MINUTES OF THE JOINT MEETING OF THE
SENATE COMMITTEE ON REVENUE AND ECONOMIC DEVELOPMENT
AND THE
ASSEMBLY COMMITTEE ON TAXATION

Eightieth Session
February 12, 2019

The joint meeting of the Senate Committee on Revenue and Economic Development and the Assembly Committee on Taxation was called to order by Vice Chair Julia Ratti at 4:10 p.m. on Tuesday, February 12, 2019, in Room 4100 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4401 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.

SENATE COMMITTEE MEMBERS PRESENT:

Senator Marilyn Dondero Loop, Chair
Senator Julia Ratti, Vice Chair
Senator David R. Parks
Senator Ben Kieckhefer
Senator Heidi Seevers Gansert

ASSEMBLY COMMITTEE MEMBERS PRESENT:

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

STAFF MEMBERS PRESENT:

Russell Guindon, Principal Deputy Fiscal Analyst

Joe Reel, Deputy Fiscal Analyst
Michael Nakamoto, Deputy Fiscal Analyst
Barbara Williams, Committee Secretary

OTHERS PRESENT:

Paul Anderson, Executive Director, Governor's Office of Economic Development
Derek Armstrong, Deputy Director, Governor's Office of Economic Development
Matthew P. Moore, Deputy Director, Governor's Office of Economic Development
Jonas Peterson, President/CEO, Las Vegas Global Economic Alliance
Mike Kazmierski, President/CEO, Economic Development Authority of Western Nevada
Robert C. Hooper, President/CEO, Northern Nevada Development Authority
Steve Hill, CEO/President, Las Vegas Convention and Visitors Authority
J. Kyle Dalpe, Ph.D., Nevada System of Higher Education
Glenn C. Christenson, Board of Directors, Las Vegas Global Economic Alliance

VICE CHAIR RATTI:
We have educational presentations to hear today with the focus primarily on economic development in Nevada. We will start with the Governor's Office of Economic Development (GOED).

PAUL ANDERSON (Executive Director, Governor's Office of Economic Development):
We will tell you what GOED does: how we work to help Nevadans get better and higher paying jobs, bring new businesses to Nevada and help existing businesses expand.

It is important that you understand how and when this office was created. Assembly Bill (A.B.) No. 449 of the 76th Session created this office in 2011. Previously, it had sat in the Office of the Lieutenant Governor as a relatively passive advertiser, working to ensure that businesses considering relocating understood the benefits of being in Nevada. The Seventy-sixth Legislature recognized that more could be done in solidifying Nevada's superiority not just as a great place to do business but as a great place to work and play. When the office was created, Nevada was in the depths of the Great Recession. We had nearly 14 percent unemployment. Almost 185,000 Nevadans had lost their jobs. We topped the list nationally for homes that were worth less than was owed. Nevada had the most bankruptcies, the most foreclosures and the highest unemployment. We were at the top of all the wrong economic lists.

We saw a need to diversify our economy in order to better weather recessions. Today, we can boast nearly 300,000 new jobs created in the last 8 years. Nevada leads the Nation in growth on many different levels, and it has been done with good policy and action. This Legislative body deserves credit for building the policy around economic development, helping execute that policy and refining it each Legislative Session.

I would emphasize GOED is meant to be proactive—not only in recruiting companies but in ensuring we have the tools to attract businesses and compete with other states. Make no mistake, if we are not competing, we are losing. Every state in the Union has some level of either abatement or incentive package or some way to attract businesses. Of the businesses we work with, 92 percent are classified as small businesses, meaning less than 150 employees, and a mere 0.3 percent of our time is spent on the abatements and incentives that grab headlines. The story is often skewed toward those headlines, but at every single GOED Board meeting we see many different companies from a wide variety of sectors bringing great businesses and jobs to Nevada. This is an example of good policy in action.

The responsibility of GOED is to remove obstacles so companies can create primary jobs. Those obstacles may be cost, workforce, housing, transportation or infrastructure. Much of our time is spent in ameliorating these obstacles, not simply in incentive and abatement packages. About half of the businesses we help are assisted but not financially incentivized to come to Nevada.

DEREK ARMSTRONG (Deputy Director, Governor's Office of Economic Development):

Page 3 of our Presentation to the Joint Senate Revenue and Economic Development and Assembly Taxation Committees (Exhibit C) lists some of the economic development tools at our disposal. The first three, sales and use tax, Modified Business Tax (MBT) and Personal Property Tax (PPT), are our standard abatement package. The fourth program, the Real Property Tax, is specifically for recycling projects. The aviation parts and data center tax abatements are likewise specific to certain industries. The last tool, the Catalyst Fund, is our closing fund to help incentivize companies to keep high-paying jobs in Nevada.

Page 4 of Exhibit C explains one of our tools for economic development created by the Twenty-ninth Special Session in 2015 for Faraday Future. This program is used to incentivize companies with at least $1 billion in capital investment. What differentiates this abatement is it increases the percentage of allowed tax abatement from 50 to 75 percent for 10 years on PPT and MBT. We also have the ability to do some transferable tax credits (TTC) of up to $9,500 for each qualified employee. Faraday is the only company that has taken advantage of this program, and in September 2017 they relinquished and withdrew as a qualified project. That relinquishment left a trust fund which has been distributed to local jurisdictions. The disbursement has spurred additional development at the Apex Industrial Park, completion of the Interstate 15 Garnet interchange and construction of an elevated water tank in North Las Vegas. So, although Faraday was unable to perform, its relinquished dollars helped the State with some infrastructure challenges.

The Twenty-eighth Special Session created legislation to provide abatements for companies with a capital investment of at least $3.5 billion, as seen on page 5. This was enacted for Tesla. The abatement offers higher level incentives for PPT and MBT, as well as some transferable tax credits. The TTCs have all been exhausted by Tesla. We have provided the Committees with an Economic Impact of Tesla summary (Exhibit D). We wanted to ensure the economic impact forecast in 2014 when the deal was announced is being met. The summary shows that Tesla has hired over 7,000 people, surpassing the projection of 6,500. Tesla's capital investment was projected to be $3.5 billion, and the company currently has invested over $6 billion. Tesla has recently announced that it intends to produce the Model Y at the Gigafactory.

Our business development metrics appear on page 6 of Exhibit C. Since 2012 and through the end of 2018, we have helped 591 new and expanded companies. Every expansion we facilitate is a growing Nevada business. The incentivized average wage during this period was $22.77 per hour, while the nonincentivized was $18.75. We are helping create an environment where high-paying jobs are coming to Nevada and dollars are flowing into the pockets of Nevadans and improving their lives.

Recent metrics for calendar years 2017 and 2018 are shown on page 7. The difference between incentivized and nonincentivized wages has grown wider. Our focus is creating higher wages for Nevada families.

SENATOR SEEVERS GANSERT:
Since we are at nearly full employment, wages have risen. Have you considered raising the wage needed to qualify for an abatement? Should it be a multiplier, such as 1.2, of the State wage?

MR. ARMSTRONG:
That highlights how our program works. Companies that would have qualified previously do not qualify anymore. As our State wage increases, the threshold for them to receive incentives are rising as well. Using a multiplier is an interesting idea we can look at.

