

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

**Seventy-Ninth Session  
March 6, 2017**

The Committee on Commerce and Labor was called to order by Chair Irene Bustamante Adams at 1:31 p.m. on Monday, March 6, 2017, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 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/App/NELIS/REL/79th2017](http://www.leg.state.nv.us/App/NELIS/REL/79th2017).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Irene Bustamante Adams, Chair  
Assemblywoman Maggie Carlton, Vice Chair  
Assemblyman Paul Anderson  
Assemblyman Nelson Araujo  
Assemblyman Chris Brooks  
Assemblyman Skip Daly  
Assemblyman Jason Frierson  
Assemblyman Ira Hansen  
Assemblywoman Sandra Jauregui  
Assemblyman Al Kramer  
Assemblyman Jim Marchant  
Assemblywoman Dina Neal  
Assemblyman James Ohrenschall  
Assemblywoman Jill Tolles

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

Assemblyman Edgar Flores, Assembly District No. 28



**STAFF MEMBERS PRESENT:**

Kelly Richard, Committee Policy Analyst  
Wil Keane, Committee Counsel  
Kathryn Kever, Committee Secretary  
Olivia Lloyd, Committee Secretary

**OTHERS PRESENT:**

Arlene Alvarez, Community Organizer, Mi Familia Vota, Las Vegas, Nevada  
Emma Kramden Swarzman, Intern, Progressive Leadership Alliance of Nevada  
Daniel Leonardini, Intern, American Civil Liberties Union of Nevada  
Leonardo Benavides, Extern, Washoe Legal Services; and Legal Aid Center of Southern Nevada  
Nicholas Farese, Lieutenant, Northwest Area Command, Las Vegas Metropolitan Police Department  
Brian O'Callaghan, Government Liaison, Office of Intergovernmental Services, Las Vegas Metropolitan Police Department  
Delen Goldberg, Public Information Officer, City of North Las Vegas  
John Fudenberg, Coroner, Government Affairs, Office of the Coroner/Medical Examiner, Clark County  
Sara Chohagian, representing Nevada Bankers Association  
Daniel R. Hansen, Legislative Extern, Office of the City Manager, City of Reno  
Kelly Crompton, Government Affairs Officer, City of Las Vegas  
David Cherry, Public Affairs, Communications and Intergovernmental Relations, City of Henderson  
Pat Whitten, County Manager, Storey County  
Wes Henderson, Executive Director, Nevada League of Cities and Municipalities  
Lisa Foster, representing Allstate Insurance Company; and American Family Insurance  
Noel Cole Young, Regional Counsel, Allstate Insurance Company, Tempe, Arizona  
Jeanette Belz, representing Property Casualty Insurers Association of America  
C. Joseph Guild III, representing State Farm Insurance Company  
Robert L. Compan, Manager, Government and Industry Affairs, Farmers Insurance  
Barbara D. Richardson, Commissioner of Insurance, Division of Insurance, Department of Business and Industry

**Chair Bustamante Adams:**

[The roll was taken and a quorum was present.] I will open the hearing on Assembly Bill 162.

**Assembly Bill 162: Requires a business that accepts a driver's license as proof of identity to also accept a permanent resident card for that purpose. (BDR 52-734)**

**Assemblyman Edgar Flores, Assembly District No. 28:**

I have discovered many businesses do not accept legal permanent resident cards, also known as green cards, as a form of identification. I find this odd because the U.S. Department of Homeland Security (DHS) issues legal permanent resident cards. It takes about eight months to get one. If you use an attorney to help you obtain a permanent resident card, it costs about \$5,000. This includes both attorney and immigration fees. There is a complex vetting process to obtain a permanent resident card. It includes an interview with the DHS, submitting fingerprints, and a background check. It is not easy to obtain this form of identification.

Many businesses in my district do not accept permanent resident cards as identification. This fact was brought to my attention, and I asked a number of business owners why they do not accept permanent resident cards as a form of identification. I discovered the main reason is that business owners do not know what a legal permanent resident card is. They are not used to seeing them and do not know how they work. If we accept a state-issued driver's license as a form of identification, then a card issued by the DHS should be accepted as well. This is the issue Assembly Bill 162 seeks to address.

To get a state-issued driver's license, you go to the Department of Motor Vehicles (DMV) and provide proof of residency and identity. To prove your identity you can use a birth certificate, a passport, or other forms of identification. You file an application, pay a fee, and immediately receive a driver's license. It is a simple process.

There are two different ways to obtain a legal permanent resident card. The most frequently used method is to file a Form I-130 Petition for Alien Relative ([Exhibit C](#)). It costs \$535, and you must have a sponsor. Only a United States citizen or someone with a legal permanent resident card can be a sponsor. There has to be a sponsor; most of the time the sponsor is a family member. Once approved, you receive a priority date.

After you receive your priority date, you file an I-485 Application to Register Permanent Residence or Adjust Status form ([Exhibit D](#)). This form costs \$1,225 to file and includes the cost of the required biometrics screening. Biometrics are unique physical characteristics, such as fingerprints, that can be used for automated recognition. The Office of Biometric Identity Management Identification Services at the DHS does the required biometric screening.

You have to prove you meet strict criteria in order to obtain a permanent resident card. If you cannot do this, your application is denied. This process takes anywhere from six to eight months. It includes a background check and vetting conducted by the DHS. Permanent resident cards are issued for a ten-year period.

Within three to five years of obtaining their permanent legal resident card, most people go on to become citizens of the United States. The length of time it takes to become a citizen of the United States depends on a number of factors, including being married to a United States citizen. Five years is the average for someone to have a permanent resident card.

I want to walk you through the bill. The bill, in its entirety, adds only two different phrases. One, it indicates that "legal permanent resident" or "permanent resident" is referring to the definition used by the United States Citizenship and Immigration Services under the purview of the DHS.

New language is added in only one other section. It says, "or a permanent resident card." This means that if we allow a DMV-issued document to be used as a valid form of identification, there is no reason why a permanent resident card should be declined as a form of identification.

All individuals who have a permanent resident card are individuals who were not born in the United States. We should be concerned about this because denying individuals access to a facility, a business, or an agency because they possess only a permanent resident card raises the issue of discrimination based on national origin. Businesses denying individuals access to establishments on this basis may be guilty of discrimination. This is a valid concern, and we should be worried about it. We are denying individuals access to locations solely based on the type of identification they are using.

The other thing we should be concerned about is the simple fact that a legal permanent resident card is a legal, alternative form of identification. Let me give you an example. If I lose my driver's license, I carry my United States passport. Other individuals, who do not have the privilege of having a United States passport, use their permanent legal resident card. Federal law mandates permanent resident cardholders carry it with them at all times.

I have attached an example of a permanent resident card ([Exhibit E](#)). It has the date of birth, a picture, and an expiration date. A hologram is embedded in the card. The card has more detailed information than a state-issued identification. It not only meets the requirements for state-issued identification, it exceeds them. Permanent resident cards are more complex and difficult to obtain.

**Assemblywoman Jauregui:**

Thank you for bringing this issue to our attention. I do not understand how we cannot sell alcohol or cigarettes to someone with a permanent resident card, but we can sell them houses. Right now, you can get a loan and sign closing documents using a permanent resident card for identification.

**Assemblyman Ohrenschall:**

What is the difference between a United States passport and a permanent resident card in terms of identification documents? Both are issued by federal agencies.

**Assemblyman Flores:**

They are both forms of identification issued by the federal government. With a United States passport, if you are over 18, your passport is valid for ten years. A permanent resident card can be taken away. You will lose your permanent resident card if you commit certain crimes or a judge issues a final removal order against you. In some situations, you will lose it if you remain outside of the United States for an extended period. With a United States passport, if you travel abroad for a year and come back to the United States, your passport is still valid. If you have permanent resident status and travel abroad for six months and one day, it is presumed you have abandoned your permanent legal resident status and the card will be taken away. If this happens, you must start the application process again.

