

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON TAXATION**

**Eightieth Session
February 26, 2019**

The Committee on Taxation was called to order by Chair Dina Neal at 4:03 p.m. on Tuesday, February 26, 2019, 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/80th2019.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Dina Neal, Chair
Assemblywoman Lesley E. Cohen, Vice Chair
Assemblywoman Shea Backus
Assemblyman Chris Edwards
Assemblyman Edgar Flores
Assemblyman Gregory T. Hafen II
Assemblyman Al Kramer
Assemblywoman Susie Martinez
Assemblywoman Ellen B. Spiegel
Assemblywoman Heidi Swank

COMMITTEE MEMBERS ABSENT:

Assemblywoman Teresa Benitez-Thompson (excused)

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Russell Guindon, Principal Deputy Fiscal Analyst
Michael Nakamoto, Deputy Fiscal Analyst
Gina Hall, Committee Secretary
Olivia Lloyd, Committee Assistant



OTHERS PRESENT:

Derek Armstrong, Deputy Director, Southern Nevada, Office of Economic Development, Office of the Governor
Matthew P. Moore, Deputy Director, Office of Economic Development, Office of the Governor
Stacey Bostwick, Workforce Development Program Coordinator, Office of Economic Development, Office of the Governor
Ray Bacon, representing Nevada Manufacturers Association
Ann Silver, Chief Executive Officer, Reno Sparks Chamber of Commerce
David Dazlich, Director, Government Affairs, Las Vegas Metro Chamber of Commerce
Mark D. Anderson, Director, Nevada Industry Excellence
J. Kyle Dalpe, Ph.D., Interim Executive Director of Legislative Affairs, Nevada System of Higher Education
Jonathan P. Leleu, representing International Market Centers
Kerrie Kramer, representing NAIOP - Northern Nevada and Southern Nevada Chapters
Bob Hastings, Work-Based Learning Administrator, JOIN Inc.
Shani J. Coleman, Deputy Director, Office of Administrative Services, City of Las Vegas
Rob Benner, Business Representative, Building and Construction Trades Council of Northern Nevada, Northern Nevada AFL-CIO
Rusty McAllister, Executive Secretary-Treasurer, Nevada State AFL-CIO

Chair Neal:

[Roll was taken and Committee rules and protocol were reviewed.] On the agenda today is Assembly Bill 32. Members, you have an amendment ([Exhibit C](#)) in front of you. What is going to happen today is Mr. Armstrong is going to tell us what he needs to have changed in the bill rather than walk us through the amendment. I will open the hearing on A.B. 32.

Assembly Bill 32: Revises provisions governing workforce development. (BDR 18-329)

Derek Armstrong, Deputy Director, Southern Nevada, Office of Economic Development, Office of the Governor:

If it is amenable to you, I would like to have our other Deputy Director, Matt Moore, present the bill. We also have our Workforce Development Program Coordinator, Stacey Bostwick, to talk to you about the *Nevada Revised Statutes* (NRS) changes. I will be supporting that effort as well.

Chair Neal:

If you are going to speak to the amendment ([Exhibit C](#)), I would prefer you walk us through the sections as to what you are going to change. We will take it as a conceptual amendment.

Matthew P. Moore, Deputy Director, Office of Economic Development, Office of the Governor:

I am here today to introduce for consideration Assembly Bill 32 and the amendment ([Exhibit C](#)) you referred to, addressing proposed changes in the Workforce Innovations for a New Nevada (WINN) program.

I will give you a brief history of WINN [page 2, ([Exhibit D](#))]. It was created as a closing tool to develop workforce to meet the needs of business and industry. Essentially, it was created to increase or develop the skills and competencies if existing workforce training programs did not provide that capacity or they did not have the required capacity to provide those trained workers for business and industry.

As a brief overview [page 3], we currently have 17 WINN projects that have been approved since November 2016—\$8.3 million approved for projects supporting 38 employers. As this chart shows, we did have considerable momentum in the last year, with the main reason being we hired a dedicated Workforce Development Program Coordinator, Ms. Stacey Bostwick, who is seated here with me today. She will answer detailed questions and walk you through the amendment ([Exhibit C](#)). Another highlight is we have over 1,000 Nevadans in the training, and we have also provided the WINN 2019 Biennial Report ([Exhibit E](#)) for your consideration.

I understand this is not a budget committee hearing, but this chart does highlight the effect of the current policy as to the reversion language [page 4, ([Exhibit D](#))] that we hope to remedy by removing that reversion language as part of A.B. 32 and the amendment ([Exhibit C](#)). We do have considerable momentum and this chart shows the current projects that are in the pipeline that are queued up for review and approval by the board and for implementation. These projects have not been able to get underway due to the hard stop of the biennium on June 30.

Just a quick overview, before I hand it over to Ms. Bostwick, of the proposed changes in A.B. 32 and the amendment [page 5, ([Exhibit D](#))]: It clarifies the eligibility of WINN funds for incumbent workers; it does add nonprofits as eligible employers; it increases employee accountability or reporting back on the effects and the outcomes of the program; and as referred to before, it facilitates consistent funding by eliminating the reversion. I would now like Stacey Bostwick to walk you through A.B. 32 and the proposed amendment ([Exhibit C](#)).

Chair Neal:

I am going to try to help you out with this one. I know you want to go into this proposed amendment ([Exhibit C](#)), but what I would rather have you do is tell us section by section what you are changing. The way you wrote the amendment, it is by *Nevada Revised Statutes* (NRS) versus the actual sections of the bill. This creates confusion and I do not want you to have a bad hearing. Walk us through the existing version of the bill, then tell us by section what it is you are changing.

