

**MINUTES OF THE MEETING OF THE  
SENATE COMMITTEE ON FINANCE  
AND  
ASSEMBLY COMMITTEE ON WAYS AND MEANS  
SUBCOMMITTEES ON GENERAL GOVERNMENT**

**Eighty-first Session  
March 16, 2021**

The joint meeting of the Subcommittees on General Government of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Chris Brooks at 8:03 a.m. on Tuesday, March 16, 2021, Online. [Exhibit A](#) is the Agenda. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**SENATE SUBCOMMITTEE MEMBERS PRESENT:**

Senator Chris Brooks, Chair  
Senator Moises Denis  
Senator Pete Goicoechea

**ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:**

Assemblywoman Sarah Peters, Chair  
Assemblywoman Sandra Jauregui, Vice Chair  
Assemblywoman Michelle Gorelow  
Assemblyman Gregory T. Hafen II  
Assemblyman Glen Leavitt  
Assemblywoman Brittney Miller

**STAFF MEMBERS PRESENT:**

Wayne Thorley, Senate Fiscal Analyst  
Sarah Coffman, Assembly Fiscal Analyst  
Madison Ryan, Program Analyst  
Julie Waller, Senior Program Analyst  
Sarah Sawyer, Committee Secretary  
Joko Cailles, Committee Secretary

**OTHERS PRESENT:**

Terry Reynolds, Director, Department of Business and Industry

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Steve Aichroth, Administrator, Nevada Housing Division, Department of Business and Industry

Michael Holliday, Chief Financial Officer, Nevada Housing Division, Department of Business and Industry

Scott Whittemore, Administrator, Taxicab Authority, Department of Business and Industry

Shannon Chambers, Labor Commissioner, Office of Labor Commissioner, Department of Business and Industry

Sandy O'Laughlin, Commissioner, Division of Financial Institutions, Department of Business and Industry

Mary Young, Deputy Commissioner, Division of Financial Institutions, Department of Business and Industry

Cathy Sheehy, Commissioner, Division of Mortgage Lending, Department of Business and Industry

Kent Ervin, Nevada Faculty Alliance

CHAIR BROOKS:

We will hear six budget accounts from the Department of Business and Industry (B&I).

TERRY REYNOLDS (Director, Department of Business and Industry):

The Department of Business and Industry's budget presentation is ([Exhibit B](#)).

We will go over budgets for five B&I divisions. Four of these divisions have fee-based budgets. One, the Office of Labor Commissioner (OLC), receives General Fund appropriations.

I am proud of these five B&I divisions. In the last year, these divisions have maintained consistent contact with the respective industries they regulate. They switched to the technology necessary for virtual meetings with entities they regulate and consumers. The divisions' staff members worked out of various locations, including personal homes and offices. They were able to maintain continuity and worked with different entities.

The Office of Labor Commissioner conducted over 40 meetings with chambers of commerce, employee association organizations and businesses with labor-related questions.

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The Nevada Housing Division (NHD) worked with a team from the Nevada Supreme Court, legal aid groups and Home Means Nevada, Inc., to help with funding for emergency housing, rental eviction issues, foreclosures and everything else that has arisen due to the Covid-19 pandemic.

The Division of Financial Institutions (FID) assisted with federal Paycheck Protection Program loans. It assisted with Pandemic Emergency Technical Support grants, and helped banks remain up to speed on events at the National level. The Division of Financial Institutions translated National initiatives to a local level, allowing businesses to apply for grants and giving financial institutions the tools they needed to access funds for distribution to businesses.

This was a banner year for mortgages. The Division of Mortgage Lending (MLD) kept track of national initiatives in terms of foreclosures, loan extensions and extensions on foreclosure periods, which allowed people to keep their homes.

These entities worked hard to keep in contact with their industries, serve the public and ensure their industries were healthy and still serving Nevadans.

We begin with budget account (B/A) 503-3841.

## COMMERCE AND INDUSTRY

### BUSINESS AND INDUSTRY

B&I - Housing Division — Budget Page B & I-91 (Volume II)  
Budget Account 503-3841

STEVE AICHROTH (Administrator, Nevada Housing Division, Department of Business and Industry):

The Nevada Housing Division's mission is to improve lives and strengthen Nevada communities by expanding housing opportunities, building self-sufficiency, protecting the residents and industry of manufactured housing and fostering economic development. The Division accomplishes this mission through several different activities, including administering home ownership programs, financing multifamily affordable rental properties, distributing funding

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for weatherization and other federal programs, conducting oversight of manufactured housing and collecting data to drive decisions.

Our activities assisted 3,300 Nevada families with home ownership over the past year. The assistance has encompassed special programs for teachers and veterans, the creation and preservation of approximately 1,700 affordable apartments during the 2019-2021 biennium and the administration of over \$13 million in grant funding. This grant funding advanced affordable housing for low- and moderate-income Nevadans.

The Division only has a few budgetary initiatives. Page 5 of [Exhibit B](#) contains decision unit E-225, which pertains to a reduction in the request of cost issuance authority. Page 5 of [Exhibit B](#) also contains decision units E-900, E-901, E-902 and E-903. These decision units realign positions and programs, and do not provide an increase in budget authority. Most of the position realignments indicated on page 5 of [Exhibit B](#) for B/A 503-3841 have a reciprocal effect with realignment decision units in B/A 101-3845 or B/A 101-3838.

E-225 Efficiency & Innovation — Page B & I-93

E-900 Trans Frm Housing Inspec & Compl to Housing Div — Page B & I-95

E-901 Trans Frm Housing Inspec & Compl to Housing Div — Page B & I-96

E-902 Trans Frm Housing Div to Low Income Housing — Page B & I-96

E-903 Trans Frm Housing Div to Housing Inspec & Comp — Page B & I-97

B&I - Housing Inspection & Compliance — Budget Page B & I -113 (Volume II)  
Budget Account 101-3845

E-900 Trans Frm Housing Inspec & Compl to Housing Div — Page B & I-117

E-901 Trans Frm Housing Inspec & Compl to Housing Div — Page B & I-117

E-903 Trans Frm Housing Div to Housing Inspec & Compl — Page B & I-118

B&I - Account for Low-income Housing — Budget Page B & I-99 (Volume II)  
Budget Account 101-3838

E-902 Transfer From Low Income Housing To Housing Div — Page B & I-99

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MICHAEL HOLLIDAY (Chief Financial Officer, Nevada Housing Division, Department of Business and Industry):

Decision unit E-225 in B/A 503-3841 pertains to a cost of issuance alignment. This adjustment reflects the forecast of bond issuance for the 2021-2023 biennium. The forecast for fiscal year (FY) 2021-2022 and FY 2022-2023 is lower than it has been in the past. We are trying to be more accurate with the bond issuance forecasts.

In December 2020, Congress passed the Taxpayer Certainty and Disaster Tax Relief Act of 2020. This legislation established a 4 percent floor for the multifamily affordable housing bond tax exemption. When we built this budget proposal, that legislation had not yet been passed. We expect more affordable housing production through the bond program moving forward. We expect to go before the Interim Finance Committee and ask for additional budgetary authority based on the construction of new affordable housing. This is the impetus for decision unit E-225.

Decision unit E-710 in B/A 503-3841 pertains to the standard equipment replacement schedule as prescribed by the Department of Administration's Division of Enterprise Information Technology Services (EITS). Decision unit E-710 funds five new personal computers in FY 2021-2022. It funds one server and two switches in FY 2022-2023. These are standard upgrades per EITS recommendations.

