

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Eighty-First Session
May 22, 2021**

The Committee on Ways and Means was called to order by Chair Maggie Carlton at 9:11 a.m. on Saturday, May 22, 2021, Online and in Room 3137 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 Maggie Carlton, Chair
Assemblywoman Daniele Monroe-Moreno, Vice Chair
Assemblywoman Teresa Benitez-Thompson
Assemblyman Jason Frierson
Assemblywoman Michelle Gorelow
Assemblyman Gregory T. Hafen II
Assemblywoman Sandra Jauregui
Assemblyman Glen Leavitt
Assemblywoman Brittney Miller
Assemblywoman Sarah Peters
Assemblyman Tom Roberts
Assemblywoman Robin L. Titus
Assemblywoman Jill Tolles
Assemblyman Howard Watts

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Assemblyman Steve Yeager, Assembly District No. 9



STAFF MEMBERS PRESENT:

Sarah Coffman, Assembly Fiscal Analyst
Brody Leiser, Principal Deputy Fiscal Analyst
Mary O'Hair, Committee Manager
Adam Cates, Committee Secretary
Bet Torres, Committee Assistant

OTHERS PRESENT:

Cheryl Tyler, Administrative Services Officer 3, Nevada National Guard, Office of the Military
JoAnn Malay, Deputy Administrator, Division of Public and Behavioral Health, Department of Health and Human Services
Susan Brown, Director, Office of Finance, Office of the Governor
Marc J. Kahn, M.D., Dean of the School of Medicine and Vice President for Health Affairs, University of Nevada, Las Vegas
Warren Hardy, representing Council for a Better Nevada
Maureen E. Schafer, President and Chief Executive Officer, Nevada Health and Bioscience Corporation, Las Vegas, Nevada
Paul J. Moradkhan, Senior Vice President, Government Affairs, Vegas Chamber
Kent Ervin, representing Nevada Faculty Alliance
Kelly Crompton, representing the City of Las Vegas
Sabra Newby, representing University of Nevada, Las Vegas
Paul Nicks, Director, SMART 21 Office of Project Management, Office of Finance, Office of the Governor
Steven Cohen, Private Citizen, Las Vegas, Nevada
John McCormick, Deputy Court Administrator, Administrative Office of the Courts, Nevada Supreme Court
Tyler Klimas, Executive Director, Cannabis Compliance Board
Jessica Adair, Chief of Staff, Office of the Attorney General
Scot Rutledge, representing Chamber of Cannabis
Melanie Young, Executive Director, Department of Taxation
Brianna Padilla, Director of Communications, Chamber of Cannabis
Shelby Stanley, Secretary, Chamber of Cannabis
Nicole Buffong, Director of Medical Voices, Chamber of Cannabis, and representing Minorities for Medical Marijuana, Inc.
Cristina Ulman, President, Chamber of Cannabis
Marla McDade Williams, representing Curaleaf, Essence, Greenmart of Nevada NLV LLC, Las Vegas Paiute Cannabis Authority, Nevada Organic Remedies, and Planet 13 Holdings
Chelsea Capurro, representing Deep Roots Harvest
Margot Chappel, Deputy Administrator, Division of Public and Behavioral Health, Department of Health and Human Services

Phillip Burrell, Deputy Administrator, Division of Health Care Financing and Policy,
Department of Health and Human Services
Brooke Maylath, Private Citizen, Reno, Nevada
Carrissia Feaster, representing American College of Nurse-Midwives Nevada
Sarah Sorvillo, representing Nevada Association of Professional Midwives
Corrine Flatt, Private Citizen, Las Vegas, Nevada
Magdalena Alvarez, representing Nevada Friends of Midwives
Lenny Sue Tinseth, Private Citizen, Markleeville, California
Marjorie Dacko, Private Citizen, Henderson, Nevada
Danielle Gallant, Private Citizen, Henderson, Nevada
Miles Dickson, Program Director, Nevada Grant Lab
Catherine Byrne, State Controller
Matthew Tuma, Deputy Director, Department of Administration
Laura Freed, Director, Department of Administration
Mark Fiorentino, representing Kaempfer Crowell
Zach Conine, State Treasurer
Mary Beth Sewald, President and Chief Executive Officer, Vegas Chamber
Lea Case, representing Children's Advocacy Alliance
Meredith Levine, Director of Economic Policy, The Kenny Guinn Center for Policy
Priorities
Joanna Jacob, representing Clark County
Doralee Martinez, Private Citizen, Reno, Nevada
Erin Hasty, Interim Administrator, Office of Grant Procurement, Coordination and
Management, Department of Administration
Sean Sever, Administrator, Division of Management Services and Programs,
Department of Motor Vehicles
Douglas Unger, representing Nevada Faculty Alliance

Chair Carlton:

[The meeting was called to order. Roll was taken and protocols were discussed.] The first item on the agenda is Senate Bill 432.

Senate Bill 432: Makes appropriations to and authorizes expenditures by the Office of the Military for maintenance projects at certain facilities and the replacement of computer hardware and software, certain equipment and shop tools. (BDR S-1124)

Sarah Coffman, Assembly Fiscal Analyst:

Senate Bill 432 makes a State General Fund appropriation of \$530,024 to the Office of the Military, and authorizes \$741,824 not appropriated from the State General Fund or the State Highway Fund, for the maintenance of projects at certain Nevada Army National Guard facilities. The bill also includes State General Fund appropriations of \$39,750 to the Office of the Military for replacement of computer hardware and software. Finally, S.B. 432 makes a State General Fund appropriation of \$43,180 to the Office of the Military and

authorizes \$84,872 not appropriated from the State General Fund or the State Highway Fund for the replacement of equipment and shop tools.

Chair Carlton:

Ms. Tyler, please proceed.

Cheryl Tyler, Administrative Services Officer 3, Nevada National Guard, Office of the Military:

I apologize for any inconvenience caused in yesterday's hearing. I am here to introduce S.B. 432, which provides one-shot appropriations for the Office of the Military. Section 1 requests State General Fund appropriations of \$530,024 and federal authority of \$741,824 for various maintenance projects for Nevada Army National Guard facilities throughout the state. Section 2 requests State General Fund appropriations of \$39,750 for the replacement of computer hardware and software. Section 3 requests State General Fund appropriations of \$43,180 and federal authority of \$84,872 for the replacement of facility equipment and tools. I am happy to answer any questions.

Chair Carlton:

Thank you, Ms. Tyler. You always do an excellent job, and yesterday was no problem. We were running out of time anyway, so it worked out well. Committee members, do you have any questions of Ms. Tyler on this bill? [There were none.] We are going to use some State General Fund funds, pull down some federal funding, and then give you the authorization to use those funds as they come in to replace some things. Is that the gist of it?

Cheryl Tyler:

Yes, thank you.

Chair Carlton:

This is the hearing for S.B. 432. I will open to those in support. [There was no one.] Is there anyone in opposition? [There was no one.] Is there anyone to testify as neutral? [There was no one.] Are there any closing comments?

Cheryl Tyler:

No, thank you.

Chair Carlton:

I will close the hearing on S.B. 432 and open the hearing on Senate Bill 433.

Senate Bill 433: Makes appropriations to the Division of Public and Behavioral Health of the Department of Health and Human Services for maintenance and repairs and the replacement of certain equipment at certain facilities operated by the Division that provide mental health services. (BDR S-1121)

Sarah Coffman, Assembly Fiscal Analyst:

Senate Bill 433 makes a State General Fund appropriation totaling \$2.6 million to the Division of Public and Behavioral Health of the Department of Health and Human Services (DHHS) for maintenance and repair on Building Nos. 1, 2, 3, 3A, 6, and 6A on the Southern Nevada Adult Mental Health Services Campus, and Building Nos. 1, 2, and 3 of the Rawson Neal Psychiatric Hospital in southern Nevada. It includes deferred maintenance for Building No. 25 of the Dini-Townsend Hospital, the central kitchen in Building No. 26 on the Northern Nevada Adult Mental Health Services Campus, deferred maintenance projects in Building Nos. 8, 8A, and 13 on the Northern Nevada Adult Mental Health Services Campus, as well as costs for the replacement of kitchen equipment in Building No. 13 on the Northern Nevada Adult Mental Health Services Campus.

Chair Carlton:

Good morning, Ms. Malay.

JoAnn Malay, Deputy Administrator, Division of Public and Behavioral Health, Department of Health and Human Services:

With me today are Paul Ripple, Administrative Services Officer 3, and Andy Chow from our Division's fiscal office. Senate Bill 433 requests appropriations for the Division of Public and Behavioral Health within the DHHS. These funds would provide for the maintenance, repair, and replacement of buildings and equipment at facilities that provide mental health services. Many are recommendations from the facility condition analysis performed by the State Public Works Division. These appropriations will also assist us and our facilities in meeting state and federal accreditation and certification related to life, safety, and environment of care standards. We are happy to answer any questions.

Chair Carlton:

This is an appropriation that is included in The Executive Budget. Committee members, are there any questions on any of the items? [There were none.] This is the hearing for S.B. 433, and I will open it up to those in support. [There was no one.] Is there anyone in opposition? [There was no one.] Is there anyone to testify as neutral? [There was no one.] I do not believe there are any closing comments. The bill is self-explanatory. I will close the hearing on S.B. 433 and open the hearing on Senate Bill 434.

Senate Bill 434: Makes an appropriation to the Office of Finance in the Office of the Governor for the construction of a medical school at the University of Nevada, Las Vegas. (BDR S-1064)

Sarah Coffman, Assembly Fiscal Analyst:

Senate Bill 434 makes State General Fund appropriations of \$25 million to the Office of Finance in the Office of the Governor for the construction of the medical school at the University of Nevada, Las Vegas (UNLV).

Susan Brown, Director, Office of Finance, Office of the Governor:

This bill makes an appropriation to the Governor's Finance Office (GFO) of \$25 million for the construction of the medical school at UNLV. With me are Dr. Marc Kahn, Dean of the UNLV School of Medicine, and Maureen Schafer, President and Chief Executive Officer of the Nevada Health and Bioscience Corporation to answer any questions.

Chair Carlton:

Would anyone like to make a statement before I open it up for questions?

Marc J. Kahn, M.D., Dean of the School of Medicine and Vice President for Health Affairs, University of Nevada, Las Vegas:

This building is very important for the health care of our citizens so that we are able to train future doctors for our community, and also to provide economic diversity for our city. We are here to care for our community, and this building will allow us to train the next generation of physicians in a modern building.

Chair Carlton:

I will open it up to Committee members. For the historical perspective, we have done this a couple of times before. We would like to understand that if we do it again, maybe this time it will actually work. To clear up confusion, is this a current building for which this would be the last money coming in? Or is this a new building that will go through the regular process which was debated multiple times when the first allocation of \$25 million went to the medical school? I want to get a feel for exactly what we are talking about because this is a new iteration. I want to understand exactly where we are going.

Warren Hardy, representing Council for a Better Nevada:

You are correct. For some historical background on this, in the 2017 Legislative Session this appropriation was made for the construction of the school. At that point, the school was not under construction—it was prospective, and the plans were in place. Subsequent to that, a donor group came forward and created the Nevada Health and Bioscience Corporation, which Ms. Schafer represents, and they made a significant contribution to the construction of this facility. This facility is currently under construction, doing very well, ahead of schedule, and under budget. Unfortunately, during the pandemic and the budget cuts last summer, we had to sweep the \$25 million commitment from the State to get us out of the pandemic. This is a replenishment of the \$25 million that was approved in 2017. The Governor made this a priority in his budget, and we appreciate that very much.

With regard to your question, this will be the last money spent per the way we do these kinds of appropriations in Nevada. This will be the last money spent on this building. I will have to defer to Ms. Schafer about the timeline for completion, but the building is under construction, and we encourage you all to go look at it on Shadow Lane next to the University Medical Center of Southern Nevada (UMC) in Las Vegas. It is coming along very well.

Chair Carlton:

The concern during the interim, and through multiple iterations of this, involved thoughts, processes, and arguments regarding the developers not wanting to build this through the State Public Works Division. The building is not being built through the Public Works Division right now. Typically, when we give money, yes, we are the last dollar in, but there is also another statute that goes along which addresses whether it is going to be a State building. I am assuming this is not a State building, but the State is going to be contributing to a building that will be owned by someone else. Is that clear?

Warren Hardy:

The building will ultimately be deeded over to UNLV upon its completion. I cannot remember the exact timeline. The contract calls for the development corporation to turn the asset over to UNLV, which will happen. It is not a State Public Works Division project. This is the way philanthropy is occurring across the country in regard to these development corporations. What we have done in Nevada is create a model that is preferred by philanthropists across the country. I would guess that there will be additional investments from these organizations into this building that continue to develop not just the UNLV medical school, but other things as well. We did take great care to make sure that all provisions relating to a prevailing wage and other types of things are included, so the building is paying a prevailing wage, but you are correct, it is not being administered through the State Public Works Division.

Chair Carlton:

I was very frustrated after the 2017 Legislative Session through the 2019 session when we had needs in this state, and \$25 million sat there. That was debated and argued. The statute was very clear on how we were supposed to proceed, and everybody agreed to that when we started, but then there was a renegotiation. I expressed that we cannot renegotiate the statute. That is not how it works. So, in essence, that whole conversation is being set aside and we are having a new conversation about these funds going to the medical school. I do not want this to be perceived as not supporting the medical school; it is not about that at all. I had concerns at the very beginning with this because of the way it was put together in 2017. My concern was not the medical school itself—it was the fact of how we were to get there. It has changed a number of times. Essentially, what is being requested is a \$25 million gift because the State had no input, no processes, and all the statutes that are involved when we build things through the State were not included in any of this. It was built totally outside of the state regime. We are being asked to basically just give a gift of the closing dollars for this school.

Warren Hardy:

The only thing I would add is that UNLV itself, David Frommer [Associate Vice President of Planning, Construction and Real Estate, and University Architecture, UNLV] and his team were intimately involved in every aspect and continue to be intimately involved in every aspect of this. The development corporation's intent is to build the school that UNLV wants. We have involved them in every decision—from the conception, architecture, and design of the school, we have deferred to UNLV, and we will continue to defer to them on all those things.

When the \$25 million was initially appropriated, it was an appropriation towards building a medical school. The donor group matched that \$25 million. Subsequent to that, when things fell apart, as you said, the development corporation realized when looking at national models that there was a better, cleaner way to do this. They asked the State to consider adopting that method. In conjunction with that, the donors significantly increased their contribution to the process, making approximately a \$150 million total commitment to build the school. The construction is going so well that we hope to be able to continue this on other things. The model changed, but so did the contribution of the donors to this process. I want to be very clear—we have not taken a step that has not intimately included the direction of the UNLV medical school and the construction division at UNLV. Our goal for involvement, as we stated from the very beginning, is only to build the school that UNLV wants. I regret that Mr. Frommer is not online, but maybe Dr. Kahn can speak to that because that has been our effort in this entire endeavor.

Chair Carlton:

I appreciate that, Mr. Hardy, but the money sat there for a number of years. Is this actually the medical school? There was an iteration where there was going to be a library built. I am not sure where that ended up, but there have been a couple of different things that have happened along the way. The library was backed away from, and then we went to the full school. Is that correct? Is the library still a part of the conversation?

Warren Hardy:

That is part of the confusion. The donors initially donated a matching \$25 million to the State's \$25 million. That was intended for the construction of a full, state-of-the-art medical school, like the one we are currently building on Shadow Lane. There was a proposal that money be taken and used to build a medical library. That is part of what caused the disconnect. The donors basically said that they did not contribute \$25 million to build a library. They contributed \$25 million to build a medical school. It was at that point when they said that they are going to do this. They are going to significantly increase their contribution, but they are going to create a development corporation to make darn sure that there is medical school on the UNLV campus. That is why the change in the process occurred. The donors wanted to ensure the money's intention. Kirk Kerkorian's dream was always to have a first-class medical school in southern Nevada. That is the reason for the change in process and increased contribution because they wanted to ensure that this was going to happen this time—and it is happening. I encourage you to go look at the facility. It is going to be an amazing facility.

Chair Carlton:

I apologize to the Committee for monopolizing the time, but I think it is important that we get everything on the record here as we move forward.