SENATOR SEEVERS GANSERT:
In northern Nevada, the market is tight and we should focus on more technology and knowledge-based jobs as opposed to any job. When we first started down this path, opening a call center was fine. Now we are looking at advanced manufacturing here in the north. Startups sometimes pay more but offer fewer jobs and not much capital. Perhaps we can look at these issues to help expand these programs.

MR. ARMSTRONG:
That is an excellent point and there is natural progression for our incentives to do that. For instance, Amazon has two distribution centers in North Las Vegas. The first, early in the program, qualified for incentives. Now the average wage is not high enough to qualify. As wages go up, our focus will naturally trend toward businesses with high-paying jobs. Advanced manufacturing is really taking off in northern Nevada, and we want to continue that trend.

MR. ANDERSON:
We have engaged SRI International to do a study as a follow-up to the original done in 2011. That study is focused on regional efforts. As you hear from the regional development authorities (RDA) here today, you will find that entrepreneur and tech startups are vital to our economic development. Allocating resources to those efforts would be appropriate.

VICE CHAIR RATTI:
Not counting the incentive programs for the very large companies, would the companies that take advantage of our abatement and incentives be coming to Nevada anyway? Are we giving money to companies that would locate here whether we gave them incentives or not?

My understanding is we do not pick winners and losers—if a company meets a set of criteria, it qualifies. If that is the case, how do we know that we are not giving money to companies that would come here anyway?

MR. ANDERSON:
If you look back to 2011, we were happy to have a job. Now we are happy to have a job that meets certain criteria. We compare ourselves to other states and what they offer—we compete with these states directly. We often get a request for information or request for proposal (RFP), and companies will evaluate and compare. If we do not have a package, we are simply not at the table. Our packages are not the best and we are not the cheapest place to operate depending on the sector or industry that other states focus on.

We do due diligence and find out where else companies are looking and with whom we are competing. We have a good idea of what it will take to close the deal. We spend time explaining why they should locate in Nevada even though we are not the cheapest place to operate.

MR. ARMSTRONG:
Our incentive packages are often not the largest, but it is imperative that we get that seat at the table. Having done that, GOED, local governments and the RDA work together to propose an attractive package for the company.

Mr. Anderson stated that 92 percent of the businesses we help are small businesses with less than 150 employees. Page 8 of Exhibit C shows that 76.5 percent have 51 or less employees. The majority of the companies that seek assistance from GOED are very small businesses. The information on page 9 shows the geographic breakdown of approved and contracted businesses and illustrates that they are spread out through the State. A company we approve may ultimately decide not to locate here, perhaps because it cannot find a suitable site that meets its needs. Note that almost half the companies we assist are not new companies coming to Nevada but established Nevada businesses that are expanding.

On page 10, the metrics for contract compliance are illustrated. The Department of Taxation audits all contracted companies at the two- and five-year marks. Audits show that 84 percent of assisted businesses are compliant. The one company with an outstanding repayment is in review, and the case is being heard. Page 11 summarizes our standard abatements exclusive of aviation or data centers. Over the 7 years of GOED, we have abated $362 million. During the same period, the State has realized a net new tax revenue of $1.9 billion. Page 12 includes aviation and data centers, and with $913 million abatements, the State has realized $2.6 billion in net new tax revenue. Our standard abatement package is a short-term abatement. The sales and use tax abatement lasts for two years, the MBT lasts for four years and the PPT lasts for ten years. Once those timelines have expired, the companies pay full taxes.

There are two types of Catalyst Funds, highlighted on page 13. In addition to the funds themselves, there are TTCs within the Catalyst Fund. This is a performance-based grant program we administer through local municipalities and is usually structured over a period of years.

MATTHEW P. MOORE (Deputy Director, Governor's Office of Economic Development):

Some of the other economic development tools we use in GOED are listed on page 14 of Exhibit C. The first is Workforce Innovations for a New Nevada (WINN), detailed on page 15. This program is used as a closing tool to address workforce concerns for prospective businesses looking to relocate in Nevada. In 2017 and 2018, we refocused our efforts to build this program. In March 2018, we hired a full-time workforce coordinator who has shaped the program and driven the conversation with partners and industry. This is an industry-based program in which a business tells us what kind of skill set they need, and the WINN program helps the Nevada System of Higher Education (NSHE) institution develop a curriculum, buy needed equipment and get the program up and running. The business agrees to hire graduates from that program.

Page 17 details programs that have been approved to date. We collaborate with NSHE; Department of Employment, Training, and Rehabilitation (DETR); and the Office of Workforce Innovation based on what industry needs. This program is flexible and responsive. Many of the individual programs are still getting established. Currently, we have 38 employers in 17 industries, 715 participants and 250 credentials produced through the program. More detail can be found in the WINN 2019 Biennial Report (Exhibit E).

Unemployment rates have dropped, and today we have an environment where employees need upgraded skill sets. There is a need to train the incumbent workforce, which is currently employed workers. Page 18 of Exhibit C details programs that are in the pipeline that have not been approved yet, with an initial estimated cost of $3.2 million. We have a recommendation to further shape the plan through A.B. 32, allowing us to include the incumbent workforce in this program and provide funding for approved projects across the biennium. Based on current funding levels, the program will be closed out.

ASSEMBLY BILL 32: Revises provisions governing workforce development. (BDR 18-329)

Nevada's Knowledge Fund (Exhibit F) is intended to spur research, innovation and commercialization particularly in creating new products and businesses. It operates through NSHE; specifically University of Nevada, Reno (UNR), University of Nevada, Las Vegas (UNLV), and the Desert Research Institute (DRI). The Knowledge fund is focused on building capacity and developing technology. As new businesses develop and emerge, we have other programs to assist businesses in getting up and running.

The Nevada Opportunity Fund, page 19, also known as the Small Business Enterprise Loan Fund was created by a bill sponsored by Senator Ford in the Seventy-ninth Legislative Session. This fund is focused on microlending to traditionally disadvantaged small businesses. The first loan was granted in April 2018 and since then over 60 percent of the granted funds have been loaned. The program loans $25,000, $50,000 or $100,000 to companies with 2 to 5 employees.

The State Small Business Credit Initiative (SSBCI), page 20, can provide collateral support for loans to small businesses. A business may have proven performance and want to expand, but does not have the collateral to do so. The SSBCI can provide up to 35 percent of the value of the loan to the lender as collateral. We have done 20 collateral support agreements by deploying

$9 million in collateral support, accessing over $21 million in lender capital. There are zero defaults in this program.

Page 21 of Exhibit C highlights another aspect of SSBCI called the Battle Born Venture Capital fund. One great example is a company that has already commercialized its technology through WaterStart, bootstrapped, gone through the first venture capital investment and has proven performance. We are doing due diligence on that company to contribute capital into further expansion. We have 12 venture capital agreements to date through this program, and the total amount deployed is $3.6 million. All 12 companies assisted continue to grow their businesses.

Our International Division, page 22, has 2 primary objectives: to help Nevada businesses access the export market and to recruit successful foreign companies to expand or relocate to Nevada. One recent success was the announcement of $57,000 of State Trade Export Promotion grants to 8 businesses to help them market and gain access to international markets. Page 23 highlights existing agreements the International Division has with foreign governments. A recruitment platform, Nevada Global, page 24, has been created to foster outreach to foreign businesses and establish public-private partnerships to bring successful companies to Nevada. This program is attracting small companies with proven track records in their various markets.

