MINUTES OF THE
SENATE COMMITTEE ON REVENUE AND ECONOMIC DEVELOPMENT

Eighty-first Session
February 18, 2021

The Senate Committee on Revenue and Economic Development was called to order by Chair Dina Neal at 1:00 p.m. on Thursday, February 18, 2021, Online. Exhibit A is the Agenda. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Dina Neal, Chair
Senator Julia Ratti, Vice Chair
Senator Moises Denis
Senator Ben Kieckhefer
Senator Heidi Seevers Gansert

STAFF MEMBERS PRESENT:

Russell Guindon, Principal Deputy Fiscal Analyst
Joe Reel, Deputy Fiscal Analyst
Michael Nakamoto, Deputy Fiscal Analyst
Alex Polley, Committee Secretary

OTHERS PRESENT:

Michael Brown, Executive Director, Governor's Office of Economic Development
Bob Potts, Deputy Director, Governor's Office of Economic Development
Melanie Sheldon, Director, Business Development, Governor's Office of Economic Development
Kristopher Sanchez, Deputy Director, Governor's Office of Economic Development
Stacey Bostwick, Director, Workforce Development, Governor's Office of Economic Development
Hugh Anderson, Managing Director, Hightower Las Vegas; Vegas Chamber; Governor's Workforce Development Board
Nate Mackinnon, Vice Chancellor, Community Colleges, Nevada System of Higher Education
Connor Cain, Las Vegas Global Economic Alliance

Patty Charlton, Vice President/Provost, Henderson Campus, College of Southern Nevada
Steven Cohen

CHAIR NEAL:
We will begin with a presentation from the Governor's Office of Economic Development (GOED).

MICHAEL BROWN (Executive Director, Governor's Office of Economic Development):
I was appointed to this position in 2019 and began determining how Nevada compared to other states in terms of economic development. I was assisted by ten think tanks and decided the economic development State plan needed to be updated. It required more coordination with Regional Development Authorities (RDA), stronger compliance programs, and reinforcement to the audit and review processes with the Department of Taxation.

The Preview Las Vegas 2020 convention projected an optimistic economic year for Nevada. On February 20, 2020, I received a call from the Governor's Chief of Staff requesting assistance with the developing Covid-19 issue. This was the first sign that something was going to happen. On March 13, 2020, I traveled to Las Vegas to make some major decisions regarding the pandemic. Since then, I have been involved in the response, relief or recovery thereof. Initially, GOED staff was deployed in response to flatten the curve during the summer months. We then worked with State Treasurer Zach Conine to handle funds received from the Coronavirus Aid, Relief and Economic Security Act and launched two relief programs for small businesses. Treasurer Conine, Director Terry Reynolds and my office developed housing programs.

These are now $100 million programs. We wanted to save as many small businesses as possible; this was accomplished with $10,000 grants. Per capita, these grants are some of the largest in the United States, and maybe the highest dollar commitment to small businesses. Additionally, resources were coordinated with county governments for small business relief.

The services of SRI International helped guide policy makers' decisions with the pandemic and documented information for federal filings. SRI International developed a recovery plan during the second phase of the pandemic, which saw substantial infection rates in the fall. Treasurer Conine and I have proceeded by allocating Pandemic Emergency Technical Support (PETS) grants.

In terms of moving forward with recovery, the 2019 economy does not get us there. The RDAs have reengaged their planning efforts. A business information network has been developed by Switch, allowing real-time communication across trade and business associations in the State. We have engaged directly with elected officials—particularly in southern Nevada—to figure out how their economic development programs and our programs can complement each other. Our office is implementing provisions outlined in the Nevada's Roadmap to Recovery plan. We have received inquiries from businesses that we want to come to Nevada, which gives us optimism.

Page 3 of the GOED presentation (Exhibit B) shows Nevada's position as a Pacific Time Zone state, a Pacific Rim state and the interconnection with other healthy and robust US economies. Texas companies in the Central Time Zone can do business on both sides of the Country simultaneously. On the other hand, there are businesses that have needs for connectivity in the Pacific, and Nevada is an attractive state in this regard.