We know there is a process where the Nevada System of Higher Education (NSHE) and UNLV come back to the Legislature every two years for their research, operations and maintenance, and buildings and grounds money. How big is this building? I want to be able to figure out how this is going to impact future budgets. It is not just the \$25 million; it is the fact that the building will be gifted to UNLV, and then UNLV will be able to come back to the State to help support that building in the future, which is not a State building. It is going to be gifted to UNLV, so is it going to belong to NSHE?

Warren Hardy:

It will ultimately belong to UNLV. I will need to defer to Ms. Schafer and Dr. Kahn in terms of the size, but until the facility is turned over to UNLV, there is a \$1-per-year lease to the State. If it pleases the Chair, I will have Ms. Schafer and Dr. Kahn answer those specific questions.

Chair Carlton:

It brings up the second issue that this will be an ongoing cost to the Legislature in the future through NSHE's budget. I want to understand exactly how big the building is and some of the different components. There will probably be some follow-up questions from staff. We will make sure you and whoever else needs them gets them, so we can have a complete record. This is so next time around, people know what kind of impact this is going to have in the long run.

Warren Hardy:

I would submit that the UNLV Kirk Kerkorian School of Medicine is an ongoing concern. Expenditures are already going out in leases and other things, so there will be expenses related to this, but it is similar to what currently occurs at the medical school. There will be anticipated cost savings because of this building.

Maureen E. Schafer, President and Chief Executive Officer, Nevada Health and Bioscience Corporation, Las Vegas, Nevada:

The building size is approximately 130,000 square feet, and as Mr. Hardy mentioned, a lot of that space is currently encumbered right now in temporary space that Dean Kahn can further expand upon. These would be ongoing costs that we are beginning to talk about with the Dean and his staff in terms of the transition for the current administration, faculty, and students as they move over to the building. We are anticipating the move-in to begin in early to mid-summer of 2022 for the existing administration, faculty, and students, with a full move-in by late summer or fall of that year.

Yes, you are right, it would be a UNLV School of Medicine ongoing cost. The development agreement that we signed last year with NSHE and UNLV proper was to have us hold the building for five years and then transition the asset to the school after that time.

Chair Carlton:

So the plan is for the corporation to keep it for approximately five years and during that time it will be leased to NSHE for the school. Therefore, the maintenance and roll-up money that will be associated with the building will not hit the State budget for approximately five years until it is gifted to UNLV. I think that is what I heard.

Maureen E. Schafer:

Absolutely.

Marc J. Kahn:

I want to reiterate that the School of Medicine, myself, my team, and the university have been involved in planning this building since step one. When I first arrived in April 2020, one of the first meetings I had was with the development corporation and the architect. As Ms. Shafer said, it is a 130,000-square-foot building.

Chair Carlton:

I think we are going to get some more details on the encumbrances and how all of this plays out. It is not just the \$25 million—it is the long-term investment in the building and how it impacts other budgets down the road. We just want to be prepared for what we are looking at as we move forward. Buildings are the gift that eats sometimes, so you have to make sure you understand exactly what you are getting into.

Warren Hardy:

I want to leave the Committee with one final thing. Everything was done through the development corporation, including the five years clause. We chose five years because we felt that was the time that would be necessary to ensure that there is a first-class, state-of-the-art medical facility on the campus of UNLV. The intent was never to have ownership. After the experience with the library and the initial \$25 million, the donors wanted to make absolutely sure that Mr. Kerkorian's vision for a first-class medical school in southern Nevada was realized. That is the reason for the change in process, and nothing else. That is the reason for the five-year ownership. They want to turn the keys over to the facility that Mr. Kerkorian envisioned for southern Nevada.

Chair Carlton:

We appreciate all the hard work. I remember hearing lots of stories about Mr. Kerkorian when I was working in the industry. I am very happy and grateful that this is all finally coming about. We were waiting around a bit for everything to straighten out—it is better to do it right than to start and not get it done at all. So we do appreciate all the hard work and all of the donors who have stepped up to make this a possibility. We just want to make sure that as the state moves forward with it, we are well aware of what we are getting into and where we are going to be. We have had instances in the past where something has come back two to four sessions later, and people think, oops, we did not think to ask that question and now we have this issue sitting in front of us. We just want to make sure all the questions get asked and answered, and that we have a complete record of it. Are there any other comments or questions before we open the hearing to support, opposition, and neutral?

Assemblyman Roberts:

I appreciate the background and history. I know there is a lot out there over the years. What would happen if this money was not appropriated to the project?

Warren Hardy:

The Council for a Better Nevada has been a partner with the development corporation in this project. As we do these kinds of contributions, the intention is for this money to be spent last. This will be used for equipment, furniture, the last part of the building, and the things that actually put the building into action, such as tenant improvements that are necessary. This is for whatever is left at the \$25 million level.

Assemblyman Roberts:

What would happen if it was not appropriated?

Warren Hardy:

We would have a state-of-the-art, beautiful, empty building.

Chair Carlton:

We remember when we had a beautiful new museum in southern Nevada that sat empty, collected dust, and cost us money just to maintain because we could not put the exhibits in it.

Warren Hardy:

Thank you for that, Madam Chair, because that was not really a joke. It has happened before.

Chair Carlton:

It has. We have been there, done that. We do not want to go back again. Committee members, are there any other questions? [There were none.] This thing has had a history, and we want to be sure everyone is aware of what is going on. I will now open up the hearing to those in support.

Paul J. Moradkhan, Senior Vice President, Government Affairs, Vegas Chamber:

The Vegas Chamber is in support of S.B. 434. We believe the continued investment in the UNLV medical school will be a good return on investment for southern Nevada on behalf of our residents. It is estimated that the medical school will generate over 8,000 jobs by 2030 and have an economic impact of \$1.2 billion over the next decade. We do appreciate the ongoing conversation, the commitment, and patience of this body regarding this project.

Kent Ervin, representing Nevada Faculty Alliance:

We very much support S.B. 434. This medical school building is important for UNLV. During the 2020 special sessions, the faculty at UNLV felt that they got hit hard on capital projects. This was just because of where their capital projects, such as the engineering building and the medical school, were in the process—they could be pulled back to fill that short-term budget crunch. We understand, but now it is important that these get filled back in and projects go forward. Nevada Faculty Alliance is agnostic about the funding

mechanism, but it is really important that we get this medical school on the ground and fully equipped.

Kelly Crompton, representing the City of Las Vegas:

The City of Las Vegas is in support of S.B. 434. This is an integral part of the downtown medical district located in the City of Las Vegas. We are looking forward to the day that we can celebrate this building being completed and a part of what is already a thriving medical district in the downtown Las Vegas area.

Sabra Newby, representing University of Nevada, Las Vegas:

We are in support of S.B. 434. I want to thank Governor Sisolak for proposing this legislation and funding, especially since the 2020 special legislative session eliminated the funding. We are so grateful for the times and to Governor Sisolak for proposing that it be restored. I also want to thank Chair Carlton for putting a number of items on the record. They are appreciated in order to get everything clear and on the record. The University of Nevada, Las Vegas is excited about our medical school. You may have seen that we graduated our first class this year. We look forward to the many classes in the future and all of the changes that this will bring to medical care in southern Nevada.

Chair Carlton:

Is there anyone else in support? [There was no one.] Is there anyone to speak in opposition? [There was no one.] Is there anyone to testify as neutral? [There was no one.] Are there any closing comments? [There were none.] Thank you for being here, and I look forward to seeing the building. I will close the hearing on S.B. 434. We are going to hold onto this one for a little bit because we want to get some answers to a couple of questions and make sure we have a complete record as we move forward. Former Senator Hardy, you and I will need to have a couple of hallway conversations, but it will all be good. With that, I will open the hearing on Senate Bill 435.

Senate Bill 435: Makes appropriations to the Office of Finance in the Office of the Governor for the costs associated with the replacement of the Advantage Financial and Human Resources System with the Enterprise Resource Planning System and furnishings for the operations center for the System. (BDR S-1052)

Sarah Coffman, Assembly Fiscal Analyst:

Senate Bill 435 appropriates \$23.5 million from the State General Fund, and \$5.6 million from the State Highway Fund to the Office of Finance in the Office of the Governor (GFO) for the costs associated with the replacement of the Advantage Financial and Human Resources System with the Enterprise Resource Planning System (ERP). Additionally, S.B. 435 grants State General Fund appropriations of \$32,055 and Highway Fund appropriations of \$7,519 to the GFO for the cost of furnishings for the operations center for the Enterprise Resource Planning System.

Chair Carlton:

Mr. Nicks, please proceed.

**Paul Nicks, Director, SMART 21 Office of Project Management, Office of Finance,
Office of the Governor:**

Before you today is S.B. 435, which provides the continued funding for the replacement of the Advantage Financial and Human Resources System as well as funding for office furniture for the ERP Center of Excellence operating center. Sections 1 and 2 provide funding for the continuation of the system replacement and the data cleansing and integration for the new system. Sections 3 and 4 provide funding for office furniture for the ERP Center of Excellence. I will answer any questions.

Assemblywoman Titus:

Would you tell us the total amount of money that has gone towards this project so far?

Paul Nicks:

I will pull that information up.

Assemblywoman Titus:

When do you estimate that this project will be complete?

Paul Nicks:

The project is scheduled to be completed by July 2023.

Assemblywoman Titus:

Will this total take us through that completion period? Not to say that it is not needed, but these new computer systems always seem like a big black hole that we throw money into. By the time we complete these systems, you are coming back for a new system. I just want to know a completion time and total amount of cost.

Paul Nicks:

The project itself began in September 2019. As far as the integration, we actually went through a few years of working with Gartner and state agencies to define the requirements, go out to an RFP [request for proposal], and actually contract for the project itself. The total amount that has been paid to date is approximately \$17 million just for the integration costs. We also have state employee costs associated with it which come to about \$2.2 million. If you take the whole piece, it is almost \$20 million. The funding requested in this bill will take us through the implementation of this new system, but as discussed during the budget hearing, there will be ongoing software service and licensing costs that will continue in perpetuity as long we have the system.

Assemblywoman Titus:

The total cost from start to finish, which we hope will be in the next two years, will be about \$40 million. Can you tell me what you estimate as the cost to continue? That is reasonable, as I understand there is a cost to maintain this and keep it up. Do you have an idea of what that might be?

Paul Nicks:

Are you asking for the ongoing licensing costs?

Assemblywoman Titus:

Yes. While you are looking for those numbers, I would assume that the ongoing cost would then be in your budget each time. Would you be able to anticipate that and include it in your budget going forward?

Paul Nicks:

That is correct.

Chair Carlton:

Mr. Nicks, we have some newer members of the Committee who may not be as familiar with this system. Could you give us an elevator speech on exactly what we are trying to accomplish with this project and the Center of Excellence?

Paul Nicks:

When we started the project, our finance and human resources system was close to 22 years old, so we are replacing that. It is a highly configured system that is no longer supported, so we are fiscally replacing that with an off-the-shelf system through SAP. In March, we rolled out the employee central recruiting, onboarding, and learning management system. In January 2022, we will be rolling out the payroll module of the system. Between January and July 2022, the final part of our finance system to go live will be the employee performance management module. Basically, we are replacing the entire human resources and finance system for the entire state. The only financial piece that is not included in this is a bill that you heard yesterday for NEBS, the Nevada Executive Budget System, which will remain. What we are ultimately hoping to achieve by this is to have a stable system. At this point, the system has the tendency to break almost every time that we run payroll. Payroll is run multiple times with people on site to make sure the system processes fully to ensure that state employees get paid. From the human resources side, it is more about process improvement and identifying efficiencies that can be done electronically versus the paper processes we are currently doing today.

Chair Carlton:

Are there any other questions?

Assemblywoman Peters:

I am curious about the expectation for updates. I know one of the problems that we have historically with hard copy, licensed software that came on a floppy or compact disc is that we did not get those automatic updates or the updating was not easy. Does this off-the-shelf version you have moved to include those kinds of updates? Will there be regular contact with SAP on issues and necessary maintenance that come up to make sure things are moving, especially within the payroll world?

Paul Nicks:

Yes, it does. To go back to Assemblywoman Titus' question, for software as a service fees as well as licensing fees, we pay just under \$3.2 million per year in each year of the biennium. Those fees pay for the updates. In talking to SAP, typically they have two major updates per year, and then various patches as needed in between those updates.

Assemblywoman Peters:

I know those patches can be really important, particularly as we run across specific problems or potential gaps in that coverage, so that is great.

Chair Carlton:

Are there any other questions from Committee members at this time? [There were none.] This is the hearing for S.B. 435, so I will open it to those in support. [There was no one.] Is there anyone to testify in opposition?

Steven Cohen, Private Citizen, Las Vegas, Nevada:

Picking up on at least one of the lines of questioning, those of us who have been around the applicant or employment realm of the state for a bit are thoroughly confused by the portions of SMART21 that have rolled out already, namely the human resources piece. I would ask the Committee to consider funding training both for end users as well as the people who are supporting those end users on SMART21 and other related things.

Chair Carlton:

Is there anyone else in opposition? [There was no one.] Is there anyone to testify as neutral? [There was no one.] Mr. Nicks, I would like you to clarify that the training component is automatically built in when we do these types of things. Having state employees in my family, I know the conversations that happen about getting trained whenever something changes. Would you put that on the record to make sure we have a complete record?

Paul Nicks:

Most definitely. The training component is part of the SMART21 project. As you would anticipate with the first part of going live, everything had to be virtual, computer-based training, which is not nearly as effective as in-person training. Because of that, we have ongoing training that we are providing to state employees to make sure they are up to speed.

Chair Carlton:

I will close the hearing on S.B. 435, and we will see this one again soon. Keep it in the back of your mind. I will open the hearing on Senate Bill 436.

Senate Bill 436: Repeals the prospective expiration of a provision revising the distribution of certain money collected from certain administrative assessments. (BDR S-1138)

Sarah Coffman, Assembly Fiscal Analyst:

Senate Bill 436 repeals the prospective expiration established through Assembly Bill 540 of the 80th Session of a provision revising the distribution of certain money collected from certain administrative assessments consistent with the budget closing for the Judicial Branch. This is a budget implementation bill.

Chair Carlton:

Mr. McCormick, nice to see you and thank you for being with us. Please proceed.

John McCormick, Deputy Court Administrator, Administrative Office of the Courts, Nevada Supreme Court:

As staff indicated, this is a budget implementation bill. During the last session, the percentage distribution of the Judicial Branch percentage of administrative assessment revenue was adjusted to facilitate the budget. That provision included a sunset date. This bill seeks to eliminate that sunset date. This is to maintain that revised distribution of revenue going forward and facilitate the Judicial Branch budget closing as the Committee passed. This would adjust the revenue percentage within the Judicial Branch distribution to adequately fund a number of functions in the Administrative Office of the Courts.

Chair Carlton:

Are there any questions from the Committee at this time?

Assemblywoman Tolles:

I am curious if there was ever a discussion about extending versus just eliminating, and how you landed on eliminating the sunset.

John McCormick:

There was some discussion of extending the sunset; however, the thought with the current budget conditions was that it would be more pragmatic to eliminate it. Then if we need to come back and readjust in a future session, we will do it that way rather than having to continue extending the sunset.

Chair Carlton:

Are there any other questions? [There were none.] This is the hearing for S.B. 436, so I will open it to anyone in support. [There was no one.] Is there anyone in opposition? [There was no one.] Is there anyone to speak as neutral? [There was no one.] Are there any closing comments?

John McCormick:

Thank you for hearing this implementation bill.

Chair Carlton:

I will close the hearing on S.B. 436, and Committee members, you will be seeing this bill again soon. Assemblyman Yeager is here, and I will open the hearing on Assembly Bill 341.

Assembly Bill 341 (1st Reprint): Provides for the licensure and regulation of cannabis consumption lounges. (BDR 56-583)

Assemblyman Steve Yeager, Assembly District No. 9:

It is an honor to present Assembly Bill 341 (1st Reprint). I also have an amendment that I will go over at a high level. I have a couple of people joining me who can help answer questions, including Scot Rutledge and Chris Anderson. They have worked on this bill extensively, and there are others to help answer questions as well.

