MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON REVENUE

Eighty-Third Session
February 11, 2025

The Committee on Revenue was called to order by Chair Shea M. Backus at 4:07 p.m. on Tuesday, February 11, 2025, in Room 3142 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 1 of the State of Nevada Hearing Rooms, 7120 Amigo Street, 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/83rd2025.

COMMITTEE MEMBERS PRESENT:

Assemblymember Shea M. Backus, Chair
Assemblymember Venicia Considine, Vice Chair
Assemblymember Reuben D'Silva
Assemblymember Tanya P. Flanagan
Assemblymember Danielle Gallant
Assemblymember Heather Goulding
Assemblymember Ken Gray
Assemblymember Gregory T. Hafen II
Assemblymember Duy Nguyen
Assemblymember PK O'Neill
Assemblymember Erica P. Roth

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

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

Minutes ID: 138

OTHERS PRESENT:

Thomas J. Burns, Executive Director, Office of Economic Development, Office of the Governor
Dorian Stonebarger, Deputy Director, Office of Economic Development, Office of the Governor
Stephen Wood, Director of Strategy and Public Policy, Office of Economic Development, Office of the Governor
Austin Daly, Manager of Government Affairs, University of Nevada, Reno

Chair Backus:
[Roll was taken and Committee rules and protocol were reviewed.] We have one presentation on our agenda today from the Governor's Office of Economic Development (GOED), Office of the Governor. Please make your way to the table and begin when you are ready.

Thomas J. Burns, Executive Director, Office of Economic Development, Office of the Governor:
I had the pleasure of doing this similar presentation two years ago. I had been on the job approximately six days when I came before this body the first time. Obviously, I have had the opportunity to learn a lot. I think the thing I am most excited about is I learned the quality of people I work with at GOED. Their full desire to represent and serve the people of Nevada on a daily basis is pretty inspiring. I would like to thank them publicly for all the work they do. I would like to introduce Dorian Stonebarger, Deputy Director of GOED.

Dorian Stonebarger, Deputy Director, Office of Economic Development, Office of the Governor:
I am going to give you a little bit of background and an overview of the office. We were created during the 2011 Legislative Session with a call to action to establish a cohesive economic development strategy and operating system, to advance targeted industries, expand global engagement, catalyze innovation, and to increase opportunity for Nevadans through workforce development and education. Our mission is high-wage jobs for Nevadans, with a vision of an economy that is vibrant, innovative, and sustainable, with opportunities for all Nevadans [page 4, Exhibit C].

Throughout Nevada's history our business cycles have been a story of extremes [page 5]. You can see where the GOED office was established, and that recovery from the Great Recession was a long process. It required a lot of intentional efforts to diversify our economy. You can also see that roughly a decade later, the speed of Nevada's recovery from the COVID-19 pandemic showed us just how important such economic diversity really is. We not only recaptured those jobs, but we exceeded prepandemic levels.

How do we know where to focus our efforts and where to diversify? We do an assessment of our economic landscape, as well as conduct a thorough SWOT [Strengths, Weaknesses, Opportunities, and Threats] analysis. From that we develop strategies and an action plan to provide policymakers, community leaders, and stakeholders with a road map for success. Our current five-year strategic plan highlights our strengths and opportunity for an electric, innovative, and connected Nevada.

We have also identified target sectors to help us reach those goals [page 7]. They include: natural resources and natural resource technologies, advanced manufacturing, hospitality, tourism, sports, creative industries, transportation, logistics, and information technology. At first blush I think you can see that there are a lot of different industries that fit within those sectors, but you can also see that there are different areas in our state that are better hosts for some of these sectors and vice versa. That is one area where we work with eight Regional Development Authority (RDA) partners, who know their regions the best and can further identify those industry sectors within your communities that are the best fit.

The tools we have to accomplish this and to attract these industries, whether internally or externally, fall into three separate categories—business development, workforce development, and community development [page 8]. While we are most known for one particular tool, tax abatements, we do have a host of other tools we are going to share with you today. Before we get into those, Director Burns is going to give you an overview of the return on investment (ROI) from those incentives.

Tom Burns:
I would like to discuss with you exactly what an abatement is and what is required to get it. To be awarded an abatement you must have a weighted average that meets the state hourly wage. The state hourly wage for Nevada is $32.51 [page 10]. You must have a [minimum] capital investments of $1 million if you are in rural Nevada and $5 million if you are in Clark or Washoe Counties. You must pay 65 percent of your employees' health insurance. Fifty percent of your revenue must come from outside the state of Nevada and you must maintain your business in the state of Nevada for more than five years. You must register [your business] pursuant to Nevada law, and for companies of 50 or more employees, you must provide paid family medical leave.

