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

**Eighty-Second Session
May 9, 2023**

The Committee on Revenue was called to order by Chair Shea Backus at 4:07 p.m. on Tuesday, May 9, 2023, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda [Exhibit A], the Attendance Roster [Exhibit B], and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/82nd2023.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Shea Backus, Chair
Assemblywoman Venicia Considine, Vice Chair
Assemblywoman Natha C. Anderson
Assemblywoman Lesley E. Cohen
Assemblywoman Danielle Gallant
Assemblyman Ken Gray
Assemblyman Gregory T. Hafen II
Assemblywoman Erica Mosca
Assemblyman Duy Nguyen
Assemblyman P.K. O'Neill
Assemblyman David Orentlicher
Assemblywoman Shondra Summers-Armstrong

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Senator Edgar Flores, Senate District No. 2
Assemblywoman Shannon Bilbray-Axelrod, Assembly District No. 34

STAFF MEMBERS PRESENT:

Michael Nakamoto, Chief Principal Deputy Fiscal Analyst
Susanna Powers, Deputy Fiscal Analyst
Nick Christie, Committee Manager
Gina Hall, Committee Secretary
Cheryl Williams, Committee Assistant

OTHERS PRESENT:

Kate Marshall, Advisor, The Impact Project, Hopewell Fund
Melody Judilla, Deputy Director, Silver State Voices
Shelly Speck, Parent Leadership Coordinator, Children's Advocacy Alliance of Nevada; and Nevada Strong Start Coalition
Maria-Teresa Liebermann-Parraga, Deputy Director, Battle Born Progress
Briana Escamilla, representing Planned Parenthood Votes Nevada
David Goldwater, representing The Impact Project, Hopewell Fund
Tessyn Opferman, representing Nevada Women's Lobby
Paul J. Moradkhan, Senior Vice President, Government Affairs, Vegas Chamber
Ashley Cruz, representing Las Vegas Global Economic Alliance
Mendy Elliott, representing Northern Nevada Development Authority; and Economic Development Authority of Western Nevada

Chair Backus:
[Roll was taken and Committee rules and protocol were reviewed.] I want to give you an overview of today's hearing. We have one bill, Senate Bill 429 (1st Reprint), which requires certain new or expanding businesses to provide certain family and medical leave to employees in order to qualify for a partial abatement of certain taxes. With that, I will open the hearing on S.B. 429 (R1).

Senate Bill 429 (1st Reprint): Requires certain new or expanding businesses to provide certain family and medical leave to employees in order to qualify for a partial abatement of certain taxes. (BDR 32-680)

Senator Edgar Flores, Senate District No. 2:
In the interest of time, namely because I have someone who is very well versed in this subject matter, I have a set of prepared remarks I will walk through, along with a quick walk through of the bill, then afterwards I will hand it over to our former Lieutenant Governor Kate Marshall, who has invested a tremendous amount of time into researching this issue and who will provide, in my opinion, the very valuable points of why this bill is necessary now, and more specifically why it is timely and in the benefit of women. You shall see, there is phenomenal data to support everything we are doing. We had bipartisan support in the Senate, and we hope to continue that spirit in the Assembly.

Senate Bill 429 (1st Reprint) takes a Nevada approach that is both pro-growth and pro-family by adding a paid family leave incentive to our current economic development incentive structure. By adding paid family leave to Nevada's incentive structure, we will be able to attract those businesses with the employee-centered culture to support Nevada's goal to attract, retain, and grow quality jobs.

Nevada no longer needs to negotiate from a place of desperation, begging for companies to come here, and willing to give any and all to close a deal. At this same time Nevada is a business-friendly state that also knows how important it is to grow our workforce and support our families.

Senate Bill 429 (1st Reprint) combines these goals to reward companies and support families. Unlike the 13 states, including the District of Columbia, I could enumerate them should you wish for me to do so, but I would like to just say this, S.B. 429 (R1) uses a carrot, instead of a stick, to attract the right companies for Nevada. By pairing S.B. 429 (R1) with federal tax credits not available to such companies in the above states, S.B. 429 (R1) provides an incentive for companies that already provide paid family leave to relocate to Nevada and obtain not only the federal tax credits but also Nevada tax abatements. Before I go into the bill I would just like to explain what I mean by that.

Presently there is a federal tax credit that is an incentive offered to companies when they offer family and medical leave, however that tax credit only exists if it is not already a state mandate. I will use California as an example. In the state of California family and medical leave is required statewide, so a company that offers family and medical leave would not be able to get that federal tax credit because it is already a state mandate. However, in the state of Nevada, we are in a very unique position. If we are going to offer an abatement, and we are going to attract the great company to relocate to Nevada, not only can we tell them we have these amazing programs in the state of Nevada, but also because we do not have a statewide family and medical leave mandate you are also going to be able to take advantage of a federal tax credit. We cannot just look at what we offer, and it is an amazing incentive we offer to companies in the state of Nevada that will bring, in my opinion, the best companies that have employees at the forefront, and at the same time making money. We can do both.

I will walk you through the bill. The main crux of the bill is on pages 5 and 6. Rather than going line by line I will start on page 5, line 23, and walk you through what we are saying. It adds a new provision that requires the Office of Economic Development, Office of the Governor (GOED) to determine that an applicant for abatements that has, or will have, at least 50 employees by the eighth calendar quarter, after receiving abatements, has a policy for paid family and medical leave for those employees who have been employed for at least one year. Such level is required to be 12 weeks paid at the rate of at least 55 percent of the regular wages of the employee.

If you continue reading further down, it also requires an applicant to GOED to agree in writing that the business will not prohibit, interfere with, or otherwise discourage an employee from taking paid family and medical leave, and references the federal Family and Medical Leave Act. If you continue reading, it specifies that an applicant's paid family and medical leave will also cover leave for the care of an adult child, sibling, or domestic partner of the employee. Lastly, you will read the language that adds an additional requirement that GOED consider whether an applicant has a policy of paid family and medical leave for its employees when determining whether such an applicant shall be approved for an abatement [section 1, subsection 3]. I would now like to turn the presentation over to our former Lieutenant Governor Kate Marshall.

