

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

**Eighty-First Session
May 25, 2021**

The Committee on Revenue was called to order by Chair Lesley E. Cohen at 3:11 p.m. on Tuesday, May 25, 2021, Online and in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/81st2021.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Lesley E. Cohen, Chair
Assemblywoman Teresa Benitez-Thompson, Vice Chair
Assemblywoman Natha C. Anderson
Assemblywoman Shannon Bilbray-Axelrod
Assemblywoman Venicia Considine
Assemblyman Gregory T. Hafen II
Assemblywoman Heidi Kasama
Assemblyman C.H. Miller
Assemblyman P.K. O'Neill
Assemblyman David Orentlicher

COMMITTEE MEMBERS ABSENT:

Assemblyman Tom Roberts (excused)
Assemblyman Steve Yeager (excused)

GUEST LEGISLATORS PRESENT:

Senator James A. Settelmeyer, Senate District No. 17

STAFF MEMBERS PRESENT:

Russell Guindon, Principal Deputy Fiscal Analyst
Michael Nakamoto, Deputy Fiscal Analyst
Joe Reel, Deputy Fiscal Analyst
Terri McBride, Committee Manager
Gina Hall, Committee Secretary



OTHERS PRESENT:

Will Adler, representing Sierra Cannabis Coalition; and Pyramid Lake Paiute Tribe
Melanie Young, Executive Director, Department of Taxation
David Bobzien, Director, Office of Energy, Office of the Governor
Robin Yochum, Energy Program Manager, Office of Energy, Office of the Governor
Dagny Stapleton, Executive Director, Nevada Association of Counties
Justin Harrison, Principal Management Analyst, Administrative Services, Clark County
Emily Walsh, representing Nevada Conservation League
Scott Gilles, Senior Advisor, Office of the Governor
Chris Bosse, representing Renown Health
Patrick Boileau, representing Operating Engineers Local 3
Vincent Saavedra, Council Representative, District Council of Ironworkers of California and Vicinity
Robert Benner, representing Building and Construction Trades Council of Northern Nevada
Danny Thompson, representing Operating Engineers Local 12 and Local 3
Annette Magnus-Marquart, Executive Director, Battle Born Progress
Christopher Daly, representing Nevada State Education Association
Mary Walker, representing Carson City, Douglas County, Lyon County, and Storey County
Austin Osborne, County Manager, Storey County
Sarah Adler, representing TRI General Improvement District
Clay Mitchell, Commissioner, Storey County
Dawn Etcheverry, Private Citizen, Reno, Nevada
Brian Rippet, President, Nevada State Education Association
Selena LaRue Hatch, Private Citizen, Reno, Nevada

Chair Cohen:

[Roll was taken. Committee rules and protocol were reviewed.] I will begin today's meeting by opening the hearing on Senate Bill 278 (1st Reprint).

Senate Bill 278 (1st Reprint): Revises provisions relating to taxation of cannabis. (BDR 32-660)

Senator James A. Settelmeyer, Senate District No. 17:

Senate Bill 278 (1st Reprint) defines wholesale sales, or sales or transfers, of cannabis by a cannabis cultivation facility to another cannabis establishment. The bill as amended excludes from the definition of wholesale sale, or transfer of cannabis by a cannabis cultivation facility to another cannabis cultivation facility, when both facilities share identical ownership. As with most businesses, we run into situations where people have sub-businesses and are selling clones or plants to one another. That should not trigger the taxation. The taxation should only be at the end-point of sale. That is what the bill does and is effective July 1, 2021. I would like to have Mr. Adler testify on the bill.

Will Adler, representing Sierra Cannabis Coalition:

To clear up any haziness with what we are doing here today and why we are bringing it forward, the initial language around cannabis taxation came from the ballot initiative [Regulation and Taxation of Marijuana Act] that passed in 2016 when we refer to recreational cannabis and when the wholesale tax would or would not be applied. That language is a little clunky. It implied that whenever there is a transference or transportation of cannabis out of that cultivation facility, the wholesale tax must be applied. To clarify that, if you own two cultivation facilities as a single group, and in this case under the identical ownership structure, there should not be a problem in doing general business practices of taking from one cultivation facility to another to do packaging or some sort of secondary manipulation of the product to get it ready for sale, have the sale, and hence the wholesale tax be applied once the product leaves the second or final facility when the product is finalized. That is what we are trying to accomplish, and it should be a nice, clean bill with the Department of Taxation's amendment when it was heard in the Senate Committee on Revenue and Economic Development.

Assemblywoman Kasama:

I want to clarify the wording "owned by the same individual." Would that count if it is in state or out of state? For example, if you had a cultivation facility in California and one here, or does this only apply to in state?

Will Adler:

To this day, marijuana is still federally illegal and there is no ability to be transported between states. Even if you owned a cultivation facility in California and one in Nevada, you cannot transport any marijuana between either of those properties because it crosses the state barrier. This is for in-state operations only in the state of Nevada.

Assemblywoman Kasama:

If it becomes federally legal, should we be proactive and have this clarified that it is for in-state transfers?

Will Adler:

Looking into the future, if federal legalization does happen, I think there will be a lot of syncing between states regardless of what Nevada does. We would have to figure out what is or is not cultivation at a federal level and between states at some point.

Senator Settelmeyer:

I think you have hit the nail on the head. If the federal government ever legalizes marijuana, you will probably see them come forth with regulations that all states will have to adopt as per the Supremacy Clause.

Assemblywoman Considine:

What do you mean by identical ownership?

Will Adler:

You may want to speak to the Department of Taxation for their definition as well but how we came to "identical" as being truly identical ownership—100 percent the same ownership. The cannabis industry does have a lot of co-owners and we did not want any lack of clarity between what is and what is not allowable. Identical ownership keeps the tax structure under that one ownership group. Ultimately, it means regardless of where this wholesale tax does get applied, the Department of Taxation felt comfortable saying as long as it is within one group, identical group ownership—100 percent—they felt this correction to wholesale tax could be applied.

Chair Cohen:

Director Young, would you like to respond?

Melanie Young, Executive Director, Department of Taxation:

We would look at this as 100 percent ownership. We concur with Mr. Adler's testimony.

Chair Cohen:

When you say 100 percent, are we talking about the same owners? What if they are the same owners but each owns different percentages in the different businesses? What would happen then?

Melanie Young:

We would look at it as the same exact ownership. I am not sure if we would look at the percentages of each owner, but 100 percent for the same ownership.

Assemblywoman Considine:

Are there any other industries in Nevada that have this type of setup, where there is a transfer of product from one facility to another and, if so, is the taxation setup the same?

Senator Settelmeyer:

Yes. I can only speak to the other industry I am familiar with, which is agriculture. If my father and I own cattle and we hold the same ownership but transfer the cattle to one another, there is no taxation until you get to the end point of sale. That is traditionally how agriculture works. I can only speak to that. I know the same thing occurred with garlic and the Snyder Livestock Company and others of that nature, such as Peri's. Director Young may be able to give you far more details.

Will Adler:

We roughly based the cannabis taxation off of the alcohol wholesale program. You have the initial producer of the alcohol and you then apply the wholesale tax prior to that transportation where the wholesaler is in charge of the taxes there, and that is paid before the alcohol goes to the retail outlet. It is essentially the same with cannabis. We want to ensure the cultivation is paying the wholesale tax. In cannabis, the wholesale tax needs to be paid before the plant leaves the cultivation facility so you know the tax has been applied. It can

go two ways—to a production facility or to a dispensary. This is a check to say, You are responsible for this before the product leaves your facility. It was similar to the alcohol model when we came up with it, what we based it upon, but it is not exactly the same.

Chair Cohen:

Are there any other questions from the members of the Committee? [There were none.] Is there anyone in the room or on the Zoom call in support? [There was no one.] Is there anyone on the phones in support? [There was no one.] Is there anyone in the room or on the Zoom call in opposition? [There was no one.] Is there anyone on the phones in opposition? [There was no one.] Is there anyone in the room or on the Zoom call in neutral?

Melanie Young:

We are neutral on this bill and do not have anything further to add.

Chair Cohen:

Is there anyone on the phones in neutral? [There was no one.] Do you have any closing remarks?

Senator Settlemeyer:

If you have any questions or concerns, please reach out to me.

Chair Cohen:

I will close the hearing on S.B. 278 (R1) and open the hearing on Senate Bill 442 (1st Reprint).

Senate Bill 442 (1st Reprint): Prospectively eliminates the program to provide a partial abatement of property taxes for certain buildings and structures which meet certain energy efficiency standards. (BDR 58-1070)

David Bobzien, Director, Office of Energy, Office of the Governor:

Senate Bill 442 (1st Reprint) is a budget bill, part of the Governor's recommended budget. From a high level, this is for the sunset of the Green Building Tax Abatement Program. Program Manager Yochum will walk you through the specifics of our rationale for why it is time to sunset this program, but the top line takeaway is that the energy efficiency code is rapidly reaching a level of efficiency that eclipses the need for this program. In other words, the required standard for new construction is entering a space where there is no need to provide incentives to projects that are building to this minimum code. With this legislation and the retirement of the program, we will see a long-term return of revenues that otherwise would have been abated to many local governments across the state. We are pleased to present this bill for your consideration. With that, I will turn the presentation over to Program Manager Yochum, who has a much higher level of expertise than I can offer.

Robin Yochum, Energy Program Manager, Office of Energy, Office of the Governor:

Before we review the Green Building Tax Abatement Program, I would like to give you some context about the International Energy Conservation Code (IECC) [page 2, [Exhibit C](#)]. *Nevada Revised Statutes* (NRS) 701.220 directs the Office of Energy (GOE), Office of the Governor to adopt the most recently published version of the IECC every three years. Each iteration of the IECC increases the efficiency of newly constructed commercial and residential buildings. The 2012 IECC was more efficient than the 2009, and the 2015 was slightly more efficient than the 2012. But when it came to the 2018 IECC, it was determined to be 16 percent more efficient than the 2012—showing one of the largest increases in efficiency in the different iterations of the IECC. Our office adopted the 2018 IECC in July 2018 and is in the process of adopting the 2021 IECC, which is about 10 percent more efficient than the 2018 version and 26 percent more efficient than the 2012. What this means is that upon adoption of the 2021 IECC, we will be 26 percent more efficient than the baseline, which is the 2012 IECC, and that is what the rating systems use as their baseline for comparison in order to participate in our program. Once the 2021 IECC is adopted, abatements will be awarded for projects that construct to the state-adopted code.