Stacey Bostwick, Workforce Development Program Coordinator, Office of Economic Development, Office of the Governor:

I also want to have a good hearing, but most of the amendments do not actually tie back to sections of the bill as it is, and that is why we did it structurally within the NRS framework.

Chair Neal:

You are going to have to walk us conceptually through what you intend this bill to do.

Derek Armstrong:

If it is amenable to you, I think if we start with A.B. 32 and walk through some of the changes, and from there it would make sense for us to talk about what was not in the bill and what we are attempting to accomplish.

Chair Neal:

Yes, that would be good. Are you going to be presenting then, Mr. Armstrong?

Derek Armstrong:

That was not my intention, but what I could do is go through A.B. 32, then pass it back to Ms. Bostwick to discuss the conceptual amendment. In section 2, subsection 2 of the bill we have added language that would add nonprofits to the WINN program. This is further changed in the amendment. Section 3 of A.B. 32 adds language to allow existing employees, who are those incumbent workers we are adding. Section 5 changes out business to employer, just as the definition in section 2 removes it from being just a business to employer. You will see that change in section 5, subsection 2, paragraph (b) and section 5, subsection 7, paragraph (a). That is all consistent with the rest of the changes, to add those existing employees to this bill. Additionally, we have a couple of other changes that we would like to make, and those are in our conceptual amendment for NRS ([Exhibit C](#)). I will pass it back up to Ms. Bostwick to cover those.

Stacey Bostwick:

Right now I am referencing the conceptual amendment ([Exhibit C](#)), which is in the NRS framework. Mr. Armstrong explained on page 1 of that what that change is, so I will not go through that component again. On the top of page 2, that incorporates one of the other changes regarding incumbent. We also want to add language that establishes some clear benchmarks for outcomes to be delivered by the program, language around credentials and identifiable skills [subsection 2 of NRS 231.146]. It is the intent, with the language here, to outline that all projects must include an educational provider in addition to an employer. We also understand that projects can and should be accompanied by other parties, such as those listed here, to round out a well-developed partnership [subsection 3 of NRS 231.146].

On the bottom half of page 2, NRS 231.1467, the substantive change happening here is combining this section with NRS 231.147. When WINN was constructed, there were two similar sets of language—WINN language and language that was in place from an old program called Train Employees Now (TEN). They kind of ran alongside each other and had potentially confusing and conflicting points in there. We want to streamline and combine those

two pieces. What you see in NRS 231.1467 combines those two pieces for clarification. Those changes wrap up on the top of page 3 ([Exhibit C](#)). One of the items I want to call attention to is that we have added some language here to add some accountability and responsibility around reporting outcomes [paragraph (o) of subsection 2 of NRS 231.1467]. As it currently stands, the only person required to report outcomes in relation to NRS is the authorized provider, or the educational provider, and we want to spread out the responsibility so we can collect more information on outcomes in respect to the program.

In the next section we are clarifying incumbent worker and want to make sure there are some core framework expectations at the application point for those projects that may include that design. That includes title and wage promotions resulting from the program [paragraph (a) of subsection 3 of NRS 231.1467], and a statement detailing the backfill strategies and stand-in costs because there is a match requirement for incumbent worker projects [paragraph (b) of subsection 3 of NRS 231.1467].

Chair Neal:

Can you reference what page you are on?

Stacey Bostwick:

I am on page 3 ([Exhibit C](#)) [subsection 3 of NRS 231.1467].

Chair Neal:

I need you to reference each section so everyone can follow along.

Stacey Bostwick:

I am on the bottom of page 3 ([Exhibit C](#)), which starts with "The Office shall:" [subsection 4 of NRS 231.1467]. We wanted to add language with respect to vetting employers. At this point there is no employer eligibility for participation, short of the business definition, and we wanted to make sure we are appropriately vetting employers, including ensuring they are not federally debarred and have not conducted layoffs in the job families, and connecting with state agencies with respect to things like the Worker Adjustment and Retraining Notification (WARN) Act [paragraph (a) of subsection 4 of NRS 231.1467]. You will also see we removed paragraph (c) of subsection 4 of NRS 231.1467, which is in purple, because that was duplicate information.

On page 4, subsection 6 of NRS 231.1467: This component outlines the priorities. We want to be clear that programs that deliver credentials or identifiable skills are not otherwise offered in the state [paragraph (b) of subsection 6 of NRS 231.1467]. Filling in those gaps is a priority, as well as programs that are imparting courses of study that deliver skills in the short term, ideally in less than 12 months [paragraph (c) of subsection 6 of NRS 231.1467]. That is a priority, not a mandate.

In looking at subsection 7 of NRS 231.1467, these are the allowable costs that an authorized provider can include in a budget for a WINN project. In paragraphs (b) and (f) are items that have historically been the biggest lift. Those are the things we usually get the requests for and

are usually the reason that programs either make it or break it. Those are in regard to covering the cost of training, so a tuition fee or training fee, and then the equipment necessary to conduct the training. In paragraph (c) there is a change with respect to promotion versus publicity. We wanted to make sure that was framed appropriately to limit unnecessary expenses.

Before we go into subsection 8, we have some language in here to help clarify equipment purchases that are made by authorized providers [page 4, ([Exhibit C](#))]. We want to clarify ownership and accountability, as they relate to the purchases, and ensure that we have a claw back provision in case the program does not succeed or perform.

On pages 5 and 6 ([Exhibit C](#)) there is a significant section in purple that is struck through. That is duplicate language resulting from the prior TEN language. All of the language has now been included in NRS 231.1467, so that eliminates the need for this section [NRS 231.147].

