

**MINUTES OF THE
SENATE COMMITTEE ON COMMERCE, LABOR AND ENERGY**

**Seventy-sixth Session
May 20, 2011**

The Senate Committee on Commerce, Labor and Energy was called to order by Chair Michael A. Schneider at 2:11 p.m. on Friday, May 20, 2011, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412E, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Michael A. Schneider, Chair
Senator Shirley A. Breeden, Vice Chair
Senator David R. Parks
Senator Allison Copening
Senator James A. Settelmeyer
Senator Elizabeth Halseth
Senator Michael Roberson

STAFF MEMBERS PRESENT:

Scott Young, Policy Analyst
Matt Nichols, Counsel
Vicki Folster, Committee Secretary

OTHERS PRESENT:

Patrick O. King, Assistant Bar Counsel, Office of Bar Counsel, State Bar of Nevada
Renny Ashleman, City of Henderson
Cheryl Blomstrom, Nevada Dietetic Association
Gail J. Anderson, Administrator, Real Estate Division, Department of Business and Industry
Brenda Kindred-Kipling, Appraiser Officer, Division of Real Estate, Department of Business and Industry

CHAIR SCHNEIDER:

We will open the work session hearing on Assembly Bill (A.B.) 308 with work session documents ([Exhibit C](#)).

ASSEMBLY BILL 308 (1st Reprint): Revises provisions governing the regulation of mortgage lending. (BDR 54-183)

PATRICK O. KING (Assistant Bar Counsel, Office of Bar Counsel, State Bar of Nevada):

It came to our attention there was a Federal Trade Commission (FTC) regulation to help mitigate some of the harm that was being done by predators against homeowners in the home foreclosure process. That legislation was brilliant because it prevented certain individuals from taking money in advance. All of you are aware of the fact that people who have made promises to homeowners in distress have not followed through. The homeowners are giving away thousands and thousands of dollars that they do not have and end up losing their homes or worse.

We were pleased that the particular FTC regulation has an exemption for lawyers because lawyers must deposit any funds received in their client trust account, and they can only remove the money from their client's trust account when it is earned.

When we came across this legislation in A.B. 308 and the proposed amendment, [Exhibit C](#), we liked the effort made and the proposed language that the staff or people working for attorneys are not exempt. We do not have a problem with that issue, and it is a good idea because they should not be practicing law. It raises issues of the unauthorized practice of law.

The conceptual amendment proposes to state that section 2 of A.B. 308 applies to attorneys as well, and it prohibits attorneys from collecting fees in advance without a written agreement. The only alternative is to arrange a contingency fee. Attorneys offer legal assistance, and at this time, many people need legal assistance. Doing anything to prevent people getting access to good legal representation should be considered very carefully. In this case, what you are saying is that the only way a lawyer in a loan-modification circumstance can collect a fee is if an agreement is signed. That will compel the attorney, if an attorney decides to take the case and wants to get paid for it, to have some sort of loan modification agreement when in reality the best advice to the

homeowner may be to let the house go. Therefore, there would be no agreement for loan modification.

What will happen, if the unintended consequence the State Bar of Nevada (Bar) feels will take place, is that it will eliminate the ability of many homeowners to get access to attorneys. It will force attorneys to bill on a contingency-fee basis in circumstances where establishing the contingency fee is problematic. I suspect the only attorneys that will do that are the very attorneys we want to take care of. That is why I was brought on board. I have been a foreclosure mediator since the inception of the program, and the Bar has asked me to prosecute the attorneys who violate their ethical responsibilities. Part of those responsibilities is good communication and the need to treat clients fairly and bill appropriately.

Also, I am advised that I will be doing this statewide, and there are 70 complaints to prosecute. This is not something the Bar takes lightly, but we feel this prohibition, while well intended, will have the consequence of preventing people from getting attorneys at the time they need them the most. It will make it so the only attorneys who will represent those people are the ones who would take a contingency fee in a case where it should not be done.

SENATOR COPENING:

Mr. King and I spoke about one hour ago for the first time. This is completely new information. The reason I brought about this particular amendment is because there are many cases where attorneys were meeting with clients, taking them through a one- to two-year process and never delivering the modification. Meanwhile, homeowners expended many fees to the attorneys and still ended up with their homes being foreclosed. No modification ever took effect.