**Assemblyman Brooks:**

What are examples of the types of businesses refusing to allow permanent resident cards to be used as a form of identification?

**Assemblyman Flores:**

This has been happening in my district. There are specific locations, such as bars, which require you to be 21 or older in order to be in the establishment. My constituents have attempted to use their permanent resident card as a form of identification and have been told it is not a valid form of identification. They were told they needed to produce a United States passport in order to remain in the establishment.

I understand that businesses may be more familiar with a state-issued identification or a United States passport. I personally tried to explain that a person with a permanent resident card is not a United States citizen and cannot obtain a passport. It was difficult for me to convey this. Based on this experience, I went to social media and asked how many permanent resident cardholders have experienced this problem. I found out that this is an issue when permanent resident cardholders use a credit card and when businesses ask for identification.

This is a huge issue, and it is very common in other states. In Nevada, it is very common for people to own a vehicle. Typically, you must provide your own transportation. However, in states like California, it is less common for people to own a vehicle and there is no reason to get a driver's license. In these states, your legal permanent resident card is all you carry. It is federally issued, it is recognized, and businesses know what it is and accept it as a form of identification.

**Assemblywoman Tolles:**

What security features do permanent resident cards have to protect against counterfeiting and identity theft? How are you going to educate businesses so that they become more aware that it is a valid form of identification?

**Assemblyman Flores:**

I am not an expert regarding how difficult it is to create a fake permanent resident card. I will say that the vetting process and the standard for issuing this card is set by the

Department of Homeland Security (DHS). I believe that it would be more difficult for you to get a fake permanent resident card than it would be to get a fake state-issued identification card. I put a sample of a permanent resident (green) card ([Exhibit E](#)) on the Nevada Electronic Legislative Information System (NELIS). A permanent resident card has a hologram and other security features. It is difficult, but not impossible, to create a counterfeit permanent resident card.

Once this bill passes, I will take it upon myself to educate the businesses in my district. I will send out letters explaining the law to them. I have tried to explain this to businesses previously, but if it is not in the *Nevada Revised Statutes* (NRS), some businesses do not pay attention.

As businesses become more knowledgeable and comfortable with accepting them as a form of identification, they will be more willing to ask for it as a form of identification. Typically, businesses ask for a driver's license. If you say you do not have one, they have to ask for an alternative form of identification. We can educate businesses so that they know they can ask for a U.S. passport, a permanent resident card, a military identification card, or other forms of acceptable identification. This is probably the easiest way to approach educating businesses.

**Chair Bustamante Adams:**

Are there any questions? [There were none.] We will move to those in support of A.B. 162.

**Arlene Alvarez, Community Organizer, Mi Familia Vota, Las Vegas, Nevada:**

I am here representing Mi Familia Vota, but I personally am in strong support of A.B. 162 as well. I am a naturalized United States citizen and have gone through the immigration process. This included becoming a legal permanent resident for a period of time. I underwent the DHS's extensive vetting process. This process exceeds the requirements necessary to obtain government-issued identification in Nevada. The requirements to obtain a permanent resident card included medical tests and biometrics. My family and I applied to become legal residents. Obtaining citizenship took us seven years from the time we received our legal permanent resident cards. We did not have a lawyer to help us.

As we all know, the United States Citizenship and Immigration Services, an agency overseen by DHS, is in charge of citizenship applications. The information necessary to become a citizen includes an individual's name, photo, date of birth, country of birth, and the date an individual became a legal permanent resident.

My parents remain legal permanent residents, and it is my hope that they, along with the thousands of legal permanent resident cardholders living in the United States, will not face discrimination or be questioned when they use their permanent resident card as a proof of identification in Nevada.

**Emma Kramden Swartzman, Intern, Progressive Leadership Alliance of Nevada:**

I have lived in Las Vegas since 2008 and have worked at several jobs over the years. One of my former co-workers had been a permanent resident for more than two years; she did not

have a driver's license and always used public transportation. When she applied for jobs, it was, of course, impossible for her to provide prospective employers with a driver's license as a form of identification. It was a constant battle for her. She was well qualified but lost more than one opportunity to obtain a job because of this. She always wondered why her permanent resident card would not suffice. This situation has left her justifiably frustrated. She is not the only one in this situation, and it clearly is not fair. Because of situations like this, I am in full support of A.B. 162. I would like to thank Assemblyman Flores for proposing this bill to rectify this situation.

**Daniel Leonardini, Intern, American Civil Liberties Union of Nevada:**

The American Civil Liberties Union (ACLU) of Nevada supports A.B. 162. The federal government issues permanent resident cards. People with permanent resident cards are legally living in the United States. All of the laws of the United States, as well as those of state and local jurisdictions, protect them.

Permanent resident cardholders should be allowed access to the same services and opportunities as everyone else. Certain legal processes, such as guardianship proceedings, require identification. Currently, an individual who only has a permanent resident card cannot participate in these processes. Allowing permanent resident cards as identification will speed up guardianship proceedings and allow permanent resident cardholders to enjoy the same opportunities as other Nevadans. The ACLU supports A.B. 162.

**Leonardo Benavides, Extern, Washoe Legal Services; and Legal Aid Center of Southern Nevada:**

I am here today on behalf of Jon L. Sasser, Statewide Advocacy Coordinator at Washoe Legal Services. We strongly support A.B. 162. Both Washoe Legal Services and Legal Aid Center of Southern Nevada feel that making people aware of the fact that permanent resident cards are a form of legal identification will have a positive effect for many of our clients. We appreciate Assemblyman Flores' efforts regarding this matter.

[([Exhibit F](#)) was submitted but not discussed and is included as an exhibit for the meeting.]

**Chair Bustamante Adams:**

Is there anyone else who wishes to testify for A.B. 162? [There was no one.] Is there anyone who would like to testify in opposition to A.B. 162? [There was no one.] Is there anyone who is in neutral for A.B. 162? [There was no one.] I am going to close the hearing on A.B. 162 and open the hearing on Assembly Bill 161.

**Assembly Bill 161: Requires the notarization of certain rental agreements.**  
**(BDR 10-733)**

**Assemblyman Edgar Flores, Assembly District No. 28:**

I am working off the mock-up of the proposed amendment to Assembly Bill 161 ([Exhibit G](#)). I will be referring to this mock-up of the proposed amendment, not the bill originally submitted.

Squatters are a huge problem in Nevada. In 2015, Judge Saragosa, Justice of the Peace, Department Four, Las Vegas Township along with the Legal Aid Center of Southern Nevada, law enforcement officers, and other stakeholders, held discussions on how to address the problem of squatters. At that time, *Nevada Revised Statutes* (NRS) dealt only with issues between property owners and tenants. Squatters did not fit into either category, and this left a huge gap in the law. We drafted legislation that included a definition that dealt specifically with squatters. In 2015, Assembly Bill 386 of the 78th Session was passed. This bill, which became NRS 205.0817, makes a squatter guilty of a gross misdemeanor for the first offense, and subsequent offenses are felonies, category D. This was the first step.

Later, I went back to law enforcement officials and asked how this law was working. They told me that even though they are convicting individuals for squatting, they are having a difficult time getting squatters out of the homes because they are producing fake leases. The problem of fake leases is what we are trying to address with this bill.

This bill will require leases to be notarized and a property owner and his or her agent to have their names and telephone numbers on the lease. If these requirements are not met, then under A.B. 161, it creates a rebuttable presumption. The presumption is that the tenant is occupying the dwelling illegally.

