

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON COMMERCE AND LABOR**

**Seventy-Third Session
February 14, 2005**

The Committee on Commerce and Labor was called to order at 2:05 p.m. on Monday, February 14, 2005. Chairwoman Barbara Buckley presided in Room 4100 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4406, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Ms. Barbara Buckley, Chairwoman
Mr. John Ocegüera, Vice Chairman
Ms. Francis Allen
Mr. Bernie Anderson
Mr. Morse Arberry, Jr.
Mrs. Heidi Gansert
Ms. Chris Giunchigliani
Mr. Lynn Hettrick
Ms. Kathy McClain
Mr. David Parks
Mr. Richard Perkins
Mr. Bob Seale
Mr. Rod Sherer

COMMITTEE MEMBERS ABSENT:

Mr. Marcus Conklin (excused)

GUEST LEGISLATORS PRESENT:

Assemblyman Joe Hardy, Assembly District No. 20, Clark County

STAFF MEMBERS PRESENT:

Brenda J. Erdoes, Legislative Counsel
Diane Thornton, Committee Policy Analyst
Russell Guindon, Deputy Fiscal Analyst
Keith Norberg, Deputy Fiscal Analyst
Sarah Gibson, Committee Secretary

OTHERS PRESENT:

Margi Grein, Executive Officer, Nevada State Contractors Board
George Lyford, Director of Investigations, Nevada State Contractors Board
Jennifer Lazovich, Legislative Advocate, representing Boyd Gaming
Margaret McMillan, Director of Government Affairs, Sprint
George Ross, Legislative Advocate, representing the Nevada Restaurant Association, and Las Vegas Chamber of Commerce
Chris Mackenzie, Legislative Advocate, representing American Express
Sean Gamble, Legislative Advocate, representing the Incline Village General Improvement District
Cheryl Blomstrom, Legislative Advocate, representing the Nevada Consumer Finance Association, CitiGroup
Fred Hillerby, Legislative Advocate, representing MasterCard International and the State Board of Nursing
Debra Scott, Executive Director, Nevada State Board of Nursing
Jayne Moore, Director, Nursing Program, Department of Health Sciences and Safety, Truckee Meadows Community College, Reno, Nevada
Lisa Black, Executive Director, Nevada Nursing Association

Chairwoman Buckley:

[Meeting called to order and roll called.] We are going to open the hearing on Assembly Bill 34.

Assembly Bill 34: Revises provisions governing Recovery Fund administered by State Contractors' Board. (BDR 54-834)

Assemblywoman Barbara Buckley, Assembly District No. 8, Clark County:

I am pleased to present to you Assembly Bill 34. A.B. 34 has to do with the Residential Recovery Fund. For those who were on this Committee in 1999, you will recall, that was the session we heard a great deal of testimony and problems with regard to contractors, building things, that was the problem – quarter building things, sometimes half building things, not finishing things,

going out of business, and complaints about shoddy construction. One of the forms that were enacted at that time was to create the Residential Recovery Fund. It was modeled after the state of Arizona's. Basically, it would allow someone who was injured by a contractor to make a claim with the Contractors Board for recovery, like my constituent who called me and gave me the idea for the bill, basically had a roof put on, the roof collapsed and the contractor went out of business. They made a claim against the bond, and because there were more claimants than there was bond, my constituent then was sued in interpleader for the bond so the court could determine how much everybody would get. So my constituent, besides having the roof cave in, got sued and then ultimately collected about \$1.67 on the bond. It was a very inefficient, horrible process.

What we did in 1999 was replace it with the Residential Recovery Fund. The Fund has worked very well. This bill would change one portion of the Residential Recovery Fund, and that has to do with the maximum claim allowance against a contractor. We have recently had an experience where we have had one contractor cause much more than this in claims. Now that the fund is up and running, it is successful and can withstand some adjustments. Raising the claim level will allow more people who are injured closer to the amount of full recovery.

Margi Grein, Executive Officer, Nevada State Contractors Board:

The Board fully supports A.B. 34. Assemblywoman Buckley covered the basics of why we need the bill. I was going to go into a little bit of history of the Recovery Fund and what it has done, but she has basically covered it. I would just like to say that we are in complete support and it is much needed. Thank you very much.

Assemblyman Anderson:

Ms. Grein, in the experience of the Fund, how frequently have they fallen short of meeting even the 50 percent need or 75 percent in need of the actual? In other words, how many times would you say that you have come up short, in terms of covering those damages for which this Fund was supposed to be set up initially?

Margi Grein:

This is the first occurrence that we have had where the aggregate amount per licensee has not been sufficient to cover the claims. Other than that, there hasn't been a contractor that has reached that amount, the \$200,000.

Assemblyman Anderson:

Relative to the increase cost of doing construction as compared to when this was first set up as compared to today, what is the average cost of construction increase during this time period?

Margi Grein:

I couldn't answer that question for you; I'm sorry.

Assemblyman Hettrick:

I presume then that the ability to go back and charge the contractors will make the Fund whole? The fact that you might pay out more money is not going to deplete the Fund in the long term?

Margi Grein:

No, it will not. For the most part, the contractor is usually out of business and the license has been revoked. Before he would ever get another license or re-activate that license, he would have to pay that amount back. We do send it in for collection after the pay out, but for the most part, the contractor is gone. The Fund is, however, very solvent. We reduced the fees at the first of last year by 50 percent. We can't really predict how it will be in the future year but we believe that the \$400,000 is more than adequate. The cases don't happen that often where we would use the full \$400,000. In the rare circumstances when it is, we would like to be able to reimburse the claimants.

Assemblyman Hettrick:

We are not changing the amount per home. We are changing the aggregate amount totally that could be charged against one contractor. Is that right?

Margi Grein:

That is correct.

Assemblywoman Giunchigliani:

The \$400,000, you think, is adequate now? Based on the type of home prices that we have, is that good enough to be able to capture or not?

Margi Grein:

Yes, I believe that it is. That is because most of the claims that we get before the Board are not for the entire home. It is usually remodeling, landscaping, pools, and additions to the home. The cost is usually \$50,000 or less. That would be the total scope of the contract. I don't believe we have had a residential contractor for an entire home leave someone in this situation. It's the remodeler and small contractors...

Assemblywoman Giunchigliani:

Roofing? So pools are included. The attachments or anything else is a secondary issue.

Margie Grein:

Correct.

Assemblywoman Buckley:

The only other thing I wanted to point out—Section 2—with regard to the effective date is a little bit unusual. It becomes effective July 1, 2005, but it applies retroactively to claims that are pending on or after January 1, 2004. We generally don't do retroactive bills in the Legislature, but because this is a remedial statute only, in terms of it giving relief to victims who are damaged by a contractor, in working with Ms. Erdoes and the Legal Division, they felt that this could be done and would prevent those folks who currently are not able to recover from being helped. I wanted to just point that out since it is a bit unusual.

