

**MINUTES OF THE JOINT MEETING OF THE
SENATE COMMITTEE ON FINANCE
AND THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Eighty-second Session
February 22, 2023**

The joint meeting of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Marilyn Dondero Loop at 8:07 a.m. on Wednesday, February 22, 2023, in Room 4100 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

SENATE COMMITTEE MEMBERS PRESENT:

Senator Marilyn Dondero Loop, Chair
Senator Nicole J. Cannizzaro, Vice Chair
Senator Dallas Harris
Senator Dina Neal
Senator Rochelle T. Nguyen
Senator Pete Goicoechea
Senator Heidi Seevers Gansert
Senator Robin L. Titus

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblywoman Daniele Monroe-Moreno, Chair
Assemblywoman Shea Backus, Vice Chair
Assemblywoman Natha C. Anderson
Assemblywoman Tracy Brown-May
Assemblywoman Jill Dickman
Assemblywoman Michelle Gorelow
Assemblyman Gregory T. Hafen II
Assemblywoman Sandra Jauregui
Assemblywoman Heidi Kasama
Assemblyman C.H. Miller
Assemblyman P.K. O'Neill

Senate Committee on Finance
Assembly Committee on Ways and Means
February 22, 2023
Page 2

Assemblywoman Sarah Peters
Assemblyman Howard Watts

COMMITTEE MEMBERS ABSENT:

Assemblyman Steve Yeager (Excused)

STAFF MEMBERS PRESENT:

Wayne Thorley, Senate Fiscal Analyst
Sarah Coffman, Assembly Fiscal Analyst
Cathy Crocket, Chief Principal Deputy Fiscal Analyst
Brody Leiser, Chief Principal Deputy Fiscal Analyst
Morgan Barlow, Program Analyst
Helen Wood, Committee Secretary
Marie Bell, Committee Secretary

OTHERS PRESENT:

Tom Burns, Executive Director, Office of Economic Development, Office of the Governor
Bob Potts, Deputy Director, Office of Economic Development, Office of the Governor
Michele Lynn, Director of Administration, Office of Economic Development, Office of the Governor
Karsten Heise, Senior Director, Strategic Programs and Innovation, Office of Economic Development, Office of the Governor
Stacey Bostwick, Director of Workforce Development, Office of Economic Development, Office of the Governor
Bo Bernhard, Vice President of Economic Development, University of Nevada, Las Vegas
Vic Etyemezian, Vice President of Research, Desert Research Institute
Carlos Cardillo, Executive Director, Corporate Partnerships, Nevada Center for Applied Research, University of Nevada, Reno
Kristopher Sanchez, Deputy Director, Office of Economic Development, Office of the Governor
Natalie Fry, Director, Research Communications, Division of Research and Innovation, University of Nevada Reno

Senate Committee on Finance
Assembly Committee on Ways and Means
February 22, 2023
Page 3

CHAIR DONDERO LOOP:

The Governor's Office of Economic Development will present four budgets.

TOM BURNS (Executive Director, Office of Economic Development, Office of the Governor):

The Nevada Governor's Office of Economic Development (GOED) was created in 2011 through A.B. No. 449 of the 76th Session, on page 2 of our presentation ([Exhibit C](#)). We are governed by *Nevada Revised Statutes* (NRS) Chapter 231 to encourage diversification of Nevada's economy. This includes diversity of employment opportunities and taxation throughout Nevada.

As noted in our budget presentation on page 3 of [Exhibit C](#), GOED engages with a number of economic development partners. There are eight Regional Development Authorities (RDA) throughout Nevada.

Regionally, GOED works with counties and other development and economic agencies including municipal partners, chambers and State agencies throughout Nevada. The goal is to streamline processes and make it easier for our new private partners as they come into the State.

The organizational chart for GOED is detailed on page 4 of [Exhibit C](#). The Governor's Office of Economic Development has 41 full-time equivalent (FTE) employees. We plan to restore two FTEs we lost during COVID-19.

What is our strategy and where do we want to go? As shown on page 5 of [Exhibit C](#), our goal is to diversify the economy and be more innovative. Nevada has an opportunity to become a dominant player with the onset and early emergence of electric vehicles (EV) because of the presence of lithium in this State. Lithium is included in our strategy and we will be reaching out to be part of that industry. A big part of our economic advantage is our location. We border the fifth largest economy in the world. We plan to take advantage of our location and our strategy towards business.

We want to be sustainable. We want all regions in Nevada to diversify. Nevada has experienced some growing pains, and with our partners and other agencies, we are looking for ways to address those. All regions are diversifying but at different rates.

Senate Committee on Finance
Assembly Committee on Ways and Means
February 22, 2023
Page 4

We need to be mindful of our constraints within different regions. Some are about land, and we are working with our federal partners to alleviate some of those issues. We also have some issues with water. We are working diligently regarding workforce development. I am very pleased about the recent progress, specifically with partnerships as we move forward with Truckee Meadows Community College and Western Nevada College.

Page 6 of [Exhibit C](#) shows economic development tools. One of the tools we use is tax abatement. We have other development tools we will detail, such as the Knowledge Fund, small business credit initiatives, emerging tax programs, film office initiatives and the Apex Accelerator.

Part of our tools in support of our citizens of the State and companies moving in is workforce development. It is a critical part of what we do. This includes the Workforce Innovations for a New Nevada (WINN) initiative and others. We are partnering with our community college systems and higher education to help our citizens.

We administer some community partner grants including the Rural Community Development Block Grant, the Nevada Main Street Program and the rural entrepreneur programs.

As stated on page 7 of [Exhibit C](#), the GOED website was rated the most transparent website among our peers throughout the U.S. We deal with sensitive confidential information and trade secrets. Making that information available would discourage people who may be considering moving to Nevada. We are in a competitive landscape, but as we go forward, we are mindful of how we spend the people's money and want to be transparent in that process.

Some of GOED's accomplishments are listed on page 8 of [Exhibit C](#). In the last five years, the GOED Board approved incentives for 90 companies that moved to Nevada. These companies account for 13,900 jobs, \$848.2 million of annual wages and \$3.8 billion of capital investments. Over the next 10 years, those same companies will account for \$1.5 billion in additional tax revenue to Nevada.

BOB POTTS (Deputy Director, Office of Economic Development, Office of the Governor):

I will review some of the activity that has been going on in GOED over the last decade. Many people think economic development and economic growth are the same. They are highly correlated, but they are different. Economic growth is about change over time. Economic development is about how change happens. It is the how part, where we play a big role, especially when you are in a state that has historically grown as fast as Nevada. Being part of how that happens, and the partnerships we have with all stakeholders, is critically important for us going forward.

Nevada has always faced and continues to face a procyclical economy. That means we have higher highs and lower lows than the national business cycle. When things are good, they are really good. When they are bad, they can be challenging. A big goal of ours is to figure out how to mitigate the amplitude in that business cycle to help ourselves become more resilient and sustainable.

If you look at companies and the industries we touched in the last 10 years, 39 percent are manufacturers, 20 percent were in the logistics and operations, 14 percent were in information technology, and 10 percent are in health care, aerospace and defense. We have had a big push, but this happened differently in various parts of the State. We want to make sure we can continue addressing the specific needs of different regions within Nevada.

The map on page 9 of [Exhibit C](#) is a Hachman Index, and it measures diversity. It is one of the many data tools we use. If you had an index of 100, it would mean all the slices of your industry pie would be exactly the same size. If we compare ourselves to our neighboring states of Utah, Arizona and Colorado, we fall quite behind. For instance, Utah is 95.5 percent, Arizona is 95.9 percent and Colorado is 94.2 percent. Nevada is 73.8 percent. We have much work in front of us to become fully competitive for the same target sectors we share with our neighbors.

We have had many successes and have a good track record. The pandemic set into motion some huge opportunities as well as some structural changes that happened because of changes in consumer purchasing behavior and our proximity to the fifth largest economy in the world.

The strategic plan for GOED is detailed on pages 10 and 11 of [Exhibit C](#). We have titled our strategic plan, *Realizing Nevada's Electric, Innovative and Connected Future*. We worked with the Stanford Research Institute International to help us with this analysis and do this work. It is a five-year comprehensive economic development strategy. It is an approved strategy with a framework from the U.S. Economic Development Administration (EDA). It allows us to apply for EDA grants. Anyone under the umbrella of the State can use this strategy. If a county wants to apply for an EDA grant, they can use our strategic plan to apply

The "Economic and Community Assessment" section on page 10 of [Exhibit C](#) discusses analysis, data and stakeholder engagement. It includes both the quantitative and the qualitative input that went into putting the plan together, including coming up with our target sectors, and the strengths, weaknesses, opportunities and threats analysis. They identified things such as our proximity to California and our natural resources. Some of the weaknesses are lack of coordination, which happens when you are growing fast and everybody is in silos.

Challenges are things like land and the right workforce that fits the type of industries we are trying to grow. Huge opportunities are created with infrastructure. Over and over, we hear Nevada is an amazing place to land. There is just no place for people to land. We need to work on that. We have an opportunity for entrepreneurship in innovation.

