

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

**Seventy-ninth Session
March 2, 2017**

The Senate Committee on Revenue and Economic Development was called to order by Chair Julia Ratti at 3:39 p.m. on Thursday, March 2, 2017, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Julia Ratti, Chair
Senator Aaron D. Ford, Vice Chair
Senator David R. Parks
Senator Ben Kieckhefer
Senator Michael Roberson
Senator Heidi S. Gansert
Senator Patricia Farley

GUEST LEGISLATORS PRESENT:

Senator Pat Spearman, Senatorial District No. 1

STAFF MEMBERS PRESENT:

Russell Guindon, Principal Deputy Fiscal Analyst
Joe Reel, Deputy Fiscal Analyst
Colleen Lennox, Committee Secretary
Tina Nguyen, Committee Manager
Lex Thompson, Committee Secretary

OTHERS PRESENT:

Mary Walker, Carson City; Douglas County; Lyon County; Storey County
Jeff Page, County Manager, Lyon County
Greg "Bum" Hess, Storey County
Dagney Stapleton, Deputy Director, Nevada Association of Counties

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Cheryl Blomstrom, Interim President, Nevada Taxpayers Association
Jared Busker, Policy Analyst, Children's Advocacy Alliance
Jodi Tyson, Three Square
Jon Sasser, Statewide Advocacy Coordinator, Washoe Legal Services
Marlene Lockard, Nevada Women's Lobby; Human Services Network
Bryan Wachter, Senior Vice President, Retail Association of Nevada
Ray Bacon, Executive Director, Nevada Manufacturers Association

CHAIR RATTI:

We are hearing Senate Bill (S.B.) 54 and Senate Bill 147 and will start with S.B. 54.

SENATE BILL 54: Authorizes certain smaller counties to approve additional uses of the proceeds of a tax for infrastructure. (BDR 32-341)

MARY WALKER (Carson City; Douglas County; Lyon County; Storey County):
All of our four counties rise in support of Senate Bill 54. My testimony ([Exhibit C](#)) explains the changes over the last 11 years and the challenges the 4 counties have faced. We intended the tax to be for services and supply costs, not salaries and benefits. We have two amendments to clarify those items that I will address ([Exhibit D](#) and [Exhibit E](#)).

In [Exhibit D](#), the first amendment to S.B. 54 adds "for services and supplies" and "excluding salaries and benefits" to section 1, subsection 3, paragraph (g).

The second amendment, [Exhibit E](#), is in conjunction with the Nevada Taxpayers Association (NTA) interim president Cheryl Blomstrom. We met with her today regarding problems NTA may have with this bill. Her recommendation was to remove the S.B. 54 language on page 3, lines 24 and 25, "or any other governmental function other than a facility described in paragraphs (a) to (e), inclusive." We included the removal of the language "other governmental function" because NTA felt it was too broad. The four counties are in agreement.

With NTA's suggestion, we are adding section 1, subsection 3, paragraph (j), "The board of county commissioners shall review the plan adopted pursuant to subsection 7 of [*Nevada Revised Statute*] NRS 377B.100 every 4 years." Therefore, every four years we will review the plan on how the infrastructure monies are used.

JEFF PAGE (County Manager, Lyon County):

Before you is a request ([Exhibit F](#)) to amend NRS 377B to allow us to utilize the .25-cent sales tax for operational expenses dealing specifically with contract-type issues. It is our goal to utilize this funding for short-term operations, which is a broad definition. We support NTA's four-year review addition. That will remind the Board of County Commissioners every four years to make sure the .25-cent tax is still necessary. Folks will tell you government never gives up taxes. Over the years on a number of occasions, we have either eliminated or reduced taxes.

Our goal is to keep us moving until things start to turn around economically for Lyon County. Many portions of the State have already started to see recovery. We are in the beginning phases. We anticipate with the additional growth coming our way with the USA Parkway and Tesla effect in the next three to eight years that we will start to see things turn around. In the meantime, we are paying 541 percent more to the State for services than in 2011. In 2011, 32 percent, or about 121 positions, of our workforce was eliminated. We have only replaced three or four of those positions. In some instances, we do not need those positions back. We have either found more efficient and effective ways or it is a service we no longer provide, so the positions are no longer necessary.