Page 25 of Exhibit C highlights some other GOED activities. We administer Community Development Block Grants for rural Nevada using funds from the U.S. Department of Housing and Urban Development (HUD). Nevada Main Street is a two-year program that provides coaching and access to consulting focused around communities' own visions for their downtowns. Nine communities have applied to the program, which includes 6 communities that have applied for Main Street Rehabilitation grants totaling almost $100,000.

The Nevada Procurement Technical Assistance Center (PTAC), pages 26 and 27, trains businesses on how best to compete and win federal contracts. It coaches them how to access RFPs, become certified, bid and win all types of federal contracts. In purchase year 2016, $40 million in contracts was awarded; in purchase year 2018, over $371 million was awarded.

Nevada PTAC also administers the Emerging Small Business Program which focuses on identifying and coaching small businesses interested in contracting with government agencies. As of June 2018, 731 businesses have gained access to over $20 million in State and local government contracts.

The Nevada Film Office, page 29, also within GOED, attracts productions to Nevada. For the last 10 years, it has averaged 447 productions per year.

MR. ARMSTRONG:
Nevada Opportunity Zones are highlighted on page 30 of Exhibit C. In the Tax Cuts and Jobs Act of 2017, Congress included Opportunity Zones. Nevada Opportunity Zones are designed to spur investment in low-income census tracts, where average family income is $37,000 and average unemployment is nearly twice the national rate. Working with local government, business and private stakeholders, GOED created a ranking system of the census tracts and made recommendations to the Governor, who sent them to the U.S. Treasury Department to be certified. In June 2018, those census tracts were given a 10-year designation. Entities making investments within Opportunity Zones receive a number of tax benefits. The intended outcome of the program is enhancing the lives of Nevadans living in disadvantaged areas.

ASSEMBLYWOMAN BENITEZ-THOMPSON:
I appreciate hearing you discuss the change in the economy since the time GOED was established and the best way to move forward. I am looking at the GOED Biennial Report to Legislature of Abatements from Taxation (Exhibit G). I remember in 2011 talking about the establishment of GOED and the importance of bringing in new businesses. Some of the statistics on average wages seem quite disappointing. I recognize that 2018 figures are higher. Although the numbers can look impressive in the aggregate, I am dismayed to see that we gave abatements to companies that brought in five to ten new jobs with below average wages. I would like to see us do better.

My concerns are similar for aviation. Some of the numbers are great, as in 2018 where 60 new jobs were created at a great wage. This is what I voted for as a Legislator. Other examples are less compelling and do raise the question of whether we are giving something away for nothing. As we move forward in this Session, I hope we will have a discussion as to the best way to attract the right kind of companies and the right kind of jobs at great wages.

MR. ANDERSON:
There was a previous question about whether companies would come even if we gave no incentives. We have 145 years of experience in being a State that did not compete or offer incentive packages. Our method in the past has been to try to be the cheapest place to operate and see if they come. That does not work and has not worked. We have eight years of data that shows what we are doing now does work.

Every year, the average wage structure resets and our requirement for the abatement packages resets. The GOED Board sets the threshold each year, based on the State average wage. There are other criteria that must be met, but for the most part the trend for wages is up and our requirements continue to go up. However, I agree with your point that each session we should be refining these packages. Each session, we should examine our priorities and assess what Nevadans want. We should regionalize those focuses and understand that the rural counties can struggle to meet some of the requirements to receive abatements. One stumbling block is our export requirement. We do not incentivize restaurants, construction companies or attorneys. These are, by definition, secondary jobs. The export requirement means a company we incentivize must export its product or services out of the State. As a result, dollars are imported and grow Nevada's economy. Our goal is for diversification in the right way. We have seen evidence that it is working, and we are moving forward, recognizing that we need to position ourselves for the next recession or period of slow growth.

ASSEMBLYWOMAN BENITEZ-THOMPSON:
Is the wage requirement for the abatements a hard number?

MR. MOORE:
No, it is the average wage at the time. Additionally, when unemployment was over 7 percent, the wage trigger was based on the county average wage. Now that unemployment is below 7 percent, the wage threshold statewide is the State average wage. Looking back at abatements given in 2011 and 2012, you must take county average wages into account. When you see abatements given for a small number of jobs, those were likely for expansion abatements. The company was already established and doing business here in Nevada, and the threshold is lower for the number of jobs in order to facilitate an expansion.

Because the report is for our standard abatement, it does not differentiate new businesses moving to Nevada and established ones that expand.

MR. ARMSTRONG:
I would also point out that one of the requirements for abatement is that a company must pay at least 65 percent of the healthcare costs for employees. Wages are not the only standard. We do often see that once a package has been approved, the wages paid by the company are actually higher than the approved wage. This is a reflection of the low unemployment rate.

ASSEMBLYWOMAN SWANK:
We need to grow our nonprofit sector in Nevada, which is small relative to the size of our State. Do these programs assist nonprofits working or looking to work in Nevada?

MR. ARMSTRONG:
In fact, A.B. 32 does include clarifying language for the workforce program to include nonprofits.

ASSEMBLYMAN FLORES:
Is Nevada Global working with entities that have EB-5, E-2 and L-1 visas?

MR. ARMSTRONG:
There are a number of different programs we work through. An example is found on page 23 of Exhibit C as regards the Queensland Department of Natural Resources and WaterStart. This was a joint venture between Nevada and Queensland, Australia, with GOED International Division matching the dollars from Queensland to do water technology research. WaterStart is a nonprofit located at DRI. Another example is the Polish Institute of Aviation and the Nevada Institute of Autonomous Systems, which has reached an international level by helping develop airspace for unmanned aerial vehicles in other countries. We are working through NSHE, nonprofits and through private enterprise to establish various agreements.

ASSEMBLYMAN FLORES:
I am interested in these international agreements and to what extent immigration is a factor.

MR. ARMSTRONG:
I will make sure that our International Division reaches out to you to set up a meeting and address your concerns.

MR. ANDERSON:
Most of our focus is on government-to-government or university financing.

SENATOR KIECKHEFER:
How do you monitor the schedule of expirations of abatements? In the case of Tesla, when the MBT abatement ends after ten years, its MBT and PPT liability will be a large amount of realized revenue for the local government. When will those revenues be realized? Is there a schedule of expirations that stagger over time?

MR. ANDERSON:
We do keep track of the abatement expirations. Tesla's MBT and PPT abatement will begin to expire in 2024, at which time the local municipalities will begin to see enormous benefits. We can provide you with the schedule.

MR. ARMSTRONG:
We work with fiscal staff on the expiration schedule for TTCs as well.

ASSEMBLYWOMAN NEAL:
Senate Bill No. 442 of the 79th Session created a multiple-site tool. Does GOED use this tool?

MR. ANDERSON:
We have had conversations with companies that could take advantage of it, but none have, since it requires a significant investment across multiple sites.

ASSEMBLYWOMAN SPIEGEL:
Is your calculation of the average wage a straight average or weighted average?

MR. MOORE:
It is a weighted average.

VICE CHAIR RATTI:
We will move on now to the Las Vegas Global Economic Alliance (LVGEA).