George Lyford, Director of Investigations, Nevada State Contractors Board:

I have had the fortunate opportunity to help administer this Fund for the last three years. We have assisted homeowners in their damages in excess of over 200 homeowners in that time period. The average claim that is paid out is a little bit over \$5,000 per homeowner. It has been very helpful. We have not gone anywhere near the excess that we had at this point in time. That was a result of fraudulent activity by one contractor in connection with another contractor. We have pursued that matter criminally and criminal charges are pending in that particular case. It has been a very successful program and it has assisted an excess of 200 homeowners since we have been in operation.

Vice Chair Ocegüera:

We will close the hearing on Assembly Bill 34 and turn it back over to Chairwoman Buckley.

Chairwoman Buckley:

Does anybody have a concern with A.B.34?

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO DO PASS
ASSEMBLY BILL 34.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Mr. Conklin was absent for the vote.)

Chairwoman Buckley:

We have opened the hearing on Assembly Bill 19 and Assembly Bill 2. Since they are virtually the same bill, I thought that we would have the hearings at the same time.

Assembly Bill 2: Prohibits issuance of gift card or gift certificate that contains expiration date. (BDR 52-559)

Assembly Bill 19: Prohibits issuance of gift certificate that contains expiration date and prohibits issuer of gift certificate from charging fee for inactivity to buyer or holder of gift certificate. (BDR 52-558)

Assemblyman David Parks, Assembly District No. 41, Clark County:

I am here to speak on A.B. 19. I would like to start my testimony by asking a question. The question is: Did you receive retail gift cards over the holiday? If you did, you had better be careful in using them and try to use them as quickly as possible. In recent years, the burgeoning gift card industry has become inundated with all sorts of fees. There are fees to activate some cards as well as fees to maintain them. Some cards even impose so-called "dormancy fees" if you don't spend the money soon enough. Some cards are fee-free, but with no industry standard and inconsistent disclosures by the card issuers, some hapless consumers can have the value of their gift cards eaten up by charges before they ever get around to spending them. The message is, when you get those prepaid cards, use them right away. The longer you hold the card, the more likely you are to not get your full purchase power.

A.B. 19 was requested to protect consumers against hidden and what I feel are unwarranted fees. Unfortunately, many people don't spend the cards right away. About one quarter of the individuals who receive gift cards still have them one year later. It is estimated that consumers never redeem about 15 percent of the money on gift cards, a windfall to be reaped by retailers and banks. The message is the gift cards are not all alike. You need to be sure to read the fine print before you buy or before you use them.

I would like to give a quick little example of something that was shared with me just the other day. Apparently, everyone is aware of the new term called "regifting." Not left out of the possibility of regifting is the fact that some people get gift cards for particular establishments. In one example it was a restaurant establishment. The person who got the "regifted" gift went to that restaurant with a friend and presented the card at the time he was seated. He was told to "hold on to the card and present it when you get your bill."

Presuming that the card would cover the full cost of meal, he submitted the card with the check, only to find out a few minutes later that the card had fully expired. It had expired long before this past Christmas when it was given to him. That, I guess, is just one more thing to look at.

[Assemblyman Parks, continued.] There are two basic types of cards, the single and the multi-retailer card. Single-retailer cards are issued by companies such as Target, Macy's, and Borders. They are aimed at getting people in to a particular store. Multi-retailer cards, as the name implies, can be used in many different stores. These cards are sold under the Visa, MasterCard, American Express, and Discover brand names, among others. Because retailers don't want to alienate customers, single-retailer cards generally have fewer fees than the multi-retailer cards. On the other hand, single-retailer cards are much more like cash. If they are lost, they can't be replaced. Although they may not have as many fees as multi-retailer cards, some single-retailer cards do impose inactivity or dormancy fees, which strike after a card has been left unspent for a set timeframe. Usually it is 12 to 24 months, but in some cases it is considerably less time, as short as three or six months. At that point, the card will typically charge from \$1 to \$2 a month until the value is totally wiped out. Some of the retailers that charge inactivity fees include Blockbuster, Tower Records, and Barnes and Noble. Retailers say gift cards are easier and less expensive to handle than paper certificates and are harder to counterfeit. Consumers find them convenient. A magnetic strip tracks the balance, allowing shoppers to use the same card on several occasions, presuming there is a balance left on the card.

There are currently no federal laws to prevent such fees. A number of states including California, Washington, and New Hampshire, have passed laws to eliminate monthly card charges. *California Civil Code* restricts dormancy fees on single-retailer cards to no more than \$1 a month and requires that any such fee be disclosed on the card. Most other states don't restrict dormancy fees, although truth-in-advertising laws would seem to call for the disclosure of those fees, which indicates that there is little oversight.

Fees, in general, are far more common with multi-retailer cards. That is partly because the cost of providing these cards is higher. The cards are generally branded by credit card firms such as Visa and MasterCard but are sold through retailers. Because the cards can be used anywhere, any individual retailer has little incentive to sell them, unless the issuer provides the retailer with a cut of the profit. The issuer has additional costs because most of the cards are registered and can be replaced if the consumer loses them. The vast majority of multi-retailer cards charge purchase or activation fees, monthly maintenance

fees, inactivity fees, reloading fees if the consumer adds value to the card, and replacement fees if they are lost.

Some multi-retailer cards also charge usage fees and fees to check the remaining balance. I have provided a handout that should be on your desk which you might care to look at. It comes from Consumer Reports ([Exhibit B](#)). As to how stiff these fees are, activation fees range from about \$4 to \$10; monthly maintenance charges range from a \$1.25 to \$5; replacement fees from \$5 to \$10; and fees to call someone to check your balance can be as high as \$2 for a call. If that is not enough, some cards simply expire and those expiration dates can strike as quickly as six months from the issue. Some card fees are paid up front in cash; others are deducted from the value of the card. On the bright side, multi-retailer cards almost always disclose the fees, either in fine print on the jacket the card comes in that holds that card, or on websites sponsored by the issuer. In any case, the consumer must pay attention to these details. Whether you are giving a card or receiving one, you need to check for expiration date and various fees. That way, you won't be caught off guard.

I think it is important for me to mention that there were a number of cards that I was not interested in pursuing. A good example would be a gift certificate. I got a gift certificate for \$15 for a very nice restaurant in Las Vegas. It was \$15 off for either lunch or dinner. The problem was that it expired in just 90 days, so the fact that I still have it means that I didn't get to use the gift certificate there. There are other cards; I do have a few phone cards. Phone cards work fairly well in that they do have an expiration date. Of the ones I have here, one expires at the end of this year and the other two are more than a year away. They have a much longer expiration date.

