

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

**Eighty-Second Session  
February 21, 2023**

The Committee on Government Affairs was called to order by Chair Selena Torres at 9:04 a.m. on Tuesday, February 21, 2023, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda [[Exhibit A](#)], the Attendance Roster [[Exhibit B](#)], and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/App/NELIS/REL/82nd2023](http://www.leg.state.nv.us/App/NELIS/REL/82nd2023).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Selena Torres, Chair  
Assemblywoman Bea Duran, Vice Chair  
Assemblyman Max Carter  
Assemblyman Rich DeLong  
Assemblyman Reuben D'Silva  
Assemblywoman Cecelia González  
Assemblyman Bert Gurr  
Assemblyman Brian Hibbetts  
Assemblyman Gregory Koenig  
Assemblyman Richard McArthur  
Assemblyman Duy Nguyen  
Assemblywoman Angie Taylor  
Assemblywoman Clara Thomas

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

None

**STAFF MEMBERS PRESENT:**

Jennifer Ruedy, Committee Policy Analyst  
Asher Killian, Committee Counsel



Sarah Delap, Committee Counsel  
Judi Bishop, Committee Manager  
Geigy Stringer, Committee Secretary  
Cheryl Williams, Committee Assistant

**OTHERS PRESENT:**

Zach Conine, State Treasurer  
Erik Jimenez, Senior Deputy State Treasurer, Office of the State Treasurer  
Annette Magnus, Executive Director, Battle Born Progress  
Lilith Baran, Policy Manager, American Civil Liberties Union of Nevada  
Susie Martinez, Executive Secretary-Treasurer, Nevada State American Federation of Labor-Congress of Industrial Organizations  
Vince Saavedra, Executive Secretary-Treasurer, Southern Nevada Building Trades Unions  
Tess Opferman, representing Human Services Network; and National Association of Social Workers  
Paul Catha, Political Director, Culinary Workers Union, Local 226  
Edward Goodrich, Political Director, International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists, and Allied Crafts of the United States, Its Territories, and Canada, Local 363  
Rob Benner, representing Building and Construction Trades Council of Northern Nevada  
Carissa Pearce, Health Policy Coordinator, Children's Advocacy Alliance  
Eric Jeng, Acting Executive Director, One APIA Nevada; and Director of Outreach, Asian Community Development Council  
Christine Saunders, Policy Director, Progressive Leadership Alliance of Nevada  
Phyllis Gurgevich, President and Chief Executive Officer, Nevada Bankers Association  
Briana Escamilla, representing Planned Parenthood Votes Nevada  
Alejandra Montoya-Boyer, Policy Director, Prosperity Now  
Cyrus Hojjaty, Private Citizen, Las Vegas, Nevada  
Marcos Lopez, Outreach and Coalitions Director, Nevada Policy Research Institute

**Chair Torres:**

[Roll was taken. Committee rules were explained.] We will have one presentation from the Office of the State Treasurer, followed by two Treasurer's Office bills. We are going to have a lot of good vibes this morning. I am looking forward to the presentation from the State Treasurer.

**Zach Conine, State Treasurer:**

We are happy to be here today to give a brief overview as to the work of the State Treasury and deliver what we always do, fantastic returns and good vibes. Moving on to slide 1 [page 2, [Exhibit C](#)], the State Treasurer's statutory responsibilities. We are the chair, president, administrator, and member of a number of things which I am happy to answer

questions about. I do not feel the need to read through this slide unless anyone else does. The functional areas of the office include six departments [page 3, [Exhibit C](#)]: our operations division, our cash management division, our investment management division, debt management division, college savings program division, and unclaimed property.

The operations division [page 4] oversees the day-to-day operations for the Treasury, including fiscal functions for 22 budget accounts, submittal of the biennium budget requests for 9 budget accounts and programs, human resources, information technology operations, travel management, and contract and purchasing management. We are also responsible for the accounting and distribution of funds relating to the Tobacco Master Settlement Agreement—in fiscal year 2022 the State received approximately \$44 million in Master Settlement Agreement proceeds.

Cash management [page 5] includes overseas state banking and accounting, including the receipt and disbursement of all public money. Any money that comes into the State, either from taxpayers or from the federal government vis-à-vis taxpayers, comes in to us. Any money that goes out of the State goes out from us. If you have ever opened a business and received a business license, thank you, that money went to me. If you went and registered your car at the Department of Motor Vehicles, thank you, that money went to us. We manage all main depository and control disbursement accounts efficiently, combining cash balances while minimizing noninvested balances. Our work is to make sure we get the money in and invested in between the time we get it and the time we spend it. I will talk more about that in the future. We are responsible for the allocation of revenues from the lease of federal lands here in Nevada. We oversee merchant services for all state agencies [page 6], including the responsibility for managing the State's main banking relationship. We manage the electronic payment program and 380 merchant accounts for 58 state agencies and Executive Branch boards. We issue around 130,000 checks a year, millions of transactions, billions of dollars' worth of value.

Our investment division [page 7]. In between the time that the money comes into the State and the money goes out of the State, we invest. We have fiduciary responsibility, including investment managers and oversight, for the following portfolios: the general portfolio, which is currently around \$9.3 billion as of today. When I became Treasurer in January 2019, it was about \$2.8 billion. The local government investment pool (LGIP) of about \$2 billion is a pool in which local governments, specifically smaller ones—basically anybody except Clark and Washoe Counties—can give their money to the State to invest. We invest it for them at scale, and they have access to both liquidity and highly professional—not so highly compensated—investment managers who make sure that their money is safe and grows. The Permanent School Fund functions as the endowment account for K-12 education and is at \$444 million. Prepaid tuition, which is the account that Nevadans have prepaid into for their college—we will talk more about that in college savings—is at \$370 million. NVEST, which is a longer-duration LGIP, is at \$51 million. The State's pooled collateral program is at about \$1.6 billion.

Debt management [page 8, [Exhibit C](#)]. Not only do we invest the State's money, but per *Nevada Revised Statutes* 226.110, subsection 1, paragraph (j), the State Treasurer is directly responsible for the issuance of any debt obligation authorized on behalf of and in the name of the State, except for issuances by the Colorado River Commission, the Nevada System of Higher Education, and the Department of Business and Industry, which issue various types of debt under a range of levels of autonomy. Subsection 1, paragraph (k) allows the State Treasurer to organize and facilitate statewide pooled financing programs, including lease purchases for the benefit of the State and any political subdivisions. This slide [page 9] takes you through the bond sales that we did in fiscal year 2022. Part of being responsible for the bond sales is being responsible for the State's credit rating, which is currently at its highest in state history, at one level under prime. That is great. When our credit rating is higher, it works just like your own credit score being higher. A higher score allows you to both borrow more and pay less for the privilege of borrowing. If you look at the slide, you will see "Capital Improvement, Historic Preservation, and Refunding Bonds." Total Interest Costs, or TIC, is the second column from the right. That is what we paid. We borrowed in that term \$118 million for 1.87 percent over 20 years, which is pretty good, in case anyone has done this.

College savings division [page 10, [Exhibit C](#)]. Our college savings division helps Nevadans plan for, save for, and pay for college and higher education. That includes our Nevada Prepaid Tuition Program, which is a defined benefit program allowing you to pay today's rates for future college. We have 11,369 active accounts as of right now. Nevada's 529 savings accounts function like 401(k)s, but for college. If it is used for a qualified educational expense, the interest earnings on money put into a 529 account are not taxable. We have one million accounts nationwide, about \$34 billion under management. The last time we looked, Nevada was about thirty-seventh in population, but either third or second in the number of college savings accounts and dollars in the state. Unfortunately, that is not because Nevadans are more prepared for college. It is because our programs are so good that people come from other states to invest with us. Then there is the Governor Guinn Millennium Scholarship, which provides up to \$10,000 in tuition for Nevada's best and brightest; 159,789 Nevadans have utilized the program to date. I am responsible for mentioning that that program is insolvent and requires dollars every year to keep going.

The college savings division also includes College Kick Start [page 11]. That is a \$50 scholarship account created for every public school kindergartner in Nevada. It has 344,832 established accounts, making it the largest program of its type in the world. Our student loan ombudsperson who started two sessions ago provides case management for student loan borrowers and education programming on student loans. Our scholarship database is a comprehensive listing of scholarship and grant programs available to Nevadans attending or seeking higher education.

Our college savings division is also responsible for our Nevada ABLE savings program [page 12], a federal program that stands for "achieving a better life experience." It allows individuals with disabilities to save and earn money without threatening the loss of state and federal benefits like Medicaid, social security, supplemental income, or social security

disability insurance. The State Treasury oversees the administration of Nevada and nationwide accounts, marketing of the program, and coordinating with our program manager. As of December 31, 2022, there are 3,173 ABLE accounts in the state, which represents a growth of more than 1,200 percent since 2019 when we took over the program.

Moving on to the fun party trick of the State Treasury, the unclaimed property division [page 13, [Exhibit C](#)]. Unclaimed property has three main functions. One is claims—responsible for receiving, reviewing, and approving or denying submitted claims. We also process, hold, and auction physical property held in safety deposit boxes. For anyone unfamiliar with unclaimed property, the general idea here is that if you are a business and you have paid someone and that someone has not cashed the check—for instance, a payroll check that is going to an employee who has not cashed it, a rebate check or even a business-to-business payment—eventually, that outstanding accounts payable gets turned over to the State, where we hold it in perpetuity in trust for the recipient. The intention there is that while a business might not exist forever, the State of Nevada hopefully will, and we will be able to return that money down the road.