SRI International was hired to do a traditional plan; coming out of the pandemic, things are still uncertain. The January 4 McKinsey & Company article, "The next normal arrives: Trends that will define 2021—and beyond," suggests that this period in time will be defined as a prepandemic economy and a postpandemic economy. Consulting more than 200 Nevada leaders, our research shows the State can host advanced manufacturing, zero-carbon energy industry, health, technology and be a remote work site. Some of the recommendations are available in *Nevada's Plan for Recovery & Resilience* (Exhibit C). Roland Stephen can brief anyone on this plan upon request.

The Governor is focused on a new energy economy, new industries, workforce innovations and emphasis on infrastructure. Southern Nevada is an area where infrastructure is particularly important. The companies interested in locating to Nevada talk about land, railroads and highways, whereas in the past, companies were involved in office space.

The industries that can create growth and diversification for the State are in the upper right box in Exhibit B on page 9 of the Economic Overview. Mining is a small stars industry in the State as a whole. Emerging industries include manufacturing, natural resources for energy, information technology, logistics, health and aerospace. We have a strong and mature gaming industry, which is a huge part of our economy. Page 10 shows how southern Nevada tracks the rest of the State and dominates its position due to the economy's size. Northern Nevada is a different picture. The addition of Tesla, Panasonic and other manufacturers has become a substantial strength in the area. So much so that there are issues with housing, transportation and a health sector struggling with new demands. Rural Nevada has a strong mining industry and does not struggle like rural areas in surrounding states. However, industries in rural Nevada are transforming, which is not ideal. Rural Nevada is about energy and mining supply chain; I encourage rural leaders to focus on broadband.

The State has experienced a 22 percent decline in the service industry, whereas the manufacturing industry is only down 3 percent. We have a large unemployment variance between Las Vegas with 10 percent and Reno with 5 percent.

In addition to our business relief programs, we have strong partnerships with business, industry and the U.S. Small Business Administration providing the Paycheck Protection Program, the Disaster Assistance and Emergency Relief Program, the Nevada Commercial Rental Assistance Grant Program and PETS grants. Page 20 of Economic Development, Exhibit B, shows the State's economic development partners. Following are economic development tools for businesses including incentives and tax abatements, global trade programs, Procurement Assistance & Outreach program, Emerging Small Business Program and Nevada Film Office tax incentives. The workforce development tools include the Workforce Innovations for a New Nevada (WINN). We will have a series of bills that will modernize these programs. Our responsibilities with rural communities include the Community Development Block Grant program, Nevada Main Street Program and the Nevada Opportunity Zone program.

Attracting businesses to the State is the main purpose of GOED—we also work to help retain and grow businesses. We want to connect new businesses with companies already established in the area. The Hachman Index is an important measure that shows the diversity of an economy on a scale of 100. Utah is the most diverse economy at 97 percent; Arizona is at 96 percent; Colorado is at 93 percent; Nevada at 67 percent diverse is one of the least-diverse economies in the Western U.S. This lack of diversity needs to be fixed to achieve fiscal stability. A more robust and diverse economy will improve the State's score on the Hachman Index. Economic staff at GOED are developing a breakdown by county that will be made public.

Manufacturing has become an important part of Nevada's economy. Electric commerce has affected manufacturers where logistics and supply chains have to be resituated. Manufacturers' delivery capabilities have proved to be inadequate. There are companies in California that want to move east. Research from SRI international, McKinsey and think tanks has been validated by companies I have talked to. This year will see a big change in the economy as companies reevaluate—Nevada must be competitive. Businesses make the decisions to move based on how the numbers work out and spreadsheets.

A growing manufacturing sector creates supply chains, medium-to-high-skilled jobs, a deep vendor base, limited environmental externalities and avoids issues of not in my backyard as seen with Apex in Henderson.