For 13 of the last 24 months the state of Nevada has been in the top three for job growth in the nation. For five of those months Nevada was number one, and for the first 21 months of the two-year period, Nevada outpaced the national growth rate.

Wage growth is a key indicator of economic growth [page 11]. It reflects the consumer's purchasing power in an economy and its living standards. Since GOED's inception in 2011 the statewide hourly wage has grown from $19.93 to $32.51. When job demand increases, wages rise due to competition for workers. Sector growth also encourages investment, productivity, and competition in a tight labor market.

Long-term business success often leads to higher overall tax contributions. This can provide options, as a state, to reinvest revenue in schools, public services, and community programs [page 12]. Businesses that are successful in a specific location often expand operation leading to more job opportunities for local residents. This reduces unemployment and boosts household incomes. Successful businesses generate revenue that stimulate the local economy, lead to increased consumer spending, a stronger tax base, and more financial circulation within the community.

Estimates of contract jobs have been conservative [page 13]. As of 2022, actual jobs from newly abated companies since 2012 exceeded the contracted jobs, or actual jobs, by 7,000. Estimates for 2023 and 2024 are still within the audit window, so those numbers have not been firmed up yet. In the tree chart on the bottom right you will notice that 40 percent of the jobs created by incentivized companies are in the manufacturing sector. That is followed by logistics and operations, and then by information technologies. These are targeted sectors that are resilient and provide higher paying jobs.

Here is a timeline on how tax incentives have impacted Nevada over the years [page 14]. In 2011, Nevada led the country in unemployment and foreclosure filings. In 2014, Nevada's unemployment rate was fifth highest in the country. In 2017, Nevada's economic growth exceeded the national average. By 2018, Nevada was leading the country in private sector job growth. During the 2020 pandemic, Nevada's unemployment rose to 30 percent, the highest unemployment rate recorded in the state ever [page 15]. By 2022, Nevada had recovered all the jobs lost during the pandemic and had added 3,000 more jobs than the previous peak of February 2020. In December 2023, Nevada's labor force grew to over 1.62 million people—an all-time high. In November 2022, Nevada recovered all the jobs lost during the COVID-19 pandemic and reached a new all-time high of 1.452 million jobs, which is 3,000 jobs more than the previous peak of February 2020 [page 16]. Nevada was listed as ahead of the United States in total recovery jobs.

Employment in the state saw rapid and ongoing expansion, surpassing prerecession levels in January 2022, and having surpassed prerecession employment in all major industry sectors at least once since January 2023. As of August 2024, Nevada employment numbers increased 3.2 percent from the prior year. Nationally, employment grew just 1.2 percent in the same period.

Tax incentives can be a benefit to small businesses as well by reducing their financial burden, encouraging investment, and promoting growth [page 17]. Tax incentives make it easier for small businesses to thrive, reinvest, and stay active. They also lower the amount of taxes the business owes, allowing the owners to reinvest savings into operations, hiring, and expansion. Additionally, businesses often rely on local suppliers, contractors, and service providers, which helps small businesses grow and thrive. This creates a network of economic support throughout the entire community.

The Office of Economic Development supports small businesses of all kinds, wherever they are in their journey [page 19]. Small business certification such as GOED's ESB [Emerging Small Business] program helped local Nevada businesses highlight their capability and set them apart from their competition. The program helps small businesses find work with state, local, and government agencies. Here are a few highlights—GOED certified 109 ESBs from July 1, 2023 to June 30, 2024, and getting that certification helped those small businesses secure $20 million in governmental contracts. That is real money that helps local small businesses thrive. Since 2012, GOED has run the State Small Business Credit Initiative (SSBCI) program. The federally funded SSBCI provides funding to support small businesses and entrepreneurship in the state of Nevada. We deployed more than $13 million out of SSBCI, and $8.3 million in venture capital. Community development financial institutes have deployed $1.5 million in microloans, and $3.6 million was provided in collateral support.

Nevada APEX Accelerator helps small businesses cut through red tape and connect clients with local governmental opportunities through education, marketing, technical assistance, and much more [page 20]. These opportunities mean a lot more to small businesses, especially from socioeconomic disadvantaged backgrounds, which APEX focuses on. From July 2024 to October 2024 the Nevada APEX assisted small business in getting 318 contracts, amounting to $48.6 million in work. Nevada APEX also helps women, minority, disabled, and veteran-owned small businesses. Here are just a few of the successful APEX clients—Big Fairy Tales LLC; DME Expo Logistics; Setsale LLC; and Wise Business Plans. In short, GOED offers many practical solutions to help small businesses grow. I will turn it back over to Deputy Director Stonebarger to have her illustrate further success.

