions from the Committee? [There were none.] Senator Spearman, for those of us who still have hesitation or need further clarity, we will continue the conversation offline. Is there anyone wishing to testify in support of the bill?

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

We are in support of S.B. 400. We have actually done some preliminary work on these types of projects. If it is okay with the Committee, I would like to give another example of how some of these projects could be implemented, which may provide more clarity.

In Utah a couple of years ago, they did a Pay for Success model surrounding preschools. What they saw is if a child who was previously identified as being special needs attended preschool, that child may not need to go through special education. That offered a cost savings for the state. With the Pay for Success model, Utah determined exactly what the cost savings would be if it had been able to invest first in preschool. The state could not afford to invest in preschool because it still had to pay for the children in special education. The state had a third party investor pay for a group of children to go to preschool. Those children had already been identified as special needs and would be going into special education. After the first year in kindergarten, they identified how many of those children who had previously been identified as special needs were placed in special education and how many were not. The children who were not placed in special education were the cost savings children. Every year those children were not in special education from kindergarten to fifth grade, there was a cost savings to the state. From that cost savings is where the investor recouped their original investment.

The first part of the social impact bonds is there has to be a program with existing data to show long-term cost savings. We also try to scale a program that already has results. It is an outcome-driven measure, so we are looking every year at these preschool children and how they are doing, where they are at, and where they would have been if we had not done the initial investment. The state is only responsible for repayment if the measure is successful. In the preschool example, if an identified special needs child was in preschool and then identified as having to attend special education, that child was deemed not successful. The investor would not be recouping the cost savings from that child. The investor would recoup the cost savings from those children who were successful.

Chairman Flores:

Is there anyone else wishing to testify in support? [There was no one.] Is there anyone wishing to testify in opposition to the bill? [There was no one.] Is there anyone wishing to speak in the neutral position? [There was no one.] Are there any closing remarks?

Senator Spearman:

I chair the Senate Committee on Health and Human Services as part of my duties this session. There have been so many programs where people have said they could do more if their budgets were increased, particularly in mental health and issues relating to children. I know this is a new concept. I am happy to answer any questions this Committee may have that would help lead to positive consideration of this legislation. This is what is called social innovation. It is a new idea, but it is a new idea that I know, if implemented, will not just help the state save money, but it will address many of the social issues that need to be addressed that the state does not have the budget for. I urge your positive consideration. I am available later to answer any questions to provide more clarity.

Chairman Flores:

I will close the hearing on Senate Bill 400. Before we move to Senate Bill 464 (1st Reprint), I will entertain a motion to suspend Assembly Standing Rule No. 57 in order to pass out of the Committee Senate Bill 175 (1st Reprint), which is the Asian Cultural Day bill. This can only be done if it is a unanimous vote.

ASSEMBLYWOMAN MONROE-MORENO MOVED TO SUSPEND
ASSEMBLY STANDING RULE NO. 57.

ASSEMBLYMAN CARRILLO SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN JOINER, MARCHANT,
McCURDY, AND WOODBURY WERE ABSENT FOR THE VOTE.)

**Senate Bill 175 (1st Reprint): Designates May 18 as Asian Culture Day in Nevada.
(BDR 19-74)**

Chairman Flores:

I will entertain a motion to do pass Senate Bill 175 (1st Reprint).

ASSEMBLYWOMAN BILBRAY-AXELROD MOVED TO DO PASS
SENATE BILL 175 (1ST REPRINT).

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN JOINER, MARCHANT,
McCURDY, AND WOODBURY WERE ABSENT FOR THE VOTE.)

Chairman Flores:

Assemblyman Carrillo will take the floor statement. The last bill on the agenda today is Senate Bill 464 (1st Reprint).

**Senate Bill 464 (1st Reprint): Authorizes the Las Vegas Convention and Visitors Authority to require bidders, contractors or subcontractors to enter into agreements with labor organizations concerning employees who perform work on the renovation or expansion of the Las Vegas Convention Center.
(BDR S-1041)**

Senator David R. Parks, Senate District No. 7:

Thank you for hearing Senate Bill 464 (1st Reprint). This bill authorizes the Las Vegas Convention and Visitors Authority (LVCVA) to require bidders, contractors, or subcontractors to enter into a project labor agreement in regard to the project to renovate and expand the Las Vegas Convention Center, which was authorized by Senate Bill 1 of the 30th Special Session. With me today are several other individuals who can provide you details on this bill.