There are ten criteria businesses use when relocating. There is often emphasis on Nevada's lack of personal and corporate income tax. However, this is already considered by businesses and site selectors. There are scales that show Nevada as business-friendly and some do not. Page 25 under Economic Development, Exhibit B, shows what businesses consider when relocating. A 50-state index ranks Nevada at twenty-sixth in the technology and innovation field. Although this appears encouraging, the State ranks first or second in some fields and forty-ninth to fiftieth in others. There is opportunity within the innovation economy if we bring it all together.

The tax abatements in Nevada are statutory and nondiscretionary, which have major audit, review and clawback provisions. This is not common across the US. Nevada has one of the most-regulated and transparent systems in the Country. Business development tools include sales and use tax, the Modified Business Tax, personal property tax abatements and specialized abatements in aviation and data centers. The lack of corporate income tax is not as influential in a business's decision since the Tax Reform Act of 1986.

There have been 316 standard tax abatements approved that have led to 225 contractual agreements, most of which were new and expanding manufacturing businesses located in Clark County. Once per quarter, GOED and the Tax Department convene to review audit of companies that received abatements. We have adjusted our audit process to become more reliable. We have brought 26 of the 31 noncompliant companies back into compliance. A fiscal analysis shows how $339 million has been abated with standard tax abatements. Since we do not abate to zero, $1.5 billion in revenue has been collected. There has been a $55 billion economic impact over the past ten years. We have submitted our comprehensive biennial report (Exhibit D).

Governor Steve Sisolak wants the businesses that receive tax abatements to be large and substantially contribute to the community. We press companies to disclose more of their corporate social responsibility programs, diversity and veteran hiring, and local purchasing practices. There is a board set up to question these companies.

The aviation industry has opportunity for more growth. Transferable tax credits are updated on page 38 in that section of Exhibit B**.** This is a tool that the Governor and I have not embraced. Within GOED, there is a Knowledge Fund, a State Small Business Credit Initiative, an international program that garners federal funding, the Nevada Procurement Technical Assistance Center, the Nevada Film Office, federal opportunity zones and the WINN program.

SENATOR RATTI:
A critique of tax abatements shows companies receive abatements that still would have moved here otherwise. Can you measure and determine if this is true?

MR. BROWN:
Businesses will whittle down to several states and look at infrastructure and workforce to further narrow the choices. Companies then look at the tax incentives states offer.

We ensure companies are certified during the application process. There have been companies seeking abatements where the Governor thought the salaries offered were too low, and he froze abatements and incentives for a period of time. Instead of just considering average salary, we look at each salary for each position and compare it to census data for that occupation within Nevada. We have started to see higher average wages. The application goes to a board, and the company must make a public presentation in front of a committee made up of three Constitutional Officers. Businesses that would have come without the abatements do not make it to this level.

BOB POTTS (Deputy Director, Governor's Office of Economic Development):
We ask all companies whether or not receiving abatements was a deal breaker or not—did it make a difference? Companies that received abatements claim those were a dealmaker 70 percent of the time.

SENATOR RATTI:
Are you conducting a retrospective survey of the companies to get a sense of a trend?

MR. POTTS:
Yes, and we also survey companies during the application process.

SENATOR RATTI:
I assume all companies that apply claim abatements are needed.

MR. POTTS:
We try to structure the survey to eliminate this sample bias. Conversations with the companies are used to determine if abatements are necessary or if the businesses are already set on locating to Nevada.

SENATOR KIECKHEFER:
Are the graphs on pages 9 through 12 in Exhibit B, Economic Overview Pre-Pandemic, used as indications for where economic development strategies should be used? On page 10, should the larger emerging industries—health and medical, logistics and information technology—be moved to the star category? Is this how we decide where to focus energy?

MR. BROWN:
Yes.

