

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

**Seventy-Eighth Session  
April 9, 2015**

The Senate Committee on Commerce, Labor and Energy was called to order by Chair James A. Settelmeyer at 10:11 a.m. on Thursday, April 9, 2015, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 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 James A. Settelmeyer, Chair  
Senator Patricia Farley, Vice Chair  
Senator Joe P. Hardy  
Senator Becky Harris  
Senator Mark A. Manendo  
Senator Kelvin Atkinson  
Senator Pat Spearman

**STAFF MEMBERS PRESENT:**

Marji Paslov Thomas, Policy Analyst  
Dan Yu, Counsel  
Renee Fletcher, Committee Secretary

**Chair Settelmeyer:**

I will begin with the work session on Senate Bill (S.B.) 439.

**SENATE BILL 439:** Provides for the permitting and regulation of transportation network companies. (BDR 58-633)

**Marji Paslov Thomas (Policy Analyst):**

I will read the summary of the bill from the work session document and the proposed mock-up amendment ([Exhibit C](#)).

**Chair Settlemeyer:**

The proposed mock-up amendment addresses many issues brought up in the Committee hearing. We have incorporated language dealing with the purview of the airports and that Uber drivers must pay a business license fee since they are independent contractors.

**Senator Manendo:**

Has Uber Technologies divulged the amount of State taxes paid during the month they operated in Nevada?

**Chair Settlemeyer:**

We have not received information on taxes paid by Uber. We also have not received information on how much the taxicab industry lost due to the operation of Uber.

**Senator Atkinson:**

Uber should contribute financially to Nevada's tax structure, and not be allowed to back out of those obligations. If Uber drivers are going to be considered independent contractors, then they will need to purchase business licenses. Uber drivers will be putting additional wear-and-tear on our roads and should be assessed a per-trip fee that will go directly to the State Highway Fund. One further issue to be addressed is workers' compensation (WC). I am not positive if I will reserve my right to vote; however, if I do, it will be due to potential strains on the WC system.

**Chair Settlemeyer:**

Would you like to propose an amendment to add a 25-cent, per-trip fee for every ride pickup?

**Senator Atkinson:**

We need to base the per-trip fee on what Uber has projected to be the number of rides requested or picked up. I believe Uber projected 10,000 rides within the first year. I am comfortable with a 25-cent fee per ride going to the State Highway Fund.

SENATOR ATKINSON MOVED TO AMEND AND DO PASS AS AMENDED S.B. 439 WITH CHAIR SETTELMAYER'S PROPOSED AMENDMENT AND AN ADDITIONAL AMENDMENT ADDING \$0.25 PER TRIP FEE TO GO TO THE STATE HIGHWAY FUND.

SENATOR SPEARMAN SECONDED THE MOTION.

**Senator Harris:**

Public safety issues are paramount. We must ensure that transportation network companies (TNC) will provide safe drivers, safe vehicles and adequate insurance. Nevada has a reputation as being one of the entertainment capitals of the world and we must safeguard our visitors as they are transported around our cities. We must also think about our own citizens and their safety as they travel within the State. A large part of my Senate district has no meaningful transportation. There are no buses zoned for Senate District 9 and no taxicabs want to go there. Many of my constituents have requested that Uber be allowed to operate in Nevada because it gives my district a viable option for transportation. My constituents have a right to meaningful transportation; however, for me to make a decision, I need to know the transportation provided will be safe.

Another concern is the relationship between the TNC and their drivers. I am not convinced the drivers realize that they are independent contractors. I spoke with a constituent who drove for Uber, and he had not been advised that he had to get a business license. I have spoken directly with Uber, which is willing to rectify this issue and work closely with drivers so those individuals understand they must get business licenses and be responsible for any associated fees. Uber will help create thousands of small businesses, and the operators must be aware of their responsibilities when engaging in a relationship with a TNC. I will be voting to move S.B. 439 out of Committee; however, if these issues are not appropriately addressed, I maintain my right to vote no in the Senate Floor Session.