As you are all aware, our office, along with multiple state agencies, participated in the development of the State Climate Strategy (Strategy) [page 3, [Exhibit C](#)]. In the Strategy, the continued adoption of energy codes was analyzed and it was determined that energy codes are instrumental in achieving Nevada's climate goals. According to the U.S. Department of Energy, energy codes are projected to save U.S. homes and businesses about \$126 billion between 2012 and 2040. These numbers were calculated with the assumption that new updated codes would continue to be adopted.

There are multiple benefits to adopting the most recent version of the IECC and these are just a few examples [page 4]:

- Lower energy bills for Nevadans,
- Healthier indoor environments,
- Energy-efficient homes and businesses for decades, and
- Assists in meeting the state climate goals.

Now we are going to dive into the Green Building Tax Abatement (GBTA) program and how energy codes have a role in awarding the abatements [page 5]. In 2005, the GBTA program was enacted to address an energy market substantially different from today's. It provided an incentive to business owners to increase the efficiency of the built environment within the state in an effort to bring new businesses and jobs into Nevada. *Nevada Revised Statutes* (NRS) 701A.100 specifies that the Leadership in Energy and Environmental Design (LEED) rating system, or equivalent, is the rating system in which projects are required to certify in order to receive the abatement.

In 2013, GOE adopted through regulation the Green Globes rating system as an equivalent rating system for certification. The points achieved in the new construction rating systems utilized the 2012 IECC or ASHRAE 90.1-2010 standard as the baseline for comparison to

award the specific energy points as dictated in NRS 701A.100 and NRS 701A.110. Existing buildings are compared to a national database of comparison properties, known as the Commercial Building Energy Consumption Survey provided by the U.S. Energy Information Administration. It is important to note that most of the comparison properties in that system were built prior to 1980.

As mentioned earlier, the IECC increases the required efficiency of newly constructed buildings every three years when published [page 6]. The continuance of the GBTA program after the 2021 IECC has been adopted will allow owners to receive an abatement for building to the minimum standard already adopted in the state, thus no longer aligning with the intent of the program as initially established in NRS. Upon adoption of the 2018 IECC by GOE, local jurisdictions followed suit and the largest populated areas in the state have adopted the same. By July 2020, 47 percent of the jurisdictions in the state had adopted the 2018 IECC, which represents 96.5 percent of Nevada's population.

This slide shows which jurisdictions, counties, and municipalities have adopted the 2018 IECC [page 7, [Exhibit C](#)], which includes Clark, Washoe, Storey, Carson City, Douglas, Elko, and Nye Counties, all of which have had one or more projects in their jurisdiction that have been awarded an abatement.

In this slide [page 8], we wanted to show the different counties and the percentage of projects that have been awarded an abatement. As you can see, 81 percent of the projects are in Clark County, with over half of those projects being resort casino-type projects. Washoe County accounts for 14 percent, and 5 percent are in the other five counties.

Again, abatements are awarded for achieving certification through either the LEED or Green Globes rating system, per current statute [page 9]. Out of 221 projects, 85 have been awarded an abatement utilizing the LEED rating system and 136 have utilized the Green Globes rating system. As you can see, this covers over 210 million square feet of building stock.

This next slide [page 10] shows the fiscal impact of the abatements to the counties and municipalities where the abatements have been awarded. An estimated \$275 million in property taxes will have been abated over the life of the program, and the largest portion of those dollars—\$250 million—will be from Clark County.

Upon adoption of the 2018 IECC, GOE recognized a need to evaluate the efficacy of the GBTA program as the adoption of more efficient codes would continue [page 11]. We contracted with a neutral third-party vendor who possessed experience in green building practices and the IECC. The vendor evaluated the relationship of the minimum energy efficiency levels required to achieve the specified energy points in comparison to both the 2018 IECC and the 2021 IECC. This analysis was emailed to the Committee yesterday and is available on the Nevada Electronic Legislative Information System [[Exhibit D](#)]. In a few slides, we will have a graph that shows this comparison.

During the analysis performed, it was noted that upon adoption of the 2018 IECC, the first tier for the abatement for new construction was simply compliant with the required codes [page 12, [Exhibit C](#)]. It was apparent that significant tax abatement can be achieved by constructing to the current minimum energy code requirements adopted by Nevada.

Under current statute, the abatements are awarded based on optimized energy performance (OEP) points achieved and the overall level, whether it is silver, gold, or platinum [page 13]. The energy points dictate the term of the abatement, which are calculated based on a percentage of improvement over the baseline of the 2012 IECC or ASHRAE 90.1-2010 standard. To receive at least 5 points, depending on the project type, the project must achieve an improvement between 7 percent and 14 percent over the baseline. Seven points requires 11 percent to 18 percent above the baseline, and 11 points would require 19 percent to 26 percent above the baseline. The points achieved dictate the term of the abatement.

To achieve the highest level, the project is required to achieve between 19 percent and 26 percent improvement [page 14, [Exhibit C](#)]. This equates to achieving the platinum level and would receive a 35 percent abatement for 10 years. Fifteen percent of the projects have achieved the lowest level, 61 percent of the projects have achieved the gold level, and 19 percent have achieved the platinum level. This is important, as most of the projects have achieved a gold level or equivalent.

Here is a graph showing the comparison of the baselines and adopted codes [page 15]. This graph depicts the minimum and maximum required percentage of improvements over the baseline to achieve the required points. As you can see in the green bar, the minimum percentages range is from 7 percent to 19 percent, and the dark blue bar ranges from 14 percent to 26 percent. The light blue bar is comparing the 2018 IECC against the minimum and maximum percentages of improvement, with the final beige bar comparing the 2021 IECC against the minimums and maximums. The percentages differ between project types, which is why there is an overlap in the 5 and 7 OEP points. Currently, with the adoption of the 2018 IECC, achieving 5 points awards an abatement for being less efficient than the 2018 IECC, which is again only 15 percent of the projects, while the 7 points represent 61 percent of the projects, which is neither below the 2018 IECC or it could be slightly higher depending on the points achieved. Upon adoption of the 2021 IECC, these projects are 8 percent less efficient than the 2021 IECC. Achieving 11 points or higher, which represents 19 percent of the projects, achieves a higher level of efficiency over the 2018. Upon adoption of the 2021 IECC, achieving the 11 OEP points awards an abatement for being compliant with the state adopted code. Over the life of the program, fewer than 15 percent of the projects eligible for an abatement have achieved a 26 percent savings over the 2012 IECC.

Lastly, we would like to review some of the challenges with the GBTA program [page 16]. Since the enactment of Chapter 701A of NRS in 2005, both new construction and existing building projects could participate in the program. However, in 2011 existing buildings were taken out and only new construction projects could apply. The program was drastically modified during the 2007 Session to address concerns that had arisen after the enactment of

the program. Prior to 2013 there was no cap on the abatement awarded for existing buildings. After the enactment of Assembly Bill 33 of the 77th Session, a cap of \$100,000 per year was implemented. Assembly Bill 33 of the 77th Session identified that unless there was a cap on existing buildings, the fiscal impact could be significant. There have been multiple challenges with this program since inception, ranging from a potential drain on the local governments' budget, which was addressed in A.B. 33 of the 77th Session, awarding abatements to condominium projects without requiring the owners to continue or improve the efficiency of the condominium, and allowing a single building to receive multiple abatements, increasing the amount of abated taxes beyond the established cap. Both of these challenges were addressed through regulation in 2019.

If this bill does not pass, upon the adoption of the 2021 IECC, the state will award abatements to building owners for simply complying to code or even being less efficient than the adopted code. In 2024, GOE and local governments will adopt the 2024 IECC, which will again increase the efficiency of the code, perpetuating this cycle. The GOE has concluded that the original intent of the program is no longer being met with the increased adoption of required energy codes. With that, we thank you for your time and we are here for any questions.

David Bobzien:

I would like to provide two more points to our presentation. First, you see this is the first reprint of the bill. There was an amendment adopted in the Senate. We heard concerns from the Nevada Resort Association as to the effective date, which was originally effective upon passage. We met with them and determined that a two-week extension out to July 1, the new fiscal year, would be doable and appropriate. I bring that up to paint the picture of what this looks like in terms of the program itself. The pipeline exists and there will be some projects that probably still come in. As long as they get the project to us prior to the effective date, we still have the obligation to process it, but from that point forward no more projects come in. Similarly, for existing abatements our staff is still responsible for those projects and we will see them through their term. Essentially by retiring the program after July 1, there will be no new participants in the program.

I will also say as a broader conversation about some concerns we heard on the Senate side, and I think this is where Ms. Yochum's slide about the history of the problems with this program come into play. There is discussion, and our office is open to a future discussion, about how then to provide incentives to induce high-performing buildings from an efficiency standpoint beyond what is required in the IECC. We do think there is a space for that and it is certainly contemplated in the State Climate Strategy. We figured it was more prudent, given the history of concerns with this program, to conclude this program, start from scratch, and begin anew with future conversations about how to incentivize high-performing buildings above and beyond the IECC. That was a point of debate and discussion on the Senate side, but this is where we landed. Given the history of all the challenges we have had with this, it is probably better to retire it and start fresh with another conversation.

Chair Cohen:

With starting a new program, are you saying we have those building efficiencies at a level that we want to see in order to start a new program, or is it going to take some time before the engineering and science catch up to make it worthwhile for the state?