Second are holders, which are the businesses, in this context, that are responsible for receiving and processing reports and payments that are submitted as unclaimed property. We are currently safeguarding more than a billion dollars in assets held, as I said, in perpetuity.

Third is our unclaimed property audit division. Our audit division works with businesses to make sure that businesses are in compliance with the unclaimed property statutes. Fun fact: Every business in the state of Nevada is required to submit an unclaimed property report every year, even if that report is a zero report. We work with businesses to make sure all that money gets into state hands so that money can then get back into the hands of Nevadans. So far, we have received, in fiscal year 2022, \$83 million from holders; we have returned about \$42 million. Since I have been Treasurer, we have returned \$188 million, which is the most returned by any single treasurer in a four-year term by a lot.

These are a couple of other Treasury initiatives [page 15, [Exhibit C](#)], because sometimes we are outside of our sandbox just a little bit. They fall into two categories. One, things we are trying to do to make the state a little bit better. Two, some of the pandemic-era aid programs that we helped administer. On the making the state better side, we have revised and repurposed the Nevada State Infrastructure Bank, originally created in 2017 as a vehicle for transportation projects. It was reimaged in 2021 as a vehicle for economic development, housing, education, and other functions. The Infrastructure Bank, broadly, has taken \$75 million in State money—and it uses that money that has been created through general obligation bonds—in order to partner with private industries and philanthropic organizations to bring more money into the state. Our goal there is to get a multiple to do things like build more affordable housing. We took a leadership role in the American Rescue Plan Act, including the creation of Every Nevadan Recovery Framework and the Nevada Recovers Listening Tour. Many of you joined us in our 123 events over 82 days. We are continuing to work on capturing the \$500 million in annual federal funds that Nevada misses out on.

In the pandemic, we helped with a few programs. We administered, along with the Governor's Office of Economic Development, the Pandemic Emergency Technical Support, or PETS, grants, which provided \$102 million to small businesses—the largest program in the state of its type in history, run by four people and a spreadsheet. The Commercial Rental Assistance Grant program—\$10 million to go towards local landlords who were struggling with their commercial tenants. The Coronavirus Housing Assistance Program was conceived out of our office and then ably managed by the Housing Division of the Department of Business and Industry, the Reno Housing Authority, the Rural Housing Authority, and Clark County, which brought about \$400 million in assistance to both homeowners and landlords. Our Transforming Opportunities for Toddlers and Students, or TOTS, program brought \$12 million to individuals with disabilities—the largest program of its type in the history of the country. At this point, I am happy to take any questions.

Yes, we did run your unclaimed property and I am happy to talk through that as well.

**Chair Torres:**

Thank you, Treasurer Conine, and thank you for your attention to the unclaimed property. Are there questions from members of the Committee?

**Assemblywoman Thomas:**

I appreciate this presentation because we are talking about money that I possibly have in a savings account with the State. My first question would be whether or not this money gains interest. I want to say thank you for the positive vibes that you are bringing to this Committee today.

**Treasurer Conine:**

I am happy to deliver the vibes. Those were free, but everything else costs money. The good thing is, we have got quite a bit. We have about \$9.3 billion in the general portfolio, a record for the State of Nevada. That money generates about \$33,000 or \$34,000 an hour in interest. The interest comes from relatively risk-free, or certainly low-risk, investments. Most of our investments are in things like treasuries and agencies—these are the federal government who is raising money; we are buying that paper; they are then paying us interest for that paper, what is typically called a coupon or yield. We are also investing in agencies: Fannie Mae [Federal National Mortgage Association], Freddie Mac [Federal Home Loan Mortgage Corporation], and Ginnie Mae [Government National Mortgage Association]—federal agencies that are issuing bonds. We are purchasing those bonds and getting paid interest for it. We also invest sometimes in corporate notes, commercial paper—which are effectively just different durations. In companies that are highly credit-rated that are borrowing money for a period of time—we might invest in that.

Our office has really shifted the way we think about this over the last couple of years. When I became Treasurer, most of the work was an accounting process. It was, We have a bill to pay on Thursday, we will invest in whatever, and we will make sure that we can pay that bill on Thursday. Well, we still do that because in the Treasury—and we will talk about this a little bit more in the Assembly Bill 33 presentation—our first responsibility is to not lose

money. Our second responsibility is to not lose money. Our third responsibility is liquidity, and then far, far down on the responsibility level is making money. But when we do make money, that money goes back to the agencies that have budget authority from you, and it allows us to do other things. In a given year, depending on the markets and the rest, we could distribute around \$100 million back to agencies, which allows them to do other things. So that is what we do—with a relatively small team.

**Assemblywoman Thomas:**

The investment companies you mentioned—Fannie Mae and Sallie Mae—are there any others that you can share with the Committee?

**Treasurer Conine:**

Fannie, Sallie, Ginnie, et cetera—agency papers—is one of the things that we buy, but they do not invest the money for us. They have a government function. We manage the majority of the assets. Of the \$9.3 billion, we manage more than \$8 billion internally, and we have two outside managers who help us, both with relatively small portfolios as a percentage of the total and with things that are a little bit more complex, such as collateralized debt obligations and mortgage-backed securities—things where you want a really big team in order to make sure you are on the right side of the trade.

**Assemblyman Nguyen:**

I want to start by saying thank you for your work in the community. Your work as Treasurer in the last four years has made the Office of the Treasurer more visible in all of the years that I have been in Nevada. Thank you for your outreach to the Asian-Pacific Islander community.

I love the numbers. Thank you for all these amazing stats. But one thing I want to get clarity on is the college savings division. I see the stats. Do you know from the top of your head—if you do not, it is fine, we can get those numbers later on—the number of cases you handle for student loan borrowers and folks who have questions about student loans?

**Treasurer Conine:**

We can follow up with the exact number, but what we are finding is the student loan ombudsperson role is handling both individual cases and is also able to do advocacy work for Nevadans at large. The first time our fantastic student loan ombudsman was able to work with a teacher to help him remove about \$112,000 worth of student loan debt, it opened up problems with the process which she is now advocating on the national level with the U.S. Department of Education to get fixed—to make sure that the process gets easier for others. The role is both that of direct constituency work but also of broader advocacy work.

**Assemblywoman Taylor:**

Thank you for a very good report. I will concur with my colleague. Your office is much more visible and seems much more citizen-oriented with these things that you do. I thank you for that. I have a couple of questions. One, you mentioned that people come from other

states to invest in our 529 college savings account. What does that look like? Do they just like the vibe? Why do they do that?

**Treasurer Conine:**

We and our partners are just really good; they like our vibe and our returns. Nevada was one of the first off the blocks when it came to 529 plans, so we have relationships with some of the larger investment managers, and some of those investment managers have their own pipelines. For instance, if you have a 529 plan with Vanguard, one of the largest investment companies in the world, that 529 plan lives in Nevada and we are paid for that privilege. It is important to mention, all of the work of our college savings division is paid for by fees that are generated because we have other people from other states investing in Nevada. The State Treasurer's Office is one of the few agencies that makes money.

**Assemblywoman Taylor:**

My second question is, you mentioned the scholarship database—it is fantastic that you do that. I have never heard of that before. How do you get the word out about that?

**Treasurer Conine:**

We have mostly been telling people about it in Assembly Government Affairs Committees. We are looking to spread that out a little bit more. But no, the scholarship database came about in 2019 from a bipartisan bill originally proposed by Assemblywoman Jill Tolles. That bill, for the first time, took not just scholarships available at the Nevada System of Higher Education (NSHE) institution, but scholarships at NSHE, private scholarships, and public scholarships and enabled us to put them all into one place. What we found is there are so many dollars out there for college—whatever type of college, whether it is a four-year program, a two-year program, or career and technical. There are dollars out there to help Nevadans do it. But a lot of times those dollars are for a very specific subset—a fellow in his forties who maybe did not get picked first for dodgeball and is still thinking about it—there might be dollars for that specific person if we can connect him with that work. We certainly appreciate any work that has been done by this Committee or by individuals helping to spread that out to their constituents, because we think it is a valuable resource.

**Assemblyman D'Silva:**

I also have to echo my colleagues' sentiments here. You have brought a great deal of presence and a great deal of focus to the Office of the Treasurer. I thank you for that. It is nothing but a good thing for Nevada. My question is this: there is a popular conception out there that it has been difficult for the State of Nevada to pursue some of the federal funding that we are due as a state. Is this a real thing? Is it difficult working to secure those federal funds, or is this a misconception that has to be addressed? What is your take as the Treasurer of Nevada on this particular topic?

**Treasurer Conine:**

I will say before I continue—one of the reasons why our office has been so visible over the last couple of years is because of how fantastic our team is. I am joined at the dais by Erik Jimenez, our chief policy deputy, but every single one of the people who works for the



Treasurer's Office is a dedicated public servant who has been comfortable and willing to pivot to be a little bit more constituent-facing.

To answer your question—how much time do you have? The State of Nevada historically has not been positioned well to receive federal funds for a series of reasons. One is simply the size of our government. As you heard from Governor Joe Lombardo in the State of the State address and you have heard from governors, time writ large, we have a very small state government and oftentimes to get federal funds, you have to do something: you have to apply for them; you have to create a new report; you have to do new work. Oftentimes, we do not have the staff to do that.