I will present three different scenarios to help you understand this issue. I will start with the scenario depicting the circumstances as they exist under current law. In this first scenario, law enforcement receives multiple telephone calls from neighbors and other concerned citizens. The callers say that they know who owns a house in their neighborhood or that they know that a home is in foreclosure, and now, all of a sudden, a group of individuals are living there. The callers know that they are squatters. Law enforcement begins an investigation. Police officers knock on the door and inquire about the tenant's status. The illegal tenant shows law enforcement a fake lease. This ties the hands of law enforcement. The fake lease allows the illegal tenants to avoid squatting charges. Instead of being a criminal matter, it becomes a civil dispute. If law enforcement cannot immediately check the lease's validity, they have to undertake a time-consuming investigation. If an illegal tenant produces a fake lease, there is no mechanism to dispute it. This works against the investigation law enforcement is conducting. It forces law enforcement into pursuing this as a civil, not a criminal, matter.

The second scenario shows how this situation would play out under A.B. 161. In this scenario, law enforcement comes to a property to investigate a complaint about squatting. Police officers knock on the door and the person occupying the dwelling shows the officers a notarized lease, which has a property owner or agent's name and telephone number. Law enforcement can immediately call and verify that the person occupying the dwelling has the legal right to be there. If they call and the person answering the telephone pretends to be the property owner, there is a mechanism in place. It allows law enforcement to verify that the notary public's signature and stamp are valid. Assembly Bill 161 allows law enforcement to do this; they can verify that the rental agreement is genuine and that the signatures on it are valid.



If the rental agreement is genuine and is notarized, it means that two individuals have appeared before a notary public and signed the agreement. They have provided identification and their names and their signatures have been verified. This helps the investigators because now they have two individuals with full addresses in a notary public journal. All the information is there. If the rental agreement is fake and police can verify that the signatures have been forged, then, in some instances, this is a gross misdemeanor or a category C felony. It gives law enforcement teeth. They can pursue criminal charges against the illegal tenant for the crime of falsifying a legal document.

In the third scenario, police knock on the door to investigate a complaint about squatters. The tenant shows law enforcement the lease, but it is not notarized. This creates a rebuttable presumption that the person occupying the dwelling does not have the right to be there. This gives law enforcement the ability to go after that individual because the burden of proof is now placed on the tenant.

This bill is not intended to penalize property owners, property managers, asset managers, and others. We do not want to create a burden for them. The issue is not property owners or property managers. The issue is with illegal tenants. Assembly Bill 161 places the burden on the tenants to ensure that they are following the rules.

People have expressed concerns saying that it is expensive and complicated to become a notary public. I wanted to make sure that neither of these was true, so I became a notary public. The Office of the Secretary of State oversees notaries. To become a notary public, I paid \$45 for an online class. After that, I completed a notary application and submitted it with a \$35 fee. I paid \$50 for the required bond, which is valid for four years. Finally, I paid \$20 and filed a document with the county clerk showing proof of my bond. It is a very fast process. It took me about three weeks to become a notary, but you can become a notary much faster. If you have everything ready and submit your documentation to the Secretary of State's Office, you can do this in 24 hours. It is not difficult for an asset manager or property manager to have someone in the office become a notary public.

Concern has been expressed about the cost of having a document notarized. Under A.B. 161, if I am a property manager and have someone interested in renting one of my units, I will tell the prospective tenant that the law requires his or her signature to be notarized and the telephone number of the owner or his agent must be listed. If I choose to charge to notarize a document, NRS 240.100 says, "Except as otherwise provided in subsection 3, a notary public may charge the following fees and no more: For taking an acknowledgment, for the first signature of each signer \$5.00 . . . . For each additional signature of each signer \$2.50." The maximum charge for two signatures under NRS is \$7.50. Notaries public do not have to charge to notarize a signature, and many offices do not charge for this service. Many offices have other types of documents to notarize and already have a notary on their staff.

Another concern is that this is very difficult to do and that it is harmful to different industries. This is a valid concern. I understand that adding an additional step to the rental process can be frustrating. We have to balance the additional steps for a rental agreement with

public policy. Every time we make changes to public policy, we need to balance the additional requirements against the benefits. For example, I do not like going to the Department of Motor Vehicles (DMV). I would prefer to avoid any interactions with the DMV, and I think most people would agree with me on this. However, public policy says we have to do this because there is a whole host of underlying policy issues that we are trying to address. This is an added step, but is it that complex?

It is my opinion, based on conversations with different companies, property managers, and Realtors, many already have a notary on-site. I do understand these concerns and I am working with different stakeholders, including Realtors and property managers, to explore other options. There may be a way where they do not have to be held to the same standards for notarizing documents. The argument for this is that there may be an option to exempt them because they already abide by all these rules anyway; maybe we could just require them to include the license number of the property manager and a telephone number where they can be contacted and that would still achieve the objectives of law enforcement. This is an ongoing conversation. I do not want to say we are there yet. We are still trying to figure this out.

Another question that has been raised is why not create a rebuttable presumption; if you do not have a lease, there is a rebuttable presumption that you are not a tenant. The concern there is that we cannot create a rebuttable presumption for something that you do not have to do. In other words, if you are not required to have a lease notarized, then you cannot create a rebuttable presumption saying that if you do not do that, somehow you are not a tenant. We have to create the requirement first that leases will be notarized and then this creates the presumption by itself, which I know some people have emailed me to do. But we cannot do this without clearly stating the requirement first. That is the reasoning behind that.

I want to go through the bill section by section. Page 2, section 1, subsection 4, of the mock-up ([Exhibit G](#)) says, "Any written agreement for a single-family residence must (a) Be notarized; and (b) Include the current address and telephone number of the landlord or his or her agent." The reason it says his or her agent is because many property managers are not technically the landlord, but they would be considered the landlord's agent. Many banks have foreclosed on homes. In these cases, his or her agents would be the asset or property manager. This is the reason for this language.

Subsection 5 talks about the presumptions created by the absence of a notarized rental agreement. This provides us with a rebuttable presumption that without a signed and notarized rental agreement, the person occupying the dwelling does not have a legal right to do so. This gives law enforcement the teeth that they need.

Page 3, section 1.7, amends NRS 205.0817. This is the language about squatters created by A.B. 386 of the 78th Session. We are amending this statute to include a rebuttable presumption.

Subsection 7 defines a single-family residence. The reason this definition is included is to make it abundantly clear that we are excluding commercial buildings, commercial properties, and apartment buildings. This bill covers only single-family homes. The Las Vegas Metropolitan Police Department received 5,300 calls regarding single-family homes occupied by squatters in Las Vegas. This number does not include the surrounding areas. These are homes with squatters living in them; we cannot get them out because they are using fake leases. This is the reason for the language in subsection 7. We are not trying to include all rental properties; we are tailoring this bill to narrow the focus to residential dwellings.

**Nicholas Farese, Lieutenant, Northwest Area Command, Las Vegas Metropolitan Police Department:**

Before I begin my presentation, ([Exhibit H](#)), I want to provide you with information on the four types of squatting situations we face.

Squatting has four types of victims: citizen-investors living in Las Vegas; banks, property management, and asset management companies; neighbors' or homeowners' associations; and absentee owners or people with properties in probate.

The easiest victims to help are citizen-investors living in Las Vegas. Citizen-investors have purchased a home and decided not to sell it when they bought another home. They turned the first home into an investment and rented the home. Squatting usually occurs when they are in between tenants and the house is vacant. The owner may be doing work on it or advertising for another renter. They go to check on the property and find a squatter has moved into the property. This is the easiest situation for my detectives to investigate for a number of reasons. One, the ownership of the property is not in dispute; the owners live in town and we can contact them easily. We can obtain a statement from the owners. The owner can provide information, including the last tenant's contact information and date they vacated the property. We are able prove quickly and easily that there is a squatter in these houses.

