

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

**Seventy-Fourth Session
May 2, 2007**

The Committee on Commerce and Labor was called to order by Chair John Ocegüera at 1:44 p.m., on Wednesday, May 2, 2007, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/74th/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman John Ocegüera, Chair
Assemblyman Marcus Conklin, Vice Chair
Assemblywoman Francis Allen
Assemblyman Bernie Anderson
Assemblyman Morse Arberry, Jr.
Assemblywoman Barbara E. Buckley
Assemblyman Chad Christensen
Assemblywoman Heidi S. Gansert
Assemblyman William Horne
Assemblywoman Marilyn Kirkpatrick
Assemblyman Garn Mabey
Assemblyman Mark Manendo
Assemblyman David R. Parks
Assemblyman James Settelmeyer

GUEST LEGISLATORS PRESENT:

Assemblyman Tick Segerblom, Assembly District No. 9
Senator Joseph Heck, Clark County Senatorial District No. 5
Senator Dina Titus, Clark County Senatorial District No. 7

Minutes ID: 1155



Senator Randolph J. Townsend, Washoe County Senatorial District No. 4
Senator Maurice Washington, Washoe County Senatorial District No. 2

STAFF MEMBERS PRESENT:

Brenda Erdoes, Committee Counsel
Dave Ziegler, Committee Policy Analyst
Earlene Miller, Committee Secretary
Gillis Colgan, Committee Assistant

OTHERS PRESENT:

Ronald P. Dreher, Government Affairs Director, the Peace Officers
Research Association of Nevada
Jan Blazer-Upchurch, Mountain Region Trustee, Concerns of Police
Survivors
Jeanne Minnie, Private Citizen, Reno, Nevada
Joy Millard, Private Citizen, Round Mountain, Nevada
Frank Adams, Executive Director, Nevada Sheriffs' and Chiefs'
Association
Donna Sweger, Supervising Attorney, Nevada Attorney for Injured
Workers
Mike Cleveland, Member, Peace Officers Research Association of Nevada
Mike Neville, President, Washoe County District Attorneys Investigators
Association; Board Member, Peace Officers Research Association
of Nevada
Robert Ostrovsky, representing Employers Insurance
Rusty McAllister, representing the Professional Firefighters of Nevada
Scott Cragie, representing the Nevada State Medical Association
Valerie M. Rosalin, Director, Governors Office for Consumer Health
Assistance
Fred Hillerby, representing Renown Health
Michael Harter, Vice President for Administration, Touro University
Mitchell Forman, Touro University
Vicki Chan-Padgett, Director Physician Assistant Study Program,
Touro University
Carl E. Heard, Chief Medical Officer, Nevada Health Centers, Inc.
Michael Alonzo, representing West Hills Hospital, Willow Springs
Hospital, and Monte Vista Hospital
Danny Thompson, representing AFL-CIO
Renee Ruiz, representing Service Employees International Union
Keith L. Lee, representing the Board of Medical Examiners
Neena Laxalt, representing the Nevada Nurses Association

Peter Kruger, representing the Nevada Petroleum Marketers and
Convenience Store Association
Bill Uffelman, President and CEO, Nevada Bankers Association
Barry Gold, Director of Government Relations, AARP

[Roll called and a quorum was present.]

Chair Ocegüera:

There is an emergency bill that the Speaker and the Senate Majority Leader moved forward today. It is Senate Bill 567. While we have Senator Townsend here, I would like to take a few minutes to discuss this bill. We will meet behind the bar tomorrow to discuss and process this bill.

Senator Randolph J. Townsend, Washoe County Senatorial District No. 4:

In the interim, Assemblywoman Kirkpatrick and I co-facilitate a utility working group to try to work through the tough issues of the day. I am here today to let you know what we did in the Senate. When the waiver was signed, the Committee on Commerce and Labor, and subsequently the Senate today at 11:00 a.m., processed a bill that froze all of the processes for Leadership in Energy and Environmental Design (LEED) standard buildings in the State of Nevada as they are, including the regulations. The regulation that was going to be promulgated by the Tax Commission on Monday relative to the sales tax abatement that is in Section 7 of Assembly Bill No. 3 of the 22nd Special Session will not be allowed to go forward. No applications will be processed or accepted. That is the mechanics of the bill which includes the Tax Commission, the State Energy Office, and the Commission on Economic Development which provides for the abatement of property tax. When we processed the original bill in the special session, we all dreamed we would have these wonderful green buildings. We decided to put some incentives in to kick-start the process. The impacts on the ad valorem tax and the sales tax, both of which are key components to our distributive school account, have affected our thinking about our budget. As a result, we thought it was best to pause and rethink this issue. We froze in place where we are, and it will give us the opportunity to have the two money Committees and the two commerce Committees analyze where we should be and its total impact.

Assemblywoman Kirkpatrick:

We know the residents of Nevada like and want to continue with green building, but we need to be sure that the regulations are properly vetted and we have things in place so we can truly assess what the fiscal impact may be. Senator Townsend said today on the Senate Floor that all 63 of us will work together in the next 30 days to address this issue. We need to make sure that the exemptions benefit the State.

Chair Ocegüera:

I agree that we need to pause to make sure we are doing the right thing. We will hear this bill behind the bar tomorrow. Are there any questions? We will open the hearing on Senate Bill 3 (1st Reprint).

Senate Bill 3 (1st Reprint): Revises various provisions relating to the death benefits payable to surviving spouses of certain police officers and firefighters. (BDR 53-244)

Senator Randolph J. Townsend, Washoe County Senatorial District No. 4:

We have worked on this bill for four sessions. It provides for the removal of the remarriage penalty as related to survivor compensation for the spouses of deceased police officers or firefighters who are killed in the line of duty. I sponsored this bill because I knew three of the individuals who lost their lives. I cannot imagine what the losses are for the families. The bill is simple and clean. The fiscal note is virtually nil.

Chair Ocegüera:

Are there any questions for Senator Townsend?

Assemblyman Conklin:

Why did you choose to exclude certain people? It would seem to me that the benefit should be for everyone.

Senator Townsend:

It was more policy than fiscal. We ask these people in public safety to protect us in a profession that is honorable and extremely dangerous. It is difficult to say that someone in another profession does not deserve this, but these peoples' jobs are putting themselves in harm's way.

Assemblyman Conklin:

What was the fiscal note? I would assume that most insurance companies are going to assume that a person is not going to remarry and pool the appropriate amount of money so they are covered. Technically there should be no cost impact.

Senator Townsend:

The problem is that they have not actuarially set aside reserves for this. If other groups ask to be included in this, you will have their corresponding carriers say they do not account for that and there is no in-the-line-of-duty component to the other professions.

[Chair Ocegüera left to meet in the Senate.]