On the threat side, I have talked some about the procyclical economy, but also what we deal with when it comes to the water scarcity issues. Even water scarcity creates an opportunity for us. We have within our strategy and action plan a performance and evaluation portion, metrics about what we are doing, how we are getting there and a leadership plan for inclusive growth.

Our strategic action steps are outlined on page 11 of [Exhibit C](#). The first step is "Electric Nevada," where we assess and strengthen our EV production vertical supply chain. This creates opportunity in extractive mining, final demand auto manufacturing and more. Nevada has a closed loop system and the opportunity to really close it up. This is a huge opportunity for us. Renewable energies include solar energy, supporting the completion of utility connectivity and

supporting the build out of the EV infrastructure and building out other infrastructure.

"Innovative Nevada" is the whole innovation, entrepreneurship startup side of things. We need to coordinate this area as there is lack of cohesiveness. There must be a unified vision. We need to work on creating capital access. It is critically important we are strengthening the university technology transfer system. Nevada has a huge water scarcity issue, but that also creates an opportunity to be world leaders in addressing some of those issues.

"Connected Nevada" has to do with roads, rails, transportation and industrial parks. It includes supporting the development of a multimodal inland port and tech ready industrial parks, investment in freight, rail and airports, and expansion of airport related infrastructure, broadband and connectivity.

MICHELE LYNN (Director of Administration, Office of Economic Development, Office of the Governor):

Page 13 of [Exhibit C](#) shows the GOED funding sources for all our budget accounts. The General Fund is the main funding source for GOED, followed by federal funds. We have programs that are entirely federally funded. The Other Funds category represent fees from our budget accounts and lastly, a small portion comes from interagency transfers. We receive funds from the Nevada Division of Tourism for our film office, and we have a partnership with the Nevada Governor's Office of Workforce Innovation, where we are funding a specific project called the Supporting and Advancing Nevada's Dislocated Individuals Grant.

Beginning on page 14 of [Exhibit C](#) is the Governor's Office of Economic Development budget account (B/A) 101-1526.

COMMERCE AND INDUSTRY

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

GOED - Governor's Office of Economic Dev — Budget Page GOED-6 (Volume II)
Budget Account 101-1526

Budget Account 101-1526 is our main framework of economic development and operations. It is an administrative account for the Agency. This is where most of the FTEs reside. Most of the personnel costs come out of this budget account. Two decision units listed are requests for new positions. Decision unit E-127 requests one new position in the fiscal business unit. The workload has increased as we have progressed and grown. It is time to add another position to help with that workload.

E-127 Economic Opportunity & Skilled Workforce — Page GOED-8

Decision unit E-352 requests a new business development manager. We have growth within the Agency. This development manager will be placed in the southern part of the State and will balance out the team for business development.

E-352 Promoting Healthy, Vibrant Communities — Page GOED-8

Decision unit E-353 brings funding for our important RDA partners back to prepandemic levels.

E-353 Promoting Healthy, Vibrant Communities — Page GOED-9

We have multiple one-shot items noted on page 14 of [Exhibit C](#).

The first one-shot is requesting certification training for four of our development managers. It is important for GOED to retain our employees. This certification will bring the progress we are looking for.

FY 2023 One-Shot: This request funds four staff members to become Certified Economic Developers.
Governor's Office of Economic Development (BUDGET OVERVIEW-26)

The second one-shot is regarding purchasing an additional three units of office furniture to establish new office space in our Carson City building. We will need to furnish those offices to use them properly.

FY 2023 One-Shot: This request funds new office furniture and one phone line.
Governor's Office of Economic Development (BUDGET OVERVIEW-26)

Senate Committee on Finance
Assembly Committee on Ways and Means
February 22, 2023
Page 9

The third one-shot is an increase to support our RDA partners. It is \$700,000 for the 2023-2025 biennium. We will disperse these funds accordingly to our partners.

FY 2023 One-Shot: This request funds an increase in funding for Regional Development Authorities.
Governor's Office of Economic Development (BUDGET OVERVIEW-26)

This last one-shot is for State required computer replacement hardware.

FY 2023 One-Shot: This request funds the replacement of computer hardware and associated software.
Governor's Office of Economic Development (BUDGET OVERVIEW-26)

Page 15 of [Exhibit C](#) details B/A 101-1521, the State Small Business Credit Initiative (SSBCI).

GOED - Nevada SSBCI Program — Budget Page GOED-11 (Volume II)
Budget Account 101-1521

We received an allocation from the U.S. Treasury for this program. We were notified in October 2022. We obtained Interim Finance Committee (IFC) approval. The award was for approximately \$112 million. We obtained approval from IFC for the first \$35 million. The program is up and running. This is a solo program strictly funded with these award allocations.

KARSTEN HEISE (Senior Director, Strategic Programs and Innovation, Office of Economic Development, Office of the Governor):

I oversee the SSBCI program. It originates from the federal Small Business Jobs Act of 2010 and has been a part of GOED from the beginning. During the last great economic crisis, banks and investors did not lend to, or invest in, small businesses. The U.S. Congress passed the 2010 Jobs Act to get states to design programs to encourage private sector lenders and investors to get back into loaning to and investing in small businesses.

As detailed on page 15 of [Exhibit C](#), since inception, we have run two programs. One is the Collateral Support Program, where we put up a portion of the collateral shortfall by working with the lender. The other is the

Venture Capital Program. The federal SSBCI program sunsetted in 2017, but GOED continued to run it, so there is still a budget account for SSBCI.

We expended about \$13.9 million in collateral support for 33 Nevada businesses. This includes recycled funds. Nevada received \$13.8 million overall. We expended slightly more than \$6 million, under the Venture Capital Program, which included two university spinouts and four exits. Looking to the future, we will run five programs. We have a user friendly website. It shows what GOED is doing and how we engage with small businesses.

The economy then had the next crisis, the pandemic, and Congress reauthorized SSBCI. It had a similar objective to support lending to, and investment in, small businesses, with \$10 billion available nationally, compared to \$1.5 billion under the 2010 Jobs Act. As explained on page 16 of [Exhibit C](#), the SSBCI Program was increased and had a broader focus and scope. While extending and serving capital needs of small businesses, a major focus was to have access to capital equitably distributed. It targeted underserved communities and socially economically disadvantaged individuals (SEDI) owning small businesses. Similar to the previous program, there is a large focus on entrepreneurship, startup formation and support through venture capital programs.

This is not a grant. The federal government is trying to get states to design programs that encourage the private sector to lend to, and invest in, small businesses. By default, this includes co-investment or co-lending. We cannot go in by ourselves. We need a partner, such as a lender, a bank, or a community development financial institution (CDFI), or we need venture capital or seed funds to invest alongside us.

This is not a new program. We are one of few states that have substantial experience in running this program. We belong to a small national group that meets under U.S. Treasury guidance. We have experience that helped us design and run this program. This is important because many other states have struggled to get the application through U.S. Treasury review.

This program has a much broader scope and is SEDI focused. Very small businesses are defined as less than ten full-time employees. Tribal governments are carved out separately. They have a separate application which is not through the State application. Technical assistance is receiving a dedicated

portion of the SSBCI portfolio. Co-investment and co-financing is imperative. Match is at least one for one at all times. Over the period of the program, the goal is 10 to 1 leverage. This means \$1 of federal money is attracting \$10 from the private sector. The federal government expects the program to run for a minimum of ten years.

Every state can select from a menu of five program types. Nevada selected three of the five. A major focus for us this time is CDFIs. Lenders are mission driven. The strategy is to reach deep into the SEDI communities. We are trying to cover the entire funding continuum with our five programs from startup to bankable status. We will take the small business along this continuum, and there will be a program available for each segment. This is economic development driven. The design of our program has four themes that form economic development goals. We use these programs as tools to achieve those goals.

We received about \$113 million. Distribution is done by a complicated calculation. Funds are allocated to the State in three parts of almost equal size. The first two parts are each 33 percent, and the third part is 34 percent. There is a portion called the SEDI incentive. Each state has been given a target. If we meet or approach this target a portion of the SEDI incentive can be drawn down. It is \$105 million plus the SEDI incentive that gets us to the \$113 million. We have been given three years to deploy the first part, but we can deploy faster. Once we reach 80 percent of the first part, we can draw down the next.

The technical assistance portion has been allocated to the State, but it has not yet been wired. We were allocated slightly more than \$2 million. We are still in another review with the U.S. Treasury, but I am optimistic after having a call with U.S. Treasury that we can start the intake process by March or April. The small business development center (SBDC) was the sole subrecipient.

Ms. LYNN:

Budget account 101-1531 is detailed on page 17 of [Exhibit C](#). The WINN budget account is the Workforce Innovations for a New Nevada.

GOED - Workforce Innovations For A New Nevada — Budget Page GOED-23
(Volume II)
Budget Account 101-1531

This was the first workforce development training program of its kind. Decision unit E-127 in B/A 101-1531 requests funds for the startup and support costs for the WINN program.

