

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

**Eighty-First Session
February 8, 2021**

The Committee on Government Affairs was called to order by Chair Edgar Flores at 9:03 a.m. on Monday, February 8, 2021, Online. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/81st2021.

COMMITTEE MEMBERS PRESENT:

Assemblyman Edgar Flores, Chair
Assemblywoman Selena Torres, Vice Chair
Assemblywoman Natha C. Anderson
Assemblywoman Annie Black
Assemblywoman Venicia Considine
Assemblywoman Bea Duran
Assemblywoman Jill Dickman
Assemblyman John Ellison
Assemblywoman Susie Martinez
Assemblyman Andy Matthews
Assemblyman Richard McArthur

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Jered McDonald, Committee Policy Analyst
Erin Sturdivant, Committee Counsel
Judith Bishop, Committee Manager
Lindsey Howell, Committee Secretary
Cheryl Williams, Committee Assistant



OTHERS PRESENT:

Barbara K. Cegavske, Secretary of State
Scott W. Anderson, Chief Deputy Secretary of State, Office of the Secretary of State
Mark Wlaschin, Deputy Secretary of State for Elections, Office of the Secretary of State
Kimberly Perondi, Deputy Secretary for Commercial Recordings, Office of the Secretary of State
Gail J. Anderson, Deputy Secretary for Southern Nevada, Office of the Secretary of State
Zach Conine, State Treasurer

Chair Flores:

[The meeting was called to order. Committee protocol and rules were explained.] We have two presentations scheduled for today. I would like to start with the presentation from the Office of the Secretary of State.

Barbara K. Cegavske, Secretary of State:

I will tell you a bit about our office. If you have any questions, I have my entire staff here, all my deputies. Chair Flores, I do want to say that my deputy, Gail Anderson, has had the pleasure of working with you on many issues. Joining me from Carson City is Scott Anderson. He is the Chief Deputy of the Secretary of State. Also present with me are Deputy Secretary for Commercial Recordings Kimberly Perondi, Deputy Secretary for Elections Mark Wlaschin, Deputy Secretary for Southern Nevada Gail Anderson, and Deputy Secretary for Securities Erin Houston.

The Office of the Secretary of State is one of the original constitutional offices established in the *Nevada Constitution*. It is responsible for maintaining the official records of the acts of the Legislature and the Executive Branch. Additional duties have been added over time. These include the following: Chief Officer of Elections, recorder of business entity filings, registrar of notaries public, administrator of the Uniform Securities Act, administrator of the SilverFlume business portal, and administrator of the Document Preparations Services, Nevada Lockbox, and Domestic Partnership programs [page 2, [Exhibit C](#)].

The Secretary of State serves on a variety of boards and commissions [page 3]. In particular, the Election Integrity Task Force (EITF) is something taken from my predecessor, Ross Miller. For this, we not only work with national law enforcement, but also with all the state law enforcement. It has proven to be very efficient, and we do enjoy the Integrity Task Force meetings.

The Office of the Secretary of State is organized into eight main divisions [page 4, [Exhibit C](#)]:

- Commercial Recordings Division
- Business Portal Division
- Document Preparation Services/Domestic Partnership/Nevada Lockbox Division
- Executive Administration Division
- Elections Division
- Notary Division
- Operations Division
- Securities Division

Our main offices are located in Carson City, in the State Capitol, the Meyers Annex across the street, and the Blasdel Building. We also have an office in the North Las Vegas City Hall. Normally, in-person customer services, such as picking up forms or paying fees, are available in both the Carson City and Las Vegas offices. However, our offices have been closed to in-person counter services since the beginning of the declaration of emergency. Fortunately, online and mail services have continued since that time and we have been able to serve our customers. I want to thank you for the opportunity to be with you today. I will now turn the time over to Scott Anderson to continue our presentation.

Scott W. Anderson, Chief Deputy Secretary of State, Office of the Secretary of State:

We will now go over the office staffing. The Office of the Secretary of State currently has 141 full time equivalent (FTE) positions authorized. [Note: page 5, [Exhibit C](#) incorrectly lists 144 FTE positions.] The number of positions assigned to each division can be seen here [page 5]. Of the 141 positions we have authorized, 23 are currently unfilled due to the hiring freeze resulting from the budget crisis created by the state of emergency.

The Office of the Secretary of State serves as the collector of various fees, fines, and penalties [page 6]. These range from filing and license fees with the Commercial Recordings Division, to broker-dealer license fees with the Securities Division, to candidate filing fees with the Elections Division, to fees relating to Document Preparation Services and Domestic Partnership programs. The majority of the revenue collected by the office goes to support the State General Fund. In fiscal year 2020, the office collected revenue of \$209.7 million. Of that, \$209.2 million, or 99.8 percent, went to the General Fund. This places the office as the third-highest General Fund revenue-generating agency in the state.

This slide [page 7] shows a pie chart breakdown, by division, of the General Fund revenue collected by the office for fiscal year 2020. The largest General Fund generators in the office by far are the Commercial Recordings Division, at 85.3 percent, or \$168.2 million; and the Securities Division, at 13.5 percent, or \$19.4 million. [Note: page 9, [Exhibit C](#) has the correct statistics. [Exhibit C](#) lists the Commercial Recordings Division as 83.9 percent, or \$175,424,576, and the Securities Division as 14.4 percent, or \$30,222,488.] Together, these two divisions make up 98.3 percent of the total General Fund revenue collected in fiscal year 2020 by the office. The remaining 1.7 percent comes from Uniform Commercial Code fees,

the Notary Division, Elections Division, and the Document Preparation/Nevada Lockbox/Domestic Partnership programs.