Our biggest concern is that we have gone from a small rural county jail of 50 beds in about 2004, which was approximately 120 inmates, to 184 beds with a daily average of 85 inmates. We are no longer a small rural county with a 13,000 population. We are at a 53,000 to 54,000 population. The intensity of our crime level has changed drastically over the last ten years. When I left the sheriff's office, we averaged a homicide about every three years. We now have two or three homicides a year. If you are from Las Vegas, that does not seem like a large number. When you are from Lyon County, two or three homicides a year is a lot. We had our first capital murder case in Lyon County's history this last year. The gentleman was sentenced to death and is in our State prison system.

This information is important because one of the issues we face in rural Nevada is the challenge with health care. In the next two years, we are looking at having to contract medical services for our facility instead of going through one of our local physicians at the hospital. They are also challenged with providing

some of those services. The cost is approximately \$500,000. Recently, the food service program changed from what we had in the past. Inmate labor provided the majority of the work to prepare meals. Rules and regulations have changed. Now we are dealing with dietary issues like religious and medical diets. We have contracted with a food service company to provide that service for us to reduce our liability on those issues. That costs about \$300,000 per year.

We generate about \$900,000 a year on the .25-cent sales tax. The building Ms. Walker was discussing is complete with the exception of about 10,000 to 12,000 square feet. The funding is set aside to finish that construction and move the District Attorney's (DA) office of Lyon County there. That location will consist of the jail, sheriff's complex, two Third Judicial District Courtrooms, Walker River Justice Court and Sheriff's Administration, including the DA's office.

If we eliminate the .25-cent sales tax, how will we be able to fund ongoing expenses? We anticipate things starting to turn around for us with the hope of some new mining ventures, manufacturing and other operations happening in the central Lyon County corridor. Our goal with this bill is quite simply to give the Board of County Commissioners in rural Nevada the ability to utilize this funding for something besides construction projects and to help them get through tough times to move things forward. It was never our goal to use it for labor costs or any of those types of things. It was to deal specifically with contracts. After you build something, how do you get it going and keep it up and running until you are able to use other taxes?

GREG "BUM" HESS (Storey County):

They hit it on the head and said everything I was going to say. I just want to let you know that Storey County and its schools are in full support of S.B. 54.

SENATOR FORD:

On the second amendment, I have questions about "any other governmental function." Where does it stop? Is there a period after "health and welfare" in S.B. 54 on page 3, lines 23 and 24?

MS. WALKER:

Yes sir. After "health and welfare," it would be a semicolon.

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SENATOR FORD:

On the first amendment, section 1, subsection 3, paragraph (g) has the additions "for services and supplies" then "excluding salaries and benefits."

MS. WALKER:

That is correct sir.

SENATOR FORD:

I wanted to clarify that. I see Storey County is interested. Because this applies to counties of 100,000 or less, are other counties interested in utilizing this as well? Have you heard from other counties?

MS. WALKER:

We have the Nevada Association of Counties (NACO) here today, and they will put some things on the record. I sit on the Committee on Local Government Finance, which oversees local government finance in Nevada. One of our responsibilities is to make the decision whether the State is going to take over the finances of a jurisdiction if it has a severe financial emergency. Right now, we are looking at Nye County and Nye County Hospital. The terminology is a tool that Nye County could use toward its hospital for health and welfare. We do think it is also going to help in other areas.

SENATOR FORD:

Okay. Thank you.

SENATOR KIECKHEFER:

In your amendment, when you talk about the reason, it is for the ability to pay for operation and maintenance of facilities. Is it exclusive to operation and maintenance of facilities that the .25-cent sales tax was used to construct? Or is it for any facility within the county?

MS. WALKER:

Yes, it is only those facilities that this money is used to construct.

SENATOR KIECKHEFER:

It is directly linear.

CHAIR RATTI:

We will take testimony in favor of S.B. 54.