I understand these are the 70 cases you are going to be prosecuting. How do you stop or prevent this from happening without any law telling attorneys that they cannot do this? I understand there are different scenarios when using an attorney and that they may indicate to the client not to go for the modification. However, for those who, in good faith, believe the attorney is going to be securing a loan modification for them, how do you stop that situation and prevent those individuals from expending their money when they do not get a loan modification?

MR. KING:

The Bar understands your intent was to prevent predatory lending. We have had many attorneys show up at foreclosure mediations representing clients. They chastised the lenders for their predatory lending practices, and we asked, "What about predatory attorney practices?" The answer to your question is, there are Nevada Supreme Court rules, model rules of professional responsibility, and ethical rules that are laws for attorneys to follow. The consequences of violating those rules are various levels of sanctions, up to disbarment.

If a crime is committed, we have the ability to coordinate enforcement efforts with appropriate prosecutors such as the Attorney General's office. I have met with their staff, and if there is something that is as egregious as some of the cases you mentioned, where money has been stolen, then we would certainly cooperate with our investigation. Turning it over to a law enforcement agency, might bring criminal sanctions. Disseminating the information to the attorneys who were zealously prosecuting these cases will bring it to a fast halt. Attorneys do not want to lose their licenses to practice law.

SENATOR COPENING:

Tell me about those penalties. As you are prosecuting those cases, what are the penalties if an attorney has not acted in good faith in situations I described? What good is it for the homeowner who may have been wronged by an attorney?

MR. KING:

The rules provide for levels of sanction from something as minor as a private reprimand to being disbarred. There is provision for some restitution. A separate division of the Bar, with which we coordinate on fee disputes, could order attorneys to refund all of the money. The concern is very real. The number of attorneys who abuse people is slight, but the act is extremely serious. It needs to be addressed. Do we tell the entire Bar, all the lawyers in the State, they are prohibited from helping homeowners on an hourly fee basis? It is impossible to prescribe around who is telling attorneys they cannot collect a fee if part of the discussion involves is a loan modification. In private practice, I have personally counseled many homeowners about their particular situations. It was not appropriate for them to do a loan modification. There were other things available to them.

I am the liaison for other agencies and the point person for foreclosure modifications, and I am to prosecute offending attorneys. With this understanding, I believe the language that prohibits attorneys from billing will not achieve the goals you are seeking.

SENATOR COPENING:

I am reluctantly willing to amend this bill because I am fearful for other homeowners. By the time you get around to identifying these predatory attorneys, other homeowners will lose their homes because of it. I know we need to put back in statute with an amendment, if it is not already in there, language that talks about employees of attorneys. Matt Nichols, Counsel, confirms it is in the amendment.

MR. KING:

We are not asking you to strike that. We like the idea that employees cannot practice law.

SENATOR COPENING:

There are two things I would ask you to do. The first is to work closely with, or consult with, the Consumer Credit Counseling Service. They are the ones who have worked with these homeowners. They could provide you with information about which attorneys are abusing this practice. The second request is to report back to this Committee or the appropriate legislative entity, to let us know how your prosecutorial efforts have been and what kind of progress you are making to clean up this problem.

MR. KING:

Yes. I will do both those things.

SENATOR COPENING:

I would suggest striking section 8, subsection 2, of the conceptual amendment. Will that take out anything that deals with employees?

MATT NICHOLS (Counsel):

No.

SENATOR ROBERSON:

Mr. King, please understand how gracious Senator Copenig is being in agreeing to modify this proposed amendment, due to the fact that we are being

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approached about this at such a late date. I understand your arguments and I want to echo Senator Copenig's remarks that we expect the Bar to regulate and prosecute zealously these bad actors.

MR. KING:

I can assure you that I intend to take this very seriously. I am offended by any conduct that would take advantage of homeowners in Nevada.

SENATOR SETTELMAYER:

If the Chair would entertain a motion with Senator Copenig's changes suggested, I would so state.

CHAIR SCHNEIDER:

I will accept the motion now.

