MINUTES OF THE SUBCOMMITTEE OF THE
SENATE COMMITTEE ON COMMERCE AND LABOR

Seventy-third Session
April 7, 2005

The subcommittee of the Senate Committee on Commerce and Labor was called to order by Chair Senator John Lee at 10:15 a.m. on Thursday, April 7, 2005, in Room 2135 of the Legislative Building, Carson City, Nevada. Exhibit A is the Agenda. Exhibit B is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator John J. Lee, Chair
Senator Warren B. Hardy II

COMMITTEE MEMBERS ABSENT:

Senator Randolph J. Townsend

GUEST LEGISLATORS PRESENT:

Senator Bob Beers, Clark County Senatorial District No. 6

STAFF MEMBERS PRESENT:

Kevin Powers, Committee Counsel
Scott Young, Committee Policy Analyst
Shirley Parks, Committee Secretary

OTHERS PRESENT:

JAMES JACKSON, Consumer Data Industry Association
Jennifer Lazovich, Boyd Gaming Corporation

CHAIR LEE:
SENATE BILL (S.B.) 80 was referred to the Senate Committee on Commerce and Labor. Senator Beers introduced the bill to the Senate Committee on Commerce

and Labor meeting on Wednesday, February 23, 2005. It was then referred to this subcommittee. In the first subcommittee meeting, it was pointed out by Eric Ellman, Consumer Data Industry Association, that federal law has preempted sections 2 through 8 of the bill.

We open the third and final subcommittee meeting on S.B. 80. It has been accepted to follow the California code in entirety to remove the 90-day file freeze. This would mean a file freeze in perpetuity, meaning a cardholder could hold the file freeze as long as needed. There is another technical amendment by James Jackson. At this point, we have a bill, an agreement and two amendments that have concurrence from the sponsor (Exhibit C).

SENATE BILL 80: Establishes requirements and procedures for consumers to place security alerts and security freezes in certain files maintained by credit reporting agencies. (BDR 52-284)

SENATOR BOB BEERS (Clark County Senatorial District No. 6):
In the second amendment, there is a subtle difference the subcommittee needs to consider that could impact consumers. As the bill is before you, it requires the reporting agency to notify the consumer when the freeze has been lifted. The amendment states the reporting agency would notify the consumer before lifting the freeze. This could mean delays. One other item I would point out is the color amendment (Exhibit C); the mock-up makes this bill conform to the California statute with one exception. On page 8, the language printed in red is an addition to the Nevada statute that is not in the California statute. These amendments are requested by the gaming industry and the employer-verification industries. These two amendments to the bill are unique to Nevada.

CHAIR LEE:
Those are friendly amendments to the bill. Mr. Jackson will speak to the second technical amendment.

JAMES JACKSON (Consumer Data Industry Association):
Our original intention was to make the bill consistent with California law so we do not process details that are different. There are concerns with this amendment because of the possibility for delays. It is our hope that notifying the consumer in advance of removing the file freeze actually would confirm their request.

SENATOR HARDY:
I want to make sure I understand. Walk me through the process.

SENATOR BEERS:
I will notify the big three reporting agencies that I want a file freeze on my credit information. I will send a check or credit card, and they then will place a file freeze on my information. No one will be able to access the account. Should anyone try, they will be told there is a freeze on the account. They are instructed in the law to treat this application for credit as incomplete.

SENATOR HARDY:
I understand the file freeze can be removed by verbal contact, but under the amendment the agency would send a letter of verification for the request. The consumer has to plan ahead. Mr. Jackson, what protection will this provide from your perspective? Is this necessary to avoid possible litigation?

MR. JACKSON:
Certainly, this is part of the concern. It is to make sure we are doing exactly what the consumer is requesting us to do.

SENATOR HARDY:
This is reasonable. I understand the delay concerns, but this ensures the customer's protection.

MR. JACKSON:
It will keep us completely consistent with California law in this regard.

CHAIR LEE
I have a question on subsection 2, section 11. If a victim has proven identity theft and has a valid police report, the security freeze will be in effect with no charge of fee. Will the same process to unfreeze the file apply to this account?

SENATOR BEERS:
Probably, this would have to apply to the initial file freeze.

MR. JACKSON:
This is the intent of the amendment. There cannot be a charge for the initial file freeze if the customer shows they are a victim of identity theft.

CHAIR LEE:
This will need to be added to this part of the amendment so that the victim knows this is not carte blanche to avoid future fees.

MR. JACKSON:
I will clarify the fees. The amendment (Exhibit D) will change to read in section 11, lines 23 through 30: "$15, $18, $18, and $20," Mr. Powers, please correct me if I am wrong.

KEVIN POWERS (Committee Counsel):
This is correct. It was requested by the industry.

JENNIFER LAZOVICH (Boyd Gaming Corporation):
We want to express our appreciation for Senator Beers and the exceptions he made for the gaming industry. We will continue to do business the way we have in the past.

> SENATOR HARDY MOVED TO RECOMMEND TO THE SENATE COMMITTEE ON COMMERCE AND LABOR AMEND AND DO PASS S.B. 80.
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> SENATOR LEE SECONDED THE MOTION.
>
> THE MOTION CARRIED. (SENATOR TOWNSEND WAS ABSENT FOR THE VOTE.)

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CHAIR LEE:
No further action is to come before this subcommittee. The meeting of the subcommittee of the Senate Committee on Commerce and Labor is adjourned at 10:26 a.m.

RESPECTFULLY SUBMITTED:

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Shirley Parks,
Committee Secretary

APPROVED BY:

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Senator John Lee, Chair

DATE:_____