DAGNEY STAPLETON (Deputy Director, Nevada Association of Counties):

We are in support of S.B. 54. In answer to Senator Ford's question, we have heard from many of our other rural county members that they are experiencing hardships funding basic services as well as infrastructure needs of many kinds. That includes the operation and maintenance of facilities related to public safety and health. The NACO supports Lyon County in their request to expand how they can use the monies in their infrastructure fund.

CHERYL BLOMSTROM (Interim President, Nevada Taxpayers Association):

The Nevada Taxpayers Association is testifying in the neutral position. We very much appreciate Storey County and Lyon County working with us so that we can express some of our concerns. The narrowing of the bill provided you by way of amendments is a lot closer to what we would consider the tax policy. We appreciate the fact that the operation and maintenance money would go to the building that was constructed using that increment.

CHAIR RATTI:

I thank the folks who brought the bill forward for anticipating some of our questions and regarding the broadness of the language and how that money could specifically be used.

I place written testimony in support of S.B. 54 from Pat Whitten, Storey County Manager, Storey County Commissioners' Office ([Exhibit G](#)).

We will close the hearing on S.B. 54 and open the hearing on S.B. 147.

SENATE BILL 147: Authorizes tax credits for employers who assist employees in finding and paying for day care. (BDR 32-56)

SENATOR PAT SPEARMAN (Senatorial District No. 1):

Thank you for hearing this very important bill with respect to not just family values but valuing families.

Today I am here to present S.B. 147 for your consideration. This bill is identical to S.B. No. 346 of the 78th Session, which received a hearing but was not acted on by the Committee. Senate Bill 147 allows businesses that help pay the cost of day care for any child of an employee to get a credit against the Modified Business Tax (MBT) in an amount equal to 50 percent of the amount

paid or cost incurred by the employer for such assistance, not to exceed \$2,500 per employee per year.

The bill also allows a tax credit for the cost incurred by an employer in providing information or referral services to employees to help find childcare. This tax credit can be carried forward if the credit is greater than the employer's MBT liability for that year.

Madame Chair, I am sure that you and the members are acutely aware of the burden of childcare costs on Nevada working families. According to Child Care Aware, the average cost of childcare in Nevada is over \$9,000 per year. The Children's Cabinet reports that weekly rates in Clark County for an infant are \$200 or more per week, which equates to over \$10,000 per year. You can see the choice of having children is becoming more and more difficult for lower- and middle-class families. The cost of childcare for a low-wage worker is a staggering percentage of their annual income.

To further bolster the importance of encouraging employers to help their employees find childcare, we need to consider the benefits of good quality childcare and early childhood education.

The President's Council of Economic Advisors (CEA) report, "The Economics of Early Childhood Investments," found that expanding early-learning initiatives would provide benefits to society of roughly \$8 for every \$1 spent.

The CEA found that high-quality early education could narrow the achievement gap and bolster children's earnings later in life. The overall cost of providing early childhood education would deliver economic benefits outweighing the cost of providing a comprehensive early childhood education program.

Research has established that early childhood education is crucial to children's success. Providing opportunities for single parents and married couples to enter and stay in the workforce is critical to families financial sustainability. According to the National Women's Law Center, "The tax codes of the federal government and over half the states provide some assistance to families in meeting their employment-related care expenses. However, many states provide little or no tax assistance to families struggling to pay for the care that is so essential to their economic well-being."

Since Nevada does not have a personal income tax, it is harder to find ways to provide credits to working families. They need help locating and paying for quality care and early educational opportunities for their children.

Once again, I am urging your support of an incentive for Nevada's employers to assist their employees in covering the expense of providing or finding childcare not to exceed \$2,500 per employee per year.

I have a friendly amendment that would apply a means test of 85 percent of the median income in Nevada. The median income in Nevada for families is \$63,206, so 85 percent of that is roughly just north of \$50,000. That also helps them to close the gap between the \$9,000 and \$10,000 that I talked about with respect to an infant.

The benefits are not just to the employees, but the employer has a more stable workforce. Employees, who do not have to worry about quality childcare because they are not worrying if a babysitter is going to show up or if they can afford day care the next week, are more productive employees.