Vice Chair Conklin:

Did you discuss the moral implications of this bill? I think we should encourage people to be married and have kids. The policy we set not only has a policy and fiscal impact, but it makes a statement about how the State government feels about the integrity of the family structure.

Senator Townsend:

That is an excellent point and question. We did talk about the moral implications of this. Our policies should not penalize people for doing what they think is in the best interest of their family. Whether a person remarries or not, the lost loved one can never be replaced.

Vice Chair Conklin:

Thank you, Senator Townsend. Does the Committee have questions?

Assemblywoman Kirkpatrick:

Is there a length of time before they can remarry?

Senator Townsend:

It just takes away the penalty if you do remarry. There is no stop-and-go portion to this.

Assemblywoman Kirkpatrick:

What happens if the surviving spouse marries another employee of the same employer as the deceased?

Senator Townsend:

We will have our counsel address that.

Brenda Erdoes, Committee Counsel:

In Section 1, subsection 2, it says that they will not receive double the compensation.

Assemblyman Mabey:

Would it be beneficial to buy a policy of life insurance on these people?

Senator Townsend:

That did not come up in our Committee. I do not know what kind of death benefit policies are available on the open market for people employed in the public safety arena.

Vice Chair Conklin:

Are there others to speak in favor of S.B. 3 (R1)?

Ronald P. Dreher, Government Affairs Director, Peace Officers Research Association of Nevada:

I appear before you today on behalf of the professional peace officers, our families, and our survivors whose spouses have been killed in the line of duty. I am here to request your support of S.B. 3 (R1). The need for this bill came about when Carolyn Sullivan came to us in 1998 after the murder of her husband, George Sullivan, on the University of Nevada, Reno campus. I investigated that murder for the homicide department of the Reno Police Department. Her husband told her that if he were killed in the line of duty, that she would be provided for by the State. Subsequent to his murder, she learned that if she remarried, she would get a small workers' compensation buy-out and the benefits would cease. We have worked to eliminate the remarriage penalty since 1999. In 2001, the Assembly passed a bill which did not pass in the Senate. Why would you give only certain police and firefighters this benefit? It is because of the hazardous situations they face. I agree this bill should be for everybody, but unfortunately we need to take small steps. I implore you to start the process. I provided each of you a position paper ([Exhibit C](#)). The Legislature has recognized that these people are the ones who protect everyone all of the time. When the officer is killed in the line of duty, the most important thing is the survivors. They should not face penalties, and the elimination of the remarriage penalty is a start in the process of removing those penalties. We compromised in this bill to not allow benefits for officers who die of natural causes while in the line of duty.

Vice Chair Conklin:

Does the Committee have any questions?

Assemblyman Mabey:

What are the benefits for the life insurance policy?

Ronald P. Dreher:

They take a maximum benefit of \$37,000 and consider the wage for a designated number of months of previous employment to determine the workers' compensation benefit that the spouse gets for the remainder of her life. There are no cost of living increases added and is no life insurance policy.

Vice Chair Conklin:

Is the total benefit \$37,000?

Ronald P. Dreher:

To the best of my knowledge the maximum benefit they could get would be \$37,000 per year. There is a formula that is used by workers' compensation benefits calculations, and the benefit is actuarially adjusted each year.

Vice Chair Conklin:

When the amount is established for a surviving spouse, does it ever change?

Ronald P. Dreher:

The amount is frozen.

Vice Chair Conklin:

Is this consistent with other states?

Ronald P. Dreher:

If this passes, we would be breaking ground and be a model state.

Vice Chair Conklin:

Do other states adjust the payments according to the cost of living?

Ronald P. Dreher:

The other states are similar in that they do not have inflationary benefits.

Jan Blazer-Upchurch, Mountain Region Trustee, Concerns of Police Survivors:

I am a surviving spouse of Sergeant John Blazer of the Arizona Department of Public Safety who was killed by a drunk driver in 1990 along with a fellow officer. Concerns of Police Survivors (COPS) has represented over 14,000 families across the nation since 1984. I am here to advocate for S.B. 3 (R1) which would eliminate the remarriage penalty for certain police officers and firefighters. Our police officers and firefighters are in very dangerous professions and many lose their lives protecting the public. As a surviving spouse involved a community of police survivors, let me explain why it is important to pass S.B. 3 (R1). For the past seven years, during National Police Week, I have been helping new survivors. Each year there are between 140 and 160 officers killed in the line of duty. It is so difficult for the survivors that I cannot imagine why we would be quibbling over something like this. Surviving spouses go through a tremendous loss. We marry these men because they are honorable and we love them. It is not because they make great money and have wonderful benefits. We worry about them being in dangerous situations and we wait. We are relieved when they come home, but sometimes they do not come home. The night my husband was killed, my life changed forever. I received benefits, but they were not enough to sustain me. I did not have any children. The pension was less than I was making as a secretary and the workers' compensation was \$600 per month. I remarried 3 years later, lost the workers' compensation, and I continued to work. Fortunately, the State Legislature in 2003 increased the pension. I have been volunteering as a victim advocate helping crime victims for the past 16 years because I felt the pension was my paycheck. Concerns of Police Survivors supports and recommends that

S.B. 3 (R1) be passed. We have already paid enough and Nevada would be one of the leaders in helping to continue to honor law enforcement officers.

Jeanne Minnie, Private Citizen, Reno, Nevada:

My husband was Deputy Frank Minnie, a motorcycle officer with the Washoe County Sheriffs' Department. He was killed in the line of duty almost 10 years ago. I could write a book about the last ten years as a single parent, but that is not why I am here. I am here to ask for your support of S.B.3 (R1). The State of Nevada has lost many fine public servants who respond to your calls for assistance. Please take some time to imagine yourself as a surviving spouse. Ask yourself, if you were to die today, would you not want your spouse to receive the benefits afforded to them without the remarriage penalty? Grief counseling reinforces the fact that after the death of a spouse, you need to continue to move forward with your life as the deceased partner would want you to do. With the current law, young spouses would have to remain unmarried for a long time. The Nevada Legislature has turned down this bill for most of the time since Frank died. My family and I have received counseling and now it is time to move on. I am asking you to remove the remarriage penalty for me and for all of the surviving spouses in the State of Nevada.

Joy Millard, Private Citizen, Round Mountain, Nevada:

I am the daughter of the late Deputy Gary Downs. On August 22, 1992, my father was dispatched to a residence in Tonopah on a report of an intoxicated male attempting to enter the bedroom window of a teenage female. Upon arrival, he encountered and attempted to place the man into custody. The man resisted and an altercation resulted. The man was transported and booked. My father remained on the scene. When he returned to his patrol car, he collapsed. Cardio-Pulmonary-Resuscitation (CPR) was administered on the scene by a young man who had learned CPR from my father through the Boy Scouts. He died of a massive heart attack due to the altercation. My brother was 16 years old at the time and I was almost 19 years old. My mother became a single mother by no choice of her own. The current law asks her and other widows to make choices between their morals or religious beliefs and their financial stability. I do not believe this is fair. When a family member dies, the family unit is broken. This would be a great way to recognize the deceased officer's sacrifice. I am asking for your support of S.B. 3 (R1).