MR. POTTS:
Location quotient (LQ) is the concentration of workers in an industry as compared to a national average. The graphs in Exhibit B help understand what is going on with our target sectors. The size of each bubble refers to the number of jobs. Anything above the horizontal line reflects where Nevada has a higher concentration of workers as compared to the national average. Anything below is a lower concentration. Anything to the left of the vertical line means we are losing ground—the X axis measures time. Anything to the right means we are gaining ground. The graphs are a way to track GOED's target sectors and to see

which ones are gaining ground. The industries in the emerging box are what matters. This quadrant shows industries below the national average but moving to the right and into the stars box—Nevada has a competitive advantage in these industries.

SENATOR KIECKHEFER:
Is more value placed on industries that have larger base employment or smaller? There is a lot of emphasis on manufacturing, but in southern Nevada, it is a smaller piece than the health and medical industry. On page 23, the Hachman Index focuses on manufacturing indicators and incentives. Out of the targeted industries, how do you select which ones to focus on?

MR. POTTS:
We identify where there is a competitive advantage. Location quotient graphs indicate where Nevada has had growth over the past two years and a competitive advantage, which allows us to determine where to refocus and retool our efforts. The industries in the emerging quadrant help us narrow down which industries to focus on. Within a job pie chart, we want the number of jobs and the number of slices to increase. If one of the bubbles gets smaller, the others will become larger—we want the bubbles in target sectors to increase.

A sector analysis focuses on industries that grow the number of jobs that will bring money into the economy. The goal is to sell our products outside the State, which manufacturing does. Logistics and technology can do this too. Healthcare is an industry that caters to people already in the State, but if an area does not have healthcare, it is difficult to attract other industries.

SENATOR KIECKHEFER:
Manufacturing has only increased 0.1 percent in southern Nevada over the past decade. Page 23 indicates the number of incentives Nevada offers is less than other states. Additionally, we do not offer an exemption from sales tax on manufacturing machinery. Are those driving factors for manufacturing companies and would you suggest changing these if we want to increase manufacturing in southern Nevada?

MR. BROWN:
Yes. Many states are able to take sales tax for manufacturing machinery to zero. Nevada is unable to offer this because of constitutionally imbedded provisions created when the sales tax was established in the 1950s.

Abatements and incentives allow manufacturers to offset what will be the sales tax. With this structure, revenue is collected for the State.

SENATOR KIECKHEFER:
Is the lack of exemption detrimental to bringing manufacturers to Nevada?

MR. POTTS:
It does make a difference, although it is on the margin. Workforce needs are a concern for manufacturers that have gone through the WINN program. However, there are times when abatements make a difference.

SENATOR KIECKHEFER:
The schedule of abatements in Exhibit D is beneficial.

SENATOR DENIS:
Is Utah the top state on the Hachman Index?

MR. BROWN:
Utah has the most diverse economy in the U.S., which started in the 1980s. The Utah economy used to be based on copper mining and subject to big swings.

SENATOR DENIS:
Arizona is not far behind. Did the State do things similar to Utah?

MR. BROWN:
We are doing a comparative study of Nevada with Colorado, Arizona and Utah to fully understand our competitive arrangement.

SENATOR DENIS:
If there is something we can learn from those states, the swings that Nevada's economy experiences could be avoided.

MR. BROWN:
Arizona is difficult to understand due to the difference in government structure from Nevada. Colorado and Utah are more comparable.

Maine's primary sector is tourism, and the State's economy has been hit hard. Its economic development plan looks similar to ours; it includes bringing in advanced manufacturing, technology and healthcare. We have a geographical advantage. Utah has worked to untangle its infrastructure to prepare for growth.

SENATOR DENIS:
Do businesses know that we have a good tax structure?

MR. BROWN:
Yes, and we need to amplify our opportunities to be competitive in the region with a strong workforce.

SENATOR DENIS:
Although Nevada has a low tax structure, we need to do more to attract companies to the State.

MR. BROWN:
The tax structure is good for certain types of companies. A multinational corporation is able to manage around paying most state taxes.

MR. POTTS:
Not having a personal state income tax is not as big of an advantage as one would believe because it cannot be deducted from a federal income tax.

CHAIR NEAL:
After the federal money being infused into small businesses is gone, what is the State plan for capital infusion?