David Bobzien:

I think it is important to note GOE's extensive work with the IECC and how we interact with local governments. The adoption that GOE does with each version of the code, we adopt it on behalf of the state, but ultimately it is a signal to the local building departments to hopefully follow suit. As Ms. Yochum pointed out, we have, across the state, plenty of history of that happening. Each building department, subject to their own resources and expertise, has their own adoption process to go through. We like to think we lead the way and send a signal as to what high-performing, energy-efficient construction can look like. There may be opportunity to go above and beyond what that is. The consideration might be that we potentially bring to the Legislature for consideration a future program that could expand upon that work.

How we look at this is primarily what can we do working with the IECC, with that code, to ensure that on the ground, jurisdiction by jurisdiction, we are seeing a robust adoption of that—a broad adoption of best practices in construction to pursue energy efficiency. Your question about where the future is taking us in terms of technology, there is certainly a robust conversation around building electrification, insulation, and energy systems. There is so much in play right now. It is a very exciting time. We think it is premature to possibly think about another incentive package we would bring to you with a revenue piece, but that may be something we want to do. For now, we have lots to do when it comes to the IECC and ensuring we are at the leading edge of it in Nevada.

Assemblywoman Benitez-Thompson:

I mentioned this in the Assembly Committee on Ways and Means hearing when we saw the fiscal part of this and were discussing the programs in your department. It takes a lot of courage to come forward and say this is something we need to address. We stand up programs with the best of intentions because we are enthusiastic about the programs and we are enthusiastic to give support. Then when things play out differently than what might have imagined, when sitting on this side of the table you look back and think, Is this still driving us toward the stated policy purpose we had in mind or did we miss the target in some ways. It is good to note we are putting this program to rest because the rest of the world caught up to us—which is great. What our intentions were, what legislators hoped to see, and the types of change we hoped would come to this state—we are here. It is not very often we get to look at programs and say, People are running ahead of us now and we can pull this back and have the opportunity to rethink what the new environment has for us and how we can leapfrog forward. The intent of this state is to always be in the forefront in a good way. I appreciate this policy conversation a lot.

David Bobzien:

Thank you for the kind words. It was absolutely that sense of introspection that we brought to this. I think you have said it very clearly. There is a lot to celebrate with this program, but it has served its purpose and now it is time to put it to rest and move on to the next chapter.

Chair Cohen:

Are there any other questions from the members of the Committee? [There were none.] I will move on to testimony. Is there anyone wishing to provide testimony in support?

Dagny Stapleton, Executive Director, Nevada Association of Counties:

The Nevada Association of Counties is in support of S.B. 442 (R1). As explained by GOE, the Green Building Tax Abatement program in Nevada is out of date. It currently offers tax abatements for buildings that meet energy standards which are now the same as building codes in many counties. Important to counties, these abatements are of local property taxes, which are either the primary or secondary source of revenue for all Nevada's counties. Property taxes fund the many critical functions that counties are responsible for, including local human services; our local justice system; public safety; infrastructure such as roads, wastewater systems, and parks; and our elections. The projected dollar amount of these abatements as presented by GOE, of \$250 million through 2031, is a very impactful number.

Any abatements granted of tax dollars should ensure that there is a true incentive and benefit created in Nevada's communities. This is no longer the case for Green Building Tax Abatements in terms of how this program is structured. Since property tax revenues are so important to local governments, we would urge the Committee to support the bill and pass S.B. 442 (R1) as written.

Justin Harrison, Principal Management Analyst, Administrative Services, Clark County:

I would first like to thank Director Bobzien and Program Manager Yochum from GOE for the excellent presentation. We are here today in support of the bill and would echo the comments of Ms. Stapleton. As for counties, these tax abatements do have a great effect on the local budget and we see this bill as a positive step forward.

Emily Walsh, representing Nevada Conservation League:

The Nevada Conservation League was proud to support the original legislation to create this program in 2005. The program resulted in higher energy efficiency and sustainability standards in many large projects in Nevada. We were proud to work with this body to adjust these abatements in the 2007 Session. However, it is clear that the program has outlived its usefulness. The clear path forward is to adopt higher energy conservation standards that take advantage of all cost-effective energy efficiency measures and start to move toward net-zero buildings. In the near future we would like to see local governments move forward with adopting the most recent version of the IECC and adding provisions to make buildings electrification-ready, including charging infrastructure for electric vehicles. We must reduce our carbon pollution from buildings if we are to meet our state's climate goals, and we look forward to working with this body, GOE, and the local governments to make this happen.

Chair Cohen:

Is there anyone else in the room or on the Zoom call in support? [There was no one.] Is there anyone on the phones in support? [There was no one.] Is there anyone in the room or on the Zoom call in opposition? [There was no one.] Is there anyone on the phones in opposition? [There was no one.] Is there anyone in the room or on the Zoom call in neutral? [There was no one.] Is there anyone on the phones in neutral? [There was no one.] Do you have any closing remarks, Mr. Bobzien?

David Bobzien:

Thank you for the opportunity. If you have any questions, please reach out to us.

[[Exhibit E](#) was submitted but not discussed and is included as an exhibit of the meeting.]

Chair Cohen:

I will close the hearing on Senate Bill 442 (1st Reprint) and open the hearing on Senate Concurrent Resolution 11.

[Senate Concurrent Resolution 11](#): Creates a joint special committee to conduct a study concerning innovation zones. (BDR R-1148)

Scott Gilles, Senior Advisor, Office of the Governor:

I am here today to present Senate Concurrent Resolution 11, which would ultimately create a joint special committee of the Legislature for the purpose of conducting hearings and a full analysis of the idea presented by Governor Sisolak in his State of the State address—the idea to create innovation zones in Nevada. The purpose and intent of the Governor's proposal is to diversify Nevada's economy and enhance our ability to attract new and innovative technology companies to the state.

The original innovation zone proposal would create a broad structure by which applicants engaged in the development of these technologies could apply to create an innovation zone after meeting strict standard requirements laid out by statute, including a significant investment commitment. No tax incentives, abatements, or public investment would be part of this proposal as it is currently drafted.

The projections compiled for one project that would apply for an innovation zone are substantial. The extent of the economic output, development output, wages, and jobs would equate to a significant positive economic impact for the entire state and the creation of an entirely new industry. Based on these projections and the economic development potential for Nevada, Governor Sisolak believed, and still believes, this is an idea worth pursuing. The reality is this: there are limitations that come with a biennial 120-day session, never mind one taking place during a historic pandemic that has required state officials and legislators to direct their energy towards the impact of COVID-19 and the critical response needed throughout this session. It became clear in recent weeks that a proposal of this magnitude was not going to fit into this particular session. Governor Sisolak believes this idea warrants

and deserves a proper vetting, proper analysis, and time to work through what are admittedly a number of issues and complex pieces. We understand this simply could not happen in the last month of the session and ultimately felt that would not be good for anyone involved.

After working with the legislative leadership on the concept of the innovation zone proposal, Governor Sisolak felt the best path forward to vet the idea in an invaluable way was to establish an interim joint special committee, which is what S.C.R. 11 would ultimately do. Like the proposal for innovation zones itself, the method of creating this committee is also unique in its approach. Along with establishing the committee to meet in the interim, the resolution does the following:

- In terms of membership, S.C.R. 11 provides for the appointment of at least six members to the committee—two members from the Senate and two members from the Assembly appointed by the Majority Leader and the Speaker respectively; one member from the Assembly and one member from the Senate appointed by the Minority Leaders.
- In terms of process, the committee would elect its own chairs and would be required to meet at least once per month before the end of the calendar year.
- In terms of topics the committee would discuss, the Governor's bill draft request (BDR) was submitted early in the session. As we worked with the Legislative Counsel Bureau (LCB) on finalizing that language, and in talking to Mr. Fernley, he said it was doable to have a final product by the end of session for the Committee to look at and treat as an actual bill that would go through that joint special committee. That piece of proposed legislation is not finalized yet, but the idea is we would have a place to start those discussions going forward.
- As laid out in the resolution, the committee would not be limited on the issues it would like to discuss, but the resolution itself does refer to a few specific topics of economic benefit and impact that the committee must look at. These are things you would expect to be in there, including:
 - Economic development and job creation;
 - Workforce development;
 - Affordable housing;
 - Water, natural resources, and the environment;
 - Impact on surrounding counties as well as any county where an innovation zone would be located; and
 - Impact on other forms of local government and surrounding areas; probably most important are state and local revenues and distribution of taxes.

- Again, any other topics related to the proposal that the committee members feel are appropriate to analyze, review, and vet, while not under the same time constraints created by the last few weeks, let alone days, of a regular session.
- In terms of stakeholders, the committee is directed to solicit the input of all interested stakeholders, which is ultimately our intention. The bill specifically calls out local governments, tribal governments, environmental groups, labor organizations, economic development authorities, water authorities, and technology industries.
- In terms of a timeline, the committee will operate on an admittedly strict timeline to complete its review and submit its recommendations regarding the creation of innovation zones in Nevada by December 31, to the extent practicable.

Unfortunately, the unprecedented impacts of COVID-19 on Nevada have left this Legislature with many other critical issues to deliberate. We believe the proposed measure before you today is a responsible solution to the challenge, but ultimately trying to evaluate an unprecedented economic development measure in the short time remaining in this Legislature was not going to be practicable. We know innovation zones are unique, but they are not entirely unprecedented. Nevada could be the next example of the technological and economic success, and the Governor is confident that Nevada should take the opportunity now to look at what may, or may not, be possible. The creation of this committee will provide legislators and stakeholders the opportunity to hold and participate in hearings, and fully evaluate this proposal which we believe holds a tremendous potential for the state of Nevada.

In the end, the Governor ultimately wants the stakeholders, the public, and, of course, this legislative body to be enthusiastic about this opportunity, not skeptical about a fast-tracked bill in the final weeks of the session. Nevadans deserve that, and the Governor believes this joint special committee is the right solution to explore this opportunity. I urge your support for this process that will allow for a full and deliberate review of this proposal and its potential impacts to our state. I also want to thank Majority Leader Benitez-Thompson and Speaker Frierson for their support in bringing this resolution and, of course, I thank the Committee for hearing S.C.R. 11. With that, I am happy to take any questions.