Vice Chair Conklin:

Are there any questions from the Committee? We appreciate your coming forward in support of S.B. 3 (R1).

Assemblywoman Kirkpatrick:

I have a disclosure. My stepson-in-law is a police officer. I do not think this affects me.

Frank Adams, Executive Director, Nevada Sheriffs' and Chiefs' Association:

On behalf of the chief executive officers for our law enforcement agencies, we are in support of this bill. There but for the grace of God go I. Had I been killed in the line of duty, my wife should not have had to make that decision. We support this bill.

Donna Sweger, Supervising Attorney, Nevada Attorney for Injured Workers:

The Nevada Attorney for Injured Workers supports this bill.

Mike Cleveland, Member, Peace Officers Research Association of Nevada:

I am in support of caring for the survivors. Peace officers knowingly go in harms way to protect the public. We ask that you do what you can for our families should we make the ultimate sacrifice.

Mike Neville, President, Washoe County District Attorneys Investigators Association; Board Member, Peace Officers Research Association of Nevada:

I submitted a position paper ([Exhibit D](#)) and have little to add. I was a little perplexed with one of your questions for Senator Townsend regarding the moral impact of this legislation. I think that what George Pyne said to the Legislature when the remarriage penalty was removed from the Public Employees Retirement System (PERS) in 1999 and is quoted in my paper in paragraph 3, says it eloquently. Please refer to that before you consider the bill.

Vice Chair Conklin:

My statement was about the current law, not the proposed bill. Are there any questions from the Committee?

Robert Ostrovsky, representing Employers Insurance:

I am supportive of the bill as drafted. If there are any questions I can answer for the Committee, I would be happy to do so. Most of the officers in question are covered by local government self-insured funds. The impact on us is minimal.

Vice Chair Conklin:

Does Section 3 of the bill say that anyone who is currently in the system and gets remarried after October 2007 will be covered if this bill passes? Where will the money come from?

Robert Ostrovsky:

Yes, they will be covered. There probably has not been money set aside on behalf of the local governments involved. Everything is based on actuarial numbers. Because it is not broadly based, the decision was made in the Senate, knowing the money had not been set aside. The Senate seemed to think that this was small enough and there were enough deserving surviving spouses that we will accept the burden.

Vice Chair Conklin:

When private insurers calculate the death benefits, do they plan that a certain number of survivors will remarry and they will no longer be obligated to them?

Robert Ostrovsky:

The actuaries know that given a certain number of deaths, they will pay a death benefit for a certain number of years. I do not think anyone looks specifically at one case as much as they look at the overall actuarial picture.

Assemblyman Mabey:

What happens to the surviving children?

Robert Ostrovsky:

Yes, there is language that allows the benefits to pass to surviving children and there will be an amendment that addresses that. The amount of money remains the same, but whoever is eligible will be made clear.

Assemblyman Mabey:

How long will it be?

Robert Ostrovsky:

I think it is until age 18.

Assemblyman Mabey:

Will the new spouse receive any benefits?

Robert Ostrovsky:

I do not believe so. The benefit is attached to the survivor and their children.

Rusty McAllister, representing the Professional Firefighters of Nevada:

I am obligated to take the position of neutral on this bill for many reasons. Many of our firefighters die of either heart problems or cancer which are considered to be on-the-job injuries and compensable under the workers' compensation system. If this bill passes in its current form, it will include an amendment added in the Senate that specifically removes these people from the

bill. I am not willing to compromise. It is not fair to these people's survivors. The tragedy of the survivors is devastating, but is it any more devastating than someone who dies of a heart attack? It is compensable under *Nevada Revised Statutes* (NRS) 617, occupational diseases, but the spouse of the heart attack victim cannot get the same benefit we are considering for these spouses. It is not fair and I would be remiss not to stand up for these people. Senator Carlton stood up in the Senate and said we should not be doing this for just police and firefighters. Are other surviving spouses less devastated than the spouses of police officers and firefighters? Realistically, this should be for everybody, but I cannot stand by and watch the firefighters who die of occupational diseases be omitted from this legislation. Cancer is becoming a scourge for firefighters.

I have concerns about other parts of this bill. Under Section 1, subsection 4, it says that killed in the line-of-duty means that the person is on duty while in route to or from or otherwise responding to an emergency call for service. Is a firefighter covered if he is killed at the fire site? Is a house fire a hostile act, and would they be entitled to this benefit if he is killed there? It says it covers off-duty police officers using the tools of their trade—does it mean if they are an off-duty firefighter, they do not get the benefit? It also says if they are on a training assignment, they are covered. If they have a heart attack on a training exercise, they are covered, but if the heart attack occurs during regular work hours, they are not. The last time the death benefit was increased in the State of Nevada for a person receiving a death benefit from workers' compensation was July 1973. In 2003, legislation was passed to provide a 2.3 percent cost of living increase for any persons who retired due to a permanent total disability. The insurers agreed with that because it could be built into the rates. This might be a perfect opportunity to build into the rates a 2.3 percent cost of living increase for death benefits.

Vice Chair Conklin:

Are there any questions?

Assemblyman Anderson:

If a firefighter dies as the result of a ceiling falling on him, his spouse will be covered. If they have a heart attack at the station, they will be covered by a different coverage. These are two different scenarios. I think we want to do something out of the ordinary for people who are emergency responders who and are killed in the line of duty.

Rusty McAllister:

The firefighter who has the heart attack could be killed as a result of fighting the fire, but he would not be covered by the same benefit. Is that a fair

scenario? Senator Carlton said in the Senate that if two firefighters go into the same building, and one dies on the scene and the other dies as the result of smoke inhalation six months later, the latter is covered under NRS 617, but his spouse is not entitled to the same benefit.

Assemblyman Anderson:

I guess there are different scenarios. Do you think it would be better to limit this to police officers?

Rusty McAllister:

No, I do not. I believe we should cover those who are out there doing the job and we should cover them as defined under the provisions of NRS 617. I do not think we should make exceptions to what is considered to be in the line of duty. The law enacted in 1973 specifically mentions occupational diseases when providing a death-benefit increase. We are saying now those do not count.

Assemblyman Anderson:

If we are going to broaden this, why not broaden it to others?

Rusty McAllister:

I have no problem with that. The bottom line is that when they are dead they are dead, and they are not coming home.

Assemblyman Horne:

I have a question about the impact of the death of a spouse on anybody. I was concerned about the narrow group this bill was addressing. What is the benefit we are talking about here? Mr. Ostrovsky said it is an income replacement. So if a spouse remarries, arguably, that income is not needed. In the military, the spouse of a fallen service person receives a benefit until they remarry. If they remarry and divorce or become widowed again, they can be reinstated for those benefits. Was this discussed as a possibility? In the military, the dependent children were always covered.

