

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON JUDICIARY**

**Seventy-Sixth Session
May 9, 2011**

The Committee on Judiciary was called to order by Chairman William C. Horne at 9:10 a.m. on Monday, May 9, 2011, in Room 3138 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/76th2011/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 William C. Horne, Chairman
Assemblyman James Ohrenschall, Vice Chairman
Assemblyman Steven Brooks
Assemblyman Richard Carrillo
Assemblyman Richard (Skip) Daly
Assemblywoman Olivia Diaz
Assemblywoman Marilyn Dondero Loop
Assemblyman Jason Frierson
Assemblyman Scott Hammond
Assemblyman Ira Hansen
Assemblyman Kelly Kite
Assemblyman Richard McArthur
Assemblyman Tick Segerblom
Assemblyman Mark Sherwood

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Dave Ziegler, Committee Policy Analyst
Nick Anthony, Committee Counsel
Jeffrey Eck, Committee Secretary
Michael Smith, Committee Assistant

OTHERS PRESENT:

Gary Milliken, representing Nevada Self Storage Association
Travis Morrow, President, National Self Storage Alliance, Tucson, Arizona
Mark Lipparelli, Chairman, State Gaming Control Board

Chairman Horne:
[Roll was called.]

We have a quorum. Good morning, ladies and gentlemen. Welcome to the Assembly Judiciary Committee. We have a work session and one bill on the document. Because not everyone is here yet, we will start with the bill. I will open the hearing on Senate Bill 150 (1st Reprint).

Senate Bill 150 (1st Reprint): Revises certain provisions governing liens of owners of facilities for storage. (BDR 9-907)

Gary Milliken, representing Nevada Self Storage Association:

With me is Travis Morrow from the Self Storage Alliance to go through the bill with you. Instead of going through it line by line, we try to go through the bill section by section and explain the process that the Self Storage Alliance goes through.

Travis Morrow, President, National Self Storage Alliance, Tucson, Arizona:

I would like to begin, with your permission, by going through some definitions at the beginning of the bill. In section 2, we have added the definition for "electronic mail," meaning "an electronic message, executable program or computer file which contains an image of a message that is transmitted between two or more computers or electronic terminals, or within or between computer networks and from which an electronic confirmation of receipt is received." We are adding this definition, which I will go through later in the bill.

We have also added section 3, which we have named "protected property." In the self storage industry, people are able to store a myriad of different items. Some of those items, when it comes to the actual lien sale, are illegal to sell. They also leave the self storage operator open to a great deal of potential

liability that is somewhat thrust upon him by what is stored in the unit. "Protected property" means "personal property, the sale of which or the prohibition against the sale of which is regulated by state or federal law." The term includes four things. The first thing is firearms; the second thing is alcoholic beverages. I am not doing these in order. Third is pharmaceuticals; and when I refer to pharmaceuticals, I do not mean individual prescriptions. I am talking more about pharmaceutical representatives who often use self storage facilities to store large quantities of samples and various pharmaceuticals. The last thing is documents and private client information. This relates specifically to professionals who gather sensitive information of their clients, whether it be Social Security numbers, financial information, passport information, bank account information, legal records, and the like. Often, the professionals are required by their profession to store these types of items for a certain period of time. We do find on occasion that we are unable to reach those people after they have stopped paying their rent, and we are left with such sensitive information. We needed to find a better solution to handle the disposal or the turning over of those records to an appropriate body. I will talk about that more, as well.

In section 5 we created the definition "verified mail." The current law for the self storage industry was created in 1983. Back then, the only way that the post office offered to prove that you sent a letter to a tenant was through certified mail. Now, 28 years later, we have many other options available. We have created this definition, meaning "any method of mailing offered by the United States Postal Service that provides evidence of mailing." There are other services that the post office offers today that the post office did not offer when this bill was created and that allow us to verify that we made contact or attempted to make contact with a delinquent tenant. A certificate of mailing is one of those services.

Section 6 places a limit of value on the property stored in a storage space if it is contained in a lease. Many operators try to place in their lease a limit on the value of items a person can store inside a unit. This makes that limit presumed to be the maximum value of the personal property stored.