Dorian Stonebarger:
We want you walking away today with a clear understanding of what the ROI is. If you go back to slide 14 in your packet [Exhibit C], there is a very important number there that we need to draw attention to, because abatements are considered investments. The fiscal return on that investment is over $2.50 to every $1 abated. The fiscal return per abated dollar is $2.59 on average right now, and we want to highlight that, but we also want to talk about the effects that our programs have on Nevadans and jobs.

We are going to start with Stellar Snacks [page 22]. Some of you might have enjoyed these on the plane on your way to Carson City. This is a fantastic mother and daughter pretzel company founded here in Carson City. They were awarded an expansion abatement in 2022, and they have been able to create 50 full-time jobs here locally. Redwood Materials is another example of job creation [page 23]. They were abated in December 2022. They had anticipated 150 jobs. They actually created 678 new jobs. They are located in the Tahoe Reno Industrial Center (TRIC), and they are revolutionizing sustainability for lithium-ion batteries through recycle and reuse, which is that lithium loop we often talk about. That is 500 more jobs than they had anticipated bringing in.

This is Justice [page 24]. Justice graduated from Sierra Vista High School. She was the head of her robotics team in the 2017-2018 school year, and she took advantage of Tesla's Manufacturing Development Program scholarship. Since then, she has been promoted four times and is now a process engineer technician IV at Tesla, inspiring other students across the state, and that includes her brother who also joined the program. This illustrates the human side of what GOED is able to empower directly and indirectly.

On slide 25 are some other great examples that may not have made the headlines like oftentimes the larger companies do. In summary, while our incentives are generating economic activity across the state, their impacts are beyond numbers because jobs are not positions, they are people. Director Burns will now walk you through some of the many other tools we have to incentivize companies and workforce for Nevadans.

Tom Burns:
The Office of Economic Development's Innovation-Based Economic Development division is leading the way towards a more diverse innovative economy that benefits all Nevada [page 27, Exhibit C]. Our five core pillars include increasing research capacity, commercializing research, nurturing entrepreneurship, increasing access to capital, and building a technically skilled workforce.

The Knowledge Fund [page 28] is the only state program to foster Nevada's innovation economy. It was developed to propel research, development, and commercialization of products by Nevada's research institutions and universities. Since launching over a decade ago the results have been extraordinary. At UNLV [University of Nevada, Las Vegas], Quantum Copper is developing products to create safer and more fire-resistant battery casings. That technology will play an important role as lithium batteries and electric vehicle cars become more widespread. The Desert Research Institute has conducted research at Lake Powell to study how evaporation and water loss impacts our reservoirs—a critical subject as we navigate an increasingly scarce water supply. The Nevada Center for Applied Research at the University of Nevada, Reno (UNR) provided lab facilities where companies like American Battery Technology Company could develop. American Battery is helping advance the critical technology to garner resources for the recycling of lithium-ion batteries. We have a video we would like to show you [Video was presented, Exhibit D] that we hope gives you a little bit of the sense of excitement we feel about the Knowledge Fund, the potential it gives companies, and the potential it unlocks within the state of Nevada.

The world of work moves quickly, and that is why GOED's Individual Career Mapping (ICM) program is so important [page 30, Exhibit C]. In 2024 we achieved a significant milestone by transitioning from Project SANDI [Supporting and Advancing Nevada's Dislocated Individuals] to the groundbreaking ICM methodology. Individual career mapping leverages virtual reality and 3D digitality, interactive STEM [science, technology, engineering, and mathematics] education materials to enhance high-demand career pathways in Nevada. In 2024, ICM published an international paper that gives us real credibility on our work, and if that was not enough, ICM also helped Elko County's Jackpot High School students get a 100 percent pass, and earn their national career readiness certificate. Individual career mapping is being integrated into Nevada's public libraries and workforce development centers, offering accessible labor market information and training boot camps developed by GOED. We look forward to many more exciting partnerships in the coming years.

In 2022, GOED designed and created a talent retention program with a goal of retaining the brightest minds in Nevada's engineering and space sphere. Women and minority students from UNLV and UNR are placed with Nevada-based tech and startup companies in paid internships [page 31]. Since the beginning of the program, several internships have led to job offers for recent graduates. Nurturing our young talent is a critical part of investing in our economy and something GOED does extensively, and we will discuss that a little later.