E-710 Equipment Replacement — Page B & I-94

The most significant opportunity in this budget is the realignment of positions across our budget accounts. The realignment will not change the budget authority the NHD is asking for. The realignment will instead provide a standardized cost accounting structure with a centralized hub of indirect expenses allocated to direct programs. The realignment will leave us with budget accounts that have direct personnel only. Budget account 503-3841 would be the exception, as it would be where we consolidate all indirect cost expenses.

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This will provide a clearer path for auditors. If someone is auditing a federal program in B/A 101-3838, the associated payroll will also be in B/A 101-3838. Indirect expenses would be traceable to one location, B/A 503-3841.

The realignment will also provide a clearer picture of the NHD's programmatic business functions. Budget account 101-4865 deals strictly with housing weatherization.

B&I - Weatherization — Budget Page B & I-108 (Volume II)  
Budget Account 101-4865

Budget account 101-3838 addresses federal and State housing grants. Budget account 101-3845 addresses housing inspection and compliance. Budget account 503-3841 would contain the NHD's indirect expenses and the bond program for the Division. These indirect costs would be allocated to the direct functions.

Decision unit E-900 in B/A 503-3841 would move the NHD's administrative staff from B/A 101-3845 to B/A 503-3841. The associated staff positions handle the widely dispersed support functions of the Division. The budget account the positions are currently located in, B/A 101-3845, pertains to housing inspection and compliance. The staff positions' actual duties are not specific to inspection and compliance. The positions provide administrative support for the entire Division. We are proposing to move the positions to B/A 503-3841. Their time would then be allocated to direct functions. The information technology (IT) professional III position is similar. The position provides IT support for the whole Division. It is an indirect cost for everyone.

Decision unit E-901 in B/A 503-3841 moves the Affordable Housing Advocate from B/A 101-3845 to B/A 503-3841. The position should be moved to B/A 503-3841 because it provides constituent support for all NHD programs. The Affordable Housing Advocate is not a direct cost in a program, but an indirect cost for the Division as a whole. Putting the position in B/A 503-3841 would allow us to allocate the time it spends on various NHD programs.

Decision unit E-902 in B/A 503-3841 pertains to the federal Home Investment Partnership (HOME) program and two grants and projects analyst positions. The

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HOME program is the only federal grant program in B/A 503-3841. The other grant programs are in B/A 101-3838. We want to move the HOME program to B/A 101-3838 for better alignment. One budget account would contain direct costs for the NHD's grant programs.

Decision unit E-903 of B/A 101-3841 splits a portion of membership dues for the National Council of State Housing Agencies (NCSHA). Budget account 101-3841 would pay for 75 percent of NCSHA costs, and B/A 101-3845 would cover 25 percent of membership costs. When NHD merged with manufactured housing during the Seventy-ninth Session, the inspection and compliance budget account oversaw compliance for low-income housing tax credits. Inspection and compliance functions benefitted from NCSHA membership. The membership provided robust practices and policies. It also allowed inspection and compliance staff to discuss low-income housing tax credit compliance with peers across the United States. The pandemic has reminded us why NCSHA membership is important.

Staff positions in B/A 101-3845 work on tax compliance. People holding the positions usually conduct physical inspections of properties receiving tax credits. The pandemic required these staff positions to determine alternatives to in-person visits. The forum provided by the NCSHA allowed our team to interact with peers across the country to determine best practices during the pandemic. The forum also allowed staff to stay current with federal legislation. Staff were able to discuss inspection plans and whether to conduct inspections with federal regulators. They also discussed the timing of inspections. Decision unit E-903 allocates membership dues to a function that benefits from organizational membership.

ASSEMBLYWOMAN PETERS:

Can you explain the 25 percent match the State provides for the HOME program? What is the NHD doing to create that match?

MR. HOLLIDAY:

The State maintains the Account for Affordable Housing Trust Fund (AAHTF), formerly known as the Low Income Housing Trust Fund. The fund receives a portion of the real property transfer tax. Tax revenues go into B/A 101-3838. The AAHTF was designed to be the State match for the HOME program.

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The AAHTF has the same guidance as the HOME program and mimics its functions. This would actually align the HOME program with the same budget account as the AAHTF. That provides clarity. The AAHTF provided dollars to communities to match federal aid.

ASSEMBLYWOMAN PETERS:

I believe the HOME program offers additional matches through nonmonetary means. I am curious as to whether the AAHTF offers nonmonetary matches, and whether NHD staff could leverage those matches.

How does the workload of HOME program staff compare to the workload of other staff in B/A 101-3838? The HOME program has two grant analyst positions.

MR. HOLLIDAY:

Are you comparing the workload in the HOME program to the AAHTF or other grant programs in general?

ASSEMBLYWOMAN PETERS:

I am looking at the two grant analyst positions supporting the HOME program. Can you discuss the difference between the workload requirements for those two grant analyst positions and the requirements for other staff in B/A 101-3838?

MR. HOLLIDAY:

The HOME program's grant project analyst positions also work on other grant programs. We have a total of three grant project analyst positions that serve all federal and State grant programs. Under the current budget framework, we have to take portions of their time and allocate that to B/A 101-3838 when the positions assist with the AAHTF, funding under Section 8 and Section 811 of the Housing Act of 1937, national housing trust funds and other funding sources in B/A 101-3838.

By moving these two positions over to B/A 101-3838, costs would be direct. We would use all three grant project analyst positions and more directly allocate their time across all federal and State grant programs.



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ASSEMBLYWOMAN PETERS:

To clarify, would the two grant project analyst positions provide support for other NHD programs under this transfer?

MR. HOLLIDAY:

Yes.

CHAIR BROOKS:

We will move to B/A 101-3845, which pertains to housing inspection and compliance.

MR. HOLLIDAY:

Decision unit E-710 in B/A 101-3845 represents the standard EITS-recommended replacement for computers and software. For this budget account, seven personal computers are replaced in FY 2021-2022 and two personal computers are replaced in FY 2022-2023. This is standard.

#### E-710 Equipment Replacement — Page B & I-115

Decision units E-900, E-901 and E-903 in this budget account are the reciprocal transfer units for the positions transfers between B/A 101-3845 and B/A 503-3841. Administrative staff positions and an IT professional position are moved from B/A 101-3845 to B/A 503-3841. The Nevada Housing Advocate is moved from B/A 101-3845 to B/A 503-3841. Decision unit E-903 in B/A 101-3845 pertains to the partial transfer of NCSHA funds from B/A 503-3841.

ASSEMBLYWOMAN GORELOW:

In decision unit E-900 of this budget account, how will the transfer of the chief housing assistant position from B/A 101-3845 to B/A 503-3841 affect the position's duties and responsibilities?

MR. HOLLIDAY:

The duties and responsibilities of the position will not change. This is a realignment of positions depending on whether they constitute direct or indirect expenses.

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ASSEMBLYWOMAN GORELOW:

Would the transfer of the three administrative positions to B/A 503-3841 result in additional administrative duties being performed by manufactured housing inspectors, investigators and program management personnel?

MR. HOLLIDAY:

No, the responsibilities of those staff members would not change. The individuals holding these positions would not notice they were moved to different budget accounts, unless they notice changes on their timesheets. The transfers will not result in any operational changes for the NHD. This is an accounting clean up. The transfers create a more traditional cost accounting structure.

ASSEMBLYWOMAN GORELOW:

Would the administrative assistant position continue to cross-train with the various business processes across the NHD?

MR. HOLLIDAY:

Yes. The positions would continue providing support for the NHD. The positions would be in B/A 503-3841 if the budget is approved, and they could allocate some of their time back to B/A 101-3845 if they are performing cross-training functions, title support, duties from the manufactured housing unit or inspection and compliance in any budget accounts. We are providing greater flexibility for these staff positions by having them located in B/A 503-3841. These positions would be able to serve all of NHD via one outward cost allocation, as opposed to requiring multiple cross-allocations.

