



City Manager's Office

MEMORANDUM

DATE: 01/24/23

TO: Mayor and City Council

THROUGH: Doug Thornley, City Manager Approved Electronically

FROM: Nic Ciccone, Legislative Relations Program Manager

SUBJECT: Governor Lombardo's State of the State

Governor Joseph M. Lombardo gave his first State of the State speech to the state legislature on January 23. Several issues of particular interest to the City came up at the State of State, which are highlighted below. Staff will be actively monitoring these throughout the legislative session, engaging in conversations about the impacts of the proposals, and will look for opportunities to align with the City's strategic priorities and State Legislative Platform.

- **Fuel Tax Moratorium:** The Governor is seeking to place a one-year moratorium on the fuel taxes within the state. In his remarks, he suggested that the state's budget surplus would be used to continue to fund roads and construction projects.
- **Nevada Way Fund:** This proposed new fund is a \$315 million proposal to be used for economic development projects and critical infrastructure needs. No further details were provided.
- **Access to Public Lands:** The Governor stated support for working with the Nevada congressional delegation to create a more predictable approach for the disposition of federal land near or within city and county boundaries.
- **Mental Health Services:** The Governor's proposed budget includes a \$17 million dollar expansion that will add up to six community behavioral health centers across the state. He pointed to northern and rural Nevada as underserved communities that could benefit from the expansion.

Additionally, the Governor's speech focused on several major themes summarized below. The Legislature will have an opportunity to review the policy and budget proposals when the 82nd Session of the Nevada Legislature starts on February 6.

Budget

In December, the non-partisan Economic Forum projected the state would generate approximately \$11.4 billion in tax revenues. These projected revenues represent a more than \$2 billion increase from the 2021-2023 biennium budget. The Governor outlined aspects of this proposed budget, including calling for a 1-year long moratorium on the gas tax. He stated that the general fund budget surplus will provide the monies for our roads and construction programs. Further, Lombardo proposed lowering the modified business tax rate by 15 percent. He also proposed a significant increase in savings for the state. His proposed budget would raise the rainy day fund from 20 to 30 percent of the executive budget

Education

K-12 Education

Governor Lombardo's proposed budget would invest an additional \$2 billion dollars in funding for students. The investment would increase the state's per-pupil spending by \$2000. Along with this, Lombardo stressed that Nevada's students should be college or career ready by the time they graduate. Lombardo declared that schools must have adequate accountability and should reinstitute part of Governor Sandoval's Read by Three law.

Lombardo said he would be proposing legislation to create the "Office of School Choice" within the Nevada Department of Education and asked for an investment into the Nevada Opportunity Scholarship program. He also called for changing state regulations to allow retired teachers to come back to teach while continuing to receive their retirement benefits as well as their regular salary. Additionally, he has proposed \$30 million dollars in stipends and tuition for student teachers.

Higher Education

Stressing the importance of developing a strong workforce, Lombardo called for restoring Nevada System of Higher Education (NSHE) funding to pre-pandemic levels and a study to review the higher education funding formula. The Governor said he would be looking for additional ways to ensure transparency and accountability of the institutions' budgets. Additional funding will be allocated to build up staffing at the UNLV Medical School and support graduate students and research across the state.

Workforce

Governor Lombardo proposed the creation of the Office of Workforce to oversee the revenue and administration of funds in the Workforce Investment and Opportunity Act. The Governor's proposed budget would give all state workers an 8 percent raise next year. Lombardo drew attention to the 20 percent plus vacancy rate for state agency staffing levels. Further, he called for annual retention bonuses for executive employees to be dispersed as early as March of this year. The Governor also pointed to the importance of a safe environment for state employees – proposing three new state office buildings in his capital improvement budget.

Criminal Justice Reform

Looking to his experience as a law enforcement officer, Lombardo drew attention to public safety. To address this, he will be submitting bill language that will strengthen the definition of domestic battery by strangulation; give more authority to judges and probation officers for probationary violations; lower the felony theft threshold; and strengthen drug laws for possession and trafficking to tackle the fentanyl epidemic.