JONAS PETERSON (President/CEO, Las Vegas Global Economic Alliance):
I am pleased to share the Progress Report of the LVGEA (Exhibit H). The mission of LVGEA is to grow the economy in southern Nevada through recruiting companies, retaining and expanding existing firms, community development, and business outreach. We are the RDA for all of Clark County.

The Alliance has a strategy supported by a 50-member Board of Directors comprised of public, private and educational leaders from throughout the region. We have over 180 investors and 75 partner organizations. Since 2012, the companies we have assisted have provided over $13 billion in economic impact.

The work of LVGEA is organized around three strategic imperatives. The first is to lead, facilitate and steward regional economic development. The most important way we do this is to identify and recruit new firms by sending out teams around the United States and the world. We then do whatever we can to bring them to southern Nevada to invest and create jobs. That may involve providing market information, site selection assistance and incentives. We also work to retain and expand existing local firms, run them through a series of diagnostic tools and identify opportunities to help them grow or avoid reductions in their labor force.

Our model is to get all partners working together. Public, private and educational leaders must engage to move in the same direction. Page 7 of Exhibit H illustrates the performance metrics we track. In 2018, with the help of many partners, we assisted in the creation of over 4,300 jobs with an average wage of $28 per hour. The overall impact from those firms was $500 million, with a projected fiscal impact of $23 million.

Our second strategic imperative is to strengthen Nevada's business environment through policy, planning and research. We advance probusiness policy in government at local, state and federal levels. We have launched a research center, designed to do deep research into our target industries and identify opportunities to grow and become more competitive. We advocate for a high-quality workforce. Companies today tell us the most important factor in the decision of where to locate is the availability of a skilled labor force. In Southern Nevada, LVGEA is responsible for the Comprehensive Economic Development Strategy (CEDS), which is the federally accepted strategy for economic development. Within CEDS, there are hundreds of programs, services and initiatives that we implement with a wide variety of partners.

Our third strategic imperative is marketing and communications. We produce a great quantity of communications, much of which is designed to be used outside of Nevada to change the perception of business leaders and to place ourselves in front of the leaders of companies that may be involved in location decisions. Our work revolves around promoting our quality of life. We are launching a talent attraction campaign this year. Now that we are at nearly full employment, it is important that we position our market for incoming talent. We do a great job training our existing workforce. Going forward, we need a new worker, trained or imported, for every new job created.

Page 12 of Exhibit H illustrates our performance metrics for this goal. In 2018, we were involved in over 900 articles, many outside of Nevada, to highlight our competitive operating environment. Nearly 5,000 individuals engage with our social media efforts monthly.

We are focused on our operations in order to maintain a competitive organization with an incredible team. We have grown to have a $4 million annual budget. The State contributes approximately $1.5 million for base funding. The remainder now comes from the private sector.

After a long process, LVGEA has been accredited by the International Economic Development Council, which placed us in the top 3 percent of economic development organizations globally. Ultimately, our purpose is to add value back to stakeholders. In 2018, every $1 invested, whether public or private, generated $144 of economic impact. According to the U.S. Bureau of Labor Statistics, Nevada today ranks as the fastest jobs-producing State in the Country. This is especially impressive given that eight years ago we were last.

Job production is driving nearly full employment and tremendous population growth. Nevada recently edged out Idaho to become the State with the fastest growing population in the Country. The southern Nevada economy is becoming stronger and more diverse. The chart on page 22 of Exhibit H shows the industries that are producing the most jobs. We have 90,000 more jobs than at our prerecession peak. The largest job-producing industries are education and health services, followed by professional and business services. We are experiencing that growth with 38,000 fewer construction jobs, an area where we need many more skilled workers.

Page 23 illustrates that, since 2012, LVGEA has become a powerful catalyst for job creation. This model is working, with GOED and all the RDAs seeing a similar level of success. Growth is happening and can be a powerful tool to build strong communities. Along the way, however, we need to pay attention to how we are growing. There are some areas where things are not going as well as we would like.

According to Brookings Metro Monitor, the Las Vegas metro area is the thirty-second largest in the Country in terms of population. It is, however, ninety-ninth overall in prosperity using productivity, standard of living and average annual wages. Our growth is not benefitting as many southern Nevadans as we would like.

Another problem area is inclusivity, as shown on page 27 of Exhibit H. Is our growth affecting all levels of our population? We are one-hundredth overall by this measure, using median wage, relative poverty and employment rate. For too many of our workers, housing is becoming difficult to afford. Page 28 illustrates the gap between income level and the price of a single-family home. In 2011, the gap was fairly small. Today that gap is much larger. This is an issue we need to pay attention to as that gap grows.

Our economy is growing, but our middle class is shrinking. In 2000, it was 57 percent of our population, by 2016 it was 52 percent. Economic development is a big part of the solution to reverse these trends. Nevada is ranked No. 1 in the Country for economic momentum and highest growth potential. This means we are not there yet. We have progress yet to be made to get to our ideal economy. We submit we need to continue our projobs policy, supporting economic development and supporting incentives that are delivering on our investment. Our Workforce Blueprint (Exhibit I) shows the specific workforce and skill needs in southern Nevada through 2023. We will continue to update our blueprint and have conversations with these Committees about how we can align our education and workforce resources to strengthen our economy moving forward.

SENATOR RATTI:
I am mindful of your comments about the economic growth not leading to increased prosperity for all and that now is a good time to take a look at what we might be doing differently. Do you have any proposals for how we proceed?

MR. PETERSON:
It starts with continuing the economic development system. A big part of our work is lifting individuals out of the lower class to the middle class. According to Pew Research, middle class is someone who makes $24,000 to $73,000 per year. In many cases, jobs paying $21 to $22 dollars an hour lift people up. We are trying to push that wage as high as we can, and in 2018 we saw an average hourly wage of $28 per hour.

Additionally, I would say we must support transportation improvements. Harvard University did a 2014 study looking at barriers to moving people from lower to middle class. One of the most significant barriers was large commute times. Significant improvements to transportation, particularly in southern Nevada, are critical.

The third and most important strategy is workforce development. It requires alignment of the pipeline from K-12 to higher education and training. We need to get young people excited about the jobs of tomorrow through internships, apprenticeships and work training programs. When you are at full employment, you must renew your emphasis on workforce development.

ASSEMBLYWOMAN NEAL:
Can you explain the metrics behind your claim that $1 invested in LVGEA creates $144 in economic impact?

MR. PETERSON:
We used the overall budget of LVGEA compared to the self-reported economic impact of companies that were assisted in 2018.

ASSEMBLYWOMAN NEAL:
I know what GOED does, but how does LVGEA attract and bring businesses to Nevada?

MR. PETERSON:
We are a research and sales organization. We work with consulting groups who help us identify firms, primarily in the U.S., that fit our operating environment and would see a competitive advantage by relocating to southern Nevada. Once those companies have been identified, we send teams, set up meetings and offer them marketing information. We compare locations, illustrate financial models and work them through the recruitment process. We endeavor to get them to visit, view the product we offer, check out available buildings and sites, and evaluate workforce components. Once they make the decision to move, we provide assistance, such as connecting them with a workforce, ensuring they have the right building, provide guidance through the permitting process and meet their other needs. It is really customized consulting.