This slide [page 8, [Exhibit C](#)] lists some of the fees and penalties collected by the Office of the Secretary of State, the dollar amount or range of the fees, and the statutory authority under which the office collects the fees.

The Securities Division regulates investment activity and enforces the state's security laws, found in the *Nevada Revised Statutes* (NRS) Chapter 90. Duties of the Securities Division also include the registration of securities offerings; the licensing of investment advisors, broker-dealers, and athletes' agents; performing compliance inspections and criminal investigations; and other investor education [page 9]. The Securities Division, as I mentioned earlier, is the second-highest General Fund revenue-producing division within the Office of the Secretary of State, behind the Commercial Recordings Division. Annual General Fund revenue collections for the Securities Division totaled \$29.8 million in fiscal year 2019, and \$30.2 million in fiscal year 2020. [Note: page 9, [Exhibit C](#) incorrectly lists the total annual revenue from licensing and registration in FY 2020 as \$30,131,560.]

The Office of the Secretary of State administers SilverFlume, Nevada's business portal [page 10]. SilverFlume, which is designed to be a first-stop shop for business-to-government filings and licensing transactions, supports over 500,000 business transactions annually. SilverFlume's partners include 14 state agencies, 27 local government agencies, and 58 regulatory agencies.

The Commercial Recordings Division is responsible for accepting, filing, maintaining, and providing public access to the organizational and amendatory documents of business entities organized under the laws of Nevada [page 11]. The Division also registers trade names, trademarks, service marks, and rights of publicity. It is responsible for issuing the annual state business license to business entities. Business entities that are required to file with the Commercial Recordings Division include:

- Corporations
- Limited liability companies
- Limited partnerships
- Limited liability partnerships
- Limited liability limited partnerships
- Business trusts
- Professional corporations and associations

Sole proprietors and general partnerships are required to obtain and maintain a state business license through the Division. The table on slide 15 [page 12] lists the total number of business entities with active registration status with the Office of the Secretary of State. The majority of the business entities on file with the office are organized as either corporations or limited liability companies. In total, approximately 326,000 active business entities were on

file as of January 2021. Additionally, there were nearly 47,000 sole proprietor and partnership active business licenses on file with our office.

The Notary Division is responsible for appointing, training, and disciplining notaries public [page 13, [Exhibit C](#)]. In addition, it is responsible for authenticating documents known as apostilles that are submitted to foreign countries in accordance with the Hague Convention of 1961, and for maintaining a list of qualified ministers in Nevada who have been licensed by the state's county clerks. The Notary Division also conducts training classes for prospective notaries public, including administration of online notary training; enforces the state's notary laws found in NRS Chapter 240; and administers the state's digital signature laws. Currently, there are over 25,000 registered notaries public serving the residents of Nevada. Since last session, oversight of the Notary Division functions has moved under the Commercial Recordings Division.

The Office of the Secretary of State administers programs for document preparation services, the Nevada Lockbox, and domestic partnership registration [page 14]. The document preparation service registration program was created by [Assembly Bill 74 of the 77th Session](#). Document preparation service providers are individuals—excluding licensed attorneys—who provide assistance to clients in certain legal matters. The Office of the Secretary of State registers document preparation service providers, regulates their business practices, receives bonds, investigates violations, and authorizes disciplinary action and other remedies. Currently, 1,287 document preparation service providers are registered with our office, up from 870 just two years ago. The Nevada Lockbox serves as free online storage for advanced health care directives, such as living wills, durable powers of attorney for health care decisions, Do Not Resuscitate orders, and guardianship nomination forms. Once filed in the Nevada Lockbox, these documents can be accessed online by registrants, authorized health care professionals, and family members when medical treatment decisions must be made by the courts in determining guardianship. As of fiscal year 2020, there are 19,445 advanced directives and 3,064 guardianship nominations in the Lockbox. The office also administers the Domestic Partnership Registry. A domestic partnership in Nevada is a civil contract that grants domestic partners the same rights, protections, benefits, responsibilities, obligations, and duties as parties to any other civil contract. The Office of the Secretary of State files and maintains all domestic partnership registrations and terminations. There were 877 domestic partnership declarations issued in fiscal year 2020.

The areas of the office that normally come before this Committee relate to the Notary Division and Document Preparation Services/Domestic Partnership/Nevada Lockbox Division. Since the 80th Session, we have implemented a new Commercial Recordings Licensing application that includes online services for most of the office's business filings [page 15]. As part of that implementation, the SilverFlume Business Portal was integrated into this new system. Additionally, this new system modernizes the notary registration process and registry. The Document Preparation Services Division implemented business entity bonds with tiered bonding levels based on the number of employees covered by the bond. Additionally, the SilverFlume Business Portal also created a new user interface that enhances the customer experience by simplifying processes that better reflect the image

of our great state [page 16]. SilverFlume also gained efficiencies through the conversion of databases and the realignment of the SilverFlume and Information Technology (IT) teams.

The Secretary of State's Office has no proposed legislation before this Committee this session [page 17, [Exhibit C](#)]. However, we are monitoring various other pieces of legislation. With that, I will turn the time back over to the Secretary of State to make any concluding remarks.

Secretary Cegavske:

That concludes the Office of the Secretary of State's overview. We are happy to entertain any questions.