Moving on to section 14, we talk about what must be required in each rental agreement. We have added paragraph (c) to subsection 1, which is a provision requiring the occupant to disclose to us in the lease if the occupant has protected property or plan on storing protected property. This gives the storage operator some advance notice and knowledge that these types of items are in the unit. In the event the unit goes delinquent, the operator is then made aware and is able to take appropriate measures to make sure the operator is not accidentally auctioning off items that should not be.

It also adds a second portion. Specifically, if an occupant is subject to a mandatory licensing, registration, permitting, or other professional occupational regulation by a government agency, the occupant must disclose to that agency that the occupant is storing the client records to make that agency aware that those items have been placed in a storage unit. The occupant also has to provide us with a secondary contact that may be notified in the event that the unit goes delinquent; because our primary goal for this is to make sure that we are not accidentally selling any of these protected items to someone to whom it should not be sold. We want to make sure that private information is protected and dealt with accordingly; but at the same time, it is important for us to get that storage unit back into service and rented to someone who will pay.

Section 15 outlines the process that we go through upon a tenant becoming delinquent. If the tenant is late paying the rent by 14 days or more, our first step is to send a notice by verified mail or electronic mail to the occupant's last address. The notice—and this is how the law reads; we have made no changes—must contain an itemized statement of the amount owed; the name, address, and telephone number of the owner's agent; and a statement that the occupant's right to use the space will terminate on a specific date. In the definition for electronic mail, we mentioned that you have electronic confirmation. In the event that we do not receive that, we are required to send notice by verified mail to the address of the person we are trying to contact. After that first letter has gone out and the 14 days have passed, then by only verified mail do we send out a second notice of sale to the tenant? Fourteen days after that, we can begin the advertising process, which lasts for two consecutive weeks in a newspaper of general circulation and on a publicly accessible website so that there is a potential for notice for the tenant. Also in this section, as far as the process goes, when we have a delinquent unit, one of the first steps is to cut the lock and open the unit to assess what is in it.

In section 16, it mentions that we can dispose of, but may not sell, any protected property contained in the storage unit in accordance with the provisions of section 4 if the owner has actual knowledge of such protected property. That goes back to the disclosure portion in the rental agreement where the occupant is able to tell us about that. If there is protected property in the unit, there is a section in the bill that I will go through a little later that covers the exact steps that we need to follow and what we need to do to either turn that information over to the appropriate agency or dispose of the item.

We also have a section for motor vehicles, boats, and personal watercraft as an additional option for an owner. Currently, the process to auction a vehicle is very difficult and cumbersome for a self storage operator. It does not happen very often to most operators, so they do not have much experience dealing with

the Department of Motor Vehicles (DMV) and the process. We added the provision that states if, after 60 days, a motor vehicle, boat or personal watercraft is at the facility, you can just call a licensed and bonded tow truck operator and have the vehicle removed. At that point you are giving up your lien on the property, but the tow truck driver is able to take it through the process and go forward. The big key with this whole process is we want to be able to place our delinquent units back in service as soon as we possibly can.

Subsection 4 of section 16 explains the process that we will go through for the protected property. We may dispose of the protected property in the following order of priority until the protected property is disposed of by:

- Contacting the occupant and returning the protected property to the occupant.
- Contacting the secondary contact listed by the occupant in the rental agreement and returning the property to that secondary contact.
- Contacting any appropriate state or federal authorities, including, without limitation, any appropriate governmental agency, board or commission listed by the occupant in the rental agreement, ascertaining whether such authorities will accept the protected property and, if such authorities will accept the protected property, ensuring that the protected property is delivered to such authorities.
- Destroying the protected property in an appropriate manner which is authorized by law, and which ensures that any confidential information contained in the property is completely obliterated and will not be examined or accessed by the public.

Section 17 goes through the advertising requirements that we currently have. In addition to advertising for two consecutive weeks in a newspaper of general circulation, there is a requirement that we advertise on a publicly accessible internet website.