SENATOR SETTELMAYER MOVED TO AMEND AND DO PASS AS
AMENDED A.B. 308.

SENATOR BREEDEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR SCHNEIDER:

Mr. King, I would suggest you contact Assemblyman Marcus L. Conklin.

SENATOR COPENING:

I recall we passed out another bill last week with similar language which we will need to reconcile.

CHAIR SCHNEIDER:

That is correct. It was A.B. 77. Mr. Nichols will give us an amendment for the Senate Floor.

[ASSEMBLY BILL 77 \(1st Reprint\)](#): Makes various changes relating to mortgage lending and related professionals. (BDR 54-481)

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MR. NICHOLS:

"I think that's right. You will just need a [Senate] Floor amendment that will conflict with the amendment the Committee passed out."

CHAIR SCHNEIDER:

You passed it out earlier?

SENATOR SETTELMAYER:

Yes, we passed it out earlier.

MR. NICHOLS:

"Well, that's what conference committees are for, then, I suppose."

CHAIR SCHNEIDER:

It was amended, then?

MR. NICHOLS:

"It was amended on this side, yes, so it will go back to the Assembly."

CHAIR SCHNEIDER:

We will have a conference committee on this, then. I will now open the work session hearing on A.B. 122 with work session documents ([Exhibit D](#)).

ASSEMBLY BILL 122 (2nd Reprint): Authorizes the imposition of certain reasonable restrictions or requirements relating to systems for obtaining wind and solar energy. (BDR 22-592)

RENNY ASHLEMAN (City of Henderson):

There is a proposed amendment 6741, [Exhibit D](#), pages 3 through 5, to A.B. 122, and it was not universally popular. I met on two occasions and had in-depth discussions with local governments and solar advocates who stayed in touch about some of their issues. Then a long series of attempts at amendments via phone calls and e-mails ensued. The upshot of all of that was I arrived at the City of Henderson's proposed amendment on May 20, 2011, which is in your packet, [Exhibit D](#), pages 7 and 8.

We talked to the conservation community; we talked to wind energy people; we talked to solar advocates; and the only person who either did not agree with the amendment or had an objection to it was Jason Geddes with the City of Reno.

He objects to this amendment. In conversations with Senator Settelmeyer, I understand he wishes to do more with the bill, and I think I need to confer further with Assemblyman Livermore. We may have had a misunderstanding as to where he wanted to be with it. Senator Settelmeyer suggested we go ahead, and I proposed we vote on the proposed amendment and then work on the floor amendment with Senator Settelmeyer and other members of the Committee. That is my recommendation.

SENATOR SETTELMAYER:

There are a few issues that need to be worked out, and I think it would be best to work out something on the floor and go with Mr. Ashleman's amendment.

CHAIR SCHNEIDER:

We will close the discussion on A.B. 122.

SENATOR SETTELMAYER MOVED TO AMEND AND DO PASS AS AMENDED A.B. 122.

SENATOR BREEDEN SECONDED THE MOTION.

SENATOR PARKS:

What if they cannot come to an agreement?

CHAIR SCHNEIDER:

If they cannot come to an agreement, there would be no floor amendment.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR SCHNEIDER:

We will now discuss A.B. 283 with work session documents ([Exhibit E](#)). This is a mortgage-lending bill sponsored by Assemblyman Conklin. After the hearing on May 9, 2011, David Goldwater requested the Committee include a statement of intent that section 3, subsection 12, represents a mere clarification of the original intent behind *Nevada Revised Statute* (NRS) 645B.

[ASSEMBLY BILL 283 \(1st Reprint\)](#): Revises provisions relating to mortgage loans. (BDR 54-830)

If the Committee decides to include such a statement, the language in the conceptual amendment form, [Exhibit E](#), would be appropriate. Assemblyman Conklin indicated that he is okay with Mr. Goldwater's proposed amendment.

SENATOR COPENING:

Could staff explain the amendment and note exactly what the amendment would change?

MR. NICHOLS:

The intent is that the amendment not change anything; the amendment would clarify that if you look at page 6 of the bill, it's at the very end of section 3, this is subsection 12, which provides that an investor is not liable for the acts of a broker. The conceptual amendment would explain that it was the Legislature's intent that the existing provision of NRS 645B, likewise, did not create any liability in that investor. It's a clarification of the legislative intent underlying the existing law.