As we create more jobs and invest in innovation, GOED is partnering with our colleges to create meaningful workforce programs [page 33]. The Workforce Innovations for a New Nevada (WINN) fund is empowering Nevadans to level up and take control of their career paths in target industries. Workforce Innovations for a New Nevada is an incentive to business development. It is employer-led, meaning that the WINN-funded programs are in response to employer demand for certain skill sets in the workforce. Over the last biennium WINN has approved 17 programs and distributed $9.9 million.

A few examples of those funds that translate into real life skills is the Advanced Manufacturing Mobilization grant that is addressing the need for high-tech trained personnel in advanced manufacturing [page 34]. After moving to the U.S. in 2017, a young man named Asad worked jobs in casinos, restaurants, and construction companies. He eventually wanted a different career path, one that aligned more with his interests in automation robotics, so he enrolled in the advanced manufacturing program at TMCC [Truckee Meadows Community College] which receives WINN funding.

The TMCC Welding Lab Expansion Support project is helping meet the growing needs for training in the welding sphere [page 35]. For example, Heather Morton completed the Associate of Applied Science program in welding technology at TMCC. These in-demand skills will pay dividends to Heather as she navigates her future in this career path. In another field, the accelerated early college machining program prepares students to work as machinists as they start their own companies. Truckee Meadows Community College student Sarah Perez credits the program for giving her new skills that will open doors for her as she advances along her career journey. Why is this important? Advanced manufacturing is one of GOED's target industries. Upskilling our future workforce through WINN-funded programs gives Nevadans more opportunities.

At the College of Southern Nevada (CSN), student Simon Noriega enrolled in the Manufacturing Skills Program, which received WINN funding [page 36]. It helped him learn technical English and improve his prior skills in electronics and hydraulics. Not long after his graduation, Simon was hired as a maintenance mechanic for the High Roller wheel on the Las Vegas Strip, and thanks to his new skills and work ethic, Simon was promoted to lead the maintenance area for the High Roller. He now runs a 14-person maintenance crew.

The advanced manufacturing track of the expanding training pathways program at Western Nevada College is preparing students to serve in key roles in the battery recycling industry thanks to the WINN support and partnership with Redwood Materials [page 37]. As of December 2024, 76 students participated in this program. Of those, at least 20 have secured employment in the industry. Why is this program so important? As a key part of Nevada's lithium loop, Nevada recycling will continue to play a big role in Nevada's future.

Speaking of target industries [page 38], in 2024 funding from GOED's WINN program helped launch the Great Basin College-NORCAT mine skills training facility in Elko. This state-of-the-art facility will deliver essential skills and safety training for Nevadans in the mining industry, also one of our target industries. These are just a few of the examples how our WINN funds are supporting our workforce and Nevada's target industries.

The Office of Economic Development's Rural Economic and Community Development division works hard to make our communities vibrant and prosperous [page 40]. This important work includes the Nevada Main Street program and Community Development Block Grant (CDBG). These programs are critical to the vitality of our communities, both rural and urban. Nevada Main Street began in 2017, and there are 24 participating Main Street organizations that represent 29 communities. Main Street funds go toward the unique community projects from historic preservation to arts and culture. The Community Development Block Grant is administered by the Department of Housing and Urban Development through the state of Nevada. Community Development Block Grant funds are allocated to cities with populations under 50,000 and counties under 200,000, while larger cities receive their grants on their own. Millions have gone into community projects since Nevada's CDBG launched over four decades ago. For example, Jackson Street Alliance is a collaboration with the city of Las Vegas and Nevada Main Street, and is restoring the charm, culture, and significance of the historic west side [page 41]. Utilizing funding from Nevada Main Street and others, Jackson Street Alliance will be placing a modular unit on a currently vacant lot steeped in Las Vegas history. The work empowers residents to grow through education and support. It also attracts investment and fosters economic growth.

With just 220 people, Goldfield, Nevada lacked a way to share its positive community news and information about the town's colorful residents, history, and culture [page 42]. With Main Street funds the community launched the *Goldfield Gazette*, its monthly publication with positive community news and information. The *Goldfield Gazette* also provides advertising and job listings for local businesses.

You cannot have economic development without having community development, which is why the CDBG funds are spent on infrastructure in the rural communities [page 43]. In Nevada, CDBG secures the funding on behalf of rural communities that might not have the bandwidth to get it on their own. For example, CDBG contributed $1 million in COVID-19 funding for the construction of the Silver State Senior Center in Wells, Nevada, which opened in January. Senior centers play an important role to the lives of our loved ones and nurture the sense of community that is so important to Nevadans as a whole. We were proud to help bring this project to life. One hundred fifty thousand dollars went to transform a vacant motel in Wells into a retail center for entrepreneurs. The Buckaroo Boutique's owner, Thaysha, now has a brick-and-mortar store thanks to the work from the CDBG.