ASSEMBLYWOMAN GORELOW:

It seems the staff positions would have more flexibility.

SENATOR DENIS:

Will the transfer of the IT professional position from B/A 101-3845 to B/A 503-3841 change any of the position's duties?

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MR. HOLLIDAY:

There will be no change to the IT professional position's duties. The position would continue to serve all of the NHD from B/A 503-3841 instead of B/A 101-3845.

SENATOR DENIS:

Does the NHD only have one IT professional position?

MR. HOLLIDAY:

Yes, but the B&I has IT staff that supports the NHD.

SENATOR DENIS:

Does the NHD have offices in southern Nevada, or just in northern Nevada?

MR. HOLLIDAY:

We have offices in both northern Nevada and southern Nevada.

SENATOR DENIS:

Where is the IT professional position specific to NHD located?

MR. HOLLIDAY:

The position is located in northern Nevada.

SENATOR DENIS:

Do IT staff members from the B&I support your southern Nevada offices?

MR. HOLLIDAY:

Yes.

ASSEMBLYWOMAN MILLER:

Would the transfer of the Nevada Housing Advocate from B/A 101-3845 to B/A 503-3841 have any impact on the duties or activities performed by the Nevada Housing Advocate?

MR. HOLLIDAY:

There would be no changes to the Nevada Housing Advocate's responsibilities or oversight functions. The Nevada Housing Advocate assists constituents

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across all NHD programs. Locating the Nevada Housing Advocate in B/A 503-3841 would allow us to proportionally allocate its costs in an even manner. There would be no change to oversight or duties.

CHAIR BROOKS:

We will move to B/A 245-4130, which pertains to the Taxicab Authority (TA).

B&I - Taxicab Authority — Budget Page B & I-157 (Volume II)  
Budget Account 245-4130

SCOTT WHITEMORE (Administrator, Taxicab Authority, Department of Business and Industry):

This is my last week in State service, as I am transitioning to the private sector.

The Taxicab Authority is funded by fees. We do not receive General Fund dollars. We are funded by the licensees we regulate. The Taxicab Authority oversees Clark County's taxicab industry. The *Nevada Revised Statutes* (NRS) defines the TA as a law enforcement agency. We are really a regulatory and public safety agency.

The Taxicab Authority performs three main functions. The first function is permitting drivers. All taxicab drivers go through an FBI fingerprint process and a local background check. The second function is inspecting vehicles. Each vehicle is inspected annually, at minimum. Inspections may also occur if vehicles install new meters or other modifications.

Our enforcement consists of routine patrols. We also conduct targeted investigations and impoundment. The taxicab industry in Clark County is composed of 3,530 medallions and 16 taxi companies. There are 6,000 active drivers. Before Covid-19, in FY 2018-2019 there were 15.8 million rides. In FY 2019-2020, that number dropped to 10 million rides due to the pandemic.

Taxis remain an essential mode of frontline transportation. Because they are considered an essential service, they were not affected by the Governor's shutdown orders in March 2020. Taxis performed essential services admirably. They conducted over 3 million rides after the March 2020 shutdown orders. Though tourists disappeared from the Las Vegas Strip, many local rides

needed to take place. The rides were for medical services, visits to grocery stores and so forth. Taxi drivers were on the frontlines. Our enforcement and vehicle inspection staff members maintained their posture throughout the pandemic. I am proud of their efforts.

Taxis remain some of the most efficient instruments for moving large numbers of people. After large shows, taxis can be cued quickly, allowing them to move expeditiously.

The TA believes autonomous vehicles will be coming to the mass market in Las Vegas. You may have seen articles about autonomous vehicles already operating in Nevada. Both taxis and ridesharing services will use that mode of operation in the future.

Unlawful passenger transportation occurs when a ride is given by a driver without proper certification. This happens several times per night in Clark County. The TA's staff are focused on this problem. In 2019, the TA Board authorized zone-based pricing. That curtailed unlawful long-hauling activities, which were the focus of the TA for decades. We shifted our focus to unlawful passenger transportation. I have previously spoken to legislators to discuss how often unlawful passenger transportation takes place, how ugly it can become and potential risks to passengers. The TA considers this a priority.

The pandemic had several impacts on the TA. We started the fiscal year with a reserve of \$4.5 million. The reserve is projected to be \$2.5 million by the end of FY 2020-2021. These are projections. Page 8 of [Exhibit B](#) shows trip data for FY 2018-2019, FY 2019-2020 and projections for FY 2020-2021. The page shows there were 15.8 million rides in FY 2018-2019. After the Governor instituted emergency orders in March 2020, the number of trips declined from April 2020 to June 2020.

We went from 15.8 million trips FY 2018-2019 to about 10.2 million trips in FY 2019-2020. This is significant because one of the TA's main sources of revenue is the trip charge. As trips declined, so too did revenue from trip charges. We are still in an environment of reduced tourist activity, but the TA is hopeful. We believe Las Vegas, southern Nevada and the State will snap back. It is a matter of how quickly the trips rebound. I am confident the picture will

improve in FY 2021-2022. We must generate 14 million trips for revenues to match expenditures.

Page 9 of [Exhibit B](#) lists enhancement units for B/A 245-4130. The number of staff positions in the TA is reduced from 39 positions to 36 positions. Decision unit E-600 in this budget account eliminates one vacant public safety dispatcher III position and one vacant vehicle inspector position.

#### E-600 Budget Reductions — Page B & I-160

The public safety dispatcher III position covered a graveyard shift. The Taxicab Authority is no longer operating after midnight. We do not have the staff or budget to cover that breadth. Because of this change, the dispatcher position is no longer needed. The TA still has one supervisor position helping fill that role, along with four dispatcher positions that cover enforcement from 6:00 a.m. to midnight, seven days a week.

The workload did not justify retaining the vehicle inspector position. The TA still budgets for four vehicle inspector positions that conduct annual vehicle inspections. We made a significant change to the way accidents are reported. The vehicle inspectors originally drove across the Las Vegas Valley for every minor accident, including bumper taps. We changed that reporting process. The position elimination increases efficiency. We do not need this position, and it is already vacant.

Decision unit E-710 in B/A 245-4130 funds a standard equipment replacement. Decision unit E-711 in this budget account funds a new server. In decision unit E-900 in B/A 245-4130 one IT professional position is being transferred from TA to the B&I's Director's Office, B/A 101-4681.

E-710 Equipment Replacement — Page B & I-161

E-711 Equipment Replacement — Page B & I-161

E-900 Transfer from Taxicab Authority to Administration — Page B & I-162

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B&I - Business and Industry Administration — Budget Page B & I-15 (Volume II)  
Budget Account 101-4681

E-900 Transfer from Taxicab Authority to Administration — Page B & I-20

The IT professional position will be located in southern Nevada. The Taxicab Authority will still be able to use the position. The IT professional position's time will be cost allocated when it performs services for the TA. Rather than the TA paying for a full-time IT professional position, it gets the work it needs and all of the B&I is able to benefit from the position's services.

SENATOR GOICOECHEA:

You say you are going to eliminate the graveyard shift. You also talk about the increase in unlawful rides. Do you think operators of unlawful taxi services will recognize the TA does not have graveyard enforcement? Will they prey on individuals as a result?

MR. WHITEMORE:

The Taxicab Authority and the Nevada Transportation Authority (NTA), which both cover unlawful passenger transportation, are constrained by staff levels and budgets. The reality is there is a risk after midnight.

With respect to whether operators of unlawful taxi services know we do not conduct enforcement after midnight, I do not know that to be the case. The TA shifts enforcement timelines from time to time. We will conduct enforcement on a targeted basis after midnight so unlawful operators do not sense that there are no boundaries. After 3:00 a.m., the city usually goes quiet.