Chair Flores:

Gail Anderson has worked closely with us for many years. She is always incredibly receptive and responds immediately. I mention her so that the Committee members here know that we have some resources we can reach out to and get an abundance of information from. Are there any questions?

Assemblywoman Martinez:

One of the things you touched on at the beginning of the presentation was that not all of the positions have been filled. What are those positions? How long have they been vacant?

Scott Anderson:

As with other agencies, the pandemic has caused us to have to make some budget cuts. There was a hiring freeze that required us to freeze a number of positions within our office in order to meet the budgetary cuts that were required. The cuts are across every division within the agency, mainly within our Commercial Recordings Division. We also have some in the Elections Division and the other divisions as well. Mr. Wlaschin can probably give us a better indication of the actual breakdown of those.

Mark Wlaschin, Deputy Secretary of State for Elections, Office of the Secretary of State:

Previously, I was the Deputy Secretary of State for Operations. Regarding the number of positions, I do have a spreadsheet we can provide afterward that explains them in a bit more detail; there is not necessarily a requirement for you to write them down and try to memorize all 23 positions. As Scott Anderson said, there are two in our Operations Division and approximately seven in our Commercial Recording—primarily administrative assistants, folks that work with customer service in the mailroom, and processing. Our Information Technology Division has a number of vacancies as well, approximately four that are frozen. We have one in our Business Portal Division; two in the Securities Division; one in our special projects, which supports the Document Preparations Services/Domestic Partnerships/Nevada Lockbox Division; and two in the Elections Division. The time line of each varies. Some have been frozen for a longer period of time. A lot of that relates back to when the pandemic first started and the Secretary of State recognized the fiscal impact to the states. She directed us to stop the hiring process in order to freeze these positions, which

then came later in order to potentially save the money for the state. I will provide the details of how long each position has been frozen as soon as we finish the meeting.

Assemblywoman Anderson:

My question relates to your slide on the Commercial Recordings Division functions [page 11, [Exhibit C](#)]. Have you seen a decline in business license renewals or in applications for new business licenses because of COVID-19?

Kimberly Perondi, Deputy Secretary for Commercial Recordings, Office of the Secretary of State:

We have been tracking this since COVID-19 closures and impacts hit us. We did initially see a decline, primarily because of the Governor's extension on the late fees and fees for not renewing a business license. In the first and second quarter of last year, we did see a lot of late renewals. In tracking it since then, it looks like the renewals are pretty stable. We had a significant revenue loss of approximately \$10 million overall last year as a result of COVID-19. The revenues coming in currently are stable and matching last year, though they still look lower than the previous year.

Assemblywoman Anderson:

Do you have an estimate of the percentage, since that does impact other areas of policy?

Kim Perondi:

I do have a spreadsheet that I can share with the Committee after the meeting that will break that out for you.

Assemblyman Ellison:

I have a couple of questions, and I am glad my colleague brought up the business of lost revenue. Since District 33 is so big, I travel all over the state. As I drive through these different counties and towns, and see the number of buildings shut down, I think that must be a large revenue loss for the commercial sector. Then I see people losing their life's savings because they have no revenue coming in from apartment rentals whatsoever; that is another big loss. I think when this data comes in, you will see a big hit; I would like a copy of that spreadsheet. Also, are you still doing things like filing applications and notary training online, in case someone wants to become a new notary public, for example?

Secretary Cegavske:

I think the answer to all of your questions is yes. I will let Kim Perondi respond to that because she does have the Notary Division over there. As far as the business declining goes, she and I noticed that there was a report online about one of the other states that has increased its business licensing by, I believe, 20-fold. They started at 3,000 and that number has increased unbelievably. People are leaving other states if fees go up, so we have noticed a decline in that regard. But I will let Kim talk about that.

Kim Perondi:

Yes, the notary application process and the renewal process were made part of our new commercial recordings processing system, which is on SilverFlume. People do have the option of doing it online, or still filing it by paper.

Assemblyman Ellison:

I did have somebody contact me about a week ago asking that question. I think the way you are doing this is great—instead of having to wait until there is a class, people can do the training and paperwork online to get their credentials. Also, I noticed that there are a lot of election bills during this cycle. I know you cannot comment on them one way or another, but have you taken a look at all these different bill draft requests that will be submitted?

Secretary Cegavske:

Yes, we track all of them. One of the reminders I will give for my staff is that we send a letter to all of you Committee members, no matter what division we are in, requesting to talk or get involved with you on any legislation there is. We do that every session. We have looked at all the bills. We talk to as many people as we can to get the information on what they are looking for, since as you know, you can put a generic title on your bill. We only know of 27 bills in the state Legislature, and we are watching the House of Representatives Bill 1 nationally.

Assemblyman Ellison:

Do you happen to know how many are at the Nevada Senate?

Secretary Cegavske:

Mark Wlaschin might know the numbers; I do not. We are just keeping track of the total.

Mark Wlaschin:

If you give me a moment, I will be able to count and let you know. Or I can give you the information in the chat log or after this meeting.

Assemblywoman Dickman:

I am curious, and I suppose this was touched on before, but have you seen a decline in incorporations in Nevada since the filing fees were increased by so much during the 78th Session? Also, have we seen declines in incorporations in Nevada since the Governor shut down the state?