Elections

The Governor proposed the following changes to the elections system in Nevada: a mail-in ballot deadline of 5 p.m. on Election Day; returning to an opt-in system for mail-in ballots; voter identification requirements; and regulating the collection of ballots. He also called for the legislature to support a nonpartisan redistricting commission, subject to Open Meeting Law, to draw the maps following the 2030 Census. If the legislature does not act on the redistricting reform, he said the issue should be placed before the voters in 2024.

Full Remarks

The Governor's full prepared remarks are attached to this memorandum for additional information.

Opening Remarks

Speaker Yeager; Majority Leader Cannizzaro... and baby...; Lieutenant Governor Anthony; members of the Senate and Assembly; honorable Justices of the Supreme Court; constitutional officers; Congressman Amodei, distinguished guests; my fellow Nevadans.

Good evening.

Before I go any further, we all know families are the bedrock of our society and I want to recognize my family.... First Lady Donna Lombardo and our daughters Morgan and Lacey. Unfortunately, Morgan couldn't be here tonight, but I'd like to introduce you to my 1-year-old grandson Teddy. To my family.... without your support, none of this would have been possible.

Please give them a warm welcome.

I'd like to acknowledge each of your families... We all understand the sacrifices they make so that we can be here. Their service to our state is no less significant than ours. My sincerest thanks to your families.

We are here tonight to begin building upon the stewardship of those elected officials who came before us. I would like to pause to remember some Nevada leaders who have gifted us their legacy: Congressman and State Senator Jim Bilbray, Supreme Court Justice and Lt. Governor Bob Rose, Assemblyman and county commissioner David Humke, Assemblywoman Jane Ham, Assemblywoman and county commissioner Myrna Williams, and State Senator Spike Wilson.

And special remembrance of a Nevadan who served in the Assembly 54 years ago – albeit for only one term - but a man who, whether you agreed with him or not, never stopped fighting for Nevada all the way to the top – U.S. Senate Majority Leader Harry Reid.

Join me for a moment of reflection as we extend our thoughts and prayers to the Reid family and the families of those whose generous contributions to our state will be fondly remembered.

Veterans

As a military veteran, I want to salute the men and women serving in our military around the globe. We should all be proud of the fact that Nevada has National Guard members stationed in numerous foreign countries.

As we sit here this evening, our Adjutant General Ondra Berry is in Romania visiting the Nevada Army National Guard 137th Military Police detachment.

Our military families serve our nation and tonight, we honor them. And we honor their spouses and children whose sacrifices help to keep us safe. On behalf of a profoundly grateful State, we appreciate all they do to defend our liberties.

Our veterans deserve nothing less than our best effort.

I'd like to recognize a veteran serving in my administration, my budget director, Amy Stephenson. Amy is a disabled US Navy veteran who has worked for Nevada for more than 20 years in numerous departments.

Please help me thank Amy for her service to the state and to the nation.

And now, it looks like it's Teddy's bedtime.

Earlier this month, I said in my inaugural address, our Nevada history teaches us to persevere while others settle for less.

Time and again, we have gathered our resolve and doubled our determination when others tell us it can't be done.... or.... shouldn't be tried. We instinctively do the opposite.

As Governor, I am filled with hope and optimism of what we can accomplish if we simply summon the will to work together.

It is my intention to work side by side with all of you to write another chapter of Nevada history, that will record, that we did it the Nevada Way – never give up, never stop dreaming.

I am here to say to you tonight.... Our state of the state... is growing stronger every day....

But the pandemic laid bare just how vulnerable our economy is, and in an unexpected twist of fate, the pandemic also created for the first time in many years, an unprecedented budget surplus.

With this in mind, my remarks will be candid.

On the one hand, we have exciting opportunities within our grasp but, on the other, we must not allow ourselves to give way to the temptation to overspend.... we must remain dedicated to the twin propositions of saving for....and guarding against.... the next unexpected event that shakes our economy and rattles our livelihoods.

As a former Nevedan named Samuel Clemens, better known by the pen name Mark Twain, once wrote, “the secret to getting ahead is getting started.”

My fellow Nevadans, let’s get started.

Budget

My executive budget not only lowers the tax burden on working families and businesses, but it also reserves more than \$1 dollar in savings for every new dollar in general fund spending.

It bears repeating, we will reserve more than \$1 dollar in savings for every new dollar in general fund spending.

The executive budget reverses cuts to some programs made during the pandemic, and addresses long-overdue investments in people, programs, and facilities. But it does so responsibly.