Kate Marshall, Advisor, The Impact Project, Hopewell Fund:
Let us talk about how this works. Basically, as Senator Flores was saying, we have a federal law and that federal law is enacted for 2017 through January 1, 2026, that if a company provides paid family and medical leave, and the criteria in this bill match the criteria under the Internal Revenue Service (IRS), then the federal government will give that company a tax credit. It is actually a very generous tax credit. The criteria only work if the state does not require the company to provide paid family and medical leave, as they do in 13 other states. As Senator Flores explained, if you are a company in California, you are currently required to provide paid family and medical leave. What the federal tax credit does, if they are in a state that does not require it, and they provide paid family and medical leave, then they will get the tax credit.

It is an opportunity for Nevada to sweeten the deal and say, "We know that in California, Oregon, these other states, or the District of Columbia that you are already providing paid family and medical leave. If you come to Nevada and do the same thing, you are not only going to get a federal tax credit but you are also going to get an abatement." It is an opportunity to attract those types of companies that are worthy of what we offer here in Nevada. They are companies that are employee centered. They are the kind of companies that improve Nevada while we improve their tax situation.

To qualify for the federal tax credit the leave must be at least 50 percent of wages paid to the employee. What you have here is a near-term opportunity to attract the kind of companies, for example, companies in California to move here to get a federal tax credit and we will sweeten the deal with an abatement. I think the question becomes, Why do we want to do that in Nevada? What do we get in Nevada, other than a company that already offers paid family and medical leave? That is where I would like to turn you to these graphs.

What I am talking about with the first graph [page 2, Exhibit C] is workforce participation in Nevada. You will see this is the Federal Reserve and it is as of February 2023. Since 2008 we have had a decline in the federal workforce rate in Nevada. I can show you this graph, but I think you all intuitively know what I am talking about. We have less people in our workforce.

The workforce participation is those aged 18 to 54 who could work but are not working. Those are percentages. I should also add that under the federal analysis they will include people a little older who might have retired already. What you are seeing here [page 2] is our rate is currently 61.8. It is also lower than the national average. Apples to apples comparison the national average is 62.5. What I can tell you is that Nevada has room to increase our workforce participation, even if we only sought to increase it up to the national average. This is looking at men and women of workforce age.

Looking at just women, you are going to see that it is a greater issue for us. I have data from 2022 and if we only look at women, the participation rate in Nevada is 55.7 compared to a national average of 56.8. Not only do we have room to grow in general, but we also have room to grow with women in particular. Now the question becomes, Would paid family and medical leave make a difference in those numbers? I believe the answer is yes, and I am going to show you the data.

We have an example of two states that did not require paid family and medical leave and then required paid family and medical leave. We can look at the women participation in the workforce compared to before and after, to see if it made a difference that we had paid family and medical leave. If you look here [page 3], California passed paid family leave in 2004. The top blue line is women without children. The bottom orange line is women who have children. What you will see is prior to the passage of the paid family and medical leave they track, but there is a huge gap in terms of women in the workforce. After they passed paid family and medical leave, notice that the orange line rises rather dramatically to meet the blue line. The data shows that we have short-term benefits of offering women paid family and medical leave, such as reducing poverty and improving maternal health and child health, but there are also longer-term economic benefits of getting women back into the workforce, particularly higher-skilled women and more educated women. Furthermore, the job protection with paid leave also increases leave taking and benefits for individuals who may not be likely covered by the Family and Medical Leave Act (FMLA). These slides look at prime working age adults. This is for women aged 25 to 54. In California [page 3], and the other slide I am going to show you is New Jersey [page 4], when women were having children they would leave the workforce at a rate of about one-quarter to one-third. Women would start coming back gradually over time, but as many as one in five would not return by the time their child was 11.

If I go back and show you page 2, this is our declining workforce participation, now I show you the decline is actually greater when we talk about women [page 3], but it gets worse when women have children. How do we close the gap? Remember, I said before there is an opportunity here to grow our workforce participation for our businesses. Implementation of the state-paid family and medical leave policy increases labor force participation of mothers by 6 percentage points in the year of birth, effectively reducing birth year maternal labor market detachment by 20 percent. It goes up over the long term as well. Up to five years after the birth, women who had access to paid family and medical leave at the time of birth are 3 to 6 percentage points more likely to be in the labor force, representing a 20 percent to 50 percent reduction in market detachment five years after birth.

Let me show you the New Jersey graph [page 4]. New Jersey passed paid family and medical leave in 2009. Again, you can see the blue line and the orange line roughly track before we have paid family and medical leave. After we have paid family and medical leave, the orange line rises rather steeply to meet the blue line, meaning women with children are getting back into the workforce. I think if you were a business, one of the things that probably comes to your mind, if you are going to offer paid family and medical leave is, "I have women who are going to go on leave. I am going to be paying part of that, and they are not going to be in the workforce. They are going to be on leave and I, as a business, cannot absorb that." Well, the data does not say that. What the data says is that paid family and medical leave in California led to a 10 percent to 17 percent increase in working hours by mothers of preschoolers. Even though these women took paid family and medical leave, they increased their working hours, resulting in less workforce shortage.

All of you who are mothers know this right away. You have children. You go back to work. You do more work, and you still remember birthdays, but the data actually bears that out. When you offer women paid family and medical leave, not only do they return to the workforce, but they also actually work more hours.

The idea that we could attract companies that are employee centered, that are the right companies for Nevada, and be pro-growth and pro-family is not pie in the sky. We could offer these companies the opportunity to get a federal tax credit and an abatement and attract the right companies for Nevada. I will turn it back to Senator Flores and he can open it for questions.

Senator Flores:
At this time, we would be happy to take any questions the Committee may have.