Kim Perondi:

I would be happy to share an analysis of fiscal years numbers with respect to each of the different entity types. I was not here in 2015 when the fees changed, but I do know that we are one of the states with higher fees. Just the business license for corporations is \$500; for other entity types, it is \$200. Other filing fees that our office has would be added to that, just for the registration of their corporate paperwork and renewals. I will share an analysis of the decline with you. This past fiscal year, we did have a significant revenue hit when COVID-19 impacted the state. As I said earlier, the overall impact was about \$10 million,

though I do not have the numbers right off the top of my head. Our numbers now are pretty steady with that same impact; while we are stable, we are lower than we have been in the past.

Assemblywoman Considine:

What, if any, services are provided for businesses or entities that are having difficulty registering through SilverFlume? What happens to the businesses or entities that do not register through SilverFlume?

Kim Perondi:

The SilverFlume application has a filing flow where, when you select the type of business that you want to file as—if you are a new customer or you are renewing—it will walk you step-by-step to each section and page to get everything that you need for that process. There has been some struggle with SilverFlume and our new filing system. I am sure you have seen that; we are working on it. We do have 14 live customer service representatives that answer phone calls and will help walk the customer through the process. You had a second question?

Assemblywoman Considine:

Yes. Do any of those live customer service representatives speak a language other than English, to help with some of the businesses around the state? The other follow-up question I had was, what happens to a business or entity that does not file?

Kim Perondi:

We do have some customer service representatives that also speak Spanish, so we can assist that way. For other languages, we ask for the inquiry in writing and then see how we can interpret it and respond. Regarding your other question, an entity that does not renew on time goes into a default status for a year. After a year, that entity becomes revoked; however, they do remain on the permanent record. You can see that filing history and status of any business entity on our website.

Assemblywoman Torres:

I just want to understand what outreach and partnership the Secretary of State's Office has with diverse communities. I am specifically looking at the booming Latino community, which opens a lot of businesses here throughout Nevada, and the Asian American/Pacific Islander community, which also opens a significant number of businesses. I want to know about the partnerships we have created with those businesses and communities.

Secretary Cegavske:

We are members of many of the chambers of commerce. We work well with them. Kim Perondi can expound on your question.

Kim Perondi:

As the Secretary of State mentioned, we are members of several chambers of commerce. We also participate in small business roundtable meetings with the Department of Business

and Industry. Our SilverFlume team does a lot of outreach as well, and we have a compliance investigator, both in Las Vegas and Carson City, who joins a lot of different meetings and outreach events that other agencies conduct.

Assemblywoman Torres:

How many of the Secretary of State's Office staff are there, and how many of them are dedicated to this work?

Secretary Cegavske:

Our staff is limited and small in terms of any designated event; we do try to get out to as many as we can. We are involved in numerous events, and we do send out some of our other staff to other events. Gail Anderson does a lot of the outreach. I will let her talk a little bit about the Las Vegas office, and then have Scott Anderson talk about what he does up in northern Nevada.

Gail Anderson, Deputy Secretary for Southern Nevada, Office of the Secretary of State:

I oversee the document preparation services program; I also do outreach in southern Nevada. As the Secretary of State has mentioned, we are active with several chambers of commerce, such as the Latin Chamber, the Vegas Chamber, the Henderson Chamber, the Asian Chamber, and the Indian Chamber. Of course, that has looked very different this past year. Most of the activities and events have been done online, not in person, so we have not had the physical outreach that we usually do. In our document preparation services program, we participated specifically with one or two different Hispanic business groups at their outreach events. Again, we are particularly trying to address the issues of document preparation services and tax preparation services. I think we have solved the notario fraud issue; we have not seen that for quite some time. That is our physical and communication outreach. Our compliance investigator for document preparation services has been on Hispanic radio broadcasting—though I cannot remember the call letters—addressing tax scams, ghost preparers, and other things for the public to watch out for. We participate as much as we can; this past year has been unusual without the physical presence at the events we usually do.

Assemblywoman Torres:

This might be a conversation we take offline so we can understand all the outreach. I think that reaching the Latino community is a lot more diverse than just dealing with notario fraud, although that is a big issue. I want to make sure that we can expand as many businesses in our community as possible.

Secretary Cegavske:

If you have comments, or groups, or anything, please let us know. Gail Anderson is open to that, as Chair Flores has explained before. We will be more than willing to help you in any area you feel needs to be expounded upon.

Chair Flores:

Are there any additional questions? [There were none.] At this time, I would like to go ahead and close out the presentation from our Secretary of State. Next, we have a presentation by the Office of the State Treasurer.

Zach Conine, State Treasurer:

I have a couple of staff members on hand and a few other people waiting in the wings to help us with answers if you have any specific questions. Erik Jimenez will be running the presentation [[Exhibit D](#)].

The State Treasurer has a number of statutory responsibilities [page 2, [Exhibit D](#)]. I have the pleasure of being a member of the State Board of Finance, the group that has approved more than \$600 million worth of affordable housing bonds. I am also the chair of the college savings trust, which administers almost \$30 billion worth of college savings assets.

We have a number of checks and balances when it comes to finance [page 3]. There are six constitutional officers in Nevada. Two of them are on the call today—the Secretary of State and me. We have one other financial constitutional officer, the Controller. We also have the Governor, the Lieutenant Governor, and the Attorney General. We are all elected to four-year terms, and they all run at about the same time.