Not a penny of the State’s one-time surplus will be used to fund any recurring programs.

For example, by using one-time money to fund \$412 million dollars in deferred maintenance and planning costs.... taxpayers get safer, more efficient, and more functional state buildings.

My budget also saves taxpayers over \$260 million dollars in interest payments on bonds, enabling us to, among other things, create more construction jobs in future years.

In simple economic terms, we’re buying with cash instead of credit.

Gas Tax

Today, the government has more money than we can responsibly spend; households and businesses most certainly do not. Look around. Everything is more expensive these days – groceries, supplies and services.

Nowhere is this more evident than at the pump.

The price of gasoline in Nevada has averaged more than \$4.00 dollar per gallon in the past year, nearly \$1 dollar higher than the national average.

I'm proud to announce my executive budget suspends the state motor vehicle fuel tax for the next 12 months, immediately reducing the price of gasoline and saving consumers and businesses approximately \$250 million dollars.

In terms of a family of four, that translates to hundreds of dollars a year in savings.

Working with local gas station operators, the petroleum industry, and the Attorney General's Consumer Affairs Division, we will make certain that these savings exclusively benefit taxpayers.

Using our budget surplus to provide tax relief won't negatively affect our fuel-tax funded road and construction program or impair bonds.

We must always remain mindful that our financial surplus comes from the pockets of our constituents.....and as such we will not stop searching for additional ways to return money to the taxpayers.

Modified Business Tax and Commerce Tax

In that same spirit, my budget lowers the modified business tax rate by 15 percent to 1.17 percent.

Furthermore, my budget raises the exemption for businesses subject to the Commerce Tax by 50 percent from \$4 million to \$6 million dollars. This represents the first time the Commerce Tax exemption has been adjusted in favor of taxpayers EVER.

These tax reductions ensure that rising prices don't create increased burdens for Nevada businesses.

No sunsets. No court decisions. No gimmicks. Just plain old fashion tax cuts that allow Nevadans to keep more of what they earn.

Rainy Day Fund/Nevada Way Fund

To brace ourselves during the pandemic, we drained the rainy day fund almost immediately. Reserves were not deep enough to stave off cuts to education, health care, public safety, and other critical public services.

I regret to say it but... Nevada will likely face additional periods of instability...and we won't be able to, nor should we, rely on federal bailouts to fund government.

To protect us in the future, my executive budget increases savings in the rainy day fund from 20 percent to 30 percent and fully funds that account. In other words, we will place another \$630 million dollars in the rainy day fund to be used when dark clouds again gather on the horizon.

As I said before, fiscal responsibility is the backbone of my budget. And I mean it.

Overall, my budget sets aside more than \$2 billion dollars in total savings to safeguard against cuts to education and critical programs in the years to come.

Included in those savings is \$315 million dollars for the Nevada Way Fund, a new sub-account to be used for transformational economic development projects and critical infrastructure needs in areas such as emerging markets in the north and south ends of the Las Vegas Valley, as well as in other emerging markets in Nevada.

Approval of the Nevada Way funds will be authorized by the newly formed Nevada Way Leadership Committee, made up of the Governor and the bipartisan leadership of the Nevada Legislature.

The Nevada Way Fund simply reaffirms that we never stop dreaming and that we are fully prepared to act on those times when market opportunity and new capital merge.

Increased Funding for Public Schools and Creating Options for Students

In matters of our children's education, I think the best politics is no politics.

Let's agree to set aside politics and turf guarding to deal with the stubborn facts regarding public education in Nevada.

Nevada's public schools have been historically underfunded and have historically underperformed for our children. Both of those facts must change.

Tonight, I'm proposing the single largest investment in K-12 education and raising the bar on expectations and accountability to a level not yet seen in Nevada.

My budget contains \$2 billion dollars in new funding for our students. That's an increase of more than 22 percent from what was appropriated in the current biennium. That's two billion new dollars for literacy, for instruction, for our children.

Perhaps most groundbreaking is the commitment to equity. When the Pupil Centered Funding Plan was created, equity was built into the formula through the weights, for English language learners, at-risk students, and gifted and talented learners.

I'm exceedingly proud to announce that my budget fully funds the targeted weights in the Pupil Centered Funding Plan, streamlining those dollars to the classrooms and students who need it the most.