A study a couple of years back—and I assume we will get a new one this year—put the number at around \$500 million a year that the State of Nevada does not get in federal funds that we could apply for. Some of those federal funds are competitive, which means that if we go for them, maybe we would or maybe we would not get them. But that number is just to bring up the amount of funding we get per capita to a median level. If we were right in the middle of states, we would be there. Here is the thing. Nevada is not right in the middle of the states. Most federal funding of this nature is based on need. It is based on the number of kids who are living under the poverty level. It is based on the number of people who are housing insecure. It is based on the number of people who need help. Nevada is not in the middle of that population; we are towards the top of that population, unfortunately. And so, the amount of money we are leaving on the table is even larger than that.

The work that we can do is manifold. We made some progress in that direction through Assemblywoman Daniele Monroe-Moreno's bill, Assembly Bill 445 of the 81st Session, which did a couple of things. One, it moved what was the Office of Grant Procurement, Coordination and Management out as a subset of the Department of Administration to a cabinet-level position, which we thought was important; regardless of who the governor is, grants are going to be an important piece of what we do. Number two, it created the Nevada Advisory Council on Federal Assistance, which is a board that can meet and together work on grants—these are boards that we sit on. There are a lot of different names in this world; I apologize for not pulling the name directly, but it is in your presentation.

The last thing we can do is work to remove some of the systemic barriers to applying for grants. In the State of Nevada there are a number of disincentives for agency heads and for agencies to apply for grants, not the least of which being that if an agency is successful in securing a grant, they then have that money removed from their budget going forward because the federal government is paying for it. They do a whole bunch of work, and if they are successful, they are exactly where they were. For anyone who has worked in the private sector, that is not a great incentive for people to do good work. There are a lot of pieces to that. I am encouraged that that work continues, led by Assemblywoman Monroe-Moreno, by some people in the private sector and by the Governor's Office. Our office, as always, will look for more ways to get money into the state from the federal government—which, by the way, I remind everyone is your money—it is just going to places like Kentucky, which is just fine, but I am not their Treasurer.

**Assemblyman D'Silva:**

Thank you, Mr. Treasurer. Very insightful.

**Assemblyman Koenig:**

I do not have a question, but I just want to congratulate you, Treasurer Conine, for being the only person in the building who speaks faster than Chair Torres.

**Treasurer Conine:**

It is a vibes thing.

**Chair Torres:**

Relatable. I thank you, Committee members. Are there any additional questions or comments? [There were none.] At this time, we will go ahead and open the hearing on Assembly Bill 28. This measure will establish the Nevada Baby Bonds Program. Our sponsor is the Office of the Treasurer. Treasurer Conine, when you are ready. Good vibes.

**Assembly Bill 28: Establishes the Nevada Baby Bonds Program. (BDR 18-356)**

**Zach Conine, State Treasurer:**

I have the pleasure of serving as the State Treasurer. It is great to be here to present Assembly Bill 28. The Treasurer's primary role is serving as the state's chief investment officer. Over the last four years, our office has been focused on how we can work to invest in programs and services that increase the quality of life for working families across Nevada. Broadly, Assembly Bill 28 represents the largest proposed investment in helping to combat generational poverty in our state's history. By establishing a baby bonds program similar to those in other states like Connecticut, California, and Washington, we can start to change the way we think about investing in programs that are designed to promote economic mobility. Nevada currently ranks nineteenth in the nation for the worst rate of childhood poverty. We also currently have 340,000 children covered by Medicaid and the Children's Health Insurance Program, or CHIP.

It is important to note that while vital programs like Medicaid; unemployment insurance; Temporary Assistance for Needy Families, or TANF; Supplemental Nutrition Assistance Program, or SNAP; Special Supplemental Nutrition Program for Women, Infants, and Children, or WIC; and others help to provide a social safety net for people when they need help, these programs also have a massive upfront and ongoing cost to our state budget. These costs only continue to increase as people move from childhood to adulthood, unable to escape the cycle of generational poverty. According to the Centers for Medicare and Medicaid Services and the Kaiser Family Foundation, the amount spent on children covered by Medicaid in Nevada is \$2,108 per child a year. And, as these children typically remain on Medicaid until they reach adulthood, that number increases significantly to \$4,097 per person, per year. For each person who is unable to move out of the Medicaid program in their lifetime, we can expect to pay \$192,559 in health care costs alone, per person, from the age of 18 to 65.

We see similar investments through food assistance that is provided to low-income households through the Supplemental Nutrition Assistance Program, or SNAP. In Nevada, 249,000 people receive SNAP benefits every month. These benefits cost an average of \$45 million a month, or \$540 million a year. To put it simply, it costs way too much money to deal with the prolonged effects of generational poverty in our state. That is why finding ways to address it is not just the right thing to do, it is the fiscally responsible thing to do. Moreover, it is the only way we can continue to keep our taxes low while preserving the integrity of our state's budget.

In a 2018 study, researchers from the University of Washington quantified the cost of childhood poverty in the United States as \$970 billion annually, or 5.4 percent of our domestic product at the time, through increased health care costs, reduced economic productivity, increased costs to address homelessness, and increased rates of crime. Similarly, these results found that for every dollar that was spent on reducing generational poverty, we can save nearly \$7 with respect to the overall economic cost of poverty. We are good in our investment division, but we are not 7-1 good. This is. That is what this bill is.

A baby bond is a modest investment in low-income children from communities across our state who need a boost to put themselves on the path to higher education, homeownership, and entrepreneurship. From the time a baby bond is created, this modern investment can grow over time, providing new adults with access to the financial tools that they need to grow and thrive. I recognize that 18-year-olds sometimes do not make the best financial decisions. We have a student loan ombudsperson for a reason. But that is why we work to ensure that there are adequate guardrails in place in this bill to ensure that dollars go to the right people and funds can only be used for things we know can move the needle on reducing generational poverty.

As I mentioned before, this is one of the largest economic ideas being proposed in our state. We structured it in a way that helps the greatest number of people with the lowest fiscal impact to Nevada taxpayers. Over the next 100 days or so, hopefully we can work together to find ways to save our state money and lift thousands of people out of poverty. With that, Madam Chair, if you are amenable, I am happy to walk through the various sections of the bill.

**Chair Torres:**

Yes, please go ahead.

**Treasurer Conine:**

Sections 2 through 7 of A.B. 28 are definitional sections. Section 8 establishes the Nevada Baby Bonds Program and houses it within the Office of the State Treasurer. Section 8 also establishes the Nevada Baby Bonds Trust Fund and expressly states that money contained within the trust fund must be preserved, invested, and expended solely for providing baby bond investments for low-income children. In order to be eligible for a baby bond, a child must be born in Nevada on or after January 1, 2024. Their birth must be covered by Medicaid or the Children's Health Insurance Program. To that end, section 9 requires the

Department of Health and Human Services (DHHS) to notice the Treasurer's Office upon the birth of a designated beneficiary. Once DHHS notifies our office, we will invest \$3,200 in the trust fund on behalf of the child, probably once a year—so all the babies once a year, and then we go forward. These funds will then be invested over the life of the child until he reaches 18. Using a conservative investment benchmark of 6.9 percent, which is what is currently being used by the State of Connecticut for their program, the assets will grow to \$10,635 over 18 years. However, if we pegged the investment return to what we have seen in the 2022 investment returns of the Nevada Public Employees' Retirement System, or PERS, we could see interest earnings of up to 8.5 percent. I will remind everyone, 2022 had a couple of bad months in it. That would bring the assets into a child's baby bonds to \$13,895 over 18 years.

Once the child reaches 18 up to age 30, he will have the opportunity to claim the funds that have grown in his baby bonds. If the family does not wish to claim the funds, they do not have to, and it will stay within the trust to fund other children. To ensure that people do not relocate to another state and then move back to Nevada just to claim these funds, we have put a requirement that an individual be a Nevada resident for at least 12 months prior to being able to submit a claim for his bond. Additionally, we put guardrails on this program to require that all eligible beneficiaries can only use the funds in their baby bonds for a defined purpose. These include postsecondary education, including vocational education and apprenticeship readiness programs; the purchase of a home; to start or purchase a business; and to invest in financial assets or personal capital that provides a long-term gain to the designated beneficiary's wages or wealth. The goal for that last one is to provide enough flexibility because while we would like to think ourselves as pretty good forecasters, we do not know what the opportunities are going to be in 18 years.

To make sure Nevada families understand and know that these dollars are being saved on behalf of their child, section 10 of the bill requires the State Treasurer to send an annual statement to each beneficiary that shows how much money he is eligible to receive, along with the projected growth in his bonds. Additionally, this annual statement will also contain resources and information on financial literacy programs to help the beneficiaries prepare themselves in advance of accessing their baby bonds funds. We have also found there is a lot of value in these communications offering wraparound services. We know there is value to—if an individual is on Medicaid—making sure they are also signed up for SNAP, to making sure we check that their unclaimed property is there, to making sure they have claimed the Nevada Kick Start account, et cetera. These are dollars that are out there, a lot of times not funded by the State of Nevada, that we can help people get access to, and that goes to Assemblyman D'Silva's question. Some of that money is not going to flow through the State. It can flow directly to the recipient.