Robert Ostrovsky:

The children would get the continuing benefit. The law as it stands today terminates the benefit for the surviving spouse, not suspends it.

Assemblyman Horne:

That is a way to bring everyone into the group. I certainly like the idea of putting the cost-of-living increase into the benefit.

Vice Chair Conklin:

Are there additional questions from the Committee? Are there others wishing to testify on S.B. (3 R1)? We will close the hearing on S.B. 3 (R1).

[Chair Ocegüera returns.]

Chair Ocegüera:

We will open the hearing on Senate Bill 280 (1st Reprint). We will take a short break [3:16 p.m.].

Chair Ocegüera:

I would like to call the Assembly Committee on Commerce and Labor back to order [3:29 p.m.].

Senate Bill 280 (1st Reprint): Revises provisions related to patients' bills. (BDR 54-303)

Senator Maurice Washington, Washoe County Senatorial District No. 2:

This is a bill to assist patients by itemizing their bills for services rendered from healthcare providers or hospitals. We think this is a good piece of legislation and good public policy. It gives a timeline of no more than 120 days and specifies what needs to be listed in the bill. I think this is one more piece to try to get a handle on the rising cost of healthcare.

Chair Ocegüera:

Are there any questions for Senator Washington? Are there others wishing to speak in favor of the bill?

Scott Cragie, representing the Nevada State Medical Association:

The Association made a number of recommended changes which have been rolled into the first reprint. The advantage of and need for this bill is that there are a number of patients who receive care and have difficulty getting the bills. In some situations there are long delays. This bill proposes to clearly spell out the requirements of the billing personnel and what the changes would be. Section 2, subsections a, b, and c, spell out reasonable timelines, billing details, specific responsibilities of healthcare organizations, and includes healthcare provider information including a patient who has no insurance. There are responsibilities of the healthcare industry that have to do with billing that make it more certain that billing will be done in a timely manner. That is what this bill is intended to do.

Chair Oceguela:

Are there any questions for Mr. Cragie? Are there others wishing to testify in favor of S.B. 280 (R1)?

Valerie M. Rosalin, Director, Governors' Office for Consumer Health Assistance:

As the State's advocates for healthcare, we deal with a lot of the billing issues. We want to go on record that we support this bill.

Assemblyman Horne:

Why was hospital removed from the definition as a provider of healthcare?

Senator Washington:

The billing procedures for hospitals are covered in different chapters of the statute.

Fred Hillerby, representing Renown Health:

I will get you that section. There are other provisions for hospital billing practices.

Valerie M. Rosalin:

Besides it being in other portions of the statutes, our office supervises hospital billing and we have final determination.

Chair Oceguela:

Is there anyone else to testify in favor of S.B. 280 (R1)? Is there anyone wishing to oppose the bill? [There were none.] Are there any other questions?

Assemblyman Mabey:

We talked about some of these medical billing issues in my bill. Physicians find out two or three years after the fact that the patient was not covered. Is it from that point that you have 120 days to bill?

Senator Washington:

I suspect it is from the date of the service.

Assemblyman Mabey:

That is my concern. It is not unusual that two years after the fact the insurance company decides the person does not have benefits and the physician then has to bill. I do not want this bill to make it so the physician cannot bill at that point.

Scott Cragie:

The language that is in subsection 2 is designed specifically to deal with that issue. It sets the 120-day timeline, but it spells out the specific points at which that 120-day cycle begins. This language was written specifically to make sure that there is a timeline, but it starts based on when the activities in the healthcare system come to some finality.

Assemblyman Mabey:

That is how I understood it, but I wanted to get it on the record.

Chair Ocegura:

Are there any other questions? [There were none.] Is there anyone opposed to the bill? [There were none.] Is there anyone to speak neutrally on the bill? [There were none.] We will close the hearing on S.B. 280 (R1) and we will open the hearing on Senate Bill 412 (1st Reprint).

**Senate Bill 412 (1st Reprint): Makes various changes regarding health care.
(BDR 54-540)**

Senator Joseph Heck, Clark County Senatorial District No. 5:

During the session interim, I served on three committees that all looked at the same issue: The Interim Healthcare Committee, Governor Guinn's Commission on Medical Education, Research and Training, and Governor Gibbons' Health Care Professional Transition Team. The issue which arose in each of those was the obstacles to licensing healthcare professionals in the State of Nevada. We rank among the worst nationally in the numbers of healthcare professionals per capita. If you look at nurses and physicians, we rank 49th and 44th respectively. What is presented in S.B. 412 (R1) are consensus recommendations that came out of those three entities. This is the vehicle in which we are trying to accomplish some of those changes with the goal of increasing licensed healthcare professionals, thereby increasing access to health care while maintaining quality. Senate Bill 412 (R1) is an omnibus bill. I will run through what each section does. I would ask that the Committee consider each of the provisions individually on its merits.

In Section 1, we addressed how individuals are appointed to the licensing boards for healthcare professionals. There was concern over how individuals were selected to sit on these boards and the fact that there may not be any input from the professional associations within the State. The bill requires the Governor to solicit nominees from state professional associations. It does not bind him to select someone from a list, but it increases the professional associations' input into the process. The professional associations usually know who has the interest, who is held in high regard, and may be able to offer

recommendations that would not otherwise come to the attention of the Governor.

Sections 3 and 24 provide for licensing of "eminent physicians." We have burgeoning research being done in the State of Nevada. There are many eminent physicians from out of the country who would like to do education and research in the State of Nevada, but there is no path for them to be licensed here. The eminent physician licensing allows foreign medical school graduates to receive a license by endorsement that is strictly limited to teaching or doing research solely at the institution where they are employed.

Sections 5 and 27 would allow private nonprofit medical schools to operate as a corporation or business with persons not licensed by the statutes for the purpose of operating a clinic in conjunction with the school. One of the most important aspects of having a medical school is having a clinic that allows community outreach, provides services, and serves as a training ground for the students. There is a provision in State law that prevents a licensed professional from operating as a corporation under the direction or ownership of someone who is not licensed by the same law. We have already made that exception in the chapters of the *Nevada Revised Statutes* (NRS) that deal with interior designers and architects. We are asking for this to happen for private, not-for-profit medical schools.

Sections 7 and 25 streamline the process by which a physician can be licensed by endorsement in the State of Nevada. The criteria that need to be met are: the person must have an active, unrestricted license in another state or the District of Columbia; he must be board certified in his specialty; he must have no adverse actions reported to the National Practitioner Data Bank within the last ten years; he must be continuously and actively engaged in the practice of medicine within his specialty for the previous five years; and he must have no pending disciplinary actions in any other state in which he is licensed. If someone can meet these criteria, there is probably no reason that individual should be not given a license to practice in the State of Nevada.