MR. BROWN:
The Governor's Finance Office estimates $21 billion has been infused into the Nevada economy since the start of the pandemic with a second relief measure on the way. Restoring public health to get tourism back is the first priority. Small businesses need personal support and a lot of help. The Shuttered Venue Operators Grant will help the arts and culture. Nevada has limited fiscal resources that can be put into these areas. It is a matter of attracting businesses that will build supply chains, which helps small businesses along the way.

CHAIR NEAL:
Has there been a conversation about retailoring abatements to better fit small business needs?

MR. BROWN:
Most programs in other states are still feeling through it. I have not found states able to deploy abatements and incentives to small businesses. It may be because small businesses are filing as an IRS Schedule C on their personal tax returns; there may not be a way for states to deploy into this area.

We do have programs for business expansion and retention. States with more robust fiscal conditions have established permanent grant programs to help small businesses—some are more targeted to minority businesses and creative arts.

I have been asked, "How does bringing companies to Nevada help people?" We have tended to onboard companies to the State and left those to find their way around. We want to do an onboarding program with new companies to connect them to small businesses in the State.

CHAIR NEAL:
We may be able to redirect the application of our abatements to small businesses.

MR. BROWN:
A lot of states are facing a similar challenge and are focused on immediate relief.

SENATOR SEEVERS GANSERT:
Should we set Hachman Index percentage goals for diversification? Do the LQ graphs take wages into consideration? It may be more about the number of jobs and potential growth, and not necessarily wages. There may be higher wages in advanced manufacturing and healthcare than in logistics. How much a sector pays in wages and benefits should be considered when determining how we want to diversify.

MR. BROWN:
The Governor has considered this. Companies have been told by GOED and RDAs that wages have to be reevaluated before moving forward.

SENATOR SEEVERS GANSERT:
Wages are important. The page 1 Executive Summary of Exhibit D looks at capital investment, new jobs and average wages. Wages peaked during fiscal years (FY) 2013-2014, 2014-2015, 2015-2016 and 2016-2017. Those fiscal years had the greatest number of jobs and highest average wages. We were doing something right. The economy became more robust, and abatement and incentive became more questionable. The State was doing well with the net tax revenue.

The strategic plan identifying sectors is critical for determining what should be done on the workforce side. We are going in the right direction, but we may want to reevaluate abatements and incentives. The feedback surveys and comparison studies are important for economic development strategy. We should refer to the *Nevada Revised Statutes* (NRS) to see what is most effective.

MR. BROWN:
The comparison studies have to be done carefully due to the differences in states' legal systems. The Nevada system is built regionally with RDAs that do detailed implementation work. The Governor's Office of Economic Development works to position Nevada's economy, troubleshoot and fix issues.

SENATOR SEEVERS GANSERT:
Page 32 of Exhibit B under Standard Tax Abatements Compliance Analysis shows the value of tax abatements. Although $340 million was abated, net tax revenue was $1.5 billion over 10 years and there was an impact of $55 billion over the period. Nevada has done a good job of not just throwing money out there, but using abatements to help grow and diversify the economy.

MELANIE SHELDON (Director, Business Development, Governor's Office of Economic Development):
Nevada Revised Statutes 360.750 has a wage criteria for companies to apply for abatements. This criteria is set by the statewide average wage every year, which has increased since FY 2010-2011. A company must meet the statewide average wage on July 1 each year.

SENATOR SEEVERS GANSERT:
It has been suggested that the wage criteria should be raised—perhaps 1.2 times the average wage. Wages and benefits make a difference, and we

want the best jobs for Nevadans. We recognize the necessity for workforce development.

KRISTOPHER SANCHEZ (Deputy Director, Governor's Office of Economic Development):
We are also focused on infrastructure.

MR. BROWN:
Transportation and land infrastructure in southern Nevada has to be untangled for potential businesses. Land, power and water must be prioritized for economic development.

CHAIR NEAL:
We will close the presentation and open the hearing on Senate Bill (S.B.) 24.

