

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

**Eightieth Session
April 2, 2019**

The Senate Committee on Revenue and Economic Development was called to order by Chair Marilyn Dondero Loop at 1:39 p.m. on Tuesday, April 2, 2019, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

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

GUEST LEGISLATORS PRESENT:

Senator Pat Spearman, Senatorial District No. 1

STAFF MEMBERS PRESENT:

Russell Guindon, Principal Deputy Fiscal Analyst
Joe Reel, Deputy Fiscal Analyst
Barbara Williams, Committee Secretary

OTHERS PRESENT:

Melanie Young, Executive Director, Department of Taxation
Shellie Hughes, Chief Deputy Executive Director, Department of Taxation
Paulina Oliver, Deputy Director, Compliance, Department of Taxation
Jeffrey Ferro, United Food and Commercial Workers International Union
A'Esha Goins, Greenbridge Consulting Group
Randy Soltero, United Food and Commercial Workers International Union
Thomas Dunn, Professional Fire Fighters of Nevada

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Andy Donahue, Southern Nevada Laborers-Employers Cooperation and Education Trust
Priscilla Maloney, American Federation of State, County and Municipal Employees Nevada Retirees Chapter 4041
Derek Armstrong, Office of Economic Development, Office of the Governor

CHAIR DONDERO LOOP:

I will open this meeting with a work session on Senate Bill (S.B.) 164.

SENATE BILL 164: Recognizes certain virtual currencies as a form of intangible personal property for purposes of taxation. (BDR 32-878)

JOE REEL (Deputy Fiscal Analyst):

Senate Bill 164 recognizes certain virtual currencies as a form of intangible personal property for purposes of taxation. It is sponsored by Senator Kieckhefer and was heard in this Committee on March 12.

Subsequent to the hearing, Senator Kieckhefer brought forward one amendment. The proposed amendment provides a definition of unaffiliated computers or machines. I have submitted the work session document ([Exhibit C](#)).

SENATOR SEEVERS GANSERT MOVED TO AMEND AND DO PASS AS AMENDED S.B. 164.

SENATOR RATTI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chair Dondero Loop:

I will close the work session and open the hearing on S.B. 447.

SENATE BILL 447: Exempts sales of certain durable medical equipment, oxygen delivery equipment and mobility enhancing equipment from sales and use taxes. (BDR 32-1255)

MELANIE YOUNG (Executive Director, Department of Taxation):

I am here to present S.B. 447, which provides the necessary statutory language for the Department to effectuate the measure passed by Nevada voters. This exemption was approved by the voters in this State in ballot Question No. 4 in the 2016 and 2018 general elections.

SHELLIE HUGHES (Chief Deputy Executive Director, Department of Taxation):

Before I go into the bill, I would like to provide some background information. Nevada is a full member of the Streamlined Sales Tax Governing Board. The Agreement's purpose is to simplify and modernize tax administration to minimize the burden of tax compliance. Twenty-three states are full members of the Governing Board and out of those 23, 18 provide for exemptions similar to the ones provided in S.B. 447.

Sections 2 through 4 of S.B. 447 amend *Nevada Revised Statutes* (NRS) 360B and incorporate the Streamlined Sales and Use Tax Agreement's definitions of durable medical equipment, oxygen delivery equipment and mobility enhancing equipment. These sections also provide examples of each type of equipment.

Section 6 amends NRS 372 and provides an exemption from sales and use tax that is deposited into the General Fund. This section also provides that the equipment must be prescribed by a licensed health care provider to qualify for the exemption. Section 9 amends NRS 374 and provides an identical exemption to the Local School Support Tax. Section 12 provides for an effective date of July 1.

I would note that enteral feeding systems are not included in this bill, although they were included on the ballot initiative approved by the voters. The bill may need to be amended to include an exemption for those systems.

SENATOR SEEVERS GANSERT:

Will you be bringing that amendment?

Ms. HUGHES:

Yes, we will.

SENATOR KIECKHEFER:

Are the definitions incorporated in the bill consistent with the language of the ballot question?

Ms. HUGHES:

The definitions are from the Streamlined Sales and Use Tax Agreement. The ballot question also included the definitions.