CHAIR DONDERO LOOP:
We will now hear from the Economic Development Authority of Western Nevada (EDAWN).

MIKE KAZMIERSKI (President/CEO, Economic Development Authority of Western Nevada):
I know it can be hard to see what RDAs do, but at the end of the day it is about helping someone find a great job. Our work affects families, local government budgets and lives. That is why we are so passionate about what we do.

I would emphasize in the world of economic development, 2018 was a great year. On page 3 of EDAWN Update (Exhibit J), please note the Milken Institute Best-Performing Cities Report ranking of Reno as No. 1 for job growth and No. 11 overall. We could not do it without partners. Our partners are what make us attractive. Just throwing data at a company is not enough to get it to relocate. When we get companies to visit, they understand that northern Nevada is a great place not only for business but a wonderful environment to live, raise a family and just enjoy life.

In 2018, we assisted 29 new companies with the highest percentage of technology ever. Eleven of those 29 were in the technology sector. Just a few years ago, we were lucky to get one or two technology companies to look at us. Last year saw 15 corporate headquarters locate in northern Nevada. Corporate headquarters are a big deal. It may often be a smaller company, but it includes the executives, the decision makers. It brings in conferences and clients and all the attendant activity that brings revenue to the airport, the hotels and the service industry.

Page 5 represents the EDAWN-assisted job numbers for 2007 through 2018. We did not include Tesla in these numbers, but I have denoted the Tesla announcement to show that we were experiencing robust growth even before Tesla. Jobs have continued to ramp up since that time as well. The last year of the graph illustrates that we have run out of labor. We have actually tried to bring in fewer jobs because the workforce simply is not there. That does not make a lot of sense in the world of economic development, but it no longer holds true that any job is a good job. What we bring in are the technology jobs and jobs that provide our community with a better opportunity for a livable wage. Higher wages can provide families the means to afford the higher rent and home sales prices that go with rapid growth.

On page 6 you can see the last several years of wages in the companies we work with nearly doubled. Our track so far this fiscal year is exceptional, but we expect that to come down a bit. Our goal is at least $55,000 average annual wage, compared to 2016, when average annual wage was $36,434.

Our key metric in marketing and prospective company visits is represented on page 7 of Exhibit J. If we can get a company to visit, walk through the UNR campus, look at our business park and our wonderful snow-covered mountains, and understand that the Reno-Sparks area is a great place to live, work and play, our closure rate is high. Once companies visit, over 70 percent of them decide to come. We try to get eight to ten companies to visit every month. There is a lot of marketing that goes into getting that to happen. We have adjusted our marketing to target the sort of companies we really want here.

On page 8 is a list of pending announcements. These companies are likely to announce in the next several months and will continue to improve our economy. In addition, we are working with about 150 other companies in all stages of marketing. Some are in the initial exploration stage and others have visited us multiple times. It is an aggressive process that keeps us quite busy. When a company visits, it is usually a multiday process.

We have a team to focus on helping those companies that locate here to succeed. It does not help the economy if a company struggles once it is here.

One of the reasons our hourly wages are so high is we discourage companies from locating here if their wages are not competitive. Our retention team helps companies find their workforce and removes roadblocks.

Page 11 of Exhibit J represents our biggest concern. We are running out of available workforce. We explain to companies that they have to offer competitive wages and benefits in order to attract and retain their workforce. The four key components of EDAWN's workforce program are retention, connection, training and attraction. We put a lot of effort into attracting talent to our region. Internships and apprenticeships are a key element. In spite of our emphasis, only 150 of the 10,000 companies in our region use an internship program. Internships also act as job interviews and training for the real world. It is an advantage for both the company and the student.

The attraction of talent is crucial. We have a contract employee in the San Francisco Bay Area working with eight higher education institutions to connect with talented individuals seeking jobs. We try to help them understand the benefits of the Reno-Sparks area and the job opportunities here. Our strategic focus includes attracting technology and engineering. Robotics and coding is expanding, and training our students is essential. In Washoe County School District, less than 25 percent of the schools have robotics training, and we encourage the Legislature to look in to this issue.

The most important part of economic development is the assistance we give entrepreneurial companies. The jobs of tomorrow are being created in the minds of Nevadans right now. Companies will go somewhere else to grow their business if we do not help them do it here. We have helped 50 new companies start up and grow. Although the 130 jobs this provided does not seem like much, I would use the example of a company from New York which we helped start up with two people. Two years later they have 50 employees with wages of about $75,000 annually.

The focus of EDAWN for the coming year is nurturing a more sophisticated ecosystem. We have set up a Reno Seed Fund to help startups access capital and continue to try to attract talent from the Bay Area.

We have already heard that one of the greatest challenges for economic development is affordable housing. We have more working homeless than ever before. New housing is not being built quickly enough. The chart on page 21 compares new jobs and housing being built. It is no surprise that not much building occurred during the recession, but new construction has not yet achieved prerecession levels. There is a huge gap between new jobs and housing starts. The housing shortage has driven up prices 50 percent in 4 years, such that the median wage of $75,000 annually does not qualify someone to buy a house. Rents have seen a similar surge as well as a lack of availability. The vacancy rate in our area is 1.6 percent. The housing shortage is not a regional or State problem, it is a national problem.

Another issue of concern to EDAWN is transportation to the Tahoe Reno Industrial Center (TRI). A few years ago, 5,000 people worked there, today 15,000 work there and in 10 years 25,000 people will work there. We have only two lanes in each direction with no realistic alternate way to get there. Of all TRI employees, 75 percent live north of Interstate 80 due to lack of housing anywhere else. A major accident on this stretch of highway used to happen once a week, now there is one every day.

Finally, I would mention Senate Joint Resolution 14 of the 79th Session. It needs to move forward. We have a flawed property tax system. Local government cannot help with housing if 40 percent of its income is based on revenue from property tax that continues to depreciate. We are the only State that has not figured this out. Depreciating real property value causes property taxes to go down while the cost of government goes up. At the bottom of page 25 of Exhibit J there is an example of a house that recently sold for $470,000. A newer one is paying annual tax of $5,640, while an older one with the same value is paying $715, resulting in almost $5,000 that local school districts are not receiving for just 1 property.

SENATE JOINT RESOLUTION 14 OF THE 79TH SESSION: Proposes to amend the Nevada Constitution to revise certain provisions relating to property taxes. (BDR C-1123)

SENATOR KIECKHEFER:
Of the average wages you listed, are those assisted jobs or all jobs?

MR. KAZMIERSKI:
Those are assisted jobs.

CHAIR DONDERO LOOP:
We will now go to the Northern Nevada Development Authority (NNDA).

ROBERT C. HOOPER (President/CEO, Northern Nevada Development Authority):
We are a nonprofit corporation established in 1981 as the first RDA in Nevada. We view ourselves as the connectors, navigators and problem solvers between the Sierra Region's business community, government and the many resources which support the economic ecosystem. The Sierra Region encompasses four counties: Carson City, Douglas County, Lyon County and Storey County. Statistics can be found on page 3 of Economic Development for Nevada's Sierra Region (Exhibit K). The Region is a mixture of small urban and deep rural and everything in between. All our communities are interconnected and interdependent.