**Senator Farley:**

I share the same concerns as Senator Harris and will add that S.B. 439, as written, is economically flawed. You cannot have a company operate illegally and expect new legislation to allow that company to continue operating in the same manner. This is a bad precedent to set. We realize that our State is

underserved by the taxi industry. I have been unable to get taxi service in my area. The TNC want to answer a demand and serve an untapped market.

We need to determine what Nevada's standards should be for businesses transporting the public since tourism is the State's largest industry, and we need to meet the market demand. Nevada needs to grow, and companies knowing they can open their markets here make our State successful. I will vote yes on this legislation to keep the conversation open; however, if these issues are not addressed and updated, I will vote no in the Senate Floor Session.

**Chair Settelmeyer:**

We are trying to determine how to change this legislation to the benefit of the State. I have researched other states that allow TNC to operate. The taxi industry did not cease or leave the states. The clientele is different for each market. Uber is a technology company that serves many markets, such as Uber Kitten and Uber Helicopter, as well as other platforms like having grocery delivery or laundry pickup. Uber is a different technology and must be regulated by an agency that is impartial; therefore, I chose the Public Utilities Commission of Nevada (PUCN), and I gave the PUCN full discretion.

It is not right for a company to operate in Nevada without regulations. Uber could have operated without insurance, or could have obtained a surety bond. I do not agree with that concept, or with a minimum insurance amount of \$250,000. The insurance industry proposed minimum coverage at \$1 million. In the interest of public safety, I felt more comfortable with minimum coverage set at \$1.5 million.

**Senator Hardy:**

The taxi industry trains drivers, maintains safety records, performs drug testing, and FBI background checks, they purchase the vehicles, pay for the gas, maintenance and commercial insurance. Car inspections are performed, they pay modified business taxes, licensing and airport fees. The taxi industry offers employee benefits and WC and they have local buildings. Although Uber claims it is not a common carrier, it is a transportation company.

While I admire the market pricing concept, there should be a cap, or limit. With the method of taxation, TNC could be better corporate partners for Nevada. There needs to be a balance between safety and convenience. We should determine if there are options for the taxi industry to be more competitive with

TNC. There needs to be more clarity in the insurance limits during different time periods for TNC. Legislation should clarify a standard and rational background check screening. I agree with allowing the PUCN to regulate TNC and any payment of fees must come from the TNC, not the ratepayers. Tax assessment should be clarified and standardized, and appropriate airport fees determined. Lastly, the WC situation needs to be addressed so responsibility does not fall on the State.

**Senator Manendo:**

There are available applications for groceries to be delivered, such as through an actual grocery store. An employee of the store who is on payroll and covered by the establishment insurance would deliver the groceries. It is not a good idea to have an independent contractor who may not be covered, pick up and deliver groceries. Public safety is a primary issue and TNC should operate under a regulatory body that has proper enforcement and investigatory powers. The PUCN lacks enforcement power, as its only enforcement seems to be with the TNC, not the drivers.

The taxi industry is regulated under the Nevada Transportation Authority and taxi drivers are overseen by the Taxicab Authority (TA). The TA investigates any disputes or discrepancies arising with the drivers. If there is no regulatory oversight for TNC drivers, the responsibility falls onto police departments, which will soon be overwhelmed.

Due to policy changes within some police departments, officers will not respond to accidents when there is no bodily harm. The responsibility falls on the individuals involved in the accident to acquire insurance information. Therefore, if police departments become the regulatory body for TNC drivers, it will reduce the time officers are allocated for public safety issues.

I am concerned that the background checks are not sufficient and fingerprinting should be added. Without fingerprints, there is no evidence of an individual's identity. Another concern is the insurance coverage is not sufficient during the time a TNC driver is looking to pick up passengers. There are many policy issues with S.B. 439, and I am not confident it should pass through Committee.