SENATOR KIECKHEFER:

Of the 18 states you said had similar exemptions, have any been recently implemented?

Ms. HUGHES:

I do not have that information, but I will get back to you with an answer.

CHAIR DONDERO LOOP:

Can you give more information on the bill as it pertains to school funding?

Ms. HUGHES:

Whenever an exemption is provided for in NRS 372, an identical exemption has to be provided for in NRS 374 for the Local School Support Tax.

RUSSELL GUINDON (Principal Deputy Fiscal Analyst):

All the rates must line up. There are other rates such as the Basic City-County Relief Tax, the Supplemental City-County Relief Tax and any other rates done through special local acts. Provisions in those chapters state they must be identical to NRS 374. By providing the exemption to NRS 374, the exemption automatically attaches to all the other sales tax rates that are imposed.

SENATOR PARKS:

Is there any particular reason why hearing aids have not been included in this exemption?

PAULINA OLIVER (Deputy Director, Compliance, Department of Taxation):

By statute, hearing aids and eyeglasses are not exempt. They were not included in the ballot question and are not addressed in the Streamlined Sales and Use Tax Agreement.

CHAIR DONDERO LOOP:

I will close the hearing on S.B. 447 and open the hearing on S.B. 278.

SENATE BILL 278: Authorizes medical marijuana establishments and associations of medical marijuana establishments to participate in programs of workforce development. (BDR 40-784)

SENATOR PAT SPEARMAN (Senatorial District No. 1):

Senate Bill 278 extends valuable workforce development and training opportunities, coordinated through the Governor's Office of Economic Development (GOED), to the emerging medical marijuana industry. This will allow the industry to enhance its recruitment, assessment and training of medical marijuana establishment agents. Moreover, the bill requires GOED, to the extent possible, ensure that minority- and woman-owned businesses as well as disadvantaged businesses are involved in GOED's programs of workforce development in which medical marijuana establishments or related associations participate.

The stated policy of GOED's program for training and workforce development is that industrial and economic development of all geographic areas of this State be supported through the implementation of programs of workforce development that prioritize the recruitment, assessment and training of a highly skilled and diverse workforce. This public policy, set forth in NRS 231.1465, further declares that "creating equal opportunities is critical to ensuring equity, social and economic mobility and sustainability." These public goals and the programs associated with them are actively serving many industries, including health care, information technology, manufacturing, logistics and mining. So I ask you today—why not include the emerging and vital medical marijuana industry?

While this industry is fairly new, we do know it yearns for greater diversity and employee sustainability. Workforce development is a critical tool in the recruitment and training toolbox, as it prioritizes recruitment and retention of highly skilled employees who will grow and sustain the medical marijuana industry. Minority- and woman-owned businesses involved in this industry stand to benefit even more from these critical opportunities.

To better see how the industry can participate in this GOED program, it might be best to go through the bill in greater detail. There is a proposed amendment from United Food and Commercial Workers ([Exhibit D](#)), and I have included the provisions of the amendment in my remarks.

Section 1 amends provisions in NRS 453A to add that a medical marijuana establishment or association of establishments may participate in a program for workforce development for the purposes of recruiting, assessing and training medical marijuana establishment agents. The amendment expands on section 1, subsection 13 to include a medical marijuana establishment or association partnered with any authorized provider as defined by NRS 231.1415.

Section 3 amends NRS 231 to include the existing definition of “medical marijuana establishment” as set forth in NRS 453A.116. Section 4 specifies that GOED shall, to the greatest extent practicable, ensure that businesses that have been certified as minority-owned, woman-owned or disadvantaged business enterprises are involved in programs of workforce development in which medical marijuana establishments or associations of medical marijuana establishments participate.

Section 5 is conforming language and section 6 provides that a business or a person who represents an association of medical marijuana establishments may apply to GOED to participate in a program of workforce recruitment, assessment and training offered by an authorized provider. Section 6 also adds “or association” to ensure that such an application includes information about an association of medical marijuana establishments. The amendment would also add a medical marijuana establishment or association partnered with any authorized provider to various paragraphs within section 6, subsection 8.

Finally, section 8 makes conforming changes to provide that an association of medical marijuana establishments, like other businesses participating in GOED’s workforce development program, may request that any proprietary information, intellectual property or trade secret contained in any training materials provided through the program be deemed confidential.