Subsection 3 of section 17 currently states that the sale must be conducted in a commercially reasonable manner. There is some additional language that if there are five or more bidders who are unrelated to the owner or the tenants in a sale held to satisfy the lien, the sale and all proceeds from the sale are deemed to be commercially reasonable.

I now refer to section 19, subsection 1. In the event that a self storage operator does not have knowledge that a unit contains protected property, this language provides some protection in the event that we were to accidentally sell that property in a lien sale. The protected property does not transfer. That protected property is then to be returned to the owner or the operator within

a reasonable amount of time. The example that I use is, if a handgun were in a box in the back of a unit that nobody was aware of, and that unit is sold at auction, that handgun would not transfer. Upon finding that, the buyer of that unit would turn it back over to the self storage operator for destruction, following the steps I already outlined.

That is the summary of S.B. 150 (R1) as we have presented it. Thank you very much, Mr. Chairman.

Chairman Horne:

Thank you, Mr. Morrow. Let us go to section 22 where you repeal an occupant's method of preventing a sale of this property.

Travis Morrow:

The declaration of opposition to lien is a letter that we currently send out to all tenants. If they oppose our lien sale, whether they necessarily understand what they are doing or not, by signing that form, we are then required as an owner-operator to go through the judicial process of court to get that tenant to either pay or move out. That is all done at our expense and takes a great amount of time. In the meantime, rent is accruing and we are not being paid. The lien process that we have is designed to speed that up.

Nevada is one of only two states that currently has this declaration to opposition to lien. California is the other state. In California, while they still have it, they have made some changes to the declaration that has made the process somewhat better. As it is drafted in this bill, we felt that the declaration is very cumbersome on the self storage operator. Our whole focus is to get that space back into production. Many times, if a customer has an opposition to a lien sale or the bill, we will work out deals. We do it on a daily basis. We are not in the business of selling anyone's stuff. We are lucky to get 30 cents on a dollar for what is owed. Our whole function with this lien law is to get our units back into production as soon as possible.

Chairman Horne:

Mr. Morrow, as cumbersome a process as exercising the sale of a lien property is, it is still a process. We afford members of the public who may have a discrepancy or a dispute with you on selling their property or the bill, et cetera. If you take this mechanism out, you are telling them they have no judicial recourse. I get uncomfortable when we tell somebody that. I read the bill as repealing that portion to where they get to say, "No, you cannot sell it. I object to it." And then you go to court to prove it. As for the cost that you bear in doing that, I am fairly certain that you can ask for attorneys' costs and fees if your lien and lien sale are just.

Travis Morrow:

That is correct, Mr. Chairman. I would say, though, that with this declaration, many of our tenants do not understand. We get this a lot. They will sign a declaration, and they will send it back in. When we explain to them that "we received your declaration back and it is then up to them to We are going to hire an attorney, and we are going to come after it." When we tell them that, they say, "Well, that is not what I am trying to do. I just wanted to" They just saw that they are opposed to it, and generally if somebody is going to auction your stuff, you are going to be opposed to it. It does not prevent them from having a judicial option, as far as they could easily go to court and try to get a stay or some form of injunction to prevent the sale. Like I said, we try everything we possibly can to avoid the whole lien process in general. This is our biggest potential for mistakes and liability as a self storage industry, and we have to be very careful in the process and very meticulous in the checklists that we use to make sure that we are following these steps. We try everything possible to accommodate a customer to get our units back into service.

I understand what you say, Mr. Chairman and what your concern is.

Chairman Horne:

Let us move to some questions. Mr. Frierson.

Assemblyman Frierson:

Thank you, Mr. Chairman. I have several questions, but while we are on this particular topic, oftentimes we have the good actors come before us, talking about how it works, and we turn a blind eye to the bad actors. I think I share the Chairman's concern that this is irreversible. So, if there is a bad actor that is not necessarily in your association or is not following the rules, and if they sell someone's stuff, there is no getting it back. It is not just a civil matter. It is now property that has been sold and can never be returned. I share the concern about removing the process altogether, as opposed to making some adjustments.

What percentage of the time do you actually have folks file this declaration? You mentioned that when you call them and say, "We are going to have to do this," they say, "That is not what I meant." What percentage of the time do you actually have to file a case in court in response to a declaration so that you could open up a unit?