SENATOR COPENING:

Mr. Chair, was the sponsor okay with this? Was there any feedback that this was not the intent of the law?

CHAIR SCHNEIDER:

I have not received any feedback like that. Assemblyman Conklin did say he was okay with it.

If there are no further questions, I will close the discussion on A.B. 283.

SENATOR COPENING:

I have one more clarification. I understand there are no amendments, although this says conceptual amendment to A.B. 283. Is the motion a "do pass" or an "amend and do pass?"

CHAIR SCHNEIDER:

It would be an "amend and do pass."

SENATOR COPENING:

This conceptual amendment is the one brought forward ...

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CHAIR SCHNEIDER:

... by David Goldwater. Assemblyman Conklin was agreeable to the amendment.

SENATOR COPENING MOVED TO AMEND AND DO PASS AS AMENDED
A.B. 283.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR SCHNEIDER:

We will now open the work session on A.B. 289 with work session documents ([Exhibit F](#)).

ASSEMBLY BILL 289 (1st Reprint): Enacts provisions relating to the practice of dietetics. (BDR 54-871)

Governor Brian Sandoval has indicated he would sign A.B. 289, but it has to go to a new direction. After the hearing on May 18, Ms. Blomstrom indicated that the Office of the Governor did not support the creation of a new board, [Exhibit F](#), pages 3 and 4.

CHERYL BLOMSTROM (Nevada Dietetic Association):

In speaking with the Governor's office, as you know, we learned they are loath to create a new board. To create this important licensure for dietitians in Nevada, we came to an agreement with Marla McDade Williams, Deputy Administrator, Health Division (HD), Department of Health and Human Services (DHHS). The first proposed amendment was presented on Wednesday, May 18, along with Assemblyman John C. Ellison's proposed amendment, [Exhibit F](#), pages 6 through 8. We advise that you include in the bill Assemblyman Ellison's proposed amendment. I have the agreement from the sponsor to include this. It clarifies which people are not captured by the bill; this is an important component to the bill.

We also recommend you further amend the bill to authorize the State Board of Health (SBH), HD, DHHS, to be the regulatory authority for dietitian licensing.

We further recommend the bill authorize, but not require, the SBH to establish an advisory committee. Members would serve on that committee without compensation.

You have heard previous testimony on S.B. 190 which created a licensure for music therapists.

[SENATE BILL 190 \(1st Reprint\)](#): Provides for the licensure of music therapists.
(BDR 54-377)

The SBH suggests modeling the language after that particular form of licensure. Additionally, the Commission on Dietetic Registration of the American Dietetic Association, which is the national home for registered dietitians, does complaint reviews. They review written complaints. If they determine a complaint has merit, they forward it back to the SBH for disciplinary action. That is the answer we hoped to get. That reduces the impact on the SBH. The SBH would receive complaints that have already been reviewed and investigated, and they go forward with a disciplinary process, including the entire hearing process. A licensee would have all of the same process as under a separate board, but it would be reviewed and decided by the SBH, which is a regulatory board.

We propose a fee not to exceed \$250 for a two-year license, [Exhibit F](#), page 14, and believe that is sufficient to cover the costs to the SBH, as do they. If we use the authorization language and "may" language and also authorize the SBH to make regulations should they need to, there will not be a fiscal note outside of the costs the SBH would be able to cover.

Other than that, the scope of practice remains the same. The people who are not included remain the same people who were not included.

SENATOR COPENING:

Ms. Blomstrom, can you speak to the other two amendments from Jim Jenks, [Exhibit F](#), page 10, and from Roxanne Green, [Exhibit F](#), page 12, that were proposed to us? Do you have those amendments, and can you speak to them?

MS. BLOMSTROM:

I have seen them, but I do not have copies of them in front of me. As I recall, both of those amendments are a laundry list of folks who ought not be included. I think if you look at the language in Assemblyman Ellison's amendment, rather

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than creating a laundry list, and I believe Counsel talked about this, they speak to the types of folks who are not included. Assemblyman Ellison's proposed amendment is clearer and probably covers more people.