The second type of victim is banks, property management, and asset management companies. Typically, when a Realtor or asset manager lists a bank-owned property, they go out and check on the condition of the property. They get the property ready to rent or sell on behalf of their client. The problem occurs when they show up at the house and find someone living there and the person living there insists they have a lease.

We have worked in partnership with the Greater Las Vegas Association of Realtors to streamline the process to open an investigation. Realtors, through the Greater Las Vegas Association of Realtors, have a step-by-step process to handle this problem. They work in conjunction with our department or the North Las Vegas and Henderson police departments. When they are faced with this situation, the Realtors have a packet that includes all the documentation necessary to prove who owns the house—it may be a bank or an asset management company. We are then able to move forward with an investigation.

The third type of victim is neighbors' or homeowners' associations (HOAs). They know that a house is vacant and people have moved in. They have contacted the police to report suspicious activity. This situation is challenging to us because we need to determine the ownership of the property. Existing laws regarding squatting require us to name a victim, and this must be the actual property owner. A neighbor, concerned citizen, or an HOA cannot pursue this problem. Verifying the actual ownership can take anywhere from a couple of days to a couple of weeks. Sometimes it can even take a couple of months.

Sometimes we are able to determine that the property owner is a bank that has not completed the foreclosure process. If this is the case, we have to track down the bank's decision makers to see if they can expedite the foreclosure process so that we can take care of the problem.

Individual homeowners, maybe someone who walked away from the property a year or two years ago, knew foreclosure was inevitable. We have to locate them before we can take any action. Sometimes we are fortunate, and they still live in the Las Vegas area. Often they have moved out of state, and it takes time to track them down.

The fourth type of victim is absentee owners and people with properties in probate. Recently we had a situation where the owner was terminally ill and returned to his homeland, Mexico. When he passed away, the house was in probate. Family members living in town told us that nobody should be in the house. Since the owner was deceased and the house was in probate, we had no way to prove that there was no sort of agreement between the legal owner and the people living in the house.

Squatting is a huge problem in southern Nevada. My presentation ([Exhibit H](#)) will show you how big this problem really is. Squatters are affecting the quality of life for our citizens. In 2016, we had 5,394 calls for service related to squatting. This is the total number of calls involving potential squatters. It is not 5,300 houses; we can have multiple calls on the same house. Last year, in 2016, we opened investigations on 148 cases. Fifty-five arrests were made as a result of these investigations. We did this using laws currently on the books.

Page 2 ([Exhibit H](#)) provides information on squatting and its connection to violent crime. In August 2016, we had a property manager/Realtor confront squatters in his rental property. He called 911, but the suspects fled out the back door. Two hours later, an apparent act of retaliation occurred. Twenty-eight .223-caliber rounds were fired into the property [page 3, ([Exhibit H](#))]. The AR-15 assault rifle fires .223 rounds; AR-15s are military-style semiautomatic assault rifles.

Prior to the 2015 Legislative Session, squatting was traditionally a civil issue [page 4, ([Exhibit H](#))]. There has been a dramatic increase in calls for service. In 2014, valley-wide we had approximately 3,000 calls for service related to squatting and tenant-landlord issues. In 2015, that number escalated to 4,458. In 2016, we ended the year with 5,394 calls for service. As of February 9, 2017, calendar year to date, we have received

534 calls related to squatters. During this same period in 2016, we had received 476 calls. We are seeing an increase in calls, and when we investigate these calls, we find the homes routinely occupied by criminals engaged in a variety of criminal activities.

This map [page 5, ([Exhibit H](#))] shows mapping done by the Las Vegas Metropolitan Police Department (Metro). We use CrimeView software to do this. This problem is bigger than we are able to show on this map. The software limits me to approximately 2,000 balloons or dots. If I were able to map all 5,300 calls, you would not be able to see any background; the map would be completely red.

I made a presentation a year ago to the Clark County Commission. I used heat maps showing known squatter houses and the immediate quarter- to half-mile radius surrounding these houses. The heat map for violent crime, specifically robbery, burglary, and home invasions, shows a direct correlation between squatters moving into a neighborhood and an increase in crime.

The bar graph on page 6 ([Exhibit H](#)) shows calls for service involving squatters. In 2015, we made 49 arrests using the new squatter laws. In 2016, we made 55 arrests for squatting; this includes the submittals we made. A submittal occurs when we are ready to go to the house, make an arrest, and turn the house over to the legal owner, but the suspect is gone. When the suspect is gone, we do a submittal for an arrest and an arrest warrant is issued for the suspect.

In one case, a single-family home was valued at \$164,000 [page 7, ([Exhibit H](#))]. The first squatting report at that house occurred in 2015. The new squatting law went into effect on October 1, 2015, but we really got our teeth into it and moved forward in 2016. In February 2016, a homicide occurred at this house. A known gang member was involved in this shooting.

Another incident occurred in the northeast section of the valley in 2015 [page 8, ([Exhibit H](#))]. The Las Vegas Metropolitan Police Department serves this area and this is in Assemblyman Flores' district. A squatter was reported in a home in June 2015. Between June and November 2015, there were three calls for service. In November 2015, multiple people were stabbed. They were left in the home and it was set on fire. This was supposedly a result of a drug dispute. In February 2016, another victim connected to this home died. Again, this was a known squatter house; it was a revolving door for squatters.

In the southeast section of town, a property management company was monitoring a vacant residence. It appeared to have been occupied by a documented Donna Street Crips gang member. The suspect had been detained in two separate vacant homes prior to being found in this one; he was a known squatter. In February 2016, a property manager went to check on the home, and the suspect confronted him. The suspect attacked the property manager with a screwdriver. The property manager had a concealed carry permit and used his gun to defend himself. He shot and killed the suspect. This was self-defense. It was ruled a justifiable homicide, but it is a homicide nonetheless [page 9, ([Exhibit H](#))].

In downtown Las Vegas, there is an apartment complex plagued by squatters. These units consist of a number of duplexes in close proximity. We had over 75 calls for service during a two-year period. In April 2016, a Barrio Naked City gang member was found dead of a gunshot wound in a vacant apartment. Two months prior, the victim had been identified as a squatter at an address not far from this location. We were unable to arrest him at that time [page 10, ([Exhibit H](#))].

In another downtown Las Vegas complex, the first reports about squatters occurred in 2015. Over a two-year period, we had 17 calls for service at that address. In April 2016, a homicide occurred in that complex; a Gerson Park Kingsmen gang member shot another male during a dispute. The suspect had been living in the apartment illegally; the year before he had been squatting at another residence. Even after this homicide, we received multiple calls regarding narcotics activity, unlawful shootings, and unknown persons reentering this vacant apartment [page 11, ([Exhibit H](#))].

In 2016, there was another homicide in southeast Las Vegas. The suspect was a Bounty Hunter Blood gang member. We could not positively identify him as a squatter, but his accomplice, a juvenile, was known to be squatting at an address not far from this property [page 12, ([Exhibit H](#))].

There is a direct correlation between squatters and criminal activities. When I speak at various community events or with stakeholders in southern Nevada, I use the phrase "gateway crime." Very few people move into a residence illegally to avoid paying a mortgage or rent. Typically, other criminal activities are associated with the squatting.

We have had many homes burned because of squatting. Fires may start because they are stealing power and other utilities, including heat and water. There may be no utility service at the home. Squatters may light fires to stay warm, and this may cause a fire.