Back in the 1980s, people would take lower-paying jobs if they had better health care benefits. For employers, this also means they are more competitive with some of the others in their same industry.

Hopefully, this is a bill you will seriously consider in a positive way.

SENATOR KIECKHEFER:

I agree with a lot of what you said. I have always been struck that it costs more to put your kid in day care than sending them to a university in this State. I do have a concern with the amendment, particularly as it relates to the percent of median income. It seems to me like an administrative nightmare for businesses. They have to be considering income coming into a household that they have no control over. Would you expect the employer to collect total household income for all of their employees to determine whether they are eligible for the tax credit?

SENATOR SPEARMAN:

Senator Kieckhefer, it is not necessary for an employer to figure out the entire family income in the way the bill is written. We can make it more explicit with

respect to language. It is according to the amount that the employer pays that employee.

SENATOR KIECKHEFER:

I understand. But if you want a means test to 85 percent of median household income, then the employer is only eligible for the tax credit based on total household income and not the income of the specific employee. It could be a two-income household which would make median, whereas if that employer calculates only the employee's income, it may be under 85 percent. Looking at total household income with another income source would be above that median and therefore ineligible.

SENATOR SPEARMAN:

We can add more specificity to the way the bill is written. I checked with Legal. I am not expecting the company to figure out if its employee has a partner, married or whatever; it is based on that employee's salary. For example, the median is \$63,000-plus a year and the person makes \$52,000, which would be below that \$63,000. The employer goes to human resources, payroll or whoever handles that aspect of the business, with the cutoff line. The employer asks how many employees it has at or below this level. The employer then decides whether it wants to participate. It is not your entire family income, it is just about what that employer is paying that employee. I understand you are saying if it is 85 percent, how do you know. We could also add language that says the employee would certify under penalty of perjury that this is his or her true salary.

It does not cost the employer anything except saying the employer wants to participate and receive the \$2,500 a year plus the 50 percent amount coming off their MBT.

SENATOR KIECKHEFER:

I liked it without the means test because it was clean and a lot easier to implement. A business that has one employee making \$52,000 a year as the sole source of income would be eligible for that tax credit up to \$2,500 for the base on the MBT. However, if the spouse makes \$500,000 a year, you have a total household income of \$552,000. That \$52,000 the one employee makes would not be eligible under the proposed amendment. It was irrelevant in the bill as originally presented. That was one of my primary concerns.

How would a business go about calculating how much its expenses are in referrals and things like that?

SENATOR SPEARMAN:

It is really just up to the \$2,500. The employer might have a program like the Employee Assistance Program (EAP). The employer tells you how much or where its childcare facilities are close to the employee. Whatever the cost of that program is what its amount would be.

SENATOR KIECKHEFER:

Is the \$2,500 a cumulative amount between any actual direct benefit a company would provide in terms of a subsidy as well as the cost of referral services?

SENATOR SPEARMAN:

Yes, the cap is \$2,500 per year.

SENATOR ROBERSON:

What is the estimated impact on the State budget with the tax credits?

SENATOR SPEARMAN:

It is difficult to calculate that with certainty because we do not know how many people would qualify. Column B of my presentation ([Exhibit H](#)), shows what the industries would pay. My suspicion would be, according to the information that I looked at today, 20,000 families have children under the age of 6. You might look at that and say what percentage are we talking about? Maybe 50 percent, maybe 35 percent. We are not sure what the impact on the budget would be. Providing this as an opportunity for low- and middle-income families, the benefits outweigh any risks.

SENATOR ROBERSON:

I like the concept and idea behind the bill, but we have to know some sort of ballpark figure how this is going to affect our revenues. It is pretty important. We have had trouble with tax credits in the past, and we are still paying for them, which include bills I have proposed.

SENATOR SPEARMAN:

With a little more work, our fiscal analyst might be able to come up with some figure that might be appropriate. As I said before, we do not know how many families would qualify.