At a high level, A.B. 341 (R1) takes on the somewhat vexing issue of public consumption of cannabis. Ever since Nevada voters approved adult use cannabis, we have struggled with the idea of public consumption. The voter initiative passed by the people expressly outlawed public consumption. That might have made sense then, but it sure does not make sense now. More than 40 million tourists visit Las Vegas every year, and millions more visit other parts of the state where dispensaries sell cannabis. Many of these visitors are interested in trying cannabis, but there are not many places where they can legally do so. They cannot bring it into their hotel rooms. They cannot consume it outside. As a result, many of them end up breaking the law, unless they happen to know somebody who lives here and can provide a private space for consumption.

But it is not just the tourists who face this problem. There are locals who also have nowhere to consume—perhaps they rent and are forbidden from consuming by their landlord, perhaps they live in subsidized housing where federal restrictions apply, or perhaps they just do not want to consume in their home for personal reasons. Where can they go? The answer, currently, is nowhere.

Assembly Bill 341 (1st Reprint) remedies this problem by providing for public consumption at well-regulated venues, whether associated with an existing dispensary or a stand-alone establishment that would sell single-use cannabis products. Assembly Bill 341 (1st Reprint) is also an economic development measure in that it will result in additional revenue for the state, while also providing new and exciting business opportunities, especially for those who have been shut out of this industry up to this point. This includes those who have been adversely impacted by the war on drugs. Thus, as you will see in the bill, social equity is a big driver. You will see language that spotlights the need to diversify Nevada's cannabis industry—a need that has become glaringly obvious over the past few years. With the advent of consumption lounges, we can expect Nevada to become even more attractive for cannabis aficionados, and we can expect that lounges will continue to erode the black market, which means more revenue for the state. In addition, each lounge can reasonably be expected to employ approximately 25 people, and perhaps many more depending upon the concept. That does not even speak to the labor associated with the building and construction of these facilities.

With the Chair's permission, I have prepared an amendment [[Exhibit C](#)] that I am asking the Committee to process so the bill has a chance of passing the Senate and being enacted this session prior to sine die. I will note there are some fiscal parts to the amendment and there are some policy parts to the amendment. I will go over it at a very high level and then answer questions on it.

In looking at the first reprint of the bill, we found that we needed some changes. The amendment clarifies the rules that apply to the opening of lounges by existing dispensaries, including that if you have an existing dispensary, you cannot also have an independent consumption lounge. You are just going to be able to have one that is associated with your already existing dispensary.

There is a cap on the number of licenses. The Cannabis Compliance Board (CCB) may initially issue no more than 20 licenses for the stand-alone, independent consumption lounges. Half of those are to be reserved for social equity applicants. There is a circumstance where the CCB could increase that number. What we are trying to do is keep parity between existing dispensaries that will have the opportunity to open a lounge, and independent lounges. At the end of all of this, if there are more than 20 lounges associated with existing dispensaries, then that number could be raised for the independent lounges.

There is a restriction that no ownership group can hold more than two lounges that are associated with existing dispensaries. That would only be allowed in the situation where an ownership group purchases another dispensary that already has a lounge in operation. That would be the only circumstance, and two would be the maximum number allowed under the amendment.

There would be a restriction on the transfer of an independent license for at least two years after the license becomes operational, and it must only be sold to a new market entrant. This was to prevent the situation where somebody applies for and receives a very valuable license, and then turns around and sells it for a profit that is usually way more than what the license is actually worth. We want people who actually get these licenses to be up and operational for at least two years.

Additionally, in the amendment we eliminated a certain type of license. In the 1st Reprint version of the bill that you have, there is a concept for independent lounges where customers would be able to bring in their own product or have product delivered to the lounge. In looking at this concept, we thought that allowing for this probably did not make sense. I think new lounges that open will either be associated with a dispensary that is able to provide product, or they will have the opportunity to sell single-use products to customers. The amendment takes away the bureaucracy of trying to regulate and monitor product coming in the door from customers or through delivery. I do think that is something we can look at in the future if we need to. That concludes the amendment.

Finally, I want to address some of the fiscal notes and the concerns from the perspective that I see them. The reason we are here in this Committee is that there are going to be up-front

costs to get these venues up and running. Much like when we first launched dispensaries in the state, the regulatory bodies are going to need resources to make this happen. In this case, resources are needed by the CCB, the Office of the Attorney General, and the Department of Taxation; however, as with dispensaries in general, this investment is going to be well worth it as I anticipate these costs will be recouped several times over from additional licensing fees as well as additional tax revenues from the lounges themselves. In 2021 alone, initial fees are expected to generate a minimum of \$1 million, and it could be far more than that. The reason that is going to happen, as you can see in the amendment [page 6, [Exhibit C](#)], the application fee for an existing dispensary that wants to open a consumption lounge is \$100,000. For an independent lounge applicant, the application fee is \$10,000, but that can be reduced in certain circumstances for a social equity applicant. There are also issuance and renewal fees of up to \$10,000 annually. If you take an existing dispensary, between the application fee and initiation fee you are talking about \$110,000 just to get through that first process.

I could spend a lot of time going over this bill with the Committee, but I know you have a lot of work in front of you. Realizing this is not a policy committee, I will leave it at that and would certainly be willing to answer any questions the Committee may have. I, of course, will call upon my backup if I am unable to answer those questions myself.

Chair Carlton:

I understand the taxation part of it. The CCB submitted a fiscal note of \$1.45 million in 2022 and \$3 million in 2023. Does your proposed amendment have any impact on that particular fiscal note? Have you had a conversation with the CCB about these new positions they would need? With the amendment, I wonder if this is still a true number because it seems like you have put some safeguards on the policy side. I am wondering if that number is still current or if you have had that conversation yet.

Assemblyman Yeager:

I have not directly had that conversation with the CCB. I believe conversations have been had on my behalf, but I do not have an update for you. The good news is that the CCB is here with us, and they can speak to whether there is any change in their fiscal note.

Chair Carlton:

Since the question is open, we will start with the CCB first and then walk our way through the fiscal notes.

Tyler Klimas, Executive Director, Cannabis Compliance Board:

The number of licenses that we are trying to anticipate has been a bit of a moving target. Our fiscal note of 30 positions was based off a potential of 132 consumption lounges in total. The way I read the amendment, that number could be reduced, at least at the beginning, but there is an opportunity for that number to grow as certain thresholds are exceeded. Hopefully, that helps to answer your question. If we could find a number to start with that we agree on—as I read the bill, let us say 40 in the first couple years—then yes, that would reduce our fiscal note in the near term at least.

Chair Carlton:

I think I heard an answer. So, are there conversations about the required number of personnel being reduced in the near future as we process this bill, or would that be a longer-term conversation? I apologize—I missed something.

Tyler Klimas:

The conversation would have to center around how many licenses we think would be available, at least at the onset. With this amendment, it looks like there is a cap of 20 independent lounges. It envisions 20 retail attached lounges as well. Maybe the bill sponsor could help with this, but as retail attached lounges increase in number, so, too, would independents at a ratio. Hopefully, that helps to answer.

Chair Carlton:

That is a little clearer to me—I think I understand what you are actually looking at. It is my recollection that the CCB is supposed to be self-sufficient in the long run. The money that comes in helps to work through the regulatory process, do all of the inspections, and all the licensing—the Board actually uses that money coming in to do it. If the CCB has the resources, because you will be charging a fee and doing a license, I am curious on the thought behind the fiscal note.

Tyler Klimas:

That is correct, Madam Chair. In general, we do bill for our oversight responsibilities. Of the 30 positions that we envision, upwards of 24 are going to be field staff. We bill time and effort from the industry. As a result, yes, we would recoup much of the costs that you see here given that this request is mainly about personnel.

Chair Carlton:

It was my understanding that the Board was supposed to be self-sufficient. Is the State still responsible for the personnel or does the money that comes into the Board pay for them? This might be something that I missed through the conversation. It was my understanding that as money comes in, the CCB is supposed to be self-sufficient. Then, any money left over trips through the different processes of where the money goes. With the money that is coming in, can the Board not pay for the personnel itself?

Tyler Klimas:

Yes, that would be the mechanism. The wholesale tax revenue, licensing and fees as a part of this, and time and effort billings would all come in. All of those funds go into the agency, and we fund our operations. You could look at this as authorization to fund 30 more full-time employees (FTEs). It never touches the State General Fund. The remainder of that balance then gets put into the State Distributive School Account. That is correct.

Chair Carlton:

That is what we needed you to say. I appreciate it because when people see fiscal notes, they automatically think General Fund appropriation. It is not. This will have a downstream effect, but we also understand that regulatory bodies need the resources that are required to

get the job done. The last thing that we would want to do is put this industry in harm's way by not allowing it to use the money it generates to create the safeguards that need to be in effect. That was one of the biggest conversations about moving forward with this industry years ago. With that, I think we have the CCB's fiscal note on the record.

I would like to go to the Attorney General's Office, and then I will open it to the Committee's questions. The Attorney General is identifying costs as far as being the legal advisor on this. Ms. Adair, if you could walk us through your fiscal note first, we will then have a discussion about it.

Jessica Adair, Chief of Staff, Office of the Attorney General:

We submitted a fiscal note, in alignment with the CCB's fiscal note, for the legal support needed to create this new part of the industry. It would fund 2 senior deputy attorneys general and 1 legal secretary. Similar to the CCB, we fund these legislatively approved positions through the marijuana revenue. It is not through the State General Fund. Currently, we have 2 senior deputy attorneys general who are restricted to just this work and are funded in this similar manner, though frankly, the workload is already so significant before this new bill that we also have attorneys who are funded through [unintelligible] who are doing work for the CCB. They cannot absorb any more work, and that is why we submitted a fiscal note for 2 additional attorneys and 1 legal secretary. There is significant up-front legal work in terms of advising the Board on the regulations for both the dispensary-associated consumption lounges and the independent consumption lounges, but there will be ongoing legal support needed to advise the Board every time they meet or review transfer applications, and to support the Board as it awards licenses and moves forward with enforcement and discipline for violations of those regulations.

Chair Carlton:

That is what we needed to have on the record. We do have several questions.

Assemblywoman Monroe-Moreno:

My question is in line with section 12, subsection 4. When we look at the licensures and the retail locations, will the majority of these be in Clark County? Or will the licenses for the lounges be around the state, but primarily in Clark County?

Assemblyman Yeager:

I should have done a better job of explaining this, but I think this will help with the clarity. There are two license types that are envisioned.

First, if you have an existing dispensary, you have the opportunity to apply for a license, assuming that you have an adjacent space to open a lounge; however, you only get one. If you have multiple dispensaries owned by the same ownership group, you cannot have multiple lounges. It is just one that you can choose; however, you must have an existing dispensary. In counties that have said no to having dispensaries, there is no opportunity for the retail attached lounges to exist. Right now, as far as I know, we have Clark, Nye, Elko, and Washoe Counties—I think those are the only ones in the state with dispensaries, so in

terms of the retail attached lounges, those would be it. One logical question is how many different ownership groups do we have in the state? We have been trying to figure that out, and we think it is around 35 distinct ownership groups. I do not anticipate that every one of them will want to open a lounge because it is a lot of work. They may not have the space. What you may see happen is existing dispensaries that do not want to open their own lounge will want to partner with an independent lounge as their product provider. I think we will see that marriage. To your question, these will only be in Clark, Washoe, Elko, and Nye Counties if those counties want to have them—the local government can say no. They can say that they do not want these lounges in their jurisdiction.

The second part concerns the independent lounges, those that are separate from the retail dispensaries. Again, there is local control here. If the local government does not want them, they will not be there. I think it is logical to anticipate that the locations that already have dispensaries are the places where consumption lounges may be allowed.

The cap of 20 independent lounges is based on the belief that we are probably not going to have more than 20 existing dispensaries that want to do this right out of the gate. I think it is going to take some time to get up and running. The next iteration of the Nevada Legislature can come back and decide if that is the right number. We put in flexibility in case we are wrong. Say we get 30 existing dispensaries that each want to open a lounge, and they each get approved. Then, we want to say we are also going to have 30 independent lounges as well. We want to keep the number equal because we are trying to recognize the investment that existing dispensaries have made, but also open up this marketplace to new people, particularly to social equity applicants. This is why we have reserved half of those independent licenses for social equity applicants. If there are not enough social equity applicants, those open licenses stay there and wait until there is a social equity applicant. They are not given to those who already have.

Assemblywoman Monroe-Moreno:

My next question was going to be about how many owners we have, so I appreciate that. When you talk about the social equity licenses, how many dispensaries are currently owned by someone who is from a community of color and would actually qualify for this?

Assemblyman Yeager:

I will not give you a precise number, but it is not many, if any, and that is one of the drivers of this. Director Klimas recently put out a report about the demographics of the industry. I recommend that to you and will make sure you get it, but I think all of us recognize that this industry is very homogenous. This bill is an effort to try to remedy that. There is not much diversity in the industry right now in terms of ownership, and I do not know that there are many people whom we would consider to be social equity applicants running or owning dispensaries at the moment. We are trying to remedy that deficiency by creating a new license type and giving some kind of preference to those who were not able to get into the game initially because the cost of entry was so high. This is also why you see in the provisions that the CCB will have the ability to waive up to 75 percent of the fees for social equity applicants because we want to make sure that capital is not a barrier for them. You

need to have some capital to open a business, obviously, but we want to make sure that up-front capital for applications is not a barrier. I am working with Director Klimas, and it is a priority of his, and everyone I have talked to in this industry, to diversify the industry and make sure this is not just giving more to those who already have.

Assemblyman Watts:

I am following up with the understanding that this is not a policy committee, but there are some policy aspects to this amendment. I want to express a concern and then ask a question. I appreciate everything you have shared. A lot of the provisions in this bill are aimed at improving social equity in the distribution of these licenses and expansion of the industry. In how this is currently laid out, the operating assumption is that half of the lounges will be operated by current dispensary licensees, who are not very diverse, and half will be independent. Of those, half will be guaranteed as set aside for the social equity applicants. The concern I have is the putting in of the specific cap of 20. Only 10 of those licenses are open to social equity applicants statewide. This is a relatively small number, and it will be highly competitive for a guarantee of only 10 social equity applicants entering the market in this way. That is the overall concern.

My question is how was the decision made to try to tie the two together? I think you did explain why the number 20 is there and the provision of trying to match one for one with the lounges operated by existing dispensary owners. How did you reach that point in terms of trying to do a one-to-one?

Assemblyman Yeager:

I appreciate the concern. I do not think we are going to have 20 applications from existing dispensaries. I think there are a number of dispensaries that are going to say they do not want to add this to their business. The hope is they will partner with someone who does, and maybe that will help with the social equity piece of it. To get to the heart of your question, the initial version of the bill had no caps whatsoever, and in talking to people interested in this issue, there was some desire to take it slow out of the gate and make sure that we do not have these establishments on every street corner. There was a balancing of the tightrope to recognize the existing investment of those who are already there while leaving space for other applications. I will say this—it is going to take some time to get these regulations up and running. If this were to pass and be enacted, I very much doubt we will have any consumption lounges open until sometime in 2022 at best. Another thought was that the Legislature will be back in session in February 2023. We, or whoever is here in our place, can decide whether to raise those numbers. My sense from talking to people in the industry is that we are not going to bump up against these caps between now and the next legislative session. The proof is in the pudding and we do not know, but I think the desire is to make sure we are taking it slow and getting it right before we open the door for more lounges.

Assemblyman Watts:

I appreciate the clarification around the timeline and how it relates to the next legislative session because this may be something that a future legislature will want to look at. It is

new, so we do not know for sure, but to have some clarity on where we think the timeline and the utilization of this is projected to go is helpful information for us.

Assemblywoman Benitez-Thompson:

I want to address a couple of the fiscal notes to see how this will play out over the next couple of years. The Cannabis Compliance Board (CCB) is asking for 30 FTEs. The way I am reading this, and correct me if I am wrong, is that it looks like half of those will be brought on in fiscal year (FY) 2022 and the other half in FY 2023. Is it correct that you envision 15 FTEs one year and the additional 15 FTEs the following year?

Tyler Klimas:

That is correct. We obviously understand there will be a ramp-up to establish a consumption lounge program if this bill passes, so that is why we staggered the hiring of the FTEs. You are right.