As we have seen with other programs currently in the Treasurer's Office, preserving access to Medicaid and other means-tested benefits is critically important as we establish savings vehicles for low-income individuals. That is why section 11 states that any monies in the Baby Bonds Trust Fund must not be used to calculate the personal assets of the designated beneficiary for determining eligibility for any disability, medical, or health benefit program

administered by this state, along with any student loan program or other financial aid program.

Section 12 of the bill provides safeguards around the funds in the trust to ensure they are invested properly and effectively. Additionally, this section gives our office the ability to contract with various entities for the management and oversight of this program. Section 13 provides all information about a designated beneficiary is required to remain confidential except under limited circumstances necessary for program administration. Section 14 of the bill gives the Treasurer regulatory authority to adopt the regulations necessary to administer this program. Section 16 would appropriate \$80 million from the State General Fund to cover the cost of establishing the baby bonds program for children born over the next two years. Thank you for the opportunity to present Assembly Bill 28. I am happy to answer any questions that members of the Committee might have.

**Chair Torres:**

Members, are there any questions?

**Assemblywoman Thomas:**

I appreciate the detailed information you have provided. You stated that a person can receive this trust at the minimum age of 18, maximum 30. Within that time period and with the investment that our state has been providing, is the maximum return just \$13,895?

**Treasurer Conine:**

No, the maximum on the return is how much we are able to earn from investment returns over the period of the time between when the dollars are invested and age 18. For administration of the program we assume that most funds will be taken out when an individual is 18, as opposed to, say, 25—we want to create some additional flexibility there. But the dollars will continue to grow from zero to age 18, and they will grow in a cohort; from an ease-of-administration perspective we are not expecting to have a separate, individually managed investment account for each kiddo. We will have one large investment account for each cohort, basically each year of children, which will continue to grow over that time. Individuals may leave the program because they leave the state or for other reasons. Those dollars will then get redistributed amongst members of the cohort.

**Assemblyman Koenig:**

My question is very similar. There is no benefit to waiting until you are age 30? If you wait until age 30, you will still be getting the exact same amount as if you took it out at age 18. You are not still accruing more benefit by waiting until the age of 30?

**Treasurer Conine:**

That has been a relatively robust amount of conversation in our office. From an administrative perspective, cutting it at 18 and then allowing those dollars to sit there but not continue to grow for that beneficiary will be the most effective and also the most fair.

**Assemblyman Koenig:**

If they do not take it until age 30, the State will have that money and will be benefiting from their waiting, actually. It accrues more interest, or the fund would grow, but the value of the baby bonds will not increase.

**Treasurer Conine:**

Similar to how it works in prepaid tuition where there is a defined benefit at the end of this program, dollars that were generated through investments on those dollars after the child turned 18 or after the person became 18 would then revert back to the trust. They would make the trust more whole and, theoretically, decrease the ongoing cost in the future.

**Assemblywoman González:**

I am definitely feeling all the good vibes this morning. I am not a finance person. I have a couple of questions. You stated that they would lose the fund if they moved. Does that mean that we are tracking these kids and if so, how? You mentioned Kentucky. Are there other states in the West that allow this program to which we can compare this? Also, what is the estimated annual amount that will be going into these accounts every year? You stated how many kids are on Medicaid each year, but what is it going to cost the State? Then—I do not know if you mentioned it—where is this money coming from?

**Treasurer Conine:**

No, we are not planning on tracking babies. The intention would be when they come back to apply for the funds, they have to show proof of residency in Nevada for the year forward. I want to be very cautious and cognizant of our military population or transient population—individuals who move in and out of state. But similar to state tuition at the University of Nevada, Reno or University of Nevada, Las Vegas, we want to make sure there was a functionality to allow someone to come back to Nevada and stay here. Some other states that do this are Connecticut, California, and Washington. All have programs that we modeled this off of, Connecticut specifically.

As far as the money, we think it will cost around \$40 million a year—that number could go up or down in the future, both from an investment return perspective and the size of the population. By definition, the goal here is to decrease the size of the population, at least as a percentage of the state's population, over time. The other question is an actuarial one. Some percentage of individuals who receive this will not claim it at 18, so we are working with other states and with our own internal financial modeling, but also financial modeling of think tanks, to try to understand how many people actually get to the end of this program, because we do not need to put in money for individuals who are not going to be there. We do a similar process in College Kick Start—\$50 for every public school kindergartner in the state. They do not all claim it for a series of reasons, so because of that, that fund is now self-propagating—it pays for itself. We do not need to put additional money into it every year.

As far as where we get the money from, it is currently intended to be a General Fund transfer. We have a relatively large surplus right now. Our investments team brings in around

\$100 million in the trailing twelve-month period. We think that when it comes to investments, the opportunity for us to take generations of folks and move them out of generational poverty is one of the best investments we can make as a state. As I mentioned, we spend more than the cost of this program in SNAP benefits every month.

**Assemblywoman González:**

Thank you so much, Treasurer. My last question is, section 13, subsection 2 says, "The State Treasurer may only disclose information made confidential . . . ." What are examples where the office would disclose this information and to whom?

**Erik Jimenez, Senior Deputy State Treasurer, Office of the State Treasurer:**

This information would only be shared with a program manager, much like we run some of our college savings programs and our Nevada ABLE [Achieving a Better Life Experience] savings program. Those are managed by the Treasurer's Office as the fiduciary of the plan, but oftentimes there is a recordkeeper or program manager who has access to the accounts and can help with customer service, those sorts of things. That sort of data-sharing agreement, only for the purpose of the program manager, is what we are talking about here.

**Assemblywoman Taylor:**

This would begin with a \$3,200 transfer from some surplus money that you are generating, which is fantastic. My question is, how did you land on \$3,200?

**Treasurer Conine:**

We are happy to go bigger. We looked at other states and what they are doing and wanted to create an amount of money. I have had this conversation with a number of you, and I appreciate it. I wanted to create a number that was meaningful at the end of the process but still possible. Ten thousand dollars goes a long way when you are starting. I have started a small business and many of you have started small businesses—that initial little bit of \$10,000 goes a long way. When it comes to purchasing a home, \$10,000 is enough to go a long way towards the down payment for a Federal Housing Administration-subsidized mortgage, assuming you are only putting 3 percent down. It is a big number. Ten thousand dollars is also a lot when it comes to stacking with additional dollars that are available for higher education—if you have a Pell Grant but you are still having trouble, taking into account the amount of money you are going to spend on child care or the amount of money you will have to spend on transportation, it helps to bridge that gap. We wanted to come up with something that was certainly expensive, but we think rational, compared to the size of the program and the size of the benefit.

**Assemblyman Hibbetts:**

I am assuming that you have done some sort of a backward study to figure out how many babies were born under Medicaid over the past 5, 10, 100 years to project out how much money you are going to need. What are you projecting for the biennium for babies who are going to be born under Medicaid and fall under this program?

**Treasurer Conine:**

Approximately \$80 million; \$40 million a year.

**Assemblyman Hibbetts:**

My question is, how many children?

**Erik Jimenez:**

We have done a historical model of ten years of children who are born, the number who are on Medicaid, and then we have used data from the State Demographer using population estimates. I would note that birth rates are declining even as population is growing. But using a stable birth rate, we expect there will be about 15,000 kids each year of the biennium who would be covered by Medicaid and fall under this program. Not all of those would claim, so there is an actuarial discussion that we should have, but that is the estimate.

**Assemblyman Hibbetts:**

Thank you, because my math—the \$80 million would cover 25,000. Hang on—I forgot; I am not a mathematician.

**Treasurer Conine:**

The delta between the covered amount and the number of folks is our actuarial assumption on how many would claim and would get to the end of the process, transitory populations, et cetera.

**Assemblyman Hibbetts:**

Let us say that this goes through, and everybody gets approved, and everybody is happy, and vibes are good. Eighteen years from now, when the very first person is eligible to cash in on this, with interest rates being what they have been over the past 20 years, what is \$10,000 going to do for anybody?

**Treasurer Conine:**

That is a fair question, although if we look at interest rates over any period of time, there are ebbs and flows. Generally, while they might provide a barrier to homeownership at one specific time—perhaps a higher interest rate environment is a better time for that individual to go to school, right, if they choose to use it for that. We think \$10,000 is significant. When I was starting a small business and we had no capital but the capital we were able to get from our credit cards, that \$10,000 would have made a ton of difference to me. Ten thousand dollars makes a ton of difference to students who are on Pell Grants, taking advantage of the Millennium Scholarship, or other things, from an educational perspective. Then when it comes to buying a home, \$10,000 is enough to use as a down payment toward purchasing a home. At a 3 percent down payment, that is a \$300,000 home which, if we are able to continue building the sort of affordable housing that is on our plate with the Nevada State Infrastructure Bank and other tools, is going to be out there.

With all that said, could it be more? It absolutely could be more. But we think that \$10,000 will help. The other benefit of this program is that it is not just about the amount of money.



As we have seen with College Kick Start, which is only a \$50 program—\$50 growing between the time the child is in kindergarten and goes to college is often \$58 or \$62—simply knowing that someone is saving for his future changes behaviors. It makes that kid a better student on the margins. It makes that kid think more that, Hey someone is doing something good for me, maybe I should do something for myself. It increases performance—at least it has been shown to in the Kick Start Program. We are hopeful that a program like this would lead to more people planning to purchase a home, more people planning to go to college or achieve higher education, or planning to start a business, knowing there is some funding out there. Especially in the business universe, that first dollar of funding is so hard to get. One cannot go to the Small Business Administration; it is very hard to get a bank loan, et cetera.

