

**MINUTES OF THE
SENATE COMMITTEE ON REVENUE AND ECONOMIC DEVELOPMENT**

**Eighty-second Session
March 21, 2023**

The Senate Committee on Revenue and Economic Development was called to order by Chair Dina Neal at 1:04 p.m. on Tuesday, March 21, 2023, in Room 2149 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.

COMMITTEE MEMBERS PRESENT:

Senator Dina Neal, Chair
Senator Fabian Doñate, Vice Chair
Senator Pat Spearman
Senator Heidi Seevers Gansert
Senator Carrie A. Buck

STAFF MEMBERS PRESENT:

Michael Nakamoto, Chief Principal Deputy Fiscal Analyst
Christian Thauer, Deputy Fiscal Analyst
Connie Summers, Committee Secretary

OTHERS PRESENT:

Sandra Moore, Managing Director and Chief Impact Officer, Advantage Capital Partners
Rachel Stern, Senior Vice President, InState Partners
Dylan Keith, Vegas Chamber
Nick Vassiliadis, Advantage Capital Partners
Serena Kasama, Nevada Bankers Association
Amber Stidham, Las Vegas Global Economic Alliance
Nic Steele, Executive Director, Access Community Capital

CHAIR NEAL:

We have one bill to address today.

Senate Committee on Revenue and Economic Development
March 21, 2023
Page 2

VICE CHAIR DOÑATE:

I will now open the hearing for Senate Bill (S.B.) 240.

[SENATE BILL 240](#): Revises provisions relating to the Nevada New Markets Jobs Act. (BDR 18-792)

SENATOR DINA NEAL (Senatorial District No. 4):

The Nevada New Markets Job Act was enacted in 2013. I carried the bill trying to move the needle around small to midsize investments within census tracts where we had low investment. We did a reauthorization of the bill in 2019 to continue to do the work of new markets tax credits. We want to expand the program to do more with the new markets tax credits. Our plan this Session is to develop a small business impact piece of legislation to allow new markets to expand into the Low-Income Housing Tax Credit (LIHTC) Program. My copresenters, Sandra Moore and Rachel Stern, will address the two conceptual amendments and the areas we are planning to develop.

SANDRA MOORE (Managing Director and Chief Impact Officer, Advantage Capital Partners):

I am excited to testify in support of S.B. 240 and the business impact conceptual amendment ([Exhibit C](#)).

The Nevada New Markets Jobs Act (NMJA) has been a great tool for us in creating high-quality, high-paying jobs in different businesses. The Nevada Department of Business and Industry will soon be releasing the biennial report on NMJA ([Exhibit D](#)) reflecting an increase in hourly wages. The average wage in the businesses in which we have been investing is \$25 an hour.

One of those business is Algorithmic Intuition, a medical equipment manufacturer in Reno supporting 95 jobs with an average wage of \$87.50 an hour. Another business I want to recognize is Precision Opinion, a market research and polling company located in Las Vegas. It is anticipated that by 2026, this company will support 264 jobs with an average hourly wage of \$26.50 with low entry barriers. These are examples of accomplishing multiple things that Senator Neal and this Committee have driven with this bill—not only high wages but also expanding the industries we are growing in Nevada in places where they need to grow, the distressed parts of our community.

The business impact amendment, [Exhibit C](#), is exactly what it says. Despite the good work we have seen with the NMJA, the amendment will allow us to do more work with a greater impact. For example, \$30 million of the proposed expansion would be directed to investing in businesses for minorities, women, disabled veterans, LGBT individuals and others in the State. These are difficult pockets of ownership we have not been able to develop. The amendment, [Exhibit C](#), would give us laser-like focus on helping those development programs in the same way we have been able to help small businesses overall with the NMJA. I urge your support for S.B. 240.

RACHEL STERN (Senior Vice President, InState Partners):

We work across the Country with states to develop state low-income housing tax credit matches to the federal program. Every state receives money from the federal government every year to support affordable housing which is multitenant, multiunit, often mixed-income housing where the units are maintained as affordable for those at 60 percent area median income and below. This is a great way to attack all the affordable housing challenges and assist those who are affected by it.

This federal government program has been in existence for 30 years. A number of states have created a state-level match for the federal funding to ensure the money goes farther and more affordable units are built. Nevada has a state tax credit match to the federal program; but as the LIHTC amendment ([Exhibit E](#)) suggests, there will be more usability for developers as it is drafted. It is an expansion of the existing program to ensure those dollars are going farther.

Georgia has one of the largest, longest-standing programs in the Country. Officials recently completed a study assessing their state and whether the program had done what it said it would do. They found the state got \$5.06 back for every \$1 invested in this state-level match program for the federal funding stream. We support S.B. 240 and the business impact amendment, [Exhibit C](#).

Ms. MOORE:

The hole in the doughnut in these distressed communities in Nevada and other states is the lack of connectivity between job creation with high wages and affordable housing. Connecting these elements in the ways proposed in S.B. 240 will close the revitalization gap.