At one particular house, we had 17 calls for service before we were called to investigate a homicide in August 2016. Even after the homicide, we had more calls for service involving squatters, firearms, and other criminal activities in and around the squatter house. In August 2016, after the homicide, the house suspiciously caught fire and a body was found inside. It appears the victim's death was unrelated to the fire—there was a homicide, and then they set the house on fire [page 13, ([Exhibit H](#))].

Squatting is the gateway or doorway into other crimes. A hot topic that we are seeing right now is the sovereign citizen movement. This connects to Assembly Bill 161. A lot of our resources and time are spent investigating fraudulent leases. These leases are fake; we know that they are fake when we respond to a call and are shown a lease.

In one instance, detectives knocked on the door and a teenage juvenile answered it. He was the child of the parents who were squatting in a house. This teenager was able to produce a lease for us when we requested it. I find this suspicious. I have teenage children, and I do not think my children know if I have a lease or where I keep my legal documents.



This raised a red flag for law enforcement, but we had to jump through more hoops to legally dispute the validity of the lease. We are successfully disputing the validity of leases; our success rate is about 90 to 95 percent. It takes time to do this, however.

When we are able to access squatter houses, we discover a myriad of other crimes—things like forgery labs and narcotics activity. We frequently find known fugitives hiding from their warrants and ex-felons possessing firearms. We also discover the theft of power and other hazards created by squatting. It is not uncommon for houses to catch fire. This problem affects the entire valley. It is not just a problem in northwest Las Vegas or northeast Las Vegas. It is a problem throughout the area served by the Las Vegas Metropolitan Police Department. It is also affecting the North Las Vegas Police Department and the Henderson Police Department as well. We are struggling to stay on top of this problem and it is becoming more difficult as the problem grows. Local real estate agents tell us that another wave of foreclosures will occur in 2017. This will add to the problem.

Investigating squatting is very complex [page 15, ([Exhibit H](#))]. It involves researching deeds, tracking down owners, determining who the true victim is, and getting victims to step up and actually sign a voluntary statement and lodge a complaint.

I have one investigation now in which the homeowner passed away. The house cleared probate and has been transferred to family ownership. The mortgage on the home is not current and the family is waiting for the bank to foreclose on the property. The decision maker for the family lives out of state, and I am unable to get them to write a voluntary statement and file a complaint. I am unable to pursue legal remedies using the squatter laws. Squatters occupy this house. Pursuing a case like this takes additional time and resources, time and resources which are very limited. Now I have to pursue other methods to take care of this problem; in the meantime, the house is a blight on the community. Pursuing cases like this involves obtaining search warrants and staking out the property. Sometimes we have to stake out a house for a week and wait for someone to come out so that we can identify them and move forward with the investigation.

This problem is garnering increased media attention. A conservative estimate of the value of the properties involved is \$600 million. Criminals are holding these properties hostage. Let me put this in context. Hypothetically, I can walk into your back yard and steal your pool pump or barbecue. If the value of these items is over \$650, I will be charged with a felony crime of grand larceny. I can walk down the street, break into a car, and take CDs or loose change, and I will be charged with felony auto burglary. The median price of a house in southern Nevada is \$200,000 to \$225,000, yet I can steal a house right now and the most I will be charged with is a gross misdemeanor.

We are seeing homeowners confronted by dangerous criminals. There is a direct correlation between squatting and the commission of other, larger crimes. This is more than a property crime; property crimes have a lower priority than violent crime. There is a very fine line

between someone breaking into a house that they perceive to be vacant to commit burglary and other crimes, and someone thinking that a house is vacant and confronting a homeowner. In the latter situation, it can turn into a home invasion or a homicide.

**Assemblywoman Jauregui:**

My background is real estate; I have firsthand experience dealing with squatters. I can personally tell you having to have a rental agreement notarized is a small price to pay in comparison with buying a rental property and find squatters living in it. It took me about four months to get the squatter removed permanently from my property. I had the squatter removed several times, but he immediately moved back in. It took a lot of time and thousands of dollars to have the squatter removed. This is a common experience for many real estate agents.

Squatting is also a matter of public safety. The squatter in the house I bought was involved with drugs and became very violent toward me when I tried to inspect the property. I had to call the police for protection. When the police responded to my call, they said that they were thankful that someone had finally bought the property. Squatters had been using and selling drugs at the house. The police had been watching that house for many, many months because it was being used as a drug house.

Code violations caused by the squatter were a big issue. I had to bring the property up to code before it could be a legal residence. When the police officer came to remove the squatter, the squatter recognized the police officer as someone who had removed him from another property two months before. He greeted the police officer and told him that he had kicked him out of another house in the northwest part of the city. Squatters are moving from property to property.

Assembly Bill 386 of the 78th Session is the reason I was able to get the squatter out in four months. Without this legislation, it would have taken me much longer to get rid of the squatter. Because I am in the real estate industry, I have firsthand knowledge of how squatting drives property values down. People do not want to purchase a home where squatters are living. This means that the homes stay on the market and continue to provide shelter to squatters. Squatting is an issue of community and public safety. It has a dramatic impact on property values. I know that personally, I would not want squatters living in my neighborhood, especially if they are involved with drugs and other types of crime. I know that making it easier to remove squatters will definitely help the real estate industry. You will see homes sell faster, they will be rehabbed and sold to people who will live in them, or they will become rental properties. We expect the coming wave of foreclosures to increase the number of properties available to squatters. We want to make sure we have legislation in place to prevent this.

**Assemblywoman Neal:**

What is the correlation between squatters and the homeless population? How many are teens? What interventions are in place to help homeless people who are squatting? Your presentation stressed a connection between squatting and gang membership.



**Nicholas Farese:**

We are seeing families and adults. We are not seeing many teenage squatters living on their own. I am not saying that they are not out there, but we are not seeing homeless teenagers squatting. There is a small percentage of the homeless population squatting in homes. The traditional transient community may sometimes squat in homes, but when I am talking about squatters and presenting numbers, I filter this population out. There is a difference. Homeless people are trying to get out of the elements for a short period in order to find shade or warmth. They may go into a rundown duplex or boarded-up house that may not be safe to occupy. They tend to occupy properties with code enforcement issues. Squatters are moving into neighborhoods that you and I live in and occupying homes. When I provide statistics, I am always conservative. I try to filter out the transient populations; they do not fit the profile of a true squatter.

**Assemblywoman Neal:**

I am very curious about the families. It seems like the neighborhoods you have listed, like Donna Street area and Barrio Naked City area, are high-poverty areas. Recently we have moved toward more wraparound services and interventions. What are we doing to intervene rather than arrest people in these neighborhoods?

**Nicholas Farese:**

Collaborating with the Greater Las Vegas Association of Realtors has been very beneficial. With this law, we are constantly walking a fine line between criminal and civil actions. We know that con artists sometimes victimize people in these neighborhoods and "rent out" vacant homes that they do not own. We are always prepared to assist the victims who thought they had obtained a legitimate lease when they answered an ad on Craigslist. Victims like these may even be making monthly payments to someone. They think that they are legally living in a house. We do not want anyone who has been taken advantage of being put out in the street. Our collaboration with the Greater Las Vegas Association of Realtors and the internal services we offer—a homeless liaison, a victim advocate, and a victim services detail, prepare us to assist these victims.

I have been involved with squatters for two years. I have not encountered anyone who was the victim of a scam since Assembly Bill 386 of the 78th Session was passed. However, we have mechanisms in place should this occur. Most people we arrest for unlawful occupancy also have felony warrants, they are in possession of narcotics and they have a credit card or forgery labs in the house as well as other crimes.