James L. Wadhams, representing Las Vegas Convention and Visitors Authority:

I do want to orient the Committee because I noticed there are several of you who did not have to go through the 30th Special Session. This bill is an amendment to Senate Bill 1 of the 30th Special Session. It is not a change to laws in *Nevada Revised Statutes* (NRS). It is limited to the activity of the 30th Special Session that authorized the building of a stadium and the specific expansion and renovation of the LVCVA.

In the portion of S.B. 1 of the 30th Special Session that deals with the stadium, the project labor agreement law was specifically set aside. We believe it was done inadvertently. We have asked the Legislature to consider not to change the NRS but, for the stadium project only, to allow project labor agreements. There will be some people here who will speak specifically to this issue. Again, this will not be a change to NRS; it will only address the special session law.

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

I am here today in support of S.B. 464 (R1), which is a continuation of S.B. 1 of the 30th Special Session. Let me start out by saying what this bill does. What this bill does is allows for the LVCVA to enter into an agreement with others to create a project labor agreement if they so choose. I want to talk specifically about what this bill does not do. There has been a tremendous amount of discussion around this bill, and I believe a lot of misinformation about what this bill does not do. This bill does not create an agreement between the LVCVA that eliminates any contractor from bidding and being awarded a contract to construct the proposed Las Vegas Convention Center expansion and remodel.

Secondly, this bill does not set out any terms or conditions for a potential agreement between the parties. This bill does not prevent an open shop or nonunion contractor from being awarded a contract to construct. Additionally, this bill does not prevent employees of an open shop contractor from working on a project if it is awarded and a project labor agreement is agreed to. Additionally, this bill does not require nonunion employees working on the project to pay any union dues or pay any compensation to a labor union. This bill does not require any employee to join a labor union. Additionally, this bill does not require any contractor who would be awarded a contract to construct or remodel the LVCVA under a project labor agreement to sign any unions' master collective bargaining agreement.

How do we know this? We have 20-plus years of experience at the Southern Nevada Water Authority (SNWA) and McCarran International Airport, where we have had a continuous project labor agreement in place. Over those 20-plus years, more than 40 percent of the contractors awarded the work to construct on both SNWA and the airport have been open shop or nonunion contractors. I have been a party to that agreement since its conception, and I have no knowledge of any contractor, union or nonunion, complaining about the terms and conditions of the project labor agreement.

There has been a lot of conversation regarding the issue of core employees. I have talked with many of you in your offices, and I appreciate the time you allotted for me and others in the building trade to communicate with you, but there seems to be one issue that keeps coming up time and time again. It is the issue of core employees. There is no legal declaration requiring any specific number or, for that matter, that core employees be addressed in any project labor agreement. In the existing project labor agreement that I discussed earlier, SNWA and McCarran International Airport project labor agreements were negotiated over 20 years ago. Core employees were negotiated into that agreement and sat at seven employees per craft—not seven per contractor, but seven per craft. If you were a general contractor and employed carpenters, laborers, cement masons, or plasterers, who are generally the core of a general contractor's staff, you would get 28 core employees, not 7. There has been a lot of conversation about that issue, and I think it has been misrepresented more than once in this chamber.

I do not have a crystal ball. If this bill passes and the LVCVA decides to enter into a project labor agreement as defined in this bill, there will be a negotiation. I have been negotiating contracts for over 25 years. I do not know whether the LVCVA or any other labor organization would have the ability to negotiate this language into a current project labor agreement. The language that everyone keeps talking about was negotiated over 20 years ago. I think it is important to talk about why that language was inserted in those two project labor agreements 20 years ago.

There was originally a small business set-aside in the SNWA agreement. The SNWA had grave concerns about whether or not those small businesses could augment their existing workforce with the type of quality construction workers they needed in order to complete the project. However, they wanted to honor their commitment to the small businesses that may work on the project, so a deal was negotiated. There was a compromise between the parties, meaning the SNWA and the Southern Nevada Building and Construction Trades Council. Those core employees were negotiated into the agreement to give those small businesses access to the unions' hiring hall. That is significant. Contractors do not just get access to a hiring hall that other contractors have spent tens of millions of dollars developing. In order to get access, it requires a compromise between the parties. That is what happened over 20 years ago, and for 20 years, we have had a successful project labor agreement where many open shop contractors have been awarded work on both the SNWA and the airport. They have employed their employees and augmented them with the hiring hall of the labor unions that are signatory to those agreements and have worked in harmony and, to my knowledge, with no significant issues at all.