When all is said and done, my budget proposes spending more than \$2,000 dollars per student more next year. After years of celebrating a hundred dollars here and there, this investment is truly historic.

Along with this funding, I expect results. I won't accept a lack of funding as an excuse for underperformance. I'll be working with the State Superintendent to ensure our systems of accountability and transparency are robust and enforced.

And if we don't begin seeing results, I'll be standing here in two years calling for systematic changes to the governance and leadership in K-12 education.

Office of School Choice and Opportunity Scholarships

Every Nevada child has the right to a quality education and should be college or career ready by the time they graduate high school.

Traditional public schools are not – and should not – be the only option.

Private schools, magnet schools, charter schools, micro schools, virtual schools and homeschooling are all viable alternatives that can increase the potential for student success.

My goal after we finish this legislative session is to give Nevada parents significantly more choices to make about their child’s education.

I will be submitting legislation to create the Office of School Choice within the Department of Education to ensure students and their parents have the information they need to evaluate every available option and that ALL education providers are held to similar standards.

Nevada’s Pupil Centered Funding Plan is built on the idea that education dollars should consider the needs of students and should follow them no matter what school they attend.

I look forward to working with Senator Heidi Gansert on expanding opportunity scholarships. She’s been a strong and effective voice on this central component of school choice and, due to her leadership and others, I fully expect opportunity scholarships to receive a record amount of funding this session.

In total, my executive budget puts more money in public K-12 schools....and introduces more student and parental choices than any budget in Nevada history.

More Teachers

Teachers deserve a safe and stable educational environment where they can teach and students can learn.

For the first time in Nevada history, we will allocate over \$730 million dollars to the Education Stabilization Account, which is a rainy day fund solely dedicated to K-12.

Interest from this account will be innovatively used to provide scholarships to Nevada high school graduates who attend Nevada colleges or universities, and who are willing to teach in Nevada schools for at least five years.

Additionally, career and technical academies, signature academies and career and technical education programs should be used to increase the pipeline of qualified teachers.

And, to further address the immediate shortage, we should allow retired educators to draw both their retirement and a salary, with no strings attached and no unnecessary administrative hurdles to clear.

To help keep the teacher pipeline full, my budget includes funding for the Teach Nevada Scholarship Program, which provides \$30 million dollars in stipends and tuition for student teachers.

Literacy Matters

Children who do not learn to read proficiently in elementary school have a lower chance of graduating high school, and a much higher chance of facing difficult life circumstances and creating a cost burden to the state.

Governor Sandoval championed Nevada's Read by Three law in 2015. That law was amended in 2019 and removed a requirement that students failing to meet proficiency standards in third grade, be held back until those standards are met.

We need to reinstate adequate accountability. Therefore, I will be imposing a new five-year rule: schools have five years to improve literacy scores and to ensure that students who are not proficient in reading do not advance beyond third grade, until they are brought up to grade level.

There is a second issue affecting our students' literacy scores.

Far too many students are already behind before they ever attend their first day of kindergarten. My budget appropriates \$60 million dollars to continue and expand preK opportunities.

The Department of Education will be charged with implementing the core preK programs, measuring results, and providing policy recommendations for a long-

term strategy to ensure more students are ready for school, when they get to school.

Safe Schools

In 2019, the Legislature passed AB 168, commonly referred to as the public-school restorative justice law.

While well intended, this law has led to instances of disruptive and dangerous situations in schools across the state. It handcuffs schoolteachers and administrators, leaving them powerless to address habitually misbehaving and all too often violent students.

This is unacceptable on several levels, most notably creating an unsafe environment for teachers and other students in the classroom.

To be clear, every child should be given the opportunity to stay in school.

But, there are objective limits and there should be no issue with the temporary removal of a disruptive student resulting in an immediate meeting with parents or guardians.

If classroom disruptions continue, the student will be expelled.

We have two Nevada educators from Las Vegas and Sparks among us, who both recently experienced physical assault in their classrooms. They are here tonight in an act of advocacy for their fellow educators and to help emphasize the need for new safety and security protections in our school system.

These teachers, and other teachers just like them, deserve our trust and admiration. To those of us in this room and to those listening and watching, let's show these teachers how much we respect and support them.