Section 11 allows nurses who hold a Bachelor of Science Degree in Nursing (BSN) and have five years of experience, to function as nursing clinical instructors. This is consistent with the current Nursing Board policy with the exception that their policy requires the individual to be currently enrolled in a Master of Science nursing program. There are many nurses who meet the criteria and would like to be able to provide clinical nursing instruction. This is a permissive provision and is voluntary. In a recent media release from the American Association of Colleges of Nursing, they state that the primary barrier to turning out enough qualified nursing students and getting enough admissions

to colleges and universities is due to insufficient faculty. That can be addressed by BSNs being allowed to provide clinical instruction. Theory of nursing in the classroom should be taught by a master's-prepared nurse. In Nevada, we only graduate approximately 20 master's-level nurses per year. More than half of them usually go into clinical nursing, not education. We are doing our nursing students a disservice by not allowing other highly qualified bachelor's-prepared nurses to provide clinical instruction.

Section 13 would mandate that the State of Nevada join the National Nurse Licensure Compact. It is a compact between 20 states that says if you are licensed in one of the other 20 states, you can be employed as a nurse in any of the other states.

Sections 28 through 58 make changes to the licensing of physician assistants under NRS 633, which is the osteopathic chapter. There is some cleanup language needed there to clarify the differences between a supervising physician—to take away the term "osteopathic physician assistant" because there is no such thing.

Section 64 makes changes to licensing requirements for dispensing opticians. There was concern that there were obstacles to bringing in otherwise qualified dispensing opticians into the State of Nevada. Sections 7, 11, and 25 which deal with the physician licensure by endorsement and the nurse educator at the BSN level are set to expire by limitation on January 1, 2012. That will allow enough time to see whether there is a negative or positive impact. There are eight separate provisions in this bill.

Chair Ocegüera:

There is a conflict with this bill, but we will hear from the people in Las Vegas before we talk to our legal counsel.

Michael Harter, Vice President for Administration, Touro University:

Touro University supports S.B. 412 (R1) and sent formal comments ([Exhibit E](#)) by email. We would like to elaborate on our formal testimony. Senate Bill 412 (R1) contains several provisions that are essential to health universities to produce healthcare professionals who can assist the residents of Nevada. As Dr. Heck has noted, Nevada ranks low in the number physicians per capita. Touro University opened a college of osteopathic medicine in August 2004. This year we have 76 medical students doing clinical rotations in local hospitals, clinics, and physicians' offices. We cannot do for our students in Nevada what most medical schools in other states do because we are prohibited by Nevada law.

Mitchell Forman, Touro University:

I am the founding dean of Touro University's College of Osteopathic Medicine. I am also one of 24 rheumatologists practicing in the State of Nevada. I am here to support S.B. 412 (R1). Touro University is a private not-for-profit institution of higher education with the mission of preparing students to become outstanding osteopathic physicians, physician assistants, nurses, and occupational therapists. We are committed to providing the very best educational experience so that most of our graduates will remain in Nevada to practice in their respective health fields. We just graduated, the first ever in the State of Nevada, Master in Physician Assistance Study students and about 70 percent of them have remained in Nevada to work. Within the next two months, Touro University will have about 175 medical students on clinical rotations. To accomplish our mission, which involves education, patient care, research, and community service, we must have the ability to establish an institutional practice plan to provide clinical training opportunities for our students under the supervision of our faculty. We must be able to recruit and hire faculty with excellence in patient care to practice in our facility and to provide desperately needed community service. The current Corporate Practice of Medicine Act prevents Touro University from legally establishing such a practice plan and impedes our efforts to address the healthcare inequities in our State. We respectfully ask the Assembly Commerce and Labor Committee to pass Sections 5 and 27 of S.B. 412 (R1).

Michael Harter:

Legislators have heard time and time again about our shortage of nurses. Section 119 of this bill will enable current nursing programs to graduate nurses in less than the two years currently mandated by statute. Our program prepares entry-level nurses in eighteen months by running four semesters consecutively. We cover all of the academic content and provide all of the clinical education that a longer program does, but our students do not take off summers. Nevada has always experienced a tremendous shortage in physician assistants. Touro University opened its first physician assistant program in 2004 and just graduated our first 32 students. There are many licensure and practice issues contained in current legislation that affect the performance of physician assistants who work with osteopathic physicians.

Vicki Chan-Padgett, Director, Physician Assistant Study Program, Touro University:

The way the law was written in 1977, it requires an employing doctor of osteopathy to apply to the State Board of Osteopathic Medicine for permission and get a certificate to hire the physician assistant. The physician assistant is not licensed on their own. The law requires the Board to develop and enforce standards of the educational program that the physician assistant has graduated

from and to periodically inspect this educational program, which is a heroic task because there are over 134 programs. The paternalism of this original bill was very good at the time. However, over the past 30 years the profession has grown and is well organized with systems in place to protect the physician assistant, the profession, and the patient. We have an Accreditation Review Commission for physician assistants' education, which has very strict standards that all educational programs must follow. We also have the National Commission on Certification of Physician Assistants who design and monitor a certification examination that all physician assistants must take to be licensed. They do this in conjunction with the National Board of Medical Examiners. We support this bill and feel that a failure to license physician assistants implies that they are not held accountable as other licensed professionals. We feel that the current law is antiquated and does not recognize the fact that physician assistants are professionals, and it is a profession in its own right. We encourage the improvement of this bill.

Michael Harter:

Touro University has opened an occupational therapy program that will graduate its first students in October 2007. These individuals will work with residents of Nevada who have become incapacitated from disease or injury. Occupational therapy faculty and students will work in our family health clinic with physicians, physician assistants, and nurses. We urge you to consider this bill very carefully and not to reject all provisions because there may be sections with which you disagree.

Chair Ocegüera:

Are there any questions from the Committee? We will go to our legal counsel to address a possible conflict in the bill.

Brenda Erdoes, Committee Counsel:

Section 3 of this bill is providing for the same type of licensure as Section 3 of Assembly Bill 385 (1st Reprint). Should these two bills pass, this is not a conflict that the Legislative Counsel would resolve because it involves choices. There are some minor differences, but the major difference was in the qualifications of the person. The Committee probably needs to choose one.

Chair Ocegüera:

We will note that. There are a few issues with the bill and we will have the Committee Analyst, David Ziegler, bring that up at the work session. Are there other proponents of S.B. 412 (R1)?