Assemblyman Hafen:
If I am understanding this bill, we are targeting only some of the companies that apply and receive the tax abatements, so we are not going after the temporary jobs, like solar companies, but more of the full-time jobs. We are also talking about GOED auditing or tracking this while the abatements are going on. What happens in the long term, after the abatements have expired or they have used up all their life? Will there still be a compliance check after that, or once the abatement is done there will be no more checks and balances on this?

Kate Marshall:
All I can tell you is my own experience with understanding how GOED works. Yes, this is for companies with more than 50 employees, unless the company already offers paid family and medical leave. If they already do it in California then we do not want to be treated second best, right? That is the first thing. In the federal tax code, I think there is a provision for prorating part-time workers. I do not know the details of how that works for offering paid family leave. I can provide you the Section 45S of the IRS code, their frequently asked questions to look at, but there is an opportunity to prorate for part-time workers. What this bill says is that if you have at least 50 employees or more by the eighth calendar quarter, or unless you offer it in the state from which you are coming, then you will have to offer paid family and medical leave to those employees.

The way it works now in GOED is that the company reports to GOED on all the obligations that it has like health care insurance, workforce conditions, hourly wages, and how many, if any, of the employees are taking part in social services. The company reports to GOED, and GOED keeps a running analysis of that. It is not GOED going out and doing an audit. It is the company coming in and reporting, and this would just be another item on the checklist.

Assemblyman Hafen:
That is my understanding, but my question is the reporting is only required during the timeframe they are receiving the abatements, and some of the abatements are 20 years. My question is, what happens after the 20 years? My understanding of the bill is that these requirements are in perpetuity, so if you accept the abatements you have to continue this in perpetuity, but the reporting is only done during the abatement period. I am curious what happens after the abatement period to ensure that these are being adhered to.

Kate Marshall:
It will work exactly the way any other incentives and abatements work for GOED. We are not asking for a change. It will work exactly the way they work for any of their other incentives and criteria.

Assemblyman Hafen:
Once the abatement ends, then the reporting would also end.

Kate Marshall:
That is my understanding of how it works today, but we are not asking for a change in GOED's processes. They will continue with the same processes they have had to date.

Assemblyman Gray:
Love the carrot approach. Love the cutting of taxes. Anytime you can reduce tax liability that is great, especially when you are not beating them over the head. One question I have, and to me it is glaringly apparent, we have heard a lot of these bills already and usually GOED is sitting here, side by side, preaching the benefits. They are noticeably absent today. Do you have any idea why? Do they, or do they not, support this?

Senator Flores:
There are two competing thoughts in the conversations we have had with GOED. There is the model that we have now, which is let us open the floodgates and try to attract as many businesses as possible. At the same time nobody in the state of Nevada would argue—not you, not me, and not GOED—that we want to attract the best businesses. However, there is an obvious disconnect between those two models because if we are trying to attract the best businesses with the best practices, who protect their employees, while meaningfully making money versus folks that are only prioritizing making money, that pool will look different. They are not mutually exclusive always, but they can be. There was that pushback and resistance and saying will we potentially find ourselves in a scenario where there might be some businesses who do not offer family and medical leave, and that is a concern, that is absolutely a concern that was raised.

Only time will tell, but the bottom line is we believe where the state of Nevada is today is very different than where the state of Nevada was before, particularly in northern Nevada. I have had an opportunity to speak with my colleagues who are up here, but not just them. Anybody who is in northern Nevada has a whole host of questions on how we are going to continue to sustain growing business, and it is a beautiful thing. Nevada is open for business. We have made it abundantly clear. Now I think we have an opportunity to join—right next to, at the same level, in a parallel line—saying we are open for business and we are bringing the best business. One of the things every single person in Nevada can agree on with this is we are in the middle of a housing crisis. We have a situation where unfortunately a lot of Nevadans cannot pay their bills and cannot take care of their families.

Nevada is open for business, but we are open for business to individuals who are creating a sustainable relationship with our families, so moving forward, as we have new young families who will continue to grow, we realize if you are going to take advantage of all these abatements, of the benefits we are giving you as a state, that we set some minimal criteria to ensure we are taking care of particularly our young families in that scenario.

Remember that this only applies to abatements. Any business can come here if they are just joining the private sector and are not taking advantage of all the benefits we as a state are going to give out. They can do whatever they want.

Assemblyman Gray:
I do appreciate the focus on taking care of the families and the people. Aside from this, living very close to one of our larger industrial areas, one of the horror stories I have heard is the rapid turnover of a lot of employees, because the employee-centered focus is not there.

Assemblywoman Cohen:
I would like to ask you about the letter we got in opposition from the Henderson Chamber of Commerce dated May 7, 2023 [Exhibit D]. I am assuming you have had a chance to review it. I find it somewhat disconcerting, but I do want to give you a chance to respond to it. I will just mention what my concerns are with it and then give you the chance to respond.

It is that middle paragraph that says it is offering benefits to companies that most businesses operating in Nevada are not able to obtain, because first we know with abatements that is common, that often some businesses can get abatements and some businesses cannot. The second sentence in that paragraph refers to subsidizing businesses. I just find that really strange because I guess technically that is what abatements are, but we have seen chambers, probusiness agencies, and business organizations come into this Committee time and time again asking for abatements. I just do not know what the difference is here except for the fact that we are asking for benefits for our families to come along with these abatements. Could you please address that?

Kate Marshall:
I think it is an important question in front of the Legislature as a whole, and a lot of questions these days are about what we are doing with our abatements. Who are we attracting and who

are we harming? I think that is a serious conversation in front of you. This bill is meant to attract companies that are already offering paid family and medical leave in other states to come to Nevada. We made a specific carve-out for businesses, that they need to have 50 employees or more, because that concern was raised on the Senate side. If we are going to attract companies, and that is a question before you, are we going to attract companies with abatements? This bill is not about that, but that general broader question I think is an important one for your consideration. Assuming we are going to attract companies with abatements, what kind of companies do you want to attract, and what do you want to require for those abatements? Here we have an opportunity to say we would like to attract companies that are offering paid family and medical leave, and we have an additional opportunity because if they come here from a state that requires them to do so, they will get a federal tax credit. Any company in the state of Nevada right now, that chooses to offer paid family and medical leave, can qualify for this federal tax credit if they so choose. We are just simply saying if you are going to offer abatements, this might be a way to attract the kind of companies that will add to an employee-centered culture here.