On the very bottom of page 6 and top of page 7 is NRS 231.151. We made changes to the language with respect to both income and interest earned on dollars within the fund [subsection 2 of NRS 231.151], and whether or not to revert those funds [subsection 3 of NRS 231.151]. The request here is around changing the funding to not revert, and to maintain interest and income within the account. The last change is at the bottom of page 7 ([Exhibit C](#)). In lieu of an effective date of July 1, 2019, which is in the current bill [section 9 of [A.B. 32](#)], GOED [Governor's Office of Economic Development, Office of the Governor] is requesting immediate effect at passage to realize the nonreversion elements of the revised bill at that time.

Chair Neal:

I am going to take questions on the bill, which was really simple with not many changes, then I will take questions on the amendment ([Exhibit C](#)).

Assemblywoman Spiegel:

In section 2 of the bill you talk about the definition of an employer, a business conducted for profit, a nonprofit organization, and an agency of this state or of a local government. We also have benefit corporations which do not fit into any of these buckets. Could benefit corporations be qualified to participate in this also? Benefit corporations are in NRS Chapter 78B.

Derek Armstrong:

At this point I do not believe that the definition would be included here. In an attempt to clarify this, we added the employers just to add the nonprofit organizations into section 2; however, section 2, subsection 3, that added the state or a local government, was not really our intention. The state or local governments have been excluded from our amendment, and in the amended language it is consistent with our regulations that were passed last year to add those nonprofits. Hopefully, that makes sense.

Assemblywoman Spiegel:

Has there been any discussion of benefit corporations, or is there a reason why they are specifically excluded?

Derek Armstrong:

There have not been any conversations to include them at this point.

Assemblywoman Spiegel:

I have a question on the amendment that is related. As I look at the conceptual amendment ([Exhibit C](#)), it looks like you are changing from employer back to business, and getting rid of the for-profit entities as well, and leaving it just nonprofit. Is that correct, and if so, could you explain why?

Derek Armstrong:

The definition that is included in the conceptual amendment is consistent with our regulations which were passed last year. The language that was included in A.B. 32 was provided by the Legislative Counsel Bureau. We are just trying to do the amendment consistent with our regulations. I might have misspoken when I gave you the previous answer about the benefit corporations. I will get back to you to see if they are excluded, per this language, or not. In rethinking it, I do not know of a reason why they would be excluded.

Assemblywoman Spiegel:

If the conceptual amendment were to go through, and it was just nonprofit organizations, I do not understand how the entities listed in the presentation earlier today [page 4, ([Exhibit D](#))]—entities that took advantage of the WINN fund—if all of those are nonprofit organizations, how would that work? Could you please explain it?

Derek Armstrong:

I think the business definition is still the same. We have just added the term to "include nonprofits" [subsection 3 of NRS 231.146], so it is not only nonprofits that can participate in the WINN program.

Assemblywoman Spiegel:

I am not reading it that way. If that is your intent, then perhaps when it is cleaned up it can be clarified.

Chair Neal:

I will take questions on page 2 of the amendment ([Exhibit C](#)). I want to do this in a way to keep some flow and order. I only want questions from that page, meaning your questions will come from NRS 231.146 or from NRS 231.1467, and then we will move to page 3.

Assemblywoman Cohen:

I have a question about the nonprofit organization. We have heard a lot in the press and from people that there are concerns about not-for-profits that are very top-heavy—where the executives are earning exorbitant amounts or a large percentage of donations are going toward the overhead as opposed to the charitable purpose. Did you consider that? Has that been addressed? I want to make sure that if GOED is helping support these organizations, they are getting out there and doing what they are supposed to be doing.

Stacey Bostwick:

These are two overarching things. The way we approach WINN, of course, is as business needs. So not all nonprofits are necessarily going to approach us with those individual needs. The piece that is really important in the conceptual amendment ([Exhibit C](#)) is on page 1, that third item [subsection 3 of NRS 231.141], engaging in activity that is consistent with the State Plan for Economic Development. To the extent that it works within our economic development strategies, then we would entertain them.

Matthew Moore:

To further clarify, the WINN contributions go to the training provider—a community college, a Nevada System of Higher Education (NSHE) institution. We do not contribute the funding to the business or the nonprofit. They identify the workforce skills they need to fill those positions. What WINN is conceptually designed for is to enable a corresponding training institution to develop that curriculum or increase the capacity to meet that need. The WINN funding is paid to a training provider, not to the business entity or nonprofit. Did that clarify your question?

Assemblywoman Cohen:

Yes, to some extent. It does trickle down to them.

Derek Armstrong:

To add a point, I think the initial reason why we started considering nonprofits for this is there are some nontraditional nonprofits that do a lot of training, such as health care providers—University Medical Center (UMC) is set up as a nonprofit. Allowing us a mechanism to focus on one of our core sectors in the State Plan for Economic Development in health care was one of the reasons why we wanted to include nonprofits. Another way of looking at it is the benefit wholly goes to those who are receiving training, into a job for which they will be receiving higher wages.

Chair Neal:

Do any of the members have a question on the language on the top of page 2 related to results or outcomes?

Assemblyman Kramer:

In subsection 3 of NRS 231.146, where it says "partnership between an authorized provider and an employer and may also include nonprofits," and below in NRS 231.1467, subsection 2, it looks like it is the nonprofit who recruits the employer, and who has the employees who are going to go through the training. Maybe I am reading this wrong. In subsection 3 it says "authorized provider," which I guess is the school they are going to go to, "and an employer and may also include nonprofits." I am still at the point of saying, is the employer, then, the for-profit business that now we have excluded from being an applicant, and we are having just the nonprofit be the applicant to put this program together and be the coordinator? I do not see this specifically laid out.