Since 2017, when I last reported to these Committees, NNDA has provided assistance to 34 companies who have relocated or expanded in the Region. Last month, our county managers all reported that they expected strong growth for 2019. We have a diverse set of industry sectors highlighted on page 4. Sometimes it is hard to explain what an RDA does. The illustration on page 5 indicates the many different parts we can play in attracting and assisting businesses. Our overall goal is to maximize economic upticks and to minimize and mitigate financial downturns.

We receive vital assistance and support from our partners and key collaborators to accomplish our goals. We are the organizers who bring much of the activity together. Our partners are federal and State organizations, as well as local businesses that support us. Over 70 percent of the funds we work with come from the private sector.

Since 2010, we have reduced the industrial vacancy rate from 26 percent to 3 percent, and that reduction took place before the Tesla announcement. Lack of suitable industrial sites is a problem. We have developed a pipeline of over 775 companies, assisted over 100 companies to relocate or expand and assisted in bringing more than 5,000 new jobs. The total economic impact of our work is over $1.5 billion.

It would be a mistake to assume that, if the economy is doing well, there is no need for economic development. Page 8 demonstrates an economic development pipeline that can range from 6 months to 10 years. Similar to my other NDA colleagues, we do not work with companies that do not fit the Region's needs. Noncompetitive wages or large water needs are two examples.

One vital partner in our work is Western Nevada College (WNC). I am Chair of the Advisory Council and three of our key partners are members of the Council as well. We are using the Council to coordinate with the county school districts. Our efforts are in finding ways to develop workforce programs that benefit everybody. We have a tremendous opportunity to develop the missing workforce. These are individuals between the ages of 25 and 34 who are not on any type of public assistance, have a job, have soft skills but are stuck in the job that they have. We are putting together a program called Realizing Opportunities for the American Dream to Succeed (ROADS). The goal of ROADS is to bring individuals into college and get them on the fast track to a better career. It was one of our manufacturing employers who brought to our attention that job seekers were showing up with good habits but without the requisite skills. At WNC we have a unique opportunity called the Siemens Mechatronics Program, which brings together electronics, pneumatics and automation to teach valuable skills. If individuals are college-ready, once they have completed both levels of the program, they will qualify for jobs making $80,000 annually. It does not take that long, but we need more people going through the program. Our program will provide assistance to those families while they are going back to school. Working with our employers and DETR, we are putting together a replenishable fund.

We are working closely with the Nevada Department of Transportation (NDOT) on the feasibility of improving our freight rail system in the Region. Trains are the most efficient way of transporting freight over land. Moving 1 ton of cargo by rail 479 miles takes 1 gallon of fuel. In 2014, it would have taken approximately 2.6 million additional trucks to handle the 47.1 million tons of freight that originated in, terminated in or moved through Nevada by rail. Our highways could not have handled that kind of load. We are very happy to work with Union Pacific and BNSF on the feasibility of increasing rail freight in the State. We recently welcomed Black Gold Terminals to Fernley. It is a short-line railroad with adequate load and lift capacity, an important piece of rail infrastructure. Working with NDOT, we are conducting a feasibility study of Fernley as a multimodal transportation hub. Also with NDOT, we hope to be running a short-line railroad, which could be used in Silver Springs, Wabuska or

Hawthorne. There is dismantled railroad that extends from Hawthorne down to Interstate 15. Running rail to more rural areas of Nevada would be welcomed by various mining companies and agricultural programs. Page 11 of Exhibit K provides more detail on the advantages of rail.

We have to work to bring available capital to businesses. The incentives offered by GOED are critical, particularly in the rural areas. One-size-fits-all in our State will not work. We are working with a recycling company that is relocating to Wabuska, and it would not be doing so without the incentives. The HUD Community Development Block Grants, administered by GOED, are another important tool. The NNDA Banking and Finance Committee puts together finance packages for companies seeking to locate here or expand. We help companies draw up business plans and walk them through the loan application process.

The four Sierra Region Opportunity Zones are seen on page 13. The tax incentives for designated Opportunity Zones are great, but you must have a fund put together to take advantage of it. That is our focus at NNDA, and our assistance is in demand. We have 32 active projects that we consider highly probable and three company expansions in progress.

Expanding industrial space is a priority. Not only do we need more buildings, but we have to get the land ready for those buildings to be built. Since 2015, we have sought and secured three U.S. Department of Environmental Protection Brownfields Grants. At the end of the three grant awards, we will have put $1.8 million into the ground. Brownfields Grants pay for environmental studies and a reuse plan for contaminated sites. This has led to a second program, the Sierra Region Certified Site Program, detailed on page 16. Certifying a site requires much effort, but when GOED has a company looking for a site, we may have a workable package ready to go. This saves the companies money and time in due diligence and diminishes their scheduling risk.

One of the big jobs that fall to the RDAs is to keep everyone playing on the same field. We are the connector of the four county governments, the business community, and State and federal officials. Page 17 highlights some of the things we do to keep everyone moving in the same direction. We will also be exploring innovative ways to spur and encourage rural entrepreneurship. Some of our rural communities lack buildings and infrastructure vital to businesses. We are looking to conservation economics as a driver for that.

You have received an NNDA Packet (Exhibit L) that includes much useful information about economic development here in the Sierra Region. Our *Viewpoint Summer 2018* has an interesting article about demystifying economic impact. We do measure success by the number of jobs created and the overall economic impact, but just as importantly, we strive to lift up Nevada families. Economic development is not about the advantage it brings to me. It is about the advantages it brings to our kids, our grandkids and the future of our communities.

ASSEMBLYWOMAN COHEN:
Would you briefly talk about the aerospace industry in the Region?

MR. HOOPER:
We have some good companies in the aviation industry here. One example is Click Bond, which owns a patent to a widely used device that fastens airplane fuselages. A company in Douglas County makes airplane connectors. From a manufacturing point of view, we have a lot of aviation business. Because of the way we treat spare parts in the State, we are attracting aviation-type business. The Silver Springs Airport has a company planning to build a 30,000-square-foot hangar and convert airplanes from private to military use. Aviation business around the Minden-Tahoe Airport is also booming. I am meeting with the Carson City Airport manager to talk about the possibility of getting scheduled service to Las Vegas, although the chances of that are slim.

ASSEMBLYWOMAN SPIEGEL:
The presentation from EDAWN emphasized the problem of housing availability. As you are looking at freight rail lines, are you considering the potential for commuter rail? As you are formulating economic development plans, are you looking at incorporating planning for workforce housing and schools?

MR. HOOPER:
Passenger rail is a part of the conversation with NDOT. I know that one of the most desirable lines would be from the Reno-Sparks area to the TRI Center. There has also been conversation about more passenger rail from California. All of these would be great. Passenger rail is different from freight rail. The cost to

lay rail is currently about $2.5 million per mile. The investment would be huge and is a long-term proposition. These would be 100-year assets. But we cannot just give up; we will continue to talk and plan.

As for the housing issue, we are fortunate in the Sierra Region that we have a lot of permitted homes under construction. We also have some good affordable housing programs. We have a ribbon cutting next week in Dayton. Chicanos Por la Causa built a fantastic single family home project. What we are missing is what has been termed the missing middle. There is no inventory being built for those making between $50,000 and $80,000 per year. Our multitenant vacancy rate is about 0.14 percent. We have to find a way to stimulate housing for that missing middle. The cost of construction and labor is prohibitive, and developers are just not moving into that space.