Assemblywoman Mosca:
I have read the state plan for economic development. I have read the annual report. I am really trying to understand all of this because there have been so many bills that have come here for abatements. I really appreciate this one. I am going to quote you, Senator Flores. You said businesses with sustainable relationships for families. I think it is really important we are thinking about the community, we are thinking about people.

With your expertise and your research in this, have there been other things like paid family and medical leave that you have seen other states or other companies do for abatements that also help people and not just businesses?

Kate Marshall:
That is a very important question when we look at abatements in general, because Nevada does not have the same set of tools to attract companies. Basically, since we do not ask corporations to pay income tax and we do not ask individuals to pay income tax, we cannot offer relief from such income tax to attract those companies. That is the major tool that most states use when they are attracting companies. Because we do not have that tool with us, then we look to offer other things.

Assemblywoman Mosca:
Things like paid family and medical leave to me are about what can help the community too when this business comes because they got the abatement. Are there other things you have seen that are along the same lines in other states?

Kate Marshall:
I did not research the data on those other things, so I do not want to go forward and offer information I cannot then show you a document for. What I will tell you is that offering paid

family and medical leave, and the beauty of requiring paid family and medical leave also helps with our workforce participation. If you talk to any businesses today in Nevada they will tell you they are having a hard time getting employees. There is a win-win here.

Assemblywoman Anderson:
My question has to do with the language that was added in, amended in following the Senate hearing. On page 6 of the bill, could you go a little bit more into section 3, lines 10 through 18, where if a company outside of our state currently offers this item, does this mean that they do not have to wait as long to get that tax break. Could you go into that a little more for clarification?

Kate Marshall:
If I were a company that comes to Nevada and I do not offer paid family and medical leave, if by the eighth calendar quarter, or by whenever I would have 50 or more employees, I would be required to have paid family and medical leave. If, however, I am a company and I offer paid family and medical leave in whatever other state I might be operating in, there is no reason for Nevada to take less. I would be required to offer whatever I offer in that state here in Nevada until the eighth calendar quarter.

Let us say I am in a state and I offer paid family and medical leave, but I am only going to give you two weeks and I am only going to pay you at 30 percent, I would be required to offer that exact same thing here until you reach the eighth calendar quarter. Then at the eighth calendar quarter you would have to offer 12 weeks at 55 percent.

Quite frankly, if you were offering two weeks and 30 percent, you are not getting the federal tax credit because the federal government requires more. We are matching what the federal government requires. Does that make sense? You would not take less than what they are already giving somebody else.

Assemblywoman Anderson:
I read it completely wrong so this helps clarify it so much more. If we are getting a company, a small business, to come from California, which offers it already, we should be getting the same thing here in Nevada is what you are saying, and GOED should be able to allow that tax abatement to occur. Am I understanding that correctly, with the family and medical leave, that we are honoring the people who live in Nevada just as much as other states?

Kate Marshall:
Always.

Assemblyman O'Neill:
Right now, as I understand the FMLA, does the employee get 12 weeks? They have to use their own sick leave before they can go on unpaid. Is that correct, as it stands now with the FMLA? Can an employee forgo using any of their sick leave and on Day One just say, "Start paying me the 55 percent?"

Kate Marshall:
I do not know the exact answer to that question. That will be whether it complies with federal law, that you are asking a federal question about the FMLA in general, and how that works with sick leave versus paid family and medical leave.

Assemblyman O'Neill:
We are requiring these businesses to offer this benefit of 55 percent pay, but you are not sure how this would play out then, if I understand correctly.

Kate Marshall:
I am not sure how it works with an employee using their sick leave. They have to use their sick leave first and then use their paid family and medical leave. When you use your sick leave, it is my understanding that you are paid 100 percent. Then when you start to use your paid family and medical leave, this bill requires it to be paid, for those companies, at 55 percent.

Assemblyman O'Neill:
But can the employee opt right into 55 percent and not use their own sick leave under this bill? Is there a loophole?

Kate Marshall:
I will get you the answer to that question. I think I just assumed it would work the way it works today.

Assemblyman O'Neill:
Could you tell me more about the federal tax credit? How much do they receive?

Kate Marshall:
The way the federal tax credit works, it is from December 2017 to January 1, 2026. It has to have a written policy. There must be at least two weeks of paid family and medical leave. It is prorated for employees who work part time. The paid leave cannot be less than 50 percent. The employee has to have been employed for at least a year.

Let us talk about how they calculate it. The credit is a percentage of the amount of wages paid to a qualifying employee while on family or medical leave. The minimum percentage is 12.5 percent, and it is increased by a one-quarter percent for each percentage point by which the amount paid to a qualifying employee exceeds 50 percent of the employee's wages, with a maximum of 25 percent in certain cases. They will basically pay you a minimum of 12.5 percent of what you are paying to that employee. That is not bad because if you are paying the employee 55 percent, you are getting 12.5 percent of that back in a straight credit for when the employee takes the time off.

Senator Flores:
I also wanted to make it abundantly clear that we are only setting the floor at the federal level. There are going to be businesses that have much better practices that go beyond what

we are discussing. In other words, I believe there are other small business owners who sit on this very Committee, including me, whose sick leave may exceed that, and our family and medical leave may exceed that 55 percent. We are not in any way suggesting that there will not be businesses that come in and supersede that floor and/or businesses who are already doing that. That is why it is difficult for us to give you an exact breakdown of how it would work in terms of family and medical leave versus paid sick leave versus any other incentives employers offer to their employees to ensure they keep them healthy, happy, and can sustain them there for a long period of time. I think that is why we are having a hard time with that, but what we will do is provide the Committee with a general breakdown of what that floor would be, what that minimal standard would be with family and medical leave, and paid sick leave, just so you can deduct that is the floor, knowing that that is definitely not the ceiling, and a lot of better business practices may do something different or better.