**Assemblywoman Neal:**

What is the percentage or number of people lured into a house with a fake lease? With a fake lease, the tenants may think that they are lawfully occupying the dwelling.

**Nicholas Farese:**

In my personal experience, everybody claims they are a victim; they give the same stories. We are at a 90 to 95 percent conviction rate. When squatters confess, the stories go something like this, "I knew the lease was bad," "I knew I had no right to the house,"

"I paid someone a one-time payment of \$500 or \$1,000 in return for a fake lease—they told me that if the police show up, show them the lease; the police will have to handle it as a landlord/tenant issue." We have not met anyone saying they have been scammed. I am not saying that they are not out there.

We are prepared for this situation, should it occur. If we do find someone scammed by a Craigslist ad, we will work with a Realtor to find that person housing. We have talked about allowing these tenants to remain in the house they are living in and paying rent to the legal property owner. With the assistance of a Realtor, we may be able to help them find another house in the same neighborhood. If we encounter a situation where someone has been scammed, we will open up an investigation. The illegal tenant who has been scammed will be considered a victim. We can use existing fraud and forgery laws to pursue cases like this.

**Assemblyman Flores:**

I appreciate your asking this question; it goes to the heart of this bill. If we require a lease to be notarized and have the landlord's information, including a telephone number, it protects tenants. As the law currently stands, anyone can do whatever he or she wants. I could falsify 30 leases to 30 different homes and use Craigslist to find a bunch of victims. Nothing prohibits me from doing so. This law will actually help law enforcement pursue illegal squatting; it will also protect the tenant. The tenant can say, "I have a notarized lease, I have the landlord's information. We went to that notary public and they notarized this agreement and took our information. I can protect myself and make sure that I have a legitimate lease." This is not just a mechanism to help law enforcement. We are creating something to protect tenants as well.

I want to go back to Assemblywoman Jauregui's comments. I want to make it clear when we talk about squatters, there are multiple viewpoints. There is the viewpoint of the neighbors: They want to know that their children will be safe. There is the viewpoint of the Realtor and economic development: We want to make sure properties and neighborhoods retain their value. Squatters are damaging these properties. Their actions are hurting everybody around them. Regardless of the viewpoint, everybody benefits from this legislation. Having leases notarized creates an additional burden for good actors. People who are following the law, property managers who are doing everything they are supposed to do, will have an additional step in the rental process.

**Assemblyman Frierson:**

If you are a homeowner and rent your property out, what is the consequence of not having your lease notarized? I am talking about someone who does not employ a real estate agent and does not have an in-house notary. If passed, could a tenant break the lease claiming that the lease is not valid because it is not notarized? What is the intention of this legislation?

**Assemblyman Flores:**

Assemblyman Frierson, could you rephrase the hypothetical situation you presented?

**Assemblyman Frierson:**

Say you have a homeowner named Speaker who is renting his house out. If this bill passes and the lease is not notarized, can the tenant break the lease and say, "I do not have to stay for the entire term of the lease because this is not a valid lease"?

**Assemblyman Flores:**

Your question is, if you choose not to notarize the lease, is it unenforceable? My understanding and the intent of the bill is that is not the case. Not having a notarized lease creates a rebuttable presumption that the tenant does not have the right to be an occupant of that property, not that the entire agreement is invalid. That is the intent. If you do not abide by notarizing the lease and including the landlord's information, a rebuttable presumption is created that the tenant does not have a right to inhabit the dwelling. That is the intent and spirit of the bill.

**Assemblyman Frierson:**

I am not certain that the language of the bill makes that clear. We might need to address this to show that a tenant could not break a lease based on the lack of a notarized signature and the landlord's information. We want to make sure this bill serves its purpose in dealing with squatters.

**Assemblyman Flores:**

If you go to subsection 5 on page 2 of the mock-up ([Exhibit G](#)), it explains what happens when there is no notarized lease. I am looking at line 24. It specifically reads, "The absence of a written agreement (a) raises a disputable presumption that: (1) There are no restrictions on occupancy by children or pets. (2) Maintenance and waste removal services are provided without charge to the tenant. (3) No charges for partial or late payments of rent or for dishonored checks are paid by the tenant. (4) Other than normal wear, the premises will be returned in the same condition as when the tenancy began." It places the burden on the tenant to prove that he or she has the right to the lawful occupancy of the dwelling. There is already a rebuttable presumption for different things that are triggered if you do not have a written lease. This is in the law right now. This is to protect the tenant. Currently, if I move into a property and bring a pet, the owner cannot say I cannot have a pet if there is nothing in writing. Things are already triggered if the rental agreement is not in writing. This is just one more thing added to the list of triggers.

**Assemblyman Hansen:**

Is this phenomenon of squatting as much an issue in northern Nevada as it is in southern Nevada? People who execute leases electronically are concerned about this bill. How does this bill handle electronic leases?

**Brian O'Callaghan, Government Liaison, Office of Intergovernmental Services,  
Las Vegas Metropolitan Police Department:**

I have discussed that with Eric Spratley of the Washoe County Sheriff's Office and his counterpart, Corey Solferino. They tell me this is not as big of an issue in northern Nevada. I know that in 2014, a Sparks, Nevada, property owner shot two squatters living in his rental.

He killed one and injured the other. The property owner was charged with murder; he was later acquitted. Again, Mr. Spratley has told me that this is not a widespread problem in northern Nevada.

**Assemblyman Flores:**

Nationally, it is becoming more common for notaries to notarize documents electronically. It is my understanding that it is not something we are currently doing in Nevada, but it is becoming increasingly common and we may be able to do this here as well. You have brought up an important point. This is something that is being addressed in a separate bill this session. This conversation is happening in Nevada; we may be moving to an electronic notary system. If that is the case, it will eliminate this concern. There are individuals who rent properties. Instead of a face-to-face meeting, they transmit all the documents electronically, and there comes in the Craigslist renter, et cetera. It is my opinion that this is not a good practice; I think you should meet the person who is renting your property. I do not want to undermine anybody's style of doing business or the mechanisms they use to rent a home. I do want to put it out there that these rental agreements will become public record, but one of the things I always tell people in Nevada is to make sure they meet the person who is renting the property to you. This is for your own protection.

I agree with the concern of the people who use electronic leases. If you always do everything online, this is obviously going to create an added step. I agree; this is 100 percent true.

**Assemblyman Hansen:**

On one level, I wonder if requiring a lease to be notarized creates a burden for typical law-abiding citizens. However, based on the presentation today, it seems like some of these squatters are very sophisticated criminals. You have gang members, drug dealers, and other criminals squatting. It seems as if the criminals will figure out a way to falsify a notary stamp. Do other states require rental agreements to be notarized? Have similar situations occurred in other states where notarizing rental agreements has been helpful?

**Assemblyman Flores:**

Squatting is not just a Nevada issue. Other states already have laws on the books to help address these issues. They have different mechanisms and laws in place. We had to create this law to specifically deal with this issue in Nevada. In 2015, when we drafted and passed legislation regarding squatting, we did not use legislation from other states as a model. We had to work with Nevada stakeholders to address these issues. They are unique to southern Nevada, and they are not as much of an issue in other states.

I am not aware of any other state requiring rental agreements to be notarized. I am not aware of this technique being used to stop or diminish squatting, but I have not found any mechanisms or laws used by other states that can be helpful in southern Nevada. Utah is copying the legislation we passed in 2015. Utah will very quickly realize, as Nevada did, that language on its own, just making squatting a crime by itself, is not sufficient for law enforcement to very effective.

**Assemblyman Frierson:**

I want to point out that *Nevada Revised Statutes* Chapter 240 already addresses the issue of the electronic notarization of documents. To the best of my knowledge, only one state uses electronic notarization almost exclusively; I believe they allow documents to be notarized via Skype. We need to pursue this option; electronic notarization is likely to make the requirements of this bill easier to fulfill.