CHAIR DONDERO LOOP:
Will increased rail bring additional jobs and infrastructure to smaller towns like Hawthorne, or will the rail just pass through them?

MR. HOOPER:
Rail would bring additional jobs to small towns. The Union Pacific line ends at Wabuska, and the U.S. Army takes over the line from there to Hawthorne. If we had better scheduled service and improved load and lift capacity, it would stimulate jobs. The world's largest copper concentration is underneath Yerington, and Nevada Copper is becoming very active. Rail could move ore out of there, and that would create 1,200 jobs.

CHAIR DONDERO LOOP:
We will move on to the Las Vegas Convention and Visitors Authority (LVCVA) and a discussion of the Convention Center and Stadium.

STEVE HILL (CEO/President, Las Vegas Convention and Visitors Authority):
The legislation crafted during the Thirtieth Special Session of 2016 has been clear in making sure that both of these projects are taking the intended and appropriate path.

The project timeline is on page 3 of the Las Vegas Stadium Project Update (Exhibit M). The Southern Nevada Tourism Infrastructure Committee finished its work in September 2016. After the Special Session, the Las Vegas Stadium

Authority Board was formed, and in March 2017, the National Football League (NFL) approved the relocation of the Raiders to Las Vegas. We broke ground in November 2017.

In March 2018, 62 final documents, which include a Development Agreement and Lease Agreement, were approved. The Board is signatory to about half, and Clark County is also involved in the project. Bonds for the project were issued in May 2018. At this point, the Stadium is about one-third complete, with over 1 million on-site work hours. In January 2019, ground was broken for the practice facility in Henderson.

Page 8 illustrates the structure of the Stadium project, which includes the Authority Board and the Raiders Las Vegas Stadium Events Company (StadCo), which develops and operates the Stadium. The funding estimate for the project is a $750 million public contribution primarily through the bond issue, and a $1,090,000,000 contribution from StadCo. When we came to the Legislature in 2016, the total estimated cost was $1.9 billion and included $100 million for the practice facility. The practice facility is not part of the Stadium Authority's responsibility and is not included in the $1,840,000,000 projection on page 9.

The Stadium Authority Board is comprised of three members appointed by the Governor, three members appointed by Clark County Commission and one representative from UNLV. These seven members select two other members for the Board. The current Board is named on page 11, and their role and responsibilities are detailed on page 12. To summarize, their role is to ensure the public gets the intended benefit of the deal the Legislature approved.

Those intended benefits are summed up on page 14, the primary one being economic activity in the form of jobs and income to Nevada families. The UNLV Sam Boyd Stadium would have needed replacement soon at an estimated cost of $580 million, and the new Stadium eliminates the need to do that. Robust tax revenue is anticipated as a result of activities at the new venue.

At the beginning of the project, we estimated 2 million attendees at 46 annual events, and we are still on track for that. Of that number of attendees, we expect about 450,000 to be coming to Las Vegas primarily because of a stadium event. All of our projected economic benefit is derived from those visitors, not from the other 1.5 million who either live in Las Vegas or are coming to Las Vegas anyway and happen to attend a stadium event, as illustrated on page 16 of Exhibit M. It is expected that all of the economic impacts will generate approximately $35 million in additional tax revenue. This is conservative, since MBT was not included in the estimate.

The Special Session legislation included a two-tiered room tax stream to fund the entire effort, which includes the bond issuance. A Primary Gaming Corridor was created and is depicted on page 18. A 25-mile radius around the Clark County Government Center is called the Stadium District. Rooms within the Primary Gaming Corridor have a 0.88 percent tax assessment and the rest of the rooms within the Stadium District have a 0.50 percent assessment.

Page 20 depicts where the revenue has come from, with over 90 percent coming from the Primary Gaming Corridor. The legislation required that when the bonds were issued there be a 1.5 coverage ratio. That means 50 percent more revenue will be collected than is projected to be needed to pay for the bonds. In rough numbers, with a $30 million annual bond payment, there would be $45 million collected in room tax. This excess is referred to as a waterfall, and how the excess money is to be used is outlined on page 21. The waterfall pours over as buckets fill.

The first bucket is a $2 million annual operating budget for the Stadium Authority. There is a contribution to debt service of $9 million each year until the entire required debt service on hand is collected. There is a payment to UNLV for any demonstrated loss based on the closure of Sam Boyd Stadium. There is a contribution to a capital maintenance fund of $5 million per year. Any residual amount left over can be used for early debt retirement or capital improvements.

On page 23, the funding sources and uses are detailed. The public side of the funding was from the bond issuance in May 2018. The sources for that funding are $56.2 million of room tax revenue collected as of that time and bond proceeds of $742.7 million. That funded the $750 million necessary for Stadium construction and the first year of debt service reserve. The legislation requires two full years of average debt service reserve, with the average being $45 million. The first year was generated and set aside during the bonding process. Interest collected on the $750 million that remains unspent on the project can be put toward that second year of debt service reserve, as well as the $9 million per year from the waterfall. We anticipate it will take three years to fully fund the required second year of debt service reserve. Once it is fully funded, the $9 million per year can be used for other purposes further down the waterfall.

StadCo funding sources were a $600 million line of credit from Bank of America, $290 million projected from the sale of personal seat licenses and $200 million from the NFL Loan Program. Page 25 details the source of the Stadium costs to date, showing about 23 percent coming from public funds. The deal required the Raiders to buy the land and fund the first $100 million of construction. At that point, costs are proportionally split until the end, when the public puts the last $50 million into the project.

The legislation also provided for some direct community benefits. The first was a small business enterprise (SBE) requirement, calling for 15 percent of project costs to be completed by local small businesses. As a part of the legislation, the Stadium Authority is required to ensure that StadCo has a community benefit plan in place. That plan is largely directed at employment inclusivity at the stadium. Page 31 details the results of this benefit, showing that 19 percent of total contracts awarded have been committed to SBEs. There was a 38 percent goal of minority and female work hours. Currently, that total is 69 percent.

The project is moving along very well. It is on time and on budget. It is expected to receive a Certificate of Occupancy in July 2020. We expect football to be played there around the Labor Day weekend that year.

I will move on now to the Convention Center. On page 2 of the Las Vegas Convention Center District Project Update (Exhibit N) is a rendering of the completed project. The buildings on the right are the current Convention Center, and the angled building in the middle is the expansion, which we are calling the West Hall. It is a 600,000-square-foot expansion, which includes 150,000 square feet of meeting space on 3 floors.

On page 3 is a synopsis of the economic and fiscal benefits of the project. We anticipate that the expansion of the Convention Center will increase visitation by approximately 610,000 people annually with $49.2 million new tax revenue generated.

This project also requires 15 percent SBE participation in the community plan that the contractor, Turner/Martin-Harris, has worked diligently to implement. On page 5 is information on the contractor's outreach program to help local businesses connect to the project. To date, 19 percent of the contracts awarded have been to SBEs, and 52 percent of the workforce is comprised of minority workers.