**Senator Spearman:**

I concur with the statements made regarding public safety and comprehensive background checks. Many of my constituents have stated there are no

transportation options open to them. There is a lack of coordinated transportation. I spoke with a retired veteran with a disabled wife and a son who has special needs. This veteran signed up to be an Uber driver. He said that if Uber had continued to operate, it would have been a nice supplement to his retirement income.

I agree with the addition of a 25-cent trip fee as the Highway Fund is depleted. It is a safety necessity to have available funds to keep our roads and highways in good condition. I am disappointed that no other company has thought about transportation in my district until there was a threat of competition. The constituents of my district pay taxes that fund roads, yet they are not included in transportation routes. Many residents need to get around to places other than the airport and the Las Vegas Strip. I am not supporting one industry over another, I support having the people of Nevada served with safe, reliable transportation.

**Chair Settlemeyer:**

During the month Uber operated in Nevada, the drivers were found in Churchill County, Storey County, Carson City and Douglas County. Uber was serving areas that had no other transportation opportunities. Having ample choices of transportation may curb the need for individuals to own vehicles, where people would not need to pay for insurance, gas or parking spaces.

THE MOTION PASSED. (SENATOR MANENDO VOTED NO.)

\* \* \* \* \*

**Chair Settlemeyer:**

I will now open the work session on S.B. 440.

**SENATE BILL 440**: Revises provisions relating to insurance. (BDR 57-983)

**Ms. Paslov Thomas:**

I will read the summary of the bill from the work session document, proposed mock-up amendment and one proposed conceptual amendment ([Exhibit D](#))

**Chair Settlemeyer:**

Insurance companies are of the consensus that TNC should have a consistent framework throughout the Nation; therefore, the original language was not stringent enough and we changed the coverage limit to \$1.5 million, and there is additional amended language.

**Senator Hardy:**

Clear insurance guidelines are a necessity and there are issues that must be discussed before S.B. 440 should move forward.

**Senator Harris:**

I was unable to have conversations with the proponents and other insurance companies; therefore, I feel uninformed and uncomfortable with S.B. 440.

**Chair Settlemeyer:**

This Committee is unable to make a conclusive decision at this time. The proponents of this bill can meet with members of the Committee to determine agreeable language. I will now close the work session on S.B. 440 and open the work session on S.B. 223.

**SENATE BILL 223**: Revises provisions relating to contractors. (BDR 53-984)

**Ms. Paslov Thomas:**

I will read the summary of the bill from the work session document and the seven proposed amendments ([Exhibit E](#)).

**Chair Settlemeyer:**

Initially, S.B. 223 was argumentative. I worked with Mr. Mowry and Mr. Stewart to find a resolution and to change some of the language. We unified the time frame for an employee to collect past wages to 1 year, instead of inconsistent times of 90 days, 180 days, 1 year or 3 years. I will now close the work session on S.B. 223.

SENATOR HARDY MOVED TO AMEND WITH THE PROPOSED AMENDMENTS AND DO PASS AS AMENDED S.B. 223.

SENATOR HARRIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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**Chair Settlemeyer:**

I will now open the work session on S.B. 250.

**SENATE BILL 250**: Revises provisions relating to policies of health insurance.  
(BDR 57-687)

**Ms. Paslov Thomas:**

I will read the summary of the bill from the work session document and one amendment ([Exhibit F](#)).

**Chair Settlemeyer:**

As there is no discussion, I will now close the work session on S.B. 250.

SENATOR HARRIS MOVED TO AMEND AND DO PASS AS AMENDED  
S.B. 250.

SENATOR FARLEY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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**Chair Settlemeyer:**

I will now open the work session on S.B. 251.

**SENATE BILL 251**: Ratifies the Interstate Medical Licensure Compact.  
(BDR 54-576)

**Ms. Paslov Thomas:**

I will read the summary of the bill from the work session document ([Exhibit G](#)).  
There are no proposed amendments.