The Office of Economic Development wants to make Nevada a leader in health care as well [page 45], whether it is building world-class facilities or educating the next generation of health care professionals. We do this by focusing on three particular areas—training and education for health care professionals, health care innovation and access, and infrastructure development for sustainable growth and job creation. Let me give you a couple of highlights of this program in action.

The Office of Economic Development worked closely with the leadership of CSN to launch an innovative nursing pilot program [page 46]. So far, the program has educated and credentialed over 100 practicing clinical nurses. This program helps widen the gap of nursing educators and will spread throughout the state's nursing education infrastructure. The many testimonials we receive reflect the power of the education that life transforms.

At the new transplant center in Las Vegas, USC's [University of Southern California] Keck Medical Center [Keck Medicine of USC] has helped over 40 Nevadans schedule their organ transplants [page 47]. The Office of Economic Development provided essential guidance to USC, assisting in issues like workforce, logistics, building, imaging, and much more. At this point, this project is limited to pre- and post-op treatment. Currently the transplants themselves take place at USC, but we are working towards partnerships with local medical professionals to have those transplants actually happen in Las Vegas. The Office of Economic Development also continues to support the principles of Intermountain Health, which is creating Nevada's first stand-alone children's hospital. This is an effort to fortify comprehensive care for children in Nevada and greatly reduce the strain on families.

The four women who run the Nevada Film Office (NFO) are incredibly passionate about bringing film to the state of Nevada [page 49]. That is the understatement of this entire presentation. The NFO markets the state as a production destination for film, television, commercials, and other forms of media. All this generates economic impact through job creation and in-state production spending. That is why the NFO offers transferable tax incentives to try to attract productions to Nevada. The office facilitates connections with local crews, vendors, and services. It also identifies film locations, assists with permitting processes, and coordinates intergovernmental cooperation throughout the state of Nevada.

In addition to film and shows, the NFO has brought in thousands of jobs for local casts and crews thanks to the online industry directory [page 50]. The directory is the top resource tool used by industry professionals and their crews planning productions throughout our state. It includes everything from producers to equipment rentals, and time and again has proved to be an indispensable hub for local businesses and talent. Here is a great example. Las Vegas native, Lily Campisi, has used the NFO's online production directory with great success. Thanks to the directory, Lily has done work for Netflix shows, a Super Bowl commercial, and much more. For those of you who are film lovers, here are some recent NFO-assisted productions filmed in Las Vegas, and if you have not heard, the Oscar-nominated film Anora was filmed in Las Vegas, with the support of our dedicated team from the NFO [page 51].

We want to position Nevada as a leader for small business. With the leadership of Assemblymember Yeager, Nevada has become the first state to create the Office of Entrepreneurship [page 53]. We are forging a new path and helping entrepreneurs along the way. In 2024 the Office of Entrepreneurship conducted dozens of statewide community consultations with more than 300 small business stakeholders to learn more about the needs of the individual entrepreneur communities and small businesses.

KADRI, which is an early-stage company that has received support from GOED and one of our regional development authorities, is a great example of that success [page 54]. Katheryn Basso, a former United States Marine Corps major and Nevada resident, has founded the tactical women's clothing company KADRI. With the support of GOED and Sheldon Mudd of the Northeastern Nevada Regional Development Authority, Katheryn is now scaling up operations to outfit entire teams, a huge step forward in her company, and we are so privileged to be part of its growth.

Another early-stage company that has received support from GOED is called SLEKE. University of Nevada, Reno graduates Austin Boer and Brennan Jordan founded the software operating system SLEKE. to help users cut down on excessive cell phone use. SLEKE. benefited from gBeta [gBeta Reno], part of gener8tor's accelerator program supported by GOED. SLEKE. is also a partner in the GOED-designed Talent Retention Program we spoke of earlier in the presentation, further evidence that we are doing what it takes to support entrepreneurs at the ground level.

In closing, I would like to underscore the recurring theme of our presentation today [page 57]. Beyond our direct business support, GOED tax incentives have an immense impact on small business. Just look at local food entrepreneur, Marissa Tidd, who sold coffee and pastries to workers during the construction of Tesla's Gigafactory. Using this experience as a jumping off point, Marissa and her business partner, Travis, eventually opened Hand Craft Coffee on Wells Avenue in Reno. The pair are now opening their third location in the northern Nevada community. This is a perfect example of why we support innovation-based economy. For each high-tech job we create, five non-tech jobs are created. Finally, this is a picture of the GOED team that I am so proud of [page 58]. Fellow Nevadans supporting fellow Nevadans.