Senator Goicoechea points out a substantial risk. Unlawful passenger transportation occurs at all hours of the day. The Taxicab Authority and the NTA discuss this issue and work closely together. There are great staff members who work to track unlawful rides. This is something the TA will continue to focus on. From an enforcement standpoint, we need to conduct target efforts after hours. That will prevent operators of unlawful rides thinking that no enforcement is provided after midnight.

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SENATOR DENIS:

In decision unit E-710 of B/A 245-4130, it looks like most of the TA's computer replacements take place in FY 2021-2022. Is that correct?

MR. WHITTEMORE:

Yes. Fiscal year 2021-2022 is reflected in decision unit E-710.

SENATOR DENIS:

It looks like there are several replacements in FY 2020-2021, but not many in FY 2022-2023. The TA seems to replace most equipment at once.

MR. WHITTEMORE:

It is a stepped process. I do not want to give the impression TA replaces all equipment at once. The equipment becomes obsolete over time and needs to be replaced. It just so happens that much of the scheduled equipment replacement takes place in FY 2021-2022.

CHAIR BROOKS:

Does the TA believe the elimination of two vacant positions and the transfer of one IT professional position will provide financial solvency beyond the 2021-2023 biennium? Does the TA believe future budget reductions will be necessary?

MR. WHITTEMORE:

The Taxicab Authority is funded by fees. I do not believe the TA can cut staff levels below the 36 positions recommended in this budget. During the Eightieth Session, the TA went from 54 positions to 39 positions. The Executive Budget recommends the TA go from 39 positions to 36 positions. The three primary functions of the TA are permitting, vehicle inspections and enforcement. It is at a bare bones staff level in terms of conducting these functions and protecting the public. This is a matter of revenues. The TA believes it cannot cut its way to financial solvency. Legislators passed Senate Bill (S.B.) No. 539 of the 80th Session, which included a stepped increase to the medallion fee. The TA worked jointly with the taxi industry to increase fees and help create long-term solvency.



We are looking at when trips rebound. If trips rise to 14 million, the TA will be solvent on a year-over-year basis. Problems arise below a 14 million ride level. Creating these forecasts is difficult. We do not know what ridership levels will be long-term. Discussions with the taxi industry have been positive. These discussions have been held privately and publicly. Private conversations have been held between myself and key stakeholders. Public conversations have been with the TA's five-member board. The Board members have been forthright in their belief that TA needs to be funded long-term. Board members have consistently stepped forward to ask how the TA can best be funded moving forward.

During the Eightieth Session, the medallion fee increase was passed with no opposition from the taxi industry. Discussions about the taxi industry supporting a bill to increase the trip charge are underway. The Taxicab Authority's main revenue source is the trip charge. Those industry efforts are ongoing. We are doing our best to meet with industry stakeholders. The TA had to be measured during this budget cycle due to where the taxi industry is.

The cuts proposed in the current budget are necessary. They do not hurt the TA's ability to operate. Additional cuts to TA will hurt its ability to operate. If budget shortfalls continue, revenue shortfalls will need to be addressed. On a positive note, the taxi industry has signaled interest in balancing our expenditures and revenues.

MR. REYNOLDS:

Administrator Whittemore has ridden the wave of the economic downturn to ensure TA remained effective. The system through which we fund the TA is outdated. We need to look at a base funding level to maintain basic TA operations. It is imperative the TA can meet the taxi industry's basic needs. As the economy grows, the TA needs revenue to ensure it can hire staff and adjust to industry trends. We need to take an overall look at our revenue picture. Revenues from the technology fee can only be applied to a narrow range of expenses. The TA needs to look at expanding trip fees to ensure base funding.

We thank legislators for what they did with medallion fees during the Eightieth Session. A mixture of revenues is essential for maintaining base

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operations. The TA does much without abundant resources. There is a budget floor we need to establish to keep the TA and taxicabs running in Las Vegas.

CHAIR BROOKS:

We can see from the budget trends that something needs to be done for the TA's sustainable operation. It seems you identified some strategies for moving forward. There are only a few levers to pull. The TA needs more rides. We all believe more rides are coming. It looks like trip charges and technology fees are the only ride-based levers left to pull.

MR. WHITEMORE:

Director Reynolds brings up an important point on the technology fee. There was a change to statutory language in Assembly Bill (A.B.) No. 487 of the 79th Session. The language originally said the technology fee "must" be used to implement technology improvement and safety. The legislation changed the word "must" to "may," making the policy more discretionary.

The Subcommittees may decide to broaden the use of the technology fee. Legislative history points to a trend of the technology fee being broadened. It is something the taxi industry has discussed. The technology fee is not set in NRS. It is at the TA Board's discretion. The TA Board is able to change rates between legislative sessions, and is not limited by the biennial calendar. The TA Board would consider any legislative actions broadening the use of the technology fund.

In the past, statutory language related to the technology fee was narrowly construed. If the Subcommittees were to say the opposite and decided the technology fee could fund general TA operations, there is legislative history indicating that trend.

ASSEMBLYMAN HAFEN:

Is the TA considering an increase to fines and penalties for unlawful rides? That would deter individuals and generate revenue.

MR. WHITEMORE:

Historically, the TA's main sources of funding were long-hauling fines. We wrote over 3,000 citations for long-hauling from 2013 to 2020.

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Long-haul violations were the TA's focus, and provided a constant revenue stream. The institution of zone-based pricing curtailed long-hauling. That has affected TA revenues.

Unlawful passenger transportation and the associated impoundment process carry significant fines. We can and do levy fines of several thousand dollars against offenders. Vehicles are the collateral instruments used to get individuals to pay fines. It is challenging when the worth of a given vehicle is less than the fine amount. In these cases, offenders choose to leave vehicles in impound.

This is not civil forfeiture. The TA does not sell impounded vehicles for proceeds. Vehicles are impounded by third parties. If individuals do not pay fines, the impounder sells the vehicle.

We have found the penalties are not being paid by many of these bad actors. There are also individuals who pay \$5,000 or \$10,000 fines in cash because they do this so often. We recently met with the FBI to discuss this issue and associated organized crime. We meet with the Las Vegas Metropolitan Police Department, also known as Metro, to discuss the organized crime element. Individuals consistently walking in with \$5,000 fines in cash indicates potential criminal activity. This potentially includes prostitution and narcotics-based activities. The TA is working with Metro, the FBI and anyone else we can. The fines are significant and contribute to TA revenues, when they are paid.

ASSEMBLYMAN LEAVITT:

Does the Department of Public Safety (DPS) have a separate budget outside the TA to assist with enforcement? Do they work strictly under the TA's budget? There is a dedicated law enforcement workforce that goes after limousines, taxis and Uber drivers operating outside of regulations. Is DPS enforcement in a separate budget item or do they fall under the TA?

MR. WHITEMORE:

The TA has 15 law enforcement staff members. They are certified by the Peace Officers' Standards and Training Commission as Category II officers under NRS 289.470. The NTA has a similar force. We work in a concurrent jurisdiction. Anytime a nonpermitted limousine, bus, shuttle, taxi or personal

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vehicle provides unlawful services, the TA and the NTA have concurrent jurisdiction.

The TA's 15 law enforcement officers are funded in B/A 245-4130. The NTA's officers are funded in B/A 101-3922. The agencies work together. The NTA's traditional scope is limousines, shuttles, buses and tow trucks. The TA's traditional scope is taxis. But anytime there is a gray area where illegal activities are occurring, both of our agencies have jurisdiction.

B&I - Nevada Transportation Authority — Budget Page B & I-169 (Volume II)  
Budget Account 101-3922

ASSEMBLYMAN LEAVITT:

You are reducing your budget by eliminating the public safety dispatcher III position for the graveyard shift and the vehicle inspector position. The graveyard shift is when most unlawful activities take place, especially in southern Nevada.