CHAIR RATTI:

It is going to be like the estimates in the Economic Forum for recreational marijuana taxes. We make an estimate for you, but we have to see what happens because we have not done it before. We could look at some other states and see what the impact has been on their budgets.

SENATOR ROBERSON:

Perhaps a statewide aggregate cap so we have some certainty on the maximum impact it would have on our budget?

CHAIR RATTI:

Thank you for that suggestion. I will ask for a future meeting to determine if we have an aggregate cap. I know we do in some of our economic development abatements, but if there is anything else along those lines, we could take a look at that.

SENATOR GANSERT:

We all recognize how expensive childcare is, so I appreciate the legislation. I was trying to figure out what a referral service would be and how much it would cost. If part of the funds of the \$2,500 per employee is taken away for a referral, I would like to get an idea of what that would be.

SENATOR SPEARMAN:

The employer would provide a person or company that would be able to tell you where the childcare facilities are in your area. Whatever the employer is paying the referral service per employee, the cap is \$2,500.

SENATOR GANSERT:

That money still is not paid for the services, it is paid for a referral. If it is a large company, I could see how they could employ somebody to help refer out; but if it is an agency, is it \$50 or \$100 for someone to go get a referral? How does that work?

SENATOR SPEARMAN:

A contractual arrangement would be made between the company that has the referral service and the company that hires the referral service.

SENATOR FARLEY:

I use referral services, care.com and such. Part of the concept involves a fee to access that service, and then there are administrative fees beyond just the cost of direct childcare. That can cost a family \$200 to \$500 just to go through the process of getting somebody either background-checked and out to their home, or if they have to use the service again. That is without even paying for the hours of childcare costs. Those costs get to be fairly burdensome to find a facility that has been background-checked. That is my understanding as a parent. I hope you are planning on paying for that in your bill as well because that would be helpful.

SENATOR SPEARMAN:

That is the concept. It will be different for every company or employee, based on wherever they live in the State. It is the contractual arrangement made between the employer and whatever company or agency it uses to ferret out that information.

SENATOR KIECKHEFER:

The way I read the bill, I am not sure if the situation that Senator Farley was referring to applies. These programs have to qualify as employer-based programs under the federal code. The administrative expenses, as written in the bill, are for the business, not the individual receiving the benefit.

SENATOR FARLEY:

An EAP would qualify as an example because you can add a referral service under such a program. You can use care.com, but similar services qualify underneath the EAP. Those services and fees would probably qualify.

SENATOR KIECKHEFER:

As long as it is an expense incurred by the business and not the parent.

Another question relates to the number of employers that may already provide this service and would utilize the tax credit versus those that might be incentivized. Is there a sense as to how many businesses are already providing on-site childcare or this service as a benefit to their employees? If we put in a

\$5 million cap or something like that, is it going to get eaten up by employers that already provide it rather than incentivizing new creation for help to families?

SENATOR SPEARMAN:

I do not know that we have information available in terms of how many employers are already providing that service. If you are suggesting some type of friendly amendment, I am willing to work with you to figure out how we can do that so it does not take too much from our budget.

SENATOR KIECKHEFER:

I am just curious what is already out there. I do not have a specific idea in mind, but I would rather find a way to make it work.

SENATOR FARLEY:

From a parental point of view, Las Vegas does not have many choices for childcare services. If I pay for somebody's childcare now, it goes through MBT, so it is considered part of payroll. That means I pay not only for every dollar, I pay the extra 16 cents. If it is being done, it is being done under the table, or they are finding more creative ways to handle the childcare.

I have a ballpark estimate of what it may cost from looking at other states. It would be about \$10 million to \$10.5 million if fully utilized by the potential amount of people who may access these services, based on what Senator Spearman has laid out as qualifiers for being able to participate.

SENATOR SPEARMAN:

To your point Senator Farley, that was one of the benefits of the means testing. It does reduce that amount significantly. If we are looking at means testing or just saying anyone can use it, the means test seems a better way.

SENATOR KIECKHEFER:

The MBT, paid on a quarterly basis, is a predictable tax for employers. They know how many people they are hiring. Commerce tax sometimes is not. Have you thought about expanding it to other General Fund tax revenues? Sometimes, people can be surprised with the larger commerce tax liability at the end of the year. They may want to save up their credits against something that they have less predictability over.