CHAIR SCHNEIDER:

Mr. Nichols, does Assemblyman Ellison's proposed amendment and Ms. Blomstrom's amendment take care of amendments 3 and 4, [Exhibit F](#), pages 6 through 9?

MATT NICHOLS (Counsel):

That is my opinion, Mr. Chairman. Mr. [Assemblyman] Ellison brought to the Legal Division the same concern expressed by Mr. Jenks and the other parties. The mock-up presented by Mr. [Assemblyman] Ellison was our office's work on that issue. So, I think that covers the concerns raised by Mr. Jenks and the other parties who brought forward those amendments.

CHAIR SCHNEIDER:

We will close the discussion on A.B. 289.

SENATOR COPENING MOVED TO AMEND AND DO PASS AS AMENDED
A.B. 289.

SENATOR BREEDEN SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS HALSETH, ROBERSON AND
SETTELMAYER VOTED NO.)

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CHAIR SCHNEIDER:

Ms. Blomstrom, would you please tell Assemblywoman April Mastroluca that her bill is passed? Also, please ensure the Governor is aware that we proceeded with his recommendation.

We will now open the work session hearing on A.B. 524 with work session documents ([Exhibit G](#)).

ASSEMBLY BILL 524: Increases certain fees for residential and general appraisers to cover an increase in federal registry fees. (BDR 54-1199)

GAIL J. ANDERSON (Administrator, Real Estate Division, Department of Business and Industry):

Based upon the recommendations presented on Monday, May 16, 2011, to this Committee, I have proposed amendments to A.B. 524 which are provided to you, [Exhibit G](#).

The first recommendation was for mandatory education core course to be included as part of all licensed and certified appraisers' and interns' continuing education requirement. This would be fleshed out by regulation. Education is to be adopted by the Real Estate Commission (REC), Real Estate Division (RED), Department of Business and Industry (DBI), and is in NRS 645C. I request a statutory requirement for the REC to adopt regulations for a mandatory course to be taken by every licensed and certified appraiser in this State and registered intern in this State, for the renewal of a license certificate or intern registration. It is very important, and this course would address current issues relating to appraisal of real property in this State. Emphasis should be on trends and market circumstances in this State and also on changes in law in this State which affect the appraisal of real property. It is important to note this does not create a new requirement for appraiser licensees. They have a 30-hour continuing education requirement that exists now. This course, which we envision would be 3 hours or possibly 4 hours, would count as part of that 30-hour requirement.

The working group of appraisers with whom Ms. Kindred-Kipling, the appraisal officer, and I worked and Mr. Rand chaired, wanted a fund to be created so the reasonable fee charged for this course would be cost-effective. We would create a special fund for those fees. That is my proposed new section 2, which is to create the account for real estate appraisal audit and education in the General Fund, with the administrator administering the account. This would mean the fees paid by the appraisers to attend the mandatory course would come into this special fund. The fund would be used for the course. We would contract with qualified instructors in our State to teach the course in a live classroom setting throughout the State and cover the cost of handout materials. That was the proposal for creating the fund.

The last recommendation is for the RED to be proactive in monitoring and holding appraisers accountable. We request and require an audit review of appraisers' work. This requirement could be general language for an audit requirement and is intended to be proactive, because presently the State only responds to complaints after the fact. This would allow the qualified reviewers to go to appraisers' offices, review their work files and then select two or three random appraisals to audit.

I worked with my deputy to start looking at some numbers and how this would work. The qualified reviewers would be appraisers, and the RED would need an additional compliance audit investigator in the southern office. We have one compliance audit investigator in the north office now.

We have completed some calculations about what would be involved in this, and we targeted one day a week for the north and the south investigators to conduct field reviews. Each would probably be able to do three office appointments on that field day each week. The qualified reviewers would select two or three appraisals to take back for review. For our calculation purposes, we figured an average of two and a half audits per office review. I would also point out that in the report I presented on Monday, the work they estimated that over 300,000 appraisals are being done in this State every year. That was a calculation based upon the type of appraiser and how many per month that appraiser would do. We are proposing to review and audit 750 of those 300,000-plus appraisals as a sampling. We anticipate most of those are going to be in good order and we will not identify problems. However, we also anticipate we are going to find there are appraisers who perhaps are not using the uniform standards compliant practices; at least those practices will not have been reflected in their work files and perhaps in their reports.