Assemblyman Joe Hardy, Assembly District No. 20, Clark County:

I appreciate Assemblyman Parks and his thorough review of the issue of gift cards. If I may add, I will take the emotional approach at this point. The reason I can't pull a gift card out is because I can't find it. How many of us have had that happen? We had a gift card; we knew it existed. Where is it now that I am going to use it? Then the classic: you go, and it's expired. What happened is that I had a constituent call me up and said, "You need to make sure gift cards don't expire." I said, "That's a good idea." She had been down to California and had an expired gift card and the clerk at the store said, "That's okay. We, by law, have to honor that gift card," and made her day. If you look at the concept of cash as Assemblyman Parks alluded to: if you lose cash, you lose cash, and if you have cash, you have cash.

[Assemblyman Hardy, continued.] The concept that I would foster would be if you buy a gift card with cash, then it ought to be worth cash. Cash doesn't deteriorate. Unfortunately, it doesn't grow, unless you put it somewhere it can grow. Some of the major gift card people would obviously take advantage of that very issue and use the money. Even though they may put it on a liability account, they can obviously use the money that grows interest. If you get enough of that, then it's a good interest varied account, and they gain something from it. When you look at the percentages that Assemblyman Parks has also shared with us, you can see how they probably don't go broke having gift cards, because of the number of people who don't exchange them fully, misplace them, or don't fully use them.

I think there are at least half of the people when they go use the card, 61 percent in some studies, will use more than the money that they had in the gift card. The gift card is a good thing. It would obviously be a good thing for retailers to do, and I have been sensitive to this issue. So reading in this last Christmas season, some people say up to 10 percent of the retail market involved gift cards. That is a lot of gift cards. Emotionally, when I would share with people that I am interested in gift cards not expiring, universally, they simply comment, "Gee, that is a good idea." Now for every good idea, there are many things that come up that I didn't think about. That is what I enjoy about this legislative process, is those unintended consequences; I would appreciate not having them happen. I have told people who come to me saying "I have this issue or that issue." I say simply, "Bring me a friendly amendment that won't make people mad, and I will be happy to put it in." It's usually easy to tell if it will make people mad because someone will say, "Gee, that made me mad when that happened." So my concept is: cash is cash.

I don't get this very often, so I have to take advantage of this. My wife gave me a \$100 bill, and that's cash. I can have that \$100 dollar bill in my little piggy bank and it doesn't grow interest. It doesn't do anything. It is just safe. That's what people think when they get a gift card. They think that they have got \$100. I have been given less than that in a gift card, even \$20. If I got a gift card from a book store recently that was \$15, that's good for two Louis L'Amour books, and that's good for two days. So I would feel good for two days. But I think of that as cash as well, as I think most people do.

My goal in A.B.19 was not to send people to jail. The concept of a gift card is a promotional marketing tool as well as a monetary incentive. If an entity decides to go against the law as I would propose we make, then that entity is not going to have happy, fuzzy feelings by their customers. Those unhappy, sharp feelings are going to be shared by somebody else. I am really not anxious to send people

to jail, even though that may be portrayed in the original document. I would have an amendment for my own bill, as it were, to not force people to jail, but have the natural market consequences of mean people don't allow other people to come buy stuff at their place or redeem their gift card.

I have talked with many people and I am not anxious for promotional cards, that aren't exchanging cash, to be affected by this. I'm not anxious for a contract where someone knows what they are getting, knows there is an expiration time, and knows that there is a diminishing return. I'm not anxious for those people to be punished because there is an understood contract in what is going on. Nor am I trying to affect anything where there isn't cash exchanged, with cash being either credit card or check or, as my wife so generously gave me that I probably will be reticent to share with the Chair, the hundred dollars. I'm not anxious to get the "mom and pop," free facial, free haircut kind of thing. That is not an institution, as I would call it.

Having been sensitive to this, *Good Housekeeping* is sensitive to it. *Reader's Digest* is sensitive to it. *The Wall Street Journal* is sensitive to it. The secondary market for gift cards—there are websites now that if you have a gift card, you can get on the website and sell your cash or your gift card to somebody else, and they will go redeem the gift card. They diminish that return. They have a good deal for you if you turn it in. They will take it and then go get the money. It is actually a commodity now, as is cash. My feeling is more of an emotional thing, and I appreciate what Assemblyman Parks is doing from the intellectual side. But, I think that if we look at people, they want their gift card to mean something and they consider that cash, and that's my point.

Assemblyman Anderson:

No good bill goes without a question from me, as you well know. I occasionally purchase gift certificates from record stores because I have no idea what my daughters are listening to in terms of music. Rather than make the mistake of picking the wrong kind of country/western tune for their CD [compact disc] collection, gift certificates seem to be much easier and a safer way to go. So there are a couple of questions that come forward here relative to the bills. I sure appreciate the fact that some of these gifts fail to meet the need. Obviously, you can it take back, by giving them a country/western tune and if they don't like it, they can exchange it right away and they know to do that. A gift certificate, on the other hand, as you have rightly observed, makes this disappear. With that as the preamble, many of these stores are located in different states or are franchise operations. So if you buy one in some smaller community and then that business closes, and you have to go to another state,

how would this not affect that because we are crossing state lines? You might draw the conclusion that it only applies here in Nevada?

Assemblyman Hardy:

I concur with what your reasoning is and I was appreciative of California being able to honor the gift card that was given in Nevada in a chain store. So that worked well and I would hope that we would do that same kind of reciprocity, recognizing that not every state does it. If that gift card goes to Utah, that doesn't have such a bill, those people would be best off keeping the gift card, coming back to Nevada, and redeeming it here, which has its advantages to us too.

Assemblyman Anderson:

I know that Nevada gaming tokens are not good for cash anywhere except in that particular casino. So would moving from state to state with gift cards violate any question of interstate commerce that we might consider? I presume it doesn't because they are allocated to a central accounting authority. Is that what happens?

Assemblyman Hardy:

Yes, in a different way. The State Treasurer last week gave me a short version of how things happen nationally with gift cards. It is a hotly discussed topic right now. With the issue of escheatment, the concept is if you have a gift card expire, then you have unclaimed property. That unclaimed property then goes back to the State. There is much discussion, and I'm not sure I understood everything he said, but in essence, that discussion is being had on a national basis right now. He is actually, personally in the middle of that whole discussion. So I'm not sure I can solve all of those problems.

Assemblyman Anderson:

Nothing in the bill would prevent, if you received you \$7 gift certificate and a \$25 gift certificate and a \$45 gift certificate, from going to a store and then consolidating them into one-single gift certificate? The bill would not prevent that from happening with the language that is here, relative to consolidation? Section 1B, page 2, line 5, states that, "'Issue' means to sell or otherwise provide a gift card or gift certificate to any person and includes without limitation, adding value to existing gift card or gift certificate."

Assemblyman Hardy:

I read that the same way you do. I would say that I would like gift cards to be valued for cash if they're \$7, \$10, \$20 or \$45. If you have a \$7 one and a

\$15 one, where I come from, you can go to the store and get a \$22 item and pay the sales tax to keep the State going.

Assemblyman Anderson:

I guess the question revolves around the time that occasionally I will have a \$50 gift certificate and I will only use a fraction of it. Then I will have another \$50 gift certificate and use only a fraction of it. There is nothing in this that would prevent then using those fractionalizations of the gift card from being an added value?