Assemblyman O'Neill:
Just for clarification, did you say that the tax credit expires in December 2026?

Kate Marshall:
January 1, 2026.

Assemblyman O'Neill:
After that, it is of no benefit to the businesses then, the tax credit and this requirement that we would be placing on them. Am I understanding that correctly?

Kate Marshall:
It would have to be renewed by Congress.

Assemblyman O'Neill:
How many other states have this right now?

Kate Marshall:
Thirteen states and the District of Columbia currently use a stick requiring paid family leave in their states. As I was explaining to Assemblywoman Mosca, the use of an additional abatement to pay family and medical leave is not a tool that other states use because they have income taxes and they can waive those income taxes. In terms of the federal tax credit, for any state where they do not require paid family and medical leave, those businesses can take advantage of this federal tax credit, so any business in Nevada could take advantage of it today if they so wanted.

Assemblywoman Summers-Armstrong:
How does this affect unpaid family and medical leave, if it affects it at all?

Kate Marshall:
Currently, the federal government requires 12 weeks of family and medical leave but does not require an employer to pay that, so should an employee want to take it they can. Because

it is unpaid, I do not have the data, but in general employees will use their sick leave and then if they can afford it they will take some time, and if they cannot afford it they are back at work.

Anecdotally, when my second child was born, I got 12 weeks of unpaid leave. They told me they made the mistake of saying I had three months, so on the twelfth week I called and told them there happened to be 13 weeks in these three months and I took another week for my daughter. Quite frankly, what the data shows is that women stop working as you saw. It drops down to only 55 percent in terms of the workforce participation.

Assemblywoman Summers-Armstrong:
I was very surprised at the data, as it has to do with women who were in child-rearing age. I thought that was extremely impactful. I also think that people might want to recognize that as we become older, we will also see that this type of leave is used to care for aging parents and aging spouses. This is really important for family sustainability. If someone has any type of an illness and to be out of pay could be the difference between whether people are able to maintain an apartment, pay their mortgage, or lose their car.

I liked what you said earlier, and I have said this several times here in this Committee, Nevada is a beautiful state. She is a wonderful place to live. The people who come here and want some of her beauty should be prepared to meet her with the grace she gives them and the benefit. We do not want busters here. We want businesses that are going to come here and bring good things to our citizens because we deserve it. Do you have any data on the use of family and medical leave as we get older?

Kate Marshall:
The data I was able to find was really on women's workforce participation, but you will note that in this bill it does say you can use that paid family and medical leave for an adult person, and that is really to begin to address caring for any adult child, sibling, or domestic partner of the employee, recognizing that a person in the family may need to take family and medical leave to take care of other family members.

Assemblyman Hafen:
This would apply to both genders, correct?

Kate Marshall:
Yes. Under federal law it does.

Assemblyman Hafen:
I think it was 2019 that Nevada passed family and medical leave of 40 hours, so that is the current law. You mentioned 13 other states, and the District of Columbia currently offer family and medical leave. Are those 13 states and D.C. offering the full 12 weeks, or are they just offering some sort of family and medical leave?

Kate Marshall:
There was a law passed. I am not sure if it was last session or the session before, but it was not paid family leave; it was sick leave. Based on a person's hours they can get up to a full week or 40 hours in a year of sick leave. That is separate from paid family and medical leave. For example, childbirth is not considered an illness, so paid family and medical leave covers someone taking time for childbirth or taking time for another member of the family who might have needs. The laws are different from sick leave. It varies by state what the requirements are for paid family and medical leave for each state. If you would like me to get you what each state requires, we can do that.

Assemblyman Hafen:
Yes, because I got the impression you were making the statement these 13 states and D.C. are offering the full 12 weeks. Prior to this coming up for a vote I would like to know exactly what those other states are offering. Also, could our Legal staff clarify for me what it is that Nevada currently offers in regard to the 40 hours of time off?

Chair Backus:
We can ask Legal. We obviously do not have a staff member here right now but we can shoot an email off and get that information. I believe former Lieutenant Governor Marshall was correct that it was a paid time off bill of the 40 hours, and I do believe it was from the 2019 Session because I was here. We will get Legal to get you something on that.

You may have said it, but I just want to make sure it was clear, because there is certain language we are using here. With the federal tax credit being available, this bill in itself would not constitute as some sort of FMLA for the state of Nevada because it is not applying to each and every business. This would not constitute a mandate that would preclude businesses that would want to move to Nevada from taking advantage of the federal tax credit.

Kate Marshall:
That is correct. It is part of an incentive package.

Chair Backus:
I appreciate your presentation this evening. I will now open the hearing for testimony in support of S.B. 429 (R1). I will go to the phone lines first. Is there anyone on the phone lines wishing to give testimony in support of S.B. 429 (R1)?

Melody Judilla, Deputy Director, Silver State Voices:
I am calling in strong support of S.B. 429 (R1). As a small nonprofit organization, we have made the decision to implement a 12-week paid parental leave policy for staff members. While we could have made it less than 12 weeks, especially since we have to fundraise every single dollar for our expenses, we strongly believe in taking care of our staff. We support S.B. 429 (R1) because it is one way we can ensure bigger businesses implement similar policies. Not only is this the right thing to do, but policies like these support healthy work environments and can help prevent high turnover in our state. I urge your support.