**Assemblyman D'Silva:**

I am definitely feeling the vibes this morning. I have two quick questions. One, is there a cap as to what age a beneficiary can remove the funds from this program? Second—you did not mention some miscellaneous arenas of spending—is it possible for a beneficiary to take this funding and roll it over into another long-term investment like a Roth IRA or a TDF [target dated fund] or something like that?

**Treasurer Conine:**

For your first question, funds are available when the individual is 18 and must be claimed by the time he is 30. As to your second question, that fourth category is intended to be pretty broad so that we can work through the regulatory process and make sure other options are there. If an individual were in a place where he did not need it for anything else, putting it into a retirement savings account could make sense. But for the most part, individuals who would qualify for this program likely have more pressing short-term needs, whether it be housing, starting a business, or education—but the intention of that fourth bucket is to allow for us, over time as things become possible, to make sure the program can grow with the state.

**Assemblyman Gurr:**

The presentation was eye-opening. You will start the fund in 2024? Is that correct?

**Treasurer Conine:**

Yes, the first cohort of kiddos.

**Assemblyman Gurr:**

You will have 18 years of that fund growing. Can the State leverage it against anything else, use that growing fund to leverage for other benefits?

**Treasurer Conine:**

I appreciate the question because we often do that; we will have funding in one category that will grow until it is spent, and we will spend it somewhere else. For instance, we have been able to invest the American Rescue Plan Act dollars that have come in between the time we received them and the time they are going to go out the door, and that will create hundreds of millions of dollars' worth of investment returns for Nevadans.

The goal of any of our trust-based funds, be it the Millennium Scholarship trust fund, the prepaid trust fund, and this trust fund, is for the dollars to exist within their own sandbox. Those dollars are coming in, they are being invested for the children, they are then growing over their lives. The growth then makes that fund more secure. If there is a time in the future where the assets put off by the fund—if that group from 18 to 30 has not claimed; if individuals have left the state or are transient; if we are wrong in the actuarial to the side where fewer people are taking it than we expected—then those dollars can make the trust more effective and more solvent, which then allows us to keep the amount down that we are putting in. As an example, in the prepaid tuition fund, which is the fund where individuals give us money at a young age for the child, and then we invest that money, and then we pay for two or one year of college on the other side, we have actually been knocking the cover off the ball from an investment perspective. That has allowed us, even as college costs rise, to keep the cost of the program the same for new participants. We do not have to keep making it more expensive. The comparative in this sense would be allowing us to not continue raising the cost of the program from a General Fund perspective every year because the investment returns are helping to cover part of that cost—helping to defray it.

**Assemblyman Nguyen:**

I know the \$3,200 could be more, Mr. Treasurer, but my question is in terms of longevity. We are thinking \$3,200 now but, in fact, an amount from 10 or 20 years ago is not valued the same. Were there any thoughts on including language to look at adjusting that amount, to increase it based on a certain formula? Twenty years later, do we go back to this body and say, Hey, we need to raise the amount? or is there language in the statute already to enable adjusting the amount as we go?

**Treasurer Conine:**

We think it is important for the legislative body to be able to have another bite at the apple when we need to raise it. As we have seen with a lot of other programs, when we have cost-of-living increases or inflation-based increases, that number can quickly spiral to a number where we have an entitlement program that is unfunded. Our goal here is to put a static number in there. If at some point we get to a hyperinflation environment or something else where \$3,200 does not spend like it used to, then I expect someone in my role will be coming back to this body to talk about that. We wanted to make sure we did not create a statutory conveyor belt that would put it into place where it should not be.

**Chair Torres:**

Members, are there any additional questions? [There were none.]

Before we bring this bill up for a work session, I would like to make sure that the right guardrails are in place around how the funds are used. Using it for higher education or apprenticeship programs is phenomenal. Using those funds for buying a house would be great. But when we look at small businesses, while I think that is a good use of the funds, I want to make sure that the appropriate guardrails are there to ensure that individual beneficiaries are set up to succeed and abuse of those beneficiaries will not occur. I could see, in 25 years, there could be individuals purposely recruiting those individuals who are

eligible for this program to acquire those beneficiaries' funds for their own purposes, and those beneficiaries would be left having spent thousands of dollars without a true investment in their own lives. I want to make sure the appropriate guardrails are in place for that. Also, making sure the funds can get to the individual beneficiary is a key concern, but we can continue to have these conversations offline.

Seeing no other questions from the Committee, we can invite testimony in support of A.B. 28.

**Annette Magnus, Executive Director, Battle Born Progress:**

We are here today in strong support of A.B. 28. This is a smart and creative way to help young people across our state get ahead. I want to share a personal story today. I am a proud recipient of the Millennium Scholarship, but as many of you know that does not pay for all of your college tuition bills and the cost of books and other needs that you have while you are in college. I graduated in five years while also taking time to do an internship here at the Nevada Legislature that started my career. Thanks to my parents and their smart decisions, every Christmas and birthday I would get savings bonds from my relatives. As you can imagine, as a young person I was rather irritated that I could not spend that money. But as an adult with zero student loan debt and the ability to purchase a home at 26, I was thrilled. I did not have access to these funds until I turned 18. I paid for my schooling and the down payment on our home so that we could get ahead.

Now for a very different story. My husband, Nick, was born in rural Montana. He was poor and his family often needed government assistance when he was young. He also qualified for the Millennium Scholarship, but it took him almost nine years to graduate because he would have to take every other semester off to be able to pay for all the extras that college required. He had no savings or savings bonds, like many young people in our state. This is the difference; this is why a program like this makes sense. All people in Nevada deserve a leg up like I had, and we must do everything we can to end generational poverty. Please pass this critical bill. It will go a long way for our future.

**Lilith Baran, Policy Manager, American Civil Liberties Union of Nevada:**

The American dream is rooted in the idea of upward mobility, the idea that if you work hard, you will climb the economic ladder. But being born into poverty too often determines what the rest of your life will look like and for your kids and generations after. When babies grow up in poverty, opportunities are limited, and they start out on an uneven playing field as young adults. By comparison, a young adult born into wealth will likely get assistance paying for college or buying her first home, but someone born into poverty starts from zero or negative. This means they are more likely to take on a student loan and bad debt, making it harder for them to become financially stable and build wealth when they become adults. Because wealth is largely passed down from one generation to the next, when young adults start out on an uneven playing field, often the next generation of their families lacks wealth too.

States can grant their citizens the tools to succeed and to ensure that they have an equal opportunity to thrive. Unfortunately, the state of Nevada ranks forty-seventh in the 2021 *U. S. News and World Report* opportunity ranking, which examines the state's affordability, economic opportunity, and equality measures. A statewide baby bonds program can help narrow gaps in educational achievement, homeownership, and entrepreneurship for young Nevadans born in poverty across the state. The Nevada Baby Bonds Program is a critical investment in the future of Nevada by making this investment. Now, babies born into poverty in Nevada will have fewer obstacles to wealth-building opportunities than their parents and greater opportunities at achieving prosperity. Additionally, our state's economy will grow and be able to save on future costs when they use these funds, which can only be used in Nevada to buy a home, get a higher education, or start a business. Let us give our children the tools to succeed and support this measure today.

**Susie Martinez, Executive Secretary-Treasurer, Nevada State American Federation of Labor-Congress of Industrial Organizations:**

On behalf of more than 150,000 members and more than 120 unions, the Nevada state AFL-CIO is in full support of Assembly Bill 28. It is a piece of legislation that would establish the Nevada Baby Bonds Program. It is no secret that the wealth gap in our state and across the country is growing at an alarming rate. Many of our working families are struggling. When a family already needs to stretch the dollars they earn to simply put food on the table and provide their children basic necessities, they do not necessarily have the resources to think about the long-term future. Around 44 percent of infants born in Nevada every year are on Medicaid. Just imagine how many of these individuals' lives this proposed baby bonds program could put on a better financial track. We need this program so that the American dream is not just a dream but a reality for every single child. That is why it is critical that our Legislature overwhelmingly pass Assembly Bill 28 to ensure that we can break the cycle of generational poverty in Nevada. I would like to thank Treasurer Conine for bringing this bill forward.

I would also like to say that I was one of those individuals who purchased savings bonds for my daughter. The other day she said to me, Mom, I need \$10,000 so I can finish paying for this next year. I said, Oh my goodness; but, oh my God, I forgot we do have your savings bonds, and handed her the stack. We called Treasurer Conine because we needed to know how to cash them. Yes, it is true; we did. These things make a big difference. My daughter will now hopefully be able to graduate without having a big amount of debt.

**Chair Torres:**

It is good to have you back in Government Affairs. Thank you very much.

**Vince Saavedra, Executive Secretary-Treasurer, Southern Nevada Building Trades Unions:**

Happy Fat Tuesday to you all. I represent multiple construction crafts in southern Nevada. We are in full support of this bill for many reasons. One, specifically, it falls in line with what Southern Nevada Building Trades is working on in the south, which is uplifting underserved communities and creating generational change. We are trying to do that with

union apprenticeship jobs. What Treasurer Conine is doing is the same thing here, and that is why we are in full support of this bill.