Assemblywoman Benitez-Thompson:

It looks like you are basing this on the assumption of 132 consumption lounges, but then we heard about a moving number of what it might be and the reality of how many lounges we might see open in year one versus years two, three, or four. Assemblyman Yeager, how did you think about quantifying that and the numbers that might come on realistically? To the CCB, if we authorize all 30 FTEs but we have less need due to a slower ramp-up, how would you augment those numbers? Or if we have more applicants come on than we envisioned, how would you augment those needs?

Assemblyman Yeager:

I will address how I envision these lounges coming into existence. If you are an existing retail dispensary, the first thing to consider is that you are going to have to build something on your property that is a consumption lounge. You are not going to allow consumption in your dispensary. Think about the normal construction cycle of opening a business and the permitting—that is in addition to the application process, which the CCB has to come up with through regulations. I am interested in getting the lounges open as quickly as possible because I think it is the right policy for the state, but I would be surprised if any of the retail attached lounges are open before the end of 2021. We are probably looking at 2022 at best.

Independent consumption lounges are a little more interesting because you could already have an existing business, a building that is there, and then add in the situation where you are selling single-use products. Those businesses could potentially skip the construction build-out phase; however, if you are talking about a smoking lounge, you will have to do some retrofitting to deal with customer experience and secondhand smoke. They will have to go through a process that has not yet been set up by the CCB.

Director Klimas and others can correct me if I am missing the mark, but if you asked me to predict it, I do not think we are going to see any of these lounges open until 2022. That puts us close to the end of FY 2022 or into the next fiscal year, but the CCB is going to need the staffing to ramp up the applications and start doing all of the work. Keep in mind there is a

local zoning piece that needs to happen as well. Much like we saw with the initial opening of the dispensaries, we approved them in 2013 but it was a long while before any of them opened up.

Assemblywoman Benitez-Thompson:

And then we had all of those fun conversations through the 2017 Legislative Session where we were sorting all of this out.

Washoe County submitted a fiscal note that references the need to go into lounges that will be selling food and beverage products to do those applicable inspections, and needing specialized personal protective equipment to be in a smoking environment for the protection of those workers. I do not know if they are available to talk about that fiscal note or if someone is available to give us more insight, but I see that coming from one county and not from another. Depending on the quantity of these lounges that open, do they need to plan for the food inspection piece for these lounges at the local level, and if so, is the percentage they get for this regulation a flat 5 percent among the local governments?

Chair Carlton:

Do we have anyone from Washoe County available? [There was no one.] We will have to get someone to answer your questions for you.

Assemblyman Yeager:

I think you bring up an interesting concept, which is what are these lounges going to look like? In our mind, we think it is a smoking lounge. The truth is a smoking lounge is probably not going to be wildly popular. Who wants to go into a room and smoke? When we talk about the food and beverages, I think that is where creativity comes into the industry. There could be an ability to open a high-end plated meal with cannabis-infused food. There could be comedy clubs—you name it. Alcohol is not going to be in the mix because that is not allowed. Those are separate. Some of this is unknown because none of these lounges may have anything to do with food, yet they may have to do with other things. I am putting it out there that I think it is an unknown, but I will give some creativity points to Washoe County for the fiscal note because they do not know what is going to be approved by the CCB or the local government. It certainly could include food products, and that would need to fall under the typical inspections that local governments do.

Assemblywoman Benitez-Thompson:

There is a revenue piece here. It is interesting because we have a lot of counties where this is not going to apply, and then we have just one county talking about it. Washoe County says that they expect there might be offsets from increased revenue, but depending on how the issuance of the licenses go, it is undetermined if that would be a net increase in the revenue they get from it. I think this is part of the same questions we are all talking around, which are what kinds, when, how much, and in what year?

My last question is for staff because it is for clarification. On the fiscal note from the CCB, we are thinking of it like an enterprise system. Would the funds they are asking for in the fiscal note be a loan from the State General Fund?

Chair Carlton:
No.

Assemblywoman Benitez-Thompson:

So, would it be a direct appropriation, not from the General Fund, but from that other pot of money? I know these funds are separate in different ways, so is it funded from this account?

Chair Carlton:

I will let Ms. Coffman answer, but I look at this as more of an authorization provision than an actual funding provision.

Assemblywoman Benitez-Thompson:

It is just authorization—got it.

Chair Carlton:

The CCB is self-supporting. They will be allowed to use the money that they bring in to do all of the regulations and safety because we want to make sure the industry does its job.

Assemblywoman Benitez-Thompson:

I do not have their specific budget sitting in front of me, but I am thinking about the front end of it. They are going to need to hire 15 FTEs in the first fiscal year; however, they might not be getting the revenue until three or four years down the road. Are they pulling from their own reserves?

Sarah Coffman, Assembly Fiscal Analyst:

The way the CCB's Marijuana Regulation Control Account is set up is that they receive the revenues from the 15 percent marijuana excise tax and then they support their operations. Then, \$5 million is deducted from that for local government. What has been approved by the financial committees is a \$60.3 million transfer to the Distributive School Account (DSA) in 2022 and a \$63.6 million transfer to the DSA in 2023. Any additional operating expenditures that hit this account going forward cause a reduction to what the DSA has in its budget that we previously closed.

Assemblywoman Benitez-Thompson:

Thank you, and I should correct myself. I realize I misspoke. The local governments do not get 5 percent; it is a flat \$5 million. Thank you for correcting me on that.

Chair Carlton:

If I understand correctly, it is a \$5 million carve-out for law enforcement across all counties. It is not just for local government; it is strictly for law enforcement. I believe it even goes to counties that do not even have dispensaries in the county. That has been a conversation.

Law enforcement agencies in those individual counties do get funds appropriated to them before the money goes to the DSA, even if there is not a dispensary in that county. That is one of the glitches that has materialized over the years.

We always have to think that the last thing we would want to do is put this industry in a position where it would get shut down and shuttered—the long-term effect of that would be no transfers to the DSA at all. Giving the CCB the resources they need to make Nevada's marijuana industry regulation the gold standard, the same way it is for gaming, will enhance the DSA in the long run. I do not think we should look at this as hurting the DSA. We are making sure that those funds do keep getting generated for the DSA in the future. We have to remember that on this issue, the State of Nevada is on the edge of a knife. It could go either way. We have to make sure we are above reproach when it comes to the conversations about this industry in the state in the same way we approached and set the gold standard for gaming. The rest of the country looked at us and gaming like we were crazy, and we can see where we are now. I think it is good to have the full conversation about the money that goes to the DSA, but we want to make sure the industry is still there to generate the money for the DSA.

Assemblywoman Tolles:

I want to dig deeper into the FTEs. One of the things that has been enlightening through this process of serving on the Assembly Committee on Ways and Means is how often we look at agency budgets and see vacancies that we have a hard time filling. Mine is a workforce question. What are the qualifications for these compliance officers, and how confident are you that we have trained professionals ready to step into these positions so that we do not find ourselves in a place of having a lot of vacancies for the compliance officers we need?

Tyler Klimas:

That is something we have discussed a lot internally, and we have implemented measures to work on recruitment. We are going to have some positions come off vacancy hold as they exist now. If you remember, our budget, which came in front of this Committee, reorganized our agency and created division chiefs. That is the catalyst to start, what we see, as a pathway for us to bring in good, talented individuals and bring them up through our system. We have looked at underfilling some of our auditor 2 and inspector 2 positions with auditor 1 and inspector 1 positions so we can start creating that pipeline. As of July 1st, we are going to start working with our universities. I was in front of a class of public health students at the University of Nevada, Reno a number of months ago. Cannabis is unique in that it has a public health aspect to its operations. We are seeing whom we can bring on and casting this net as wide as we can to bring people on. It is going to be critical for this agency to do that regardless of consumption lounges. We are creating a recruitment page on our website, which is now up, and we certainly look to some of the other states. We are close with Massachusetts. They do a good job of recruitment, and we are stealing some of their ideas to see whom we can bring on.

Assemblywoman Tolles:

The fiscal note says that it has a detailed list of those position types, duties, responsibilities, and so forth, included in the fiscal note submission. I am sorry if I missed it. I looked on NELIS [Nevada Electronic Legislative Information System] and did not see any more detail. Is that something you can provide to the Committee or direct me to where those details are listed?

Tyler Klimas:

Absolutely. I am looking at it right now, so if you did not get it, I apologize. You will get it shortly [[Exhibit D](#)].

Assemblywoman Gorelow:

We have had some conversations on this bill, and some of them were policy related. Specifically, impaired driving is something that we have not really discussed. We have talked about setting up regulations and staff going through these fiscal notes, but we have not touched on any sort of law enforcement with the concern for impaired driving. What might that look like? Is there is an education component that lets people know not to smoke and drive? Can you touch base on that, please?

Assemblyman Yeager:

That is an excellent question, and we have a model with bars, frankly, but there are a couple of different issues. First is the education of those who are working and staffing the consumption lounges. Just as they are doing in the dispensaries now, employees will make sure they are letting customers know that you cannot consume cannabis and get behind the wheel. This is much like some medication people take that advises to see how you react before you operate heavy machinery—a vehicle is a typical piece of heavy machinery. Part of the training in these establishments would make sure people who work there are trained on this, but there is also a consumer education piece to it. Public service announcements we have seen over the years, like "Don't Drink and Drive," have been pretty successful, I think. You are always going to have people who make poor decisions, but in working through this, we have talked quite a bit about making sure that when these places open, there is ample information about rideshares, and that people know not to consume and drive. We have had conversations with law enforcement on this topic. I do not want to speak for them, but the concern I heard from them is that they do not want the consumption lounges to also be serving alcohol. That creates a compounding poly-substance use effect and is already in regulation through the CCB. None of these places will be serving alcohol concurrently. With that provision, law enforcement has been comfortable that these lounges are not going to augment the problem that we have.

I think everyone in the industry is interested in making sure that people remain safe, whether it be people who are consuming or innocent drivers out on the road. We will make every effort to make sure that education is there. Obviously, a lot of people who are tourists will be attending these lounges—that cuts down on the concern about driving because most of them will be taking rideshares or other transportation. If there are lounges that open out in the community, that education component has to be there. We put that on the employees and on

individuals to be responsible. We know there are going to be outliers, but all we can do is educate and hope people make good decisions.

Assemblywoman Gorelow:

I would like to continue having these conversations. After being hit by an impaired driver—and technically I hit them because they were in my lane—my shoulder still hurts seven years later. That is a big concern of mine, so I would like to continue the conversation.

Assemblyman Hafen:

My question is on how the interaction of the cap would work for the rural counties. I know you touched on it, but some of the dispensaries have licenses in multiple counties. Would there be some sort of exemption that would allow for one per county? I know it is limited to one per ownership, so I have some concerns about how the interaction with some of the multi-county ownerships will work.

Assemblyman Yeager:

I think this is a good time to bring in Mr. Rutledge. He has worked extensively on this language, and I do not want to provide an inaccurate answer to Assemblyman Hafen.

Scot Rutledge, representing the Chamber of Cannabis:

As it relates to the licensing of these businesses, we did not want to allow any retailer, especially those who have multiple locations, to own more than one lounge. We are trying to add some diversity to this industry. This is why we have included social equity from the beginning and the concerns around how many of these licenses should be allowed in what we are calling Phase 1. Quite honestly, we are probably not going to have the full cap of these businesses open, as called for in this bill, by the time the Legislature reconvenes in 2023. As far as some of the concerns about allowing someone to open a lounge who has a dispensary license in Clark or Washoe County, and also one in Elko or Nye County, they can choose which one of those counties they want to open in first as attached to their retail store. There is no requirement for any county that there be a retail-attached lounge open before an independent lounge can open. If someone who has a retail store in Nye County wants to open up a lounge in Clark County, that same ownership group could not open another lounge in Nye County, but theoretically, an independent lounge could open in Nye County.

Assemblyman Hafen:

That directly relates to my concern that we are limiting the state licenses to 20, and there does not appear to be any priority for some of these other counties. I have some concerns on how that would work if somebody wanted to open an independent lounge in the smaller counties. I feel the 20 licenses will be eaten up in Clark County, and there will not be an opportunity throughout the rest of the state to acquire any of these licenses. Hopefully, I am missing something, and you can point me to where that might be.

Scot Rutledge:

There is some concern when capping the number of licenses statewide about how many will end up where. There are two things we are trying to avoid with this new licensing round.

First, because of the litigation that has taken place in the past, we want to make sure there is not a merit scoring that has the various lounges, the licensees, competing against one another. If there are more applicants than there are spaces available, we will use a lottery system. The CCB will oversee that, and then those licenses will be available for the local jurisdictions to put through zoning and business licensing. As far as trying to ensure that every county gets one, in the first draft of the bill we did not have a cap on the number of licenses. There were concerns from interested parties about not allowing for an unlimited number. We were trying to come up with a way to do this. If a retailer in Nye County would like to open a licensed lounge there, they certainly can; however, they would have to make that a priority choice over one of the other counties where they may have a retail store. We assume there is more interest in Clark County because of the population and tourism, but if an independent would like to open a lounge in Nye County, we are leaving it up to each applicant to decide. If a county passes an ordinance and they would like to locate it there, they could do so. I know that does not specifically answer your question on how we ensure that Nye County can get a lounge open, but in the way the bill is drafted, nothing precludes Nye County from passing that ordinance. Theoretically, anyone who applies with the state and wins one of these licenses can then take that license to Nye County.

Assemblyman Hafen:

For clarification, I am not specifically mentioning Nye County. There are 17 counties in the state. I do not want to be singling out one county here. I want the record to reflect that I am asking for all 17 counties.

Assemblyman Roberts:

In section 17, I noticed there are several changes in the amendment regarding fees [pages 5 and 6, [Exhibit C](#)]. In the first part of the section, the initial issuance of the license was reduced from \$20,000 to \$10,000. On the second page, you get down to the bottom and each applicant is required to pay \$100,000 as a fee. Is the \$100,000 for somebody who has an existing retail establishment and the \$10,000 is for the stand-alone lounge? Is that the difference there? If someone currently holds a license, they have to pay more for a lounge license that is attached than one that is detached?

Assemblyman Yeager:

You are correct, Assemblyman Roberts. The \$100,000 fee section talks about the retail-attached lounges. The structure for the application fees is different between the two.

Assemblyman Roberts:

Why is there that distance? Are we trying to encourage more stand-alone lounges and fewer that are attached to a current business? Is that a part of the social equity piece mentioned earlier? I am trying to figure that out.

Assemblyman Yeager:

If I could have Mr. Rutledge address that, he and Mr. Anderson have worked extensively on this language and could shed more light on it than I would be able to.

Scot Rutledge:

I think it speaks to the larger goals of the legislation. As we are all well aware from the CCB's report on demographics, the lack of diversity in this industry is something that we wanted to address with new licensing. Certainly, not every retailer is the same. Not every retailer will be able or want to apply for one of these retail licenses because either they do not have the space, or they do not want to make that capital investment; however, the zeitgeist of this industry is that there are people who have multiple licenses, and they are doing very well. We have seen some of these businesses sell for hundreds of millions of dollars.

We thought one way to create a little more equity would be to have retailers pay more for that initial application, but with that, they also do get some benefit. They will not get the license, but they will be given the opportunity to move forward with zoning, and when they pay that application fee, they are given a provisional license. That will allow a retailer who is open and operational to go forward and receive zoning approval for a future lounge located at their property. When the CCB finishes promulgating the regulations, retailers who have paid that fee will be able to fill out the application. If they meet all the criteria—it is a pass/fail situation as long as they meet those minimum requirements—they can go forward and proceed with the completion of their lounge. Upon the completion, the approval, and the final inspection by the CCB, they will be allowed to open. That is going to put the retailers who have space available now in a position to open well ahead of other retailers as well as independent lounges.

That \$100,000, in some ways, will allow them to pay for the privilege of being able to move forward. Because those who choose to do it are operational and generating revenue, our assumption is they are paying that \$100,000 because they can afford to.

Assemblyman Roberts:

Regarding the fiscal note from the CCB, the 30 FTE positions are a significant amount of manpower. As Assemblyman Yeager pointed out, it could take a couple years for this to come to fruition. Obviously, you will not need all of those positions until you scale up to the maximum number of lounges. Was the intent of your fiscal note to demonstrate what the maximum may be under this regulation? Would these not be immediate costs?