The recommendation is that the money collected from the audit of compliance review of appraisals would go into the General Fund Real Estate Administration Budget Account to offset the cost of these positions. We estimated we would collect, just with these preliminary numbers, \$150 per appraisal that is reviewed. We are anticipating two and a half appraisals per office review, so it is probably going to be \$300 to \$450 for the audit review, and it would come around once every four years. That is what we calculated for time. This is not an increase in the appraiser licensing fee; it is appraisers covering the cost of proactive reviews of appraisal work in their work files.

CHAIR SCHNEIDER:

My recommendation on the proposal to be amended is that we give Ms. Anderson the ability to contract with outside auditors, because there are 300,000-plus appraisals. She could never have a staff big enough to look at that. She could contract with outside auditors on this basis. They could do all the auditing and, as she indicated, collect the money from the appraisers for the audit. The Division of Insurance (DOI), DBI, does this presently. I would like to have Mr. Young review it for the Committee.

SCOTT YOUNG (Policy Analyst):

Committee, page 12, [Exhibit G](#), is a conceptual amendment that is really just some excerpts from NRS chapter 679B which is a chapter under the jurisdiction of the DOI. It shows how the DOI is given the authority to retain essentially independent contractors to go out and do examinations for the DOI. Then, some of the other provisions show the statutes that give the authorization to the DOI to conduct these examinations and that also, on the top of page 13, [Exhibit G](#), you will see NRS 679B.290. This is a standard provision we use for the DOI, and I believe there is a similar one for the Division of Mortgage Lending, DBI, where the expense of the examination is borne by the company being examined. There are limitations stating the costs charged to the company being examined have to be reasonable.

The purpose behind pages 12 and 13, [Exhibit G](#), is to show the Committee some existing statutes that contain the type of language that would be put into this bill if you were to accept Senator Schneider's recommendation.

He also asked me to read something else he suggested that is on the cover sheet for this bill. He suggested, as part of the continuing education requirement Ms. Anderson has suggested, that the RED include a segment devoted to ethics. The amount of time and content devoted to ethics would be left up to the RED, but that would be an integral component of the mandatory course.

CHAIR SCHNEIDER:

That is my proposal with the additional amendment. How did that sound, Ms. Anderson?

MS. ANDERSON:

One of the challenges would be hiring only contract workers, because only an appraiser can do these reviews.

CHAIR SCHNEIDER:

What about in addition to? Not just exclusively to contract workers.

MS. ANDERSON:

In addition to, that would be fine. I would just be concerned and appreciate that.

If I may add one more thing, my specific amendment was not something that was vetted through the work group. We did the recommendations, so I had Ms. Kindred-Kipling sending things out and asking people, once they saw the amendment, some things. So it did have, certainly not across the board from every appraiser in this State today, but from appraisers that particularly worked in the work group e-mailing back, "if the appraisal quality in our State goes up, even a little, as a result of more oversight, then the price we have paid is worth it to me." Another one, "Sounds good to me. I think the fee should be even higher for the cost to do the reviews." Another one, "I couldn't agree more. If the fees even went up to \$500 every two years it would be more than... it would be reasonable for us."

Now these are just a few people. But these are appraisers that care about their industry a great deal. I am not suggesting this is a position of the Commission; it is not. I am not suggesting it is across the board, but I am suggesting that many of the experienced and very fine quality appraisers in this State support a more proactive activity by the State in this.

SENATOR SETTELMAYER:

Originally, this bill had a slight increase of \$25 or \$35. How much does an appraiser currently have to pay, and if this bill passes, how much would that cost increase?

MS. ANDERSON:

I will ask my appraisal officer, Brenda Kindred-Kipling to respond to what the appraiser licensing fees are for a two-year period.

BRENDA KINDRED-KIPLING (Appraiser Officer, Division of Real Estate, Department of Business and Industry):

For a licensed or certified residential appraiser, it is a \$100 application fee, \$290 for a two-year license and the renewal fee is \$290. For a certified general appraiser, it is a \$100 application fee, \$390 for a two-year license and \$390 for renewal.