With revenue reductions, how is the TA going to reconcile its budget? It seems like it lost half its budget in FY 2019-2020. How will reconciliation be approached given an uncertain future? It seems TA is not cutting enough to justify or to reconcile its books for FY 2020-2021. Are you going to use law enforcement outside the TA's purview to pick up slack?

MR. WHITEMORE:

We are presenting a budget in which estimated reserves decline to \$2.5 million by the end of FY 2020-2021. The reserve reduction may decrease as trips rebound. It is up to the Senate Committee on Finance and the Assembly Committee on Ways and Means to decide how large or small reserves for State agencies are. The budget is projected to decline along with the reserves because the revenues in place are not balanced with expenditure forecasts.

The Taxicab Authority would see revenues balanced with expenditures if 14 million rides are given. If there are fewer than 14 million rides, the reserve will continue to be drawn down. The taxi industry recognizes we need a long-term flexible funding structure. One proposal the taxi industry has is a trip

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charge increase. Another proposal is to increase the technology fee and expand the fee's scope.

We need increased staff levels for the graveyard shift. We have staff in place to work from 6:00 a.m. to midnight, seven days a week. We work on a targeted basis after midnight. I think legislators recognize the risks present after midnight. This is something both the TA and the NTA wrestle with. The reality is based on what the industry can bear. We want to be measured in our approach since we are fee funded.

Taxi cab rides have been impacted by ridesharing. Rideshare services, since 2015, have taken some of the taxi industry's share in every jurisdiction across the United States. Taxis have had to respond. We need to be careful in how we approach revenue structures. The taxi industry came forward saying it can bear a little bit more because TA enforcement matters.

The TA is working with other jurisdictions. We will continue to meet with Metro's traffic, organized crime and vice squads. We will continue to meet with the FBI and any government agency to reduce risks.

The budget is in a good place for our 36 staff members. From the perspective of recruitment and retention, public servants become concerned when budgets are unstable. Director Reynolds and I have worked to assure our civil servants that budgets are in place, with tweaks required each biennium. We are working with the taxi industry on what tweaks need to be made for the 2021-2023 biennium.

ASSEMBLYMAN LEAVITT:

Are you reconciling the budget with reserve funds?

MR. WHITEMORE:

Yes. Over the past year, the reserve reduction was \$2 million. That was significant. I do not know where we would be without reserves. Over the 2021-2023 biennium, there will continue to be a reserve. The question is how much the drawdown will have to be. The Taxicab Authority is looking to reach the 14 million ride level.

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Our funding forecast is based on partial reductions of the reserve account. The taxi industry has stepped forward with ways to increase revenue.

MR. REYNOLDS:

As B&I Director, I work with our Division of Industrial Relations and our safety training consultation team on event approval. We have been working on large event applications. The rate of event applications is rising. The World of Concrete conference is coming back to southern Nevada. We are looking at volleyball tournaments, conventions and carnivals.

These events will present challenges, but they will also increase trip revenue. We see trip revenues coming back, albeit at a slower pace. We have approved almost 600 new events over the last several months, and are actively working on them. We have several in the queue that we are going over. We are working with the Gaming Control Board, the Southern Nevada Health District, Clark County and different local entities to be able to get these events going again. Southern Nevada has a large upcoming event pipeline. It might not be visible right now, but we are seeing an uptick in that. We expect that will translate into more trips and revenues for the TA and the NTA.

ASSEMBLYWOMAN GORELOW:

How would an increase in the trip charge affect competition between the taxi industry and rideshare services? Will an increase make people more likely to use rideshare services instead of taxis?

MR. WHITEMORE:

The trip charge is a direct pass through to customers. The charges and fees are set by the TA. Even if the trip charge or technology fee were to increase, it does not increase with regard to what rideshare services are charging.

Taxis would not be charged out of the market. Fees and amounts are set by the TA Board, especially as they relate to zone-based pricing. Zones use flat fares. We instituted flat fare pricing for taxi travel from McCarran International Airport to the Las Vegas Strip and back. Trips between the McCarran International Airport and the Las Vegas Strip constitute much of the zone-based rideshare. The flat fare structure means the attractiveness of taxis to consumers will not be diminished.

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SENATOR DENIS:

You are transferring an IT professional position from the TA to the B&I's Director's Office. Do you have 12 agencies and divisions in the B&I being supported by IT staff?

MR. REYNOLDS:

We have one existing IT staff position in southern Nevada. The transfer will ensure two IT positions are in southern Nevada.

We will have two IT staff members to support the B&I functions in southern Nevada. We have a consolidated IT team in the Director's Office. We have additional people in the Director's Office who serve the B&I functions in northern Nevada. They can work online with the B&I functions in southern Nevada. The two staff positions will have help from northern Nevada staff.

Having two IT staff positions in the Las Vegas area will give the B&I more flexibility to serve divisions and agencies located in the Nevada State Business Center. The positions will also be able to assist the TA. This arrangement benefits TA. Instead of having only one staff member who is specific to the TA's needs, it would have the knowledge of several Director's Office IT staff members familiar with all B&I functions. The TA would not fund the position directly out of its budget.

SENATOR DENIS:

How many users do you have in Las Vegas?

MR. REYNOLDS:

About 66 percent of the B&I's workforce is in southern Nevada. That is just over 400 people. The Division of Industrial Relations has two IT staff positions, with one position in northern Nevada and the other in southern Nevada. There is a programmer position in the southern Nevada office that works on workers' compensation and associated software. The Division of Industrial Relations has its own IT staff members, and we are able to use their expertise. Needs may encompass software installation, and assistance with servers and communications technology.

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SENATOR DENIS:

State agencies have more resources now. In the past, agencies had most IT staff positions based in northern Nevada. The few IT staff in southern Nevada had a large base of users to support. That is why I looked at the transfer in this budget account. I had some concerns that a majority of the B&I staff are in southern Nevada while most IT staff members are in northern Nevada.

How would the transfer of the IT professional position from the TA to the Director's Office impact implementation of phase 3 of your records management system?

MR. WHITEMORE:

Phases 1 and 2 of the records management system have been fully implemented. During this process, the TA relied on the expertise of the B&I's IT infrastructure. Several people participated in the implementation and shared years of IT experience.

We are looking at deferring phase 3 of the records management system. Phase 3 is considered a luxury at this point. We will come back to phase 3 if and when the budget allows for it. Phases 1 and 2 constituted the backbone of the implementation. Today, all field investigators and inspectors in the TA have iPads that are plugged into a centralized records management system. Staff members generate field citations and vehicle changes that can be printed from their cars. The Taxicab Authority joined the Twenty-first century through phases 1 and 2 of the records management system. I am confident the TA can rely on the B&I's IT staff positions. The Taxicab Authority has received much support from the B&I's IT staff positions.

SENATOR DENIS:

Does the TA have the funding to implement phase 3? Is it a problem of staffing?

MR. WHITEMORE:

We have the funding. It is a matter of finding out when the best time for phase 3's implementation is. Phase 3 of the records management system encompasses a customer-facing portal. The intent is for the taxi industry to access the portal, send TA documents and look up drivers' files.



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We spoke about a driver permitting process in phase 3. That is not realistic because we are legally obligated to obtain FBI fingerprints from drivers. Drivers also have to be in the building when we conduct background investigations. Because of these factors, the driver permitting process cannot be done online. The TA is committed to a thorough vetting process. We know what the backgrounds of drivers are. Our permitting process reflects that.

Phase 3 of the records management system has shifted in what it will be. As a customer-facing portal for licensees, I think it has value. But there are other things we have to fund in the meantime.