Chair Backus:
Thank you, Director Burns and Deputy Director Stonebarger, for your presentation. It was very informative, detailed, with a lot of exciting stuff going on. I will open it up to questions.

Assemblymember Nguyen:
I am very excited about this topic. This is a passion of mine. The backbone of our state is truly small businesses. In one of your slides, you talk about small business success with, I believe, 109 emerging small businesses that graduated from your program. I am curious how you select these small businesses. How do they know about the programs you have, and what is the criteria for being a part of this program?

Tom Burns:
All small businesses throughout the state are eligible for the program. It is administered in conjunction with the same folks who do our APEX program. It is available on our website. We have worked in conjunction with local chambers of commerce to make it more readily

available and the presence more publicly known than what it has been in the past. I think the increase in numbers is evidence of that, but we are happy to work with you on other ways to get it out to your folks.

Assemblymember Nguyen:
You mentioned on a slide near the end of your presentation, the Office of Entrepreneurship. Is it a program under the new legislation that was created, or is this something separate?

Tom Burns:
It is something separate, but obviously they work akin to each other. Again, APEX Accelerator, which is the agency that helps small- and medium-sized businesses learn to do business with state, local, and federal governments, administers that program, but it runs hand-in-hand with the Office of Entrepreneurship.

Assemblymember Nguyen:
I would love to get more information about this program and the demographics within, like where the industries came from within those 109. Perhaps there may be gaps that could help make the program more accessible to all Nevadans.

Tom Burns:
We would enjoy that as well.

Chair Backus:
Because we are talking about the Nevada APEX Accelerator, I am trying to wrap my mind around the definition of what that is. I have seen a lot of success cutting through the red tape. When I think of cutting through red tape, I start to think of assisting those small businesses with localities, with licensing. I wanted to dive into that a little deeper, as to exactly what the Nevada APEX Accelerator is doing for the small businesses.

Tom Burns:
The Office of Entrepreneurship would probably be a better resource for accessing and trying to figure out the proper licenses as we move forward. As you can imagine, a lot of people who are in small business are there because they have a specific vocation or specific tool. I use this because it is the simplest illustration I can get. If somebody told you that you make the best cake they have ever had and that you ought to make a living baking cakes, well, when you start to bake cakes for a living, what you find out is that only 10 percent of what you do is baking cakes—right? Learning from somebody who is a great small business person and knows how to bake a great cake, but learning to crack the code, get to the inside, and doing business with the government can be a pretty daunting task. Understanding the right door to walk into, the right application to fill out, who to talk to, who buys cakes within the federal government, and how do I get those to them, those are the kinds of things that APEX is really good at doing.

Chair Backus:
That makes sense. I saw there was the 318 contracts, and I assume that is with the federal government, and opening those doors.

Assemblymember Gray:
I am having trouble understanding slide 15 [page 15, Exhibit C]. The return on the investment, the return per abated dollar, in northern Nevada was $2.17; in southern Nevada it is $4.55; yet there was much more money invested in northern Nevada. I am trying to make sense of that. Were there more abatements? When you look at the return, there was quite a bit more invested in northern Nevada than in the south, but the return on the investment in northern Nevada is less than half of what it was in southern Nevada.

Tom Burns:
I am speculating because I do not have data in front of me. We have a lot more data center abatements in northern Nevada. While I think having a ballast to those is good in your investment portfolio, as we look at it that way, they tend to be very steady, but the return may not be quite as high as some of the others. Data centers as a whole do not employ a lot of people. They tend to employ somewhere between 12 to 24 people, whereas advanced manufacturing is going to have more folks and it tends to have a higher return.

Assemblymember Gray:
I would agree with that, except when you look at the net new tax revenues, the north blows away the net tax revenues in the south. I cannot see that explanation making any sense. You can get back to me. It just leaves me scratching my head.

Tom Burns:
We will get back to you.

Assemblymember Gray:
When companies do not meet the threshold of five years, or some of the other ones, and they dip below the 65 percent of medical care, what happens to those companies? Is there a way to recoup that?

Tom Burns:
Yes, we do audits at two and five years, and for those that fall below the thresholds that are established, we claw back. We have recovered in every instance but one. About ten years ago there was a smaller company that declared bankruptcy, and we were not successful in getting our money back from them; but with everybody else, we have been successful in retrieving our money back.

Assemblymember D'Silva:
My question is about the abated companies and education levels related to them. Is there any data kept on whether the companies, industries, or jobs we are attracting are connected to a college degree, a trade certification, or certain types of high-skill licensure programs? Is data kept on the educational levels of the folks we are bringing in?