We don't need any more examples of school violence. We've seen enough. It's time to act and repeal the most onerous sections of this law and in their place create a structure that works for educators, parents, and students.

Restore and Enhance Funding for Higher Education Programs

Higher Education plays such an important role in the economic health of our state. Among the stiffest barriers to attracting new businesses and retaining existing businesses is having a workforce that meets the needs of business.

To overcome this challenge, my budget restores NSHE's operating budget to pre-pandemic levels and sets aside \$5 million dollars to pay for a study of the higher education funding formula.

Part of the funding study will require increased transparency and accountability for higher education institutions, including their self-supported budgets.

It's been more than a decade since this formula was updated, and it's time for a new formula to reflect the current state, of our system.

We will also:

- * increase funding for workforce innovation, to better respond to the needs of various organizations for workforce training;

- *invest \$75 million dollars for the long-term stability of the state's Millennium Scholarship program;

- *invest \$65 million dollars in deferred maintenance for aging buildings;

- *put \$20 million dollars more in graduate student stipends and to support research at our system institutions;

- *add \$9 million dollars to build-up the faculty at UNLV Medical School, so that we can accommodate more medical students.

- *and appropriate \$6 million dollars to continue state support for Promise Scholarships, for Nevada high school graduates attending our community colleges.

Prioritizing Workforce, Creating the Office of Workforce

There may be, no more dysfunctional part of state government than in the services provided to our workforce. Delays, fraud, and system failures have become common place.

To fix it, I am proposing that we consolidate these services under a single Office of Workforce. The office will develop and execute an integrated plan and will oversee the 17 revenue streams sourced to the Workforce Investment and Opportunity Act.

Right now, we have five state agencies, the university system and local governments administering over \$200 million workforce dollars... They are not aligned, much less coordinated.

Right now, we largely ignore the vital connection between our workforce programs, our public schools and our colleges and universities. These must function as a single, integrated system.

Right now, we have a state workforce plan that ignores the diversity of regional economies. We have duplication of efforts between nonprofits and state agencies. We don't make it easy to access programs to help would-be workers with transportation or childcare because... that's in a different department.

Right now, we are wasting money, but more importantly, we are wasting time in getting all Nevadans the job opportunities they deserve.

The Office of Workforce can be the solution to this dysfunction.

Public Safety and Sensible Criminal Justice Reform

As a lifetime crime fighter, I can say there is arguably nothing more important to the 3.2 million Nevadans in our state than public safety.

AB 236 from the 2019 Legislature introduced sweeping reforms of our criminal justice system. At the time, some changes I agreed with and some I didn't but in the spirit of compromise, I did not oppose the bill.

Three years have gone by, and we can clearly see that some of those changes didn't produce the outcomes some were predicting. In fact, they made things worse.

To correct these problem areas, I will be introducing legislation that makes it harder –not easier – to commit a crime in the state of Nevada.

My bill will include:

- *Holding career criminals accountable by strengthening the habitual enhancement for those offenders who repeatedly victimize the community;

- *Strengthening the definition of domestic battery by strangulation.

- *Protecting businesses by lowering the felony theft threshold;

- *Empowering judges and probation officers to impose tougher sanctions for parole violations;

- *Disallowing diversion for crimes against children and the elderly;

- *Strengthening drug laws by reducing weights for possession and trafficking, while increasing penalties;

- *Fighting the fentanyl epidemic.... Fentanyl possession in any amount should be a category B felony;

Addressing these problem areas will have an immediate effect on reducing crime and helps ensure the effectiveness of our public safety and criminal justice systems.

Prioritize Public Safety Funding and Address Compensation Disparities

If we look a little closer, there are clear disparities in Nevada’s public safety compensation structures and it’s unfair.

To address this, we should make every effort to retain our public safety personnel.

Therefore, I’m proposing a two-grade increase for all public safety employees above what is recommended for all public employees to help bring them closer to parity with local agencies, and to ensure we are no longer the training ground for local government police forces.

Creating Partnerships to Build Capacity in Mental Health Services

We all know too well that crime is often the result of poor decisions and circumstances.

Incarceration should be the last resort.

However, jails and prisons are all too often places where we house those we have failed to educate, failed to treat, or otherwise failed to get them the help they need.