E-127 Economic Opportunity & Skilled Workforce — Page GOED-23

A one-shot appropriation is designed to add to, and address, the targeted industries for expanding these training programs.

FY 2023 One-Shot: This request funds an appropriation to address targeted industries' workforce needs by creating, customizing, and expanding training programs that will impart the skills and competencies needed by employers.

Governor's Office of Economic Development-Workforce Innovations for a New Nevada (BUDGET OVERVIEW-26)

STACEY BOSTWICK (Director of Workforce Development, Office of Economic Development, Office of the Governor):

A one-shot request would provide \$20 million in funding through the 2023-2025 biennium for the WINN fund. It replaces traditional funding historically used to allocate funds. The Nevada Governor's Office of Economic Development will continue to administer those funds per statute. We anticipate making significant investments in workforce development training infrastructure. That means we are developing or expanding programs usually connected to advanced manufacturing, logistics, health care and technology. This is in accordance with our State Economic Development Plan to support new and expanding Nevada industries.

Decision unit E-127 in B/A 101-1531 comes to us from the Nevada System of Higher Education (NSHE). It is a \$24 million dollar initiative seeking investment to build capacity in workforce development programs for five institutions. The enhancement has been assigned to GOED to align workforce development investments with economic development in the spirit of cultivating coherence in workforce systems. We will work with NSHE and the institutions to identify

Senate Committee on Finance
Assembly Committee on Ways and Means
February 22, 2023
Page 13

priority industry needs for workforce talent and for use of associated funding. The bulk of this enhancement is focused on providing additional staff and equipment for the purposes of capacity. It does not include funding for the Workforce Incentive Grant.

MS. LYNN:

Budget account 101-1533 known as the Knowledge Fund begins on page 18 of [Exhibit C](#).

GOED - Nevada Knowledge Account — Budget Page GOED-26 (Volume II)
Budget Account 101-1533

The Knowledge Fund is a partnership program with the universities and research institutes. A one-shot request would restore funding to 2014 levels. This request totals \$10 million for the 2023-2025 biennium.

FY 2023 One-Shot: This request funds ongoing operations of the Knowledge Fund Account.

Governor's Office of Economic Development-Nevada Knowledge Account
(BUDGET OVERVIEW-26)

MR. HEISE:

The Knowledge Fund was put in statute during the Seventy-sixth Session in 2011 and was funded during the Seventy-seventh Session in 2013. Part of the statute asks us to report to the universities and the Agency on specific matrices as noted on page 18 of [Exhibit C](#). We fund five projects. We have supported more than 20 projects since inception.

The metrics required by NRS 242 are numbers, and numbers are abstract. Stories of success and the descriptions of what we are supporting are detailed on page 19 of [Exhibit C](#).

The Knowledge Fund is not a standard loan program. It is an integral part of innovation-based economic development. It is a core tool in the strategy of innovation. This is not a standalone program. The Governor's Office of Economic Development has spent much time devising strategy and coming up with the rationale built upon the statute of how we implement this program. Innovation-based economic development is the framework that drives

Knowledge Fund activities. The important questions are how does this project impact every Nevadan, and what does it do for the State.

I highlighted an ongoing Desert Research Institute (DRI) project we funded. It no longer receives funding. It is the Healthy Nevada Project, the largest community-based population health study in the world. It screened DNA of 27,000 Nevada volunteers and scans for genetic risk. It could result in solutions rolled out and scaled up over time.

Nevada is an arid state, and we have major water challenges. We funded a project that spun out of DRI into a 501(c)(6) nonprofit called WaterStart to look at the challenges in Nevada for water. Members of WaterStart are large resorts and water utilities. They are looking at how we can tackle those challenges, what technologies could make better use of our scarce water resources.

WaterStart has run more than 42 pilots funded through that initiative and more than 400 technologies were evaluated. They were tested on the ground in Nevada. This is a major tool to bring businesses that develop those technologies to the State, create jobs and mitigate our water issues.

WaterStart led a National Science Foundation Innovation Engine Grant application. The grant will be for \$160 million if awarded. Once formed and once entities spin out of the universities, we can use them for additional benefit to the State.

The Nevada Center for Applied Research (NCAR) at the University of Nevada, Reno (UNR), follows GOED's applied research center concept. The idea is to create innovation on-demand services for the private sector. It is the conduit of the private sector to engage with the university. For a private technology company to engage with the university and bureaucracy is daunting. The Center is a conduit, a mechanism for the universities to connect with the private sector. It has yielded major successes. The American Battery Technology Company (ABTC), an affiliated company of NCAR, was awarded \$58 million initially from the U.S. Department of Energy and then an additional \$10 million. The \$68 million is more than the entire funding received by the Knowledge Fund since inception. You can see how beneficial and successful it has been.

The Nevada Center for Applied Research and GOED are putting in place a concept developed by GOED called the Living Laboratory. In a real world environment, technology is being tested, and infrastructure is put in place. The University is calling this the Intelligent Mobility Initiative. We are equipping Regional Transportation Commission of Washoe County buses with data collection equipment and sensors. When you combine this with sensors at intersections you can effectively create a digital copy of reality. While the buses are driving, you can pick up potholes or other failures of infrastructure which can now be addressed immediately. It reduces costs and is more efficient.

The University of Nevada, Reno, and University of Nevada, Las Vegas (UNLV), support early stage, deep technology small businesses by coaching them for applications to the U.S. Small Business Innovation Research Program, through the Small Business Administration, also called America's Seed Fund. This is important because Nevada ranks low nationally. Our small businesses really need help and UNR and UNLV are able to do that.

The Black Fire Innovation Center at UNLV is impressive. Black Fire was developed out of the Global Gaming Capital Initiative funded by GOED as an indirect result of the Knowledge Fund. It is a living laboratory concept where students can obtain hands on experience, entrepreneurs can test their ideas in a safe environment and industry can co-locate. I listed a few companies on page 19 of [Exhibit C](#), but more than 100 have co-located at Black Fire.

We are looking at technology to market as a major objective of the Knowledge Fund. At UNLV, one company that spun out of the University is mitigating the fire risk of lithium ion batteries. Another company is developing technology for pedestrian safety through a concept called rumble strips. When someone approaches a crosswalk, a rumble strip will activate, and the car will then be alerted there is a pedestrian crossing. This could save lives.

BO BERNHARD (Vice President of Economic Development, University of Nevada, Las Vegas):

The Knowledge Fund was born a decade ago, out of a glance eastward to Utah. Our neighbors in Utah catapulted that economy achieving these outcomes with their own version of the Knowledge Fund. The Utah System of Higher Education launched what is now famously known as Silicon Slopes. Nevada's investment was, out of necessity, more modest. Utah's legislators decided to devote in

Senate Committee on Finance
Assembly Committee on Ways and Means
February 22, 2023
Page 16

a single legislative session \$560 million to diversify and dynamize their own economy. Thanks to the Knowledge Fund, we now boast our own innovation and entrepreneurship ecosystem.

Earlier this year, a number of you visited and toured Black Fire Innovation in Las Vegas. This is the technological wonder at the heart of the 122-acre new Harry Reid Research and Technology Park recently named the Tech Capital of the Community by Clark County. You saw one of the coolest university spaces any of us have ever enjoyed.

Best of all is the way we have all partnered in this Knowledge Fund. I am wearing a purple tie today to represent our red and blue, north and south collaborations that we have enjoyed across the entire system. Desert Research Institute and UNLV have worked on UNLV's new incubator, launched in the heart of the Hughes Center. The Hughes Center is the most prestigious business address, arguably in southern Nevada, powered entirely by Blackstone and in partnership with dozens of companies. Blackstone is one of the world's largest tech startup investors. By sharing these programs, DRI and UNLV pool our commercialization ideas to provide an even larger array of positive impacts on our diversifying economy.

Black Fire is a buzzing, packed full, LEED-certified \$35 million building, built without a single tax dollar from this Legislature. That is a remarkable and unique thing as it is not often the way we build State buildings. The investment from the private sector supported this. The building would not exist without the Knowledge Fund, and we are building even more.

We have two more buildings under construction. We are launching the full 122-acre tech park. This is designed to build an entire innovation entrepreneurship ecosystem that our often unidimensional State economy desperately needed. We have delivered north and south in a way anyone who has walked through our hallways can attest. In these hallways, you will meet 107 companies. The vast majority are Nevada startups, from small student and faculty led startups, all the way up through tech unicorns.

If that is a phrase you are unfamiliar with, this is an amazing story. We believe in southern Nevada there are actually only three identifiable southern Nevada tech unicorns. This is defined as companies started in southern Nevada which

are now valued at more than \$1 billion. All of Vancouver has three. Vancouver is a tech hub for all of Canada. As we stand here today, all three of southern Nevada's tech unicorns now live at Black Fire. This includes Switch, which powers our entire operations.

The second tech unicorn is Sightline, a financial technology company famously invested in by Bill Foley. He is not only the owner of the Vegas Golden Knights, but he earned his money by being the genius behind Fidelity Investments in Boston. He brought that to southern Nevada, investing not only in a hockey team but in a fintech company of the future. Their global headquarters is now located on a UNLV campus, thanks to the Knowledge Fund.