SENATE BILL 24: Revises provisions relating to workforce development. (BDR 18-289)

STACEY BOSTWICK (Director, Workforce Development, Governor's Office of Economic Development:
The Workforce Innovations for a New Nevada was established with A.B. No. 1 of the 29th Special Session. The fund is managed by GOED to address business needs within industry by accelerating the creation, customization and expansion of workforce training programs to develop skills needed by employers. A recent $2 million investment was made with the College of Southern Nevada to expand advanced manufacturing training programs in response to the new Haas Automation headquarters in Henderson. We are trying to develop a skilled workforce for new job opportunities.

Page 3 in my S.B. 24 presentation (Exhibit E) highlights that, since 2016, GOED has approved nearly $11 million in project funding for workforce training options for 41 employer partners. Roughly 2,000 Nevadans have been able to access 19 new or expanded training programs in high-skill and high-wage sectors, which includes advanced manufacturing, healthcare, technology, mining, logistics and operations. These activities are done in partnership with RDAs and industry representatives.

Senate Bill 24 is an administrative update. We want NRS to focus on expanding the skills-based economy and closing workforce training gaps.

Section 1, subsection 2, paragraphs (d) through (g) outline a needs assessment. This exercise will ensure that GOED is focused on gaps in the workforce system. Paragraphs (h) through (l) examine training providers' capacity to deliver a program successfully in terms of endurance. Paragraph (o) solidifies a public-private partnership and data collection, which will help determine what works well and what does not.

Subsection 4, paragraph (b) facilitates due diligence that ensures partnerships are with compliant and quality employers in Nevada. We are looking to amend language to reflect the state of our economy and businesses. This is not punitive, but in situations where there are furloughs or layoffs, we still want to make prudent investments with employers for economic improvements.

Subsection 3, paragraph (c) and subsection 6, paragraphs (a), (b) and (c) provide accountability. This language codifies our goals for a skills-based economy. We want to ensure workforce training programs are delivering industry-recognized credentials or identifiable occupational skills. We prioritize compressed curriculum programs; we want to focus on accelerated pathways.

Subsection 7, paragraphs (a) through (h) and subsection 8 provide adjustments to funding allowances. Language allows equipment to be redeployed for other workforce trainings in the event it is not needed or retained by a program.

Section 4, subsection 4 changes NRS 231.151, which requires interest or income remaining in the account to revert to the General Fund. The new language establishes that any unexpended appropriations made to the account from the General Fund must be credited to a new account. This could be annulled due to bills having to be paid through the State system and not from an outside bank account. This will allow administrative flexibility and investment continuity. We work with partners that are on different time structures, academic and fiscal years. This disjunction challenges funding projects.

SENATOR KIECKHEFER:
Section 1, subsection 2, paragraph (i) says, "A proposed plan for the provision of the proposed program of workforce recruitment, assessment and training on a statewide basis." Does this mean all programs have to be done Statewide?

MS. BOSTWICK:
No. This does not apply to every program.

SENATOR KIECKHEFER:
Section 3 talks specifically to businesses that apply to WINN funds. Does this added language allow businesses to only train existing employees and not new ones; is this the intent?

MS. BOSTWICK:
There are two distinct sets of language; one set targets the pipeline and newly hired employees and another part focused on incumbents. We try to mirror the language in both places. There is no intent to only train incumbent employees.

SENATOR KIECKHEFER:
Section 3 may be confusing. It says, "A person who operates a business or will operate a business … [and] apply to the Office for approval of a program of workforce training for incumbent employees." If the person will operate a business, he or she may not have any incumbent employees. Clarity on this might be good.

I do not have a problem with section 4, subsection 4. The Senate Finance Committee might not appropriate money if the account has funds carrying over.

SENATOR SEEVERS GANSERT:
Section 3, subsection 2, paragraph (d) is concerned with an initial plan for wage increases for employees who successfully complete a program. Do you survey employee wages before and after they exit the program? It make sense to measure the change in employees' wages after they have completed training.