SENATOR DENIS:

In order to implement phase 3 of the records management system, would the TA have to reacquire an IT professional position?

MR. WHITTEMORE:

No. The existing support structure is more than enough for the project. We know the software vendor, TruePoint Solutions, and have a good relationship with the company. If and when we need IT support, I am confident we will get it.

CHAIR BROOKS:

We move to B/A 101-3900.

B&I - Labor Commissioner — Budget Page B & I-181 (Volume II)  
Budget Account 101-3900

MR. REYNOLDS:

The Office of Labor Commissioner has a General Fund budget. The General Fund divisions in the B&I faced a 23 percent cut to meet the goals of the Officer of the Governor's Office of Finance (GFO). These cuts translated to about \$263,000 from the OLC. That was tough for the OLC to absorb.

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SHANNON CHAMBERS (Labor Commissioner, Office of Labor Commissioner,  
Department of Business and Industry):

I have been the Labor Commissioner since 2014. The Office of Labor Commissioner is a General Fund agency, and it adapts to the directives of Governor Sisolak and the Legislature.

The Office of Labor Commissioner has several major responsibilities. It enforces private sector employment laws. It enforces regulations on the minimum wage, overtime, breaks and lunches. The Office enforces laws regarding deductions, employment practices and the employment of minors. The other side of the OLC's responsibilities encompasses public works projects, prevailing wage standards and the Apprenticeship Utilization Act (AUA). We issue public works project numbers, calculate the prevailing wage, enforce the AUA on public works projects and investigate AUA violations. The OLC imposes AUA penalties and occasionally disqualifies contractors from working on public works projects due to noncompliance.

The Office of Labor Commissioner licenses private employment agencies. Private employment agencies are also known as temporary staff agencies. There is a bill affecting temporary staff agencies, S.B. 55.

**SENATE BILL 55**: Revises provisions governing the licensing and regulation of employee leasing companies. (BDR 53-317)

The Office of Labor Commissioner submitted a friendly amendment to S.B. 55, which would bring the licensing of temporary staff agencies under the OLC's purview. This transfer is meant to align the regulation of temporary staff agencies with the regulation of private employment agencies. It seems to be a better fit. Senate Bill 55 is going through the legislative process.

Since 2014, claims and complaints have increased. Claims and complaints have increased during periods of economic growth and recession. During the Covid-19 pandemic, claims have continued to increase as individuals are laid off from employment. Those layoffs roll into potential claims and complaints to the OLC.

Page 10 of [Exhibit B](#) shows OLC statistics for the 2019-2021 biennium. The Office collected over \$2 million for claimants and imposed \$465,370 in wage penalties. Penalty revenues either go directly to claimants or to the General Fund, depending on how collectable they are. The Office of Labor Commissioner also imposes penalties on public works projects and processes prevailing wage claims. The OLC imposed \$149,908 in prevailing wage penalties. These dollars go directly to the General Fund. The OLC collected \$423,470 in administrative penalties and fines, with these dollars going to the General Fund.

Over \$300,000 in administrative penalty fees have been collected in FY 2020-2021, as of March 15, 2021. These penalties are related to general claims and complaints. These dollars go the General Fund. The OLC Commissioner handles licensing of private employment agencies. During the 2019-2021 biennium, the OLC licensed 384 private employment agencies. The Office issued 1,573 public works project numbers. In good news, the pandemic has not severely impacted the public works figures. Projects are still being completed. Schools are still being built. Highways are still being built.

Page 11 of [Exhibit B](#) lists enhancement decision units for B/A 101-3900. As a General Fund agency, the OLC complied with GFO directives and proposed the associated cuts and modifications. Decision unit E-550 in B/A 101-3900 pertains to workforce manager software for public works projects, prevailing wage and the AUA. Decision unit E-550 would give the OLC software to better assess public works projects, evaluate apprenticeship utilization, review certified payroll reports and provide regional workforce assessments for public works projects. Senate Bill No. 232 of the 80th Session authorized the OLC to pass regulations providing for the electronic reporting of wages on public works projects. The OLC implemented that through regulations passed in 2020. The workforce manager software will help with monitoring public works projects.

#### E-550 Technology Investment Request — Page B & I-183

Decision unit E-680 in B/A 101-3900 holds an administrative assistant II position vacant in FY 2021-2022, and allows the position to be funded at 25 percent in FY 2022-2023. Decision unit E-680 holds an administrative

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assistant III position vacant in FY 2021-2022, and allows it to be filled in FY 2022-2023.

#### E-680 Staffing and Operations — Page B & I-183

Decision unit E-805 in B/A 101-3900 would reclassify a vacant administrative assistant II position to a compliance audit/investigator II position. The Office of Labor Commissioner has nine investigators throughout Nevada. That figure includes the chief investigator position that supervises and monitors the other investigators. The Labor Commissioner and deputy labor commissioner positions assist the chief investigator. The nine investigators handle a large caseload. We are managing this caseload. The Office of Labor Commissioner implemented an online case tracking and case entry system beginning in 2015. Over 90 percent of our claims and complaints are being entered online. All investigators have tablets so they can conduct duties in the field electronically. We adapted our technology and tried to implement efficient processes.

#### E-805 Classified Position Changes — Page B & I-184

CHAIR BROOKS:

How have the existing vacancies of the two administrative assistant positions referenced in decision unit E-680 affected the OLC's operations? What will the impacts of holding the positions vacant be?

MS. CHAMBERS:

Existing staff members will have to do more, including myself. Administrative duties include answering phones, case setup and other basic tasks. They will also include in-person assistance when pandemic restrictions are eased. The OLC is running lean as it is. Any position reductions will have an impact. As Labor Commissioner, I will do anything I can do lessen the impact.

CHAIR BROOKS:

The OLC aims to process wage claim requests within 90 days. Does the OLC anticipate having enough resources to continue completing requests in 90 days? How will the vacancies affect the processing of wage claims?

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MS. CHAMBERS:

The OLC is focused on meeting the 90-day target. The deputy commissioner and I have taken cases to help meet that target. If the workload continues to increase, it may take longer than 90 days to process cases. Staff will have to handle larger caseloads and more investigations. There is a point where there will not be enough investigators to handle all of the cases coming in.

ASSEMBLYWOMAN MILLER:

Would reclassifying the administrative assistant II position as a compliance/investigator position allow the OLC to meet the increased workload?

MS. CHAMBERS:

The reclassification will help. Since I have been Labor Commissioner, new responsibilities have been placed on the OLC during each legislative session. During the Eightieth Session, 13 bills affected the OLC. The position reclassification will help. It will not solve everything.

ASSEMBLYWOMAN MILLER:

Can you discuss what the plan is if the position reclassification is not approved? How would the OLC address the increased workload?

MS. CHAMBERS:

The Office of Labor Commissioner would make a new plan. It would see how much more work investigative staff positions could handle and look for other ways to increase efficiency. We would have to work to address that situation.

One of the things I have never wanted to do as Labor Commissioner is fall behind. We want to stick to the 90-day target. People who are filing wage claims need to be paid. Their claims need to be addressed. The OLC would come up with a plan to remain within the 90-day target. Investigators average between 400 cases to 500 cases per fiscal year. That is a large caseload for an investigative staff. We would find a way to address not attaining the position reclassification.

The position reclassification will help in terms of direction and addressing current and future workloads.

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ASSEMBLYWOMAN MILLER:

What is the ideal staff member to caseload ratio?

MS. CHAMBERS:

Ideally, each staff member would handle 200 to 250 cases. That is still a large caseload, but it would be ideal. Some of these cases are complex. The evidence is not always clear. The cases are often more complex than reviewing a basic wage claim and contacting employers. Some cases exceed 90 days for a variety of reasons. There is a due process element here. We cannot speed through cases.