The State Board of Finance is responsible for looking at all financial matters before the state [page 3]. We look at investment returns, mostly those generated by our office directly, or indirectly through our financial partners. We also look at banking relationships and others for the state. Regarding the College Savings Plans of Nevada Board of Trustees, the Nevada System of Higher Education (NSHE) and I are the only non-Governor appointees. This board is responsible for managing the dollars that come in from our financial partners and making sure we have the right investment plans for all our participants. The Executive Branch Audit Committee is a fun one; that is the six constitutional officers and one governor's appointee. We look through different Executive Branch agencies, substantially similar to the Legislative Counsel Bureau Audit Division, in order to look for inefficiencies. For the Unclaimed Property General Fund transfer, what we do is that we take in all of the money from unclaimed property—I will talk a bit more about that later—pay off the expenses of the department, and return money to Nevadans. The remainder gets left to the General Fund for operating expenses.

We will skip Regulatory Authority, since it is not very interesting. However, there are a ton of acronyms on there [page 4], and we would be happy to talk about them. There are five functional areas of the office [page 5]. We have our Cash Management Division, Debt Management Division, Investment Management Division, College Savings Program Division, and Unclaimed Property Division. We will talk about each of these.

The Cash Management Division [page 6] is one of the traditional treasury functions. It oversees state banking and accounting; basically, if any money comes into the state, that money is in our control. It comes in, we invest it during the interim between the time we get

it and the time we need to spend it, and then we do spend it. We receive and deposit all public money, as we manage all main depository and control disbursement accounts; there are currently 63. We have different ledger accounts, but it all sits in one bank account, and that gives us the most flexibility when it comes to investing and making sure we can return as much money as possible to Nevadans. We are responsible for the accounting and distribution of funds relating to the Tobacco Master Settlement Agreement, which is about \$39 million a year. We are also responsible for the allocation of revenues from the lease of federal lands in Nevada. The Cash Management Division also oversees merchant services [page 7, [Exhibit D](#)]. You just heard about a system called SilverFlume from the Secretary of State. SilverFlume takes in and processes business licenses. All of the payments from SilverFlume end up going through our office. Merchant Services effectively means credit cards, and all credit card relationships through the state go through our office.

Debt is the other side of investments. Per NRS 226.110, subsection 10, the Debt Management Division [page 8] is constitutionally and statutorily responsible for issuing all of the debt for, and in the name of, the state, except for issuances by the Colorado River Commission, the University of Nevada system, and the Department of Business and Industry, which has a few types of variable debt. *Nevada Revised Statutes* 226.110, subsection 11, allows the State Treasurer to organize and facilitate state-pooled financing programs, including lease purchases for the benefit of the state and any political subdivision. Basically, when the state borrows money in order to build the kinds of things we all like, such as schools, roads, and water systems, that goes through our office. In fiscal year 2021, the State Treasurer's Office successfully conducted two bond sales comprised of two series of bonds each; you can see some of the detail on the chart on this slide [page 9]. There was basically \$235 million worth of new money, projects, and jobs coming into the state of Nevada.

Our Investment Division [page 10] is, again, the group that manages the cash in between the time that it comes in and the time that it goes out to pay a bill. We manage a series of different portfolios, including the General Portfolio, which is currently about \$3.3 billion, and the Local Government Investment Pool (LGIP), which is a service we offer for other local governments here in Nevada—for instance, if there is a school district that wants some help managing its money, it can send that money to us and we will manage it at an extremely low cost. We also manage the Permanent School Fund, which is obviously the corpus that then flows into the Distributive School Account. The Prepaid Tuition program is one of 11 programs in the country that allows Nevadans to pay today's rate for college and get a defined benefit plan later on. Nevada Enhanced Savings Term (NVEST) is a small program that works kind of like the LGIP, but for a longer duration. Finally, there is the state's Pooled Collateral program, which is a protection mechanism that makes sure that when banks are holding Nevada's capital, that capital is collateralized and we do not have to worry about bank failures.

You can see some of the details about the performance of our Investment Division here [page 11]. I will simply say that this Division is typically limited to relatively boring investments—things that have a relatively high return for the risks we are willing to take,

which are relatively low. We are looking at fixed-income investments, things like treasuries and bonds—there is not a lot of equity investment allowed in these portfolios. I will point to the fact that we paid out \$58 million in interest to Nevada agencies last year. When an agency has money in their budget and that money is sitting there before they can spend it, we invest it and return it to them. We are one of the few state agencies that not only pays for itself, but actually adds money into the revenue stream.

Our College Savings Division has a number of programs [page 12, [Exhibit D](#)]. In a broad sense, the goal of the College Savings Division is that we help people plan for, save for, and pay for college. This Division has been around for a while, but we have really shifted the office. We do not just look at the products we can sell to folks—such as prepaid college tuition or 529 plans, which work much like 401(k)s for college savings—but also how we can reach people who might not have enough money to put aside. We think about how we can increase the rate of Free Application for Federal Student Aid (FAFSA) completion and how we can make sure that people have access to the grants they may be eligible for. About a year and a half ago, very few of our materials were available in Spanish, but now everything is available in Spanish; we have added a number of Spanish-speaking people to the College Savings Division team. We think it is important to meet folks where they live, especially during times of pandemic. So we have a scholarship database with more than 300 scholarships available, we have a college navigator who works with Nevadans to help them through the process, and we have a student loan ombudsman that I will talk about later.