SENATOR SPEARMAN:

That has been a thought. One of the downsides would be you do not pay the commerce tax until you are at \$4 million. We could consider that and maybe weigh the cost versus the benefits, but the MBT is a little bit cleaner way to go. Every employer has an opportunity to access that.

To Senator Farley's point about the amount, according to 26 USC section 129, when you pay for someone's childcare, that is not counted against his or her gross income. If the income is \$52,000 and the cost of the childcare is \$10,000, the employee does not make \$62,000. The income is \$52,000 and the \$10,000 is just a benefit.

SENATOR FORD:

The notion of allowing the credit to kick in on a commerce tax at the juncture when a company has to pay the commerce tax may be worth considering. You could say the tax credit goes against MBT until you pay the commerce tax. Or you can provide the alternative to companies that pay the commerce tax as to how they want to take the credit. It is all fundable at \$2,500, so along the lines of what Senator Kieckhefer said, it might be worth looking at.

SENATOR SPEARMAN:

I am open to whatever amendments we need to do to this because it is too important to our hardworking families in Nevada. If there are amendments we need relative to the cost to businesses and whether there is a choice between MBT or commerce tax, I am willing to look at that to make it work.

I was at a town hall yesterday evening hosted by Supplemental Nutrition Assistance Program (SNAP). I listened to a single mother in her 30s who talked about how she had a job, but lost family members who were taking care of her child as they could no longer help. She worked as long as she could trying to juggle both of those but eventually quit working because she did not have anyone to take care of her child. We talk a lot about family values. We are big on tooting the horn about family values, but you cannot have family values without valuing families. This is certainly one of those areas that would send a significant message that in Nevada, we value our families.

SENATOR PATRICIA FARLEY (Senatorial District No. 8):

Today I am testifying in support of Senator Spearman's bill, S.B. 147, that provides tax credits to Nevada employers that help their employees pay for or

find childcare. Senator Spearman has eloquently explained the challenges faced by many working families to find affordable childcare, the importance of good childcare and early education opportunities, and how this bill will incentivize employers to help.

As a working mom of two children and as an employer, I know firsthand the stresses of finding good quality childcare so that I can go to work knowing my children are not only safe but being exposed to critical learning experiences in their developmental years. Their early years, infants up to five years of age, are especially critical. Ninety percent of the brain growth occurs during this time. Like most things in life, you get what you pay for, and this puts lower- and middle-income families who often need assistance in a difficult situation.

Employers will certainly benefit from helping their employees pay for good childcare. Those employees will be able to concentrate on their jobs, knowing their children are in good hands. I will close by restating that any help we can give parents to find good affordable childcare is critical in caring for children to grow up and be a part of the workforce tomorrow. I support this bill.

JARED BUSKER (Policy Analyst, Children's Advocacy Alliance):

I want to thank Senator Spearman for her openness and willingness to work with me to implement our friendly amendment ([Exhibit I](#)). The Children's Advocacy Alliance is in full support of S.B. 147 with our friendly amendment.

The amendment establishes an income eligibility requirement by requiring employees to be living within the 85 percent of Nevada's median income. Senator Kieckhefer, we recognize the potential issues with actually implementing that. The income requirement is based off of our childcare subsidy program. That is the income we have, so we are trying to mirror that. We would be open to working with you or Senator Spearman to revise the language so it is implemented correctly.

The second amendment is to require the vouchers or payments to be provided to childcare facilities that actively participate in Nevada's Silver State Stars Quality Rating and Improvement System, which is our program that tries to ensure that those centers are based on quality. As Senator Spearman mentioned in her presentation, high-quality childcare benefits children immensely. If the State is paying for care, we want to make sure we are paying for quality.

CHAIR RATTI:

Is that only professional off-site childcare? What about the smaller childcare center with five children in someone's home? What does that really include for those of us who are not familiar with that rating?