ASSEMBLYWOMAN GORELOW:

How do the labor certified payroll compliance tracker and workforce manager software systems assist the OLC in managing the workload with the recommended staffing levels for the 2021-2023 biennium?

MS. CHAMBERS:

The ability to view certified payroll reports and to capture the data in those reports electronically will eliminate some of the manual steps. That will potentially allow staff to take on other investigations and assignments. Having staff perform manual steps is not efficient. It is not a good use of time. Allowing staff to be out in the field to analyze data electronically, such as on a tablet while doing field work, would increase efficiency.

MR. REYNOLDS:

We move to B/A 101-3835.

B&I - Division of Financial Institutions — Budget Page B & I-200 (Volume II)  
Budget Account 101-3835

SANDY O'LAUGHLIN (Commissioner, Division of Financial Institutions, Department of Business and Industry):

The Division of Financial Institutions licenses and regulates approximately 1,385 financial institutions under 13 statutes. We have 37 full-time equivalent (FTE) staff positions. Of these, 31 staff positions focus solely on examinations. The Division of Financial Institutions is self-funded. The revenue

generated in B/A 101-3835 is from examinations, depository assessments and licensing fees.

Aside from examinations, the FID is responsible for processing and responding to written consumer complaints. The Division investigates possible violations of State law and unlicensed activities. We promote growth in the financial sector in both northern Nevada and southern Nevada. Page 12 of [Exhibit B](#) details the license types the FID processes and the number of licensees in Nevada. The Division of Financial Institutions conducts examinations on an annual basis for a majority of our licensees and examinations ratings. The FID may have to conduct follow-up examinations throughout the year.

Page 13 of [Exhibit B](#) shows decision units for B/A 101-3835. Decision unit E-550 in B/A 101-3835 pertains to a migration from our current legacy system to the Nationwide Multistate Licensing System (NMLS), being used by all 50 states. This is a one-time migration cost and is approximately \$41,500.

#### E-550 – Technology Investment Request — Page B & I-203

Decision unit E-226 in B/A 101-3835 adds three FTE staff positions to address depository growth. Nevada's primary savings bank charter is Charles Schwab Trust Bank (CSTB). As an example of growth, in 2018, the CSTB's total assets were \$390,022,000. Comparably, December 31, 2020, the CSTB's total assets were \$12,474,000,000.

#### E-226 Efficiency & Innovation — Page B & I-203

Decision unit E-710 in B/A 101-3835 pertains to a five-year equipment replacement budget. This costs \$45,782 in FY 2022-2023.

#### E-710 Equipment Replacement — Page B & I-204

ASSEMBLYWOMAN PETERS:

How did the FID determine the need for the three additional FTE staff positions in decision unit E-226?

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MS. O'LAUGHLIN:

The three positions are primarily for the Charles Schwab Trust Bank. When the savings bank was enhanced, we did it so that the Charles Schwab Group could come in and open a savings bank. At the beginning, we did not know how many FTE staff positions would be required. The total assets of the CSTB went from about \$390 million in 2018 to \$12,474,000,000 in December 2020. That is a large sum of money for the FID to examine. The Division of Financial Institutions needs staff to examine the CSTB and ensure it is protecting Nevadans.

MR. REYNOLDS:

Through assessment fees, the CSTB will pay enough to support the new FTE staff positions. The institution is aware of the cost. The Federal Deposit Insurance Corporation (FDIC) has an investigator embedded in Henderson that conducts continual evaluations and examinations on the CSTB. We would work with the FDIC in the Henderson location to be able to have a level of examinations required by federal law to concurrently support its operations.

There will be a bill to help modernize the FID and put it in sync with national trusts and savings laws. The bill will also support the CSTB with individual retirement account trusts, which will contain around \$1 trillion in assets. The bill will help support the additional positions proposed in this budget account.

We are looking at growth in the banking sector. There are several industries contracting. Nevada can only go up when it comes to banking because it lost 50 percent of its banks during the Great Recession. The modernization of banking laws and revamped legislation at the federal level have contributed to banks moving back to Nevada. That is a positive trend. The Division needs staff for the growth. Commissioner O'Laughlin is advocating for positions in anticipation of further growth.

ASSEMBLYWOMAN PETERS:

How would the three positions help the FID meet expectations of timeliness and efficiency for examinations? Could you compare current performance measures with expected performance measures after the three positions are hired?



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Ms. O'LAUGHLIN:

Much work goes into examining the CSTB. The institution requires constant monitoring. Its size means the FID conducts monthly examinations. I would like the FID to take a deeper look at the CSTB. We are not going as far as we should. As the CSTB grows, we need to expand our scope of examinations. We need to look at more accounts. Each examiner has a specific scope area to manage the workload. One of our examiners is an expert in trusts.

Every month, we review examination reports from external auditors. The Division conducts a quarterly review of the CSTB. It is a time-consuming process. We do not have the resources to conduct examinations as thoroughly as we should. The Charles Schwab Trust Bank will continue to grow, but we are not growing with them. The Division needs to do so.

ASSEMBLYWOMAN PETERS:

I want to know whether the three staff positions being proposed can match the growth of banking. I want to quantify these trends. It sounds like the FID is determining how best to match FTE staff positions with the growth in the banking sector. We can compare what has historically been put towards examinations and what is being proposed right now. As we move into the 2021-2023 biennium, I want to see how these efforts play out. I want the FID to quantify this data.

Can you discuss the training requirements for those financial institutions examiner staff positions? What is the timeframe for training the staff positions? How long does it take for staff to be able to conduct examinations after being hired?

Ms. O'LAUGHLIN:

The training is intense. Staff members start on the nondepository side. That allows them to learn about the State. If someone is new to Nevada or State government, learning about our processes is a job in itself. New staff members learn about regulations, statutes and how to work within Nevada's system.

Staff members advance to the next stage after a year in a nondepository role. We have fast-tracked a number of staff members. The next stage encompasses

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training. It takes at least four years to complete FDIC training and learn federal regulations. The process requires constant education and recertification.

There is a lengthy process for staff members to become examiners-in-charge. I want all depository staff members to get there at some point. Unless someone graduated college and conducted extensive banking studies, there is no way to prepare for the role without actual practical experience. The experience includes working with the FDIC, the National Credit Union Association and the Federal Reserve.

ASSEMBLYWOMAN PETERS:

What is the hiring timeline? Is the FID looking to get these staff positions filled by October 2021?

Ms. O'LAUGHLIN:

I would like to hire them as soon as possible.

ASSEMBLYWOMAN PETERS:

What is the training timeline? When do we expect them to be able to start doing the examinations after the training starts?

Ms. O'LAUGHLIN:

Ideally, the FID is able to build a training pipeline. We would identify staff members to promote. New staff members would start at lower levels and train to migrate upwards.

It is difficult to hire someone to fill those positions without previous experience in the FID. The experience required is comparable to that of a retired FDIC staff member. If no applicants can be found with such experience, the FID identifies talented existing staff members and gives them educational resources. The pandemic has made training harder. The training is in Virginia. We are trying to do the trainings virtually, but classes are limited. The Division needs staff available to take trainings.

The Division is at a moment when the growth rate is increasing, and it needs to adapt.

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ASSEMBLYWOMAN MILLER:

How will the migration to NMLS impact the workload of staff?

Ms. O'LAUGHLIN:

The system will allow licensees to expeditiously pay fees and send documents to the FID for review. Other State agencies in Nevada use NMLS. We would have access to licensing information from all 50 states using the system.

ASSEMBLYWOMAN MILLER:

When it comes to the transaction or service fees associated with the credit card payment, is this something that private sector licensees will be responsible for? Who is covering that?