Carl E. Heard, Chief Medical Officer, Nevada Health Centers, Inc.:

We are a community health center system with 26 sites around the State on pace to deliver 150,000 patient visits this year. We care for people regardless of their ability to pay. As part of the public health network, I am here to offer comments and my support for S.B. 412 (R1). I would like to make a few suggestions. In Section 1, I would like to modify the recommendation that the Governor receive recommendations for professional board members from the professional societies. The public health interests are not routinely recommended or necessarily an active or influential part of the professional boards. Adding a routine recommendation for public health sector representation on these professional boards would be a great benefit. Regarding Section 30, on page 22, lines 25 through 29, if I have a physician assistant working in a rural community that is supervised by a medical doctor who leaves, and I hire an osteopathic physician to supervise that physician assistant, the physician assistant then has to go through a full and complete credentialing process with the Board of Osteopathic Medical Examiners. Since we have two regulatory bodies within this State, they should be able to agree on the essential elements of the credentialing for the physician assistant. I would like to see enforced reciprocity between these professional licensing boards. We have had delays of months waiting for this kind of credentialing with the Board of Osteopathic Medicine.

On page 23, in lines 34 to 37, this provision seems to restrict access in rural areas on a significant level. It implies that the physician assistant would not routinely be scheduled to see patients in another site separate from their supervising physician. This would cause a challenge in a small community that has a physician who only visits once a month to do the supervision. This relates to the osteopathic doctors, but I am asking that it be considered in a similar light with the Board of Medical Examiners so that we do not end up with that physician/physician assistant dichotomy occurring. This seems to imply that the physician assistant would not be able to operate in a semi-autonomous setting.

In Section 45 on page 28, line 5, the temporary licensing opportunity that is presented by the Board of Osteopathic Medicine states that it is only to be considered for an osteopathic physician's absence. I would recommend that this be any physician who suddenly leaves his position and not only osteopathic physicians as the Board of Osteopathic Medicine has interpreted.

We are a state that is very low in per capita primary care providers. There is a projected 200,000 physician shortage projected nationwide for the year 2015. If as a state we are not able to become friendlier and more accepting to healthcare professionals, our per capita penetration is going to worsen. Our

ability to serve the neediest populations in our State is more likely to suffer as a consequence. I am in favor of anything that will improve the ability to bring qualified professionals into this State.

Chair Oceguera:

I think some of his questions were directed towards Senator Heck.

Senator Heck:

The changes made to NRS 633 were done in conjunction with the Board of Osteopathic Medical Examiners. There was a discussion of both boards meeting through the interim to try to bring the physician assistant requirements in sync between the boards. I would be happy to meet with Dr. Heard and try to answer his questions.

Assemblywoman Kirkpatrick:

Is our long-term goal to create more physician assistants than physicians?

Senator Heck:

That is not the intent. The intent in the physician assistant section of this bill is to bring the statutes concerning physician assistants into the modern era. They were drafted in 1976 when physician assistants were new to the profession and they have seldom been updated since that time. Physician assistants are now a profession unto themselves. This is to bring the statute in line with what physician assistants do in the twenty-first century.

Assemblywoman Kirkpatrick:

What is the difference between physician assistants and doctors? On page 33, why have the fees changed?

Senator Heck:

The difference between physician assistants and physicians is the education. The assistant is an extension to the physician. They are a practitioner under the supervision of a physician. The assistant can only perform those duties that he has been authorized to do by the supervising physician. The fees are appropriate for physician assistants. Before they were not licensed and now they are, so there is a licensing fee.

Michael Alonzo, representing West Hills Hospital, Willow Springs Hospital, and Monte Vista Hospital:

We are here to support S.B. 412 (R1), specifically Section 7 for the reasons stated by Senator Heck. We believe that there are obstacles to licensing and there is a shortage of physicians in the State of Nevada and particularly licensed psychiatrists. Section 7 may not go far enough, but we are satisfied that it is a

good start and helps streamline the process. We like the mandatory provision if you meet the criteria set forth in that section, stating that the Board of Medical Examiners shall license that physician.

Chair Oceguela:

Are there any questions from the Committee?

Assemblyman Mabey:

On page 6 of the bill, line 20, it says physicians who have had no adverse actions reported to the National Practitioner Data Bank within the past ten years. Would these include malpractice acts?

Senator Heck:

It would include malpractice and any other adverse reaction that would be reported to the National Practitioner Data Bank.

Assemblyman Mabey:

If a physician practiced in another state and had one malpractice suit within ten years, he would not qualify?

Senator Heck:

That is correct. The goal is to take a measured approach. When it approaches its sunset date, we can look at it again.

Assemblyman Mabey:

That seems a little stiff to me.

Chair Oceguela:

Is there anyone else to testify in favor of the bill? Is there anyone to speak in opposition?

Danny Thompson, representing AFL-CIO:

We are opposed to the nurse compact provisions of this bill. Every year we come to the Legislature to ask for staffing standards for nurses and it always dies. I recall information about the numbers of nurses in Nevada who chose not to practice, not because they do not want to be nurses, but because of staffing standards in some of the hospitals. They know that if you are a licensed nurse in Nevada and you are given too many patients, you are individually liable. So rather than losing their licenses and ruining their lives, they change careers. The numbers are significant. If this bill passes to include the compact and nurses want to strike or bring notice to their conditions, it is a guarantee that there will be no opportunity to interfere with strike-breakers. That is our opposition to this bill and we are adamantly opposed.

Assemblyman Settelmeyer:

How many nurses lost their licenses last year?

Danny Thompson:

I cannot give you that number. Often they do not lose their licenses. If there is an incident and you lose your license, you are done in the profession.

Chair Ocegüera:

Are there further questions for Mr. Thompson?

Renee Ruiz, representing Service Employees International Union:

I represent the interest of 15,000 workers throughout the State of Nevada of which 5,000 are nurses. We are opposed to S.B. 412 (R1) for the same reasons Mr. Thompson said, because the State of Nevada has a reasonable licensure process. You move through it rather quickly and there are continuing education provisions. With the licensure compact, because you do not go through the licensing process with the State, there is no room for background checks or continuing education provisions. Bad people slip through and bad things have happened at the bedside. As a representative of nurses, we do not feel that we should allow anything that would make it easier for bad people to be licensed. By lessening the standards of nursing, it is not a safe or reasonable fix for the amount of nurses we have in the State.

Chair Ocegüera:

Are there any questions?