Those are the issues I have heard most about. I hope that explains to some members who we have not had an opportunity to visit with. I will answer any questions you may have.

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

We are here this morning in support of S.B. 464 (R1). I would really like to clear up some misstatements that have been made about the first public works project that used a project labor agreement in northern Nevada. The Greater Nevada Field—also known as the Reno Aces Baseball Stadium—public works project labor agreement was enabled by legislation passed by this body about one decade ago. As the president of the Building and Construction Trades Council of Northern Nevada, I was a party that negotiated that agreement in order to protect the local workers. We modeled that agreement after the SNWA agreement, which had shown so much success in advancing the public's interest. I am proud to say we built that stadium with the first public works project labor agreement in northern Nevada under time and under budget.

At that time, we were just beginning to go into the Great Recession. One of the most important pieces of the project labor agreement was the requirement of workers to be referred from the local hiring halls, which had been set up to protect Nevadans. Every contractor who performed work on that project signed a letter of assent. Again, to correct some misstatements that have been made about that project, more than 60 percent of the contractors who signed the letter of assent for that project were open shop. Those open shops were only signatory to that project.

Luke Puschnig, Legal Counsel, Las Vegas Convention and Visitors Authority:

The LVCVA is in favor of S.B. 464 (R1) in that it would allow the LVCVA to enter into a project labor agreement for the upcoming expansion and renovation of the Las Vegas Convention Center. Contrary to statements made, this is simply providing the LVCVA with the option to enter into a project labor agreement. It is not mandatory. The reason why a project labor agreement would be advantageous to the LVCVA for the upcoming expansion and renovation project is that we need to get the project completed on time so that the new and renovated buildings can be used by our tradeshow customers, like the Consumer Electronics Show (CES) and a number of other large tradeshows. Providing the space for these tradeshows is critical infrastructure.

I would normally leave it at that, but I can now personally testify to something I was involved with in 1999. The LVCVA entered into a project labor agreement for the construction of the one million-square-foot south hall. I was the LVCVA employee responsible for the implementation and coordination of the project labor agreement for the construction project. In my opinion, the 1999 project labor agreement was critical to the on-time completion of the south hall and allowed one of the largest tradeshows in North America, the CES tradeshow, to use the south hall for their show. This is critical infrastructure, and we need to be able to get it done on time.

Terry K. Miller, Consultant, Las Vegas Convention and Visitors Authority:

I am the acting project director for the expansion and renovation project of the Las Vegas Convention Center. I will echo what you have already heard. The opportunity for a project labor agreement in our process allows us to potentially mitigate a schedule bust within the project itself. I, too, have been involved in projects with project labor agreements and can testify that it allows us to focus on the schedule of the project, as we do have some critical milestone dates that we have to hit.

As stated previously, if this bill is passed, and if the LVCVA decides that a project labor agreement is the route they want to take, we will then begin the discussions to determine the details of the project labor agreement. Once we have successfully identified those details, we will take it back to the governing body of the Convention Center and ask for their approval. There are several milestones in this process, even if this bill is approved.

Assemblyman Ellison:

The first step is to bid this project. Whoever the lowest bidder is at that point can either do a project labor agreement or not. Is that correct?

Luke Puschnig:

The project labor agreement will be a qualification to the bid process, which would then require the contractor to be able to enter into the project labor agreement along with LVCVA, if this bill goes forward.

Assemblywoman Neal:

I would like to talk about section 61.5 of S.B. 1 of the 30th Special Session. It is my understanding that when we passed that bill, it required that at least 15 percent of the project be subcontracted to small local businesses. Now, with the project labor agreement coming into place, how does that affect the percentage in S.B. 1 of the 30th Special Session?

Luke Puschnig:

It makes absolutely no change to section 61.5 of S.B. 1 of the 30th Special Session.

Bill Stanley:

In fact, as I alluded to in the SNWA, we have historically had similar requirements for disadvantaged business enterprises and others. Those requirements were built into that project labor agreement, and they still exist today.

Assemblyman Carrillo:

Can a nonunion contractor work on a project with a labor agreement?

Bill Stanley:

As I stated in my testimony, there is nothing in a public sector project labor agreement that requires the contractor to be union or nonunion. Every contractor, regardless of their status, is eligible to bid and be awarded the contract under a project sector project labor agreement. Excluding any contractor would be a violation of the law.