Assemblyman Hardy:

You should still have the value of both cards, however little it is.

Assemblyman Seale:

Perhaps I can shed a little bit of information and light on some of this stuff as well. This is an issue that the National Association of State Treasurers and their unclaimed property section have been looking at for well over a decade. It has a very significant impact on what you are talking about here, aside from the fact that it is good for the people perhaps, to not have gift cards that expire and not having fees that are charged against those. Because in almost all states these cards are considered at some point in time, and we have statutes in place here in Nevada that calls these and makes these unclaimed property at some point in time. So if these cards haven't expired and they haven't been consumed by fees, then that money indeed will go to the State. It then becomes the State's chore to try and find and return this money to the people. That's virtually impossible with these gift cards. So, in effect, it is going to have relatively significant impact, particularly because of the increased usage that is happening with these kinds of gift cards.

Chairwoman Buckley:

That applies not to any fees assessed, but just with regard to unused purchases. For example, you get the \$100 card and you never use it. That's what goes into the unclaimed property? Is that correct?

Assemblyman Seale:

Madam Chairwoman, that is correct. That is great. If there have been fees that are being charged against that over a period of time, now it's down to \$95. Depending on what the fees are, it's down to only \$50 it escheats to the State.

Chairwoman Buckley:

Right. Okay, I appreciate that.

Assemblywoman Giunchigliani:

I am just trying to look at the difference between the two bills. It seems to be, Mr. Parks, that yours spells out "over \$50" versus "less than \$50" versus "charges a fee for inactivity." Is that kind of what I'm seeing there?

Assemblyman Parks:

I guess I added a little more detail to mine [A.B.19], trying to better describe the process. I think that for the most part, both bills intend to do the same thing. There might be some better language that would deal with that. I have learned certainly in recent weeks that you could pretty well buy a gift card in any denomination that you want. You can go into a Target, for example, and buy a \$40 card. I'm trying to use it more on the larger denomination. However, in thinking and looking at it a little more, I'm very much concerned over the fact that even the smaller cards get the same type of deduction that starts accruing after the third month or sixth month, or whenever.

Assemblywoman Giunchigliani:

I have kind of gone back and forth on this issue, but I think that if someone buys it, then they have gotten the benefit of it, as the retailer. So why should we not have the individual be able to claim it whenever they want to? Some retailers have actually gone to that process. Their gift cards never expire. I was just trying to figure out, was there a threshold that we should be looking at? You're right in the long run, other than their earning the interest on it while you are waiting to use it and everything else. I'm kind of leaning towards no expiration date, period. That might be the simpler way to go. I'm not trying to hurt any retailers, but they have been paid for that. I guess other than not allowing people to have cash back on something that was sitting around for 20 years. That would be ridiculous, too. I think that was the point that a couple of people were trying to make as well.

Assemblyman Hettrick:

I think expiration dates are appropriate on cash-back certificates or something like that, where you don't buy it, but they give it to you. Now some can argue that you pay for it, but technically, I think they gave it to you as a bonus or a discount or something. You didn't actually buy it. Since they are liable for that and they gave it to you, I think that is probably a reasonable one. The other one, I'm open to, yet I'm not sure whether there is good reason for it or not. The other issue that I am concerned with is line 25 of A.B. 19. It says, "Issue means to sell otherwise provide a gift certificate to any person, and includes, without any limitation, adding value to an existing gift certificate." I think Brenda will need to help us here. My concern is that earlier on we say you can have an expiration date and it has to be on the certificate. My concern is that

you could have someone take in that certificate and add value and it could have an expiration that was 30 days away. I don't know if we need to look at that or not, because I think that someone might misunderstand what they are doing and be right back in the same position. We think that we have helped, and we actually end up with them getting a card that expires with money in it that they have paid for.

Chairwoman Buckley:

That's the expiration one. We thank you very much.

Jennifer Lazovich, Legislative Advocate, representing Boyd Gaming:

We are actually, overall, supportive of the bill. We just have a couple of concerns that I think we would like to work with you to resolve, in terms of the expiration dates with gift certificates, promotional cards, and other items that were raised. Overall again, we are supportive. I think we need to just work on some of the details. Thank you.

Chairwoman Buckley:

Since Assemblyman Parks said he may want to revisit the issue with regard to \$50 or not, I think what I would be inclined to do is to let Assemblyman Hardy and Assemblyman Parks work on the bills a little bit longer. Perhaps incorporate any suggestions made here today, revisit that, and then bring it back to us with what their suggestions would be and to work with Jennifer on that.

Margaret McMillan, Director of Government Affairs, Sprint:

I was happy to hear Assemblyman Parks say that he did not intend to have the long distance calling cards included. If that is the case, I have given and proposed an amendment ([Exhibit C](#)) that would exclude those and possibly I don't need to provide any additional testimony. Our primary concern is, although Sprint sells these in a denomination that is under \$50, our largest business is for promotional items. For example, an Assemblyman who might be running for re-election might call us and say, "We want to buy a batch of cards," and that Assemblyman would have their specific message on it. It would be assigned an 800 number and a certain number of cards would be issued. Obviously, that has a time limit on it. To maintain those 800 numbers forever, with a message on it, would be extremely cost-prohibitive. So, that would be an issue that we would be concerned about. The card that I have with me today is the one-hundredth birthday of Las Vegas, so obviously these cards don't last forever. And long distance is a dying business. Most of the people that I talk with tell me that they have added long distance plans to their home phones as well as unlimited calling on their wireless phones. Frequently, when I send these cards out with my Christmas cards, I hear later, "I really don't use those

because I have it on my wireless card." So if you have any of these cards that you're not using, send them to the hospitals. The veterans hospitals love them. We do donate those for charitable use and so forth.

The amendment that I have proposed is the one that was accepted for an Illinois law that was dealing with the same issue, and I would appreciate your consideration of that.

Assemblywoman Giunchigliani:

Ms. McMillan, your suggestion is a definition of "gift cards" and "gift certificates"? Is that what I am reading here?

Margaret McMillan:

Yes.

Assemblywoman Giunchigliani:

But not exempting gift cards because anybody could just go around ...

Margaret McMillan:

No, to exempt from the definitions of "gift cards" and "gift certificates" the prepaid telephone cards.

Chairwoman Buckley:

Just so I can play devil's advocate here, the promotional cards, I understand that completely. What if somebody pays \$50 for a phone card? What makes that different from a gift card?

Margaret McMillan:

The big issue again, is that this is a dying business. Fifty years from now, even five years from now, there probably won't be a long distance company. Each of the individual cards are set up in a batch. They are assigned an 800 [toll-free] number, which takes that number out of circulation. Each of those cards has to be programmed with this card number or PIN [personal identification number] that is on the back. You have computer information tied up with that 800 number for a certain period of time. For it to last forever, would just be cost-prohibitive. It wouldn't be beneficial.