The third one is GeoComply, a cyber security and geofencing firm that keeps the Internet safe. It was catapulted into importance in an increasingly online commerce world during the pandemic. GeoComply is special to us and to this historic Legislature, as it is one of the very few tech unicorns in the world whose chief executive officer (CEO) is a woman. Imagine being a UNLV engineering senior design winner having the opportunity to walk downstairs in a UNLV building to speak with the CEO.

Executive in residence and former Las Vegas Mayor Jan Jones Blackhurst likes to say, "If you can see it, you can be it." Black Fire is leveraging the most beautiful thing about our UNLV campus, our status according to *U.S. News & World Report* as the Nation's most diverse University for seven of the past eight years. We can see it, and we can be it.

One of our students, Brittney Martino, who graduated from a Knowledge Fund sponsored program with two issued U.S. patents as an undergraduate, now serves under that CEO, in a global technology firm headquartered in Nevada and at Black Fire.

None of this was possible before the Knowledge Fund.

Another startup of Black Fire is Airplate, an African-American owned business. It has invented the world's first digital license plate. That phrase alone should inspire you to think about the ways in which we are driving a more diverse and robust economic future. We are going to think ten years from now that it was ridiculous we used to hammer out numbers on tin and did not take advantage of

the smart technology Airplate has invented. Chris Mitchell, its principal, was recently nominated as a top ten finalist for the Ernst and Young national innovator of the year. His offices are at Black Fire at UNLV, sponsored by the Knowledge Fund.

Just down the hallway from Airplate is an artificial intelligence company called the AI Media Lab. Their story should inspire all of us who are looking to build a more robust economy where we keep our talent in Nevada. In the early 2010s, the AI Media Labs principals graduated from UNLV and left for Silicon Valley. This was the most reasonable thing to do if you were a tech graduate at that time. This was before the Knowledge Fund. We did not have a Black Fire, with its robust services from business consulting to incubator services or accelerators. When Black Fire opened, these UNLV Rebels came home. This reverse brain drain is something we all should celebrate as Nevadans and protect by continuing to support the Knowledge Fund.

These 107 Black Fire companies have all expressed their gratitude to this Legislature for supporting the Knowledge Fund. Black Fire has led to many future innovations and companies driving a diversifying Nevada economy.

Omer Sattar, CEO of Sightline, said, "We could have combined our offices into a single tech headquarters anywhere in the world after achieving our tech unicorn status, but Black Fire has proven to be the perfect place for us. It is a building filled with unparalleled innovation energy."

Russ Logan, founder of the AI Media Lab, said "Black Fire brought us home. The relationships with UNLV and those they partnered us within the tech community have transformed our company into a powerhouse." Ms. Blackhurst said, "In all my years in Nevada, I can promise you, neither you nor I have ever walked through a Nevada building as futuristic or as important to our future as Black Fire."

Many companies have lacked a serious Nevada presence that would give us something to rival Park City Silicon Slopes or even Research Triangle Park. This is the longtime home to our own UNLV president Keith Whitfield, who long served on the Research Triangle Park's Board. This was the inspiration of the Harry Reid Research Park and Black Fire. In the Carolinas, this transformed a once unidimensional economy, a tobacco economy, into a dynamic region that

hosts global innovation centers like those of BMW. This is what we brought to the State, and this is what you are supporting when you support the Knowledge Fund.

VIC ETYEMEZIAN (Vice President of Research, Desert Research Institute):

I support GOED's Knowledge Fund budget. Desert Research Institute is home to more than 450 scientists, engineers and technicians with campuses in both Reno and Las Vegas. Our faculty conducted a wide variety of applied environmental research in atmospheric, earth, ecosystem and hydrologic sciences. The overwhelming majority of our research is funded by the federal government through competitive grants and contracts.

We are proud that while our work is global in scope, much of it is directly related to the lives of Nevadans. We have strong focus areas in water resources, climate research and adaptation, environment and human health, wildfire prediction and impact assessment, air quality, water quality, sensitive endangered species and tribal archaeological resources. Our scientists are trained in scientific innovation and providing objective, reliable information to the public and decision makers. Our scientists have always been problem solvers and increasingly their work is suitable for commercialization.

Current projects hold great promise. Previously mentioned, with Knowledge Fund support, WaterStart was launched in 2013 as a partnership between DRI, the southern Nevada Water Authority and GOED. WaterStart's mission is to accelerate the adoption of water technologies to meet the needs of water agencies and water users. Having facilitated over 45 pilot projects, WaterStart has since spun out of DRI and has continued to serve as an arena where technology related to water conservation and distribution systems can be tested, piloted and implemented.

The Syrinix PIPEMINDER is one such technology that has been implemented by the Las Vegas Valley Water District. It allows the location and improvement of high frequency pressure fluctuations within water distribution systems. The cost of digging, replacing and maintaining pipes is greatly reduced, lowering the cost to the consumer.

Echologics is another technology that detects leaks within the water distribution system through sound waves, allowing for targeted repairs and preventing

maintenance. This not only reduces the cost to the consumer, but also preserves critical water resources for our State.

Tu Biomics Inc., a spin out company, is based on work originated at DRI. Knowledge Fund support was used to extend research on white rot fungus propagation in garlic fields to methods for fighting white rot in real agricultural settings. The successful commercialization of Tu Biomics offers Nevada farmers a naturally derived fungicide to fight white rot in garlic and possibly other crops susceptible to fungal infections.

The Healthy Nevada project was seeded with Knowledge Fund support. With over 60,000 participants in Nevada, the project continues to link genomic information with health outcomes based on medical records. The project boasts several high profile successes pertaining to important health conditions such as high cholesterol, diabetes and obesity.

Knowledge Fund resources are being used in part to support a commercialization fellowship. More than a dozen scientists with ideas that promised to positively impact Nevadans are receiving training on how their concepts can be brought to market.

We are working on improving air quality measurements. These improvements could result in less expensive sensors that more precisely determine the nature and source of air pollution. This has important implications for rural Nevada where exposure to smoke dust and smog is known only through an air quality sensor network that is extremely sparse by national standards.

We are working on a rooftop mounted system that can forecast cloud movement on the scale of households and neighborhoods. For Nevadans with rooftop solar installations, this can help determine if it makes more sense at any given time to store energy in a battery or sell it back to the grid.

We are working on improving biochar performance and water filtration applications. This can greatly reduce the cost of water treatment, making it more widely available for Nevadans with wells, tribal communities and those living in rural areas of the developing world.

Senate Committee on Finance
Assembly Committee on Ways and Means
February 22, 2023
Page 21

CARLOS CARDILLO (Executive Director, Corporate Partnerships, Nevada Center for Applied Research, University of Nevada, Reno):

With investment from the Knowledge Fund, NCAR was created to support the development of companies, entrepreneurs and jobs, and to nurture the collaboration between industry, higher education and government to make the lives of all Nevadans better. Nevada Center for Applied Research serves as a portal for industry, allowing access to University resources and helping industry to establish relationships to promote innovative programs to address real world problems. This makes Nevada, Nevadans and the companies here globally competitive.

The Knowledge Fund has produced an impact in the region through research, development and innovation. Our Knowledge Fund supported programs provide early stage companies a place to park, develop their technology and products, access expensive equipment they cannot yet afford, and be able to hire our students as interns and later as employees.

Besides the regular interaction with more than 200 companies and agencies, we have more than 66 companies with a presence on campus on a path to success. They include areas such as batteries, semiconductors, water sustainability, air purification, photocatalysis for clean roofs, aerospace, biomanufacturing, antibody based diagnosis and therapeutics, gene therapeutics for muscular dystrophy, disrupted material for extreme environment, drones and aerospace.

Through the Knowledge Fund, you are doing exactly what the White House has recommended, enabling innovation, capturing the talent pipeline and improving the business climate. The Knowledge Fund has planted the seeds for entrepreneurship, economic development and job creation in the State.

Startups and companies are joining other Nevadans in setting up small and midsize businesses in our region, hiring Nevadans and paying competitive national salaries. Through their employees pay, they are investing in our communities, restaurants, shops, grocery stores, highways and kindergarten through Grade 12 education. These small and midsize companies are not looking for tax incentives or abatement, yet they are instrumental in the creation of stable, high paying jobs and economic diversification. They help in workforce training by hiring students, interns, and graduates in high tech jobs. That is

transformative and diversified economic development that creates long-term sustainability.

The creation of ongoing NCAR initiatives such as the intelligent mobility, the biotechnology incubator, the federal aviation administration unmanned aircraft systems test site, the Wolfpack science, technology, engineering and mathematics internship program, and the upcoming battery life cycle initiatives are key elements to our success. Thanks to the Knowledge Fund support, NCAR has helped small companies that started with 2 employees and grew to 60 employees in some cases.

American Battery Technology Company is an example. It started with a few employees in a lab space on campus. After successful investment rounds, it has more than 18 employees and is hiring more. The company is one of the 20 manufacturing and processing companies receiving grant awards through the federal American Battery Materials Initiative to support the continued development, production, processing, recycling and manufacturing of battery materials in the U.S.