Assemblywoman Anderson:

My first question has to do with the date this study has to be done by—December 31, 2021. That only gives us seven months. Although there is a bill, it does feel a little bit quick. Was there a reason for having it done by this calendar year as opposed to by the end of the fiscal year, or even in preparation for the following session?

Scott Gilles:

The reason for that is we wanted to have it addressed sooner rather than later, in the event one of the recommendations, which is actually laid out in the resolution, would be as an option to bring this forward in a special session to have it addressed. That was the primary

driver for the timeline. Admittedly, it is fast. I think we all know there will be some work done between now and then. I will not opine on LCB staff's ability and resources. I came to this date after discussions with leadership.

Assemblywoman Anderson:

On page 2, lines 13 through 20, where you list those eight items, is there time to be able to discuss the infrastructures such as roads, bridges, and sewers, and how it would have an impact on the counties around them? I believe that may be included in number 7 as listed in the bill, but does that need to be specified?

Scott Gilles:

It is our intent that the list in that section is not an exhaustive list. Those are the exact things we would want to have discussed and vetted. I believe the impact on counties and other forms of local government would cover those types of infrastructure and road issues.

Assemblywoman Anderson:

I appreciate the fact that there is a discussion around this. I think a biggie is the checks and balances. During this discussion, do you envision a possibility of this being brought forward, it is going great, and then all of a sudden, it is not going well? Do you believe there should be discussion, as well, if this study mitigates changes and how that will impact the rest of the county? How will a county be impacted if this does not go as well as it should?

Scott Gilles:

If I understand your question, that is exactly what one of the many pieces that need to be discussed and worked through with the legislation is: to figure out ultimately if this process is started with an application to the Office of Economic Development, Office of the Governor (GOED), the financial commitments are made, and it gets down the line and whatever happens with economic development projects, just like any other major master planned community in the state, to ensure those protections for residents, business owners, or whoever it may be who lives in a particular innovation zone, which will be quasi-governmental, will ultimately be protected in that event just like any other major development.

Assemblywoman Bilbray-Axelrod:

I am looking at the summary you sent us [[Exhibit F](#)]. I took the liberty to look at your last paragraph at the joint special committee from the 59th (1977) Session [[Senate Concurrent Resolution 9 of the 59th Session](#)]—every member of the six members of the Senate and six members of the Assembly—you made reference to the responsibilities of the committee and working with interested stakeholders. I know I have served on interim committees in the past that have had members of the public, not just of this body serving on the committee. I was wondering, is the idea that at each meeting we would have members of this legislative body on the committee and then create an agenda to bring the stakeholders? You are nodding your head yes. I am trying to understand, when we say we are bringing in stakeholders, I get concerned that the people who would be invited might not have the voice

that we are hoping they would have. We are bringing in stakeholders, but the committee is the one that sets the agenda. I want to ensure that during the study, the voices of those folks are very much heard. What would that look like?

Scott Gilles:

You have hit on something that if this bill were to pass, the Executive Branch would need to be partly responsible, through GOED, the Office of the Governor, and those involved, to ensure those stakeholders who are listed, as well as any others who reach out and express concerns or support for the project, would be looped in to ensure they are part of the conversation. I know in the Senate when we had this hearing, there was discussion of public workshops and stakeholder workshops outside of the actual specific legislative process, which will be a legislative committee run just like this Committee, with a bill to work off of. I think we would be totally in support of that. Again, it is obviously going to defer to the body and how they would want to run the joint special committee. If there is the need and desire, and it is valuable to have some sort of public workshops and stakeholder engagement outside of a hearing environment, I think we would support that and, quite frankly, the Executive Branch can assist with that.

Chair Cohen:

Are you saying the stakeholders would or would not be voting members? I want to make sure we are clear on that.

Scott Gilles:

The way this is currently drafted, I do not see that the stakeholders would be voting members. You would have at least six members of the joint special committee who would ultimately be voting on a recommendation that says we do not think any further action is needed, or we should bring this back and submit a BDR [bill draft request] for the 2023 Session, which this resolution would allow, or there could be a recommendation to the Governor's Office that it makes sense to be brought back during a special session. In terms of how that decision is made, the way I read it is it would be six or more legislative committee members who would be making the final vote and determination on what recommendation to bring forward. I do not think this sets up a process by which stakeholders would be voting members on the committee.

Assemblyman O'Neill:

I am not sure if you can answer this. I was looking to see if we had our Legal Division, LCB, staff with us. Building on the prior questioning, in the next several months we will most likely have at least two special sessions facing us. One of them could be very protracted in redistricting. When you look at those discussions that your Legislature is going to be involved in, the timeline in here, and talking about having work groups or hearing sessions in the communities, what would happen if we did not finish by December 31? Is there a legal ramification to that? I hope you and our Legal staff understand where I am going, considering all that is in front of us with the scheduling we have now and what we want to do. I may be doing an epistle to you. This is a serious committee we are trying to develop here. It is very involved and not just a simple action—do you want to build this or not want

to build this. Look at what you have listed—who is going to be involved and what are some of the areas, and I think that will expand. With the timeline given, will there be enough time? I think it is too short. That would be my stumbling block to supporting this, not the design of it, but that it cannot be done half-heartedly just to meet a deadline. I think you are going to get a poor presentation. Would you like to comment on that?

Scott Gilles:

It is complex. I am not trying to sugarcoat that at all. That is exactly why we chose not to try to press this piece of legislation of the Governor's five BDRs submitted in early February into a very tight timeline during this 120-day session. The reason you are flagging it is the exact reason why we have talked to leadership and asked them to bring this measure, to have this discussed and dissected outside of this 120-day session. Again, admittedly it is a fast timeline. There will be a lot going on between now and then. We came to this date following discussions with leadership and again, I will not opine on LCB's resources, that is not my job, but this is what we were told would work and be sufficient in the conversations we had with leadership. I do not know if I have anything else to add to that. In terms of legal ramifications for not having a report submitted to the Governor and back to this body by December 31, I do not believe there are any in the bill. This is a concurrent resolution that would come out of this body with this body's approval. There is language in there that speaks to the extent practicable by December 31. I would say this is not a black-and-white deadline, but the bill suggests a goal of December 31.

Assemblyman O'Neill:

I appreciate that. I just do not see it as a suggestion. I see it as a drop-dead date. That is probably my biggest concern considering the importance of this bill. We want to do it right.

Scott Gilles:

Agreed.

Assemblyman O'Neill:

Chair, am I asking the impossible for a determination on that date? Legal staff is not here. Could we delay for them? Would that be appropriate?

Chair Cohen:

We can certainly ask Legal, but it is this Committee's purview to vet the bill and determine if we want amendments or if we want to follow the language as it is. If you read the language, it does say "if practicable," so I think it would be up to the committee who are appointed, should this pass, to determine what is practicable.

Assemblyman Hafen:

Theoretically speaking, the recommendation of the study could be to continue to study this further after December 31, 2021. Correct?

Scott Gilles:

As a former lawyer, I want to ensure I am reading this correctly. I believe, the way it reads, that could be a recommendation. I think the vehicle for doing that is not necessarily laid out in here explicitly, but it is a legislative committee.

Assemblyman Hafen:

My other question is along the same line as the other members—the timeframe. We are hopefully coming out of a once-in-a-lifetime pandemic and we have been discussing this for almost five months. I know there is a possibility for this to go into a special session. With all the conversations and the studying, why have the distinction between regular session or possibly a special session rather than fully vetting it out in the next regular session?

Scott Gilles:

Quite simply, options for the committee. The committee has the opportunity to vet these issues, hear from stakeholders, and ultimately determine if it is what we believe it to be—an economic development opportunity for the state of Nevada. We would not want to limit the committee to not bringing it sooner than February 2023.

Assemblywoman Considine:

I know this is about innovation zones, not any one in particular, but the idea of having multiple zones around the state. I am looking at a map of the one that is being reviewed or thought about right now, that was part of an exhibit [page 3, [Exhibit G](#)], and that has brought up a couple of questions I had not thought about before. It was my understanding that an innovation zone would be one contiguous area. What I am looking at are islands in this map that might not be part of that zone if this were to pass. When this study goes on, will the members of the committee be looking at whether an innovation zone would be able to take any of that property in eminent domain or through annexation, expansions, or whether it has to be contiguous, without having islands? I am worried about how big this gets. Is it a piece here, a piece there, and then connected later on? Would that be part of the study?

Scott Gilles:

Absolutely. I think any piece of how an innovation zone can be created, how it can do things with land that is privately owned, will be discussed through that substantive process of the joint special committee. I am not aware of any proposal to date and, again, we do not have a bill yet, that would allow for the things you just described. If those were concerns that the committee had, that they did not think were appropriate for an ultimate piece of legislation on creating innovation zones, that committee would have the right to make that decision and ultimately put that into a bill for the 2023 Session as is outlined in the resolution.

Assemblywoman Considine:

In looking at this as potentially being multiple zones, not just one, and I know the study would be whether an innovation zone should be created, but if they were and these were contiguous, would the county that these zones may possibly be in be included in all of these areas, so that you are considering whether it is workable in the county as it is? Does it need to be in an innovation zone? Will that sort of setup then be carried over whenever there is

another innovation zone applied for? Will that sort of bifurcation of understanding—whether it can be done within the existing county or does it need to be an innovation zone—would that be done each time or is that only this one overlay?

Scott Gilles:

That is a great question but is one I do not have an answer to right now because again, we do not have a final piece of legislation we are working off of. That is exactly the conversation we want to have during the joint special committee, to vet a concern like that for a committee member and ensure, however it is established, the process for a company to apply for an innovation zone, if there are parameters the legislative body wants to put on that.

Chair Cohen:

I have questions on the topic section—empowerment centers [page 1, [Exhibit F](#)]. What is that referring to?