Chairwoman Buckley:

So, just because of the technology, you're required to get a separate number which is tied to the card, so it's just a different animal than a retail store, which is always there?

Margaret McMillan:

That is correct.

Chairwoman Buckley:

Thank you, that clarifies it for me.

George Ross, Legislative Advocate, representing Nevada Restaurant Association, and Las Vegas Chamber of Commerce:

[Submitted proposed amendment, [Exhibit D.](#)] I think that this is an issue that a lot of consumers have questions about, to say the least. There are three areas I'd like to make comments in, because I'm a little concerned that we might hit a few people that we don't want to hit. The first area I want to talk about is the definition of "gift card" or "gift certificate." As our lawyer looked at this, we became very concerned that the current definition in both A.B.2 and A.B.19 include coupons or promotional instruments that would be issued free of charge or less than face value. Concern about grocery store coupons, it's also a consumer issue. As a parent buying groceries, I usually got between \$40 and \$50 dollars off my bill every week when I was buying for six kids. As we read this, those coupons that might be worth \$0.50 or \$1 and expire in three weeks could very well be covered.

Similarly, a lot of small businesses and a lot of restaurants issue promotional coupons. They may want to drive business in a slow quarter. They will give you two entrees for the price of one or go in and get \$30 off of what would usually be a \$100 meal or something. As far as we can tell, these, would want to have an expiration date so they can manage their business. These seem to be included in this definition. We would like to ask that whichever bill ends up going forward, that at the end of that definition, we add "but excludes coupons or other promotional instruments issued free of charge or an amount less than face value." I don't think that either Assemblyman meant to hit most of those items that I talked about there. Although, with Assemblyman Parks' testimony, I am a little less certain than I was 20 minutes ago. I think that's not something that most people are concerned about when they are concerned about gift cards.

Secondly, a lot of small businesses use these and they aren't always up to speed on everything. They don't always do these nationally or in multistate ways, but there are a lot of little boutique stores now that with technology can issue gift cards or gift certificates. We're concerned that if they were to violate an aspect of this law it would be terrible, as Assemblyman Hardy said, for their violation, or what they are doing to rise to the level of an accepted trade practice. That's a pretty serious violation. We would hope, Chairwoman

Buckley, as you said, this would be worked out. This might be something we could address in the discussions to try to solve that. At first, I thought Mr. Parks's \$50 exclusion would take care of this issue. But, in reality, just because you are a small store doesn't mean that you only sell inexpensive items. If you are a boutique dress store, a \$50 gift certificate or gift card won't always get you very far. If there is some way that we can work that out, we would be appreciative.

[George Ross, continued.] Third, I guess given the testimony this bit may not go quite as far. There is another approach. It's already happening. We've already seen it in some of the testimony and that is, let the market do its work. Rather than say "you cannot have expiration dates," rather than say "you cannot have declining values," because these do allow a business to manage its liabilities. They know, as Assemblyman Seale said, in a few years they won't get this value. If it's unclaimed, it goes to the State anyway. So it's not something they can just put in their pocket. Let the market do its work. People are already becoming aware that some of these have fees, some of these decline. As an example, Borders and Sears got rid of expiration dates. Starbucks got rid of declining value. Why? For competitive reasons, because it's just like having a different interest rate, a different down payment, or a different price on an item. How you set the terms of your gift cards becomes a competitive matter for something that we all like to use. The way to handle that would be to require every gift card to very clearly state, in print big enough to read, if it has an expiration date, what that date would be and secondly, if there is declining value, how that rate declines. The consumer can then make his choice.

You could go further and require the seller to advise the buyer of that or even have point-of-sale materials that say that very clearly when they are sold. For example, when you go to Home Depot or Lowe's, you've got that whole rack of gift cards. I don't know whether they have this requirement or not. I know I gave enough of those away to my sons-in-law at Christmas, but I don't know whether they had a declining value or not. If it were to have declining value or to have an expiration date, it would be very clear: These last for one year and be aware of that when you buy it. That's just a suggestion, but as the mounting consumer concern in this issue arises, as we become more and more aware of it, people are going to shop more carefully and ask those questions. Competitive stores and competitive corporations will respond to those issues and those questions.

Assemblyman Anderson:

California law has been in effect for a little while and there is some experience level with businesses having dealt with that, apparently enough that stores are

informing people when they come in that you don't have to worry about the expiration date. If I heard Mr. Seale's statement about the practice where there is no expiration date or where the store has a user fee or activation fee of some sort, those dollars do not revert back to the General Fund. Only those where there's an expiration date, then the State would pick up any unclaimed property. In other words, the businesses would hold on to those funds or eat them up in user fees. California is a better market than Nevada. Have your clients experienced a huge loss because of the California activity?

George Ross:

Not that I am aware of.

Assemblyman Anderson:

So they can work it out in the seventh most active economic place in the world and you don't think we can work it out here in Nevada?

George Ross:

I think we can. I was more concerned about the smaller businesses— independent businesses that need to manage their cash flow and their businesses and would like to put a limit on their liability. I would point out that in California there is an exclusion for food products, which would cover both restaurants and grocery stores.

Assemblyman Anderson:

I'm trying to think of the gift card that I recently received with my retirement. It's good at a franchise that includes Chili's and four or five other restaurants owned by that same corporation. Then in California it doesn't apply?

George Ross:

That's the way I understand it. At least the summary I have read. It looks that way.

Assemblyman Anderson:

Why do you think that would be? What is so unique about a restaurant as different from a business, book store, or music market that has a product that it only has a certain amount of?

George Ross:

I think a lot of restaurants are owned by individual proprietors, and they are trying to manage their businesses and drive business during certain periods of time and want to be able to plan. I believe that a lot of chains such as the one that you referred to, which I enjoy eating at, are big chains and have a lot of

them. At the same time, there are an awful lot of restaurants. Restaurants are one of the most entrepreneurial lines of business there are, and very high risk.

Chairwoman Buckley:

I'll ask our staff to see if we can get some information on why they came up with that exclusion in California, just as a matter of curiosity.

Assemblyman Seale:

I think I agree with you. When you're talking about emotional kinds of certificates that are used to drive the business in specific periods of time—but even if it's a small business and someone has gone in and paid money, put down a \$100 for a gift certificate, I'm a little uncomfortable with that environment, expiring quickly.

George Ross:

If you have it very clear that this thing is going to expire in 180 days, you know you have to spend it in 180 days.

Assemblyman Seale:

Those things are the size of a credit card; they couldn't make the print big enough for me to read it.

George Ross:

I can't disagree with that, but if you put it in about a 10- or 11-point bold, black font, even those of us with impaired vision can usually see it. You could have point of sale material as well.