**Tess Opferman, representing Human Services Network; and National Association of Social Workers:**

The Human Services Network is an organization of human services providers in northern and rural Nevada. Our nearly 15 member organizations include health care and mental health providers, school districts, and those addressing food insecurity, senior and disability issues, reproductive rights, and more. The National Association of Social Workers is the largest membership organization of professional social workers in the world and works to advance sound social policies. Both organizations are in full support of A.B. 28, which aids marginalized populations by giving our Nevada children a financial foundation on which to enter into adulthood. Our members work with low-income families and children by helping to provide them with critical resources. This investment will not only directly benefit low-income populations, but it will also benefit Nevada as a whole by helping to address a cycle of generational poverty. Giving young adults the opportunity to further their education, purchase a home, or start a business will give them a much-needed step up to living a financially stable life. We are very grateful to Treasurer Conine for his hard work on this bill and for his work directly challenging systems that continue to hold families in cycles of poverty. Thank you so much for your time this morning. We urge your support of this bill.

**Paul Catha, Political Director, Culinary Workers Union, Local 226:**

I am here to talk about the bill, but first I would like to thank the State Treasurer for making me \$7.36 richer today as a result of my unclaimed property request, submitted during this meeting. As a beneficiary of Nevada's prepaid tuition program, I can also attest that the vibes are indeed very good.

As one of the largest organizations of parents in Nevada, the Culinary Union supports Assembly Bill 28 because it is a major step towards creating a more economically just Nevada. Unfortunately, Nevada has one of the most unequal distributions of income in the nation and, frankly, has a history of failing poor children. Far too many children in Nevada are faced with nearly insurmountable economic obstacles. Assembly Bill 28 is an important step in correcting this and ensuring that Nevada cares for those who need it most. The Culinary Union applauds Treasurer Conine for bringing this bill forward and urges the Committee to support and pass A.B. 28.

**Edward Goodrich, Political Director, International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists, and Allied Crafts of the United States, Its Territories, and Canada, Local 363:**

Because of the recent pandemic, our local union in Reno also recognizes the importance of Assembly Bill 28, proposed by the State Treasurer's Office. We recognize the head start it would give to young Nevadans in boosting their creative energies and providing an economic advantage that will eventually redeem its cost in Nevada gaining a healthier and more productive economy, resulting in better tax revenue.

This bill presents economically disadvantaged young people with goals. It is a tool to improve their lives and advance their goals. Some will use this as a springboard to become more educated and skilled within this increasingly technologically advanced society. We view this as an investment to foster more productive citizens and help propel Nevada towards the forefront of technological and creative leadership. We are a union that began in the horse-and-buggy days before the automobile was a reality. We have risen to represent the forefront and cutting edge of technological innovation within the entertainment industry. This, in part, has been accomplished by supporting education and a fair chance to get ahead. Assembly Bill 28 helps Nevada's youth approach this goal of a fair chance. I have one number for you folks: one. All it is going to take is one person in these graduating classes or one person receiving this assistance to start a business to get the revenue to entirely pay the cost of the whole class of your total investment. As simple as that. [[Exhibit D](#) was submitted by testifier in support of A.B. 28.]

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

We stand in support of this bill. We appreciate Treasurer Conine's adding the apprenticeship and pre-apprenticeship language to this bill. We feel that this aligns with our goals of raising people up out of poverty. We work closely with The Children's Cabinet, Washoe County School District, and other organizations in the north to make sure we are putting kids who need a step up into our program. Our programs are transformational. Once an individual enters our program, if he is living in poverty, it takes him about six months to get himself out in one of our apprenticeship programs.

**Carissa Pearce, Health Policy Coordinator, Children's Advocacy Alliance:**

I am here in support of Assembly Bill 28, establishing the baby bonds program. This program is an innovative prevention-oriented approach to breaking the cycle of poverty that demonstrates a commitment to the future of our state, and it will change the lives of tens of thousands of children in Nevada. This bill gives children born into poverty the opportunity and support they need to launch and establish successful futures. Passing this baby bonds program will offer a financial foundation for the most marginalized Nevadans as they transition into adulthood. In short, this is an investment in our future, giving Nevadans the financial resources to begin adulthood with a solid foundation. We are committed to supporting the implementation of this program such that all children born into poverty are eligible and able to benefit from this incredible opportunity. This program will have a monumental impact on Nevada's working families, and we have an opportunity today to change the narrative for our most underserved and vulnerable populations.

I ask you to consider these children not as numbers that create Medicaid statistics, but as children you see playing together at school, working on science projects, and pursuing their passions in sports and musical theater with this bond program. Our hope is that these children will be the last in their family to need this bond as they will be able to leverage this investment into a stronger financial future. I ask that you consider passing this bill for the future of Nevada and the thousands of children who will be positively impacted by your decision today.

**Eric Jeng, Acting Executive Director, One APIA Nevada; and Director of Outreach, Asian Community Development Council:**

We are here in total support of A.B. 28. Nevada is home to more than 380,000 Asian Pacific-Islander Americans comprising around 12 percent of the total population. Out of these 12 percent, 12 percent fall below the poverty line. Our organizations provide the community with critical resources and services, including health navigators and service navigators that assist under-resourced families across Nevada to access Nevada Health Link, including Medicaid enrollment as well as SNAP benefits. As the fastest-growing community in Nevada, we are aware that the resources and infrastructure to support the community in tangible ways is lacking and lagging. Treasurer Conine's proposal for baby bonds is a much-needed and also innovative and equitable way to address generational poverty and the wealth gap.

Also, a shout-out to the Treasurer's Office with Erik Jimenez and the whole team that continues to do amazing community outreach, from scholarships to PETS [Pandemic Emergency Technical Support] for small businesses. According to analytics provided by the DHHS [Department of Health and Human Services] or DWSS [Division of Welfare and Supportive Services (Nevada)], of Nevada babies enrolled in Medicaid at the time of birth, Asian Pacific-Islanders number only about 800, which is disproportionately hovering around 3 to 4 percent. We believe this is due to community members being uninsured and underinsured and does undercount the true scale of under-resourced families with new infants.

Our community is not a monolith. The model minority myth is only a myth. However, we can keep the American dream a real dream and a reality. According to Pew Research Center, the Asian community has the widest income disparity of any ethnic and racial group. This bill is a critical step, and we believe that it is a great way to reach equity and sustainability for our state and show that we prioritize our families. I urge your support for A.B. 28. [[Exhibit E](#) was submitted by testifier in support of A.B. 28.]

**Christine Saunders, Policy Director, Progressive Leadership Alliance of Nevada:**

I want to thank the Treasurer for bringing forward this important piece of legislation. This proposal will help Nevada children make tremendous strides in their futures and is a strong investment that we can make for the state. I will echo the sentiments of all of my previous speakers and urge your support of A.B. 28.

**Chair Torres:**

Is there anybody else wishing to testify in support of A.B. 28 in Las Vegas?

**Phyllis Gurgevich, President and Chief Executive Officer, Nevada Bankers Association:**

Our members have been supportive through the years of Nevada's commitment to financial literacy and financial education—as Nevada developed, and legislators created, the Nevada Financial Literacy Advisory Council, as you all created legislation that requires financial education training in our schools, grades 3 through 12. We have worked with various

organizations throughout the state on financial education and financial stability projects with community organizations. This program could really remove the roadblock that is created by a lack of funds. The concept of infusing this capital into a young person's life at a critical juncture can have far-reaching positive impacts, for getting the education and training that provide for higher earnings, or for buying a home that is going to build equity, or opening a business—making an investment that will have a positive financial impact on their future. We are supportive of this concept, and we thank Treasurer Conine and Erik Jimenez and the rest of the team for bringing it forward.

**Chair Torres:**

Thank you, Ms. Gurgevich. For those of you who do not know, Ms. Gurgevich is a leader in our community. She does a lot to support our students and our community. She is on multiple boards. Thanks for all you do. Is there anybody else wishing to testify in support of A.B. 28 in Las Vegas?

**Briana Escamilla, representing Planned Parenthood Votes Nevada:**

We are strongly in support of A.B. 28 and thank Treasurer Conine for bringing this forward. For the sake of time, we will just say that we echo the sentiments of all of our partners who have already testified in support.

**Alejandra Montoya-Boyer, Policy Director, Prosperity Now:**

For the sake of time, I just want to make everyone aware of our support of Assembly Bill 28. We echo the sentiments of our state partners in Nevada.

**Chair Torres:**

I see no additional callers in support of A.B. 28.

[[Exhibit F](#) and [Exhibit G](#) were submitted but not discussed in support of Assembly Bill 28.]

At this time, I invite those wishing to testify in opposition to A.B. 28.

**Cyrus Hojjaty, Private Citizen, Las Vegas, Nevada:**

I wish this bill would address why poverty and underperformance is such a huge concern. Is it the demographic; is it poor family programs? What is it exactly? We have had many programs and in fact talk about how this is going to create demand for products such as cars and houses. Is not that contrary to climate change? Upward mobility can be done by a number of different ways. My family had some serious financial struggles. I was able to get financial education, invest in the stock market, and I have succeeded in the last 12 years. I do believe upward mobility is important, and I do believe in equality. Income inequality is the most important issue that our country and the world faces. However, what we should be really doing is trying to cap CEO [chief executive officer] pay. The CEO pay—the ratio between the bottom to top is very high, particularly in the casino hospitality industry. I wonder where the Culinary Union is on this issue. I read an article that many of the casino employees are heavily reliant on Medicaid. This is absolutely absurd. This is what we



should be targeting. I know there are a lot of upsides to the bill. However, there are a lot of red flags. I would consider thinking twice.