Scott Gilles:

It is my understanding that empowerment centers refer to community centers for seniors or students. It is used as an all-encompassing term. I do not know of any specific parameters on that term in the *Nevada Revised Statutes*. I think it could be defined as needed throughout those discussions during the joint special committee.

Chair Cohen:

Staying in the topic section, under the "counties and other forms of local government," is that including judicial issues that can arise if an innovation zone were allowed to proceed? Would court issues or judicial issues fall under that?

Scott Gilles:

I believe so. The list of topics charges the special committee with looking at the benefits and impacts of innovation zones on the following things, those being counties and other forms of local government—counties, cities, general improvement districts, and any other type of quasi-governmental agency, courts within that district—the impact and benefits of any of those should be looked into.

Chair Cohen:

I know that tribal governments are mentioned in a few different places, but not specifically under counties and other forms of local government. I want to ensure the intent is for them to be included there.

Scott Gilles:

Absolutely.

Chair Cohen:

You and I have discussed this, and I am not sure you have had a chance to get an answer on the reference to global interest, which is in a couple of places in the bill. What is global interest?

Scott Gilles:

I have not been able to track down that answer. As I mentioned earlier, not having drafted the bill, I am not sure what the exact intention behind that is. My belief is that it is referring to other international businesses that could potentially be recruited to an innovation zone, but I will track that down.

Chair Cohen:

You mentioned improvement districts. I understand that area is under the TRI General Improvement District (TRI-GID). Will they specifically be a part of this? If the committee were to exclude them, would they be excluded? How will that work?

Scott Gilles:

I expect, and I hope, the TRI-GID is heavily involved in these discussions.

Chair Cohen:

I want to echo the concerns that have been mentioned by other members of the Committee about the timeline. When I think about the water issues alone, I think getting people up to speed on that could possibly take six meetings over six months. With that, I will move on to more questions.

Assemblywoman Benitez-Thompson:

I want to start off very basic with how did we get to now? We have the study in front of us and you have given us a very good explanation of why we have the study, but the issues that brought us to this point, to say we have an industry with a specific need that seems to not be able to reach that need in any other way than to get some legislative reprieve. As much as is comfortable, how did we get to now?

Scott Gilles:

I think we have gotten to where we are now by looking at potential opportunity—conversations that our office had related to a potential product that would need this type of framework, to work based on projections that we saw in terms of jobs and indirect output, direct output, wages, potential taxation and revenue—it was worth pursuing. I think that is ultimately what brought us to the point of the Governor speaking about it in the State of the State address and working on a BDR that we submitted to LCB, knowing there was never a way that the first version of the bill we submitted was going to be the final version because this is a complex topic. We have not had that opportunity and we do not think it made sense to try to push that opportunity through this session.

Assemblywoman Benitez-Thompson:

I was thinking of something different. I think of how we got to now is the fact that everything you are enumerating, one through eight in the document of things that you want the special committee to consider, I look at it and see it as a conversation that is long overdue when you look at that list. How do we organize and manage ourselves? How do we have some planning around how we grow? How do we ensure all needs are being met as

we grow? I think it is a conversation that has been missing from this area of the state—a comprehensive conversation—both retroactive and forward, looking to say we have impacts that come when we do these kinds of projects, and what we ought to do is study those impacts before we move forward so we have an eyes-wide-open public policy approach. That is the piece of this I am extremely interested in.

My experience has been that without a whole conversation about how you plan, how you grow, and how you bring in a business, is you end up with a bunch of one-off conversations. I will give the example of the natural resources, environment, and the regional water supplies. Without comprehensive planning, we are going to have 100 little water fights talking about what happens in a region where water is ultimately so scarce, or we end up with policies that get punted to the Legislature very quickly.

In the past administration, I remember being called very swiftly to an emergency Interim Finance Committee meeting so we could contemplate the bonding of the water line to bring the effluent from the Reno/Sparks area from Sparks out into the TRIC [Tahoe-Reno Industrial Center] area. These were all of the good conversations that we should have had about water management, who is paying for that water, who is not paying for that water, how that water is coming in, and who is bonding. All of those conversations are happening really hot and quick in an afternoon committee, and then we are hoping that everything plays out well. When we talk about affordable housing, if we talk about how we grow and how we want to grow, I think we all feel like we are being negligent if we do not talk about affordable housing. To me, the piece of this I really like is there are conversations about how we grow in a way that is right. What I would imagine is that those conversations to this point have not been as productive as possible. If so, we would have everything in statute to go forward. I think that more holistic conversation makes more sense.

My experience with a lot of projects where we say we want to focus on economic development is that it is economic development in a vacuum without consideration for these other things. It is economic development saying, As long as we are growing and bringing the company in, then we have landed the plane and mission solved, without the conversation about infrastructure surrounding that development.

That is how I feel we have gotten to now because those conversations have been missing. I like this as a recognition that it is time to sit down and think about how things play out before we, as legislators, push a button and watch it play out and realize we do not have housing out there, or we have built a commuter county. When we talk about impacts, I think this conversation is long overdue.

Scott Gilles:

I agree 100 percent. I misunderstood your question. I think those are valuable questions to have. I think a proposal of this magnitude that does not include tax abatements and incentives, but does include a pretty significant change in policy and the creation of a new type of local government or an expanded general improvement district in the economic development sense, does necessitate these conversations if it is going to be done right.

This is not a small endeavor. It is worthy of those conversations. Again, that is why we are hopefully thankful this body will allow us to have those conversations over a long period of time as opposed to the end of this session.

Assemblywoman Benitez-Thompson:

I have heard members express concern that one meeting a month and getting to December seems like a short timeframe; however, it is a longer timeframe than we have while in session, although it is fewer meetings. My hope would be if there were a committee like this, it would be productive with the time. I know there have been conversations about workshops and such. I understand that, although I would say you want all conversations to be had on the legislative record because that is where the official minutes are kept. Workshops are not staffed and minutes are not kept, even if we were to just evolve this committee into a workshop, where the staff do not keep minutes and you do not have an accurate record of that other than what someone happens to write down on a piece of paper. I think the more you keep this within that traditional committee system, the better because that is where the resources are. Having worked on some committees like this before, you do want the resources of the Legislature. You want access to your legal counsel, your policy drafters, and all those wonderful things that insulate legislators to help us make good decisions I think are important.

Scott Gilles:

I tend to agree with you. The concept of the public workshops was brought up on the Senate side. It is my opinion of the resolution that it would not preclude that. Ultimately it will be this body and the committee's decision on how to run those committees, the length and frequency of the meetings above and beyond at least one per month as laid out in the resolution. I will make a pitch that the Executive Branch and GOED are here to assist and be a resource for these committee meetings to the extent this body wants us to. I will leave it at that.

Assemblyman Hafen:

This line of questioning has me looking at this a little deeper. I believe it is the third "whereas" talks about all the stakeholders. Assemblywoman Benitez-Thompson mentioned the water concerns. In full disclosure, I run a private water company and I do see that could be a big component of this. I notice that we are listing water authorities, and if I am not mistaken, there are only two water authorities in the state. I would like to ensure that we are not limiting it to that, because I believe that most of the smaller counties have water districts—a smaller scale of water authorities. I would like to have it on the record that the water districts will have a seat at the table, as these innovation zones could potentially be anywhere throughout the entire state.

Scott Gilles:

Having not drafted the bill, I cannot speak to the actual intention of the bill language, but that is our intention, at least from the Governor's Office, that any impacted water authority or water company that needs to have a say in these discussions would absolutely have a say in these discussions.

Assemblyman Hafen:

For clarification, I was not referencing water companies; I was trying to reference the water districts, specifically, Lincoln County and Nye County have water districts. I just wanted to ensure it was on the record.

Scott Gilles:

I misspoke; I meant to say water districts.

Chair Cohen:

Are there any other questions from the members of the Committee? [There were none.] I will move on to those in the room or on the Zoom call in support. [There was no one.] We will go to the phones for those in support.

Chris Bosse, representing Renown Health:

I am here today on behalf of Renown Health to stand in support of S.C.R. 11. We believe a study to evaluate innovation zones and their potential impact on economic and workforce development is of significant importance to Nevada as we look at ways to grow the Nevada economy. We urge your support of S.C.R. 11. Thank you for the opportunity to participate.

Patrick Boileau, representing Operating Engineers Local 3:

The Operating Engineers Local 3 and the Nevada Building Trades stand strongly in support of this bill. We think that a holistic look at development, including workforce development, is exactly what Nevada needs. We urge you to pass this bill along.

Vincent Saavedra, Council Representative, District Council of Ironworkers of California and Vicinity:

I represent ironworkers in the state of Nevada. We wanted to let you know we are in support of this bill.

Robert Benner, representing Building and Construction Trades Council of Northern Nevada:

A project of this size will benefit the entire state, not just northern Nevada, and will keep our workforce working in the event of another downturn. We believe this project is worth your study and consideration. We urge you to support S.C.R. 11.

Danny Thompson, representing Operating Engineers Local 12 and Local 3:

I would like to testify in support of this bill on behalf of Operating Engineers Local 12 and Local 3. We see this as a great opportunity for the state of Nevada. We see this as a job opportunity for everyone in northern Nevada, certainly, and to benefit the state as a whole.

Chair Cohen:

As there is no one else in support, we will move to those in opposition in the room.

Annette Magnus-Marquart, Executive Director, Battle Born Progress:

We rise in strong opposition to S.C.R. 11 and this flawed, dangerous innovation zone proposal even as a study. At a time when our state is facing an affordable housing crisis, lack of access to adequate affordable health care, and a poorly funded public education system, it is grievously inappropriate to spend time studying a proposal to give a billionaire chief executive officer and unproven company their own autonomous government. We have been here before. I have seen this my entire life in this state. We went through this with the Raiders Stadium, where proponents assured us that if you build it, they will come, and that it would not cost the Nevada taxpayers very much at all. That clearly did not last, as we told you all it would not. We went through it with Faraday Futures, who promised investment and jobs. That clearly collapsed quickly. And now Henderson is meeting this week with the Oakland Athletics to possibly spend even more tax dollars on yet another stadium. I have to ask, When are we going to learn? We already know this Blockchains' quasi-county would require stealing water from local tribal communities, who were not consulted before Blockchains LLC started buying up the rights. It also raises serious concerns about the return of "company towns," which is exactly what this is regardless of how you try to dress it up.