**Senator Harris:**

I have a concern for public safety. It has been represented to me that if enough states pass this medical state licensure compact, the appropriate regulations and provisions will be put in place to attract the best doctors to practice in Nevada. The interstate compact will fill a void and lack of practicing doctors in certain specialties.

**Chair Settlemeyer:**

I will now close the work session on S.B. 251.

SENATOR HARRIS MOVED TO DO PASS S.B. 251.

SENATOR FARLEY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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**Chair Settlemeyer:**

I will now open the work session on S.B. 253.

**SENATE BILL 253:** Enacts provisions governing the sale of guaranteed asset protection waivers. (BDR 57-795)

**Ms. Paslov Thomas:**

I will read the summary of the bill from the work session document and the three proposed amendments ([Exhibit H](#)).

**Chair Settlemeyer:**

Is there a discrepancy between two of the amendments? The concepts were similar, so there needed to be a larger, clearer notation that the guaranteed asset protection (GAP) waiver was not insurance.

**Dan Yu (Counsel):**

There is a slight variation between two of the amendments with respect to the font size. The proposed amendment submitted by Mr. Wadhams states that the font size in the disclosure notice would have to be larger than the surrounding text, but IT does not specify the exact font size. The amendment submitted by Senator Harris specifies the font size to be 14 points. There can be a

combination of the two amendments or this Committee can render a decision on a particular font size.

**Chair Settlemeyer:**

Senator Harris, do you have a preference on the language?

**Senator Harris:**

There should be a clear and conspicuous difference to the surrounding text so a consumer can recognize the area as an important notation. I am comfortable if the font is a minimum size of 12 points or larger. The intent is to make the GAP waiver information obvious.

SENATOR HARRIS MOVED TO AMEND WITH THE PROPOSED AMENDMENTS AND SPECIFYING THAT THE DISCLOSURE STATEMENT BE AT LEAST 12-POINT FONT SIZE AND LARGER THAN OTHER DOCUMENT TEXT AND DO PASS AS AMENDED S.B. 253.

SENATOR HARDY SECONDED THE MOTION.

**Senator Atkinson:**

The decisions made by the Attorney General's Office and the Legislative Counsel Bureau do not convince me that a GAP waiver is not insurance. I am against this bill, but reserve the right to change my vote on the Senate Floor.

**Senator Spearman:**

I agree with the comments made by Senator Atkinson. I have difficulty understanding why GAP waivers are necessary. I am not convinced that consumers purchasing vehicles would clearly understand whether insurance policies cover the value of the vehicles and if a GAP waiver is needed. I am against this bill, but reserve my right to change my vote on the Senate Floor.

**Senator Hardy:**

I want to clarify the words "or" on page 4 of [Exhibit H](#), which deals with the font as a greater size as opposed to a specific size or color than the surrounding text.

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**Chair Settlemeyer:**

The amendment just proposed by Senator Hardy clearly indicates that the font must be a minimum of size 12 font. I will now close the hearing on S.B. 253.

THE MOTION PASSED. (SENATORS ATKINSON AND SPEARMAN VOTED NO.)

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**Chair Settlemeyer:**

I will now open the work session on S.B. 273.

**SENATE BILL 273:** Revises provisions relating to health care records.  
(BDR 54-589)

**Ms. Paslov Thomas:**

I will read the summary of the bill from the work session document and the four proposed amendments ([Exhibit I](#)).

**Chair Settlemeyer:**

Do any of these amendments conflict with each other in any particular way or are any of them problematic?

**Mr. Yu:**

Yes, there are a few conflicts with the amendments.

**Senator Hardy:**

On the first amendment, on page 2 of [Exhibit I](#), the "important note" section on the bottom of the page will be deleted. The top portion of the page is not in conflict with the amendment submitted by Bill Welch. The first and third amendments work together, whereas the second amendment does not. I propose the first and third amendments go through. Legal counsel agrees that the second amendment is not compatible; therefore, I propose to remove the second amendment.