The federal government matched ABTC's \$58 million commitment, making this a \$116 million commitment in Nevada. More than half of its team are alumni from UNR. The company is now using lab space at the NCAR facility on the UNR campus. It will continue hiring until it completes building its lithium ion battery recycling pilot plant in Fernley.

Faculty startups are moving research into marketplace to benefit society and the economy. RosVivo Therapeutics is a company that targets disease with breakthrough therapies using microRNA. This biotechnology development is happening on our campus and supported by the Knowledge Fund through NCAR. DxDiscovery is a company developed by a couple of our outstanding microbiologists that is bringing to the world new technology for rapid diagnosis of rare diseases.

The UNR Intelligent Mobility Initiative is testing transportation technology in real world settings for Nevada streets. The Intelligent Mobility Initiative aims to eliminate pedestrian deaths at intersections, contribute to a better understanding of near crash incidents, and study the intersection of vehicles to

their setting and traffic signals. This is foundational for the future of autonomous travel.

Another research team has developed new ways to combine drones and robotics for use in underground settings. In 2018, GOED asked the University to put forward a concept and implement mine inspection robotics. This was a project backed by \$400,000 from the Knowledge Fund.

In 2021, UNR faculty and students formed a team and competed against eight international robotic teams in the U.S. Defense Advanced Research Projects Agency's subterranean challenge. They won \$2 million in prize money. This development for unmanned aerial and ground vehicles has implications to advance national security, underground mining operations, precision agriculture, delivery of medication and other extreme environments.

We at UNR have partnered with UNLV to create a business support program in both locations, called the Sierra Accelerator for Growth and Entrepreneurship. The Knowledge Fund enabled all this to happen. Without the Knowledge Fund, we would not have more than 725 jobs created by our company startups. Companies would not have raised more than \$200 million in venture capital and our graduates would be leaving the State in greater numbers. Now, our graduates are working for these startup companies in Nevada. The Knowledge Fund has been a game changer for Nevada. Your continued support of the Knowledge Fund will continue to make the difference for Nevada.

ASSEMBLYWOMAN BROWN-MAY:

In decision unit E-127 and E-352 in B/A 101-1526 new positions were requested due to projected increase in workload. Please talk about some of the measures GOED considered in determining the additional economic activity generated from this workload. Regarding the business development manager position, what measures did you use to identify additional workload?

Ms. LYNN:

The Governor's Office of Economic Development Board meetings will increase. We are out of balance for the south. Having two positions in the south and two positions in the north will accommodate that.

Senate Committee on Finance
Assembly Committee on Ways and Means
February 22, 2023
Page 24

MR. POTTS:

We want to move from quarterly Board meetings to every other month meetings. There is a huge amount of work to accommodate the speed of the private sector. We need another staff person, particularly in the south. That is the biggest reason to expand the business development team.

ASSEMBLYWOMAN BROWN-MAY:

Please explain the justification for starting one of the new positions in July as opposed to October 2023.

MS. LYNN:

That position is an addition to the GOED Fiscal Unit. We need help now. We have had to call out two blackout time periods within our unit just to concentrate our efforts and keep the Agency moving. With all the programs coming in and the efforts being advanced and increased, the workload is also increasing. It shows we are growing.

SENATOR HARRIS:

I know there was a discussion about making an attempt to support diverse businesses in the State. What is the Agency doing to ensure its own staff is diverse and reflects the State in order to aid in that mission?

MR. POTTS:

As far as diversity within an Agency, we are probably one of the most diverse.

MR. BURNS:

I do not have any statistics for you today. During my 17 days on the job, I have engaged with the staff, introduced myself and made sure I have met the staff members available. I can tell you we reflect the population of our State. I am proud of where we are, and I will supply you that information.

SENATOR HARRIS:

I am not looking for diversity metrics necessarily, but I would like to highlight there should be a concerted effort in place. Otherwise, it just does not happen on its own. If we are adopting a mission of trying to make sure we are helping diverse communities, it is important the Agency itself also make a concerted effort to be diverse. Especially given there are new positions potentially coming

open. I do not want to necessarily know where you are now, I just like to make sure it is at the top of mind.

MR. BURNS:

I do not know whether it was intentional or not, but I can tell you I am proud of every staff member I have met and their commitment to the State and their job. We reflect our community very well.

SENATOR NEAL:

My question concerns SSBCI and SEDI. Can you discuss requirements to qualify for funding related to business enterprises owned and controlled by socially and economically disadvantaged individuals? In the conversation, you talked about the three funding parts. There was also a conversation about how the first amount will be issued this year. It really was not a breakdown on the requirements, so can you add to that?

MR. HEISE:

The State received three wires. Approximately \$35 million was split into three portions. The capital portion was \$6.7 million for small businesses and \$13 million for SEDI businesses. The \$13 million can only be spent, invested or loaned to SEDI businesses.

We also have the SEDI incentive which is different for each state. It is calculated based on a complicated formula, but it refers to the CDFI areas. If you have many CDFI areas within the State, your requirement goes up. For Nevada, 49 percent is our target number. Considering our investments or credit transactions, if we hit the minimum 49 percent we are eligible for the SEDI incentive. These are the two variables. You have \$13 million for the first part of SEDI. We have to deploy these funds only for SEDI. If we hit 49 percent, we can draw down the second part, the incentive.

SENATOR NEAL:

That explains the requirement of 49 percent. The second part to this question pertains to access and outreach to the socially and economically disadvantaged individuals and small business. I want to know the access and outreach is happening in the south in order to build participation. Concerning small businesses with less than 10 employees or who have capital needs of less than

\$250,000 how are we going to find them, get them in the program and allow them to participate in these loans?

MR. HEISE:

As part of our substantial application, the U.S. Treasury required exactly what you are asking. How are you reaching those small businesses within the underserved communities? Our strategic framework to reach those is part of our application that I am happy to share with you.

Our approach is soft targeting and benchmarking of our activities. Our position is the applications that come to us have to reflect the underlying population structure. If they do not, we have a shortfall. We call that soft targeting. We will continuously monitor how our application intake looks compared to the benchmark of the population—how it should be and how the population is structured. We use various strategies we call the structure of engagement and tactics used. There are six categories: how to build a relationship with these communities, how to position SSBCI as a welcoming light, how to maintain the presence in the community, and how to partner with organizations and other agencies. This is basically our roadmap—how we are going forward, and how we are tackling that requirement.

On a more practical level, CFDIs are specific lenders in those communities. We decided when we structured our program that a large proportion should be for microloans. Through the microloan program we support the operations and growth of CFDIs in the State because they have the ability to reach into those communities. They are lenders in those communities and can provide technical assistance to those businesses. We have a clear portion dedicated to that within our program structure.

Technical assistance is a separate component of SSBCI, but the requirement from the federal government is that it ties back to the main program. We are working with the small business development centers. They are on every corner of the State and can reach into those communities. One of our tactics is to embed them into minority chambers of commerce. We are going to work closely with the chamber organizations on a tactical level.

Senate Committee on Finance
Assembly Committee on Ways and Means
February 22, 2023
Page 27

SENATOR NEAL:

Several programs already have businesses such as Nevada Grow, the microbusinesses, second stage businesses and have the mix. I understand about the chambers and building that relationship. It is something we need to do well. The 49 percent target is a big deal for communities that watched that legislation pass and watched it be reauthorized. You can see there was not a lot of access under the initial Small Business Act we had around 2012. Now, we have an opportunity because the incentive is mandating that work.

What is the Agency's progress in securing the \$7.3 million incentive portion of the SSBCI 2.0 program?

MR. HEISE:

Regarding progress, we have barely started. The reason this will take time is also reflected in the fact the U.S. Treasury is only starting to allocate the incentive portion from the second round of funding. It gives the states three years to create this track record which forms the basis of the allocation. The incentive portion will not be allocated in the first round; it is just not possible. That is for all states, not just for Nevada.

ASSEMBLYMAN MILLER:

I have a question on page 15 of [Exhibit C](#). I notice in the Battle Born Venture section under the Application Statistics it says there are 16 percent out-of-state businesses. I want to know if we are actually investing in businesses that are out of state or if that is just where the applications are coming from.

MR. HEISE:

Our intake of the applications is via website, so we cannot prevent anyone from accessing that. The new website will have a mechanism where it will screen for eligibility. An out of state address is obviously not eligible, and we will not be investing in them. We debated whether we should include this or not. To be transparent we left it in, but we are certainly not investing out of state.

ASSEMBLYMAN MILLER:

I appreciate seeing it. I just wanted to make sure we are not actually investing our State's money into companies outside of Nevada.

ASSEMBLYWOMAN KASAMA:

I am excited about the amazing things we are doing in all of the budget areas, the programs, the innovation and the companies coming in. It is thrilling to see. It is what we all want for our beautiful State of Nevada. We have the universities, the chambers, the cities, the counties and the Governor's Office working on workforce development. Would you consider yourself a central location to coordinate all these efforts? Is anybody doing that? How do we develop efficiencies in this great push we are all doing? How is the coordination with all of the different businesses and institutions?