While this resolution only requires the study of this proposal, we remain extremely concerned that the proper input will not be sought, nor will that input be heeded in whatever the final report concludes. This Legislature and this Committee have the ability to reject this ridiculous concept here and now, and focus on other priorities that would benefit struggling Nevadans. My dad always taught me that if something is too good to be true, it usually is. We should not be wasting time or money studying this. We should be talking about education revenue, affordable housing, or health care—actual priorities to real Nevadans.

Please vote no on S.C.R. 11 and have a real conversation about raising revenue in a sustainable, long-term way and supporting Nevadans who are suffering, like Assembly Joint Resolution 1 of the 32nd Special Session, instead of another handout to a corporation that will fail like all the previous ones have. By the way, the Raiders Stadium just took out another payment from the county this week.

Christopher Daly, representing Nevada State Education Association:

A quick word about public schools. I know we have a career teacher and the Chair of the Education Committee in the room. We know that our schools are here to educate our kids. In communities, oftentimes, if not most of the time, schools serve a unique function as centers where families convene. In fact, public education comes out of the goals of democratic society from the late 1800s to prepare people to become responsible citizens, to improve social conditions, promote cultural unity, and the like. Public schools really are a huge part of the common good in the country.

I say that in reference to S.C.R. 11, in opposition largely because of the failure of this resolution to contemplate, consider, and highlight the role of public education or public schools in the creation of a new city or a new county—or whatever you want to call innovation zones. Certainly, I would say if you do decide to move forward with the

discussion, we would implore you, at the very least, to amend this resolution to ensure that public schools and public education are forefront in any contemplation of creating a new place that has any semblance of community in the state of Nevada.

Chair Cohen:

Seeing no one else in opposition in the room or on the Zoom call, we will go to the phones for those in opposition. [There was no one.] Is there anyone in the room or on the Zoom call in neutral?

Dagny Stapleton, Executive Director, Nevada Association of Counties:

We are neutral on S.C.R. 11 and appreciate the opportunity to provide testimony today. When the idea of innovation zones was introduced, the proponents did reach out and presented their concept and preliminary language to counties. At that time, county representatives made it clear that we had a handful of concerns about innovation zones. In March, our members voted unanimously to oppose the concept as it had been presented to counties. That vote included representatives from 16 of Nevada's counties, both urban and rural. Concerns included fiscal impact, impacts to county services, and preserving the integrity of county governance. We want to thank the Governor's Office for the proposed study, to look at and analyze the critical issues connected to the concept of innovation zones prior to any innovation zone legislation being introduced. We also appreciate the language in the resolution recognizing the important role that counties would play in the study and appreciate the questions of the Committee ensuring that stakeholders would really have a voice in that process, as we believe we are one of the very important stakeholders in the study. We look forward to participating in the study and providing any and all information that would be helpful. Again, we thank the sponsors and the Committee for the opportunity to provide testimony.

Mary Walker, representing Carson City, Douglas County, Lyon County, and Storey County:

We rise as neutral on S.C.R. 11, the study of innovation zones. We would like to thank the Governor and Legislature on the even-handedness of the study. We appreciate that the study would include impacts to local revenue and taxes, not just state revenues. While the proponents have stated there are no impacts on state revenue or abatements, there are substantial impacts on local revenues and local taxes. We also appreciate the study will include impacts to counties.

Assemblywoman Benitez-Thompson:

I want to ensure that this is clear for the record. You mentioned the impact to local jurisdictions and local taxes. I am assuming you mean lost revenue, but I do not want to misinterpret your meaning.

Mary Walker:

There are a couple of ways that this can impact local revenues. First, in Mr. Berns' Blockchains LLC proposal, it would take approximately 40 percent of Storey County's land away from them and put it basically into another county. That takes away the future growth

of the community. The other thing that happens is in section 35 of Mr. Berns' Blockchains LLC proposal, it states that if a Blockchains company is building their city and are paying local sales tax, that is part of the consolidated tax, section 35 says the following year the Executive Director of the Department of Taxation will reimburse all of those local taxes back to—it says the innovation zones, but because it is going to be operated by two members of the Blockchains group, then it is the majority of the members who would get the benefit of those dollars back.

In addition, there is another concern which has been discussed. If you look at a map of the area, the Blockchains land is about 57,000 acres. It does create islands. For example, Google is totally an island with the Blockchains land all around it. It looks like about three-quarters of the land surrounding Tesla is Mr. Berns' Blockchains LLC property. The concern is, is this proposal going to allow annexation of Tesla, Google, and Switch to this new county? If it is, basically what would happen is Tesla right now has a few different abatements. One is on property tax for 10 years. It goes away in about three years from now. The sales tax abatement was a 20-year abatement, that is 13 years from going away. What will happen is the new county would receive all the tax revenues from Tesla, Google, and Switch, with it going to this new jurisdiction. That is a tremendous impact of local taxes to the county where this proposal is supposed to be made. If that happens and all of those Tesla taxes go to the new jurisdiction, this new county, they would be able to use it for the development costs, as an example, to put in sewer, water, roads that a developer would normally have to do. In my mind, they are taking Storey County local taxpayers' dollars and giving it to a developer to pay for his costs. There are some tremendous effects.

Assemblywoman Benitez-Thompson:

Fiscal Division staff, correct me if I am wrong. You mentioned the abatements with Tesla—the property tax piece and the sales tax piece. They do have staggered timelines when they end. I believe the property tax is ending in a few years, and the sales tax has an additional extension on it. Is that correct?

Mary Walker:

Yes.

Russell Guindon, Principal Deputy Fiscal Analyst:

From my memory, the property tax abatements for Tesla were ten years. As Ms. Walker stated, I believe it is in 2024 or thereabouts that the property tax abatements will be expiring and those taxes will begin being paid and distributed according to the property tax distribution provisions. From memory, the sales tax abatements I believe are 20 years, then there would be another 20 years past that 2024 period that the sales tax abatements will still be in place.

Assemblywoman Benitez-Thompson:

I am glad you mentioned those because when we talk about Tesla and others, those are projects that came to be specifically from GOED. The state made that investment and said, We are going to forego the collection of these taxes and State General Fund being able to

earn these revenues, knowing that down the line in 2024, revenues will be coming in. Our Committee heard about the State Demographer's report as it relates to taxes, but when you go through that and look at the projections of growth for Storey County, there is not much growth in population. It looks to stay about the same. In 2024, when those property taxes end, it looks like the population is going to still be about 8,500 to 9,000 people. Is that correct?

Mary Walker:

I would have to defer that to Storey County.

Austin Osborne, County Manager, Storey County:

To answer your question on that, the State Demographer's office is suggesting a pretty flat plane of growth. What our master plan in Storey County supports, which is developer driven, and what we have written our new zoning for, is for that area where the proponents of this bill are proposing to build a major residential community. In 2006, the Storey County Board of Commissioners and the planning commission approved a major planned unit development at Painted Rock in Storey County for a mix-use residential and commercial community. Because of the state of the economy in 2008 and beyond, that project was not able to be built. At this point, there would be the availability for someone to build that community.

I will speak a little later on the dynamics of what that community would be allowed to be and that they could develop Painted Rock to be a major residential development in Storey County as being proposed. At that point, we would interface with the State Demographer's office to let them know there is a major planned-unit development occurring in the county that would significantly increase that projected housing number.

Assemblywoman Benitez-Thompson:

In an earlier conversation with me, thank you for sharing that master plan you have. It looks like we are approximately ten years out from that increase in residents, from the time everything is approved, plans are finished, built, permitted, and occupied. Is that correct?

Austin Osborne:

At this point, we can only move as fast as the developer will apply. At this time, we do not have an application for a development of that nature in that area of Storey County. If an application were to come in now, we would start processing it immediately to ensure the development application was complete, and we have county codes that guide us through that process. We would go through the process of subdividing planned-unit development and the zoning that would be necessary. There is no master plan amendment needed for this. In fact, the maps of the master plan call it a transition area at Painted Rock. That specifies in the language of the master plan that a master plan amendment to something else is not required. They would immediately go to planned-unit development and are set to go. It is basically an administrative provision and then we would go right to subdivision and planning that development.

Assemblywoman Benitez-Thompson:

So there are no known developers right now—we are not breaking ground right now. The county is quite a bit off from having a master planned community built. When I am sitting here as a legislator and I am thinking about what affordable housing looks like, or just housing in general looks like for the county, should I or should I not be envisioning something in the next decade?

Austin Osborne:

That is probably the most important question asked. We do not believe it will take ten years to get a project like this going. We have a very short period of time it takes for us to go through the planning commission and county commission. We will treat a project like that with the same level of expediency that we do with Tesla, Switch, and other big companies out there. That is why we rewrote our master plan in 2016 to specify exactly what we would like this community to look like. To answer your question on affordable housing, one of the reasons we wanted this to be a high-density, mixed-use urban type of environment is exactly for affordable housing. We like to see multifamily and single-family in a dense community core, and as you grow from the core, it becomes significantly less dense. We are not looking for ranch houses on one-acre parcels with horses on that property. We have places in Storey County for that and we want to protect those areas for that. This area is the workforce area for the TRIC. It is for the Millennials, the Generation Zs, the high-tech people—people who want to live very close to the innovation that they are doing out at TRIC now. We have set it up for that. As for the developers who want to come and build that project, like the rendition they have with high-rise buildings and very small spaces to live in with open space, we love that. Our master plan loves that and our communities liked it when we went through that community process to build our master plan. We believe that by getting land out of the equation and creating density in that area, it will create the availability for affordable housing.