JEFFREY FERRO (United Food and Commercial Workers International Union):

I have been proud to help lead the Cannabis Workers Rising program for United Food and Commercial Workers (UFCW) since 2014. Cannabis Workers Rising is committed to building a successful cannabis industry with a thriving, diverse and skilled workforce.

I speak in support of S.B. 278. The marijuana industry is growing and rapidly evolving. It requires highly specialized and technical skills which include botany, chemical extraction and horticulture. It is vitally important to have a well-trained

cannabis industry workforce in order to ensure safety for consumers, workers and the public.

This bill will allow for the evolution of a workforce development program that will ensure cultivation, manufacturing, dispensary or laboratory testing workers are highly skilled, certified and fully prepared to raise and maintain standards across the entirety of the cannabis industry in Nevada. It also helps to guarantee that cannabis jobs are good jobs that will provide people with better wages, better benefits and a better life.

The skills that can be acquired are not specific to cannabis alone. These are important skills that will transfer over many occupations. Your investment now will lead to people acquiring valuable skills. The interest in this industry drives young people to learn skills, such as agriculture, that have declined in recent years.

Because UFCW led the Nation with the first marijuana apprenticeship program, we understand the need for highly skilled workers across this industry. We already do apprenticeship programs in other industries that are highly regulated such as food processing, butchering and barbering.

SENATOR KIECKHEFER:

Can you tell me about discussions you have had with GOED? When the program was created in 2015, it was identified as a project to support the new jobs being created by the Faraday plant. It has obviously expanded since then, but the marijuana industry was not included in the State Plan for Economic Development. I understand the plan is being updated, but I do not know if the marijuana industry is being included. The Governor is also proposing to zero out this account in the next budget cycle, which I disagree with.

MR. FERRO:

I have not personally had any conversations with GOED. In my experience dealing with California, I know there are several revenue streams available to this industry. We have collective bargaining agreements, and we generally negotiate monies put into workforce development. I would imagine the Governor's Office of Workforce Innovation could be a source of funding as well.

SENATOR SPEARMAN:

I have spoken to the director of the Department of Employment, Training and Rehabilitation (DETR) about this subject. All the particulars of the plan are not in place, but DETR is in full support of the concept.

SENATOR KIECKHEFER:

I understand these are Workforce Innovations for a New Nevada (WINN) funds within GOED. I am not sure if DETR has any interaction with that approval process.

SENATOR SEEVERS GANSERT:

That is also the way I read the bill. Section 6, subsection 6, paragraph (c) gives priorities to industries that are within the State Plan for Economic Development. Paragraph (d) requires that it be consistent with the unified state plan submitted by the Governor to the U.S. Secretary of Labor. I agree that funding is scheduled to be zeroed out in the second year of the biennium.

A'ESHA GOINS (Greenbridge Consulting Group):

Prior to 2017, marijuana regulations required a significant expenditure of law enforcement resources. In addition, discriminatory police practices added to a prison population already comprised of a significant number of nonviolent offenders. Studies have proven these arrests disproportionately impacted African-American and Latino individuals and communities.

Senate Bill 278 will offer training and assessment for those who were disproportionately impacted by past discriminatory marijuana policies, including technical support, regulatory compliance assistance and assistance in reducing barriers to employment in the regulated industry.

Offering this support will serve the State's goal of eliminating or reducing the marijuana illicit market by increasing access to the regulated marketplace. I understand the intent of the bill was not to ensure that those most harmed by past marijuana regulations be offered assistance to enter the regulated marijuana industry as entrepreneurs or as high-level marijuana industry employees, but that is exactly what it will accomplish. I hope the Committee recognizes the importance this workforce development program will have in the disproportionately impacted communities of Nevada.

SENATOR SPEARMAN:

Automation is quickly replacing a lot of our workers. We have not talked about that on a grand scale. If you go into a grocery store, the number of cashiers has shrunk and the number of self-service registers has expanded. This bill is not just about the marijuana industry, this is about making sure that workers who are affected by increased automation can be trained and assured of gainful employment.