MR. BUSKER:

To my knowledge it is based on childcare centers, but they will be expanding to the family home providers. Due to limited resources and coaches who can actually coach up the quality, they have not expanded to that level. They should be able to make a wait list for that.

CHAIR RATTI:

My concern would be creating a well-intended, high-quality childcare program that nobody's children can get into.

MR. BUSKER:

The amendment encourages them to participate. They would not have to be rated based on quality. They would have to be willing to take steps to move toward quality. We would expect every center receiving this tax credit and serving the children benefiting from the tax credit to willingly make that commitment.

JODI TYSON (Three Square):

I am representing Three Square food bank and the Food Bank of Northern Nevada. The food banks care about quality and affordable day care for low-income working parents and guardians. We desire to see an expansion in the number of childcare providers that are participating in the provision of healthy meals available through the Child and Adult Care Food Program (CACFP). It is a federal meal and nutrition program available for children who participate in full-day day care. It provides breakfast, lunch and a snack. Fifty percent of the children in either the home, a small day care or even a large facility meet the CACFP qualification based on the same types of eligibility incomes as schools. That is approximately 50 percent for the children of low-income families.

We support the effort and want to see this as an expansion opportunity to provide that affordable day care to low-income families. We would also like to see more childcare facilities participating in healthy meal programs for those kids.

I am here today to speak on behalf of Stephanie who is one of our SNAP recipients. She came yesterday for SNAP Advocacy Day. Stephanie asked me to share her story because she could not be here as she had to be at work today.

She has two children under the age of three. Family and friends help her with childcare. They are helping to take care of her two girls on a daily basis, shuffling the girls around to accommodate their own work schedules. Stephanie's day care assistance application took over a month to be approved, and she was told she could be on the wait list for six months. In the meantime, on every weekday, Stephanie's disabled 70-year-old grandmother, is babysitting her two-year-old daughter. Her infant daughter is shuffled between a friend and her mother amid their own work schedules. She does not find this to be ideal. Stephanie said sometimes she feels like her two-year-old daughter is helping to care for grandmother. Whenever the grandmother needs anything, it is the two-year-old who tries to get it for her. She is hoping to be able to access a day care assistance program in the future. Programs like this would help pay for childcare with the \$2,500 credit. If there was an opportunity for her to bring her daughters to work in a day care facility at her job as a benefit from the employer, those kinds of incentives would be terrific for Stephanie.

JON SASSER, (Statewide Advocacy Coordinator, Washoe Legal Services):

I want to thank Senator Spearman for bringing this bill. We are in full support. You might say why do we need this because we already have a State program that helps people in these situations. I was present for the budget hearing on the Division of Welfare and Supportive Services this morning, and they have a list of 2,144 children waiting for services. Division funding can serve those who are on Temporary Assistance for Needy Families (TANF) trying to leave assistance and those whose incomes are so low they would qualify for TANF. Then the at-risk-of-falling on TANF group is where this waiting list takes place.

The State, relying almost solely on federal funds for this support, does not know what the future is going to look like. Before the Great Recession, we put in about \$8 million per year in State dollars in addition to federal funds. Now that is down to \$2.5 million per year. The State's commitment has cut back in that area. The money does not go as far. The federal government just imposed requirements on the states that their rates be of a high enough quality on this program to get quality service as good as that of people who are paying privately. We have been paying 75 percent of the 2004 market rate under our

State program. We are now bringing that up over a period of time, but that will, as Mr. Busker mentioned, require going through this program to upgrade the quality of our childcare facilities. The Welfare Division could certainly provide that information to the Committee. With that background, we are in full support of making this a public-private partnership and have private businesses help support the employees.

MARLENE LOCKARD (Nevada Women's Lobby; Human Services Network):
Both entities strongly support this legislation.

BRYAN WACHTER (Senior Vice President, Retail Association of Nevada):
I want to thank Senator Spearman for the bill and opening this up for debate. We think good childcare is an absolute necessity for working families. It is necessary for the ability to not have to juggle working on a career, building yourself up, gaining skills and trying to figure out if your kids are safe where they are. Historically, our Association has been against credits, abatements, exemptions, things that typically narrow the base of a tax. The rate expands on everybody else in that category when the State looks for additional revenue increases. For instance, on the MBT since 2005, I believe we have had Legislative Sessions end with at least an MBT increase in order to balance the General Fund.