Stacey Bostwick:

What we tried to do on page 1 of the bill, with respect to the definition, is be clear that we are not talking about just for-profit businesses. We are also including nonprofits as businesses in the definition. The business, the employer, can be either. What we are trying to establish in the conceptual amendment ([Exhibit C](#)) is that WINN projects must always include the authorized provider, which is the education entity, and there is a definition of who is allowed to be in that, and an employer. What we are saying in the rest of that is that in a strategic industry partnership, you typically have other complementary partners around the table [subsection 3 of NRS 231.146]. In the space of workforce development you may have nonprofits that are providing housing, transportation, or other support services for barrier reduction—for people going through those programs. You may also be partnering with secondary education, local government, or other partners. Does that clarify?

Assemblyman Kramer:

My holdup on this is your page 1 ([Exhibit C](#)); "business" defined really does not allude to for-profit at all [NRS 231.141]. It looks like it excludes for-profit by concentrating on the nonprofit. That is where my hang-up is. If it truly does include for-profit, I understand what you are doing.

Derek Armstrong:

The intent of that is not to make this solely for nonprofits. All we were trying to do is take the existing business and add nonprofits onto that. We apologize for that confusion.

Chair Neal:

Do the members have any questions on that part?

Assemblywoman Backus:

I want to make sure I understood one of the bigger amendments, changing from the bill and the proposed amendment, is we are changing employer back to business. Even though in subsection 3 of NRS 231.146, the new green language references "employer" but business would be the intent.

Stacey Bostwick:

Correct. The original language in the statute is "business." The amendment was written to change it to "employer," and we did not feel that was necessary.

Chair Neal:

Still on page 2 ([Exhibit C](#)), do the members have any questions in terms of the application process, NRS 231.1467?

Assemblyman Flores:

Could you tell me what that preapplication process would look like?

Stacey Bostwick:

We want to have that step in place in order for us to evaluate projects. Simply speaking, it can be a way for them to communicate with our office, if they are not already working with our office, to say they have been working with a certain education provider and here is what they are trying to develop. So at its core, we want to know who the education partner is, who the employer is, the jobs that are involved, the wages, and the need. How is the need not otherwise being filled within the kind of greater framework of workforce development? It is a simple vetting process before they dive into a deeper application, which is much more extensive and time-consuming.

Chair Neal:

Members, on pages 2 and 3, paragraphs (k) or (o) of subsection 2 of NRS 231.1467, is a continuation of the preapplication process, or the process itself. Does anyone have questions on that? [There were none.] Does anyone have questions on the amendment where it says what it must include in terms of the plan, detailing the wage, and the strategy [paragraphs (a) and (b) of subsection 3 of NRS 231.1467]? [There were none.] Are there any questions about the stand-in costs [paragraph (d) of subsection 3 of NRS 231.1467]? [There were none.] Could you explain listing each business's stand-in costs to comply with the match requirement of the incumbent worker?

Stacey Bostwick:

In the framework of the statute, incumbent worker programs are programs that include incumbent workers as part of the project design and have a match requirement. The employer has to have a minimal contribution to the program of 25 percent or more. What we are asking for is what costs—estimating at the application point, knowing that we have time to negotiate and flesh that out—they are going to be contributing to meet that match requirement. That could be staff time, equipment—a variety of things.

Chair Neal:

So stand-in costs can also include in-kind?

Stacey Bostwick:

Yes.

Chair Neal:

How much can the in-kind be? Is there a limit? Could all of it be 25 percent?

Stacey Bostwick:

We have not included that level of detail here in the statute, but we can.

Chair Neal:

Members, do you have any questions on where it says, "The Office shall" [paragraph (a) of subsection 4 of NRS 231.1467] ensure the compliance requirements?

Assemblyman Kramer:

How would you enforce paragraph (a), to know these things? This is almost like requiring some kind of database that these are logged in to, where you go to that database and find out if there were people who had layoffs and things like this. How would you comply with that?

Stacey Bostwick:

Most of this information is public information. It is a very nominal administrative task to be able to accomplish that. Some of our sister partner state agencies have this information. This is basically tasking us to work in coordination with them.

Chair Neal:

Turning to page 4 ([Exhibit C](#)), do the members have any questions on the approval of the application in regard to delivering the credentials or identifiable skills, items that must be a part of this [paragraphs (b) and (c) of subsection 6 of NRS 231.1467]?

Assemblyman Kramer:

That seems a little bit restrictive to me. Our state is, distance-wise, pretty far apart in places, and you say "not otherwise offered in the State." If it is offered in Reno but not Las Vegas, and you need it in Las Vegas, it is offered in the state but not offered within range. How do you accommodate something like that?

Stacey Bostwick:

That is something we want to look at as far as language goes, but it is something that we already do in practice. We have examples of projects we have already funded, in which we had to implement a grow-your-own strategy because the program required it be physically located closer to where the workforce needed to be developed. I also wanted to emphasize that one of the things we are trying to focus on is creating programs and investing in programs that are accessible, whether that is online training modules that you do not physically have to attend. Not all can be done that way, but that is something we are pushing toward.

Chair Neal:

Does anyone have questions on how the money may be distributed? [There was no one.] Does anyone have questions on equipment that can be purchased? [There was no one.] Turning to pages 5 and 6, does anyone have a question on the strike-out language? [There was no one.] One page 7, are there any questions on interest and income earned?