SENATOR NEAL:

I will add more context by explaining why Advantage Capital is a proponent of S.B. 240. Although I am proud of how the NMJA has worked, I have argued and challenged it to be used for smaller businesses because typically capital investment is \$500,000 or more. If a business is in a different category with a smaller need, it is not served by the gap funding allowed by the Act.

After the 2019 allocation, I arranged a charette and invited businesses, even a nonprofit arm of a church, to come to Nevada Partners to learn about the program and how it could advance their businesses. They left the meeting acknowledging they did not meet the minimum qualifications because they were not looking for a capital investment of \$500,000. They needed a program structured differently so they could advance their smaller, midsize businesses, not start-ups, in need of capital and gap funding.

The business impact, [Exhibit C](#), piece of the legislation is instrumental because it will allow for a smaller increment of funds to come into play with a more-targeted approach. I have conducted many community meetings around this bill since 2013 and continue to have similar conversations. But once the credits are out and the bill is structured, we will not be allowed to backtrack. That is why the reauthorization provision is included so we could change language in the future to allow a different, broader outcome for businesses in Nevada.

SENATOR SPEARMAN:

You mentioned \$25 an hour. Does that figure include benefits?

MS. MOORE:

The wage is \$25 an hour. Benefits are in addition to that.

SENATOR SPEARMAN:

Benefits are typically 50 percent, so that would be approximately \$37.50 an hour including benefits?

MS. MOORE:

Benefits are generally about 17 percent, so the hourly wage, including benefits, is approximately \$33.

SENATOR SPEARMAN:

There are particular groups I want to make sure this legislation supports, including women veterans, formerly incarcerated women, women who are struggling to recover from domestic violence and women over the age of 55, many of whom called me during the pandemic because of housing insecurity. How could this legislation work for those categories of women?

Ms. MOORE:

The reason the LIHTC Program, [Exhibit E](#), and the NMJA can work for these particular groups, including minority women, is because they can be specifically targeted. I am confident this bill, which is focused and targeted, could reach the populations to which you are referring. The intent is clear in the bill. The same is true for the LIHTC Program.

Ms. STERN:

The way the LIHTC application works is every year, states put out a qualified allocation plan (QAP), [Exhibit E](#). Within the QAP are certain targets developers are asked to meet. Those targets could be population, rural, urban or women veterans. Developers apply each year with their proposed projects, and they get scored based on the metrics the State determined to be most important and impactful that year. This program happens for both the federal and State streams of funding. The State is designating which groups need to be served the most, and developers build and target those specific groups to get any of these tax credit dollars for their projects.

Ms. MOORE:

There is no other tool other than LIHTC that allows targeting on affordable housing. An affordable housing project we completed in 2022 was targeted for individuals living with AIDS. That is an example of how narrowly targeted a program can be with this State funding tool.

SENATOR SPEARMAN:

One of the reasons why I continue to push for women veterans is because some who were in combat have traumatic brain injury, which is not always identifiable, and some are recovering from sexual trauma or substance abuse. Does the program only consider physical disabilities or a rating by the U.S. Department of Veterans Affairs that would qualify a female veteran?

Ms. MOORE:

The core is the need for housing. For the State to identify where the housing need is, whether for disabled women veterans or women veterans who are suffering from socioeconomic or emotional factors, targeting will draw developers who will use the tool to build for that population.

SENATOR SEEVERS GANSERT:

I need a better understanding of the qualified community development entity (CDE), [Exhibit C](#), because there are two pieces that I have seen here—one is around capital and the other is around investing in certain types of businesses. But there is also the issue of affordable or attainable housing. Are these funds eligible for that?

Ms. MOORE:

Renewal and expansion of NMJA is targeted to business and job growth in the State. The NMJA has returned \$10.55 for every \$1 invested and created nearly 2,600 jobs. That is expected to increase. Subsets of businesses need additional support, and that is included in the business impact amendment, [Exhibit C](#), which will target \$30 million from the fund to these businesses, including minority-owned, women-owned and disabled veterans-owned businesses. There is clearly business targeting in this expansion, thus the connection between that and the LIHTC amendment, [Exhibit E](#).

SENATOR SEEVERS GANSERT:

The LIHTC amendment, [Exhibit E](#), is the housing piece?

Ms. STERN:

Correct.

SENATOR SEEVERS GANSERT:

I need clarification on that. You have \$30 million for small businesses and \$170 million for something else because the total amount is \$200 million.

SENATOR NEAL:

It is probably going to be less than that.

SENATOR SEEVERS GANSERT:

Regarding the \$200 million in tax credits against the Insurance Premium Tax, does that create a \$200 million fiscal note?

SENATOR NEAL:

We are attempting to ensure there is no overlap. The existing reauthorization would take the \$200 million currently available and extend it. We are trying to make sure the dates do not overlap to avoid a double credit or debit to the General Fund.