Tyler Klimas:

We created the fiscal note off the bill draft, so we assumed 132 licenses. As we are talking about this, the fiscal note is an authorization. It is certainly scalable; however, we are still going to see how the industry matures. I understand what you are saying, Assemblyman. We have recognized the first year and the ramp-up, but in year two, while it is scalable, we want to make sure that we have the right amount of resources to properly implement a large program like consumption lounges will be.

Assemblywoman Peters:

This will be quick because I just want to put intent on the record. We have a lot of conversations in this building about how effective diversity plans have been and how they have actually worked. I am requesting that as the CCB adopts regulations, they include a

review standard to ensure that the metrics being set are analyzed for their efficacy in establishing that kind of diversity that we are interested in seeing in this industry.

Chair Carlton:

Are there any other questions from Committee members? [There were none.] We did not address the Department of Taxation's fiscal impact. Ms. Young, could you walk us through the fiscal impact that you submitted to us?

Melanie Young, Executive Director, Department of Taxation:

The fiscal note on A.B. 341 (R1) focuses solely on the Department's responsibility for cash handling. Due to the increased number of licenses that will be coming in the door, we are anticipating an increased number of cash-handling appointments. This request includes 2 staff members: 1 tax examiner and 1 tax program supervisor. The fiscal impact for FY 2022 is \$194,491 and in FY 2023 \$186,375. I am available for questions.

Chair Carlton:

I did not mean to make you wait for so long. We are trying to work through all the components. I believe we have addressed all the fiscal notes. The confusion about whether it is a General Fund offset or an authorization has been made clear. This is allowing the CCB the authorization to use the money that is coming in. I am glad to hear the Board say that this is scalable because if it is limited to 20, we are talking a year down the road. We know they are going to bring people on when they need to bring them on. I was glad to hear the word "scalable" put on the record, so thank you very much, Mr. Klimas.

Assemblywoman Benitez-Thompson:

Assemblywoman Peters touched on it, but whenever I see that we are going to be asking boards to adopt regulations, and they are going to be the kinds of regulations that are substantive in criteria and direction, it is always important to make sure that the sponsor has intent for some of those regulations on the legislative record. We hand it off to a different branch of government to write them, and then it comes back to us to approve them. You want to make sure that what you intend is what you see back in front of you in a year or so.

Section 12 talks about the establishment of the criteria and guidelines for the regulations. There are two pieces here. There is the piece just for the retail-attached cannabis lounges and the independent cannabis lounges, but then there are the scoring guidelines and criteria for—the term we are using—social equity that we are leaving up to the CCB to spell out. As the author of the bill, what would you hope to see in terms of what those regulations might encompass? Knowing that these might not be sole proprietorships and we are dealing with boards, would it be 50 percent of the board or majority ownership? If they do not meet that, is there a sliding scale or quantity for the number of individuals who compose ownership? Do you understand what I mean? Knowing that this can look a lot of different ways, it is important to have some good intent on the record.

Assemblyman Yeager:

In talking to everybody on this issue, this piece has been the most vexing when figuring out how to put it into statute. This is why we have left much of it to regulation. The intent is to make sure that we do not have happening here what has happened in other states. Sometimes other states have said they would like to achieve diversity in ownership and applications, and they define that the way we do here. Then what happens is there is a 2 or 3 percent owner who comes in and qualifies as the equity applicant, while 97 percent of the capital is coming from somebody who is not. Basically, they buy that person out, and we are back to square one.

All of us put our heads together, and I believe this should be a meaningful way to make sure we are talking about majority ownership of these businesses by people who fit into the categories that we are calling social equity—you can call it diversity. We do not want the industry to only look the way that it looks right now, which, with all due respect, looks a lot like me, but maybe a little bit older. We are trying to make sure we put that into statute and that it is meaningful—someone is actually running this business and taking a piece of the pie from this burgeoning and successful industry. That is also why we have the two-year limitation in there. You cannot just get the license and then turn around and sell it. You must actually come in with the plan to open and operate a business.

I will say it as clearly as I can: this needs to be meaningful. It is not symbolic. We need to get new people into this industry, whether it is based on race, ethnicity, gender, or prior impact of criminal laws that we have now reversed and legalized. That needs to be the driving factor. I would like to see that be reflected in majority ownership and not just a small piece of the ownership.

Chair Carlton:

I do not believe there are any other questions from the Committee. This is the hearing on A.B. 341 (R1). There was a lot of discussion. I will open it up to those in support.

Brianna Padilla, Director of Communications, Chamber of Cannabis:

Thank you for taking the time to consider this bill and the benefits it could bring to our state. While I am an industry advocate and professional, I am speaking to you today as a constituent and a Nevadan in need of more options to succeed with and for my state. While the industry and its customers have happily filled our state coffers through tax revenue, the truth remains that the business of cannabis is rife with steep barriers to entry that have had a deeply deleterious effect on representation and access to ownership, especially for Black and Brown people and women in our community. While we all understand cannabis is and should be a privileged industry, it should not be so privileged that our very own citizens cannot participate with impact and efficacy in the industry they fought for on this very floor and others in days past.

Assembly Bill 341 (1st Reprint) is the only consumption bill being considered this session that gives us all a chance to work within parameters that are acceptable and workable to all stakeholders, not just those in the cannabis industry or those who want to be in the cannabis

industry. The industry generates hundreds of millions in revenue every year. We also know that all those who purchase cannabis are not consuming cannabis in a legally sanctioned place. Assembly Bill 341 (1st Reprint) provides a solution that is not only acceptable to law enforcement, but provides legal options and alternative for the millions of tourists returning to Nevada to consume cannabis, and the millions of locals who do not own their own home. This bill gives them the chance to safely and privately consume at a given location that takes into consideration zoning and municipality concerns.

Lastly, I would like to point out that in addition to contributing to state revenue, the Nevada cannabis industry provides tens of thousands of jobs to our citizens, with the number of registered agent card holders increasing every single year. Assembly Bill 341 (1st Reprint) gives our community the ability to continue providing jobs and security to Nevadans—an opportunity which, as we all learned in the past year, is incredibly precious. In short, A.B. 341 (R1) is an important first step in righting the ship and ensuring that Nevada is truly the gold standard for all things, including safe cannabis consumption. I thank you for your consideration and time today.

Shelby Stanley, Secretary, Chamber of Cannabis:

I want to thank the Chairwoman and the Board for the time today and let everyone know that I am in full support of A.B. 341 (R1). We have given several of our consumers and patients a place to purchase products but nowhere to consume. As Briana Padilla stated in her comment, this is the next round of commerce for our state to remedy the first licensing situation in which we did not properly issue licenses to minority groups. Again, thank you for your time, and I hope that you take this into consideration to create the next round of commerce and allow for a free market and people being able to get the license.

Nicole Buffong, Director of Medical Voices, Chamber of Cannabis, and representing Minorities for Medical Marijuana, Inc.:

Thank you to Assemblyman Yeager for continuing to fight for an innovative and progressive bill. We are watching Nevada make history by defining social equity for the first time in legislation. It is unfortunate that this legislation will only support a limited number of licenses for equity applicants. Despite this challenge, Minorities for Medical Marijuana does support A.B. 341 (R1) because we know this bill will open the door for those who were adversely affected by the prohibition of cannabis in the state, creating a diverse group of stakeholders. Minorities for Medical Marijuana is excited to work with the Cannabis Compliance Board to develop the parameters for these new licenses once the bill is passed.

Cristina Ulman, President, Chamber of Cannabis:

I am a proud constituent of Assembly District 9. I am respectfully asking that you vote in favor of this bill today so that Nevada may stop criminalizing consumers and expand cannabis commerce more inclusively and fairly. Las Vegas, Nevada, leads the nation and the world in tourism. We set the bar for hospitality, gaming, dining, entertainment, adult entertainment, and now cannabis experiences. Let us make some history and take the next big step by setting the gold standard in cannabis commerce.

Chair Carlton:

Are there any others in support? [There was no one.] We will go to those in opposition.

Marla McDade Williams, representing Curaleaf, Essence, Greenmart of Nevada NLV LLC, Las Vegas Paiute Cannabis Authority, Nevada Organic Remedies, and Planet 13 Holdings:

I understand we are here to discuss the fiscal note. With respect to that, we believe it is essential to follow the model put forward by this body as it relates to establishing the number of cannabis entities that should be regulated in Nevada. By establishing the number in statute, the Legislature makes it clear what the universe of cannabis in Nevada should look like. The Legislature maintains control over how the industry will grow into the future. We believe the number of lounges should be tied, in some manner, to established retail cannabis stores. Lounges are not able to sell product because if they did, they would be retail stores or dispensaries. A big part of determining who is awarded licenses is based on the experience of the ownership groups to run regulated, privileged businesses.

We recognize that an independent lounge will not be maintaining inventory and performing retail sales of product, and we can show a little leeway in these expectations. If the state is going to continue to want tightly managed regulated lounges in the same way as other cannabis establishments, however, then it is essential to recognize the experience of existing operators. That said, we believe the amendment, while providing a limited number of lounges, does not recognize that there are established retail stores in other rural parts of the state as discussed earlier. When you propose tying applications for lounges to retail stores and ownership groups, there must be a need to allow for experienced operators to apply for a lounge in rural counties, in addition to their lounges in larger counties, as long as those operators have a license in the rural counties.

Allowing an independent lounge to have an operation in a rural county, where that lounge is not directly tied into the licensed retail store, is opening the industry up to potential abuse. We propose that you consider allowing an ownership group to have two lounge licenses if they also have a retail store in a county with a population under 100,000. It would not add significantly to the numbers. We have been working with the proponents of A.B. 341 (R1) to craft conceptual language which recognizes these factors, and we would like an opportunity to continue to work on that. We hope this Committee does not close the door to these negotiations. As you know, we are not opposed to the concept of lounges, but are just trying to get to an amendment that is amenable to everyone.

Chair Carlton:

It went by quickly, but whom are you actually representing?

Marla McDade Williams:

Thrive is one of our clients. They are all listed on the lobbyist registration.

Chair Carlton:

It is always good to put on the record whom you are representing when you are at the testimony table. I want to make sure it is clear that it is not a different association of some type. I just heard about the Chamber of Cannabis today, so I am learning all kinds of new things.

The concern I am hearing is that you are afraid this is going to open it up too much.

Marla McDade Williams:

At one point, there was discussion that an ownership group could have a lounge in each county, while recognizing that we are at 37 potential ownership groups—the number that we have not been able to settle on when trying to go through and not expand it too far. You have the fiscal note that anticipates 132 lounges, so we are trying to work underneath that number and figure out solutions to limit it, while recognizing that there is a fiscal note and that there may be concern about that number. How do we work within that number?

The number 20 itself for retail lounges is not a problem for us and gets us to that universe of 40 total. The problem is we have ownership groups in rural counties who will not be able to open a lounge in that county due to the limitation of only having one license. This is because there is a limited universe of ownership groups. We are trying to craft a solution where you allow an ownership group to potentially have two licenses, if one of those licenses is in a county with a population under 100,000. You might be looking at an additional five lounges. Then if you double that based on the model proposed in the bill, you might be up to 50 in total.

I do not know whether that number will be 50 or 60 by allowing those applicants to have a lounge in a county under 100,000 and then capping it at some amount. You can still start with 20 and just allow that additional license in the rural counties.

Chair Carlton:

This is very similar to the original conversation we had about dispensaries when we did this the first time around. I am familiar with the conversation but know full well that a lot of the counties do not even allow cannabis at all. They do not want it in their county, so I guess we will have to figure out how to weigh both sides. You are talking about wanting more access for rural counties, and yet rural counties have made it very clear they do not want cannabis in their county. This all goes back to local government anyway. Thank you for clarifying whom you represent and what the concern is. I think I have a better handle on it now.

Marla McDade Williams:

Thank you. I just want to clarify I am not saying every rural county. It is only where there are retail stores already open in that county.

Chair Carlton:

Is there anyone else in opposition?

Chelsea Capurro, representing Deep Roots Harvest:

We want to start by thanking the sponsor and stakeholders of this bill for all the hard work that has already gone into this. More to the concerns that Ms. McDade Williams just put on the record, we have some concerns with this version of the bill related to making sure that this does not unintentionally alienate the rural areas in this state that could greatly benefit from a consumption lounge. Currently, operating any type of business in rural areas presents its own unique challenges, and this industry is no exception. In landlocked areas, simple things such as transportation of goods becomes an additional cost and logistics become more complicated. We have seen this play a part since the inception of this industry, with people flocking to apply for licenses in larger counties and the rural counties being left as an afterthought. We would like to see some language that makes sure experienced operators have the opportunity to provide this service in rural areas as well as the larger counties. We do not want the smaller counties to be forgotten, as they have just as big a need for a safe, legal space to consume as our more populous counties.

Chair Carlton:

Is there anyone else in opposition? [There was no one.] Is there anyone to testify as neutral? [There was no one.] Are there any closing comments?

Assemblyman Yeager:

Thank you for giving a lot of time to this bill. I know how hard this Committee works, how tired we are, and how much work is yet to be done. To respond to a couple of things, this has been a long time coming, and we have worked extraordinarily hard. I would love to take all that credit, but I will not because I do not deserve it. Many other people who have participated today have been working on this. I think we have the amendment and the bill to the place that it needs to be. I understand that we can always do better, but I think we are where we are for a reason. I respect the concerns that were raised, but to be truthful, the only rural counties that have wanted to get into this game at all have been Nye, Elko, and Carson City. There are not dispensaries, as far as I know, in any other places in the state. Not to say they might not change their minds in the future, but I think that is a concern for another day. If the counties that have them now do indeed want to have these lounges, they will be able to have them attached to existing dispensaries.

I think we are trying to do our best in balancing this, but we need to be cautious as a state to make sure we get it right so we are not back here in two years saying that we messed everything up. With that, Madam Chair, I am certainly committed to working with you and any other members of this Committee to do what we need to do to get this bill moving. Hopefully, when some of us come back a couple of years from now, we will have a chance to look back and say we got something right. We will make some improvements then. Thank you. I gratefully appreciate the time and consideration of the Committee.

Chair Carlton:

It is an important bill. It funds the DSA. It deserves all of the time that it needs to get where we are going. Ultimately downstream, that is where we are.

We will not be processing this bill today. I know the Committee members still have some questions, people have some concerns, and I want to allow plenty of time to be able to address them. This is not a simple fix, so we will not be processing this one today, but we will have future conversations very soon.

With that, I will close the hearing on A.B. 341 (R1). The next bill on our agenda is Assembly Bill 387 (1st Reprint). I will invite Vice Chair Monroe-Moreno to the testimony table.

Assembly Bill 387 (1st Reprint): Revises provisions relating to midwives. (BDR 54-225)

Assemblywoman Daniele Monroe-Moreno, Assembly District No. 1:

We are not here today to discuss the policy of Assembly Bill 387 (1st Reprint); however, I need to apologize to you all. Since this bill's introduction, there have been a number of emails, phone calls, and texts sent to your inboxes, some with misinformation, and I apologize for that. That being said, we are here to address the fiscal notes, but oftentimes when determining how to lower a fiscal note, you have to address some of the policy in the legislation. As first introduced, A.B. 387 (R1) had nine fiscal notes submitted. One was from the Division of Public and Behavioral Health, Department of Health and Human Services (DHHS), which said costs would be \$184,051 in fiscal year (FY) 2022, and \$224,875 in FY 2023, with a future biennium impact of \$449,750. The DHHS Division of Health Care Financing and Policy submitted a fiscal note showing a savings in the amount of \$89,063 in FY 2022, a savings of \$320,767 in FY 2023, and future biennium savings of \$641,534. The other seven fiscal notes, as listed, had fiscal impacts of a zero balance.

I would like to thank the representatives from the DHHS, along with the midwives who helped draft the legislation for this bill, for working countless hours, despite their busy work schedules, to help me come up with an amendment to address the fiscal aspects in the bill. They also helped to make sure that the policy side deals with the thing of most importance, public health. I have brought you the conceptual amendment [[Exhibit E](#)]. We worked for hours with our DHHS representatives and the midwives who helped with this legislation, Tiffany Hoffman and Amanda Macdonald, on the amended language. The DHHS also has an amended fiscal note that they will be able to share today.