Travis Morrow:

Assemblyman Frierson, I have just one small facility in Las Vegas. Throughout the course of a year, I probably only do two. Larger operators with 30 or more facilities probably do a couple each month or more. I cannot speak directly to

that, but on a percentage basis, it is not a huge number. However, those individual cases that come through can be very difficult to deal with.

Assemblyman Frierson:

Could you tell me how many of those which actually end up having to go to court result in relief on the part of the occupant?

Travis Morrow:

Very few, to my knowledge. We are very careful in the process that we go through in this lien law. We, as self storage operators, are usually successful in getting that, but we are now 90 or 120 days down the road past when the lien date would have been. That is already 57 days down the road. It just really drags out the process. Meanwhile, you have a unit sitting there that the occupant is not paying rent on. The rent continues to accrue, and it ends up being, in my opinion, worse for the tenant than had the items been auctioned. Let me again reiterate: We do everything we can to avoid this process in general. Usually the reason that we go all the way to the auction process is because we have lost contact, either through change of address or the occupant will not answer the phone or accept the mail. We just cannot find them anymore, and we have no other way to empty this unit.

Chairman Horne:

Mr. Hammond.

Assemblyman Hammond:

Thank you, Mr. Chairman. I have a question concerning the protected property. I think you have sort of a chart on who is first in responsibility when it comes to protected property if, by chance, it gets all the way down to where this person bids on a unit, and the buyer has received the material inside. Now it is incumbent upon that buyer to make sure to look through the property. If the buyer finds anything that might be in that category of protected property, the buyer is supposed to dispose of it properly. What kind of enforcement do we have on this? This is a concern of mine. You could find a lot of little pieces of paperwork that might have a Social Security number or similar thing on it. What kind of protections are in here that make these people play by the rule that says they have to dispose of it?

Travis Morrow:

The little individual pieces of paper and thumb drives and those things that would relate to the tenant are not covered in the protected property. We are specifically talking about the client information of a professional lawyer, doctor, tax person, or mortgage company which has private information for clients. So, clients would have no idea that their private information is even in a storage

unit. That is the information that we are trying to protect in this protected property.

As far as what happens if we were unaware of it and it gets sold, the buyer at auction does not turn that over to us, and we have no way to know that. As far as enforcement goes, there is none, other than the fact that the buyer is in violation of this section of the law.

Assemblyman Hammond:

Thank you.

Chairman Horne:

Mr. Ohrenschall, and then Ms. Dondero Loop.

Assemblyman Ohrenschall:

Thank you very much, Mr. Chairman. Mr. Morrow, how far behind does someone have to be in the rent before an auction would occur?

Travis Morrow:

I believe I misspoke earlier. I gave you the Arizona rules. If you go to section 15, it is 14 days before you send the first letter, and then you have to wait 14 days after you send the letter before you can move on to the next letter. And then 14 days after that, we advertise in the newspaper for two consecutive weeks, which is another 14 days. That is the earliest that you could possibly sell it.

Assemblyman Ohrenschall:

So, is it about eight weeks?

Travis Morrow:

Yes. It is roughly two months.

Assemblyman Ohrenschall:

Are there not cases where people fall behind, say, for this eight-week period because of some kind of family issue, such as hospitalization or military activation, and then they were able to somehow catch up on their arrears?

Travis Morrow:

Absolutely. We look at each individual case and how we can work with it. People do payment plans. If we accept a payment in the middle of this process from someone, we start back at the beginning of the process. If we are 30 days into it and we agree to accept a payment from someone, we start the process all over. You mentioned the military. It is against the law to auction

off the unit of an active military member or one belonging to his family. Formerly, that was called the Soldiers' and Sailors' Civil Relief Act. I cannot remember its current name, but that is a protection that is offered to all active duty military personnel and their families.

That goes back to self storage companies working individually with each of our clients. Eight weeks is the very minimum. We always advise our association members that this is not a rushed process. You want to do everything you can to make sure you are following the law and trying to come to a solution that works for both you and the tenant.