Assemblyman Carrillo:

The short answer would be yes, correct?

Bill Stanley:

The short answer would be no. No contractor can be excluded. Yes, nonunion or open shop contractors are allowed to work on a public sector project labor agreement.

Assemblyman Carrillo:

Does a construction worker need to join a union to work on a project with a labor agreement?

Bill Stanley:

In Nevada, we are a right to work state. There is no provision in any case that would require an individual to join and/or pay dues to a labor union in order to work on the project.

Assemblyman Carrillo:

Again, the short answer would be no. Is that correct?

Bill Stanley:

That is correct.

Chairman Flores:

Seeing no further questions from the Committee, I will open the hearing for those wishing to testify in support of S.B. 464 (R1). The presenters did a great job in getting us a lot of background information. Please do not feel the need to repeat the same information. Sometimes a simple "ditto" is very strong.

John Wiles, Director, Unified Construction Industry Council, and representing Southern Nevada Building and Construction Trades Council, AFL-CIO:

It is my pleasure today to testify in support of this bill. I am representing the Southern Nevada Building and Construction Trades Council and some of their signatory contractors. We think this is an important bill, and we heartily endorse it.

Danny L. Thompson, representing Local 1872, Laborers International Union of North America, AFL-CIO:

We are in support of the bill as well.

Nathan R. Ring, representing Local 12, International Union of Operating Engineers; and District Councils 15 and 16, International Union of Painters and Allied Trades:

We are in support of the bill. Project labor agreements ensure there is a skilled, trained workforce. It is one thing that I do not think was mentioned in the earlier testimony. Skilled, trained workforces are comprised of individuals who have gone through a registered apprenticeship program with the state in any of the various trades.

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

We are in support of this bill.

Robert A. Conway, Business Agent, Ironworkers Local 433, International Association of Bridge, Structural and Ornamental Iron Workers, AFL-CIO:

We also support this bill.

Chairman Flores:

Is there anyone else in Carson City or Las Vegas wishing to testify in support of the bill? [There was no one.] Is there anyone wishing to testify in opposition to the bill?

Mac Bybee, President and Chief Executive Officer, Nevada Chapter, Associated Builders and Contractors, Inc.:

I would like to make something very clear. The purpose of a project labor agreement is to force hiring through a union hall. There is no other reason for it. Yes, you can exclude open shop from bidding. If a general contractor who has no employees or does not self-perform, I guess he could be included in the open shop percentage. However, how about the subcontractors, such as the electricians and the plumbers? Those are the individuals who lose out. It is not the employer; it is the employees. The workforce of the open shop contractor is who loses out.

What I hear today is there is no intent to mandate a project labor agreement on this project. Then why move forward with the bill? From what I hear, there are some nuances and playing around with some of the terminology. There is no other reason for a project labor agreement. Right now, the LVCVA is reviewing whether they want to do construction manager at risk, design-build, or design-bid-build, all of which will have costs, performance measures, and timelines. The project labor agreement does not include the timeline. Those in the contract with either a construction manager or the prime contractor are going to have those measures.

I would like to talk about a couple of other things since we brought up Greater Nevada Field. Greater Nevada Field did, in fact, bring in out-of-state workers. It did, in fact, according to documents from the City of Reno, run into cost overruns. I would like to read an excerpt from a letter from Jerry Katzoff to then-Mayor Robert Cashell asking for additional funding. It says, ". . . increases in the construction costs of the Triple-A Baseball Stadium along with the costs of developing the Freight House District Entertainment Buildings have pushed our original \$60,000,000 budget to over \$80,000,000." The project may very well have come in on time, but saying it came in under budget is contradicted by the City of Reno documentation.

I hear a lot of local hire talk. If you want local hire, the merit shop contractors are all open hire. Hiring through the labor hall, they have what is called a traveler. That individual comes from another state, and because he registers locally, he is put on the job. He does not live locally and does not spend his money locally. He is here only until the job is completed. In the Greater Nevada Field project labor agreement, it says the contractor recognizes the

union as the sole and exclusive bargaining representative of all craft employees with their respective jurisdictions working on the project within the scope of the agreement. They establish the prehire. They establish all of those measures. However, it does not guarantee the project being on time. It does not guarantee cost-effectiveness. It does not guarantee any of those measures. The only thing it guarantees is discrimination against open shop employees.