Assemblyman Kramer:

It is rather unusual for someone who has not spent all his money for a given year to be able to keep what he did not spend and have it go to the next year. A large part of the time it does revert back to the General Fund to be reallocated for the next year. I notice the language you are taking out [subsection 2 of NRS 231.151] shows it reverts back to the General Fund. If I were writing it, I would say the same thing you did. In my mind, that needs to be discussed whether that is the appropriate way.

Matthew Moore:

Going back to highlight this point, when the workforce development program is trying to see what business needs and sync those with the board meeting and the biennium, the projects on page 4 ([Exhibit D](#)), this is the effect of essentially the hard stop at the end of the biennium. Working between the school year and the employer, we cannot possibly continue with these programs knowing we cannot fund them past June 30. It is really trying to forecast out in time and continue the momentum we are developing with programs, that is the main driver behind the request not to revert funds—to continue to be able to invest in workforce development so we do not have something like this happen in the future.

Chair Neal:

If this passes, because it says "effective immediately upon passage," how much money would you retain by having this nonrevision language?

Matthew Moore:

Right now it is about \$1 million. The reason I say "about" is because we have several of the existing programs that are continuing to send invoices based on the performance of their current programs. With this program, we reimburse expenses. We do not pay up front because we want to maintain oversight of the execution of the program. Right now we estimate that it is about \$1 million, but again, based on funding and the existing programs that are being stood up, it is hard to say what the exact amount is.

Chair Neal:

In the prior structure of the WINN program, were you eligible to earn interest off of the money, or is this new?

Matthew Moore:

I will have to double-check on the interest rate and if we earned interest, as it is being deposited into the state treasury—money that was not deployed. I will have to dig in and get a better answer for that.

Derek Armstrong:

I think the answer is no because that initial WINN funding was a one-shot funding. What we did here is try to model this language off of our Knowledge Fund, which does have reversion. To add to Assemblyman Kramer's point, because I think it was an excellent question, oftentimes we want to have that accountability on the back end, to see that invoicing and performance. It is hard for schools or providers to set up, say, and now try to spend before the end of the biennium, because they have to develop a curriculum, recruit kids, and do a whole bunch of other activities. We cannot just spend all this money on the front end. It also gives us the ability on the back end to make sure we have that accountability. This gives us the flexibility to be able to forecast and make sure we are providing good programs.

Chair Neal:

Members, now that you have had a little bit of time to process this amendment ([Exhibit C](#)), does anyone have any additional questions? [There was no one.] I will now call up those in support of [A.B. 32](#).

Ray Bacon, representing Nevada Manufacturers Association:

Coming out of the Great Recession, when we lost 24.5 percent of the manufacturing jobs in the state, a large portion of those related to construction jobs. As we all know, the demand for construction dropped just a little bit during the Great Recession. The vast majority of what has been taking place is we recovered jobs at the rate of between 100 and 300 per year until we got to 2017. That year we gained around 6,700 manufacturing jobs in the state, and for 2018 it was closer to 7,200. About one-third of those jobs are related directly to the Tesla Gigafactory and Panasonic Energy Corporation of North America, which means there has been a lot of growth in manufacturing across the state.

As you are well aware, we have had a deficit in this state in our education programs along the technical areas—math and science. Much of what has been covered in these programs has been getting people up to speed in the new skills that are needed. You can see the benefit. We are now to the point where Tesla has roughly 7,200 employees. The terms of the tax program in the Tesla special session [[Senate Bill 1 of the 28th Special Session](#)] was that Tesla, Inc. had to hire 50 percent Nevada residents. They are at roughly 93 percent at this stage of the game. So what we are doing is actually working. We are taking Nevada children and getting Nevada children Nevada jobs.

The thing that a lot of people do not realize is some of those workers are employed students. They are employed at the plant. They came from southern Nevada. In my 30 years of being involved in this, that has never happened before. We have always had migration of kids from the north going to the south, and now we have migration coming the other way. So what we are doing is working.

What I see with this bill ([A.B. 32](#)) is they are trying to enhance the program to make it more viable. The nonprofit thing is an interesting piece. Take a look at Job Opportunities in Nevada (JOIN), which was the workforce development organization in northern Nevada that is now a nonprofit. That means they can do the coordination and take some of their other funds that come from the workforce to work on some of the support mechanisms that work.

We are doing a pretty good job of creating Nevada jobs, and as such what I think they are trying to do is enhance the program and make it work better.

Ann Silver, Chief Executive Officer, Reno Sparks Chamber of Commerce:

Subject to several clarifications discussed today, the Reno Sparks Chamber of Commerce enthusiastically endorses [A.B. 32](#) as proposed for several reasons. For-profit businesses, nonprofit organizations, and state and local governments should be able to customize workforce development, recruitment, assessment, and training programs to assist Nevadans' work readiness, so that they may fulfill expanded job opportunities. We are experiencing rapid

growth and increasing our Chamber membership, which reflects business expansion and relocation to our state. As a result, we are in dire need of work-ready individuals and need more programs that provide residents with the training that prepares them for a career, not just a job. We also support training of an employer's existing workforce for those incumbent workers who wish to move up vertically or across horizontally to a different occupation which may be better paying or more fulfilling. Lastly, we endorse section 5 of the bill, which requires employers to anticipate the number and types of jobs the programs expect to create or the employees they anticipate retaining as a result of assessment and training. This will help to maintain accountability and produce actual results that benefit the individual, the business, and our community. Again, the Reno Sparks Chamber of Commerce enthusiastically endorses the bill and I do so as a member of the Governor's Workforce Development Board.