**Marcos Lopez, Outreach and Coalitions Director, Nevada Policy Research Institute:**

I submitted written testimony [[Exhibit H](#)] so I will be brief. We are concerned that this new entitlement will be too broad and cover too many people, especially when we look at the expansion that occurred to Medicaid ten years ago under the Sandoval Administration, as well as the fact that the Children's Health Insurance Program covers 200 percent of the poverty line. If we carry that out, that means approximately 48 percent of Nevada households are currently eligible if this benefit were to take place today. You cannot really say that this is targeted to the people who need it the most, who are in poverty, when 48 percent of Nevada households will be covered under this.

Secondly, the bill really ignores the fact that income mobility is something that is still very alive in our country. Recent Congressional Budget Office reporting shows that more than 50 percent of people move up from the economic quintile in which they are currently in. That means that over 18 years, it is really hard to forecast what economic quintile someone will be in from where they were originally by birth.

Lastly, we are also concerned about the possibility for fraud with this program. Nevada is uniquely bad at verifying eligibility for entitlement programs. A Congressional Research Service report recently pegged us as the number one state when it comes to the highest rate of errors and fraud with regard to SNAP benefits, at 7.6 percent.

In section 9, the personal capital provision is extremely broad. That can cover a whole wide gamut of issues.

**Chair Torres:**

Thank you. We are ready now to move on to neutral testimony. [There was none.] I invite the Treasurer's Office to provide brief closing remarks.

**Treasurer Conine:**

I want to thank everyone for taking the time to testify both in support and in opposition. We will read that as we look for ways that we can make the program better as we go. I would like to point out the work of two governors. About 21 years ago, Governor Kenny Guinn set up a program which had some concerns about becoming an entitlement at the time, called the Governor Guinn Millennium Scholarship. To date it has helped 160,000 Nevadans achieve higher education as one of the most effective merit-based scholarships in the country. I also point to the words of Governor Joe Lombardo at the State of the State address. This is a wonderful opportunity for us to plant the trees. None of us will still be in our current offices in the time that they grow. Thank you for the time and consideration.

**Chair Torres:**

Thank you. At this time I will close the hearing on A.B. 28. I will open the hearing on Assembly Bill 33, which revises provisions governing public investments. It will be

presented on behalf of the Office of the State Treasurer. Treasurer Conine, whenever you are ready.

**Assembly Bill 33: Revises provisions governing public investments. (BDR 31-357)**

**Zach Conine, State Treasurer:**

Thank you so much for having us today to talk about Assembly Bill 33, which is definitely the more exciting of the two bills that we have in front of you today. I am joined in the Grant Sawyer Building by Steven Hale, our deputy treasurer in charge of investments, in case we have any questions.

The Office of the State Treasurer's primary role is to serve as the state's chief investment officer. Thanks to the tireless efforts of the small but dedicated team in our investment division, the Treasurer's Office works each and every day to create more opportunity for our state government. Since the 2019 Legislative Session, we have worked to modernize Nevada's investment statutes to provide the investment division with the tools they need to maximize investment returns for the state while also ensuring that we have adequate safeguards in place to mitigate potential risk. In short, our first job, as I have said, is not losing money. Our second job is not losing money. Our third job is preserving liquidity, and our fourth job—and it is a deep fourth—is making money on behalf of the state. We do happen to be good at all of the jobs, returning hundreds of millions of dollars back into the State Treasury since I have been in the job.

Assembly Bill 33 continues on this work by providing the Treasurer's Office with additional flexibility for investment vehicles while also providing for parity among portfolio limits for certain types of investments in the general portfolio, the State Permanent School Fund, and the local government investment pool (LGIP). As a reminder, the general portfolio is effectively the main investment account for the State. Think about it like the State's main bank account, when it is invested, it is the general portfolio; the Permanent School Fund is the endowment account for K-12 education; and the local government investment pool is a very low-cost tool that we offer to our partners in local governments and school districts to give them opportunities to invest at scale. Chair, if you are all right with it, I will work through the bill.

**Chair Torres:**

Yes, please go ahead.

**Treasurer Conine:**

Section 1 of the bill expands a list of authorized investments for money in the State Permanent School Fund (PSF) to include two additional vehicles. First, it allows money from the PSF to be invested in commercial paper that will mature in 270 days or less; is rated A1, P1, or better; and cannot exceed 10 percent of the total portfolio for the Permanent School Fund. In case anyone is not a fixed-income investor, A1 and P1 are both credit ratings that mean it is very likely the investment is going to be paid back. In long-term credit you see the ABC rankings: C credit less likely to be paid back, more expensive from an

interest rate, but much higher risk; B slightly better; A slightly better than that, and then within the different rating agencies there are typically segments within A: A1, AA1, AAA, or triple A as it is almost always referred to. The short-term version of that is the P system, so P1, P2, P3, P4—that is for short-term credit. One of the things you will see as a consistent piece along the line is, we generally have a very short-dated portfolio. In other words, the average date of maturity for our portfolio is under a year.

When you look at maturity dates—to talk about what we do—fixed-income investing means you are giving someone money and in exchange, they are giving you a bond, or a piece of commercial paper, or a note, which is then paying a coupon or interest rate over the time that you own it, and then at the end, is returning the principal of that thing. Most of these are what are considered nonnegotiable. In other words, they cannot pay you back before the time. There are certain things we own in the mortgage-backed securities where they can refund or pay the bill down sooner, which changes our interest rate calculation.

We in the State are not generally buying paper when it is issued. We are buying paper that was issued some time ago. Say a bond that was issued ten years ago, we will buy from someone else 60, 90, 10, 100 days before it is going to mature, which means we will then get back the principal. We are timing these purchases so the maturation dates are the dates that we have to spend the money. As an example: Let us say we have some money right now and we know that we are going to have to send some money out—for instance through the state education fund—in 30 days. We will buy a piece of paper that will pay us back in the morning of the 30th day so that we can send the money out in the later morning of the 30th day, because when we do that, we are able to keep that money invested for those 30 days and, theoretically, generate a higher return than if we got it back on the 25th day. This is the type of work we do in the Treasurer's Office. It is obviously very exciting, so I apologize if anyone is having a palpitation.

Additionally, A.B. 33 allows money from the Permanent School Fund to be invested in notes, bonds, and other unconditional obligations—again, that is unconditional, no early payback—that are issued by certain corporations organized and operating in the United States or depository institutions licensed by the United States. These are companies based in the United States, banks based in the United States, offering this commercial paper.

Section 2 of the bill increases from 20 to 25 percent the maximum share of the general portfolio that can be invested in bankers' acceptances, which are effectively postdated checks from banks. These are short-term issuances from a bank guaranteeing payment at a later date. This is a tool that we use oftentimes when we do not see a great investment in the very short term; we are able to put money into these bankers' acceptances for a day or two or three or four days, generate a little bit of return, and then push it in.

If you are following what is happening at the Federal Reserve—and who is not—you will know that we have had a number of opportunities in the recent future. In our shop, the investments team is happy when interest rates go up, and the debt team is sad when the interest rates go up, and they feel vice versa. Our vibes mellow out in the basement of the

Capitol, at least when it is not flooding. In this universe, sometimes we want to park money for a few days or a week or two in advance of the Federal Reserve System (Fed) meeting where the likelihood is that interest rates are going to rise. From the Fed's target rate, interest rates rise in the things that we can buy, and therefore by putting money aside for just a little bit of time, we get the opportunity to generate a much larger return on the flip. Section 2 also authorizes money from the general portfolio to invest in commercial paper issued by certain trusts or corporations that issue through a limited liability company. That is effectively a mechanic change.

Section 3 of the bill is seeking to increase parity amongst the various investment vehicles managed by the Treasurer's Office. We have a team led by Mr. Hale, which is four people who invest \$9.3 billion on behalf of the State. When we can make it a little bit easier for them—for instance, making sure the limits in two different portfolios that are basically invested in the same way are the same—we are trying to do it. Section 3 revises the authorized investments for the local government investment pool to require that investments in negotiable certificates of deposit (CDs)—negotiable certificates of deposit are basically jumbo CDs. Functionally, that means more than \$100,000, but in our world that usually means more than \$1 million. It is a certificate of deposit. We put more than a million dollars on deposit in some institution, we get paid a rate of return, and then when that time period is done, we get it back. This would allow the local government investment pool (LGIP) to take advantage of these. These must mature in less than five years—a little bit farther out on the yield curve, but in CDs, that often gives us some additional opportunity, and they have to be rated by a nationally recognized rating service as A1, P1, or better. The LGIP generally functions as an investment tool for smaller counties.

Let us say Eureka County has \$10 million that they are not going to be able to spend; they have no need to spend it for a year. They could go get a fixed-income investor. But to invest \$10 million within a fixed-income portfolio, and getting an investor who is going to do it well, is expensive. Adding it to our \$2 billion pool is not expensive. It is a service that we provide for the counties, and this will give them a little bit more flexibility in that.