Assemblyman Daly:

You said there was no other reason for a project labor agreement except for, in my opinion, the narrow point of view of your argument. Who enters into the project labor agreement? Who decides if there is going to be a project labor agreement?

Mac Bybee:

The project labor agreement is negotiated between the labor hall and the owner of the project. It has nothing to do with the contractor.

Assemblyman Daly:

The one who enters into the project labor agreement is the owner of the project. Do the owners of the projects decide if there is going to be a project labor agreement or decide if one will be negotiated?

Mac Bybee:

Under current law, it is permissible.

Assemblyman Daly:

So the answer to that question is yes. The owner of the projects decides if they want to enter into negotiations with a union for a project labor agreement.

Mac Bybee:

Under current law. Under this bill, if you require a mandate on a project labor agreement, you are forced to enter into it as a condition of the bid.

Assemblyman Daly:

Is there a mandate in this bill that says the project owner has to enter into a project labor agreement?

Mac Bybee:

If there is no intent to mandate a project labor agreement, there is no purpose for this bill, in my opinion.

Assemblyman Daly:

Thank you for your opinion. Is there a mandate in the bill?

Mac Bybee:

There is not one in the bill.

Assemblyman Daly:

That is what I wanted to know. The project owner has the ability to enter into a project labor agreement if they believe it is in their interest. The project owner makes that decision all by themselves. Is that correct?

Mac Bybee:

Under current law, it is permissible for the contractor to enter into a project labor agreement if they choose to.

Assemblyman Daly:

I would just say you are choosing not to answer the question. You know the answer to the question. The answer to the question is yes. Are project labor agreements illegal or not allowed anywhere in the country based on the issues of discrimination that you are talking about? In other words, there have been no findings of discrimination by the U.S. Supreme Court when they specifically said that project labor agreements are permissible by public agencies when they are acting as a consumer of construction services and they make the findings on whether or not it is to their benefit for the purposes of the taxpayers they represent then entered into the agreement. That is what the Boston Harbor [*Building & Constr. Trades Council v. Associated Builders & Contractors of Mass./R.I., Inc.*, 507 U.S. 218 (1993)] decision said, is it not?

Mac Bybee:

I will say I do not need an attorney to tell me what is equitable and what is not equitable. When a certain group is given opportunities and privileges that are denied to another group, that is indeed discrimination.

Assemblyman Daly:

I would like the record to reflect that you refused to answer my question.

Assemblyman Carrillo:

How does a project labor agreement discriminate against open shop employees?

Mac Bybee:

As a condition of project labor agreements that I am familiar with, it is a condition to hire through the labor hall. While there may be prime contractors that do not self-perform, who could be considered open shop, they may be fine with entering into a project labor agreement. However, if there are subcontractors, such as electricians, who chose to work merit shop, they do not have the ability to utilize their own employees outside of the core employees, which was addressed earlier, which was a maximum of seven on a rotating basis. Once the maximum of seven is met, all the hires would go through the labor hall. It is the employee who does not have the opportunity to work, not the contractor.

Assemblyman Carrillo:

How does a project labor agreement exclude open shop contractors from bidding now?

Mac Bybee:

As stated before, open shop contractors can bid it. It is not a question of whether or not the contractor can make money on a project labor agreement, it is a question of can his employees be put to work. That is where my point lies on the disenfranchising of the construction worker.

Assemblyman Ellison:

Why is this bill before us if that is the case? How many of the contractor's own employees can be on the jobsite versus union employees? Is it broken down equally?

Mac Bybee:

As they have been applied in this state, it is seven core employees on a rotating basis. After the seven core employees, it is one from the contractor and one from the labor hall. After 14, the hiring goes entirely through the labor hall.

Assemblyman Ellison:

I would like to get a legal opinion. Why is the bill here if that is the case? I am confused. Maybe we need to find out if we are discussing a bill that should not be here. The Legislative Counsel's Digest on the front of the bill says, ". . . authorizing the Las Vegas Convention and Visitors Authority to require a bidder, contractor or subcontractor to enter into and adhere to an agreement with one or more labor organizations" If they had the authorization, why is this bill needed?

Jim Penrose, Committee Counsel:

My understanding of NRS 338.1405 generally precludes a public body from either requiring or prohibiting an eligible bidder for either entering into or abiding by a project labor agreement. This bill is necessary because it authorizes the LVCVA to require such an agreement. However, for this provision, the provisions of existing law would prohibit the LVCVA from doing that.