Tom Burns:
Can I get a clarifying question? I am assuming we are addressing the needs of the employer that we have drawn in versus maybe what they produce.

Assemblymember D'Silva:
Yes, what they are drawing in.

Tom Burns:
I am not aware if that data is being kept anywhere or if it is something we can get. I can tell you anecdotally, because of who we are drawing in, they tend to need skills-based training. You saw that in the examples we used for the folks at Tesla, for the gentleman who worked on the High Roller; those kinds of skills that they were able to attain. One of the things I think we do, the most important thing we do within GOED, relates to the WINN fund because it really takes people, from a socioeconomic standpoint, who might be at a lower position in their life, and we give them the opportunity to gain skills to oftentimes double or triple their income and really raise the standard of their family and their position, where they are in the community.

Chair Backus:
I wanted to look at slide 10 [Exhibit C] to walk through the questions. We see the data is basically the highest for unemployment at 5.7 percent. In looking back at the slide of employment growth rate, I commend you on working hard to boil down what could be the factors we are seeing. Obviously we had COVID-19, but in going over the last couple years, it looks like in November 2023 we start seeing the employment growth rate start to shift and decline downwards to a steep decline a year later in September 2024. Now we are looking at only a one-month period, November to December, where it really flatlined at employment growth rates. I think it is no surprise. I have said multiple times I am a small business owner. Some of the things we are seeing, probably two years ago, we could not get employees. We really struggled with the employment sector in hiring skilled labor. More recently we are seeing wages increasing rapidly. I cannot help but think, is it a situation where we are having fewer people employed at higher wages, or maybe small businesses are cutting back? Do you have a sense of why we are getting stagnant in employment growth in our state, when it seems like our state population is growing?

Tom Burns:
In speaking with economists we observe a couple of things. The last two quarters of 2024, a lot of businesses were stagnant in what they were doing in general. I think that was a lot about trying to see what the outcome of the election was, not so much who was going to win but what the answer was going to be. I think regardless of what was going to happen, things were going to move forward once people knew the answer as to what the landscape would be ahead of them. I think you will see there is a flattening out, but it is less traumatic on the national side as it is on our side. If things were going to start to pick up I think you would see them somewhere in the second quarter of this year. I think that is a lot of it. I am not an economist, but I think we have seen signs of a flattening of the economy overall right now.

Chair Backus:
I know there is a lot of information you have to keep confidential with potential companies you are recruiting to the state of Nevada. Have you seen a decline in the interest of businesses thinking about relocating to Nevada?

Tom Burns:
We did see that decline in the third and fourth quarter of 2024, but we have seen an uptick in the last 60 days.

Chair Backus:
When incentives were given out to pick us up out of the recession in the 2007 time period—I think a lot of this was done in 2015 as well—of those companies that have now exhausted all of their incentives, have you seen with those companies whether they are looking to leave the state of Nevada, or if there is a pullback in the number of people they are employing? Is this more of a negative impact versus a status quo of the way things are still going?

Tom Burns:
Anecdotally, if you looked at Tesla, which is probably the biggest brand name we took on earlier, their abatements have come largely to an end. They doubled down just two years ago and expanded their manufacturing facility in Tahoe Reno Industrial Center. We have a number of other companies that are out there that are more than willing and excited to expand. There are some challenges regarding getting people to and from work right now, so they are waiting on some of the solutions for that, but there are certainly a number of companies that are looking to expand. I am sure there is one out there I have missed, but I cannot think of somebody who has pulled back or left the state of Nevada once their incentives had run out. Once you have moved to a location, you are kind of anchored there. It is expensive to pick up and move. If you have productive assets in a locale, you want to keep those moving as long as you can. That is why it is so important, when companies are up and ready to move, it is important to land them so they can be here for the long run.

Assemblymember D'Silva:
I had a question about the 1864 Fund and StartUpNV. Are those funds and programs associated with this, or is it a different state apparatus?

Stephen Wood, Director of Strategy and Public Policy, Office of Economic Development, Office of the Governor:
I am not familiar with 1864. I am familiar with StartUpNV. I am not sure if they are nonprofits, but they are independent organizations that do work closely with our Innovation-Based Economic Development division, doing business development in that startup space. We work with them, but they are not part of GOED.

Assemblymember Gallant:
I am glad you asked a question about slide 10 with our jobs dropping off. I am wondering if you have looked into some correlation, because it was in July 2024 the minimum wage went up to $12, and you can see in July 2024 it just falls. Might that have some correlation with some of our businesses struggling?

Tom Burns:
We have not, but it will be worth looking into.