Section 3 also provides that not more than 5 percent of the local government investment pool may be invested in notes, bonds, or other unconditional obligations issued by any one commercial bank, insured credit union, savings and loan association, or savings bank. This is a mitigation tool. This is a "Do not keep all your eggs in one basket" tool from a certificate of deposit standpoint. Now, we are investing in things that are incredibly high credit. The risk of default is very, very low. But we want to make sure that we do not have more than 5 percent of the assets in the local government investment pool in any one of those banks at any one time.

Additionally, section 3 increases from 20 to 25 percent the amount that local government investment pool can invest in bankers' acceptances of the kind of maturity that is made eligible for law for rediscount with Federal Reserve banks and trust companies which are members of the Federal Reserve System. I am happy to explain how that works, but since we only have an hour or two and I am already getting some glazed eyes, I will proceed.

Finally, the bill seeks to expand the role of the Nevada Capital Investment Corporation (NCIC) which, many of you have heard, I have been apparently illegally running out of the Capitol for quite some time. But in fact, NCIC is actually a state agency passed by the Legislature in 2011. Broadly, Nevada Capital Investment Corporation is the State's private equity or sovereign wealth vehicle. It allows for monies from the Permanent School Fund to serve as private equity capital invested directly into Nevada-based businesses that are engaged in health care, cybersecurity, defense, renewable energy, information technology, or other businesses that benefit the State. When former Treasurer Kate Marshall and then-Treasurer Dan Schwartz were running the NCIC, the goal was to provide additional returns to the returns that typically come from the Permanent School Fund and also provide for additional opportunity to help Nevada small businesses.

Section 4 of the bill. Historically, NCIC returns, our private equity returns, have more than doubled the returns of the Permanent School Fund, which also does well. If NCIC does well, so does the Permanent School Fund. But this gives us a little bit more juice. Section 4 of the bill increases the amount that can be transferred from the NCIC to the Permanent School Fund from \$75 million to \$125 million, which expands on the work done in the 2021 Session of the Legislature. The way that this works is, the NCIC is effectively a carve-out of the Permanent School Fund. The Permanent School Fund, which is around \$444 million, give or take today, has a carve-out, and we can invest up to \$125 million of that through the mechanic that is the Nevada Capital Investment Corporation. When these private equity returns pay back—usually we are involved in them in a debt-issuance piece of business—they are paying us back interest or payments over time. From those payments, the principal goes back into the Permanent School Fund as it is an endowment for education. The earnings from NCIC are transferred to the state education fund, formally the Distributive School Account, which is the checking account for K-12 education.

Section 4 also provides additional flexibility for NCIC to encourage a greater level of investment in fund managers who have proven track records of investing in small businesses throughout the country. It accomplishes this by reducing the threshold from 70 percent to 50 percent that must go to businesses directly in Nevada. One of the things we found as we worked through this—and we are looking at a venture capitalist and others to invest in—is there are not that many funds that are specifically in Nevada. But there are funds that are western and so they invest in Nevada, but they also invest in other states; or there are funds that invest nationwide, but they can do a carve-out and do a specific fund that is more focused on Nevada. But to get to 70 percent investment in Nevada, we found that to be a barrier actually finding folks who know what they are doing at the scale that we need them to be doing it.

Subsection 2, section 4 also allows for funds to be invested in pooled funds, which will allow us to take advantage of multistate venture funds that have expressed interest in partnering with the State of Nevada to grow new and existing small businesses over the coming years. This helps us with both the problem I just described but also a bit of a chicken-and-egg thing. If we want to use the NCIC—and we do—to incent businesses to grow and move to Nevada, we need the flexibility to invest in them as they are on their way to moving into Nevada as

opposed to when they are already here. Nevada Capital Investment Corporation, if done correctly, will stack with existing small business funds like the State Small Business Credit Initiative funds that are working for start-up businesses, the work that The Generator and others are doing on the incubator space, and then later on, with the work that GOED [Governor's Office of Economic Development] does on larger-scale economic development. The goal here is to create an ecosystem where we can continue to keep these businesses in Nevada growing, hiring Nevadans at both fair and family-sustaining wages.

Overall, changes in Assembly Bill 33 help to modernize and improve Nevada's investment statutes by giving us new tools and increased flexibility to generate higher investment returns from the state. This concludes our presentation. I am happy to take any questions with a reminder that we do have everyone's unclaimed property when we finish. Take your time.

**Chair Torres:**

Thank you, Treasurer. That was definitely some great vibes, but I do have a question. Treasurer Conine, you are so skilled at your job that you can explain everything at a very high level, but I do not know whether that was helpful to all the members of my Committee. Could you break it down to just a quick five-sentence summary of what the bill does and how it impacts Nevadans or my office?

**Treasurer Conine:**

I will give it a go. There are two big sections of the bill. One section of the bill creates some parity between our different functions. We have individuals who invest money on behalf of the State who are doing the same job every day for different funds, and those different funds have different rules, so they have to take off the hat that says 20 percent over here and replace it with the 25 percent hat. That is generally inefficient, because the goal of all of those funds is effectively the same thing; we have the same risk portfolio; we have the same tolerance both for risk and for timeline. This is trying to standardize that. The number two thing that the bill does is, it expands the functionality of the Nevada Capital Investment Corporation, which hopefully will lead to both continued returns for the Permanent School Fund and more jobs and businesses—and therefore tax revenue—in the state of Nevada.

**Chair Torres:**

Thank you. I think that was helpful. Committee members, are there any questions?

**Assemblyman D'Silva:**

Thank you, Mr. Conine, for your excellent presentation. I am feeling the vibes for sure. I have a tangential question. You mentioned that many of the State's investments have been in more robust investment schemata: U.S. Treasury bonds, mortgage securities, and so on and so forth. Does the State invest in more aggressive approaches, or are we looking at investing solely in safer investments?

**Treasurer Conine:**

While I am sure my investments team would have a whole bunch of fun if we moved into equities, the State actually has a constitutional prohibition against investing directly into

equities. Therefore, we do not own any stocks. That is valuable, because the work we do is about preserving capital and then potentially finding some additional return in the future. But my real job is to make sure that the bills can be paid, and the farther away from risk you get, generally the lower the return is. There are not people willing to pay you to take less risk, generally. We think we have a pretty good middle ground between making sure we are as risk averse as we possibly can be—knowing that the money we invest is not our own but is in fact all of yours and all of your constituents' and all my constituents'—while still generating a fair amount in returns that allow us to pay for programs. Hopefully, that makes the state better in the long term.

**Chair Torres:**

Members, are there any additional questions? [There were none.] Mr. Conine, you did a great job summarizing that bill for us. Thank you. At this time, we will go ahead and invite anybody wishing to testify in support of our good vibes bill, A.B. 33. [There was no one.] Is there anyone wishing to testify in opposition to A.B. 33? [There was no one.] Is there anyone wishing to testify neutral to A.B. 33? [There was no one.] I will go ahead and invite the Treasurer up for closing remarks.

**Treasurer Conine:**

Thank you, Chair, and thank you, members of the Committee, for dealing with me and our quick talking over the last few hours; if time is money, I want to make sure we preserved as much of yours as possible. I want to take a moment to thank our investments team, Deputy Hale, who is in the room, as well as Isabel Li, Ryan Merchant, and Edwin Castillo, who have been managing your money in COVID-19 and out of COVID-19, in changing markets and in quiet markets, and have done a really admirable job. I also want to invite each and every one of you, if you would like to join us at 4:30 a.m., Monday through Friday, to do our investment work. You are happy to be there. We have made this offer for two sessions now. We have had one Assembly person take us up on it, and he is now quite wealthy. My last note is, there are 11 of you with unclaimed property with the total value of around \$11,300. One of you has unclaimed property of more than \$3,000; I encourage you to go get it if it is yours. Thanks so much for having us.

**Chair Torres:**

Thank you, Treasurer Conine. It is always good to have you. At this time, I am going to close the hearing on A.B. 33 and open for public comment. Is there anyone wishing to provide public comment?

[Public comment was given.]

Thank you for your public comment. Are there any additional remarks from Committee members? [There were none. Meeting reminders were given.] At this time, the meeting is adjourned [at 10:51 a.m.].

RESPECTFULLY SUBMITTED:

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Geigy Stringer  
Committee Secretary

APPROVED BY:

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Assemblywoman Selena Torres, Chair

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



## EXHIBITS

[Exhibit A](#) is the Agenda.

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

[Exhibit C](#) is a presentation handout titled "Nevada State Treasury Overview," submitted by Zach Conine, State Treasurer.

[Exhibit D](#) is a letter dated February 20, 2023, submitted by Edward Goodrich, Political Director, International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists, and Allied Crafts of the United States, Its Territories, and Canada, Local 363, in support of [Assembly Bill 28](#).

[Exhibit E](#) is a letter dated February 21, 2023, submitted by Eric Jeng, Acting Executive Director, One APIA Nevada, in support of [Assembly Bill 28](#).

[Exhibit F](#) is written testimony dated February 21, 2023, submitted by Shira Markoff, Policy Fellow, Prosperity Now, in support of [Assembly Bill 28](#).

[Exhibit G](#) is a letter submitted by Carissa Pearce, Health Policy Manager, Children's Advocacy Alliance, in support of [Assembly Bill 28](#).

[Exhibit H](#) is written testimony dated February 21, 2023, submitted by Marcos Lopez, Outreach and Coalitions Director, Nevada Policy Research Institute, in opposition to [Assembly Bill 28](#).