**Chair Settlemeyer:**

Are you recommending to proceed with the amendments proposed by yourself and Mr. Welch and to eliminate the amendment proposed by Ms. Woodbury and Ms. Partida?

**Senator Hardy:**

Yes, that is correct.

**Chair Settlemeyer:**

I will now close the hearing on S.B. 273.

SENATOR FARLEY MOVED TO AMEND WITH THE AMENDMENTS  
PROPOSED BY SENATOR HARDY AND MR. WELCH AND DO PASS AS  
AMENDED S.B. 273.

SENATOR HARRIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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**Chair Settlemeyer:**

I will now open the work session on S.B. 282.

**SENATE BILL 282**: Revises provisions relating to energy. (BDR 58-259)

**Ms. Paslov Thomas:**

I will read the summary of the bill from the work session document and the five proposed amendments ([Exhibit J](#)).

**Chair Settlemeyer:**

As there is no discussion, I will close the hearing on S.B. 282.

SENATOR ATKINSON MOVED TO AMEND AND DO PASS AS AMENDED  
S.B. 282.

SENATOR HARDY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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**Chair Settlemeyer:**

I will now open the work session on S.B. 328.

**SENATE BILL 328**: Revises provisions relating to policies of health insurance.  
(BDR 57-794)

**Ms. Paslov Thomas:**

I will read the summary of the bill from the work session document and the two proposed amendments ([Exhibit K](#)). It has come to my attention that the dollar figures listed in section 1, subsection 1, paragraph (b) of the amendment should not be listed.

**Senator Farley:**

Ms. Paslov Thomas is correct. The dollar figures that are listed in section 1, subsection 1, paragraph (b) of the amendment should be stricken. The correct language is captured in the amendment submitted by George Ross and agreed to by the groups that are affected by the bill.

**Chair Settlemeyer:**

I will close the work session on S.B. 328.

SENATOR HARDY MOVED TO AMEND WITH THE AMENDMENT  
PROPOSED BY MR. ROSS AND DO PASS AS AMENDED S.B. 328.

SENATOR SPEARMAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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**Chair Settlemeyer:**

I will now open the work session on S.B. 384.

**SENATE BILL 384**: Revising provisions relating to family trust companies.  
(BDR 55-279)

**Ms. Paslov Thomas:**

I will read the summary of the bill from the work session document and the seven proposed amendments ([Exhibit L](#)).

**Chair Settlemeyer:**

As there is no discussion, I will close the hearing on S.B. 384.

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SENATOR HARDY MOVED TO AMEND WITH THE PROPOSED  
AMENDMENTS AND DO PASS AS AMENDED S.B. 384.

SENATOR SPEARMAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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**Chair Settlemeyer:**

With no further business, the work session is adjourned at 11:19 a.m.

RESPECTFULLY SUBMITTED:

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Renee Fletcher,  
Committee Secretary

APPROVED BY:

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Senator James A. Settlemeyer, Chair

DATE: \_\_\_\_\_

<b>EXHIBIT SUMMARY</b>				
<b>Bill</b>	<b>Exhibit</b>		<b>Witness or Agency</b>	<b>Description</b>
	A	2		Agenda
	B	3		Attendance Roster
S.B. 439	C	20	Marji Paslov Thomas	Work Session Document
S.B. 440	D	7	Marji Paslov Thomas	Work Session Document
S.B. 223	E	9	Marji Paslov Thomas	Work Session Document
S.B. 250	F	2	Marji Paslov Thomas	Work Session Document
S.B. 251	G	1	Marji Paslov Thomas	Work Session Document
S.B. 253	H	4	Marji Paslov Thomas	Work Session Document
S.B. 273	I	6	Marji Paslov Thomas	Work Session Document
S.B. 282	J	2	Marji Paslov Thomas	Work Session Document
S.B. 328	K	3	Marji Paslov Thomas	Work Session Document
S.B. 384	L	11	Marji Paslov Thomas	Work Session Document