At an auction, contrary to popular reality television, we do not receive a lot of the amount that is due to us. Many times, for example, if a tenant owes \$200 for the small 5 x 10 unit, a storage operator is usually inclined to accept \$100, and they can have their stuff back and move out. At auction, we are only going to get \$20, and it is probably another two months down the road before we see that money. This whole process is just about putting our units back into circulation in a way that works well for not only our tenants, but for the operators as well.

Assemblyman Ohrenschall:

I have a question about going from an actual physical address to an email address. I am concerned about the scenario where someone might have gone to the hospital and rehab and things get lost in the shuffle. Maybe the occupant is not picking up certified letters. Why do you think the occupant would be more likely to be caught up on email? A lot of people just might not see that either.

Travis Morrow:

We added it as an option because a lot of people are starting to use email for that kind of communication. We require the electronic confirmation of receipt so that one cannot just say, "Well, I sent him an email." We actually have to have an electronic confirmation of receipt. In the event that confirmation is not provided . . .

Assemblyman Ohrenschall:

Does that confirm that they have read it, or just that it got deposited in their inbox?

Travis Morrow:

It is a read receipt.

Assemblyman Ohrenschall:

That they have opened it and read it?

Travis Morrow:

Right. If that does not happen—if it is not shown as received—that can be caused by a couple of things. Confirmation can be an Outlook read receipt function or it can be that they replied to your email. There are other confirmations in here that we have not addressed. If I send someone an email, and then the tenant comes into my office, that is confirmation of the receipt as well; but that is not included in what we are currently talking about.

If the tenant is at the hospital or called away for some reason from his house, this is a way that we can reach him when he is in other places. With smartphones and different things, people can be in contact when away from home.

Assemblyman Ohrenschall:

Thank you.

Chairman Horne:

Ms. Dondero Loop.

Assemblywoman Dondero Loop:

Thank you, Mr. Chairman. Mr. Morrow, I happen to have three of these units just for my work at three different facilities in two different parts of the state. If I were to change jobs, or what have you, and the email came to me at my email address, it would never get to the company.

Also, I have been to self storage offices that are closed on Saturday. I have called the offices of some of these facilities and ended up speaking to a corporate office because they do not want the people in the office answering the phone. Expiration dates change on credit cards, and so you do not notify them because you do not think about that, and then they cannot get ahold of you. As far as Outlook responses, all you have to do is click “no” if you do not want to send a read receipt. It happens every day in Outlook.

I just do not know whether those are good business practices. I am concerned that we are not protecting the consumer here, because email addresses are just that: email addresses. They could go into a junk box; they might not get to somebody. Somebody types in your name wrong. You would think with a name like Loop it would be pretty easy, but I have seen it spelled a lot of different ways.

You are just going to have to convince me that this is a better method for the consumer. Those are my major concerns.

Chairman Horne:

Mr. Brooks.

Assemblyman Brooks:

Thank you, Mr. Chairman. Mr. Morrow, what is a verifiable address versus a certified address?

Travis Morrow:

Mr. Brooks, it is not actually the addresses. One of them, certified mail, is a type of mailing that the post office offers. "Verified" is a definition that we have created that allows for the flexibility of future products that can be offered by the post office. When the bill was originally created, only certified mail was available. It was the only option in 1983 to prove that you sent a letter. Now there are other options available to us. This definition of verified mail gives us flexibility as more options are created in the future.

Assemblyman Brooks:

So, you have created a term called "verified mail."

Travis Morrow:

That is correct.

Assemblyman Brooks:

And what exactly does that mean? How do you have verified mail?

Travis Morrow:

We have the definition in section 5.

Assemblyman Brooks:

Just tell me.

Travis Morrow:

"Verified mail" means any method of mailing offered by the post office that provides evidence of mailing—proof that we sent the letter to the address we have on record.

Assemblyman Brooks:

But there is no proof that the individual on the other end received it.

Travis Morrow:
That is correct.

Assemblyman Brooks:

So, the difference between the certified and the verified would mean the certified would bring you proof that the individual received it, whereas the verified just obliterates that. It just says that it was mailed.