Chair Backus:
I am really excited. On page 47 [Exhibit C] you touched on supporting the creation of Nevada's first stand-alone children's hospital. I know you also oversee the need to increase the growth of our health care providers, and it is something my constituents always complain about—not enough providers. I cannot help but think, in my heart, if we build it, will they come? Do you know, on the forefront, what we are looking at in recruiting specialty physicians to southern Nevada with respect to children's medical needs, as well as all those other health care providers? We are going to need more nursing staff, social workers, all sorts of good stuff for that children's hospital.

Tom Burns:
I think there are a couple things coming up that will be at your discretion, to be honest with you. One of them will be in an Assembly Committee on Health and Human Services bill, where there will be a request for expanding graduate medical education funding throughout the state of Nevada. Most of you know we produce a fair number of doctors in our state for the size state we are, but we just do not have any place for them to do their residencies.

My college roommate grew up down the street from me in Las Vegas. We went to UNR together. He went to medical school at UNR. He did his residency in Dallas. Does anybody want to guess where he lives? Dallas. That is a pretty consistent story. That happens a lot. With the increase of the residencies in southern Nevada, I think there is greater opportunity for us to keep them, and especially in the areas of specialties.

One of the other things you will be seeing, actually from us, in the Governor's legislation as he moves forward, is import substitution. Its easiest illustration comes from a company that does business with Tesla out of the Midwest. They produce a part that Tesla needs. Sixty percent of their sales goes to Tesla. I shared with you earlier; in order to qualify for our current abatements, you have to have more than 50 percent of your sales outside the state. They would like to move across the street from Tesla because that makes shipping easier and they can roll them across the street, essentially. But they cannot receive any incentives from the state of Nevada because 60 percent of their sales would then be in the state of Nevada. So, essentially, what we have told them is that we would like them to keep those 125 well-paying jobs in the Midwest instead of bringing them to Nevada.

One of the things we would like to introduce is import substitution. It is important to know that we have to show that there is a need in the supply chain as we would recruit those companies. We are not just going to recruit companies so they could do more sales in Nevada and take Nevada businesses out of business. We are talking about places where we currently have to import into the supply chain to make that work. Part of that conversation flows naturally into specialty health care. By all accounts, with our friends who build acute care hospitals, the number of beds in northern and southern Nevada have kind of stabilized and are in a pretty good spot. I think we have good doctors in Nevada, but I think, to your point, Chair, we do not have enough of them—specifically, where we do not and where we struggle is in the specialty care area. This bill would allow us to attract and incentivize specialty care to southern and northern Nevada, and just health care in general—both acute and specialty care—to rural Nevada. Hopefully, we can participate in that.

A great example is the Lou Ruvo Clinic [Cleveland Clinic Lou Ruvo Center for Brain Health, Las Vegas] down south. Being able to attract practices like that, bringing in centers of excellence, would do a lot for us economically. Right now we export a lot of our health care out of the state when we need that kind of care. I think this would also help the self-esteem of our citizens, knowing they feel better about where they live.

Dorian Stonebarger:
I just want to identify that if we change the definition for the import substitution in health care that Director Burns just mentioned, that will open up our workforce dollars to be able to be used towards those two occupations as well. That will help with your question.

Chair Backus:
We have no further questions. I appreciate you for your time. We will move to our last item on the agenda, which is public comment. I will start in Las Vegas. [There was no one.] Is there anyone in Carson City wishing to give public comment this evening?

Austin Daly, Manager of Government Affairs, University of Nevada, Reno:
The University of Nevada, Reno works closely with GOED on various programs and initiatives to expand talent and innovation in Nevada. For example, GOED has played a key role in the university's application and designation as a tech hub by the U.S. Economic Development Administration, specifically in lithium batteries and electric vehicle materials. Additionally, the Knowledge Fund, based in GOED, provides funding to expand applied research and innovation in key areas of growth for the state. This funding is important for our students and faculty, and research endeavors, and to grow Nevada's workforce plus economy. We look forward to continuing to work with GOED in the future.

Chair Backus:
We will go to the phone lines. Is there anyone wishing to give public comment this evening? [There was no one.] I will close the meeting. We are adjourned [at 5:08 p.m.].

RESPECTFULLY SUBMITTED:

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Gina Hall
Committee Secretary

APPROVED BY:

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Assemblymember Shea M. Backus, Chair

DATE: ______________________________

EXHIBITS

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Office of Economic Development, Office of the Governor	PowerPoint presentation titled "GOED, Nevada Governor's Office of Economic Development, 2025."
	D	Office of Economic Development, Office of the Governor	Video presentation titled "The Knowledge Fund, GOED, Nevada Governor's Office of Economic Development."