Chris Mackenzie, Legislative Advocate, representing American Express:

American Express has come forward with various concerns about the wording of this bill. For those of you not familiar, American Express typically issues a card for multipoint sellers. It's basically a prepaid credit card. It's not just what the focus has been in your discussions of one retailer and going against the balance on that one retailer. American Express from across the board to a more contoured offering, based on the consumer's desires, presents an option where these cards can be used at multiple sites and unaffiliated retailers. With that, it presents a variety of concerns with the way the language is drafted now. Obviously, the benefits of the bargain of an individual retailer markup on a sale that the individual retailer is benefiting from are multiple sales which provide an option to the customers or consumers that American Express serves. The return on these is not anywhere near what a retailer enjoys. There's a smaller margin of return in there. The main point in terms of having an expiration date is so all these prepaid credit cards go through the same system that a credit card does,

so an expiration date is necessary for the system to even work. There are a variety of concerns. I could go on quite a bit discussing, but I would be happy continuing working with Assemblymen Parks and Hardy to try to iron some of these out. Just one last point regarding California, they did exempt multi-seller gift cards from their legislation when they went this route. Thank you.

Chairwoman Buckley:

What is a multi-seller gift card?

Chris Mackenzie:

Generally, most of the gift cards you're looking at are by a Target or a Lowe's or something like that.

Chairwoman Buckley:

Are you talking about going to a mall where it covers every store?

Chris Mackenzie:

Actually, like a credit card where whatever transaction—it's something that can be ordered by someone to have it applicable to certain retailers or it can be just like a credit card, across-the-board applicable. That requires a much higher amount of effort by the issuer to maintain a balance to keep record of what's going on. It's a whole different level of gift card because one single retailer can have an internal balance check. For American Express you have to respond to all these different retailers through the credit card network. That puts on a much higher level of responsibility for maintaining a balance, so it's a multi-layered issue that again I could talk for quite a bit on that.

Sean Gamble, Legislative Advocate, representing the Incline Village General Improvement District:

My concern is little different. I have already talked to both sponsors of the bills and they are okay with what I am proposing. I would like to exempt any type of complimentary gift certificates that are issued. Incline Village will sometimes give complimentary ski passes or golf for charity auctions and use those. I think it would be tougher for people to actually want vendors to give to auctions if they can't put an expiration date on them. That's my only concern; I would just like to see language reflecting that.

Chairwoman Buckley:

I think that both sponsors have indicated their intent really is the purchase, not the promotional. We will make sure that is included.

Cheryl Blomstrom, Legislative Advocate, representing Nevada Consumer Finance Association, CitiGroup:

[Submitted proposed amendment, [Exhibit E](#).] CitiGroup issues Visa cash cards, similar to what Mr. Mackenzie talked about. Hopefully to clarify that issue a little bit, if you're sending a child off to college, rather than giving them a carte blanche credit card, you can buy a Visa cash card loaded with \$500 or whatever amount you think your child can reasonably handle. Give it to them, and they can use it just like a credit card until they run out of money. They can't run up the bills higher than you want them. As Chris pointed out, there is a cost to administer the cards. They are booked as a liability and they do have to account for them. We would request that this type of card be exempted. As he also pointed out, California did exempt multiple sellers, which is a Visa cash card essentially, in their 2003 legislature, and I would be happy to provide that information. I have also talked with each of the sponsors.

Assemblyman Seale:

In terms of the cost of those kinds of cards, and I recognize that they are different—but you're sitting there with the money, earning interest on that. Isn't that more than adequate to give you a reasonable return?

Cheryl Blomstrom:

I don't know the answer to that. I would be glad to get that information to my client and bring it back to you.

Assemblyman Seale:

You were talking about, on the cash credit card, if you will, that there needed to be an expiration date on it in order to make it work. I would point out that if you owe money on your American Express card, it sure as heck never expires. You're suggesting that if you put money onto it, at some point in time in the future it's going to expire, and there's not going to be any money left. Did I understand that correctly?

Chris Mackenzie:

If I understand your question, it's basically the way the system inputs. Your account number goes in and then there is an expiration date for the independently-operated credit card system to operate. Just as your credit card will expire, if you go and try to use it, if you're past your expiration date, that transaction will not go through. So an expiration date of some sort is necessary through the system that is not run by American Express. From what I understand, it is an independently operated system that is already in place for processing...

Assemblyman Seale:

I guess I can understand that, but again, if you owe money on your credit card, you are probably going to have the thing renewed, in terms of getting yet another expiration date. I'm sure we can work this out, but it makes no sense to just cut it off.

Assemblyman Sherer:

Are the fees any different on these multi-use gift cards than just the plain Visa or MasterCard? I know, coming from the grocery experience, how much money we pay each month to you guys for letting our consumers use the cards in the store. Is there a different fee?

Chris Mackenzie:

Is that what you are talking about—the processing fee? That is charged by the independent credit card processing company, and they take that. That does not go back to the issuer, from what was explained to me. That's a fee that is just for the benefit of using that system that they charge. In terms of annual fees, that's not part of the gift card portion. I'm not sure if that's what you were referring to.

Chairwoman Buckley:

Yes, I think just for our edification, if you won't mind getting from your clients the types of fees that are usually assessed on these cash cards, I think everybody would like it for their own pursuit of knowledge.

Fred Hillerby, Legislative Advocate, representing MasterCard International:

We do not issue these kinds of cards. Our customers, our issuing banks are the ones who do. I'll try not to repeat too much of what has been said because I get to testify on the next bill as well, so I will hurry. I think it's important to understand that a gift card is not a credit card and I think that you have heard that to some degree today. Let me say right up front, that MasterCard does not believe in expiration dates as a time to hold the money from that date forward. It's a time to reissue the card, to be sure that it has the most current security devices. As you know and I know, on my credit card, because it gets overheated from time to time, the signature line wears out and you need that replacement and there are other security features. There is a reason to have an expiration date.

Let me just give you some more types of these stored-value cards. That's a term that is in Assemblyman Parks' bill [A.B. 19]. That's why this bill gets very broad. There are stored-value cards that include payroll cards. More and more we are finding that, obviously, issuing checks is expensive and inefficient. Many

times payroll cards are given out. It gives access to ATMs [automated teller machines] as well as merchants who will honor the MasterCard logo. We see flexible spending account cards. We have been hearing about those for medical purposes. Many times, these are tax exempt. They are either medical expense, prepaid tax income that you can do relating to transportation, or dependent day care services. But you have to spend the money first and then apply for reimbursement. These are cards that are set up so that you have those available to you.

There is a reason to have an expiration date, obviously, on those expense reimbursement cards now being used rather than giving a credit card. We have all seen the fraud that involved in that. It's an expense-related card that limits what you can claim based on your employer's experience, the State, or whoever that may be. Travel cards are being used similar to expense cards, but now you go out and buy your own ticket with that, but it's not a credit card that can be abused. Also, government benefit cards, various programs, cash assistance programs, food programs, food cards and so on, we are seeing these more and more used. I think just to carte blanche say that you can't have fees and you can't have expiration dates needs to be thought through.