Assemblywoman Benitez-Thompson:

At some point that is where you hope to land, but for right now the workforce that is out there is mostly a commuter workforce. At some point, the goal down the road would be to have housing supply out there for the workforce and not be a commuter county.

Austin Osborne:

Absolutely.

Assemblywoman Benitez-Thompson:

While we are waiting for that to happen, I guess we have a big change coming in 2024 when those abatements of those property taxes start coming offline. What do things look like once those property taxes start coming online for the county?

Austin Osborne:

We are looking at that at this point. There are some capital improvements that we need to look at inside Storey County. There are a lot of deferred things that have occurred in our county buildings, senior services, and facilities. There are roads in the county that are not

paved and very primitive that need to be addressed. We are putting together a capital improvement plan for that period of time to continue looking at supporting a development that would occur in that area, whether it is TRIC, Painted Rock, or a mixed-use residential area.

Assemblywoman Benitez-Thompson:

I think we are getting close enough that folks are starting to quantify that, so I guess what does that number start to look like?

Austin Osborne:

At this point we are still looking at that, to see what it will look like in a four-year period. It is a little early for me to give a solid answer with any certainty. I would be happy to follow up with you on that.

Assemblywoman Benitez-Thompson:

Another point I think is important to bring up is the water piece. We have a special assessment district that was created. I think you authored the first report on the general improvement district, specifically for water and that coming in. Remind me, was the water rights assessment evaluation in that around \$200 million? It was inadvertently left out of the first report as an asset. When the audit was done, there was a revision to ensure you were counting the water rights as an asset.

Austin Osborne:

I need to defer to Mary Walker. We also have a representative from the TRI-GID here who also manages that.

Mary Walker:

I am trying to get my own brain around this, particularly on the cost of the water. Blockchains LLC did purchase some water rights that are 15 miles and more

Assemblywoman Benitez-Thompson:

I am sorry. I am talking specifically about the effluent coming from Sparks, the pipeline the state bonded to bring that into Storey County. That is now an asset of Storey County. My recollection is that there was no payment for those water rights because that was part of the deal, but when we evaluate those water rights as an asset that the general improvement district has, I want to say it is \$200 million.

Austin Osborne:

We have a representative from TRI-GID. That pipeline pertains to them and there are a lot of moving parts to that.

Assemblywoman Benitez-Thompson:

I have that information in my office so I can make sure I get comments to staff that are more specific. I will let Ms. Adler talk to that. The piece I am holding in my head as I look at this, once again saying that we are begging the question of impacts, begging the question of

impacts of economic development, and we are begging the question of all the pieces of quality of life, including resources around this, that this committee might look at. Some things that I hope would be considered and talked about are in the same way that the state has supported and brought support to encourage economic development for Storey County as a county, then the same conversation has to be about the impacts to the state and the surrounding counties as well. Those conversations about timelines and how things look over the next decade are going to be really important. What does Storey County look like? It is going to be a county that will arguably have a very healthy property tax revenue starting in 2024, but I am also going to want to know when does affordable housing and housing for that workforce happen? Otherwise, the impacts are all lying on the counties to the west of Storey County. They are lying on the county where I live.

Important to this conversation would be what do these timeframes look like, and also the support the state has given to the county. In the Tesla special session [28th Special Session] I believe for the road we put out there was \$30 million—USA Parkway [State Route 439]. I think as we talk about impacts and things that have worked well, it is also time to talk about reciprocity. We have to have an idea of what this region looks like. We have to have an idea of what this area looks like. I think we are dealing with a lot of healthy and resilient organizations in the room. I think of Storey County as being healthy and resilient. You have built a good thing out there. Now you have created your own little monster and we need to have a conversation about it. We need to have a conversation about how this all plays out and how the next decade looks regionally—innovation zones, yes or no—what is happening with Storey County, how these dovetail or not, and supports the state has put out there and investments we have made in economic development by foregoing revenues we have collected as well. To me, I do not know of another place where you will have all of those conversations other than something like this.

Sarah Adler, representing TRI General Improvement District:

To your specific question, I am in technology-based communication with Shari Whalen, who is the General Manager and Professional Engineer at TRI-GID. If she responds during this meeting today, I will share that information with the Committee; otherwise, I will follow up with you on the value of the effluent. What I can say, as long as I am here at the table, I will quickly go ahead and give TRI-GID's neutral testimony [[Exhibit G](#)].

Ms. Whalen does reference that we also collaborate on management of an additional 4,000 acre feet of treated effluent under contract to serve an expansive and innovative regional water reuse system that is currently under construction. As you are aware, that is a collaborative effort with the Truckee Meadows Water Authority. To your question, we will follow up with the information.

While I am here at the table, I would like to acknowledge that the issues that TRI-GID presented in their letter, which has been uploaded as an exhibit [[Exhibit G](#)], are related to questions that you have already asked. They are interested in the same issues you have raised in terms of eminent domain, joint collaborative or overlaying government, and TRI-GID will be pleased to be a full participant in this process, as Mr. Gilles referenced.

Chair Cohen:

Mr. Osborne, will you give the Committee a little information about timelines for zoning, planning, and building in Storey County. I think Storey County has a reputation for getting projects built quickly compared to other counties. Will you give us a little information to ensure we do understand what that is and what it would be for a company to come in and want to do this type of project. Would there be that kind of availability for them without being an innovation zone?

Austin Osborne:

Just off the cuff, without looking at all of our zoning, a 180 days or less process is about what it takes by the time you come through and get your application reviewed, make sure it meets the necessary criteria, then you go through the planning commission, county commission, three-year subdivision planning a development, et cetera. Some of that would also be dependent on how ready the developer is with their plans and what they are submitting.

Chair Cohen:

I do not expect you to be an expert on other counties, but do you have any idea how long that same type of thing that takes Storey County 180 days, would take in Clark County, Washoe County, or any other rural or frontier county?

Austin Osborne:

I do not know exactly what goes on in other counties. I do know when we were looking at our ordinances—particularly Title 16 and 17 that deal with zoning, planning a development and subdivisions, and all the things associated with them—we did a survey of what other counties were doing, particularly Washoe County and Lyon County. Lyon County had a new ordinance in place and Washoe County has the most complex and addressed a lot of issues with the experience they have had in growth. We were able to take those and help develop our ordinances in this. They seem to be pretty much aligned.

Chair Cohen:

Would you like to make your neutral statement now?

Austin Osborne:

I would be happy to. If there are any other questions on this, I would be happy to provide answers after my testimony. At this point, Storey County is expressing a neutral position on this situation. I want to remind this Committee the Storey County Board of Commissioners voted four times and also directed staff and lobbyists to support elements of what is being proposed and to oppose others. As far as technology goes—cryptocurrency, stablecoin, you name it—as long as the state of Nevada puts the necessary structure in place to manage those resources appropriately, we are totally in support of it with no problems. As far as housing goes, I will talk about that shortly.

The Storey County commissioners, in accordance with the master plan, have supported the ideas of housing out at Painted Rock. As far as the separation from local government and everything related to it, the commissioners are strongly opposed to that. We believe if an

interim study does move forward, we are going to find that it is not necessary or appropriate for this method to move things forward with what I think the goals are in place here. We have said this before, and I think will apply it to two things that are based on today's discussion, that we really are the innovation zone already. We have said that in the past because we really believe it. You look at Tesla, Google, Switch, and about 20 million other square feet of companies out at TRIC, that really proves it. They have come to us because we are fast, we are expedient, and we are easy to work with. The proponents talk about a sandbox where the best minds in the world can work on innovative technology and those sorts of things, and we could not agree more that Storey County is the best place for that to happen. We have a development agreement in place at TRIC that for 50 years locks in zoning and locks in the codes of 1999. Everything is in place so there is a predictable environment for companies to grow out there, and that applies to much of the land owned by the proponents. Our zoning out there, all of it supports that.

Getting back to water, we put the tax increment area together and supported the effluent line transfer. We believe that this provided Washoe County, Reno, and Sparks about a \$100 million benefit by not having to build a water treatment facility that would treat nitrates to the level required by the EPA [United States Environmental Protection Agency]. Instead they sent that effluent water to TRI-GID. At the same time, TRI-GID donated 1,500 acre feet upstream of clean water to be put back into the river, so not only was dirty water not going in but clean water was going in to further clarify EPA standards for the Truckee River. We are excited about that because everyone benefited—Storey County, TRI-GID, Reno, Sparks, and Washoe County. It was an amazing project that is good for everyone.

We supported Assembly Bill 1 of the 27th Special Session, that this Legislature approved with regard to data centers and allowing the innovative technology to come to northern Nevada. All these companies, including the Blockchains group, will get the same treatment as the others—the guaranteed 30-day building permit, a five-day grading permit, and following all necessary state regulations for ensuring environmental matters are covered.

The second thing I think is most important in this conversation is housing that is being brought up. I want to put a special emphasis on that. The Storey County Board of Commissioners has expressed, and we do here, that we are in support of the housing and "smart city" that is being proposed. What is important about that is the 2016 Storey County Master Plan is written with the goals, objectives, illustrations, and narrative writing to describe what this community is to be like at Painted Rock. It is a written document that was not only written by staff but approved by the board and the planning commission, and went through an exhaustive seven-year process with three years of intensity through all of our communities, and our communities all supported this.

Even more so, in 2006 a proposal to build mixed-use residential, like a modern high-density housing development, was approved by the Storey County commissioners and the planning commission, as this is what we want to see. Because of the state of the economy, this was unfortunately unable to be built, so we wrote that Master Plan not only to support it but it

even references that 2006 project to show this is really what we want. We did it before; please support doing it again. The renditions, as I said before, of high-density, high-rise stainless steel, and all the exciting things in the "smart city" renditions you see with the Blockchains group and our partners, this is what we would like to see for Painted Rock. We are not looking for ranch houses, horse properties, and equestrian. We have places for that. We want to see this kind of thing as a workforce development for Generation Z and Generation Millennial, people who are working out at TRIC, and more importantly, people who are really interested in innovative technology and doing things. We do provide a reminder that this type of development is developer driven. We are a county, we cannot build it but we can support those who do want to build it. I want to remind you that no master plan amendment is needed for this and we go right through the process.