One of the programs we offer is Nevada's Prepaid Tuition [page 12]. Again, it is one of 11 in the country. The idea here is that a person pays today's rate and we invest that money over time, and then when the child is ready to go to college, the college is paid for. There are a number of different plans there, including one-year, two-year, and four-year plans, as well as another plan where a child can go to community college for two years and then attend a university-level institution for two years—there is a lot of flexibility there. It is a really great program, and the best people to talk about it are the tens of thousands of Nevada families who have used it and found themselves ready for college when their child is very young. We also have Nevada's 529 College Savings Account, and we are one of the largest 529 account groups in the country. We manage almost \$30 billion of other people's money. That is not all Nevadans; that means that people from other states come here to invest with our programs because of how good they are. I am pretty excited about that. Then we have the Governor Guinn Millennium Scholarship, which has helped 143,673 Nevadans achieve college. That was set up 20 years ago to help the best and brightest get access to up to \$10,000 worth of tuition if they stay in-state.

We also have Nevada College Kick Start [page 13]. It is the largest program of its type in the world, with 276,982 accounts. Those are \$50 kick starts for children's college savings that they get when they enter kindergarten. We also have our Student Loan Ombudsman who provides case management for student loan borrowers and education programming on student loans, which happens both before and after someone takes out those loans. This came as a result of Assembly Bill 383 of the 80th Session. Our Scholarship Database is

a comprehensive listing of scholarships and grant programs available to Nevadans attending higher education. That also started last cycle through Assembly Bill 216 of the 80th Session.

Now, on to our Unclaimed Property Division [page 14]. Claims is a group that is responsible for receiving, reviewing, and approving or denying submitted claims—that is when Nevadans reach out and ask for their money. Holders is the other side; that is where we work with businesses who have a statutory responsibility to turn over unclaimed property. For anyone who has not interacted with unclaimed property before, I certainly encourage you Committee members to go to our website and search your name; I think right now there are about seven of you who have unclaimed property. Basically, the idea there is that the state is going to be around longer than any specific business, so if the business has an obligation—perhaps a payroll check that was never cashed or a refund—that business gives it over to the state to hold in trust. We have almost \$900 million worth of other people's money held in trust. That money does not stay in an account; it is used for general purposes. We manage the money in, money out process to make sure that we always have enough money to pay claims.

Our Audit functionality is responsible for looking at companies working with outside auditors to make sure that folks are filing the property that they are supposed to [page 15]. Oftentimes, businesses are unaware of their unclaimed property legal restrictions. We work with the Secretary of State's Office and others to make sure that new businesses know what the responsibilities are, as well as so that businesses who did not know about them can catch up and pay back their unclaimed property. We try to avoid penalties and fees for those who did not pay due to ignorance versus actual malfeasance. For fiscal year 2021-to-date, we have received and put about \$61 million worth of Nevada's money back into trust, and we have paid about \$23 million worth of claims.

Again, it is worth mentioning that the Unclaimed Property Division pays for itself; the money that we receive in pays for the staff there. Then the College Savings Division is paid for by the fees generated by our college savings partners. For the Debt Management Division, we pay for ourselves through the debt issuances, while the Investment Management Division pays for itself relatively obviously. The Cash Management Division pays for itself through assessments. We have a relatively small General Fund footprint at the end of the day, and we are proud of that.

Our Nevada Achieving a Better Life Experience (ABLE) Savings Programs is a program we have had real success with over the past two years [page 16, [Exhibit D](#)]. We have been focusing on it. We have a bill, Assembly Bill 62, we are running this session over in the Health and Human Services (HHS) Committee that I would love to talk about at some point. The goal here is to allow people with disabilities to save and earn money without threatening the loss of state and federal benefits. A lot of times, if you have a state benefit like Medicaid and you get over a certain income level for a period of time, that can threaten that Medicaid. What you end up with there is a sort of difficult cycle where folks who do need help are not able to pay for things that cannot be paid for with Medicaid, such as a vacation or getting an apartment or living a life. These Achieving a Better Life Experience accounts are really

important to give people access to things they need; it is a federal program, but our office has increased it to about 805 accounts—when we came in, it was less than a fifth of that. We have been trying to push to help those individuals get the help they need.

There are a couple of special projects we have undertaken over time [page 17, [Exhibit D](#)]. Some of these are a little bigger than others. During the last session, we started a pilot program passed through Assembly Bill 466 of the 80th Session, which basically created a pilot program for marijuana banking; I will be happy to talk through that.

During the beginning of the financial crisis, we reached out to the Department of Employment, Training and Rehabilitation (DETR) and started manually running the people who filed for unemployment through our unclaimed property system to return money to them. So far, we have returned more than \$1.7 million to folks who had filed for unemployment. Those people get a letter from us that basically says, Hey, we see that you have some unclaimed property money; would you like to claim it? We would like to automate that process so we can get that money back even quicker. We also ran a series of economic recovery programs, primarily sponsored through the Coronavirus Relief Fund or Coronavirus Aid, Relief, and Economic Security Act (CARES) dollars through the March package passed at the federal level. That included the Commercial Rental Assistance Grant (CRAG) program, which helped small landlords and tenants in commercial properties get paid and stay in business, and the Pandemic Emergency Technical Support Grant (PETS) program, which has currently put out about \$50 million. With a bill we hope to see come out of the Legislature soon, there would be another \$50 million, which would make it the largest small business assistance program in the history of Nevada.

There was also the CARES Housing Assistance Program (CHAP) which, with the additional money that is coming in from the federal government passed in the December bill, would be about a \$340 million assistance program statewide. All of those have great partners. For the Commercial Rental Assistance Grant program and PETS, we have worked with the Nevada Governor's Office of Economic Development. For CHAP, we have worked closely with the Nevada Housing Division, housing advocates around the state, Clark County, the Reno Housing Authority, and the Nevada Rural Housing Authority. It takes a village on all of this. I think it is worth mentioning that the special projects, for the most part, were handled by a team of three people in our office.