Assemblywoman Bilbray-Axelrod:

I do not think I understand how open shop is excluded from bidding. Could you explain that?

Mac Bybee:

I think what we are doing here is splitting hairs. The contractor can bid, but the open shop contractor cannot use their employees past the seven core employees in a project labor agreement. The project labor agreement requires hiring through the labor hall. If you are a construction manager, you do not have carpenters or laborers; you just manage the project and pick out the subcontractors. Under a regular bidding process, you would choose those bidders, union or nonunion, based upon qualifications and responsiveness to the bid. Under a project labor agreement, each one of those subcontractors you are going to pick up, if there is a signatory trade attached to it, then that trade is who you have to hire through as a condition of the project labor agreement.

Chairman Flores:

Is there anyone else wishing to testify in opposition to the bill?

Nathan Foreman, Private Citizen, Las Vegas, Nevada:

I am a journeyman electrician for Helix Electric, Inc. I have worked for Helix Electric for seven years. I am here today to urge you to vote no on S.B. 464 (R1). All craftsmen have an important choice to make when they enter the construction industry. That choice is whether or not to join a construction union. Early in my career, I decided not to join a union, which was the right choice for me. I worked on a variety of large and technically complex construction projects, and I am proud of the work I do. However, if you decide to pass S.B. 464 (R1), I will no longer be able to work on projects in my neighborhood because the project labor agreement prevents me from working on a union-only project. Please do not discriminate against me because I have chosen not to join a union.

Crystal Hurst, Private Citizen, Las Vegas, Nevada:

I work for Helix Electric, and I have enjoyed steady work, good benefits, and pay. I am part of 85 percent of Nevada's labor force that is nonunion. I am here today to urge you to vote no on S.B. 464 (R1), which would allow project labor agreements on publicly funded construction projects. If S.B. 464 (R1) passes, I will no longer be allowed to work on any construction projects with a project labor agreement unless I join a labor union, which I have freely chosen not to do. I urge you to vote no on S.B. 464 (R1).

Robert Sedillo, Private Citizen, Las Vegas, Nevada:

I am an apprentice working for Helix Electric. I live and work in Las Vegas. I am here today to urge you to vote against S.B. 464 (R1), which would allow discriminatory project labor agreements on publicly funded construction projects. Senate Bill 464 (1st Reprint) is anticonstruction worker and antitaxpayer. The bill would prevent me from working on constructions projects that my tax dollars help fund. I would be unable to work on construction projects in my own backyard because of discriminatory project labor agreements. I urge you to vote no on S.B. 464 (R1).

Jose David Dominguez, Private Citizen, Las Vegas, Nevada:

I am an apprentice working for Helix Electric. I have worked for Helix Electric for the past four years and have had the opportunity to build some of the largest and most interesting construction projects throughout Las Vegas. All of that could end if S.B. 464 (R1) is enacted. I am sure the Legislature is aware that construction projects built under project labor agreements end up costing 15 to 18 percent more than projects that are built without a union only agreement. Furthermore, a significant number of construction companies will refuse to bid a project with a project labor agreement requirement. Common sense tells us if you reduce the number of bidders, the construction costs are bound to increase. I urge you to vote no on S.B. 464 (R1).

Chairman Flores:

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

Bill Stanley:

As was testified to before, there is nothing in a project labor agreement that requires even the language of core employees. That is a determination when negotiations start on what is going to be in the project labor agreement. There is no provision of law that requires the negotiation of core employees. In Nevada, that was the result of two project labor agreements that were negotiated over 20 years ago to address a specific need the SNWA and McCarran International Airport were trying to address and the circumstances they were faced with in the bidding climate. I do not have a crystal ball. I have negotiated contracts for 25 years. I have no idea what the negotiations may or may not bring if this bill passes and if the LVCVA decides to enter into a project labor agreement or even the discussions or negotiations over a project labor agreement. To claim that somehow there is a mandate to have core employee language in a collectively bargained agreement, I do not know where that comes from. There is no mandate in law. There is absolutely nothing that prohibits general contractors or subcontractors, union or nonunion, to bid on a public sector construction project that has a project labor agreement attached to it. In fact, 40 percent of the contractors, both general and subcontractors, who have bid on the Las Vegas Valley Water District have been open shop or nonunion contractors. It is more misinformation about what this is, and what it is not. I hope that answers your questions.