**Assemblyman Kramer:**

I am not sure that this is applicable, but it is my understanding that the Office of the Secretary of State has a database for electronic signatures. We may be able to incorporate electronically signed documents. These are not electronically notarized signatures, but this may be a way to have a registered signature on file. This option may be something to pursue.

This bill requires owners or property managers to provide their address and telephone number; however, it does not require a name. If you want to track someone down, a name would be helpful.

I am in support of this bill, but this bill does not cover manufactured homes. In my district, we have a lot of residential rentals which are manufactured homes. Is there a reason you deliberately exempted manufactured homes?

The way this bill was explained to me is that if I am a legitimate landlord or a property manager and I do not have a rental agreement with notarized signatures, there is no harm to me. If law enforcement goes to my property and wants to see the lease, the lease is likely to have the contact information for the property owner or agent. The police can call and verify that the tenant is legitimate. It does not penalize a property owner or agent if they do not have the signatures notarized. I look at this as something that a legitimate landlord or agent can ignore without penalty, but it is there to provide a rebuttable presumption that assists law enforcement when there is a squatter in a property.

**Assemblyman Flores:**

I want to reiterate that rebuttable presumptions currently exist in the NRS and are raised in the absence of a rental agreement. This is already in there. We are adding to that. The spirit and the intent of the bill is to add a presumption that a tenant does not have a right to that dwelling. If the tenants do not have a written agreement, they can provide evidence and prove that they do have the right to occupy that dwelling. This is the intent; this is the spirit of A.B. 161. I specifically left out any penalties for landlords who do not have the rental agreements notarized. The only intent of this bill is to create a requirement that it be notarized and that if you do not do this, you create a presumption law enforcement can use to their advantage. This bill is not meant to penalize asset managers, property managers, or people who own multiple homes and rent them out.

Assemblyman Kramer noted this bill requires the owners or property managers to provide their address and telephone number; however, it does not require a name. The inclusion of a name is very reasonable. I think this requirement is omitted here because this is

a mock-up ([Exhibit G](#)). The intent of this bill is to have the landlord's contact information. The reason we want the owner's contact information is that it gives law enforcement a tool that they can immediately use. Police can knock on the door, and the tenant will produce the lease. The police can use the information on the rental agreement to immediately contact the owner or their representative and verify that the tenant is living in the rental legally. This is the intent of this language. We want police to be able to take immediate action. If they find out that the lease is fake, something is suspicious, or the information on the rental agreement is false, they can use this tool in their arsenal to fight against squatters.

**Chair Bustamante Adams:**

Assemblyman Flores, can you answer the question about exempting manufactured homes from these requirements?

**Assemblyman Flores:**

We were trying to create as narrow a definition as we could. We wanted to specifically exclude businesses and apartments. The definition of a single-family residence in the bill is the reason why we also excluded manufactured homes. In my conversations with law enforcement, they have indicated a lot of these issues we see with squatters occur in traditional single-family residences, not in trailer parks or other locations. This is not to say that this does not happen, but we were trying to create a narrow definition and specifically focus on the type of residence where this problem most often occurs. There are always going to be exceptions, but we did not want to cast a huge net to catch the little exceptions. I wanted to cast a narrow net and catch the primary offenders. If there are a few we do not capture, we can live with that because we are focusing our efforts where the greatest problem is. This is the intent of this bill.

**Assemblyman Marchant:**

You mentioned that there is a \$20 cost to verify that a rental agreement is notarized. If the Las Vegas Metropolitan Police Department is called out to investigate a report of squatting, who would bear that cost?

**Assemblyman Flores:**

That is correct. I was looking at NRS 240.1657. I will read it to you: "Except as otherwise provided in subsection 2, the Secretary of State shall, upon request and payment of a fee of \$20, as stated in NRS issue an authentication to verify that the signature of the notarial officer on a document is genuine . . . ." We are not putting that burden on anyone. There is no suggestion in the language of the bill that the tenant, the landlord, or anyone else be required to do this. I made that comment to make it clear that once we have that notarized document, the investigator will have an opportunity to pursue this option, pay the \$20 and find out if the notary's signature and the document are legitimate. This is what I meant when I mentioned the \$20 fee.

**Assemblyman Marchant:**

I am sure Metro does not want to bear that cost.

**Brian O'Callaghan:**

No, I think we can bypass some of that. Maybe Lieutenant Farese can answer this question.

**Nicholas Farese:**

Without knowing the specific situation, I am sure that we can obtain the information we need. The biggest thing, as Assemblyman Flores stated, is this is another tool in my detectives' toolbox.

Most of the time when people show us a lease, we have no idea who the person is and if the lease is fraudulent. Even if it is bad guy one to bad guy two, having information like a name, a telephone number, an owner's address, combined with the other means, allows us to open an investigation. This information helps us get probable cause more quickly.

I do not want to put an innocent person out on the street; this is one of my biggest concerns when I deal with squatters. I do not want to "kick down the door," for lack of a better term, and get into a use-of-force situation when it is a civil issue and not a criminal issue. We try our best to establish probable cause before we go to the door to remove a squatter. Sometimes we do not have probable cause. In these situations, we conduct an informal "knock and talk." Through our conversation with the tenant, if we are able to determine that they are a squatter, this gives us probable cause, and we are able to move forward with enforcement. The language in this bill will assist us in establishing probable cause. Sometimes we go to the house and are shown a lease. We are able to document things, take notes, and go back to our office to continue investigating. Later, we are able to go back to the property with probable cause. As to the \$20 fee, I will cross that bridge once it is a bridge that I need to cross.

**Assemblyman Marchant:**

You mentioned that there are currently 5,300 squatter cases in Clark County or Las Vegas. Obviously, existing leases have not been notarized. Will this bill be retroactive? Will this cover only new leases from here forward?

**Assemblyman Flores:**

No, A.B. 161 will not be retroactive. The reason for this is that there is a contractual agreement. I can enter into a contractual agreement here or there with them, and there was not a law in place that will invalidate that contract. This only applies to new leases.

**Delen Goldberg, Public Information Officer, City of North Las Vegas:**

In 2014, North Las Vegas established a very successful squatters task force, which is now being replicated by other jurisdictions. I agree with all the comments expressed by those in support of this bill. We want to thank Assemblyman Flores for this bill and let the Committee know that the City of North Las Vegas supports this bill.

**Chair Bustamante Adams:**

We will move to those in support of A.B. 161.

**John Fudenberg, Coroner, Government Affairs, Office of the Coroner/Medical Examiner, Clark County:**

Clark County supports A.B. 161. We support any effort to assist in dealing with the squatter problem in Clark County. This is clearly a problem. I would also like to note that the Nevada Association of Counties had a conflict and could not appear here today. They asked me to convey their support of A.B. 161.

**Sara Cholhagian, representing Nevada Bankers Association:**

We are in support of Assembly Bill 161. We know while this may be a step that burdens renters and landlords, we believe that it will help to prevent squatter issues in our state and we support A.B. 161.

**Daniel R. Hansen, Legislative Extern, Office of the City Manager, City of Reno:**

The City of Reno is pleased to stand in support of A.B. 161. We would like to thank the sponsor for communicating with us about this matter.

**Kelly Crompton, Government Affairs Officer, City of Las Vegas:**

The City of Las Vegas is also in support of this bill. We would like to thank the bill's sponsor for bringing this forward. We feel that this helps address, in one more step, the issue of squatters in Las Vegas.