CHAIR DONDERO LOOP:

In section 4, the bill refers to ensuring "to the greatest extent practicable" that minority-owned or disadvantaged businesses are involved in workforce development. Please explain this section.

SENATOR SPEARMAN:

The certification is done by GOED, and it would not be impacted by this bill. It is already ensuring these types of businesses are involved.

RANDY SOLTERO (United Food and Commercial Workers International Union):
I am here today testifying in support of S.B. 278.

THOMAS DUNN (Professional Fire Fighters of Nevada):

We are here in support of S.B. 278. Over the last several years, the marijuana industry has grown in Nevada. As firefighters, we have had to deal with risks from illegal marijuana activities. This bill will help address the workforce needs for the legal industry and provide proper regulation and compliance.

ANDY DONAHUE (Southern Nevada Laborers-Employers Cooperation and Education Trust):

We are here in support of the bill and echo the comments that have already been made.

PRISCILLA MALONEY (American Federation of State, County and Municipal Employees Nevada Retirees Chapter 4041):

We are in support of this bill and echo everything that has been stated so far.

DEREK ARMSTRONG (Office of Economic Development, Office of the Governor):

We are neutral on S.B. 278. We recognize the need to have a well-trained workforce, however GOED has a few concerns.

As relates to section 4 of the bill, GOED does not perform that kind of certification. It may be the Department of Business and Industry or the Department of Taxation that handles such certification.

I have had one conversation with UFCW, and I had asked for information related to the types of jobs and the associated wages. In the UFCW Cannabis handout ([Exhibit E](#)), retail jobs start at \$12 per hour for nonunion employees and \$13 per hour for union employees. Typical programs we develop for the WINN fund start at over \$20 per hour. I question whether this is a fit for our Office.

Our projects are typically short-term to help upscale the workforce for employers. The bill appears to encourage a long-term apprenticeship model. When we develop our programs, we have industry at the table along with an authorized provider for the education involved. We would need further discussion to make sure the demand from the industry is here for a program such as this.

I have reached out to the bill sponsor and UFCW to try to understand the need for this legislation. We have authorization to create this type of workforce development program. Medical marijuana establishments are businesses we could provide training for. In our definition of authorized provider, we have both nonprofits and labor organizations.

SENATOR RATTI:

Your Office has the authorization in statute to work with any industry that meets certain qualifications. Because of the wage level and apprenticeship model, the medical marijuana retail jobs do not meet the qualifications for the WINN fund. Is that what you are saying?

MR. ARMSTRONG:

Those are some of the concerns we have. Senator Kieckhefer and Senator Seevers Gansert highlighted another issue, which is our budget. If we have a reduced budget for our workforce training programs, we need to be strategic about where we place those dollars for maximum impact.

I am reluctant to develop a workforce program that results in jobs paying as little as \$13 per hour. I am reluctant to develop a workforce program which, when completed, has workers still on public assistance. The Legislature did not intend the WINN fund to produce that type of result.

SENATOR KIECKHEFER:

I know GOED is developing a revised State Plan for Economic Development. Is that still being drafted?

MR. ARMSTRONG:

It is in the final stages of review.

SENATOR SPEARMAN:

My conversations with the director of DETR indicated that the Department is interested in the concept. Although the strategic plan is not complete, DETR is amenable to a workforce development plan for this industry. Right now, the marijuana industry is not open to people of diverse cultures and ethnicities.

Many retail jobs start off at \$12 to \$13 per hour, but this industry is growing and in the near future the hourly wages will go up. Many retail employees are seeing their jobs vanish as a result of automation, and we have not addressed that at all. Senate Bill 278 is one way to address that and get workers back into agriculture as well.

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CHAIR DONDERO LOOP:

I will close the hearing on S.B. 278. This meeting is adjourned at 2:17 p.m.

RESPECTFULLY SUBMITTED:

Barbara Williams,
Committee Secretary

APPROVED BY:

Senator Marilyn Dondero Loop, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	4		Attendance Roster
S.B. 164	C	4	Joe Reel	Work Session Document
S.B. 278	D	2	Senator Pat Spearman	Amendment by United Food and Commercial Workers
S.B. 278	E	2	United Food and Commercial Workers International Union	Cannabis Handout