Shelly Speck, Parent Leadership Coordinator, Children's Advocacy Alliance of Nevada; and Nevada Strong Start Coalition:
The family is the cornerstone of our society, but most working-class families still lack access to any sort of paid family leave. This creates undue hardship and stress when new mothers must choose between a paycheck or being able to meet the needs of a newborn. This prolonged stress is inevitably sensed by babies when reunited with their mothers, which creates negative effects on their well-being. Policies which ensure that most workers in Nevada have access to even a fraction of their salary through paid family and medical leave would set infants and families up to thrive. When I had my son, I had to withdraw a sizable portion of my 401(k) to get by. The penalties incurred were worth it, but the process should not have been necessary. As I look back, that time was crucial to forging a bond with him, helping me recover from childbirth, and fostering and nurturing a responsive parent-child relationship.

Research backs up my testimony. Paid family and medical leave policies may help improve the health of families, reduce food insecurity, boost business and employee retention, allow more women to reenter the workforce, and decrease family's reliance on public assistance programs. The U.S. is one of the only countries in the world that does not guarantee paid family and medical leave, leaving too many workers forced to sacrifice their savings or their jobs when they need time off to bond with a new child or care for themselves or their families. Paid family and medical leave protects people during these critical life moments. We must act now to ensure the next generation of children grow into healthy adults by passing a paid leave policy in Nevada. Make history today.

Maria-Teresa Liebermann-Parraga, Deputy Director, Battle Born Progress:
We are in strong support of S.B. 429 (R1). I, like many of the other folks you have heard, do not have children, but I was a kid who saw her mother work two housekeeping jobs, and even before that working tirelessly to support me after our father died, and child care was incredibly difficult. We had to figure out ways for me to stay with family or friends who had parents who were in the house so I was not always by myself. That was incredibly difficult for us. I just hope, like the other caller said, we make history today so we can do just a little bit better for our families, so they can stay bonded and stay together. We can do that through S.B. 429 (R1).

Briana Escamilla, representing Planned Parenthood Votes Nevada:
We are in support of S.B. 429 (R1) because paid family and medical leave benefits workers and employers and keeps communities healthy and economically empowered. Not only does it keep valuable employees in their jobs when they have a child or a medical emergency, it also saves employers money by preventing turnover and loss of talent. Paid family and medical leave is crucial to Nevadans' ability to maintain healthy, financially secure, and full lives. We should do all we can to attract employers into our state who offer that leave.

Chair Backus:
As there are no other callers on the lines for testimony, we will move to testimony in support of S.B. 429 (R1) in Carson City.

David Goldwater, representing The Impact Project, Hopewell Fund:
I wanted to outline my journey on economic development and my experience with this. I was in the Assembly, representing Assembly District No. 10 in the 1990s, when I received a very angry telephone call from a business constituent of mine. He was a furniture store owner and was very upset that we were giving an incentive package to another furniture company that was coming to town. He pays all his taxes, takes care of all his employees, pays all his personal property taxes, has been living in Nevada and paying those taxes for years. What economic benefit is there to bringing his competition to town and giving them a break on sales taxes, employment taxes, and property taxes. He was right. That is when I learned about what we do for economic development. Those laws have changed a lot over the years.

This is yet another step on a journey of improving Nevada's economic development package for Nevada businesses. The businesses that you represent, they are all paying 100 percent of the taxes—all of them. You are bringing their competitors to town. Yes, you are bringing their customers sometimes, and we understand the concept of economic development and supporting it. I certainly do, as my client does, but in this case we want to say to our Nevada businesses, we got you.

I have a couple of businesses. We provide medical leave, and most of your good business constituents that you pay attention to do the same. They pay their leave. Let us not bring their competitors to town who do not do the same things that they do and then subsidize them.

I want to compliment the job that GOED does. Under both party's administrations they have done a tremendous job bringing businesses to this state that benefit. The challenging job that they do, their competitors are other states, and this by some measure may be holding them back a little bit relative to some other state, but as our former Lieutenant Governor and former State Treasurer outlined, it is not an apples-to-apples comparison in the world of economic development. Every state has something to offer, whether it be geography, climate, access to infrastructure, or income taxes. This is not something that would hold us back.

Would we have done the Tesla deal if this were law? The answer is yes. I think Tesla offers 16 weeks of paid leave, and they may even offer more. This would never have held back an important deal like Tesla. I would venture to say that if you ask GOED who their top ten prospects were, all ten would have something along these lines, and if they did not would really want to know why not.

I want to help differentiate the roles. The Executive Branch and GOED do not have too much discretion. The Legislature writes the rules. Whenever anybody is upset by what happened, or what this deal is on economic development, or what the incentive packages are, it is usually misplaced. Now is the time, during the Legislature, to write the rules the way you want them, and then GOED and the Executive Branch can go do it.

Finally, nobody is required to pay this leave. If you do not want the leave and you do not want to pay the employees, do not take the tax money. Do not ask for a subsidy. You do not have to provide this benefit, but if you are going to take this money—the sales taxes, property taxes, modified business tax, and all the things we rebate that would have otherwise gone to schools, health care, and prisons that you all work on—that is where that money would otherwise have gone to. Do not take it. Do not offer it. That is fine too. It is not mandated and is not required. I am happy to answer any questions.

Chair Backus:
I do not know, Mr. Goldwater, if you have more information on this you could fill in. We have reached out to our Legal staff on one of the issues, which raised another issue from my colleague and probably me, is the bill that was passed, Senate Bill 312 of the 80th Session, did provide for a paid leave for companies that have 50 or more employees. We left it a little broad. Would that be something you may think would preclude Nevada from being a state that could benefit from the credit, since we do now have this law on the books? If former Lieutenant Governor Marshall wants to come up, she has knowledge about that. That was one of the things Assemblyman Hafen and I were questionable about.

Kate Marshall:
Yes. The bill that passed in 2019 does not meet the criteria for family and medical leave under the federal Family and Medical Leave Act, and therefore is not a requirement. It does not meet the criteria for the paid family and medical leave IRS tax credit.