We are seeing the effect of this on our streets in the form of increased homelessness; we are seeing it in our schools, where young people without access to treatment are acting out; and we are seeing it our economy, where the safety of employees and customers is paramount.

I will make sure government does its part by increasing reimbursement rates in areas of acute need, especially in mental health services.

My budget includes an enhancement in Medicaid, to expand community behavioral health centers. This \$17 million dollar expansion will add up to six clinics across the state in underserved areas including northern and rural Nevada. Ensuring more mental health services are available to anyone in need, regardless of their ability to pay.

The need for forensic mental health services is also critical. It's an area that has been neglected.

My budget includes funding to convert a portion of the City of Las Vegas jail into a forensic hospital, to build out a pod at the Rawson-Neal Hospital for forensic services, and money for a brand-new ground up forensic hospital in southern Nevada.

These facilities are critical for both our legal and mental health infrastructure, and I look forward to working with the legislature to fund these projects.

Restoring Faith in Nevada's Election Process

Let's talk about another issue that must be dealt with candidly.

The right to vote is one of the most fundamental right in American society.

It is not only important that the process itself has integrity but also that the people of Nevada have confidence that the process is free and fair.

With this said, there are certain election reforms that are just common sense.

Most notably, all mail-in ballots should be received by the time polls close on Election Day, as opposed to 5:00 pm four days following an election.

This puts Nevada back in line with national norms and ensures our election reporting does not drag on for days when the balance of the nation has moved on.

Second, Nevada created universal mail-in ballots as a response to COVID. With the pandemic behind us, this expensive process is simply unnecessary.

Anyone who wants or needs a mail-in ballot should have every right to request and receive one.

However, sending ballots to more than 1.9 million registered voters is inefficient and unnecessary. Not to mention, it's estimated to cost nearly \$7 million dollars in this budget and will increase to over \$11 million dollars in future budgets.

Third, it is important to verify the identity of voters.

Signature verification is a time-intensive and cumbersome process. We require people to have a valid form of identification to get on a plane, to operate a motor vehicle or to purchase alcohol or cigarettes, but not to cast a vote in an election. That is illogical.

Fourth, unregulated ballot harvesting needs to be addressed. To be clear, harvesting ballots was a felony prior to the pandemic, and now, it's a common campaign practice.

If we are going to allow someone other than the voter or an immediate family member to cast their vote in an election, that person should be clearly identified, and have some reasonable limitations and reporting requirements imposed upon them.

Finally, Nevada needs to end partisan redistricting.

Nevada voters should have the right to select their elected leaders, not the other way around. We need an independent, nonpartisan commission that is subject to the Open Meeting Law to redraw districts every ten years.

It's time we do this.

Mark my words. If the Legislature can't make meaningful progress in this critical area, these reforms should be placed before the voters during the next election.

Resetting and Rethinking State Employment

Turning our attention to our state employees, we have prided ourselves on having a small and efficient state government. In fact, the most recent U.S. Census of Governments ranks Nevada second to last in terms of state employees per 1,000 residents.

The sole purpose of state government is to serve the people of Nevada.

But, this can't be done effectively when we have a state job vacancy rate above 20 percent, a remote and disconnected workforce, and outdated computer systems.

Which is why one of the first things I did upon taking my oath was to issue an executive order requiring all state employees to return to pre-pandemic office hours by July 1.

The truth is we ask our state employees to do their jobs, but we're not paying fair wages for a fair day's work. They deserve better.

My budget includes an 8 percent increase for all state workers next year and an additional 4 percent increase the year after. The last time state employees received even a 5 percent increase was 1995. And the last time they received anything in excess of 5 percent was 1985.

The increases included in my budget, are a major first step in a sustainable pathway to increasing state employee pay to where it deserves to be.

Moreover, retention of our existing employees is also critical. As such, my budget includes \$2,000 dollar annual bonuses, for every executive branch state employee, to be paid quarterly.

They shouldn't have to wait until July 1, though.

I've included money to pay out those \$500-dollar quarterly bonuses starting this fiscal year, and I'm asking the legislature to pass a supplemental appropriation as one of its first bills, to fund these bonuses, starting at the end of March.

State employees also deserve a safe and pleasant working environment. Of the last three major state office buildings constructed, one has been torn down, the other is getting the roof replaced, and the Grant Sawyer Building needs major rehabilitation.