MS. ANDERSON:

To answer your question further, the review audit would cost when it came around to their random turn and that, I anticipate, would be between \$300 and \$450 once every four years. It would not happen every year; it would not even happen every licensing cycle. That is what we were estimating.

SENATOR SETTELMAYER:

That is in addition to the \$45 for the Dodd-Frank Act fee, correct?

MS. ANDERSON:

Yes. The basis of A.B. 524 is a \$30 increase on their license; that is a pass-through to the federal government. That would be every renewal period at \$15 per year.

Adding the ethics component to the language of proposed section 1 would be fine.

CHAIR SCHNEIDER:

This bill has a waiver. There is no need to vote on it today, actually. Are you comfortable with how it is?

MS. ANDERSON:

Yes, I am. I am enthused about it. The appraisers who worked on this are enthused about taking a proactive position on their profession.

CHAIR SCHNEIDER:

This bill has a waiver and Senator Roberson would like more time to consider the bill. Since we have a waiver, we will go to next Monday or Tuesday so that Senator Roberson can study it more. We will process it but want to be courteous to Senator Roberson.

We will close the hearing on A.B. 524.

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SENATOR HALSETH:

Mr. Chair, will you accept a motion?

CHAIR SCHNEIDER:

No, not yet.

Ms. Anderson, we will not be having a hearing on Monday, May 23, 2011. It will be delayed until Wednesday. Senator Roberson said we could go ahead and take a vote on A.B. 524.

SENATOR COPENING MOVED TO AMEND AND DO PASS AS AMENDED
A.B. 524.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS HALSETH, ROBERSON AND
SETTELMAYER VOTED NO.)

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CHAIR SCHNEIDER:

Now we will open the work session hearing on A.B. 299 and Mr. Young will review the bill.

[ASSEMBLY BILL 299 \(1st Reprint\)](#): Creates the Low-Cost Automobile Insurance
Pilot Program. (BDR 57-178)

MR. YOUNG:

Assembly Bill 299 creates the Low-Cost Automobile Insurance Pilot Program. The Committee heard this bill on May 6, 2011. This is the chair of the Assembly Committee on Commerce and Labor, Assemblyman Kelvin Atkinson's, bill, along with some cosponsors. Staff is not aware of any proposed amendments. Included behind your coversheet ([Exhibit H](#)), page 1, is additional information that Commissioner Brett J. Barratt, DOI, provided on costs of accidents and statistical information. There were some questions from the Committee during the May 6 hearing, and Commissioner Barratt responded to requests for additional information.

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CHAIR SCHNEIDER:

This is a controversial bill. We will close discussions on A.B. 299.

SENATOR BREEDEN MOVED TO DO PASS A.B. 299.

SENATOR COPENING SECONDED THE MOTION.

SENATOR COPENING:

I understand there is much controversy concerning this bill, and I am going to second the motion with a bit of reservation. I want to gather some additional information and talk to the Chair a bit more. However, I will support the bill.

CHAIR SCHNEIDER:

Did you want to talk to this Chair or the Chair of the Assembly Committee on Commerce and Labor?

SENATOR COPENING:

I want to speak to the sponsor.

SENATOR ROBERSON:

I will stand by what I said when this bill was initially heard. I have a great deal of reservation. I will be voting no.

THE MOTION CARRIED. (SENATORS HALSETH, ROBERSON AND SETTELMAYER VOTED NO.)

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CHAIR SCHNEIDER:

There being no further business for the Senate Committee on Commerce, Labor and Energy, the meeting is adjourned at 3:29 p.m.

RESPECTFULLY SUBMITTED:

Vicki Folster,
Committee Secretary

APPROVED BY:

Senator Michael A. Schneider, Chair

DATE: _____

<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 308	C	Patrick O. King	Work Session Documents
A.B. 122	D	Renny Ashleman	Work Session Documents
A.B. 283	E	Michael A. Schneider	Work Session Documents
A.B. 289	F	Michael A. Schneider	Work Session Documents
A.B. 524	G	Gail J. Anderson	Work Session Documents
A.B. 299	H	Scott Young	Work Session Documents