**David Cherry, Public Affairs, Communications and Intergovernmental Relations, City of Henderson:**

I want to add the City of Henderson to those in support of this piece of legislation because of its impact on helping to address the issue of squatters. We have experienced this problem in the City of Henderson. We were in contact with him to clarify a small item. We wanted to make sure that there was no intent in the legislation to cover commercial properties or apartment buildings. Assemblyman Flores has told us that was never the intent of this legislation. We want to thank him for that clarification.

**Pat Whitten, County Manager, Storey County:**

We also support A.B. 161, both as presented and as amended.

**Wes Henderson, Executive Director, Nevada League of Cities and Municipalities:**

We also support A.B. 161. It is another tool to help us fight the squatter issue.

**Chair Bustamante Adams:**

In there anyone else in support of A.B. 161? [There was no one.] Is there anyone in opposition? [There was no one.] Is there anyone in neutral? [There was no one.]

**Assemblyman Flores:**

I am still working with stakeholders, specifically the Realtors to address some of the concerns they have raised. I am very appreciative of those who are concerned, specifically property managers and asset managers who have come forth. I have received five emails from property managers who brought up their concerns that requiring rental agreements to be



notarized would be an added burden on them. I wanted to disclose this information. They did not have an opportunity to meet with me so I want to voice their concerns. The biggest concern that they have is they think requiring residential leases to be notarized is an added burden to them. I will continue to work with the Realtors to see if we can reach some type of amicable middle ground and see if we can exclude property managers. I will need to speak to law enforcement to see if that is something we are able to do. If the answer is yes, then I will present this to the Committee members. If we are unable to come to an understanding, I will let the Committee members know this as well.

[([Exhibit I](#)), ([Exhibit J](#)), ([Exhibit K](#)), ([Exhibit L](#)), and ([Exhibit M](#))] were submitted, but not discussed and are included as exhibits for the meeting.]

**Chair Bustamante Adams:**

I am going to close the hearing on A.B. 161. I will open the hearing on Assembly Bill 244.

**Assembly Bill 244: Revises provisions relating to certain insurance gratuities.  
(BDR 57-95)**

**Lisa Foster, representing Allstate Insurance Company; and American Family Insurance:**

I have with me Mr. Noel Young. He is the regional counsel for Allstate Insurance. Mr. Young has been working on this bill throughout the region, and I would like to turn things over to him.

**Noel Cole Young, Regional Counsel, Allstate Insurance Company, Tempe, Arizona:**

Assembly Bill 244 is a consumer friendly bill. It simply allows agents and insurers to give gifts, gift cards, event tickets, and so on to customers or prospective customers up to \$100 per year in aggregate. You cannot give a customer more than \$100 in aggregate. The way the law is interpreted today, this falls under what is commonly referred to as the rebate and inducements statute. The Division of Insurance, Department of Business and Industry, looks on this as an inducement. They presently have a bulletin out that says that insurers and agents cannot give more than \$20 to a customer or prospective customer in the form of a gift. These gifts must be branded so you cannot send a customer flowers for their birthday or something like that. The gift has to be branded.

We are approached by agents all of the time. They ask, "What can I give a customer or a prospective customer?" I had senior executives of the company going through a list of long-term customers. They came across a customer who had been with them for 70 years. They wanted to send that customer flowers and a gift certificate. I had to tell them they could not do that; it is against the rules here in Nevada. Agents asked us to approach the Legislature about this. That is the reason for this bill. We are approaching legislatures in other states as well.

Presently, Washington state allows agents to give \$100, Idaho allows gifts up to \$200, and Utah allows gifts totaling \$100. Arizona allows gifts up to \$25, but there will be legislation

to raise this amount in the future. There is a bill currently going through the New Mexico Legislature to raise the amount from zero to \$100. That bill has already passed the Senate and is in the House.

I want to point out one thing about the legislation that you presently see. Recently we were approached by the Division of Insurance, Department of Business and Industry. They have asked us to make a couple of changes to this bill. The Division of Insurance wants title insurers removed from this bill. We do not have a problem with that. We agree to this change, and will be submitting an amendment to the Committee to change the wording to remove title insurers. Additionally, the Division of Insurance has raised some issues about the placement of certain language. We had put it in one section thinking that was appropriate; however, they would like the language moved to another section in the same set of statutes. We have agreed to this. This does not change the language; it just moves it to another section where the Division of Insurance thinks it is more appropriate.

**Chair Bustamante Adams:**

You said there would be two amendments: one to remove title insurers and one to move language into the section where the Division of Insurance feels it is more appropriate.

**Noel Cole Young:**

Yes, let me go through that quickly so that the Committee understands what is occurring. There were three sections in *Nevada Revised Statutes* (NRS): 686A.110, 686A.120, and 686A.130. Section 110 deals with life insurers, section 130 deals with property and casualty insurers, surety insurers, title insurers, and so forth. I had put the exemption into section 120. This section talks about exemptions. The Division of Insurance has requested that language be moved into section 110. This would create two subsections in section 110. They want to add a third subsection which says you can give these gifts.

I raised issues because of the way the language read, but we are okay with the way it is now. If the Legislative Counsel Bureau (LCB) has any issues with where the language is placed, then they can change that. It still accomplishes what we wish to accomplish. In NRS 686A.130, there are seven subsections. The Division of Insurance asked for it to be moved from subsection 6, which says "The provisions of these sections do not prohibit: . . . ." The Division of Insurance wants that moved into subsection 1. Subsection 1 is actually where it says you basically cannot give any inducements and they want an addition, paragraph (b), underneath which says you can do this. There will be one other slight change in section 130. This will say that subsection 3 of NRS 686A.130 will read, "Except as allowed in subsection 1, no insurer named . . . ." What subsection 3 says is the insured cannot receive the gifts. My concern, and the reason we originally put this in subsection 6, was because I wanted to make sure that with that exemption you can give it and people can receive it. By adding those few words in subsection 3 and moving the language to subsection 1, it accomplishes what we are attempting to accomplish. We will submit the amendment this afternoon to the LCB.

**Assemblywoman Jauregui:**

I had spoken to Ms. Foster at the inception of this bill, and we had discussed removing title insurers and title underwriters because of the Division of Insurance bulletin that came out in 2014. I completely understand that property and casualty and life insurance companies usually deal with the end consumer directly, but that is not the case in the real estate industry. Title insurers usually deal with business professionals who are directing business on behalf of the consumer.

**Assemblywoman Carlton:**

Is there anything in the bill that could possibly cause a rate increase for my constituents?

**Noel Cole Young:**

There is not. I will explain this. First, what an agent does, does not typically factor into rates. Most agents are independent contractors, though some agencies have employees. I would say almost all agents are independent contractors, so if an agent is giving a gift, it does not factor into the rates. Secondly, this is a bill primarily aimed at advertising and marketing opportunities. Insurance companies already have advertising and marketing built into their budgets. This allows an insurer to advertise or market in a different way, so it will not change anything.

**Chair Bustamante Adams:**

Are there any other questions from the Committee? [There were none.] We will open it up to those in support of A.B. 244.

**Jeanette Belz, representing Property Casualty Insurers Association of America:**

Property Casualty Insurers Association of America sent a letter of support ([Exhibit N](#)). The Association's companies represent approximately 34.1 percent of all property and casualty policies written in Nevada. The last paragraph of the letter points out, as Mr. Young mentioned, that this bill is consistent with practices in western states and also with the Financial Industry Regulatory Authority rules which limit the value of gifts that firms and associated persons may give to customers of the firm to \$100 per individual.

**C. Joseph Guild III, representing State Farm Insurance Company:**

We support the bill with the amendments as articulated by Mr. Young.

**Robert L. Compan, Manager, Government and Industry Affairs, