

# Nevada Jobs First

## AB 144

Presented by  
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# Where We Stand

- Record unemployment.
  - Highest in the nation at 14.5% as of December 2010.
  - From June 2006 through December 2010, over 60% of all construction jobs in Nevada (about 91,700 jobs) have been lost in the construction industry alone.
- Highest rate of foreclosure in the nation.
  - Foreclosure rate is five times the national average.
  - 54% of home sales came from foreclosures in the third quarter of 2010.
  - Property values continue to decline.

# Nevada Jobs First Overview

- Like many other states, Nevada state government provides bidder preferences to certain contractors. Currently, to be eligible, contractors only need to have paid certain taxes to the state for the previous five years.
- Nevada Jobs First expands existing bidder preference requirements for Nevada public works jobs and provides a strong means of enforcement.
- Nevada Jobs First expands the application of bidder preferences so that they apply not only to state contracts, but also to local government contracts.
- Nevada Jobs First requires no additional state funding but provides an advantage for Nevada businesses that are invested in Nevada.

# Nevada Jobs First Contractor Requirements

- To receive bidder preference on public works contracts, bidders must meet 5 additional criteria so preferences are better targeted at businesses that have a meaningful Nevada presence. Section 2 of the Bill requires:
  - At least 50% of all workers employed for the public work must be Nevada residents (holding a valid Nevada DMV driver's license or identification card).
  - All vehicles primarily used on the public work must be registered and partially apportioned to Nevada or registered in Nevada.
  - At least 50% of the design professionals on the public work must have a Nevada driver's license or identification card.
  - At least 25% of the materials used in the public work must be purchased in Nevada.
  - Certain payroll records must be maintained and available in the Nevada.

# Consequences for failure to comply

- Where a contract is awarded with bidder preference, failure to comply with Nevada Jobs First requirements constitutes a material breach of the contract. Breaching contractors must pay contracting public entities liquidated damages of 10% of contract costs (Section 2).
- Contractors who breach contracts worth over \$5 Million lose certification for bidder preference for 5 years (Sections 9 and 10).
- Contractors, applicants, or design teams that breach contracts worth over \$25 Million will be subject to the 10% penalty and loss of bidder preference described above, and additionally may not bid on any public works contracts for 1 year (Sections 3, 6-8 and 14).
- Contracts that fail to comply with requirements are void (Section 17).

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# Nevada Jobs First Benefits All Nevadans

- When out-of-state contractors employ out-of-state workers, those paychecks are spent in non-Nevadan local economies.
- With Nevada Jobs First, more jobs will go to more Nevadans, and more money will be spent in the local Nevada economy.
  - “State of Nevada and other local government contracting dollars are going to out-of-state firms. One example of this is the State of Nevada, Purchasing Division issuing 168 contracts for services; of that number only 82 were awarded to Nevada companies. Nevada businesses are not able to diversify their customer base into a market in their own neighborhood.” - Nevada Commission on Economic Development, 2009.
  - During the 2009 session, the American Institute of Architects Nevada testified that it tied with an out-of-state contractor on a bid to build the Sparks fire station headquarters over 20 years ago. The tie was resolved by cutting a deck of cards - AIA Nevada lost.
  - Also during the 2009 session, Assemblywoman Spiegel testified that a Colorado firm bid \$130 less than a Nevada company, and was consequently awarded a contract worth tens of thousands of dollars.

# Nevada Jobs First Benefits All Nevadans

- With Nevada Jobs First, more money stays in the local Nevada economy.
  - For every dollar spent in Nevada, \$1.47 is generated back into the Nevada economy (conservative estimate according to Jeremy Aguero of Applied Analysis).
  - Purchasing from independent local suppliers recirculates up to three times as much money in the local economy as the same contract with national firms.
  - Wages, benefits, and business taxes and fees paid in Nevada return to Nevada and its residents.
  - Local businesses contribute a greater share of revenue to local causes.
- Money spent locally generates economic activity beyond the value of the initial contract.

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# Bidder Preferences Nationally

- Many states have similar in-state bidder preference programs. Examples:
  - Utah provides reciprocal preference for in-state contractors and materials, if other states contractors and materials would receive preference in those states.
  - California provides a sliding scale from 1% to 4% preference for bidders that hire certain percentages of workers from a California “enterprise zone.”
  - Idaho requires employing mainly Idaho residents on state and local government construction contracts.
  - Wyoming requires employing Wyoming residents on public works projects unless its unemployment agency verifies that residents are unavailable.



# Nevada Jobs First

- “Roughly 80 percent of new jobs will be created by local businesses, and we need every one of them to put Nevadans back to work...we should shop Nevada first.” - Governor Sandoval’s State of the State Address.
- “Long-term economic development is most successful if based on the development of new enterprise within state borders.” - Nevada Commission on Economic Development.
- “We’ve got to get more jobs. That’s the key to everything.” - Senator Settlemeyer.
- “By keeping money in our community we improve our quality of life, improve our schools and build a better, stronger northern Nevada.” - Sparks Chamber of Commerce.

# Nevada Jobs First

- Strengthen Nevada's Local Economy
- Support Nevada Businesses
- c/o • Diversify Nevada's Economy
- Decrease Unemployment
- Support State Economic Development Goals