David Dazlich, Director, Government Affairs, Las Vegas Metro Chamber of Commerce:

After those remarks from Ms. Silver and Mr. Bacon, I will keep my remarks brief as they touched on a number of the points that put the Las Vegas Metro Chamber of Commerce in strong support of A.B. 32. I want to touch on how much workforce development is a strong priority of the Las Vegas Chamber, especially workforce diversification. After the last recession, we have seen just how important that is to our economy going forward. One of the best ways to prepare for any future economic climate is workforce diversification like this to allow for a greater ready workforce. For that reason we support A.B. 32.

Mark D. Anderson, Director, Nevada Industry Excellence:

We are the state of Nevada's manufacturing extension partnership, which means we represent the 2,000-plus manufacturers throughout the state, helping them remain competitive and resilient in the things they are doing. With the news of the proposed bill to make the amendments to WINN, we have spoken to many manufacturers and found that they are wholeheartedly in support of the changes for a couple of reasons. First of all, opening up the training for incumbent workers would be a large step forward to ensuring that existing Nevada industry can upgrade the skills of its employees, remain competitive by becoming more technologically advanced, keep high-paying jobs here in the state, and lead the pack when companies are considering growing or relocating their businesses to Nevada.

Additionally, these companies are in agreement that revising the statute to allow unused WINN funds from one budget biennium to roll forward to the next biennium would make it possible for funds to track more closely with the realities of business. This is a big one, because under the current system, unused funds for the program can run out partway through the training. What that does is leave trainees only partially trained without the incumbent skills they are going to need to be able to make a difference in these companies. We end up wasting the money that was spent because we have people who are only partially trained, who are not qualified for the jobs we are trying to get them set for.

Today I brought support letters from 21 manufacturers within the region ([Exhibit F](#)) in both northern and southern Nevada—a wide range of manufacturers. Nevada Industry Excellence would like to wholeheartedly add its support of the changes to WINN as outlined in the bill. We believe it is a very good investment in the employees and companies of our state.

Chair Neal:

Members, do you have any questions? [There were none.]

J. Kyle Dalpe, Ph.D., Interim Executive Director of Legislative Affairs, Nevada System of Higher Education:

I will not go into detail because most of it has been said. I want to say we have worked with GOED; we support A.B. 32 for the changes, two of which I will comment on, one being the incumbent workforce. I can remember being in a hearing room when we were talking about training funds for training people when unemployment was at a 15 percent level ten-plus years ago, and now we are finding out there are very few people wandering around the streets looking to be trained for work. Anyone who wants to work seems to be working, but businesses are coming to us asking for help to upscale the workforce. When we build programs that can train a level-one technician to a level two, three, or four—all the way up—those are incumbent workers. The expansion of these funds through this bill will help to do that.

The second part is the budgeting process—moving funds from one year to the other. No one really likes to burn out money because the deadline is coming up, or build a business plan that has to stop on June 30 and have something pick up on July 1. We appreciate that moving at a fast pace we can somewhat keep up with the pace of business, which is much faster than ours at times.

Jonathan P. Leleu, representing International Market Centers:

International Market Centers is a developer of the World Market Center Las Vegas, which is a 5.1-million-square-foot tradeshow facility in southern Nevada with another 500,000 square feet under development. Workforce development is a tremendous issue in southern Nevada. We are experiencing a shortage in workers who are able to construct buildings, and this is something that is on the forefront for a company like World Market Center Las Vegas that has a convention facility currently under development. I would respectfully say, "me too," to everything that has previously been said.

Kerrie Kramer, representing NAIOP - Northern Nevada and Southern Nevada Chapters:

We are also here in support of any workforce development initiatives that would expand our workforce in the commercial real estate and development industry.

Bob Hastings, Work-Based Learning Administrator, JOIN Inc.:

I am the workforce learning administrator for JOIN Inc., Training Nevadans for Careers. JOIN Inc. is a primary Workforce Innovation and Opportunities Act provider, covering 13 northern Nevada counties. On behalf of JOIN, I would like to state our full support for A.B. 32.

Chair Neal:

Members, do you have any questions for those at the table in support of A.B. 32? [There were none.] Is there anyone else speaking in support of A.B. 32? [There was no one.] I will take testimony from those who are speaking in opposition to A.B. 32.

Shani J. Coleman, Deputy Director, Office of Administrative Services, City of Las Vegas:

We originally came here today to support this bill. We believe in workforce development in concept, but one of the amendments that strikes out local governments is something that concerns us. The City of Las Vegas has one of the largest and most active economic development offices and redevelopment agencies, and we use a number of incentive programs to support workforce development. You heard earlier about the 500,000-square-foot expansion of the World Market Center Las Vegas. That is a project the City of Las Vegas redevelopment agency is participating in. We do not think it is appropriate to remove local governments from this—removing the City of Las Vegas from the ability to participate in workforce development. The City of Las Vegas has some of the most distressed areas in southern Nevada. We use workforce development along with other incentives to support economic growth and development within the southern Nevada region. With that, we oppose A.B. 32.

Assemblyman Kramer:

When I asked my questions concerning page 1 of the amendment ([Exhibit C](#)), where I thought it was only nonprofits and not for-profit businesses, if that were modified to include local governments in their amendment, as it was before, would that satisfy your concern?

Shani Coleman:

Yes. If local governments could be included in this, that would satisfy us.

Assemblyman Kramer:

When the presenter has a chance to come forward again, I would like him to answer that question—whether that could be part of their corrected amendment.