Travis Morrow:

That is actually incorrect. Right now, certified mail also only proves that you sent it.

Assemblyman Brooks:

Do you not get a copy back or do return receipts?

Travis Morrow:

We do not.

Assemblyman Brooks:

Okay, thank you.

Chairman Horne:

Mr. Frierson.

Assemblyman Frierson:

Thank you, Mr. Chairman. I will kind of lump my questions into one. We talked about the pharmaceuticals earlier and how it was meant to target the people who are in pharmaceuticals and store large amounts. I am curious to know why we would only target those and not an individual with his own prescriptions.

Also, regarding the method of contacting the occupant, I believe it is in section 16. It says that the owner may dispose of protected property by trying to contact him "in the following order of priority." Why is it permissive and not mandatory that it be in that order? It seems to me, as permissive, it just means that they could skip all the way to D and destroy the property without ever trying the other methods, if it is just permissive.

Travis Morrow:

That is not how I understood it to be permissive. It reads, ". . . in the following order of priority of order, until the . . . property is disposed of." My interpretation of that is, you start with A. If A is not successful, you start with B. Now that you say that, I can understand how one could skip down to D, but in the event that someone came back to me and claimed I destroyed his

stuff, as an operator, I would want to prove that I did A, B, and C before I got to D and the destruction. If there is a way to make that more mandatory, I do not have a problem with that, because that is how I interpreted it to begin with.

Chairman Horne:

I have one final question for you. In section 17, subsection 4, where you say that five or more bidders unrelated to the owner must be in attendance at a sale held to satisfy a lien, could you define that? Also, by "attendants," do you mean participants? You could have five employees but only one true bidder.

Travis Morrow:

Mr. Chairman, this is actually one portion that we wanted to propose to remove. This went back to some original language that we included at the very beginning of this bill when it was in the Senate. It is still in there.

To answer your question, we were looking for five or more bidders. As long as you had bidders at the auction—and they do not necessarily have to bid on that unit—you had to have a minimum of five people unrelated to the owner show up to view the sale, essentially, of that unit. We would have no problem removing that.

Chairman Horne:

Okay, I see no other questions. Are there any other comments you would like to make before I open up the hearing to others who want to testify in favor of S.B. 150 (R1)?

Travis Morrow:

No, thank you, Mr. Chairman. I appreciate the opportunity.

Chairman Horne:

Is there anyone else here wishing to testify in favor of S.B. 150 (R1)? Is there anyone in Las Vegas?

Okay, we will move to the opposition. Is there anyone here or in Las Vegas in opposition of S.B. 150 (R1)? Is there anyone in the neutral position? We will close the hearing on S.B. 150 (R1). I believe there are still some questions that need to be answered. Mr. Morrow, you have an excellent lobbyist in Mr. Milliken, so he will take you around to the appropriate people to get those questions answered before this bill gets processed. Thank you for your time.

Now, we are going to move to our work session document. We have three bills on the agenda for today. Those who are here for Senate Bill 348, I am not yet ready to process that, so we will hold that a little longer.

Senate Bill 348: Eliminates limits on the amounts of certain property that is exempt from execution. (BDR 2-779)

Maybe it will be on the next work session document. We will start with Senate Bill 126.

Senate Bill 126: Revises certain provisions relating to permits to carry concealed firearms. (BDR 15-335)

Mr. Ziegler.

Dave Ziegler, Committee Policy Analyst:

Thank you, Mr. Chairman. Senate Bill 126 is sponsored by Senators Settlemeyer and Lee and was heard in this Committee on March 30.

[Mr. Ziegler read from the work session document ([Exhibit C](#)).]

Chairman Horne:

Thank you, Mr. Ziegler. Are there any questions or concerns regarding S.B. 126? It is basically identical in intent to A.B. 143, which was Mr. Bobzien's bill. This is Mr. Settlemeyer's bill. The exception is the confidentiality portion of Mr. Bobzien's bill. Mr. Ohrenschall.

Assemblyman Ohrenschall:

Thank you, Mr. Chairman. If and when you are willing to accept a motion, I would be willing to make it.

Chairman Horne:

I would be willing to take a motion.