We talked about the marijuana banking pilot program a little bit, but I am happy to answer any questions here [page 18]. The anticipated launch is in spring 2021; we put a bit of a pause on it due to the pandemic—it did not seem like the right time to be pushing an innovative banking solution. We spoke about the UP/DETR Initiative; I would be happy to answer any questions here too [page 19]. We also spoke about CRAG [page 20]. I am pretty proud of PETS [page 21]. One of the interesting things about that program is that we wanted to make sure we were not sending out any fraudulent money, so whenever there is a business that we have a question about, Director Brown, me, or both of us will call that business. We have spoken to hundreds of businesses directly because we figure that every fake business we could avoid funding was another real business that could get funded.

Finally, there is our housing assistance program (CHAP) [page 22, [Exhibit D](#)]. Again, there is \$30 million of state money so far; there is another \$124 million of state money on the Interim Finance Committee agenda for later today that we hope gets passed. That has helped thousands of Nevadans stay in their homes.

All of these programs, I think, when you look at Coronavirus Relief Fund spending, have been works in progress. We set up the PETS program in about a ten-day window, and it has been about a \$100 million program, so it would be false to say that we have not gotten better at it over time. But we continue to look for ways to help Nevadans any way we can. With that, I will take any questions.

Chair Flores:

We will start with Assemblywoman Considine.

Assemblywoman Considine:

I have a question about the Nevada College Kick Start program. What is the follow-up for kids throughout the K-12 system, so they can stay focused on college and building the account?

Treasurer Conine:

That is a great question. The original intention of the Nevada College Kick Start program is to do just that—it is to get students and families paying attention to college savings. When the family claims an account, we then get all sorts of information from them. Because there are some privacy concerns, the state does not have access to all of the children's records right away; we cannot start emailing them. But we can work through the school district to get them to sign up for the program. Once they have signed up, we have access to their parents, and the student through the parents. We are able to start telling them about the different programs we have. It also gets them to think about college savings the way that it should be thought of, which is not as a one-time decision but as a commitment over a period of time. We work with the students, both through the schools and with them directly once they sign up for the program, to try to get them to open other accounts where necessary. In some cases, when they do not have the money to open other accounts, we can let them know that there are other ways to pay for school—that grades matter because that can help them get the Governor Guinn Millennium Scholarship, as well as others—and that they need to fill out the FAFSA to get access to Pell Grants and other federal dollars. They need to look for things like the Nevada Promise Scholarship and the Silver State Opportunity Grant that could also be effective for them. The Nevada Kick Start program is to try for that initial incentive, to tie in with our office, and then it becomes a conversation over the course of the child's whole life.

Assemblywoman Anderson:

I wanted to thank you for all the hard work you have done when it comes to the rental and business assistance programs. I have a feeling that that is a sentiment shared by many others. My question has to do with unclaimed property. If there is unclaimed property that remains

unclaimed and someone passes away, what happens to that property? Is the estate told about it, or is it the estate's responsibility to contact your office? I also have another question. Say something is unclaimed property, and the person to whom it belongs to decides not to take it. How is that process carried out?

Treasurer Conine:

The office is primarily a receptive one. We are occasionally able to find some groups of people—for instance, every year around Nevada Day, our office runs a program to try to reconnect unclaimed property with different groups. We have done 501(c)(3)s based in Nevada in the past, and in 2020, we conducted the DETR and unemployment insurance discussion we talked about. We also have ongoing programs for things like child support. If an individual owes child support in the state of Nevada and also has unclaimed property, we can claim that property on behalf of the person who is due the child support. But outside of that, for the most part, it is a receptive business. When businesses and individuals reach out, they reach out through that. Often, during the process of closing someone's estate, a search of unclaimed property occurs. Unclaimed property flows in the same way any other asset would. If there are living children, it likely goes to them; if there is a spouse, it likely goes to them; if there is a will, that can direct where unclaimed property and other unknown assets go. We work with the estate to try to figure that out.

The cleanest unclaimed property is obviously if someone loses a piece of property and then goes and claims it. But often there is time involved; for example, it might be a safety deposit box from 30 years ago. We have to work with the claimant to make sure that claimant actually has a claim to that property, and to make sure that nobody else does. For example, if there are two siblings and one claims the property, we will either make the sibling who is claiming it get the other sibling involved and divvy up the property appropriately or get releases from both. When I say that I am proud that our claims time is faster than it has ever been—under two weeks, on average, from the time the person applies and the time that person gets it—please know that that is a combination of both a person that goes and gets his own property, which is relatively easy, and a person that goes and gets property from a long-lost great uncle, in which case we have to work through that process and make sure that the property actually goes to him.

When it comes to your other question about what happens if somebody does not want to claim the property, the property remains in trust. From a good, old-fashioned title perspective, imagine the property was owned by Person A, and she has one child. That child has one child. Her child, as opposed to her grandchild, does not want the property. When the child dies and the grandchild is left, it becomes the grandchild's property, generally through title and issue. We just hold onto the property in perpetuity. I will say that property can be donated. If the person does not want it, they can reach out to our office. They can have the money go to education and we will happily forward it in that direction.

Assemblywoman Thomas:

How long does the unclaimed property stay in your system? If you do have monetary property, is interest being assessed? If it is, does that interest go to the consumer or the state?