Chair Neal:

Ms. Coleman, when you came to the table I wondered what specific programs a local government would create that fit into the WINN program. In terms of creating primary jobs, who exactly would you be training? You use the example of the World Market Center Las Vegas. I am trying to figure out how that fits into a program in which we are going to have a number of employees who are trained because of this convention center.

Shani Coleman:

I think what the City of Las Vegas is trying to do is make sure we are not excluded and are able to participate in all programs. The City of Las Vegas works with a number of different industries. Right now we are working with technology industries. We have an incubator, the ability to train technology, or the ability to work with existing industries. The City of Las Vegas is very active in the development and redevelopment of the Las Vegas Medical District—the ability to take those who are working in health care and want to go to the next level in their career.

Chair Neal:

Correct me if I am wrong, but the way Catalyst Funds are structured, it allows a city to partner with a Regional Development Authority in order to focus on an economic development project. That is my understanding. Is that correct? You have several distressed areas. How have you partnered or used that tool under GOED in order to advance your needs?

Shani Coleman:

I am not familiar specifically with the Catalyst Fund. I am not able to answer that question. I can reach out to our economic development department and get that information.

Chair Neal:

I would be interested in that. It would probably be a very short conversation if you just talked to the Carson City Deputy Director. It was my understanding when we did the presentation of the programs, that was one of the nuance pieces. I underlined it because I want to learn how to mandate that behavior and make the local governments do this activity. This is good information for us to think about. I agreed with the bill sponsor excluding local governments because I did not see how they fit with the educational entity—how you would meet that need. Nonetheless, I appreciate the conversation. We will have Assemblyman Kramer's question answered shortly.

Is there anyone else signed in speaking in opposition to A.B. 32, here or in Las Vegas? [There was no one.] Is there anyone in Las Vegas signed in to speak in support of A.B. 32? [There was no one.] I will now take testimony from those who are neutral on A.B. 32, here and in Las Vegas.

Rob Benner, Business Representative, Building and Construction Trades Council of Northern Nevada, Northern Nevada AFL-CIO:

I had signed in as neutral. We do support pathways to good-paying jobs. We do not have a problem with that. We did not see this proposed amendment ([Exhibit C](#)) until just now, so I would like to reserve my right to maybe oppose. We are still going through it, trying to figure out what exactly is being proposed. I want to focus on one area, on page 4 ([Exhibit C](#)). As everyone here knows, we have an affordable housing crisis in Washoe County—the Reno-Sparks area. I think some of the problem is it is not just an affordable housing crisis; we also have a wage crisis. We have a lot of low-wage jobs up here in northern Nevada. On page 4 [paragraph (a) of subsection 6 of NRS 231.1467] it says to "Provide high-skill and high-wage jobs to residents of this State." That is not clearly defined. Down further in the proposed amendment [paragraph (c) of subsection 6 of NRS 231.1467] it says "Impart a course of study that delivers the skills needed in the workforce in less than twelve months." I would question how high of a wage a 12-month program would provide. I know for Washoe County the current area median income is \$33 to \$35 per hour. If we are incentivizing jobs and training programs that would possibly create a \$15-per-hour job, we might be missing the mark a little bit on that.

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

I initially signed in as opposed and would like to change that to neutral, mostly because the initial bill was essentially one paragraph and when I looked this morning in the amendments section online, there was no amendment. It was in the exhibits section, and unless you opened all the exhibits, you did not see the amendment. It was not listed under amendments on the Nevada Electronic Legislative Information System, so I missed it until I got here. A one-paragraph bill turned into seven pages and we are trying to decipher exactly what this says.

A couple of things that have caught my eye: This is specifically for programs that develop some type of certification of a program that has to be done within 12 months. Any type of an apprenticeship program that is worth its weight in salt does not finish in 12 months. That would preclude any of the groups I represent that have apprenticeship programs from applying for any of these programs, or any of the Office of Workforce Innovation (OWINN) funds that seem to go out like water, but not to anybody whom I represent.

That being said, there has been a program that has been proposed. We met with some educational representatives a couple weeks ago and talked about an apprenticeship program—under the idea of workforce development—called MC3 [Multi-Craft Core Curriculum]. It is a program that would be instilled into the high schools for students to take for one year during their senior year. It would prepare them and give them a fast pass—move them to the head of the line—when applying for an apprenticeship program. They would take it as a senior, and once they have completed it, they get a certificate and move to the head of the line with regard to applying for an apprenticeship program, and are able to enter into a four-year apprenticeship program. I am not sure if that program would qualify under this. It would take some deciphering from the representatives from GOED, the education system, and OWINN to see if they would even qualify under that program. That is why I can say I am neutral, because that may actually work. That is the only 12-month program that is affiliated with something I would be able to do. I signed in as neutral because I would like to get more information that we did not have prior to getting here.

Chair Neal:

It is my understanding that the amendments are uploaded as exhibits. I do not know how to change that in the process. That is how I have been seeing them everywhere—as an exhibit. Members, do you have any questions? [There were none.] Thank you for your testimony and I hope you get a chance to read the proposed amendment and work with the bill sponsors. I will call the presenters back up to the table. You have a couple of questions to answer. I would like you to address Assemblyman Kramer's question first. Also, could you address what was just brought up, in terms of if there is a possibility for the city to currently partner under WINN. There were comments just presented about the wage. There was another comment presented about a 12-month program and what fits into that, and the quality of a 12-month program. Please address those also.

Derek Armstrong:

I will start by saying there is no doubt there is a lot of interest in workforce development in the state, and it is becoming increasingly more important, as unemployment rates drop, that we focus on our current workforce—upscaling our current workforce to meet the needs of employers in the future.