As an idea, so I am not coming up here empty-handed, I think looking at a program that might increase the MBT to a certain level, knowing the Senator from District No. 8 suggested somewhere between \$10 million to \$10.5 million. If the State were to appropriate a certain amount of dollars toward something like a health savings account but specifically for childcare, then an individual, under whatever means test the Legislature wanted to put forward, with whoever administers the fund, would be able to apply for a grant-like program for a certain amount of money for health care. That would give more options in allowing how many dollars an employer could get and how many people could apply. You would have a better idea understanding exactly what that expenditure would have to be.

RAY BACON (Executive Director, Nevada Manufacturers Association):
Let me just tag on to what Mr. Wachter has said. The MBT has proven to be absolutely our most stable and most dependable tax source. At this stage, that is one thing we do not have in most of the rest of the taxes. To start playing around with that causes me concerns, causes members some concern. I did a

rough calculation and \$10.5 million is only 4,200 children served. That is not a big number, so I question that \$10.5 million would be enough. The MBT, from an employer's standpoint, is far and away the simplest tax to comply with. It is simple, it is stable, it is dependable and it is one of the taxes that the Economic Forum takes about three minutes on. Everybody knows what the number is going to be, and they get within a tenth of a percent every time.

I understand and agree with what Senator Spearman is trying to do. I am not sure we have the mechanism to wind up with something workable that is reasonable for employers to comply with, and reasonable for people to access and use without being substantially greater than what we are looking for at this stage. We are not against S.B. 147, it needs a lot more work before it is ready for fund time.

SENATOR SPEARMAN:

I am open and willing to work with anyone who would like to put some amendments forth that will make this work. This is so important. We have a lot of hardworking families who were hit hard during the recession and just now coming back. If you can imagine someone with an infant who is in a minimum wage job, \$8.25 per hour or \$7.25 per hour, comes nowhere close to the \$10,000 per year that he or she would have to spend for an infant.

We talk about family values, it is time for us to talk about valuing families. We have to work hard for hardworking people, and this one of the ways we can do this. I would encourage your support. My door is open. We can work on it, but this is something that we really must get out of both Houses in the affirmative so that people who work hard here in Nevada know that we care about them. It is not just about family values, it is about valuing families.

CHAIR RATTI:

Thank you, Senator Spearman and everybody who has been here to testify. Here is the invitation to come see Senator Spearman if you would like to work with her on making this bill successful.

I place written testimony in support of S.B. 147 from Aviva Gordon and Amber Stidham for the Henderson Chamber of Commerce ([Exhibit J](#)).

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March 2, 2017
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CHAIR RATTI:

We will close the hearing on S.B. 147. This meeting is adjourned at 4:38 p.m.

RESPECTFULLY SUBMITTED:

Lex Thompson,
Committee Secretary

APPROVED BY:

Senator Julia Ratti, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	4		Attendance Roster
S.B. 54	C	1	Mary Walker / Carson City; Douglas County; Lyon County; Storey County	Written Testimony
S.B. 54	D	1	Mary Walker / Carson City; Douglas County; Lyon County; Storey County	Proposed Amendment
S.B. 54	E	1	Mary Walker / Carson City; Douglas County; Lyon County; Storey County; Nevada Taxpayers Association	Proposed Amendment
S.B. 54	F	1	Jeff Page / Lyon County Board of Commissioners	Proposed Amendment
S.B. 54	G	1	Senator Julia Ratti / Storey County Commissioners' Office	Written Testimony from Pat Whitten
S.B. 147	H	9	Senator Pat Spearman	Written Testimony
S.B. 147	I	1	Jared Busker / Children's Advocacy Alliance	Friendly Amendment
S.B. 147	J	1	Senator Julia Ratti / Henderson Chamber of Commerce	Written Testimony from Aviva Gordon and Amber Stidham