Senate Bill No. 1 of the 30th Special Session created 2 revenue streams for this project: a 0.5 percent room tax in Clark County and the ability for LVCVA to retain any collection allowance in excess of $25 million per year. In 2018, the first full year of collections, room tax generated $29.2 million and the excess collection allocation generated $3.5 million. These two revenue streams are not enough to fund the entire project. The initial request by LVCVA to the Tourism Infrastructure Committee was for $1,250,000,000 in new funding toward a $1.4 billion project. Through negotiations and further work by the Tourism Infrastructure Committee, the funding request was reduced to $525 million. The room tax and the excess collection allocation should generate between $525 million to $600 million over the course of this project. The rest of the project cost will come from the LVCVA General Fund.

Page 11 details the revisions to the budget and sources. The increase in budget reflects some additional construction cost, an increase in scope and a plan to mitigate some of the neighborhood impact. The current budget for the expansion and renovation is $1,475,000,000.

When I talk about bonding these projects, my comments are considered communication in public to the bond markets. What I am talking about here is one possible path for bonding. It is in a range of potential outcomes for how we will complete the bonding for this project. We are about 60 percent bonded. We have bonded for the expansion but have not issued the bonds for the renovation. Our projections will move as the bond market moves over the next couple of years. The top two bond tranches, on page 13, have been released for a total of $700 million to date. The true interest cost is included. When we modeled this project, we modeled it at 4.625 percent interest rate. We are at a blended rate of approximately 4.08 percent. The first 2 tranches are on the long end of the 30-year bond spectrum, so as we move forward we may be able to keep those interest rates down because we have room in the intermediate time range for the bonds.

Page 14 of Exhibit N shows the debt service of the LVCVA for all our projects. This is existing debt service and does not include the expansion and renovation of the Convention Center. Page 15 shows projected debt service when including the new project, while page 16 represents only the debt service of the expansion and renovation project. Page 17 illustrates the revenue sources available to pay the debt service. The additional revenue provided for by the Special Session legislation is in blue. This includes the room tax and the excess collection allocation, which should grow over time. We will need to use our General Fund to make the debt service payments, but over time the amount should decrease. If the additional revenue of the LVCVA does not meet expectations, we would reduce other activities in order to make the bond payments.

Page 18 is a picture of the project progress. Where the cranes are placing columns will be the three-story meeting room block. This picture was taken two weeks ago and now the first floor is basically done. We expect to be complete by December 2020. We are contracted with the Consumer Electronics Show in 2021, so we will meet the deadline. Once the new hall is open, we will take down the current facility in five phases. The North Hall will be complete in June 2021, the Central Hall in March 2022 and the South Hall in July 2023.

ASSEMBLYWOMAN NEAL:
If the revenue does not meet your expectations, what activities would the LVCVA have to reduce?

MR. HILL:
We bring in roughly $350 million annually. About $60 million is for current debt service and $25 million is transferred to local governments in the collection allowance. We will have to make a contribution for some period of time of about $50 million a year. It costs us about $40 million annually to just operate the Convention Center, not including capital maintenance. That amount would be very difficult to reduce. We spend about two-thirds of the remainder in various aspects of marketing, and that is where we have the most flexibility.

CHAIR DONDERO LOOP:
We will now go to public comment.

J. KYLE DALPE, PH.D. (Nevada System of Higher Education):
I speak in support of GOED, and NSHE has worked with them since the creation of the office on a variety of initiatives. The office works to support and expand economic development in the State, defining strategic direction which is picked up by the RDAs you have heard from today. When companies plan to relocate to Nevada and expand here, they want to know if there is a trained workforce. To meet these needs, NSHE has developed and implemented training programs and research opportunities. These initiatives benefit employers but more importantly they benefit students who complete programs and go on to secure good jobs in our State. Our community colleges have accessed the WINN funding to train students for jobs and to build state-of-the-art facilities. Our universities, state college and research institute have access to the Knowledge Fund to support research Statewide. In addition, many NSHE presidents and others from our institutions serve on workforce development boards helping guide and support strategic decisions. We look forward to continuing our work to train Nevadans across the State and conduct research, and we appreciate the support of GOED and the resources available to make this work happen.

GLENN C. CHRISTENSON (Board of Directors, Las Vegas Global Economic Alliance):
I am Chairman Emeritus of LVGEA, Chairman of our Policy Committee and have served on the Board for 18 years. I am representing our Board of Directors. Early in my tenure as a member of the Board in 2005, I was Chief Financial Officer of Station Casinos. I would talk to people on Wall Street and tell them Las Vegas is a great place to invest. Southern Nevada had led the Country in growth in the last 20 years, and everything looked great. Four years later, when I took over as Chairman in 2009, we were in the depths of the worst recession we had ever seen. I saw leaders in our community pointing fingers at each other, asking why we were not more diversified and why we did not have a more robust economy.

I hope that you agree with our Board of Directors that now is not the time to take our foot off the economic development accelerator. In 2012, we evolved from the Nevada Development Authority into the LVGEA, and we decided to take a different, more collaborative and holistic approach to economic development. The LVGEA reflects that, as we have 50 members from the education, public and private sectors on our Board. The holistic approach that we are taking to economic development includes a real interest in the education of Nevadans, from Pre-K through higher education. Education and economic development are inextricably linked.

Economic development is community development. If we do a better job of economic development and produce a more robust economy, we can do a better job in education, health care, infrastructure and social services. Mr. Peterson has reviewed our successes over the last six years, and I hope you agree with the Board of Directors that you are getting a good return on your investment.

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CHAIR DONDERO LOOP:
Seeing no further public comment, this meeting is adjourned at 7:17 p.m.

RESPECTFULLY SUBMITTED:

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Barbara Williams,
Committee Secretary

APPROVED BY:

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Senator Marilyn Dondero Loop, Chair

DATE:_______________________________________

____
Assemblywoman Dina Neal, Chair

DATE:_______________________________________

EXHIBIT SUMMARY				
Bill	**Exhibit / # of pages**		**Witness / Entity**	**Description**
	A	1		Agenda
	B	3		Attendance Roster
	C	33	Derek Armstrong / Governor's Office of Economic Development	GOED Joint Presentation
	D	12	Derek Armstrong / Governor's Office of Economic Development	Tesla Economic Impact Study
	E	23	Matthew P. Moore / Governor's Office of Economic Development	WINN Biennial Report
	F	15	Matthew P. Moore / Governor's Office of Economic Development	Nevada's Knowledge Fund
	G	36	Derek Armstrong / Governor's Office of Economic Development	GOED Biennial Abatement Report
	H	35	Jonas Peterson / Las Vegas Global Economic Alliance	LVGEA Progress Report
	I	48	Jonas Peterson / Las Vegas Global Economic Alliance	LVGEA Workforce Blueprint
	J	26	Mike Kazmierski / Economic Development Authority of Western Nevada	EDAWN Update
	K	19	Robert C. Hooper / Northern Nevada Development Authority	NNDA Legislature Presentation
	L	61	Robert C. Hooper / Northern Nevada Development Authority	NNDA Packet

	M	36	Steve Hill / Las Vegas Convention and Visitors Authority	Las Vegas Stadium Project Presentation
	N	19	Steve Hill / Las Vegas Convention and Visitors Authority	Las Vegas Convention Center Presentation