MS. BOSTWICK:

The Governor's Office of Economic Development plays an integral role in the coordination of workforce development as it relates to economic development. We need to be a part of a coherent and coordinated workforce system. Our stakeholders and partners look to us in terms of research and strategy. They look to us to coordinate. Regarding new and emerging industries and jobs that are coming in relation to our work in economic development, we play the bridge or connecting role. We try to maintain focus because many are interested and invested in workforce development. We are not the expert and will not pretend to be in spaces outside of economic development. There is a lot of work in coordination and partnership. We are not an island. We participate in many cross-system integration efforts. We see ourselves as an important piece of the puzzle, but not necessarily as the coordinating aspect for the entire workforce ecosystem.

MR. BURNS:

Our focus is narrow. It is to deal with our incoming partners and to provide the skills for Nevadans as they come into our workforce. Our goal is to meet those workforce needs.

ASSEMBLYWOMAN PETERS:

Looking at some of the criteria for working with your offices and looking at the changing economy of workforce in particular, what are employees looking for in a job? Where do they want to land? What is important to them?

There are two divergent thoughts among the workers population. One of them is the traditional, desire for security. They want to feel like their job matters, but they are really looking for those baseline securities. Then there is another

divergent side looking for flexibility, the ability to be home with their families. We are seeing more frequently a movement towards less working time in the office with more flexibility for family leave and paid leave. What is Nevada doing to set a standard for the workforce to capture people who are not on the traditional route and even those who are? In some cases, we are not even seeing the baseline security metrics being met in our workforce or in our potential job markets. What is GOED doing to address this divergence in the economy of workforce?

MR. BURNS:

Our recruitments address the new economy in a lot of ways. We have talked about manufacturing, which does not lend itself to working from home in many ways. We are also in conversations with technology companies that are more innovative as far as developing technology in general, gaming technology and games, and others. Some of your questions will be addressed in conversations with businesses we have coming to Nevada and when we talk about recruiting. Some of that is left to the free market. People speak with their feet and with their wallet. Industry segments will address those things on their own, whether they are in Nevada and other places to draw qualified talent.

ASSEMBLYWOMAN PETERS:

I understand the theory of that. I have not seen it in northern Nevada unless it is entrepreneurial development. We have seen many people go into the innovative entrepreneurial workforce where they are designing their own careers. That is great, but when you have these industries coming in, and the State is incentivizing them to come in, and they cannot find the workforce because we did not tell them our workforce desires certain things. What are you doing to meet those needs? We have not done our service to both industry and our potential employees in the State. We have work we can do in that area, and I hope your office is moving forward and looking at how to address those needs.

In B/A 101-1531, can you talk about whether State and community college programs would require additional funding in future biennia upon receipt of the Workforce Incentive Grants?

Ms. BOSTWICK:

Two enhancements are listed for B/A 101-1531. Decision unit E-125 is actually a one-shot request in funding for WINN, the traditional model of developing or expanding workforce development programs. That is the longitudinal history we have had since about 2016, where we have made a \$13 million investment in programs.

Decision unit E-127 is the workforce incentive grant. This is the enhancement that came to us through NSHE. The intent with the \$24 million is to do a short-term burst for capacity building. Those programs would be self-sustaining going forward and would not be asking for future funding.

ASSEMBLYWOMAN PETERS:

I have one more question on B/A 101-1531. How does the recommended grant allocation differ from the traditional model used by the Agency to identify eligible workforce development projects?

Ms. BOSTWICK:

I think what you are asking is how does the additional \$24 million enhancement differ from the traditional WINN funding process. Could you please clarify?

ASSEMBLYWOMAN PETERS:

From staff notes, the current grant parameters or the historic grant parameters in statute are not meeting the need for the workforce training programs and for some of the areas you would like to expand the program. How are you going to meet those needs through the grant allocation recommendations?

Ms. BOSTWICK:

The existing statute for the WINN fund works as designed. There is a request we have separate from this hearing that is a nonreversion. This may be what you are referring to. One of the things we noted, in an enhancement that came over from NSHE, is there are some programs that are not traditionally aligned to economic development priorities. That is an ongoing conversation we need to have.

Traditionally, we have funded programs in five target sectors aligned to new or emerging jobs in economic development. We need to focus these investments there because many times we are going from no skilled training programs to

needing them to develop a talent pipeline. Some of the differences that might be coming in from the NSHE request are going to be in areas we do not traditionally fund or maybe are not aligned to our State plan. We need to reconcile that and that is a piece of the process on which we are working.

ASSEMBLYWOMAN MONROE-MORENO:

I want to go back to B/A 101-1521. In looking at our back up documents and conversations between the Office of the Governor, Office of Finance (GFO) and the Legislative Counsel Bureau (LCB) Fiscal Division staff, it appears there is a need for a budget amendment to address the allocation of the second \$35.2 million distribution for FY 2024-2025. The Executive Budget does not show the distinction between special use categories of revenue. Can you tell us the timing of the budget amendment? When will we get the amendment?

MS. LYNN:

Yes, we do have a potential budget amendment request in with the GFO, and we are working with them. Nothing has been finalized. You are seeing a potential need of reallocation to the transparency of this budget program. We had originally received that allocation without fully understanding how to allocate it appropriately. Through the adjusted based phase of our budget building, it became clear, very quickly. I have identified the need for a budget amendment to both the GFO and LCB, and we are working on that process.

SENATOR SEEVERS GANSERT:

The WINN funding is supposed to be aligned with the State plan. I appreciate the money has been put in GOED because that should help align it with education. When you say it is going to be outside the parameters of the State Plan, it was mentioned those dollars will be spent more on personnel and equipment, but not on funding grants to individual companies. My question is around those partnerships. What are you expecting the university system to try to use funds for that would be outside the State plan?

MS. BOSTWICK:

We want to stay laser focused on the initiatives outlined. We have identified nearly \$20 million in projects we already see as part of the pipeline in terms of need. Those needs are developing new programs or expanding capacity. What we got from the NSHE enhancement was some additional priorities they are

experiencing. We need to dig in with them on those issues and determine if we can reconcile. I believe we will be able to identify those priorities and how they align with our State plan. There are just a couple of areas that may not work and are better suited to be funded in other ways. I do not want to necessarily say there are projects we would not fund. It is a conversation we need to have.

The thing to anchor this idea, is partnerships. The WINN fund requires we have business sponsors. We should not be developing a program because we think there is a need; there must be an actual need. There must be private industry buy-in of program design so we are meeting the skills needed by those industries, and we are making sure it is happening in collaboration.

SENATOR SEEVERS GANSERT:

I appreciate sticking to the State plan because it has been thoughtfully put together. I know those jobs should be higher paying with more needed now and in the future.

Regarding the \$35.2 million portion of funding, for the Battle Born Venture, you mentioned there is a partnership with SBDCs, and banks are required to follow the Community Reinvestment Act (CRA) which has requirements regarding underserved populations or areas. The SBDCs are typically closely tied to some banks because they do the U.S. Small Business Administration loans. Are you working in concert with SBDCs? Are they looking at banks who are required to and need to find projects that fall within the CRA, which is a federal requirement?

MR. HEISE:

Yes, to all of the above. We are mainly working with the SBDCs through the technical assistance initiative. During SSBCI 1.0, we contracted with the SBDC because they were our venture capital portion partners. Over the years, we established a strong relationship with them for CRA.

The SSBCI program is predominantly for smaller regional banks or CDFIs as partners. This is not a program that will be taken up by Bank of America or Wells Fargo, but we encourage those banks to engage through CRA credits they can obtain through the federal program to strengthen CDFIs. Indirectly through a micro loan program, the CRA program can support those. All the banks can support those.

Senate Committee on Finance
Assembly Committee on Ways and Means
February 22, 2023
Page 33

SENATOR SEEVERS GANSERT:

Regarding the \$35 million, do you have a cap on administration? Are you being held back by personnel or being able to roll it out? How can we help with efforts to make sure that money gets spent, at least to the 80 percent level?

MR. HEISE:

There is an administration budget attached to the SSBCI allocation. It is 5 percent of the total for the first portion, and then it goes down to 3 percent for the subsequent second and third. We are stretched. This is calculated to the last nickel and dime. This is why through the legacy funds we have on SSBCI 1.0, we have to support the program. We cannot support the program with just the current administration dollars that we have; no state can do that. The program is just too complex. We have the funds to support the program into the next decade, for the duration. There is a portion of revenue generation as well. Part of the programs we are running can generate revenue; others do not. They will take time to kick in. Once they kick in, they will be a revenue source for the program.

SENATOR SEEVERS GANSERT:

I appreciate your efforts because it is quite a bit of money coming to the State of Nevada. We want to maximize the use, but with federal dollars there are many strings.