Treasurer Conine:

When we get unclaimed property, that usually means it has been dormant for a period of time—on average, about three years. What dormant typically means from a broad sense, and it is different depending on what kind of property we are talking about, is that no one has touched it. If you have an online banking relationship—for example, \$50 in a savings account—and you log in but do not move money in or out, that counts as touching it. If the bank reaches out to you at the address that they have and the letter does not bounce back because you still live there, that also counts as touching it. Property does not generally become dormant easily. Once it comes into our property, if it is cash, it is immediately made into cash. If it is stock, it is held for a period of time until we do a stock sale. That is mostly from a brokerage fee standpoint; we do not turn around and immediately sell the stock, but we also do not hold onto it. If there is a share of Amazon stock, for example, we sell it when we do our next stock sale; we do not try to time the market. That is done for a series of reasons, but mostly to keep it fair. The third part is physical property. For example, after we get a safety deposit box, the contents are catalogued, the cash is deposited as subject to NRS and our regulations, and then we hold on to the property for about a year before we run an auction. The idea there is to convert the physical property into cash, so that said cash can be held for the person who is going to claim it.

That is not all property. For example, if we find anything illegal, illicit, or dangerous, that gets turned over to law enforcement. Occasionally, we will find things that clearly have sentimental value, but no cash value, such as military medals or old wedding pictures. Assuming it is not a giant object, we will keep it in perpetuity; we will keep it until we can try to connect it back to its owner, since some things are priceless. Medals are usually easy since they have the person's name on the back, which gives us a hint for finding the owner. Our office goes through a fair amount of work to try to discover who the owner of the aforementioned safety deposit box is. If it is at a bank, we obviously know who it belongs to. But there are also anonymous safety deposit box businesses with boxes not tied to anyone's names. Sometimes those places go out of business and we end up with some very strange things. We look through those boxes to determine whose property those things are.

Sometimes we get things like stamp collections. Once, we got a stamp collection worth millions of dollars, and we could not figure out whose stamps they were. That felt awful; it was clearly the culmination of someone's life work. We actually found an article written by a guy complaining about another stamp, and there was a clipping of that article in the collection. With that clipping, we were able to identify the person's family, and we learned that the individual had, unfortunately, started to lose control of some of his faculties as he got older, and had forgotten about his stamp collection. However, we were able to return the stamps to the man and his family. The approximately 12 people in the Unclaimed Property Division do great work.

You asked about how long we hold the property. We hold the responsibility in perpetuity, and the cash for much less time. Every year, there is a sweep of unclaimed property dollars put into the General Fund, which helps pay for the things we all like, such as schools and Meals on Wheels. We maintain the responsibility to pay the property out, and our office

works through the actuary on math that says that we will get about this much on average and pay out about that much. The cost to manage the office is a little bit, so what is the delta we are able to use for General Fund contributions? There are also other things that come out of unclaimed property; there is a \$7.6 million transfer on an annualized basis into the Governor Guinn Millennium Scholarship fund. Unclaimed property also helps with the cost of managing the office. Finally, there is a bill that Assemblywoman Monroe-Moreno has submitted to help use reform grants in the state that would actually pay for some of our grants matching out of unclaimed property.

As for your other question, interest is not generated for the benefit of the recipient on those accounts. That is for a couple of reasons, but mostly because it would be exceptionally difficult to calculate.

Assemblywoman Martinez:

My question is about the depleting Governor Guinn Millennium Scholarship. What is your office doing to save it?

Treasurer Conine:

The Governor Guinn Millennium Scholarship is insolvent. We have been able to get one-time transfers for the last couple of bienniums to keep paying for it thanks to the support of Governor Sisolak and former Governor Sandoval, and the work of the Legislature, because it is an exceptionally important program. The Governor Guinn Millennium Scholarship has been the difference between tens of thousands of Nevadans attending or finishing college or not doing so. With that said, it is an extremely expensive program. Senator Denis has submitted Senate Bill 128 that will look at all of the education spending we are doing in the state and figure out how to right-size it. I think it is important for us to recognize two things: one, the Millennium Scholarship is deeply important; and two, it is probably too expensive. We need to figure out how to make it less expensive and make some hard decisions on that front. I want to do it with data, and I want to do it because otherwise, we run into a budget crisis. For example, Alaska did not have enough money to pay for their entitlement scholarship, so it just went away one day. There were students planning to go back to school in three weeks, and they found out that a big chunk of their tuition would not be paid for. We owe Nevadans, the legacy of the scholarship, the Guinn family, the 20 years it has been out there, and the hundreds of thousands of people who have been positively impacted by the program something a little better than that. But it will require a fair amount of work and some hard decisions. We will all be in this one together.

Assemblywoman Martinez:

It is an important scholarship that will change many of our young students' lives.

Chair Flores:

Are there any more questions? [There were none.] Please reach out if we can be of assistance. With that, I will close the presentation from the Office of the State Treasurer and open it up to public comment. [There was none.] With that, this meeting is adjourned [at 10:16 a.m.].

RESPECTFULLY SUBMITTED:

Lindsey Howell
Committee Secretary

APPROVED BY:

Assemblyman Edgar Flores, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

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

[Exhibit C](#) is a copy of a PowerPoint presentation titled "Office of the Secretary of State Overview," presented by Barbara K. Cegavske, Secretary of State, and other Office of the Secretary of State staff.

[Exhibit D](#) is a copy of a PowerPoint presentation titled "State Treasurer's Office Overview," presented by Zach Conine, State Treasurer.