ASSEMBLYMAN OHRENSCHALL MOVED TO DO PASS
SENATE BILL 126.

ASSEMBLYMAN CARRILLO SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMAN DALY WAS ABSENT
AND EXCUSED.)

Chairman Horne:

The next bill is Senate Bill 218 (1st Reprint). Mr. Ziegler.

Senate Bill 218 (1st Reprint): Revises provisions governing the regulation of gaming. (BDR 41-991)

Dave Ziegler, Committee Policy Analyst:

Thank you, Mr. Chairman. The next bill is S.B. 218 (R1) in its first reprint. It was sponsored by the Senate Committee on Judiciary on behalf of the State Gaming Control Board and was heard in this Committee on April 29.

[Mr. Ziegler read from the work session document ([Exhibit D](#)).]

On April 29, Chairman Horne requested an amendment that, in two places in the bill, changes the word "may" to "shall." Basically, the bill now states that the regulations "may" contain and address certain things, and this amendment would change the bill to say the regulations "shall" contain and address certain things.

There is a second page to this statement. Just for some context, according to the testimony of the Chairman of the State Gaming Control Board (GCB), the registration of hosting centers would allow gaming technology equipment to be located at a site other than the premises of a gaming establishment. And, the licensing of service providers would create a new level of regulation below full licensing for those who act on behalf of, and who assist a nonrestricted licensee with such things as cash access, hardware, software, interactive gaming, or wagering instruments. Thank you, Mr. Chairman.

Chairman Horne:

Thank you, Mr. Ziegler. Are there any questions on S.B. 218 (R1)? Mr. McArthur.

Assemblyman McArthur:

Thank you, Mr. Chairman. I do not have a real problem with the bill, although I would like some clarification on exactly what a hosting center is, or what the intent is because on page 4, it says the Commission must define "hosting center." We do not have a definition in this bill. I am curious about what an actual hosting center is.

Chairman Horne:

I think we covered that. Is there someone from the GCB in Las Vegas? Mr. Lipparelli, did you hear Mr. McArthur's question?

Mark Lipparelli, Chairman, State Gaming Control Board:

I did. The hosting center concept is twofold. First, it allows companies that have a single property or multiple properties to house their information technology (IT) infrastructure that contains some of the gaming equipment somewhere other than on the premises of the location, which is what is required under the law today.

Secondly, it may be the desire of licensees to engage a third party to actually host that same equipment in an off-site facility. In this case, it would be a third party. In either of those cases, the bill attempts to put those kinds of people under the rubric of the GCB, but it gives these properties and licensees some flexibility with where they house their IT equipment.

Chairman Horne:

Does that answer your question, Mr. McArthur?

Assemblyman McArthur:

I think so, but I have a follow-up. So, mainly, this is just for the IT people and equipment?

Mark Lipparelli:

Yes, but the reason it is in this bill is that it does incorporate the use of gaming equipment that is required today under the law to be on the premises of a casino location. So, for example, it could be the central servers for gaming equipment.

Assemblyman McArthur:

Thank you.

Chairman Horne:

Are there any other questions for S.B. 218 (R1)? Seeing none, I will entertain a motion.

ASSEMBLYMAN SEGERBLOM MOVED TO AMEND AND DO PASS
SENATE BILL 218 (1ST REPRINT).

ASSEMBLYMAN BROOKS SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMAN DALY WAS ABSENT
AND EXCUSED FOR THE VOTE.)

As I stated earlier, we are going to hold S.B. 348 a little longer.

[A work session document ([Exhibit E](#)) for S.B. 348 was entered into the record and uploaded to the Nevada Electronic Legislative Information System.]

Is there any other business to come before the Committee? If not, we are adjourned [at 10:04 a.m.].

RESPECTFULLY SUBMITTED:

Jeffrey Eck
Committee Secretary

APPROVED BY:

Assemblyman William C. Horne, Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Judiciary

Date: May 9, 2011

Time of Meeting: 9:10 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 126	C	Dave Ziegler	Work Session Document
S.B. 218	D	Dave Ziegler	Work Session Document
S.B. 348	E	Dave Ziegler	Work Session Document