Chair Carlton:

How about if we have you walk us through the amendment first, and then we will discuss the fiscal note afterwards, since the amendment will change that conversation.

Assemblywoman Monroe-Moreno:

As you look at page 1 [[Exhibit E](#)], the main goals of the amendment are:

1. Remove the permitting of the certified professional midwife student midwife, and instead allow for the imposition of administrative monetary penalties for failure to comply with provisions in section 24 of the bill.

2. Instead of requiring the Division to approve training programs for certified professional midwife birthing assistants, have the Board approve a list of certified professional midwife birth assistant training programs.
3. The only training requirements to become a licensed certified professional midwife are established in Section 19.
4. The removal of the option to obtain a license by endorsement. Since licensure to practice midwifery in Nevada is optional—and I repeat, optional—a license by endorsement would not provide any additional protections compared to someone applying for a license through the regular process.
5. Make conforming changes by removing permit or permitting of a certified professional midwife student midwife where applicable.
6. Remove the educational requirement for licensure.
7. Require the Division to reduce a licensing fee if the criteria in this bill is met.
8. Make conforming changes for corrections in the bill.

Chair Carlton:

Whom would you like to go next?

Assemblywoman Monroe-Moreno:

First, Ms. Chappel from the DHHS will speak, and then we have a representative from DHHS who is from the Division of Health Care Financing and Policy.

Margot Chappel, Deputy Administrator, Division of Public and Behavioral Health, Department of Health and Human Services:

We do not have the physical fiscal note to give to you because our internal rules require the amendment to be posted first; however, I am going to testify that we have determined the amendment allows us to cut the fiscal note approximately in half.

Chair Carlton:

Could you elaborate a little more? This is from the Division of Public and Behavioral Health, correct?

Margot Chappel:

Correct. The primary reason for the change is that the Board of Midwifery is taking over the training approval and also assisting with some investigations. That allows us to reduce it to one staff member to manage the new group. The other thing we learned as we were working on the bill is there are a limited number of these midwives, so that also contributed to our reducing the fiscal note.

Chair Carlton:

It is always good to have what the components are that made the changes so that we create a nice, clear record. The Division of Health Care Financing and Policy is next.

**Phillip Burrell, Deputy Administrator, Division of Health Care Financing and Policy,
Department of Health and Human Services:**

The Division of Health Care Financing and Policy also reviewed the amendment. We still see the same fiscal impact for the Division, as far as a savings, by implementing the certified professional midwives program. As Assemblywoman Monroe-Moreno mentioned, we see an estimated savings of \$89,063 for FY 2022 and \$320,767 for FY 2023, for a total savings of \$409,830 for the biennium.

Chair Carlton:

With the changes, we just want to make sure we have the most current information. Thank you for putting that on the record. With that, Committee members, this does happen sometimes when trying to address fiscal notes and all of the components as you move forward, especially when you are starting something brand new from scratch. I congratulate the Vice Chair for taking this challenge on and hanging tough with it for the entire 110 days. Are there any questions or comments at this time?

Assemblywoman Tolles:

To go back to some of your initial comments, this may not necessarily be fiscally related. Midwives who are currently practicing who do not get this specific training may still practice. This just affects their specific designation and access to insurance coverage. Is that correct?

Assemblywoman Monroe-Moreno:

Yes, that is correct.

Assemblywoman Tolles:

Misinformation from outside sources is never your fault. You do not have to apologize.

Assemblywoman Monroe-Moreno:

Thank you.

Chair Carlton:

Are there any other questions? [There were none.] Assemblywoman Monroe-Moreno, do you have anyone else whom you want to present or make a comment at this time?

Assemblywoman Monroe-Moreno:

No, the midwives who are joining me today are here to answer any questions that may come up.

Chair Carlton:

Are there any questions for the midwives who have been working on the bill? [There were none.] This is the hearing for A.B. 387 (R1). Realizing that there has been a lot of passionate interest around this bill, I will open it for comment, but we are going to stick with the 2 minutes per person, and we will do 15 minutes each for support, opposition, and

neutral. This is to make it fair to everyone, knowing the environment this bill has been living in over the past 110 days. I will open the testimony to those in support of A.B. 387 (R1).

Brooke Maylath, Private Citizen, Reno, Nevada:

Although I am an employee of the state, I am here on my own accord and representing only myself. There are many things within the fiscal parameters that are not included in the fiscal notes about how the ability to have licensed midwives increases access for marginalized communities, whether they are communities of color or the LGBTQ+ community. The ability to have culturally aware individuals and a safe place to practice and deliver children is a huge boon for our community. The other issue is that it decreases costs for those individuals, as opposed to having to go through a major medical center for the delivery of a child. It also provides a bridge to access prenatal care and primary care for the mothers, both predelivery and postdelivery, and it allows for an increase of surveillance for sexually transmitted infections. All of these things have huge impacts on the reduction of health care services throughout our community. There are only positive benefits by approving this bill and seeing the ability to license midwives. I appreciate that all of you have the opportunity to be able to vote in favor of this bill.

Carrissia Feaster, representing American College of Nurse-Midwives Nevada:

I am a certified nurse-midwife and family nurse practitioner currently practicing in Reno, Nevada. I am representing the American College of Nurse-Midwives Nevada affiliate, which is in support of this bill. I currently work at the largest medical center in northern Nevada. My group includes 10 OB/GYN physicians as well as eight nurse-midwives. We are in the unique position of accepting all transfers of care, whether that be women who have no prenatal care who are transferring from other hospitals, or those coming in from the community birth setting.

As we are discussing the costs of implementation, please consider the cost of one day in the neonatal intensive care unit (NICU). Often we talk about preterm births and those children who require astronomical amounts of care and costs, but many of those coming in from the community birth setting are at term, the time of the due date, or past that time. Often these women come in requiring significant intervention. If there is a positive outcome—and by positive outcome I mean a living child—that child often requires days of intervention in the NICU. The estimation in 2018 was \$10,000 to \$40,000 per day, with an average of 3 to 5 days spent in the NICU. Just one child's care will justify the implementation of this bill.

As we continue to have the national conversation regarding the increasing costs of health care, I am happy the United States Congress recently introduced a bipartisan bill increasing access to midwives nationally by providing grants. This includes certified professional midwives.

Please consider the systemwide financial burden that can be created by one transfer of care into the hospital. My group has personally accepted 18 transfers of care in the past year from the community birth setting that required NICU services. Of those cases, 14 had positive

outcomes. Creating collaborative care and early intervention models, which this bill aims to do, certainly will decrease those increasing health care costs that we are all concerned with.

Chair Carlton:

Is there anyone else in support? [There was no one.] Is there anyone in opposition?

Sarah Sorvillo, representing Nevada Association of Professional Midwives:

I am a midwife in the Las Vegas area and calling on behalf of the Nevada Association of Professional Midwives. The fiscal note states costs for the first year of \$184,000, with the biennium being \$449,000. Due to the excessive education requirements of this bill, especially come January 2025 when you phase out an educational pathway that produces the same credential that the same majority of certified professional midwives in this state have obtained, I do not believe you will have many midwives who will ultimately decide to license. There are currently a handful of midwives residing in our state who have taken the educational pathway you want permanently in the bill with no current in-state college options. With fewer numbers, it drives up the cost of licensing. I know there is a cap on the bill of \$1000, but even at \$1000, that is a very expensive license to obtain. It may still not be enough to fund the forming of our board and ultimately be a cost to the state.

We fail to understand how a dozen midwife license fees could possibly support that. This also means that even fewer midwives will be taking Medicaid, making the Medicaid savings unrealistic. We are not opposed to licensure. We want to be able to take care of people who have Medicaid. We want to be able to obtain a license; however, we do not believe this bill will be fiscally responsible and it removes a valuable educational pathway for our state. It is for these reasons that we are opposed to this bill.

Corrine Flatt, Private Citizen, Las Vegas, Nevada:

I am a midwife in Las Vegas and have been working as a midwife for over 20 years. There has never been an illegal midwife in Nevada. This bill is extremely overreaching. The positive purpose of this licensure is to create a new distinct and narrow class of Nevada licensed, certified professional midwives. These midwives, in short, want to carry controlled medicine. They want to bill Medicaid. They want to perform minor medical procedures, and they want to open medical centers and a school for non-nurse midwifery. There already exists licensed certified nurse midwives who attend home births, and who already do all the medical things. They have already successfully opened birth centers and are already in conversation with the University of Nevada, Las Vegas School of Nursing to open an advanced practice nursing specialty in midwifery, which would not require legislative action or budget consideration.

There are only 6 midwives out of 59 current Nevada midwives who even qualify to become licensed under this bill. It is a lie that this bill does not affect or oversee nonmedical, traditional midwifery. It absolutely will outlaw, mandate oversight, or restrict the practice of 90 percent of currently practicing traditional midwives who do not qualify or want licensure by a pseudo medical midwifery board.

Magdalena Alvarez, representing Nevada Friends of Midwives:

My comments are assuming all of the same concerns as previously stated. We were not made aware of any amendments. I would like to note that no statistics were gathered from midwives for the formation of the presentation. The numbers that were presented claiming that the state will save money are falsely optimistic at best. Somewhere around 1 percent of the birthing population in the state chooses home birth. We cannot realistically expect that the number will suddenly jump to 4 percent, or that Medicaid will pay midwives in a timely manner or in an amount that would allow them to keep practicing. With so few of the current midwives choosing to accept Medicaid, midwives would have to come from out of state to bring about these supposed savings, displacing those who have served here for decades. In a recent poll taken of Nevada's 59 home birth midwives, 47 are opposed to this bill and will not seek licensure. Only 6 stated that they would, which means you would have, at best, \$6,000 from the industry to fund this board, plus the small amounts collected from student midwives.

In the previous committee, a presentation nothing short of a smear campaign against the majority of Nevada's midwives was launched. Nevada Friends of Midwives believes that this bill made it through the Assembly Committee on Commerce and Labor by misrepresentation. There is no home birth crisis. There has not been a notable rise in infant mortality deaths. Transfers remain unremarkable. An alarmist picture was painted of the state of home birth care in Nevada. Rather than work to change the abominable birth statistics in Nevada's hospitals, attention has been turned to the home birth midwives who have been practicing for decades.

This bill will restrict the trade, forcing competent midwives to change everything about their practices and seek expensive educational requirements out of state. In surrounding states, we have watched the slow but sure denigration of non-licensed midwives, removing a critical safety net for those women who fall outside the system. Please bear in mind that many midwives are in favor of licensure, but not under the specifics of this bill. The only acceptable choice is to table it for two years, to allow time for true collaboration and a careful examination of the fiscal impact as well as impact on midwives and families. Again, I would like to note that we were not made aware of any amendments.

Chair Carlton:

The amendment will be posted online. Next person in opposition, please.

Lenny Sue Tinseth, Private Citizen, Markleeville, California:

I am representing Great Basin Midwives of Northern Nevada. There are 8 midwives in northern Nevada, and 6 of them, whom I am representing today, are in opposition of A.B. 387 (R1). Financially, we mainly oppose the problems and issues with the Medicaid system and midwifery care for home birth, and also for small businesses related to women in general. Midwives are generally women. This bill does not allow for them to completely be able to practice the way that they have been practicing. The restrictions are financial in the fact that we are small and we cannot afford all the extra personnel that we would need to be able to deal with the Medicaid system. Also, we are already set up in the certified

nurse-midwife system to be able to provide for the women in these communities who would like a more medicalized-type birth setting.

When it comes to marginalized communities, this will definitely restrict some marginalized communities that will disappear if traditional midwives disappear. I understand that this bill, as presented, is not implementing them in any way, but there are too many arbitrary comments in this bill that will leave them unprotected and unable to pursue the practices that they have in this unique state that provide for some very unique marginalized communities. Therefore, it will either compromise them financially or medically with safety because many of those families oftentimes will choose to be unassisted.

We are not in support of this bill as written. We are not necessarily opposed to a bill in the state of Nevada. All 6 of us in Great Basin Midwives are licensed. We are not in opposition of a bill at all; we are in opposition to the way the present bill is written. We would also agree to delay this process of certified licensed midwives in the state of Nevada until these problems and issues that will affect other marginalized communities can be rectified.

Chair Carlton:

For those listening, the amendment was uploaded to the exhibits page for this Committee meeting one hour before the meeting began. That is typically how amendments are circulated to the public to make sure everyone has access to the amendment who is not in the building. The amendment was uploaded one hour before the Committee meeting began.

Marjorie Dacko, Private Citizen, Henderson, Nevada:

I have been a midwife in Nevada since 1979. I have assisted at the births of over 3,000 babies. My training consists of two and a half years of an apprenticeship with a senior midwife, plus various certifications in infant resuscitation, emergency care, and other allied skills related to midwifery. Since then, I have apprenticed several excellent midwives who have served the community for years.

I am a founding member and former president of the Nevada Midwife Association, which was formed in 1983. Over the years, we have overseen the development and education of midwives in Nevada. We take this very seriously because we want the best midwives for the families of Nevada.

If this legislation goes through, Nevada will no longer have me as a midwife because I will not complete the education required for licensure. Does it not seem ridiculous that a new midwife, with very little experience, will be more likely to get a license in Nevada to practice midwifery than me, a woman who has been practicing midwifery for over 40 years?

There might be potential for appropriate legislation to certify or license midwives in Nevada, but this bill is not it. This bill was started by two midwives with stars in their eyes thinking a license would make them junior doctors and they could stand shoulder to shoulder with hospital staff. That is not going to happen. The majority of midwives in Nevada do not want to be mini doctors. We love our nonintervention pregnancy and birthing skills, and do not

want to trade them for drugs and Medicaid coverage. Please protect me and my way of midwifery, which has been an honored profession since the beginning of humankind.

Danielle Gallant, Private Citizen, Henderson, Nevada:

I am a mother of two boys who were both birthed at home. My oldest was born in California, and the youngest here in Henderson. I can say that both home births will be the most cherished experiences I will ever have, and both of my midwives were exemplary. The midwife in California was Midwifery Education Accreditation Council (MEAC) accredited. The midwife in Nevada, Sherry Hopkins with Well Rounded Mama, is Portfolio Evaluation Process (PEP) accredited. Both accreditations are recognized by the North American Registry of Midwives, which sets the requirements for certified professional midwife credentialing. One is not better than the other, but MEAC is more expensive and not offered here in the state of Nevada. The PEP accreditation program is offered in Nevada. Both programs produce highly skilled and highly qualified midwives. The two midwives in Reno who worked with Assemblywoman Monroe-Moreno are only two out of four midwives in the state of Nevada who are MEAC accredited; all 4 reside in Reno. This will adversely affect women in the Las Vegas Valley area, as well as women in rural areas, by limiting their birthing choices dramatically. I know we need licensing and oversight for midwifery, but I request that this Committee strongly encourage Assemblywoman Monroe-Moreno to finally adopt the amendment requested by the midwives of the Las Vegas Valley area to include PEP accreditation as a pathway to licensing permanently. Including both PEP and MEAC accredited midwives will allow the financial impact of this bill to be feasible. I do not believe that this Committee could believe that the only four midwives who are MEAC accredited in the state of Nevada can carry the financial burden that the state will carry to adequately provide the oversight to midwifery and the clients they serve.

Chair Carlton:

Is there anyone else in opposition? [There was no one.] Is there anyone in neutral on A.B. 387 (R1)? [There was no one.] Are there any closing comments?

Assemblywoman Monroe-Moreno:

For the Committee's knowledge, conversations with a large stakeholder group of midwives statewide started over a year ago. We had no less than four Zoom meetings and in-person meetings when we could. As you can hear, there is a lot of passion on both sides of the issue. However, I made a commitment to the midwives in this state. The traditional midwives have been practicing for hundreds of years. I would not write a bill that interferes with that; however, I had constituents come to me who thought they had hired a Nevada state-licensed midwife, not knowing that they had not. They had a negative outcome with that birth. They asked that I bring this policy so that future mothers would have an option to hire a traditional midwife, a licensed midwife, give birth in a birthing center—which I am happy passed in the Senate yesterday—or have their baby in a hospital. This gives mothers, fathers, and their families another option for a healthy birth in our state. I hope I gain your support.