In conclusion, we think if a study were to move forward, it should compare the progress that such a project would make if the innovation zone legislation were to be approved versus going through Storey County's existing framework that is already set up for their success. In the meantime, we do encourage the applicants to submit an application.

[[Exhibit H](#) was submitted but not discussed and is included as an exhibit of the meeting.]

[Assemblywoman Benitez-Thompson assumed the Chair.]

Vice Chair Benitez-Thompson:

We are still in neutral. We will hear from the next testifier.

Clay Mitchell, Commissioner, Storey County:

We are grateful to be included in this discussion and thankful for the insightful questions and concerns expressed by the Committee. We are particularly thankful to the Governor's Office for the inclusion of local jurisdiction governance and taxation elements in the scope of the study, as both the potential impacts and the opportunities are substantial with a proposal like this. I am going to echo just a few of the ideas my county manager has mentioned.

We are supportive of a study process and look forward to being active participants. We are testifying in neutral on this resolution because we maintain that, at least in the case of the proposed project we have been discussing here, a separate new and untested political subdivision is unnecessary to accomplish the proponents' stated goals. Further, Storey County is ideally suited as a venue for a project like this, including the residential element.

Despite assertions to the contrary, our economic development climate is anything but stagnant. We have implemented several unique and creative structures within Storey County to accommodate some of the biggest companies and developments in the world, and we will continue to explore ways to facilitate innovation within our county, either through a committee study or independent of it.

In Storey County, the doors are open and we are prepared and enthusiastic to facilitate innovative projects such as the one proposed by Blockchains through the existing structures and authorities at our disposal. We look forward to the impact conversation that Assemblywoman Benitez-Thompson has been championing. Those discussions are long overdue. Thank you again for your consideration.

Will Adler, representing Pyramid Lake Paiute Tribe:

The Pyramid Lake Paiute Tribe would like first to refer you to the letter written by Chairwoman Janet Davis, which should be available on NELIS [Nevada Electronic Legislative Information System]. [This exhibit was not submitted; a similar exhibit is available for the May 11, 2021, Senate Committee on Legislative Operations and Elections hearing.] Secondly, I would like to thank the Governor's Office and the sponsors of S.C.R. 11 for inclusion of tribal concerns in the bill and the issues specific to Pyramid Lake, which pertain mostly to water, the study of water, and the impacts to water in the area regarding innovation zones. Thank you, and the Pyramid Lake Paiute Tribe is neutral on this bill.

Vice Chair Benitez-Thompson:

As there is no one else in the room or on the Zoom call in neutral, we will go to the phones. [There was no one.] Are there any closing remarks on S.C.R. 11? [There were none.] I will close the hearing on S.C.R. 11. We will move to public comment. Is there anyone wishing to provide public comment?

Dawn Etcheverry, Private Citizen, Reno, Nevada:

I have been a music teacher in Washoe County for 28 years. I am currently serving as vice president of the Nevada State Education Association (NSEA). Since last summer's Special Session, educators have lined the streets in front of the Legislature and called in for public comment. Their ask: Listen to educators and put Assembly Joint Resolution 1 of the 32nd Special Session up for a public hearing. This measure passed in the 32nd Special Session and would generate around \$450 million in new revenue annually. Again, listen to educators and send A.J.R. 1 of the 32nd Special Session to the ballot to let Nevada voters decide.

Vice Chair Benitez-Thompson:

I have to say, you have not just been a teacher for 28 years, but you were my music teacher in middle school. I think you were a new teacher in your first year at Clayton Middle School.

Christopher Daly, representing Nevada State Education Association:

I will be reading additional comments from educators regarding education funding in support of A.J.R. 1 of the 32nd Special Session. Calen Evans is a teacher in Washoe County, president of Empower Nevada Teachers, and an NSEA member. He writes:

I want to start off by thanking the legislators who have been working to allocate additional funding for education. The action taken in the past week on the K-12 budget is a much-needed first step in addressing the drastic lack

of funding for our education system. As you know, though, our own funding commission has recommended increasing education funding by \$2 billion a year for us to reach an adequate funding level and get us near the national average. The addition of \$500 million from the Governor's Budget, while very much needed and appreciated, only gets us back to current year per-pupil funding levels, so we need to continue to invest more in our education system. Reaching this goal will not happen overnight, but we have a great opportunity to move forward by passing A.J.R. 1 of the 32nd Special Session, and allowing Nevadans to vote on whether they feel an increase to the mining tax is appropriate to help fund education, health care, and other government agencies.

Tammy Wolfe is a special education teacher in the Clark County School District (CCSD) and NSEA member. She writes:

I am in my third year at CCSD, teaching students with disabilities. I would love to finish my career here in Nevada, but the lack of funding of our education system is incredibly discouraging. It was astonishing to walk into a classroom with no curriculum and few supplies, coupled with large class sizes and caseloads. As a special education teacher, the disservice that is being done to the students due to a lack of funding is of deep concern. There have been instances where students are placed in a special education program, but they could have stayed in general education if the teacher had a little more time with the student. I attribute this to the large class sizes and lack of funding. Nevada does not provide for our students. We cannot expect to move even one spot from 48th if we decide not to properly fund our students. Please support A.J.R. 1 of the 32nd Special Session.

Brian Rippet, President, Nevada State Education Association:

I am a 20-year plus chemistry and physics teacher in Douglas County, currently serving as President of NSEA. I would like to reinforce the comments on additional funding for education. Very recently we were excited about the \$500 million put-back from the Governor's Budget, which has been labeled as an investment in education. But upon further review, it really appears to be more maintenance, getting back to almost where we were last year. Some numbers from the Legislative Counsel Bureau paperwork in the bill draft requests and the laws themselves [Senate Bill 458]: The new funding will bring the per-pupil average state total, all funds, to \$10,204. In the law passed two years ago [Senate Bill 555 of the 80th Session], for 2021 it was \$10,319. This is an effective reduction of \$115 per student. In order to get to better than 48th, we are going to have to truly invest. Time is running out on our ten-year timeline.

Vice Chair Benitez-Thompson:

As there is no further testimony in the room or on the Zoom call in neutral, we will go to the phone lines.

Selena LaRue Hatch, Private Citizen, Reno, Nevada:

I am a teacher and member of the Washoe Education Association and NSEA. I am calling to urge this Committee to give A.J.R. 1 of the 32nd Special Session the hearing it deserves and pass it along to the voters. With less than a week left in this session, there is no time to waste. It is no secret that Nevada needs new revenue and has needed new revenue for as long as any of us can remember. Our schools are critically underfunded, and our social safety net is virtually nonexistent. And yet when our leaders are presented with a popular, fair way to raise revenue in this state, we hear nothing but crickets. It is incomprehensible why we have hit the 114th day of session and this measure still has not even been heard. Many of the people in this room have already voted for A.J.R. 1 of the 32nd Special Session. We are not asking you to change your values or your positions, just to finish what you started last summer. This measure is long overdue and clearly popular with Nevadans, as evidenced by the thousands of emails, hundreds of protestors, hours of public comment, and overwhelming polling results you all have received since its introduction last summer. And, of course, it is popular. The mines in Nevada make a fortune from our resources while paying a pittance in taxes to support the state that makes those profits possible. It is time they start paying their fair share in this state just like the rest of us.

This morning a trio of voting measures were heard in the Assembly Committee on Ways and Means. These bills show this body's commitment to democracy and I applaud them, but A.J.R. 1 of the 32nd Special Session is no different. There is no difference between allowing all Nevadans to vote for their leaders and allowing them to vote for their *Constitution*. We are asking you to allow Nevadans to vote on this measure. Allow our voices to be heard. If you believe that Nevadans want to see new revenue, then let us pass this measure. If you believe that Nevadans do not want new revenue, then trust Nevadans and let them vote it down. Either way, it is time to trust Nevadans, trust democracy, and let Nevadans vote.

[[Exhibit I](#) was submitted but not discussed and is included as an exhibit of the meeting.]

Vice Chair Benitez-Thompson:

As there are no further callers in neutral, I will close this hearing. Thank you, everyone, for being here today. The Chair will post when the next scheduled meeting will be. We are adjourned [at 5:28 p.m.].

RESPECTFULLY SUBMITTED:

Gina Hall
Committee Secretary

APPROVED BY:

Assemblywoman Lesley E. Cohen, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

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

[Exhibit C](#) is a copy of a PowerPoint presentation titled "SB442 Hearing," presented and submitted by Robin Yochum, Energy Program Manager, Office of Energy, Office of the Governor.

[Exhibit D](#) is a document titled "Nevada Green Building Tax Abatement Program," submitted by Robin Yochum, Energy Program Manager, Office of Energy, Office of the Governor.

[Exhibit E](#) is a letter submitted by Angie Dykema, Caryn Potter, and Ellen Zuckerman, representing Southwest Energy Efficiency Project, in support of Senate Bill 442 (1st Reprint).

[Exhibit F](#) is a document titled "Senate Concurrent Resolution, Joint Special Committee RE: Innovation Zones," submitted by Scott Gilles, Senior Advisor, Office of the Governor, regarding Senate Concurrent Resolution 11.

[Exhibit G](#) is a letter submitted by Shari L. Whalen, General Manager, TRI General Improvement District, and presented by Sarah Adler, representing TRI General Improvement District, regarding Senate Concurrent Resolution 11.

[Exhibit H](#) is a letter submitted by Austin Osborne, County Manager, Storey County, regarding Storey County's position on innovation zone bill draft as of April 6, 2021.

[Exhibit I](#) is a letter submitted by Susan Kaiser, Private Citizen, Reno, Nevada, in support of Assembly Joint Resolution 1 of the 32nd Special Session.