Keith Lee, representing the Board of Medical Examiners:

We are in opposition to Section 7 of S.B. 412 (R1). That is the reciprocity portion of the bill. We have worked diligently with Dr. Heck and have come a long way. The Board of Medical Examiners thinks that it is not in the best public interest of the citizens of this State that we have absolute reciprocity in granting licenses to allopathic physicians. Only six entities out of all of the states, and the District of Columbia, the Virgin Islands, and Puerto Rico, have absolute reciprocity. Five others allow reciprocity on certain conditions. Reciprocity does not seem to be the wave of the future in terms of licensure of physicians. We clearly stand in the lower tier of licensed physicians per capita for a number of reasons. The Medical Practice Act is one of the toughest and strictest licensing statutes in the United States and we think that is good. It assures that practicing physicians in this State are as highly qualified and trained as we can make them. From January 1, 2007 through March 17, 2007, we licensed 79 physicians. Six of those had hearings. One of the problems in the delay of determining the license qualifications is the incompleteness of applications. If an application is received fully complete and in good order, it

takes 90 to 120 days, of which about six weeks to two months is awaiting fingerprint clearances. We had about 600 applications in the past two years and admitted approximately 425. We denied about 20 to 25 and the rest withdrew their applications. While we have some of the toughest licensing standards in the United States, it is not a barrier to qualified applicants. We have seven statutory exceptions to the strict standard of licensure. One is a special volunteer license. Another is an administrative license where a physician is coming to Nevada to strictly serve in an administrative capacity. We have a special purpose telemedicine license. We have allowed psychiatrists practicing in state institutions to have a lesser standard. We have also developed a couple statutes that allow the Governor and sometimes the county commission to declare critical unmet medical needs in medically underserved areas, and have allowed limited licensure of residents practicing in a medical school.

I am presenting a proposed amendment in two parts ([Exhibit F](#)), which I have discussed with Dr. Heck. In the first part, we suggest that we go back to the discretionary standard that has been in NRS 630.1605 stating that we may issue a license. In the event the Committee does not want to go there, I am suggesting that we take the present language that provides "shall except for good cause" and add a new subparagraph as outlined in the proposed amendment. I have detailed the statutes involved.

Chair Ocegüera:

Are there questions?

Neena Laxalt, representing the Nevada Nurses Association:

The Nevada Nurses Association had some concerns when this bill was going through the Senate and many of those concerns have been addressed or compromised. The only remaining concern is the nurse licensure compact because it may lower the standards held in Nevada. Some of the compact states do not require fingerprinting, and that is an important issue.

Chair Ocegüera:

Are there questions for Ms. Laxalt? Are there others to oppose the bill? Are there others to speak neutrally?

Assemblyman Tick Segerblom, Assembly District No. 9:

I was contacted by some acupuncturists and they had concerns that Section 30, subsection 5 on page 22 does not include issues covered by the Oriental Medicine Board. They would like to have their association included among those groups.

Senator Heck:

There was no discussion at the time the bill was drafted or when heard in the Senate about concerns from the oriental medical doctors. Physician assistants are only allowed to do what their supervising physician authorizes them to do. If the supervising physician uses a modality, they may allow the assistant to utilize them if they are appropriately trained. If it is not in the scope of their supervising physician's practice, they could not do it either. There is no prohibition in NRS 630 and there is no mention in the physician assistant section regarding a prohibition of performing anything relating to oriental medicine. I was unaware of any concern and would be happy to work out any issues.

Chair Ocegüera:

Mr. Segerblom will get that information to Senator Heck. Is there anyone else to testify on S.B. 412 (R1)?

Senator Heck:

I would like to address some of the concerns. The nurse's compact is in 20 states, all of which have unionized nurses, and they seem to co-exist quite well. Southern Nevada uses traveling nurses and this would expedite the ability for a traveling nurse to be able to practice. Universal Health Services had no difficulty in getting nurses here in a timely manner when their nurses went on strike, so I do not see how the compact would either inhibit or foster that. The issue with background checks was addressed. Of the 20 states in the compact, 13 do federal background checks. Two states do only state checks and two states, Virginia and Maine, do no checks. Three of the states have legislation pending to get the authority to do the background checks. Our four surrounding states that are members of the compact all do federal background checks.

The issues in Section 7 brought forward by Mr. Lee, while I appreciate those concerns, I would not be willing to accept his amendment to change "may" into "shall." The subjectivity of the previous process of the Board is the very reason we are bringing this bill forward—allegations of capricious and arbitrary decisions made by the Board in denying licenses. In the other piece of the amendment, the legal opinion on the Senate side was the word change was unnecessary. The bill only speaks to the educational and practice requirements of being licensed, not all the mechanics of licensure. However, if that would allay some concerns, I would be willing to include the mechanics of licensure into the bill. Mr. Lee listed the many other categories of "carve-out licenses" and called them a lesser standard. None of those "carve-outs" actually increase access to healthcare. They are all specialized licenses to provide services in very restricted environments and do not go far enough to increase access to

health care for the citizens of the State of Nevada. The recommendations brought forward in this bill were recommendations that came from three separate entities that all seemed to come back to the same reasons for why we have a dearth of healthcare professionals in Nevada—the bureaucratic obstacles to licensure. I believe this bill provides some relief to those obstacles while maintaining the quality of healthcare professionals who we try to recruit.

Chair Ocegüera:

I am going to assign this to a subcommittee with Mr. Horne as chair and Mr. Manendo and Dr. Mabey as members. The work should be completed by Wednesday May 9, 2007. I would like Senator Heck to work on the bill prior to the meeting. We will close the hearing on S.B. 412 (R1).

We will open the hearing on Senate Bill 302 1st Reprint).

**Senate Bill 302 (1st Reprint): Revises provisions governing credit cards.
(BDR 8-1173)**

Senator Dina Titus, Clark County Senatorial District No. 7:

Nevada is only one of five states in the country that has no usury law. Usury is defined as the practice of charging interest on borrowed money at an unconscionable or exorbitant rate. However, without usury laws, we have still chosen to focus on some of these kinds of practices, but our focus has been specifically on payday loan operators and their lending practices. We have enacted over recent years a number of restrictions, including one that has been before you this session. We have not addressed credit card interest rates even though that is a pervasive issue. Nearly 60 percent of all card users have four or five cards, they carry a balance from month to month, and they end up paying thousands of dollars in very high interest rates. There is not a lot we can do at the state level to regulate credit cards. In a 1978 United States Supreme Court case, *Marquette National Bank of Minneapolis v. First of Omaha Service Corporation*, 439 U.S. 299 (1978), the court ruled that this is a federal matter. Under the National Bank Act of 1964 as amended, we are preempted from regulating credit cards and non-home state credit card interest rate laws do not apply. A national bank may charge its out-of-state customers the interest rate allowed by the state in which the bank is located even if the rate exceeds the rate allowed by the state where the customer lives. As a result, many banks have moved their credit card operations to states like Delaware and South Dakota that have no caps on interest rates. Most of the credit cards used by residents of Nevada are issued through banking arrangements which are located out-of-state.