ASSEMBLYWOMAN JAUREGUI:

I have questions specific to the GOED Workforce for Innovations for a New Nevada B/A 101-1531, decision unit E-127. Going through the Executive Budget, it looks like some of the recommendations for this grant might not align with our statutes. How the WINN funds can be spent is delineated in NRS 231.141 through NRS 231.152. Do you have any timelines as to when a bill draft request (BDR), if needed, will be introduced?

MS. BOSTWICK:

I do not believe the existing statute limits our ability to fund workforce development initiatives that are aligned to economic development. I am not speaking for Director Burns or the Governor's Office, but the intent of bringing in these funds through decision unit E-127 was to ensure they were deployed aligned with economic development priorities and to the State plan. We do not anticipate a need to change the BDR. In terms of an existing bill we have in

place, we are submitting a request to get rid of our reversion. That is an important piece for deploying funds beyond the 2023-2025 biennium.

In terms of developing new workforce training programs, getting the work of coordination, development, execution and spending done within less than 24 months is hard. We have amazing partners in postsecondary education, but it is difficult.

If you look at the task in front of you and especially if you look at decision unit E-127, the five institutions put forward initial budgets based on some areas they have been highlighting concerning the need for capacity. They may not have looked at it from the same economic development lens GOED does. We need to have a conversation to make sure our priorities are aligned. They looked at them in terms of what we can do realistically and quickly. It is difficult to put that much money out in such a short amount of time. The nonreversion would also help to make sure we are setting projects up for success. The biggest piece of this is ensuring these programs have the ability to sustain once the one-shot funding goes away.

ASSEMBLYWOMAN JAUREGUI:

I know some of the grant programs of the State and community colleges are new. Please walk me through what GOEDs' involvement will be in overseeing and administering these grants.

MS. BOSTWICK:

The Nevada Governor's Office of Economic Development plays an active role in coordinating partnerships. The way we typically administer our WINN fund requires private industry seats at the table along with our higher education partners. Higher education partners have 99 percent of the work. The Office plays a part in breaking down barriers. Our partners have the work of designing a program and building a budget. The Office's role is oversight, reporting and ensuring compliance with the statute.

SENATOR NGUYEN:

All Legislators received a report about the top ten employers in our State with the largest number of employees on Medicaid. Some of us, including myself, reached out to find out how many of those top ten employers also received tax abatements or other incentives. There was an overwhelming amount of

overlap. How are you addressing the impact of those top ten employers with employees on Medicaid, having been recipients of tax abatements and incentives?

MR. BURNS:

This point is well-taken. We have addressed this and done some research on our end. Part of the requirement for receiving the abatement is having health insurance that meets Affordable Care Act (ACA) standards and is paid at least 65 percent by the employer.

Employers cannot force an employee to take their health insurance. I will give you an illustration. When I was in my 20's you were taking away my beer and pizza money if I had to pay for health insurance. I was invincible. If an employee has that mentality and they choose not to participate, at that point if they need health care they can still apply for Medicaid under the ACA.

If you are not a full-time employee, meaning that you do not work at least 30 hours a week, you are not eligible for health care; that is a federal mandate. If you do not have full-time employment and you need health care, you fall under Medicaid. We follow up with those who are searching out abatements for the qualification or the mandate that you have health insurance and qualify at the 65 percent level. The State of Nevada and many of our counties are on the same list. I would argue that it is roughly for the same reasons.

SENATOR NGUYEN:

Given that, is this anecdotal evidence that people are rejecting the health insurance benefits? Do we have any metrics which follow up on that? You indicated initially in order to get some of those abatements or incentives they have to show they are going to provide those. Do we have any follow-up to find out what they are providing? Obviously, we are seeing them come back in Medicaid, where we are having to fund them. Do we assess any other needs, or do we have any metrics for paid leave or other working conditions, in addition to salary and health care?

I have concerns. You mentioned the market would correct this naturally, but I feel like we have a duty and responsibility to ensure we are not giving away Nevada taxpayer dollars only to have to cover these same Nevadans through Medicaid coverage.

MR. BURNS:

Part of our process is an audit at two years and five years from the Nevada Department of Taxation. They review the wage benefits and healthcare requirements and make sure those items are being offered at 65 percent, which is above industry standard. In many cases the requirement was only 50 percent, so we have raised the bar at that level. One exception is, you cannot force people to take the health insurance. Even under the federal mandate you have to work 30 hours a week, less than that does not qualify for health insurance.

SENATOR NEAL:

I want to talk about the workforce alignment piece. Is the Nevada Governor's Office of Economic Development at least having the conversation internally about how to strategically align with the workforce and business needs? We need to start prioritizing what we do. We have a lot of State agency vacancies, but I do not see the workforce dollars, from local to GOED, being tied to the training needs of those agencies.

I like the expansion of the categories for NSHE, but they also need to be aligned with businesses who are hiring. I do not see how categories like architecture and agriculture in an urban community such as the College of Southern Nevada necessarily fall into the needs I am hearing.

I am hearing a lot around science, which you have, but it is more like biology. Someone wants to be a doctor, but no one is talking to them about that. They want to go to Boyd School of Law, but no one is talking to them about law school. They need help to get into pre-law or paralegal training or any of the things that actually establish that student population to move forward.

I distinctly remember there was a large accounting company that was looking for people to hire. There were no conversations between GOED or some of the larger workforce entities to even dial down into the deeper layers of what is going on in communities. How are we going to reprioritize so we can focus on age groups and do the deep data research on what we really need?

Ms. BOSTWICK:

The WINN fund has typically been used for primary economic development purposes. These are industries who are generating economic growth. We have not historically used that fund to support public service employment. We are trying to be cautious in terms of using General Fund monies to incentivize public employment.

We have tried to focus on three specific buckets for the WINN fund. First, do we have a program available? To your point, if we have an accounting company that is trying to hire a certain kind of investigative accountant, but we do not have a program that provides those skills, we have a gap in our training infrastructure.

Capacity is the second bucket. You frequently hear about capacity when we talk about educators or nurses. We have great programs in the State of Nevada, but we just need more slots to put out more people with those skills.

The third bucket is staying on top of how the market and job needs are changing. You see this in terms of the capacity building enhancement from NSHE. This is the focus of what we try to accomplish with the WINN fund. Part of their application process and what we try to clearly outline as part of a project, is the work you are referring to. How do you dig deep and identify people who are appropriate? How do you work with employers to directly connect these programs and skills to jobs available here? We do that as part of our Workforce Diversity Action Plan, but we also do that as part of the program design.

SENATOR NEAL:

When I looked at the historical deviation of what you are doing and the NSHE dollars in order to create programs at the institutions. Why can you not use those dollars to create programs at the institutions that will then feed into the positions at the State agencies? Unless there is some kind of rule about recycling dollars, technically it is going to the citizen that will then participate. If there is a barrier, I would love to know that.

It just makes sense that if we are going to do this for the 2023-2025 biennium, then why not put dollars in the NSHE programs that are going to fill the needs of the State agencies. These programs can interface with State government to

Senate Committee on Finance
Assembly Committee on Ways and Means
February 22, 2023
Page 38

fill the vacant business accountant position at the Nevada Division of Business and Industry and the vacant administrative assistant position at the Nevada Department of Corrections.

Those are real things, but we are not training for that. We are not even talking about it within the workforce communities. I frequently participate in those workforce conversations. I have Project 354. We cannot even have a conversation about vacancies and how to put young people into those positions or even a training cohort that exists in any function or place in the south. That is what I think we need to be doing.

SENATOR TITUS:

There is \$41.5 million from the State General Fund of taxpayer dollars appropriated to the Knowledge Fund. It is partly to support commercialization and technology transfer to the private sector. Revenues have been gained or made through that commercialization, and the first \$1.5 million is going to be allocated back to the research institutes. Could you clarify that for me?

MR. HEISE:

First, I want to correct the total cumulative allocation of the Knowledge Fund. It is \$37.5 million since inception. I wish we had \$42 million allocated, but it is \$37.5 million—\$10 million, \$10 million, \$10 million \$2.5 million and \$5 million, from 2013 through the 2021-2023 biennium.

Your question about commercialization revenue comes up nearly in every hearing. I looked at the statute again yesterday and did a search for commercialization revenue. The statute provides the basis, defines it and accounts for the fact that it could occur. Commercial revenue very likely will occur and there is a mechanism for how we deal with it. It is not necessarily an objective in itself.

Under the section of powers and duties of the executive director, enhancement of transferring commercialization of research, it states that enhanced technology transfer and commercialization of research is done to create high quality jobs and new industries in the State. We are fulfilling this requirement.

Should commercialization revenue occur, and it will over time, then there is a mechanism to deal with it. It goes back to the institution because

a NSHE requirement is very generous and allocates 60 percent of revenue from intellectual property to the inventor. Years ago, I thought that was too high. It is to the detriment of the Knowledge Fund which receives 16.67 percent. It is also to the detriment of the research institution's ability to form effective technology transfer offices.

We went through our objectives of the State plan to improve the tech transfer system. If those funds do not go back, how do you fund this? Nationwide, tech transfers are loss making.