Assemblyman Ellison:

If the LVCVA enters into a project labor agreement, does that mean the contractor can use 50 percent of his employees and 50 percent from the labor hall? You said there is no such thing as a core employee agreement.

Luke Puschnig:

It depends on what is set forth in the project labor agreement. I have seen all different types of agreements, including core employees and half-and-half. It all depends upon how it is negotiated in regard to the number of employees for core or noncore. I cannot tell you exactly what the project labor agreement will state, but it is subject to negotiation and subject to the approval of the board of directors.

Assemblyman Ellison:

Will the board of directors make that decision?

Luke Puschnig:

In the end, yes, they will.

Assemblyman Daly:

I know we heard from the gentleman in Las Vegas who said he made a conscious choice about his work environment and what type of work he would accept. Do you have any rules about anyone coming in and working under the opportunity that has presented itself? In other words, there is an opportunity to go to work under certain conditions. If individuals do not like those conditions, they do not have to work. Everyone is free to make that choice for themselves. He would be making the choice not to work on this project, not the LVCVA preventing him for working.

Bill Stanley:

In Nevada, there is absolutely no way to discriminate.

Assemblyman Daly:

It would be the worker's choice. Is that correct?

Bill Stanley:

It would be his choice.

Assemblyman Daly:

He made the choice and chose not to work union. If he decided not to work on this project, it is not the LVCVA prohibiting him, it is his choice. I believe that was his testimony and that is the way it is. Everyone is going to have the choice to take the opportunity or not take the opportunity based on whatever their free will is. Is that a true statement?

Bill Stanley:

That is a true statement. It is an individual's choice. In fact, if I were a journeyman anything, I could walk in as a nonunion individual into any union hall in Nevada and request that my name be added to their unemployment list. I could be dispatched from the union hall, and there is nothing that the union can do to prohibit me from coming into the union hall and adding my name to the open employment list and being dispatched. In that case, I would not have to pay union dues and still be on the list. There is a lot of misinformation about who can and cannot be dispatched.

Chairman Flores:

I appreciate the dialogue. For those of you who testified in Las Vegas, I always appreciate when private citizens take advantage of our process. I very much respect the members of our community coming out today. I will close the hearing on S.B. 464 (R1). Is there anyone here for public comment? [There was no one.] This meeting is adjourned [at 10:54 a.m.].

RESPECTFULLY SUBMITTED:

Lori McCleary
Committee Secretary

APPROVED BY:

Assemblyman Edgar Flores, Chairman

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

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

[Exhibit C](#) is the Work Session Document for [Senate Bill 7](#), presented by Jered McDonald, Committee Policy Analyst, Research Division, Legislative Counsel Bureau.

[Exhibit D](#) is the Work Session Document for [Senate Bill 16](#), presented by Jered McDonald, Committee Policy Analyst, Research Division, Legislative Counsel Bureau.

[Exhibit E](#) is the Work Session Document for [Senate Bill 22](#), presented by Jered McDonald, Committee Policy Analyst, Research Division, Legislative Counsel Bureau.

[Exhibit F](#) is the Work Session Document for [Senate Bill 44](#), presented by Jered McDonald, Committee Policy Analyst, Research Division, Legislative Counsel Bureau.

[Exhibit G](#) is the Work Session Document for [Senate Bill 45](#), presented by Jered McDonald, Committee Policy Analyst, Research Division, Legislative Counsel Bureau.

[Exhibit H](#) is the Work Session Document for [Senate Bill 57 \(1st Reprint\)](#), presented by Jered McDonald, Committee Policy Analyst, Research Division, Legislative Counsel Bureau.

[Exhibit I](#) is the Work Session Document for [Senate Bill 105 \(2nd Reprint\)](#), presented by Jered McDonald, Committee Policy Analyst, Research Division, Legislative Counsel Bureau.

[Exhibit J](#) is the Work Session document for [Senate Bill 148](#), presented by Jered McDonald, Committee Policy Analyst, Research Division, Legislative Counsel Bureau.

[Exhibit K](#) is the Work Session Document for [Senate Bill 160 \(1st Reprint\)](#), presented by Jered McDonald, Committee Policy Analyst, Research Division, Legislative Counsel Bureau.

[Exhibit L](#) is the Work Session Document for [Senate Bill 202](#), presented by Jered McDonald, Committee Policy Analyst, Research Division, Legislative Counsel Bureau.