Ms. O'LAUGHLIN:

The Division will pay an initial fee of approximately \$47,000. Private institutions pay NMLS fees as they sign on to the system. Most institutions will already have signed on to NMLS in other states.

ASSEMBLYWOMAN MILLER:

I understand the FID will pay the cost up front, with licensees reimbursing the Division. Is that correct?

Ms. O'LAUGHLIN:

No. The business owners pay the NMLS software vendor directly. The Division is paying a one-time migration fee.

ASSEMBLYWOMAN MILLER:

Do companies cover their own fees going forward?

Ms. O'LAUGHLIN:

Yes.

SENATOR DENIS:

Will there be a financial impact to the licensees due to the system switch?

Ms. O'LAUGHLIN:

There will be a minimum charge.

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MARY YOUNG (Deputy Commissioner, Division of Mortgage Lending, Department of Business and Industry):

The cost will be minimal. It is \$100 for renewal and \$30 per branch to renew. From what vendor has told us, there will be a cost savings for licensees as they can renew in all 50 states at once. That saves them postage and time.

SENATOR DENIS:

How often will the renewal fees be assessed?

Ms. YOUNG:

They will be assessed annually.

SENATOR DENIS:

Would each licensee pay \$100 for its first branch and \$30 for each additional branch it has?

Ms. YOUNG:

Yes. The licensee would also handle credit card processing fees.

SENATOR DENIS:

How long have you used the Versa System?

Ms. YOUNG:

We have used the Versa System since 2010.

SENATOR DENIS:

Did the software vendor for the Versa System cease providing upgrades and functionality maintenance?

Ms. YOUNG:

Yes. The National Multistate Licensing System is not just for licensing. The system will also offer an examination module and a complaint module. We have examination and complaint mechanisms in the Versa System. Having the modules through NMLS will streamline the process and provide greater efficiency.

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SENATOR DENIS:  
Has NMLS been around for eight years?

Ms. YOUNG:  
That is my understanding. The examination and complaint modules are newer. They went live in 2020.

SENATOR DENIS:  
Are you confident the NMLS software vendor will maintain long-term support?

Ms. YOUNG:  
We have confidence NMLS will be around for a long time. The system is backed by the Conference of State Banking Systems. The B&I Division of Mortgage Lending has used NMLS for a long time. The system is used in all 50 states.

SENATOR DENIS:  
Will you be porting data from the old system to the new system?

Ms. YOUNG:  
Yes.

CHAIR BROOKS:  
We move to B/A 101-3910.

B&I - Division of Mortgage Lending — Budget Page B & I-218 (Volume II)  
Budget Account 101-3910

MR. REYNOLDS:  
Cathy Sheehy is the Commissioner of the MLD. Page 14 of [Exhibit B](#) explains the scope of the MLD. The real estate business in Nevada has been active over the past several years.

CATHY SHEEHY (Commissioner, Division of Mortgage Lending, Department of Business and Industry):  
The past year was unprecedented for MLD. Many new challenges were introduced. New processes had to be adopted, with the new telecommuting

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world we are operating in. We have had to figure out how to navigate Covid-19. We have endured all of this and are ready for the future.

Page 14 of [Exhibit B](#) lists the MLD's mission statement and statutory authority. The Division of Mortgage Lending conducts licensing, examinations and enforcement. The Division receives authority from NRS 645A, which covers escrow agencies and agents; NRS 645B, which covers mortgage companies and mortgage loan originators, and NRS 645F, which addresses covered service providers and mortgage services. *Nevada Revised Statutes* 645F was added by A.B. No. 480 of the 79th Session. *Nevada Revised Statutes* 598 only covers registration of credit services organizations with the MLD.

On the bottom right of page 14 of [Exhibit B](#), you will see the number of MLD licensees. The associated percentages show the rate of growth or decline compared to the 2019-2021 biennium. The industry has seen a growth in the number of mortgage companies, loan originators and service providers. There was a slight decrease in the number of escrow agencies and agents.

Page 15 of [Exhibit B](#) lists the submitted budget amount for the 2021-2023 biennium, as well as B/A 101-3910's two decision units.

E-225 Efficiency & Innovation — Page B & I-220  
E-710 Equipment Replacement — Page B & I-221

ASSEMBLYWOMAN PETERS:

The reserve amount for the MLD is relatively healthy compared to other State agencies. I see you have reduced licensing fees, but continue to increase that reserve level. Has the MLD considered restructuring its fees to align with the costs of performing its statutory duties? Has the MLD considered other options for addressing the increase in reserve amounts?

Ms. SHEEHY:

We tried to restructure fees during the Eightieth Session. The mortgage loan originator application fee was reduced from \$185 to \$145. That was a 28 percent reduction. Renewal fees for mortgage loan originator licenses were reduced from \$165 to \$135 dollars, a 22 percent reduction.

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We anticipated reserves would be reduced by now. Due to the pandemic, circumstances are different. More people are moving because telecommuting allows them to work from anywhere, provided they have internet access. We have seen an influx of people moving from out-of-state. Others are also moving from downtown areas to suburban areas. Many homeowners are refinancing their homes. These activities have increased the number of licenses we handle for mortgage companies and mortgage loan originators. Part of the increase is also due to former real estate workers returning to the industry after a hiatus. The growth the industry has experienced due to the pandemic has led to an increase of reserves.

ASSEMBLYWOMAN PETERS:

I do not want to undercut the fee structure in the event the market slows down. I am curious how those fee revenues can be spent. What are the limitations of fee revenues in the NRS? What kind of activities can you fund using those fees? Are they strictly for MLD licensing activities?

Ms. SHEEHY:

The Division is 100 percent fee based. It does not receive dollars from the General Fund. The Division pays for the licensing unit housed in the Director's Office of the B&I. We cover examinations of companies that have MLD-approved licenses. We also have enforcement duties. Last year, the MLD received 221 complaints. The revenue pays for investigators to address complaints and take regulatory action against entities that are not in compliance with regulations. Fees collected from licensing help pay for the MLD's functions.

MR. REYNOLDS:

These are specific budget areas. Some of them are complex. We appreciate the chance to share the budgets, clear up issues and answer questions.

KENT ERVIN (Nevada Faculty Alliance):

I am reading from written testimony ([Exhibit C](#)) regarding changes to public employees' benefits and long-term disability.

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CHAIR BROOKS:  
I adjourn this meeting at 10:00 a.m.

RESPECTFULLY SUBMITTED:

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Joko Cailles,  
Committee Secretary

APPROVED BY:

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Senator Chris Brooks, Chair

DATE: \_\_\_\_\_

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Assemblywoman Sarah Peters, Chair

DATE: \_\_\_\_\_



<b>EXHIBIT SUMMARY</b>				
<b>Bill</b>	<b>Exhibit Letter</b>	<b>Begins on Page</b>	<b>Witness / Entity</b>	<b>Description</b>
	A	1		Agenda
	B	1	Terry Reynolds / Department of Business and Industry	Business and Industry Presentation
	B	4	Steve Aichroth / Nevada Housing Division, Department of Business and Industry	Business and Industry Presentation
	B	7	Scott Whittemore / Taxicab Authority, Department of Business and Industry	Business and Industry Presentation
	B	10	Shannon Chambers / Office of Labor Commissioner, Department of Business and Industry	Business and Industry Presentation
	B	12	Sandy O'Laughlin / Division of Financial Institutions, Department of Business and Industry	Business and Industry Presentation
	B	14	Cathy Sheehy / Division of Mortgage Lending, Department of Business and Industry	Business and Industry Presentation
	C	1	Kent Ervin / Nevada Faculty Alliance	Nevada Faculty Alliance Public Comment