SENATOR TITUS:

My point of the question is really about transparency in the NSHE budget. If at some point through commercialization, there is some money that goes back to these institutions, we want to make sure that this body has the ability to see that number, and it is not hidden somewhere in the NSHE budget. It has been an issue in the past when we talk about budgets. Where is your extra money? Where is some of this money that you may have made? Make sure we have some transparency and that this body is involved.

ASSEMBLYMAN WATTS:

Congratulations on the new strategy; it makes a lot of sense. The areas you are focusing on address some of the challenges that our State faces, but also seize on some of those opportunities and unique strategic advantages we have.

I want to follow up on some of the things brought earlier around the abatement program. When you are discussing the language that exists in statute, I understand some people are working part-time and this is not necessarily covered in statute. Are those positions part-time by choice? Would people like to have full-time work and the benefits that come with that?

I want to get back to the difference between the statutory direction and the Agency discretion when it comes to some of these programs. One of the things you brought up early on in the presentation is that you are looking at the Hachman Index for the State overall, but there is also some regional variation. Obviously, with Tahoe Reno Industrial Center and other things, some highly successful efforts are diversifying the economy up here in the northwest, although that has come with some challenges.

Being from southern Nevada, I am particularly interested in how we focus on some of those economic development efforts in southern Nevada. Under the statutory framework for the abatements, there is not much discretion to allow the Agency to focus some of those efforts specifically towards southern Nevada, which in my mind is where we need to look at going forward. Could you speak to that? I know you are operating under the current statutory framework, but does that make sense? Does that give the Agency enough discretion to streamline the timelines to make some of these decisions, get them through and to prioritize diversification efforts where you think they are going to be the most strategic and most beneficial?

MR. POTTS:

There is a lot of background that goes into that question. Regarding the abatements, yes, they are very prescriptive. They are statutory, which on one hand is great because it keeps us from picking winners and losers. That is how it works and if you do not like it, you go back to the Legislature and change the statute.

On the ability to be discretionary, for instance, we talked about how the WINN fund is a huge support system. As discretionary, it helps companies as a deal closing fund when you cannot find the available workforce. You can put together a training program that is specific to the company. You put together materials, capacity for workforce training that can be replicated to other companies that are looking for the same kind of staff. That is an example of a huge win for us going forward.

We should ask why companies choose to expand or relocate, how do we strategically guide the right kind of industry that creates really great jobs? They should create a great future that raises the level for everything, where we can finally get to a place where educational outcomes are demand driven instead of supply driven. We should shoot for that goal.

We have a bigger population center to the west of us in southern Nevada than we do to the west of us in northern Nevada that we could use.

You must have a place for companies to land. You must have not only the land, but also the right infrastructure in place to support it. Whether you are talking about rail or multimodal facilities, there is a whole host of things that are more

Senate Committee on Finance
Assembly Committee on Ways and Means
February 22, 2023
Page 41

of a priority to companies than abatements. We need to think and focus on these things at a high level. How do we get land? How do we meet what companies are looking for when they think about permitting, land, the cost of energy or available workforce?

We really try to focus on the kind of workforce development we need to meet economic development priorities. If you look at what matters to companies, workforce is always at the top of the list. If we put together the right workforce training and education and create the right WINN programs, we will have a much bigger impact. Attracting the right companies means having better abatement. Let us think about how we do those kind of things.

ASSEMBLYMAN WATTS:

I hope that is something we continue to have a conversation about, and I hope that is a conversation that my colleagues continue to have as we consider the various economic development initiatives. It is important we discuss some of the abatement programs as being additive. It is helpful to keep in mind what those top priorities are that get people to choose to locate in Nevada and in different regions.

ASSEMBLYWOMAN MONROE-MORENO:

Regarding B/A 101-1531, the new Workforce Incentive Grant, I would like to know the application process. There was a question earlier from one of my colleagues concerning NRS 231.141, and there seems to be a difference of opinion. I would like to have a conversation with you on that because I think there is some limited authority there for you. I also have a question with the \$20 million one-shot funding and why that is not just put into the budget? When you look at the identified request, it only comes to \$7.5 million for some grants.

I have many questions. Can we talk offline? You know what my questions will be.

MR. BURNS:

We would be happy to meet with you.

ASSEMBLYWOMAN ANDERSON:

I have already voiced one of my concerns to you, and I know we are in the process of setting up a time to talk about that infrastructure and how we can help the northern Nevada area. My colleague from Clark County brought it up well that there are regional concerns.

Pages 10 and 11 of [Exhibit C](#) have to do with the infrastructure. Regarding the quality of life, are neighboring counties involved when projects are being considered?

You mentioned the airports on page 11 of [Exhibit C](#). I wonder if there is a way to help our airports that are not located in the two metropolitan areas such as Carson City? That way, they get a little slice of the pie. We have smaller airports around our State and many times they are ignored. I wonder if GOED has had any discussions with those smaller airports. What exactly are the items you consider when it comes to quality of life?

MR. POTTS:

Regarding the airport side of things we can have an offline discussion because we are involved in that space, or I will ask my colleague Chris Sanchez in the south to talk about that if he has anything he wants to add.

About the quality of life element, I talked earlier about this list that matters to companies. Quality of life is on that list. How do we think about that? For us there is no way a staff of 41 FTEs can handle all of the issues that go along with economic development and economic growth in the State and all the different regionals. We have to work with our RDA partners and work very closely with them. We also work closely with the chambers and host of others as noted on page 3 of [Exhibit C](#).

We also are heavily engaged with the whole housing side of things. When we talk about quality of life, we need to think about the big ticket items like housing and transportation, all of that. We are engaged in all of those conversations as we move forward with the company that is thinking about coming up for abatement.

We think about reciprocal licensing of contractor licenses. I would love to see something like that happen, so we could support some of our rural communities

Senate Committee on Finance
Assembly Committee on Ways and Means
February 22, 2023
Page 43

by bringing in builders from Idaho or Utah. We do not have enough builders to do things like that. These are conversations that we are regularly involved in and want to help support.

KRISTOPHER SANCHEZ (Deputy Director, Office of Economic Development, Office of the Governor):

We are very much looking at our rural airports and the entire ecosystem around the movement of both passengers and freight in our two primary markets.

MR. BURNS:

I hope that today you have experienced the dedication of the staff and how confident and well versed they are. We have been asked to address social issues and economic issues, and none of them should be left off the table.

CHAIR DONDERO LOOP:

We will move to public comment. Seeing no one in Carson City or Las Vegas, we will go to the phone lines, please go ahead when you are ready.

NATALIE FRY (Director, Research Communications, Division of Research and Innovation, University of Nevada Reno):

My comment today is in favor and encouragement for continued support of the Nevada knowledge account. As a communications professional working at the University of Nevada, Reno, for more than 15 years, I have the great pleasure of telling the stories of the innovative work, impactful discoveries and inspiring people at the University, all which are continuing to directly impact the State and diversified Nevada's economy, with support through the Knowledge Fund. I am happy to say that the projects and stories keep coming my way.

I work with Richard Kelly, senior engineer with NCAR and project lead for intelligent mobility, just one of the research initiatives supported by the Knowledge Fund. Intelligent mobility is working on solutions for safe, clean and efficient transportation. His research group is collaborating with the Regional Transportation Commission (RTC) of Washoe County and in partnership with RTC it is using a real world living lab in downtown Reno and collecting data from RTC buses. The research group has retrofitted buses with advanced sensors and artificial intelligence and is now testing a new first of it is kind digital twin technology in the streets of Reno. This is leading to tangible safety improvements for our communities' roadways.

Senate Committee on Finance
Assembly Committee on Ways and Means
February 22, 2023
Page 44

With a number of student researchers, the group continues to work with roadside sensors to improve traffic efficiency, reduce accidents for wildlife and road users, and facilitate the use of autonomous vehicles. The initiatives within intelligent mobility truly are a collaborative effort and reach the entire State. They work with civil engineers, smart vehicle developers, private and public partners, stakeholders like Nevada Department of Transportation, City of Reno, RTC Washoe, RTC of Southern Nevada, the U.S. Department of Transportation, University Transportation Center, the Federal Transit Administration, the National Judicial College, GOED and others. They work with businesses such as Switch, Proterra, Velodyne Lidar and more.

The Governor's Office of Economic Development five year comprehensive economic development strategy provides strategic action steps to realizing Nevada's electric, innovative and connected future. The University of Nevada, Reno has many more initiatives like this, with great stories to tell, that are electrifying, innovating and connecting us for a better future. Your continued support of the Knowledge Fund will make a difference for Nevadans and many others.

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Senate Committee on Finance
Assembly Committee on Ways and Means
February 22, 2023
Page 45

CHAIR DONDERO LOOP:
Seeing no further public comment, we are adjourned at 10:38 a.m.

RESPECTFULLY SUBMITTED:

Marie Bell,
Committee Secretary

APPROVED BY:

Senator Marilyn Dondero Loop, Chair

DATE: _____

Assemblywoman Daniele Monroe-Moreno, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Introduced on Minute Report Page No.	Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster
	C	3	Tom Burns / Nevada Governor's Office of Economic Development	Governor's Office of Economic Development Budget Presentation