Chair Carlton:

I will close the hearing on A.B. 387 (R1), and I believe you also have the next bill, Assemblywoman. I will open the hearing on Assembly Bill 445 (1st Reprint).

**Assembly Bill 445 (1st Reprint): Revises provisions relating to financial administration.
(BDR 18-862)**

Assemblywoman Daniele Monroe-Moreno, Assembly District No. 1:

I am here to present Assembly Bill 445 (1st Reprint). Joining me to answer technical questions and go through the reasons why this bill is so important for this state is Miles Dickson [Program Director, Nevada Grant Lab]. I will provide you a background history of the state grants office, and then discuss some of the recent trends that brought about the need for this bill.

Nevada has long struggled to access federal funding and assistance on a level competitive with other states. This means we pay more than we get back. Recognizing the need to develop a more coordinated state effort, Senator David Parks sponsored Senate Bill 233 of the 76th Session in 2011 to create the Office of Grant Procurement, Coordination and Management, Department of Administration. The Office was originally given the authority to research and identify available federal grants, work with state agencies to write federal grants, and coordinate efforts with Nevada's congressional delegation relating to the availability and management of federal grants and related programs. In 2017, the Office was revised to allow the administration to hire the necessary number of qualified and unqualified employees within the limits of the money appropriated or authorized. Last session, we were able to pass Assembly Bill 489 of the 80th Session, which created the Grant Matching Fund as part of a pilot program to allow state agencies, local governments, tribal governments, and nonprofit organizations to request funds for the purpose of satisfying the matching requirements for a grant from a federal or nongovernmental organization. The program made one award. It was to the North Las Vegas Fire Department for \$45,129, which secured a \$451,292 grant from the United States Department of Homeland Security. That is a \$10 federal return for every \$1 that we invested. Due to unforeseen budgetary impacts to the state resulting from the COVID-19 public health crisis, however, the program stopped accepting applications in April 2020. The operational funding and uncommitted program funds were reverted to the State General Fund, which leads us to where we are today.

Last year, as a result of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, in just a few weeks Nevada went from struggling to access federal grants to being overwhelmed by the administrative tasks associated with them. Simply put, we did not have an adequate system or strategy in place to secure our fair share of grants in regular times or administrate them in a crisis. Neither of these scenarios works for Nevadans. Plus, it put tremendous pressure on our state agencies and workforce as well as our partners in local government, tribes, and nonprofits. Indeed, we learned, yet again, the importance of a well-organized federal grants program, which leads us to the development of A.B. 445 (R1).

With that, I will turn it over to my co-presenter.

Miles Dickson, Program Director, Nevada Grant Lab:

Nevada Grant Lab is a philanthropically funded initiative that partners with nonprofits and governments throughout Nevada to help identify, apply for, and administer federal funds that benefit Nevadans. On NELIS [Nevada Electronic Legislative Information System], you have a full presentation document [[Exhibit F](#)], but I will not endeavor to take you through that. Instead, I want to present of few highlights on the background of federal funds and put it into the context of dollars. Then I will quickly go through the bill.

Every single year, the federal government, outside of emergency relief and recovery like the CARES Act or American Rescue Plan, distributes about \$800 billion in the form of grants to state governments, local governments, tribes, nonprofits, and other eligible recipients. Those grants are distributed to pay for local implementation of services and to fund construction and programs within a wide range of issues, including social services, affordable housing, infrastructure, education, or economic and community development. When we think about how things get paid for in local communities across the country, federal grants play an outsized role in local implementation. When we think about grants, they are not just dollars—they really mean jobs to deliver those services and build those projects. Grants include construction, goods, materials, and services. Ultimately, beyond the dollars themselves, federal grant money plays a critical role in diversifying and balancing the cost of local program implementation with local and state sources as well as private philanthropy. So it is about the dollars, but it is also about the leveraging effect they have.

Meanwhile, here in Nevada we have historically underperformed in getting what we think of as our fair share, as the Assemblywoman alluded to. When we define what "fair share" means, the easiest way to think about it is the per-capita rate of return—the per-person rate of federal funds received. The Kenny Guinn Center for Policy Priorities recently updated a study they had done [[Exhibit G](#)]. They found that Nevada performs at 45th in the nation in terms of per capita federal grant dollars [page 3]. Just to get us to the national average, we would need to move up \$800 per person. We underperform by \$800 per person, and we are 45th in the country. If you remove Medicaid, which spikes federal dollar flow, Nevada drops all the way to 50th. That sounds staggering in dollar value, but when we think about our fair share of federal funding, it is also noteworthy to look at need.

As you know, most federal funds are targeted with criteria, a formula, or a competitive basis to reach communities that have the highest needs or opportunities. Unfortunately, as you also know, Nevada leads the country in many of the same need categories, yet we trail the country in federal funding. We are an anomaly in that sense. When we think about federal flows that reach states with lower levels of federal investment, that is often because we see states with lower levels of need or lower levels of poverty. They rank higher in social service indicators. We really are one of the few, if not the only state that trails in funding yet leads in need. We live in an anomaly of a situation. When we stand back and think what Nevada will gain by getting its fair share, the answer is a lot. When we look at the revenue estimates alone, we see in excess of \$500 million that we are leaving on the table every single fiscal year.

While the Guinn Center studied this issue most recently, they are far from the first or the only institution to do this. We have organizations here in the state, such as Brookings Mountain West and The Lincy Institute, or at a national level, including Federal Funds Information for States and The PEW Charitable Trusts—people who have no vested interest in Nevada's numbers but study it academically—and they find the same things that our local stakeholders do. Again, when we think about the revenue opportunity, we are talking about in excess of \$500 million per year. Those are funds that go directly to community need, of course. In most cases, federal grants allow up to a 10 percent indirect rate, which in some cases is negotiated higher. This means 10 percent of every grant award can be used to pay for the indirect administration of that grant. This is not for program costs; for example, actually buying food for hunger assistance. This is for the accountant's cost—the person who was there before you even got the grant. By increasing federal funds, we both increase the amount of funding available for programs, and we increase the amount of funding available to pay for the indirect cost of administration.

Finally, while it does not hit the State's bottom line, this has a fiscal impact for Nevada taxpayers as well. We all pay our federal taxes, but we do not get a refund because we have fewer grants that come back. We still pay the same amount. When we think about fiscal impact, I would encourage everybody to extend out consideration to the taxpayer. All of us pay the same rate of federal taxes, but we effectively get less benefit for every federal tax dollar than our colleagues and peers do in at least 44 other states on average.

Chair Carlton:

Are there questions from any Committee members at this time?

Assemblywoman Tolles:

Thank you for bringing this bill forward. This has been well researched, and you did a great job backing it up. This is long overdue. I am wondering why there was ever any opposition.

Assemblywoman Monroe-Moreno:

The amendment was prepared while working with the Office of Finance, Office of the Governor, Ms. Susan Brown, and the Office of Grant Procurement, Coordination and Management [[Exhibit H](#)]. Joining us is Catherine Byrne, State Controller, who submitted a fiscal note. I have been in conversation with her department about it, but she can speak more to that. I have also been in conversation with the Office of Grant Procurement, Coordination and Management, or the Nevada Grant Office, about their fiscal note.

Chair Carlton:

Madam Controller, please proceed.

Catherine Byrne, State Controller:

Depending on federal guidelines, these pandemic funds affect the work that we have to do on the Cash Management Improvement Act (CMIA) and the single audit. Over the past several years, the time it takes to review subrecipient payments and their reconciliations has

increased. Without additional resources, the risk of errors in our schedule of expenditures of federal awards increases.

Currently, we have a chief accountant and a management analyst 3 completing all the work for our single audit. Over the year, they spend as many as 4,000 hours preparing their reports and reconciliations. The breakdown for a single audit is as follows: 85 percent of their time includes preparation of the schedule of expenditures of federal awards, reconciling the subrecipient reporting, and communicating with auditors; 10 percent is spent on the CMIA, with the calculations, review, and payment to the federal government; and 5 percent is spent on other duties.

If the state brings in more grants, the State Controller's Office will need an additional position to ensure that federal grant reporting is completed on time and accurately. I am here for any questions.

Chair Carlton:

Whenever we come up with different programs, we know that sometimes we need more people and resources to make them successful. If we are going to get a 10-to-1 match, this is definitely an interesting component to address. Thank you for explaining the fiscal note. With that, can we go to the Department of Administration's fiscal notes?

Matthew Tuma, Deputy Director, Department of Administration:

The legislation, as introduced and amended, has several areas where it impacts operations. However, there is a slight change to the fiscal note we submitted on the legislation as introduced. The transfer of the Nevada Grant Office from the Department of Administration to the Office of the Governor, as submitted, had a \$5,700 impact per fiscal year. As submitted, we put that \$5,700 impact on each year of the biennium. As the amendment makes the legislation effective in the second year of the biennium, we would remove that \$5,700 impact from the first year; it would only be the second year where we would see that impact. It is a reduction in the Nevada Grant Office budget, and a reduction of revenue in the Director's Office budget for the Department's cost allocations.

The other support item that the Department of Administration provides the Nevada Grant Office is fiscal support from the Administrative Services Division. Human resources support from the agency's Division of Human Resource Management would still continue because the Department provides those services to the Office of the Governor as well.

The other fiscal impacts include section 8 of the bill, which requires an office in both northern and southern Nevada. Currently, there is only physical space being utilized in northern Nevada. Establishing a small office in southern Nevada puts a \$2,300 impact on each year of the biennium in the Category 4 expenses. Section 22 requires the reorganized agency to administer a grant management system. The expenses put in the Category 8 grant management system category would be \$200,000 in year one. This is for a robust scoping of what that management system would need to be. Going through the history of this Office, I know there are Committee members who have seen appropriations at a much smaller level

for a grants management system. These have not been sufficient to secure one. The ongoing administration and costs of a grant management system are estimated at \$1 million per fiscal year, so that is the \$1 million expenditure in year two, and then an ongoing obligation of \$1 million per fiscal year.

Section 26 requires the establishment of a grant matching fund, which would be a transfer from the Abandoned Property Trust Account and impacts the State General Fund. That is a \$1 million impact each fiscal year of the biennium per the revised language in the legislation. The additional work and support required in the legislation for the Nevada Grant Office would require the addition of 1 full-time employee (FTE). Currently, the Nevada Grant Office has 5 FTEs. It is a small but mighty group; however, this would require some additional work, so there are expenses for an additional staffer and their associated costs.

That is the walk-through of the fiscal impacts we put in our fiscal note. I will turn it over to others for comments.

Chair Carlton:

Thank you, Mr. Tuma. Excellent job walking us through it all. That was very clear. Ms. Freed, did you have anything to add?

Laura Freed, Director, Department of Administration:

The only thing I would add is that the bill as currently drafted would move the Nevada Grant Office people from unclassified to nonclassified service. I would assume that if staff have not finished the unclassified pay bill, they must be putting the finishing touches on it as we speak. If this bill were to pass as drafted, I think they might have to yank those positions out of the pay bill, which might be a little chaotic at this point in time. I want to flag that for the Committee's understanding.

Chair Carlton:

Assemblywoman Monroe-Moreno, would you like to clear the record on that? There is an adjustment to that, so I believe we have a solution to the problem.

Assemblywoman Monroe-Moreno:

In section 20 of the amendment [page 9, [Exhibit H](#)], the positions would remain as unclassified positions. That change came from my conversation with Ms. Freed last week.

Chair Carlton:

We are set on that one. Things like that happen all the time when we get to this stage of the game. We are all clear that they are unclassified. Are there any other questions at this time? [There were none.] This is the hearing for [A.B. 445 \(R1\)](#). We will open it those in support.

Mark Fiorentino, representing Kaempfer Crowell:

Before I get into my testimony, this is my first time testifying in-person during this legislative session and may be my last time to testify in your Committee. I want to personally thank you, Madam Chair, for your service to the state and its citizens. I have

enjoyed working with you over the years, even in the times you were kicking my butt on things that we needed to get done. I mean that sincerely, so thank you very much.

Our firm represents several stakeholders who have been interested in this issue for a number of years—businesses, communities, and governmental entities that are interested in the best interests of the State of Nevada and maximizing the return we get on our federal dollars. They include the Ritter Charitable Trust, which you have heard about before since John Ritter is the Chair of the Nevada Advisory Council on Federal Assistance. I think he has been in that position since you established the position. They also include Nye County. All of these people are here today to support the bill and the idea that it is good, long-term fiscal policy to put this framework in place and then fund it. This is a good idea, we support it, and hope you will too. I am here for any questions.

Chair Carlton:

Are there any questions for Mr. Fiorentino? [There were none.]

Kent Ervin, representing the Nevada Faculty Alliance:

We support A.B. 445 (R1). The Nevada Faculty Alliance supports measures that diversify our revenue and resources for the state as good long-term fiscal policy. At the Nevada System of Higher Education, many of us operate on federal grants. We apply for them all the time, and we know the importance of matching funds. We support this bill for all the reasons that have been mentioned.

Zach Conine, State Treasurer:

I want to repeat, from the policy committee, the support this bill has from the Office of the Governor and from your Treasury. Thank you to the sponsor, Assemblywoman Monroe-Moreno, for your tireless efforts to fix a long-term Nevada problem and help us build the state we all deserve.

Mary Beth Sewald, President and Chief Executive Officer, Vegas Chamber:

First of all, I would like to thank Governor Sisolak, State Treasurer Conine, and Assemblywoman Monroe-Moreno for their support on A.B. 445 (R1). The Vegas Chamber and the Southern Nevada Forum have been supportive of legislative measures to increase our share of federal grants, which will benefit our state financially. We believe the passage of A.B. 445 (R1) will benefit Nevadans across the state with additional funds for services and programming. We agree with the policy and fiscal premise of the bill, as it elevates federal grants in the state's administration and priorities. Thank you, Chair Carlton and Committee members, for your time and consideration.

Lea Case, representing Children's Advocacy Alliance:

I am speaking in support of A.B. 445 (R1). The Children's Advocacy Alliance (CAA) submitted a letter in support at the April 6, 2021, policy hearing, so I would refer you to that exhibit on NELIS. I reiterate CAA's support for A.B. 445 (R1). Thank you for your time and dedication to improving conditions for children and families in Nevada.

Meredith Levine, Director of Economic Policy, the Kenny Guinn Center for Policy Priorities:

This March the Guinn Center released a report that evaluated federal grants performance in Nevada [[Exhibit G](#)]. As you heard from Mr. Dickson, one of the main takeaways is that in 2020, total grant dollars in Nevada amounted to \$2,296 per capita for a ranking of 45th in the nation. That is nearly 30 percent lower than the United States average and represents a decline over time relative to other states. Research shows that high-performing states share a common future, which is that each has erected an apparatus that supports federal grant competitiveness. Institutional capacity matters.

Collectively, the provisions in A.B. 445 (R1) would help optimize federal funding in the state by building that capacity. One that I would highlight to this Committee is making permanent and funding the Grant Matching Fund. Many entities in Nevada often cannot apply for federal grants as they do not have the required match. This is a barrier to entry that weakens federal grants performance in the state, and A.B. 445 (R1) would help to remedy that. A bill like this is necessary in order to improve Nevada's underperformance in federal grant receipts. Those dollars are crucial to meet critical funding needs throughout the state, ensure that our communities thrive, and sustain economic growth. The Guinn Center report has been uploaded to the exhibits page for this meeting [[Exhibit G](#)]. Thank you to Vice Chair Monroe-Moreno for advancing A.B. 445 (R1) and for the opportunity to speak here today.

Joanna Jacob, representing Clark County:

I want to thank Vice Chair Monroe-Moreno for continuing to champion this issue throughout the years. I want to register Clark County in support of A.B. 445 (R1). Leveraging federal assistance has been a priority for our Board of County Commissioners, and there are provisions to allow collaboration between local government and state partners to try to draw down opportunities. We appreciate those provisions throughout the bill, and it is something we feel is very much needed. That is why I want to register the support of Clark County.