MS. BOSTWICK:
This has not been done, but we intend to with the new language in place. We collect backend information on a project—wages included. With long-term projects, we want to measure promotions. There have been instances of employees receiving promotions when going through programs; formalizing this practice will be a good way to capture a trend.

SENATOR SEEVERS GANSERT:
Putting this in statute for both new and incumbent employees makes sense. The callback provision to recapture equipment in section 8 makes sense. There does not appear to be any limitations on overhead charges or a max overhead for administration. What is the meaning of "debarred" in section 1, subsection 4, paragraph (b), subparagraph (2)?

MS. BOSTWICK:
The nomenclature is from the federal level. Businesses can be debarred from receiving federal funds. This is a protection for when employers misuse funds. It is a short due diligence for companies that use workforce development programs.

SENATOR SEEVERS GANSERT:
Is this information available?

MS. BOSTWICK:
Yes, it is online.

CHAIR NEAL:
For the equipment subject to recapture and redistribution, is there going to be a security interest where a document is signed between the business and the WINN program to ensure the equipment is maintained in a certain condition—being that it is subject to recapture and redistribution?

MS. BOSTWICK:
Educational providers will be the main recipients of equipment. They have an expectation of maintaining an inventory. There was no language in statute for when the agreement ended. If the program does not need or want the equipment, the equipment is already purchased. The recapture clause allows for the retrieval of the equipment.

CHAIR NEAL:
The Office of Workforce Innovation (OWI) focused on a large list of specific credentials that ensures the workforce is credentialed, which includes higher education degrees. Is there a relationship between section 1, subsection 6, paragraph (b) with the OWI credentials?

What is the interaction with Workforce Connections? There appears to be duplication between what Workforce Connections is doing in their business development offices and what is being asked here.

MS. BOSTWICK:
The OWI list of credentials lays a good foundation. The intent of section 1, subsection 6, paragraph (b) ensures that the training programs developed and invested in are delivering skills that are transferable to more than one employer

and not limited to a single company. We want skills that are functional within an industry. We have access to skills desired in specific industries, and we can refer to this information to guide training programs.

Workforce Innovations for a New Nevada cannot enable people if a training program does not exist; we work to provide this opportunity.

There are not many business development projects. We get projects through partnerships with Workforce Connections, Nevada Works, the Department of Employment, Training and Rehabilitation, OWI and RDAs. We try to prevent companies from duplicating programs.

Workforce Innovations for a New Nevada is unique in what it can do. The Department of Employment, Training and Rehabilitation cannot do what OWI does; Workforce Connections can engage within business by finishing a job candidate's final hours of training. The Office of Workforce Innovations for a New Nevada focuses on foundational training to provide an opportunity for jobs, particularly for infrastructure gaps.

CHAIR NEAL:
The 2019 biennial report indicates that the Multnomah University Reno Technology Academy received a $460,000 investment, but there is no indication of any resulting jobs or training. Additionally, the College of Southern Nevada Manufacturing Skills Training Program trained 123 people and resulted in 8 employed, yet there was a $1.1 million investment. The College of Southern Nevada Manufacturing Skills Training Program trained 22 individuals but resulted in no jobs. There was $150,000 invested.

What happened to the individuals who were trained but not employed? Is this bill intended to help job results? Based on the report, there is no actual job at the end of training.

The Western Nevada College's Supplemental Nutrition Assistance Program trained 42 individuals but resulted in $38,000 leveraged. The program received $40,000. What happened to the trainees who were supposed to be helped finding employment? There is not a job outcome listed in the data.

Truckee Meadows Community College Re-Entry Initiative resulted in no jobs.

How will we be assured that the investments translate into employment?

MS. BOSTWICK:
The current biennial report has the updated outcomes for those programs. The biennial report is a snapshot of a point in time, and it is difficult to distinguish in the report between individuals who are still training versus those who have completed their program and are in the workforce. The prior biennial report shows that 2,000 individuals had entered training and 861 have obtained a job.