Again, on behalf of our clients, the expiration date is not a way to keep the money; it's a way to keep the system safe and avoid fraud and abuse. If you lose your gift card, you've lost your gift card. Whether it was \$500 or \$5, it's gone. If you lose one of these cards, it has a PIN [personal identification number] activation required and a signature check. If you lose it, you call in and say, "I've lost my card" and we can reissue the card and stop payment on that card. These cards are different. In some ways they behave like credit cards, but in many ways they don't. They are much safer for some of us who are more credit-challenged than others. Some of our kids clearly are. So we will be happy to work with Assemblyman Parks and Assemblyman Hardy to try to work through this. I've seen the language out of California. That's very helpful, but we try to be creative.

Chairwoman Buckley:

With that, we will close the public hearings on Assembly Bill 19 and Assembly Bill 2 and we'll ask the sponsors of both of those bills to work on the issue and report back to us. It seems that there is appetite to process that bill addressing all of the problems that accompany it.

Now we will open the hearing on Assembly Bill 1.

**Assembly Bill 1: Requires waiver of certain fees relating to licensure of nurses.
(BDR 54-565)**

Assemblyman Joe Hardy, Assembly District No. 20, Clark County:

You will have received a summary ([Exhibit F](#)) that talks about the pros and cons of nursing and license fees. In the interim, through many different health committees, it became apparent that there may be a nursing shortage.

In that nursing shortage, it may be more than just the state of Nevada. It may be nationwide, and it may be global. In those interim committees, I thought, why are we putting obstacles in front of people who would be a nurse who would come to Nevada? I asked the simple question again. Why are we charging a nurses license fee? I wrote down some pros and cons. If we don't charge license fees to nurses, then they would have less money out of their pocket. Where I was going with this was to think of Nevada first. If we have in the trade journals, and wherever, that we as Nevadans do not charge nurses a license fee, then somebody is going to think that that is a good idea and their interest will be piqued. Perhaps they will be interested in coming to Nevada. Obviously, we need to send a message that we like nurses and we need to do something a little different than other states.

We have a wonderful website, <www.nvnurses.org>, where we can see all of the wonderful promotional things. As I was told earlier today, if you click on that site, say you are a nurse, you will be deluged with emails and special deals and real estate offers, because we want more nurses in the state of Nevada. If we do something, that would be a good thing. The cons, as I will call it, are that it costs money. I don't know if you have been reading the newspaper lately, but perhaps some of you have seen that we have a surplus. Number two, it creates a new line item in the budget and I would suggest we think out of the budget box. It obviously is going to give some anxiety to the State Board of Nursing because they are self-sufficient. I would be a little fearful and have some trepidation of trusting that the Legislature would always do what is good for me in the State Board of anything.

One of the comments that I have heard is that it would cost recruiters less money to license a nurse, because one of the things they do is they sometimes pay the license fees for the nurse that they recruit. That's one of their things that they say that they will do. If, perchance, we did not have to pay the license fee, then perhaps the recruiter would recruit harder for us than perhaps someone else. They would save themselves a \$100 every two years. Yes, this would help hospitals, because many times they pay the license fee of the nurse. It would obviously require the cooperation of people in both parties on the Ways and Means Committee. I would suggest that we sunset this after this

biennium, and make this a demonstration project and see if it is worth anything at all or if it brings in lots and lots of nurses or that we have some idea how it will play out.

[Assemblyman Hardy, continued.] For those of us who are already here in Nevada and resent the fact that we had to pay out \$100, perhaps we need to take the long view and recognize that we are having many discussions using the word "ratio." The more nurses we get in, the better off we are going to be for the care of those patients in hospitals. I would consider us thinking Nevada first as we think outside of this budget box.

Assemblyman Anderson:

I just want to make sure that I understand. The essence of the bill is if you are a student nurse and now are going to move in, you're not going to have to pay a fee. If you come from another state over here, you are not going to have to pay a bill. If you are a retired nurse and you want to come back, you don't have to pay a bill.

Assemblyman Hardy:

You're good.

Assemblyman Anderson:

Then comes the question, that being correct, the dollars necessary to operate the Nursing Board. Will it be sufficient to make them do due diligence in terms of responsibility of enforcing their rules, because the size of the dollar dropping into the box is going to be dramatically diminished by conservatively 60 percent. That would be off the top of my head and maybe I am anticipating another witness.

Assemblyman Hardy:

You are totally correct. The bill, as is estimated at this time, would be about \$1 million.

Assemblyman Anderson:

You're going to let us give away money in this Committee?

Assemblyman Hardy:

That's why it requires the Ways and Means Committee to do something. We are interested in doing something for Nevada. We have a mental health crisis. We have a nursing crisis. We have ER [emergency room] crisis. We have many

crises that are health related. One of the things that we have to look at is how do we do something that will improve the nursing ratios, the nursing availability. If there is something that we can do, then I think that benefiting nursing actually benefits each and every one of us when we have somebody we love go to a hospital or go to a doctor. It really isn't the doctor who is as crucial as the person who helps the person. We need to do things for nurses. I believe that.

Assemblyman Anderson:

I don't disagree with you, doctor. Having just had a good friend in ICU [intensive care unit] and having spent a great deal of time with him for the last month and a half, I can clearly tell you how many more times I saw a caring nurse, as compared to the number of times I saw a very caring physician. There is no doubt about the care attitude of both. The frequency of visit, however, was dramatically different. You don't have to convince me of the professionalism of nurses and what they do in terms of delivering health care. I just want to make sure that I am drawing the correct conclusion based upon who is coming in. While we have a dollar surplus now, whether we have that in the future is a different kind of a question. I just wanted to make sure that I was drawing the right conclusion from reading your bill.

Assemblyman Hardy:

I appreciate those concerns. I have told people who are more concerned that I have no intention of taking from their budget, but making sure their budget is made whole. That's why it would require appropriation to do that. I have no intention of having this go on unless it works. If it works and there was an appetite to do that, I would consider doing that. That has to be proven. Is it truly a good idea or is it really so far out of the box that it's out of the room? There would be a sunset. It would be for the biennium; it's not in the bill yet, but it would be there.

Assemblyman Hettrick:

Dr. Hardy, I guess the question is: how do we measure what the increase in nurses coming here is? How do we attribute the number? I don't know how many nurses we had come here last year, but let's pick a number—5,000. Let's say we do this and then next year we get 6,000. Do we attribute the 1,000 to that? Would the 5,000 have come anyway, whether we gave the \$100 or not?

Assemblyman Hardy:

Obviously, it would be the fault of this bill if we have more nurses come in. I think that is problematic and if you wanted to fund another study to find that out. I think realistically what you are going to look at is anecdotal experiences.

If anecdotal experiences bear that out, great, but I'm not anxious to fund a study to find out. I think you have the obvious averages that come, and you are going to hear testimony today about people who know those kinds of things, and I suspect they have the same question you do. Thank you.