To discuss Assemblyman Kramer's question, if I get the intent wrong, please let me know. I think it was more just to see if the cities would be qualified under the page 1 ([Exhibit C](#)) definition of business. Our intent was not to include them there. The cities can always partner with GOED to create programs for companies. Our intent there, in section 2, subsection 3 of A.B. 32, is they were an employer. It was not the desire or the mandate of GOED to create a workforce training program for local governments to train their employees. That is not what we are trying to do. However, if they have an incubator with technology companies, or otherwise, they could always bring those companies in and we could partner with the cities to come up with a training program to train technology employees for companies that are creating primary jobs, which is the mandate of our office. There is always that ability there for that. We are not saying that cities cannot partner with us for that.

As far as the 12 months for upscaling workers, there are quite a few different programs to upscale and create those—whether it is a certification, the technology industry, health care, or otherwise—to create that wage jump for Nevadans to improve their lives and their family's lives. That is really the purpose of this WINN program. We are not OWINN. Our focus is not really on internships. We are creating a workforce tool for companies that are either growing in the state or coming to the state to develop a workforce that is not there yet. We do that with short programs to help upscale workers; whether it is 12 months or 18 months or something else, we can talk about that. That is a policy discussion I think is relevant, but our program is meant to be nimble and meet the needs of employers. It is to help create those primary jobs, which is our mandate.

Have we done a few other programs? Yes. We have worked with the Supplemental Nutrition Assistance Program population to do some reentry programs, with heating and air-conditioning and other industries, but that is not really the core mandate of GOED and our office.

Chair Neal:

Assemblyman Kramer, do you feel your question was answered?

Assemblyman Kramer:

I believe I heard his answer. They are saying their purpose is not to train workers for local governments, and if local governments want to go out and help people be trained, not only is GOED there but there are other nonprofits. That is how I understood his response.

Chair Neal:

Could you address the wage question that was brought up in opposition?

Stacey Bostwick:

I think to the point that we do not have a definition of high wage, and that either affords us flexibility or we can shore that up, at this point there is no clear definition of high wage. What I do want to share, though, is in looking at my most recent data through December 31, 2018, the 106 new Nevadans who have gone through training, completed it, and have gotten a credential, are working at an average wage of \$17.25 per hour.

Chair Neal:

What is the actual wage? Is anyone making \$15 per hour?

Stacey Bostwick:

With an average of \$17.25, we do have some people making \$15 per hour, but this is a statewide program and it is not exclusively northern or southern. It is also urban and rural. It is throughout the state.

Matthew Moore:

When we talk about reporting outcomes, the ability to track that wage as that worker moves through his employment, right now we lack the ability to track the wage, which is one of the things—when we talked about reporting outcomes in the conceptual amendment ([Exhibit C](#))—it is so we can track the wages as a result of this program.

Chair Neal:

If you start tracking wages and if you start to clearly define what a high wage is, if someone falls below the high wage, is there a plan that you are going to use the claw back provisions to either reduce the program or take the money away?

Stacey Bostwick:

That is something we would use as a vehicle to vet people on the front end of the partnership. If you have employers who have a business need, who are not willing to pay at those wages, we would not be able to enter into a partnership with them.

Derek Armstrong:

A couple of other points; when we are talking about high wage, we deal with a number of different industries. If we are coming up with just a high wage, I think we need to consider some of the variation in the industries. When we are looking at some of these food manufacturers that are coming to northern Nevada, their starting wage is going to be a lot different than what it would be for the certified nursing assistant program being built in southern Nevada. That would be a much higher wage. I think leaving some flexibility for defining what a high wage is makes sense, but I do believe that there should be a minimum baseline.

Assemblywoman Backus:

I am not sure who can answer this question, but I think it goes back to Assemblyman Kramer's question regarding the local cities. Mr. Armstrong gave the example of UMC. If UMC had a shortage of skilled radiology technologists, and there could be a one-year program, are we now excluding them from that because those employees are employed by UMC?

Stacey Bostwick:

University Medical Center would be covered under this amended language and our existing regulations because they are a nonprofit. They are already covered by WINN and have already partnered on projects. They would not be excluded. The current bill, A.B. 32, without it being amended, took it further and included state and local government, which was not our intent and, as Mr. Armstrong alluded to, is not our mandate. They already have programs in place to support that training population.

Assemblywoman Backus:

I always thought UMC was a county-owned hospital. I was trying to figure out if they fell explicitly under a 501(c)(3).

Chair Neal:

Do you have any final comments to offer the Committee? [There were none.]. Seeing that members have no additional questions, I will close the hearing on A.B. 32 and open the hearing for public comment. Is there anyone here or in Las Vegas for public comment? [There was no one]. We are adjourned [at 5:18 p.m.].

RESPECTFULLY SUBMITTED:

Gina Hall
Committee Secretary

APPROVED BY:

Assemblywoman Dina Neal, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

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

[Exhibit C](#) is a proposed amendment to Assembly Bill 32, presented by Matthew P. Moore, Deputy Director, Office of Economic Development, Office of the Governor.

[Exhibit D](#) is a copy of a PowerPoint presentation titled, "AB 32, Assembly Committee on Taxation," dated February 26, 2019, presented by Matthew P. Moore, Deputy Director, Office of Economic Development, Office of the Governor.

[Exhibit E](#) is a document titled "2019 Biennial Report, Workforce Innovations for a New Nevada," presented by Matthew P. Moore, Deputy Director, Office of Economic Development, Office of the Governor.

[Exhibit F](#) is a collection of copies of letters in support of Assembly Bill 32, submitted by Mark D. Anderson, Director, Nevada Industry Excellence.