The bill makes changes in terms of data collection. We need data to demonstrate the training program's impact. Although there are already systems for information release, it has been challenging to collect information. Collecting more data will better validate the outcomes we have observed.

Recording information for projects is halted because of a hard stop on June 30 due to the General Fund reversion. If an individual completes training on June 15 and they do not get a job before June 30, the educational partner has no obligation to share outcomes. The contract agreements end with the reversion.

CHAIR NEAL:
It would be great if the bill helps provide the program's outgrowth information. We will consider support for S.B. 24.

HUGH ANDERSON (Managing Director, Hightower Las Vegas; Vegas Chamber; Governor's Workforce Development Board):
I am here today to express my support for S.B. 24, and I appreciate the proposal that has been brought forth by GOED. These provisions are essential to our economic recovery and workforce. I applaud the fact this bill addresses the issue of training existing employees and training them in new skill sets. Economic turmoil is an indicator of a new emerging economy, and many of our workers are not properly prepared for that future economy. The training in new skills will be vital as we emerge from the pandemic since we will need to help displaced workers identify new career opportunities and get them back in the workforce with greater financial security going forward.

The Vegas Chamber has also undertaken a new workforce development initiative to help address these concerns called Southern Nevada Workforce Solutions. This enterprise will focus on making it easy for displaced workers to not only find a job but a career and a brighter future. They will be able to easily find skills and aptitude assessment, institutions that provide courses and training and where the financial resources are. It will assist displaced employees with new career paths that they may not even be aware of and connect them with the resources they need to achieve a better future. I think this an excellent example of public and private efforts being aligned.

NATE MACKINNON (Vice Chancellor, Community Colleges, Nevada System of Higher Education):
The four Community Colleges and the Nevada System of Higher Education support this bill. The WINN fund has been important for the diversification of Nevada's economy by upskilling displaced workers, ensuring current workers have opportunities to upskill and preventing the necessity for out-of-state talent.

We are particularly supportive of the changes regarding the reversion of funds and the ability to have business continuity beyond the fiscal year. These funds are most valuable due to being easily and quickly used for employee training.

CONNOR CAIN (Las Vegas Global Economic Alliance):
The Alliance supports S.B. 24. The WINN fund is one of the best tools for economic development in southern Nevada. We support any changes that strengthen the WINN fund.

PATTY CHARLTON (Vice President/Provost, Henderson Campus, College of Southern Nevada):
We support this bill, particularly the revisions outlined by Ms. Bostwick. We received $1.8 million from the WINN fund this past year. The WINN fund has allowed us to establish and to upscale workforce training programs for high-demand industries such as manufacturing, healthcare, information technology, distribution and logistics. We support the nonreversion language in section 4, subsection 4; this allows flexibility and for us to continue to work on projects without the biennium hard stop and reversion to the General Fund.

STEVEN COHEN:
The Governor committed $275 million for workforce development. Individuals with social disabilities are often constrained in workforce development. I ask that programs and policies that advance opportunities for individuals with disabilities be supported.

CHAIR NEAL:
Seeing no more public comment, we will close the hearing on S.B. 24 and adjourn the meeting at 2:55 p.m.

RESPECTFULLY SUBMITTED:

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Alex Polley,
Committee Secretary

APPROVED BY:

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Senator Dina Neal, Chair

DATE:_______________________________________

EXHIBIT SUMMARY				
Bill	**Exhibit Letter**	**Begins on Page**	**Witness / Entity**	**Description**
	A	1		Agenda
	B	3	Michael Brown / GOED	Presentation to the Senate Revenue and Economic Committee
	B	9	Bob Potts / GOED	Presentation to the Senate Revenue and Economic Committee
	C	1	Michael Brown / GOED	Nevada's Plan for Recovery and Resiliency
	D	1	Michael Brown / GOED	Biennial Report Pursuant to NRS 231.0685
S.B. 24	E	3	Stacey Bostwick / GOED	Presentation