My Capital Improvement budget includes funding for refurbishment of existing buildings and money for, three new state office buildings so our employees can provide services to our constituents in a safe and stable workspace.

Restoring Nevada's Reputation as a Pro-business, Pro-development State

A top priority of my administration will be to restore Nevada's reputation as a pro-business, pro-development state.

I think we can all agree Nevada should be the most entrepreneurial-friendly state in the nation.

Unfortunately, we've lost ground in this area and it's our job to inform the world Nevada has re-opened for business.

Our best opportunities for economic growth are providing, a pro-business environment for the 350,000 businesses that currently call Nevada home and offering a pro-development invitation for the expansion of new business and industry.

Whether it's closing the lithium loop, unlocking innovation and investment in logistics, entertainment, science and technology, or embracing entrepreneurship, the message is, that Nevada is ready to partner.

Case in point... I am looking forward to joining Elon Musk and the team at Tesla tomorrow when they unveil plans to build a brand new \$3.5 Billion-dollar advanced manufacturing facility in northern Nevada for the company's all-electric semi-trucks.

Economic development matters. I'm proud to declare that Nevada is back open for business, effective immediately.

With that said, proceeds from our economic investments must be responsibly reinvested, and we must ensure they are used to address the transportation, education, housing, and public safety demands created by our continued growth.

Tax dollars should rightly follow the demand for services, regardless of political boundaries. I am asking the Legislature to work with me to ensure that as expiring tax abatements become new tax dollars, those incremental funds are directed to the communities most impacted by our state's growth.

Finally, we all know southern Nevada has long been the entertainment capital of the world and has become a mecca for professional sports. This November, we welcome yet another spectacular international event from Formula One Racing, the inaugural Las Vegas Grand Prix.

Please make welcome Stefano Domenicali (DOE-MEN-A-CALL-E), the CEO of Formula One, who traveled from Italy to be with us tonight, and Rene Wilm, the CEO and President of the Las Vegas Grand Prix.

We are excited to have you with us in Carson City....and to have the race of races take place in Las Vegas.

Repeal of Senate Bill 4 and Gaming Equipment Approval

Speaking of hospitality and gaming, concerns have surfaced related to a lack of balance between the "gold standard" of our gaming regulations and the time required to gain approval from the Gaming Control Board Lab, for new product.

The result is that new products are likely being introduced with more speed outside of Nevada which directly affects the competitive position of Nevada's gaming operators. We need to work with the Control Board to ensure the logjam is cleared.

Another issue of concern to our number one industry is SB4, from the 2020 special session. That law imposed mandatory COVID daily cleaning and time off requirements, in our hotels that are no longer relevant.

Personal time off and daily cleaning requirements add to the labor shortage and exceed current CDC guidance. Clearly much more is known today about transmission of the virus than what existed when this legislation was passed in 2020.

Yet, our hotel operators' hands are tied by this burdensome legacy law, and it should be repealed.

Let's make it one of the first bi-partisan things we get done this session.

Realities of the Public Option

One more issue from last session that warrants straight talk.

The Public Option was passed in 2021 but won't be implemented until 2026. I've said it before, passing laws that don't have any practical effect, is political theater.

Serious questions remain about the rushed implementation of the Public Option, agency amendments to the statute, and lack of transparency.

Getting Nevadans insured is the goal. At a minimum this law needs to be substantially revised, or better yet repealed, so we can re-focus on the real problem which is getting eligible but uninsured Nevadans the coverage they need.

Nevada's Energy Policy

I call your attention to another area of challenge and opportunity: energy.

California does not have enough electric generation within its own state to meet its electricity needs – and is now relying on the broader western electric market to import energy.

With California retiring its units and changing its transmission rules, we have no choice but to reduce our reliance on the market and seek energy independence for all Nevadans.

To address this, I will issue an executive order that allows electric providers, to develop dedicated in-state generation resources, to ensure that we are no longer forced to rely on the broader electric market.

Our energy independence will spur economic development, lead to job creation, and drive lower-cost energy for all Nevadans.

Dealing with Water Challenges through Leadership and Partnership

Our greatest challenge over the next decade may very well be water. Dealing with it will require both partnership and leadership.