Fred Hillerby, Legislative Advocate, representing Nevada State Board of Nursing:

Let me start by saying to Assemblyman Hardy: number one, I appreciate his love of Nevada. Number two, I appreciate his zeal at wanting to address a problem that frustrated him greatly during the interim when we said it. The Interim Committee on Health Care talked about the nursing shortage and the frustration of knowing exactly what to do about it. There are things being done, no doubt about it. We appreciate him thinking out of the box, if you will, about something else, something different that might help.

Having said that, as Dr. Hardy said himself, it does present a bit of an economic burden on our Board. The actual amount, as we projected based on our last two years, is in excess of \$900,000—\$932,720 and change. That is a burden. That's about 25 to 30 percent of our budget. I have heard very clearly from Assemblyman Hardy's lips, he would not introduce this bill to take away one-third of our budget. He understands this needs to go to the Assembly Ways and Means Committee at some point, because it will be exempted from some of the time frames when the debate comes to discuss it. Appropriate uses of money that may be left—this is certainly one that we feel will have a priority. However, I must point out that the Board of Nursing's responsibility is to the public's health and safety and not recruiting nurses, so we have to be sure we can meet that ultimate responsibility and have the money to do it.

Debra Scott, Executive Director, Nevada State Board of Nursing:

[Submitted [Exhibit G.](#)] I appreciate the opportunity to come and speak to A.B. 1. Fred, as always, has been very eloquent and has stated my concerns. We are self-sufficient and we are good budgeters of the money the nurses provide to the Board to regulate the profession of nursing. We hope to do that very long into the future. Dr. Hardy's bill, if unfunded, would not allow us to do the job that we have been given through the Legislature.

Assemblyman Seale:

How do the fees in the Nursing Association compare with fees in other associations? CPAs [Certified Public Accountants], attorneys, architects, all those.

Debra Scott:

They are generally less expensive. In regard to attorneys and doctors, definitely less expensive.

Fred Hillerby:

I represent some other professional boards, health care included, and I don't know of any licensed professional in our state who pays \$100 every two years for their license.

Assemblyman Seale:

Are you of the opinion that waiving these fees would attract nurses?

Debra Scott:

I am of the opinion that it would not make a difference.

Assemblywoman Giunchigliani:

I would say, glancing at what you charge, that it's pretty much in line with what they charge for teachers and various other groups who make less than doctors, architects, and engineers. That's part of the main problem in recruitment. So have you surveyed your membership to see if this would be a better incentive? I understand what Dr. Joe [Hardy] is trying to do. We have a problem, but is that factual as far as if their fees were waived?

Fred Hillerby:

The problem we have in surveying our members is that they pay the fee. They have been paying the fee since they came to the state, and I don't know if they can tell you that it made a difference in them coming because they came anyway. That one is a difficult one for us, and I think that it may be that some nurses find this incentive enough to come to Nevada. We don't have any way of judging. I'm not sure how many. The bottom line is, last year there were over 4,000 nurses who applied without the incentive, so I just don't know.

Assemblywoman Giunchigliani:

I just wish we would get the staffing ratios and salaries, and I think we'd have a better recruitment.

George Ross, Legislative Advocate, representing the Las Vegas Chamber of Commerce:

The Chamber of Commerce would like to go on record of supporting the concept of Assemblyman Hardy's A.B. 1. It may not be how you all want to go forward. We are very attracted to the idea of sending a symbolic message. Maybe it's more psychological than monetary to those folks who may help us

solve what is one of our greatest crises we have in southern Nevada, if not the state as a whole. We recognize that the Board has major concerns. We recognize with Assemblyman Hardy that it's very difficult to fund, and if in some way some of the suggestions he made could be worked out, we would be supportive. We basically want to go on record as saying that we do support the efforts along these lines to try to find a solution to the shortage.

Jayne Moore, Director, Nursing Program, Department of Health Science and Safety, Truckee Meadows Community College, Reno, Nevada:

Two years ago, two colleagues and I did a study looking at why nurses in Washoe County were leaving. Not one time did the fees we pay come up. What came up consistently were poor working conditions, failure of folks to listen to their concerns, salary issues, and those things have been coming up. I have been around long enough to see four nursing shortages and those have not changed. The literature is replete with studies that find the same thing we did. These folks who left were not fly-by-night people. Our sample ranged having 5 to 17 years in practice, with a mean of 11. On a personal note, I recently had to apply for a licensure in another state where I went to school and was licensed four years ago. Then I admit to and I got hit with a \$50 fine for allowing my license there to lapse more than 20 years ago. I am of the opinion that our fee structure is pretty reasonable. I really have sincere doubts as to whether dropping our fees entirely would be incentive to move to the state.

Lisa Black, Registered Nurse, Executive Director, Nevada Nursing Association:

[Introduced herself.] Much of my planned comments have already been covered in previous testimony and I have provided them in writing to the Committee ([Exhibit H](#)). I will not be redundant. However, I would like to echo that I wholeheartedly support and thank Dr. Hardy for his attention to the issues of the nursing profession and to remediate the nursing shortage that is faced by our state, which rates 50 out of 50 in our country. I also, however, am concerned about the fiscal impact of this legislation as it currently reads—if it was not funded in the State Budget. If this bill was passed and was not funded then there is created an unfunded mandate that would need to be financed and would need to be paid for in some way. Nevada State Board of Nursing has issued a fiscal note speaking to that. The way that would be covered would be to increase the licensure fees for nurses who are renewing in the state. I am not sure that that's the answer to this problem. With that, I thank you and will address any questions that the Committee may have.

Chairwoman Buckley:

We'll close the hearing on Assembly Bill 1.

I had one Committee introduction for today that I would like to do, BDR 53-250, having to do with industrial insurance.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED FOR COMMITTEE
INTRODUCTION OF BDR 53-250.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION PASSED. (Mr. Conklin was not present for the vote.)

Chairwoman Buckley:

[Asked counsel if there were any bills to hear. Counsel replied in the negative.]
Any other business to come before the Committee? Seeing none, we are
adjourned [at 3:43 p.m.]

RESPECTFULLY SUBMITTED:

Sarah Gibson
Committee Attaché

APPROVED BY:

Assemblywoman Barbara Buckley, Chairwoman

DATE: _____

EXHIBITS

Committee Name: Commerce and Labor

Date: 02/14/05 **Time of Meeting:** 2:00 p.m

Bill #	Exhibit ID	Witness	Dept.	Description
AB 19	B	Assemblyman Parks		Consumer Report
AB2 & 19	C	Margaret McMillan	Sprint	Written Testimony & proposed amendment
AB2	D	George Ross	NV Restaurant Assn.	Proposed amendment
AB2	E	Cheryl Blomstrom	NV Consumer Finance; CitiGroup	Proposed amendment
AB1	F	Assemblyman Hardy		Pros and Cons
AB1	G	Debra Scott	NV State Board of Nursing	Testimony and fiscal note
AB1	H	Lisa Black	NV Nursing Assn.	Legislative Testimony