Assemblywoman Shannon Bilbray-Axelrod, Assembly District No. 34:
This brought me out of my office because this is deeply personal to me and I have quite a bit of knowledge on it, having gone through receiving family and medical leave. First and foremost, you have to exhaust all your time off. You have to go through all of that, then there is a very stringent process showing that you are the primary and only caregiver for that person. If you have someone who is helping you, you have to show exactly the number of hours you are with the person who qualifies you for family and medical leave. As you all know, with the federal government you literally have to dot every I and cross every T. When I was navigating the system, it was here in Nevada, and it was for 12 weeks of unpaid leave. It was literally just to keep the job.

Exhaust all your time off, if you have any you can be paid for, and then the 12 weeks currently in Nevada is literally that you will have a job to come back to after those 12 weeks. This is a really good bill.

Tessyn Opferman, representing Nevada Women's Lobby:
I just wanted to comment on the 2019 bill. I do not recall the exact amount, but I want to say it is something like 0.0193 hours per hour worked that you get off, which if you work a full-time job equates to 40 hours per week, then that is one week off per year.

Chair Backus:
You were one digit off. It was 0.01923 hours of paid leave for each hour of work, but you are right. I believe it does end up being 40 hours of paid time off for a year.

Tessyn Opferman:
That was pretty close, considering I have not looked at that bill since 2019. With that, I just want to state our full support of this bill. One of the main priorities of the Nevada Women's Lobby is to advocate for policies that help ensure women and families have access to paid time off and paid leave. We are a growing state, and every year new businesses come to Nevada and create quality jobs for our residents. However, as we encourage companies to open doors here in our state by offering tax abatements, we should ensure that those companies are ones who will create quality jobs for residents. This means a living wage and it means quality benefits, such as this bill which creates paid family and medical leave.

Former Lieutenant Governor Kate Marshall did an excellent job of highlighting the data and explaining why this is particularly important for women and families. I just want to highlight a few more points. Paid FMLA:

- Improves health and development outcomes for children;
- Helps prevent maternal depression and stress;
- Increases rates of breastfeeding and duration of breastfeeding, which directly increases positive health outcomes for children;
- Results in lower rates of infant mortality and maternal mortality; and
- Leads to more workforce stability through increased retention and turnover reduction.

Furthermore, many of these companies, as previous testifiers have said, are already offering these benefits in other states. Let us ensure Nevada has the same access to quality jobs as the residents of surrounding states.

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

Chair Backus:
With that, we will go to the phone lines for testimony in opposition to S.B. 429 (R1). Is there anyone on the phone lines wishing to give testimony in opposition to S.B. 429 (R1)? [There was no one.] We will move to Carson City for those wishing to give testimony in opposition to S.B. 429 (R1).

Paul J. Moradkhan, Senior Vice President, Government Affairs, Vegas Chamber:
The Vegas Chamber would like to thank the proponents of the bill for meeting with us about this bill, and we appreciate their intended efforts here. The Vegas Chamber is concerned that requiring family and medical leave at 55 percent of the employee salaries will place us at a

disadvantage on the national level when we are competing for new businesses to Nevada. Federal family and medical leave does not require employees to currently be paid so there is no consistency across the board or across the country on that.

We do appreciate the effort to tie this to the tax credit for three years, as mentioned, which will expire in 2026. We want to attract other businesses to Nevada, and of course the best companies, but there are also other factors we have to take into consideration when businesses are looking to come to Nevada and other states. For example, our housing, education, health care, regulatory environment, and business mandates. There are many other areas that we are not leading in, as we have talked about, in comparison to tax credits and abatements offered by the state.

We do appreciate the proponent's open dialogue with the Vegas Chamber and so forth, but I also want to clarify for a moment about Senate Bill 312 of the 80th Session, which was passed in 2019. The Vegas Chamber was one of the leading negotiators on that from the business community side, and that bill was purposely drafted to allow as much flexibility as possible for employees and is 40 hours per week. That was something that was forward thinking at the time, because we did not want to restrict employees from only being able to take sick leave, or just taking paid time off for vacations. We purposely made it as broad as possible, and according to the *Nevada Revised Statutes* (NRS) we are not allowed to ask them why they want to take the time off, so they can make those decisions why they want to take the time off as their own personal decision, to use the time and so forth.

I just wanted to clarify, it is not sick leave, it is paid leave for any purpose they wish to use it. The only restriction is it has to be used in four-hour increments, which makes sense for accounting purposes, human resource purposes, and collective bargaining reasons. I just wanted to clarify that on the record. Again, I very much appreciated the proponent's desire to work with us and try to come to some resolution, but the Vegas Chamber is currently opposed because of the competitiveness issue.

Ashley Cruz, representing Las Vegas Global Economic Alliance:
The Las Vegas Global Economic Alliance (LVGEA) works together with our municipal and private partners and is one of the eight appointed regional economic development authorities that work together with Nevada's economic development agency, GOED. The goal of the LVGEA is to improve our region's economic conditions by attracting desirable industries that afford Nevadans with diverse careers to enhance quality of life and serves as an extension to our education partners in the workforce arena.

The industries LVGEA attracts sell their goods out of state, which generates new tax revenues for Nevada that are reinvested into education, health care, and public safety. This focus also diversifies the tax base so our economy better withstands boom and bust cycles that so often occur in our state. Currently, the state requires businesses who seek partial performance-based tax abatements to meet qualifying criteria that include average wages, number of primary jobs for Nevadans, as well as the capital investment. Businesses must also adhere to Nevada's regulatory requirements, which includes the state's existing paid leave statute that is applied to businesses in all sectors.

The LVGEA is proud to share that this work has and continues to support all areas of the Las Vegas valley, including the city of Mesquite. I will also share that the work the LVGEA and other regional development authorities do is a competitive team sport, and competition for those desirable companies is incredibly fierce. We believe this unique precondition for a narrowly tailored group of businesses would only work against our state's already challenging market position in striving to attract those diverse businesses and industries we wish to have call Nevada home. Thank you for the opportunity to share our concerns. We urge your opposition.