The Colorado River is in the midst a 22-year drought and Lake Mead is at its lowest level since 1937.

Southern Nevada's unique ability to capture, treat and return water to the Colorado River is a clear competitive advantage, but our future is dependent on our ability to conserve and prioritize our use of water.

It is also dependent on our ability to work with the seven basin states and Mexico to deal with short and long-term water resource solutions. Nevada must lead by example and demonstrate our firm resolve to achieve a new balance on the river. Going forward, I will be more involved along with Nevada's best water experts, in future negotiations with other states, purveyors, and users to bring about necessary change.

At the same time, we must apply the same diligence and resolve to protecting Lake Tahoe, so that future generations of Nevadans can enjoy it as much as we have.

There are no simple solutions to these complicated water challenges, but we must be assured that our neighbors share the same commitment that we ask of ourselves.

Access to Public Lands

Another issue that requires action is the timely release of public lands. Currently, BLM management has jurisdiction of over 48 million acres in Nevada.

I would like to see us, in coordination with our congressional delegation, promote a more predictable approach to the timely release of federal lands.

The disposition of federally managed lands within, and adjacent to, city and county boundaries is a critical component to economic development and affordable housing.

Broadband and Rural Liaison in the Governor's Office

It has been said that the soul of Nevada can be found in the people and places that make up our rural counties. Staying connected to towns like Carlin and Caliente, Gabbs and Gerlach, and Wells and Wadsworth is a top priority of my administration.

To make this a reality, I am very proud to announce tonight that we will be making a \$400 million dollar investment in broadband to accelerate statewide connectivity.

In addition, it's critical that the Governor's office be knowledgeable about rural affairs, as well as with the management of natural resources and land management policies.

To help with this, I have designated a staff person in my office, Tim Robb, to work with Department of Agriculture Director J.J. Goicoechea and Department of Conservation and Natural Resources Director James Settlemeyer to coordinate with Nevada's rural communities, so that rural needs in Nevada are not overlooked.

Improving Relationships between State and the Mining Industry

Understanding rural Nevada goes hand in hand with understanding Nevada's mining industry.

For most of the last century, the mining industry has enjoyed a productive partnership with most of Nevada's state agencies. Recently, there is a sense the relationship has migrated away from that.

My office will make sure that the five key state agencies with jurisdiction over mining issues are working in cooperation with the industry. This needs to be a priority.

Closing Remarks

All of us were sent to Carson City to carry out the people's business. It is the purpose of our oath.

It remains our duty to keep.

The budget priorities I've laid out before you tonight are predicated upon a combination of common sense, fiscal discipline, and high-level engagement.

In summary, my budget:

- *Doesn't raise one dime of new taxes, in fact, we cut taxes for households and businesses
- *Pays down debt
- *Saves \$1 for every new dollar spent in the general fund
- *Invests millions in the Nevada Way Account
- *Pays state employees a fairer wage
- *Offers more school choice
- *Gives more funding for schools and teachers with stricter accountability
- *Provides for safer schools
- *Directs more funding to higher ed and workforce development
- *Re-energizes economic development
- *Returns to sensible criminal justice reform
- *Builds more capacity in mental health services
- *And restores faith in Nevada elections

These various programs are in keeping with the needs and aspirations I heard from countless Nevadans over the past two years. The urgency in their voices was unforgettable to me. I promised them, their concerns would not be lost when I got to Carson City.

I know we won't let them down.

President Dwight Eisenhower said, "The supreme quality of leadership is integrity."

Above all else, my administration will govern with transparency, candor, and integrity. That is my solemn commitment to you.

As I've said before, I believe the best of our history lies before us. Our capacity to achieve great deeds will never be in question... because we will follow the Nevada Way – never give up, never give in, and never stop dreaming.

Ladies and gentlemen, I've learned over my lifetime that there is no substitute for disciplined hard work. There just isn't.

I do not fear what lies ahead. Instead, I look forward to the future with great hope and anticipation.

I trust that, you do, as well.

In closing, as I think of my 1-year-old grandson Teddy and the thousands of new young Nevadans his age in our state, I recall the simple but meaningful words that underscore the significance of the task that lies before us:

Let's plant the trees... that some of us.... may never see.

God bless you all.... God bless Nevada....and God bless America

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