SENATOR SEEVERS GANSERT:

When I was looking at the 2019 legislation, I saw that the funds could not be used until 2021 or after. Looking at S.B. 240, are we talking about the same delayed usage of funds? Are you trying to refill the \$200 million bucket or to add \$200 million to the bucket?

SENATOR NEAL:

Refill the bucket.

DYLAN KEITH (Vegas Chamber):

Senate Bill 240 is an important piece of legislation that remains functional for the length of the program. We appreciate the work that has been done on this legislation and urge your support.

NICK VASSILIADIS (Advantage Capital Partners):

This program has been running long and strong since 2013. If you go back through several of the reports that the Department of Business and Industry has provided to the Legislative Counsel Bureau for the Legislature, you can see in real time that real businesses and real people are being impacted by the program. It is one of the few programs where everybody has skin in the game—the State, the CDE and the business—to ensure small business success. The program is incentivized for everyone to succeed together or all will fail together. There is a unity. It is not just a CDE or a business getting the money and running with it, leaving the State on the hook. There are clawback provisions in this bill for the State if any issues come up.

SERENA KASAMA (Nevada Bankers Association):

We support S.B. 240.

AMBER STIDHAM (Las Vegas Global Economic Alliance):

We have land challenges in southern Nevada. As the regional economic development authority for the southern Nevada area, we like opportunities

where we can explore and look inwardly at programs where we can make investments in more urbanized areas. We strongly urge your support of this bill.

NIC STEELE (Executive Director, Access Community Capital):

I testify in support of the impact allocation included in the proposed amendment, [Exhibit C](#). Our organization is a loan fund formed and focused on providing access to affordable capital to small businesses throughout Nevada. Access Community Capital has seen firsthand the detrimental impact of high interest loans and predatory debt on good cash-flowing businesses.

The Legislature has done exceptional work in the past few sessions to address these situations by supporting a competitive approach and providing business owners with reasonable alternatives. That is one reason why our portfolio is comprised of over 65 percent women-owned and over 70 percent minority-owned businesses.

We agree that the impact allocation is a remarkable solution that will have a positive impact on the ability of small businesses to grow, expand, hire more employees and create a real economic impact. As a mentor and lender to business owners, I see the challenges our companies are facing. Many great businesses in our State simply need access to capital to catapult their businesses from sole entrepreneurs to a firm with multiple employees, from a business localized in Reno and Sparks to operations in Clark County.

As proposed, the impact allocation provides a pathway to make those investments into quality companies. While the tax credit structure can be confusing, the outcome is simple. This program provides investors with tax credits on investments made into qualified, active, low-income community businesses. These investments provide below-market-rate equity or debt capital to qualifying businesses or real estate projects. This type of capital is transformational, not only for the business but also to the business owners and their communities. We see these investments strengthening manufacturing companies, warehouse suppliers, retail, industrial logistics and other industries; we have already taken a survey of other businesses that would benefit. We offer our support for [S.B. 240](#).

Senate Committee on Revenue and Economic Development
March 21, 2023
Page 9

SENATOR NEAL:

The proposed amendments to S.B. 240, [Exhibit C](#) and [Exhibit E](#), are still a work in progress. We are preparing to present a holistic amendment to the Committee.

Ms. MOORE:

Senate Bill 240 will provide additional funding to focus on smaller businesses and housing needs. During one of the biggest economic crises of the last 100 years, we were able to hold and support businesses until they were ready to operate again. Businesses actually grew during the pandemic, and it was only because we had the NMJA. Senate Bill 240 would be an expansion of that Act.

Ms. STERN:

It really speaks highly of the State when you conceptualize all these problems together because they are two sides of the same coin—businesses and finding workers for those business who have places to live near their work and the communities they serve. Nevada is cutting edge in putting these together. We strongly support S.B. 240.

VICE CHAIR DOÑATE:

I will close the hearing on S.B. 240.

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Senate Committee on Revenue and Economic Development
March 21, 2023
Page 10

CHAIR NEAL:

The meeting is adjourned at 1:34 p.m.

RESPECTFULLY SUBMITTED:

Connie Summers,
Committee Secretary

APPROVED BY:

Senator Dina Neal, Chair

DATE: _____

| EXHIBIT SUMMARY | | | | |
|------------------------|-----------------------|---|---|--|
| Bill | Exhibit Letter | Introduced on Minute Report Page No. | Witness / Entity | Description |
| | A | 1 | | Agenda |
| | B | 1 | | Attendance Roster |
| S.B. 240 | C | 2 | Senator Dina Neal | Conceptual Amendment |
| S.B. 240 | D | 2 | Nevada Department of Business and Industry | Biennial Report on the Nevada New Markets Jobs Act |
| S.B. 240 | E | 3 | Sandra Moore / Advantage Capital Partners and Rachel Stern / InState Partners | Conceptual Amendment |