Mendy Elliott, representing Northern Nevada Development Authority; and Economic Development Authority of Western Nevada:
I am a little confused, and I do not get confused very often. We have a bill that we are asking for companies that are seeking abatements for six years, ten years, whatever it might be; and the justification for this bill is the fact that if an employer pays 55 percent of an employee's wages they get 12.5 percent of a tax abatement. It is a little confusing to me, but okay.

Another issue I have is this tax abatement on the federal level expires January 1, 2026. This bill does not have an expiration date. We are actually putting something into statute in perpetuity that there is no longer a 12.5 percent tax credit on an IRS tax filing, which is the justification for this bill. Perhaps I am just confused.

The next issue I have with this bill is this actually goes further than the FMLA requirements under the IRS tax code. If you look at what qualifies for the authorized pursuant to Federal and Medical Leave Act of 1993, it has a sundry of listings on the IRS website. It does not list to care for any adult child, a sibling, or domestic partner of the employee. If my brother is sick, if my sister is sick, if my adult child is sick, I am just a little confused that once again we are going further than what the federal requirements are even asking for on the IRS website.

We do have some concerns. I am not going to reiterate what has already been said by the LVGEA and the Vegas Chamber. They have done a good job. We appreciate the bill sponsor, but again I just caution that we are putting into law something based on an expiration date that is no longer going to be, unless Congress reauthorizes it, according to the bill sponsor. With that, we stand in opposition.

Chair Backus:
With that, we will go back to the phone lines for neutral testimony. Is there anyone on the phone lines wishing to give testimony neutral to S.B. 429? [There was no one.] We will

come back to Carson City. Is there anyone here in Carson City wishing to give testimony neutral to S.B. 429? [There was no one.] I will invite the bill sponsors back for closing remarks.

Senator Flores:
I will allow former Lieutenant Governor Marshall to close it off, but before I do I wanted to clarify a couple of points. I do appreciate the opposition's enthusiasm and energy. Obviously, they are very excited about continuing to attract business to Nevada, and I agree with that. Everybody in this building, everybody in the state of Nevada, knows how important that is. I just wanted to make a couple of clarifying points.

Regarding the federal tax credit, as mentioned in our opening remarks, that is not the genesis of this bill. The genesis of this bill is a philosophical question that I want us to address as a body. Are we still in a state of desperation, as a state, that we want any business to come here? If you are going to get an abatement, an abatement that I did not get as a small business owner, an abatement that most of you who are small business owners did not get, because you can do that. Any business can come to the state of Nevada and not offer family and medical leave. What I am asking is, if you are going to get a benefit, if you are going to get a tax cut, if you are going to get something that every other business does not get, should we put a minimal requirement that says we are asking that you align yourselves with something greater than in the state of Nevada, if you are going to take all it gives you, you are going to ensure that you are giving just a little bit back. That minimal requirement is to say that you are ensuring families are taken care of when we desperately need that. That is the question we are asking and we are posing before you.

In addition to that, I also wanted to make it abundantly clear that the reason we brought up the federal tax credit is because that is something that will absolutely happen. It is going to be a part of the negotiation right now, presently, during the conversations, so why would we leave that out of our presentation? It is equally possible that there are other federal incentives down the road that are offered, that we would then also utilize those as we are trying to attract businesses to the state of Nevada. Those federal benefits that are out there are not the reason why we are doing this bill. We are simply explaining that if we are creating a minimal standard, that we are going to give you something that no other business gets in the state of Nevada, we want to make sure that we are attracting the best businesses, that have the best interest of our families, along with making money. They are not mutually exclusive. They can work together.

Lastly, I also wanted to make it clear that no business has to accept all the benefits that Nevada offers, just like most businesses do not. We are simply saying again that if you are going to get all of these free things, because Nevada wants to partner with you, that you then shake our hand and partner with our families. That is the only question that is being posed to you. If you are a small business owner, I guarantee you that you did not get the luxury of all these abatements. All I am saying is please join us in a bipartisan effort, that we raise the standard. I do agree that there are things in federal law that are not in the NRS. We agree with that, because there is no requirement that we offer abatements, but we are doing it as a state. There is no federal requirement that we do a lot of things. What I am saying through this bill is that we want to elevate the standard a little bit, that Nevada is elevating the standard, and that we have a mutual relationship in protecting employers who are protecting employees. With that, I will pass it on to our former Lieutenant Governor for the final remarks.

Kate Marshall:
He said it all. Thank you.

Chair Backus:
With that, we will close the hearing on S.B. 429 (R1) and open the hearing for public comment. Is there anyone here in Carson City wishing to give public comment? [There was no one.] Is there anyone on the phone lines wishing to give public comment? [There was no one.] That concludes our meeting. We do not have a meeting this coming Thursday, so everyone have a good rest of your week. We are adjourned [at 5:31 p.m.].

RESPECTFULLY SUBMITTED:

Gina Hall
Committee Secretary

APPROVED BY:

Assemblywoman Shea Backus, Chair

DATE:

EXHIBITS

Exhibit A is the Agenda.

Exhibit B is the Attendance Roster.

Exhibit C is a copy of a PowerPoint presentation titled "Graphs for SB 429," submitted by Tessyn Opferman, representing Nevada Women's Lobby; and presented by Kate Marshall, Advisor, The Impact Project, Hopewell Fund, regarding Senate Bill 429 (1st Reprint).

Exhibit D is a letter dated May 7, 2023, submitted by Aviva Gordon, Chair, Legislative Committee, Henderson Chamber of Commerce; and Emily Osterberg, Director, Government Affairs, Henderson Chamber of Commerce, in opposition to Assembly Bill 429 (1st Reprint).

Exhibit E is a letter dated May 10, 2023, submitted by Christine Saunders, MSW, Policy Director, Progressive Leadership Alliance of Nevada, in support of Assembly Bill 429 (1st Reprint).