There are a few things we can do to protect Nevada citizens. One of the measures that we can do is contained in the bill which is before you today. Based on legislation enacted in a number of states recently, the bill before you outlaws what is known as universal default charges. They are generally buried in the fine print of your credit card agreement, and they allow a bank to raise your interest rate on a credit card if the cardholder falls behind in other payments which are unrelated to the card. This is hard to believe, but it is true. If you are late paying your power bill, your credit card company can increase your interest on their credit card. It is not fair, but it is legal. According to David Bach in his column, "The Automatic Millionaire," of all the games the credit card companies played that end up costing you thousands of dollars like late-fees, over-limit fees, and transfer fees, it has always been the interest rate game that hurts the most. This is a new, completely legal game that they are playing. If you own a credit card, you know that if you are late with a payment, the credit card company can charge you a late fee as well as raising your interest rate. Did you know they could raise your interest rate if you made a late payment on any of your other credit cards, including those issued by other companies? Your interest rates can skyrocket to 30 percent or more if you make a late payment on your car loan, your mortgage, or even your phone bill. This is found in the fine print of your credit card agreement and is called the "universal default clause."

In 2005, almost 40 percent of credit card issuers applied this policy to their customers who were unaware of the existence of its provisions. Consumer Action, a nonprofit advocacy education group says today that number is 45 percent and is definitely on the increase. Generally, a universal default clause states that a creditor reserves the right to penalize you with an increased interest rate if you are in default of a payment to any other creditor. They justify the practice with the theory that if you pay any of your creditors late, you pose a greater credit risk and are less likely to pay your debt to them. Your creditors also have the right to routinely monitor your credit file. The creditor with the universal default clause is always watching and waiting for you to default on any of your accounts. Your credit score will be hurt as well. Your interest rates can be increased for a number of reasons, including a decline in credit score, paying your mortgage late, paying your car loan late, exceeding your credit limit, bouncing a check, having too much debt or credit, getting a new credit card, or applying for a new loan. All of this triggers the watching credit card company.

For an average American household with \$8,000 of credit card debt with a 9 percent interest rate making the minimum payment, it will take 18 years to pay off the debt of which \$3,000 is interest. If they pay a car payment late and the credit card interest is raised to 24 percent, it will take 56 years to

payoff the credit card debt, of which \$30,813 is interest. In short, as Linda Sherry of the Consumer Action Group said, "Credit cards are the only industry in the world to re-price something you have already paid for." Gerri Detweiler, author of *The Ultimate Credit Handbook*, says these default clauses are getting scarier by the minute. Recently, some credit card issuers are pulling back from the practice.

Following congressional hearings late in January, Citigroup dropped two of its most criticized features, universal default charges and anytime interest rates. Citibank now lets customers opt-out of this rate increase and Chase no longer raises rates. Increased competition is behind this decision according to the American Bankers Association, but more likely it is anger among consumer groups and proposed action by legislators. At least three bills in Congress would ban issuers from raising rates. One was introduced by Senator Dodd, Democrat of Connecticut and another by Representative Bernie Sanders, Independent of Vermont. At a hearing before the Senate Committee on Banking in late January, noted Harvard Law Professor Elizabeth Warren declared, "The credit card market is broken." Credit card companies are imposing a huge tax on consumers. Their proposals are full of tricks and traps that keep consumers on the financial ropes, never quite getting back on their feet. A Government Accountability Office report in September 2006 supported a conclusion that credit card companies deliberately keep their customers in the dark. These provisions are hidden in agreements that are now over three pages long. A universal default clause in a credit card agreement may read, "We may change the rates, fees, and terms of your account at any time for any reason." These reasons may be based on information in your credit report such as your failure to make payments to another creditor when due, amounts owed, or the number of credit inquiries. These are onerous practices that are beginning to get the attention of consumer groups and lawmakers. I urge you to join me in passing this bill so we can put an end to the practice in Nevada.

The second part of this bill would prohibit a credit card company from punishing a merchant for offering customers a discount to induce payment by some other means than a credit card.

Assemblyman Horne:

How can this help all of us who have credit cards and have entered into contracts? How do we interfere with the existing contracts?

Senator Titus:

Unfortunately, this will affect only the credit card companies that are located in the State. Most of the banks are moving away from this, but it is still voluntary.

Assemblyman Horne:

If I have a bank here, would they have to cease and desist?

Senator Titus:

If the interest rate goes up on your credit card because you pay your telephone bill late, they do not lower the credit card rates when the phone bill is paid. They keep the interest rate until you payoff the balance or get another credit card.

Chair Oceguera:

Are there any questions for Senator Titus?

Peter Kruger, representing the Nevada Petroleum Marketers and Convenience Store Association:

We are here in support of the bill and want to thank the Senate Minority Leader for allowing us to attach the provision that she referred to last. This is a section that we read as allowing retailers to offer a cash price if they so chose. We think this is a good first step. In California, a petroleum marketer was facing a fine of \$5,000 from a particular credit card company for violating rules. The marketer had never seen the rules. He offered a cash and credit price at one of his service stations. It earned the wrath of the credit card company for using the term "credit." He had a cash price and a credit price on his street sign. The credit card company warned him to use some other words like standard, regular, or normal price in his labeling. If he did not he would have to forfeit his right to use their card. This is the kind of raw power and coerciveness that these companies are using. This bill is a right step.

Chair Oceguera:

Are there any questions for Mr. Kruger?

Bill Uffelman, President and CEO, Nevada Bankers Association:

We have no opposition to the bill.

Chair Oceguera:

Are there others to support S.B. 302 (R1)?

Barry Gold, Director of Government Relations, AARP:

Credit cards have become an integral method most people use in conducting their financial affairs. The process of "charging" an item or service and paying it either at the end of a billing cycle or over time is something we all are familiar with. Now, the industry has come up with this new idea—universal default as a way of increasing profits. We have heard today about how this works and why it is such a bad idea. If you are late returning a library book, you pay the fine,

but then the next time you go to the video rental store they do not charge you twice as much to rent a movie because you were late returning the book. This does not make sense. We have all forgotten to pay a bill or return a book or movie at some time in our lives. This should not follow us around and affect every other part of our lives. The AARP supports this bill because it protects families from abusive credit practices.

Chair Ocegüera:

Are there others to testify in favor of the bill? Is there anyone to oppose the bill? Does anyone want to testify from a neutral position?

ASSEMBLYMAN HORNE MOVED TO DO PASS
SENATE BILL 302 (1-ST REPRINT).

ASSEMBLYMAN MANENDO SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN ANDERSON, ARBERRY,
BUCKLEY, CONKLIN, GANSERT, AND PARKS WERE ABSENT FOR
THE VOTE.)

The meeting is adjourned [at 4:52 p.m.].

RESPECTFULLY SUBMITTED:

Earlene Miller
Committee Secretary

APPROVED BY:

Assemblyman John Ocegüera, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Commerce and Labor

Date: May 2, 2007

Time of Meeting: 1:44 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 3 (R1)	C	Ronald P. Dreher	Position Paper
S.B. 3 (R1)	D	Mike Neville	Position Paper
S.B. 412 (R1)	E	Dr. Michael Harter, PhD.	Prepared Testimony
S.B. 412 (R1)	F	Keith Lee	Proposed Amendments