Kelly Crompton, representing the City of Las Vegas:

We would like to register our support for A.B. 445 (R1) and thank the bill sponsor for continuing to advocate on behalf of this important issue. The City of Las Vegas is a partner in the Southern Nevada Forum, and this has been a Southern Nevada Forum priority for many years. We are also one of the entities that administer many federal grant programs and provides services to our shared constituency through the southern Nevada region utilizing these federal dollars. We believe this bill is important to continue to draw down on the federal funds that we are [unintelligible].

Doralee Martinez, Private Citizen, Reno, Nevada:

I am representing the Nevada Disability Peer Action Coalition. We support A.B. 445 (R1). Some of the members from my coalition do live in the rural areas, and they use some of the funding coming down through grants.

Chair Carlton:

Is there anyone else in support? [There was no one.] Is there any opposition? [There was none.] Is there anyone to testify as neutral?

Catherine Byrne, State Controller:

I am here to speak in the neutral position on A.B. 445 (R1). The Controller's Office is responsible for preparing the annual single audit report, scheduling expenditures of federal rewards, and the cash management improvement office. We also attend agency audit conferences and certify the annual single audit. Our Office is one of the contacts for the federal agencies, and we work closely with the Nevada Grant Office. I believe that our reporting on the single audit will improve with A.B. 445 (R1), but the work will also increase significantly with this bill.

Erin Hasty, Interim Administrator, Office of Grant Procurement, Coordination and Management, Department of Administration:

I want to flag the submitted amendment [[Exhibit H](#)]. As written, there might have been a technical oversight in section 27, subsection 1, paragraph (k) [page 13] and section 27, subsection 8 [page 15]. Section 27 itself becomes effective July 1, 2021. The Office of Federal Assistance, Office of the Governor, is not created until July 1, 2022. I am concerned that it removes the Nevada Grant Office's participation on the Nevada Advisory Council on Federal Assistance, and that there would be no administrative support for the Council. I wanted to put that on the record.

Chair Carlton:

Do us a favor and send us an email with that information. Please copy Assemblywoman Monroe-Moreno, me, and staff. We will make sure we have the language exactly the way we need it, so it is correct the first time.

Erin Hasty:

Absolutely.

Susan Brown, Director, Office of Finance, Office of the Governor:

In the revision sent to the Assemblywoman, that was corrected. I can send the revised version that has section 27 corrected.

Chair Carlton:

Thank you, Ms. Brown. We will make sure we have all the right documents in the right place. I know there have been a lot of emails flying back and forth in a short period of time. Are there any others to speak as neutral? [There were none.] Are there any closing comments? [There were none.] For the public's edification and so everyone knows, there is great interest in this bill. I think we need to clarify some things and investigate the possible need for the Controller to add positions for this. We do not want to try to do something if we do not have the people to back it up. The last thing we would want to do is cause more problems in the long run, so we need to look into what that would be and how we move forward, as there is definite interest in the bill. I imagine we will be seeing this bill sometime

on Monday, but we need to make sure it is all buttoned up. With that, I will close the hearing on A.B. 445 (R1) and open the hearing on Assembly Bill 477.

Assembly Bill 477: Revises provisions relating to off-highway vehicles. (BDR S-1097)

**Sean Sever, Administrator, Division of Management Services and Programs,
Department of Motor Vehicles:**

Assembly Bill 477 is a budget cleanup bill that allows the Department of Motor Vehicles (DMV) to transfer funds initially provided for the Off-Highway Vehicle (OHV) Program implementation in the Department of Conservation and Natural Resources for continued OHV-related purposes. The DMV was given \$500,000 in startup funds for the OHV Program during the 2009 Legislative Session. Budget account 4749 was created to receive the funds and track expenditures. The DMV has since completed the implementation of the OHV program and has been carrying the remainder of the funds in that budget account forward each fiscal year. The DMV is proposing to dissolve this budget account and move these funds to the OHV Commission. We appreciate your consideration and can answer any questions.

Chair Carlton:

I was here in 2009 when we put that \$500,000 in there, and I think I have asked every session since then, when are you going to pay us back? So now you are not paying us back; you are moving it. That ship has sailed, and I am giving up on it. I appreciate your being here today. I understand these resources are needed in order to make this program work. It is a valuable program in the state. I know a lot of people use it, and it has done some good work. I just had to get that on the record that I have been looking for that \$500,000 to come back for a while. Does anyone have any questions on A.B. 477? [There were none.] Do you have anyone else to present, Mr. Sever?

Sean Sever:

No, just people to answer questions.

Chair Carlton:

This is the hearing for A.B. 477. I will open it to those in support. [There was no one.] Is there anyone in opposition? [There was no one.] Is there anyone to testify as neutral? [There was no one.] There are no other questions or comments, so I will close the hearing on A.B. 477.

I had inadvertently suggested that some of the bills we heard earlier were going to move. Unfortunately, until the K-12 bill is processed, anything with an "S.B." in front of it has to go into the parking lot. It will hang for a bit, and once the K-12 bill makes its way to the other chamber, we can start processing things. We cannot pass anything with an appropriation until K-12 does the thing it needs to do. It will be soon, but it is not today. There are some bills we can move today. They are very recent, so your memory should be good on these. We will begin with A.B. 477.

Assembly Bill 477: Revises provisions relating to off-highway vehicles. (BDR S-1097)

Sarah Coffman, Assembly Fiscal Analyst:

Assembly Bill 477 abolishes the Revolving Account for the Assistance of the Department. It was heard a few minutes ago. The individual who presented this bill was Sean Sever from the Department of Motor Vehicles, and there were no individuals who provided testimony in support, opposition, or neutral.

Chair Carlton:

Are there any questions on A.B. 477? [There were none.] I will accept a motion to do pass.

ASSEMBLYWOMAN MONROE-MORENO MOVED TO DO PASS
ASSEMBLY BILL 477.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE
MOTION.

Are there any questions or comments on the motion? [There were none.]

THE MOTION PASSED. (ASSEMBLYMAN FRIERSON WAS ABSENT
FOR THE VOTE.)

Assemblyman Leavitt, you can take the floor statement for A.B. 477. Next is Senate Bill 423.

Senate Bill 423: Requires the Department of Taxation to retain a commission as compensation for the costs of collecting taxes on certain centrally assessed property. (BDR 32-1078)

Sarah Coffman, Assembly Fiscal Analyst:

Senate Bill 423 requires that, as compensation to the State for the cost of collecting taxes on centrally assessed property, the Department of Taxation must, before apportioning and remitting the tax due to each county, transmit an amount of the tax as specified by the Legislature to the State Treasurer for deposit to a credit of the Department. Under this bill, the Department is required to spend such money in accordance with its program. This is a budget implementation bill. The individual who presented this bill was Melanie Young from the Department of Taxation. There were no individuals who testified in support, opposition, or neutral.

Chair Carlton:

Are there any questions on S.B. 423? [There were none.] I will accept a motion to do pass.

ASSEMBLYWOMAN MONROE-MORENO MOVED TO DO PASS
SENATE BILL 423.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

Are there any questions or comments on the motion? [There were none.]

THE MOTION PASSED. (ASSEMBLYMAN FRIERSON WAS ABSENT FOR THE VOTE.)

The floor statement will be assigned to Assemblywoman Peters. Next is Senate Bill 425.

Senate Bill 425: Makes a supplemental appropriation to the Division of Internal Audits of the Office of Finance in the Office of the Governor for an unanticipated shortfall related to payroll. (BDR S-1053)

Sarah Coffman, Assembly Fiscal Analyst:

Senate Bill 425 makes a supplemental State General Fund appropriation of \$76,807 to the Division of Internal Audits, Office of Finance, Office of the Governor, for the unanticipated shortfalls related to payroll.

Chair Carlton:

Are there any questions on S.B. 425? [There were none.] I will accept a motion to do pass.

ASSEMBLYWOMAN MONROE-MORENO MOVED TO DO PASS SENATE BILL 425.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE MOTION.

Are there any questions or comments on the motion? [There were none.]

THE MOTION PASSED. (ASSEMBLYMAN FRIERSON WAS ABSENT FOR THE VOTE.)

Assemblywoman Monroe-Moreno, will you take care of this one, please? The next bill is Senate Bill 429.

Senate Bill 429: Makes a supplemental appropriation to the Office of the Attorney General for a projected shortfall related to extradition costs. (BDR S-1146)

Sarah Coffman, Assembly Fiscal Analyst:

Senate Bill 429 makes a supplemental State General Fund appropriation of \$350,254 to the Office of the Attorney General for the Office of Extradition Coordinator budget to cover projected shortfalls related to extradition costs. The individual who presented this bill was Jessica Hoban from the Attorney General's Office, and there were no individuals who testified in support, opposition, or neutral.

Chair Carlton:

Are there any questions on S.B. 429? [There were none.] I will accept a motion to do pass.

ASSEMBLYWOMAN MONROE-MORENO MOVED TO DO PASS
SENATE BILL 429.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE
MOTION.

Are there any questions or comments on the motion? [There were none.]

THE MOTION PASSED. (ASSEMBLYMAN FRIERSON WAS ABSENT
FOR THE VOTE.)

I will assign this to Assemblywoman Monroe-Moreno also. Next is Senate Bill 436 from earlier in this hearing.

Sarah Coffman, Assembly Fiscal Analyst:

Senate Bill 436 repeals the prospective expiration established through Assembly Bill 540 of the 80th Session in a provision revising the distribution of certain money collected from certain administrative assessments consistent with budget closings for the Judicial Branch budgets. John McCormick from the Administrative Office of the Courts, Nevada Supreme Court, presented this bill, and there were no individuals who testified in support, opposition, or neutral.

Chair Carlton:

Are there any questions on S.B. 436? [There were none.] I will accept a motion to do pass.

ASSEMBLYWOMAN MONROE-MORENO MOVED TO DO PASS
SENATE BILL 436.

ASSEMBLYWOMAN BENITEZ-THOMPSON SECONDED THE
MOTION.

Are there any questions or comments on the motion? [There were none.]

THE MOTION PASSED. (ASSEMBLYWOMAN TITUS VOTED NO.
ASSEMBLYMAN FRIERSON WAS ABSENT FOR THE VOTE.)

I will take this floor statement. I believe that accomplishes what we can move for now. Committee members, if you have your agenda and have been keeping notes, most of the bills with "S.B." in front of them will be moved as soon as we can. The other Assembly bills from today all still need technical adjustments to make sure certain things are addressed so we have a complete package going out the door. Expect to see those again on Monday. Any

other questions or comments? [There were none. The following week's meeting time schedule was discussed.] I will now open this meeting for public comment.

Brooke Maylath, Private Citizen, Reno, Nevada:

Chair Carlton, I want to take a moment because this is the last time I will be able to testify in front of you. Your institutional knowledge, your knowledge of legislative history, experience, and wisdom will be sorely missed. Thank you from the bottom of my heart for the service that you have given the state of Nevada. All of the citizens of Nevada owe you a great deal for that service.

I would also like to respectfully urge you to put on the agenda and hear Assembly Bill 280, a modest bill that would change the signage on single user bathrooms. This would decrease the gender stigma for mothers with sons going into a single user bathroom, fathers with daughters, caretakers for those who are disabled and elderly, or young, as well as those that are gender variant and need to be able to access a restroom without having an artificial gender binary dictated. This is for anyone who has ever had to stand in line, waiting for an arbitrarily labeled facility, while there is another unused facility with a label that does not match your assigned gender and which you do not feel comfortable going into. Please hear this bill and advance it, so we have an opportunity to get it through the legislative process this session.

Kent Ervin, representing the Nevada Faculty Alliance:

I would like to ditto the kind comments that Brooke Maylath made, but this probably will not be my last time testifying before this Committee. I would like to thank you again for the add-backs of the Nevada System of Higher Education (NSHE) faculty and staff positions, and thank you for your funding decisions on K-12 education this week. This has been a juggling act, and we appreciate your hard work. You are making real differences.

Now that those bigger pieces are falling into place, I want to remind you that the Public Employees' Benefits Program (PEBP) budget was closed prior to Treasury guidance on the American Rescue Plan funding. We very much appreciate that at the closing, the Medicare retiree HRA [Health Reimbursement Arrangement] contributions were restored, as well as the one-month employee premium holiday. Major benefit cuts are still in place for active state employees, however. Deductibles and out-of-pocket maximums are increasing sharply, and employee premiums are increasing by 33 percent, versus prepandemic levels even after the holiday. Long-term disability was also eliminated. It is too late for plan year 2022 because open enrollment is happening now, but there is still time to restore the plan year 2023 benefits and premiums to prepandemic levels.

Next, we have now learned that the Executive Branch has agreed to cost-of-living adjustments (COLAs) of up to 3 percent in fiscal year (FY) 2023, the second year of the biennium, for various state classified collective bargaining units under Senate Bill 135 of the 80th Session. We hope you will fund those COLAs, and request that you extend COLAs to all state employees, including classified employees in the bargaining units who have not yet organized, as well as NSHE faculty and staff who do not yet have collective bargaining in statute pending passage of Senate Bill 373.

I also want to remind you that part of the reason there is FY 2021 money available for one-shot appropriations now is because state employees are still taking pay reduction furloughs that save \$26 million, and that another \$25 million was saved from PEBP benefits through a state agency premium holiday enacted during the special session. Please keep these items in mind in the final days of the session.

Steven Cohen, Private Citizen, Las Vegas, Nevada:

I will ditto previous speakers' remarks with respect to Madam Chair and your service. My wish list for the final week is Senate Bill 96, Senate Bill 234—presuming it advances to the Assembly—Senate Bill 217, and Senate Bill 51. With that, Madam Chair, thank you and I yield.

Douglas Unger, representing Nevada Faculty Alliance:

Thank you for your support of the University of Nevada, Las Vegas School of Medicine, which we believe will address a provider shortage that affects larger medical issues in our state. We would also like to ask your support for restoring PEBP benefits, if possible, out of American Rescue Plan funds. Please recall that state contributions for Nevada state employees have remained relatively flat for the past eight years, while the cost of health care in the United States and Nevada has gone up 40 to 50 percent. Restoration of PEBP benefits to 2019 levels for 2022-2023, we estimate, would cost between \$25 million and \$30 million. This is close to the amount that was taken in the premium holiday for the State and would conform with budget cuts for COVID-19 that are directly addressed by the American Rescue Plan funds.

We would also like you to consider the 0+3 percent arrangement for cost-of-living increases for NSHE faculty. It has been a long time since there have been any kinds of raises other than cost-of-living increases. We would appreciate your consideration of those. We understand this has been a very difficult, tiring session, and that everyone has faced an unpredictable feast-or-famine budget. We appreciate your work on all these budget issues as this session is coming to a close. I would like to reiterate thanks to Chair Carlton for her many years of service and expert management of legislative affairs. You have been exemplary to us all as a way to work in our Legislature.

Chair Carlton:

Are there any additional testifiers for public comment? [There were none.] We are adjourned [at 1:16 p.m.].

RESPECTFULLY SUBMITTED:

Adam Cates
Committee Secretary

APPROVED BY:

Assemblywoman Maggie Carlton, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

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

[Exhibit C](#) is a document titled "Proposed Amendment to AB 341 (R1) from Steve Yeager," dated May 22, 2021, and submitted by Assemblyman Steve Yeager, Assembly District No. 9.

[Exhibit D](#) is a document titled "Position Types and Duties," submitted by Jason Geisler, Administrative Services Officer 2, Cannabis Compliance Board.

[Exhibit E](#) is a document titled "Conceptual Amendment to AB 387," dated May 21, 2021, submitted and presented by Assemblywoman Daniele Monroe-Moreno, Assembly District No. 1.

[Exhibit F](#) is a PowerPoint presentation titled "AB 445: Modernizing Nevada's Federal Grant System and Strategy, New Revenue for Critical Needs," dated May 22, 2021, submitted by Miles Dickson, Program Director, Nevada Grant Lab.

[Exhibit G](#) is a report titled "Federal Grants Performance in Nevada," dated March 2021, submitted by Miles Dickson, Program Director, Nevada Grant Lab; Meredith Levine, Director of Economic Policy, The Kenny Guinn Center for Policy Priorities.

[Exhibit H](#) is an amended version of [Assembly Bill 445 \(1st Reprint\)](#), submitted and presented by Assemblywoman Daniele Monroe-Moreno, Assembly District No. 1.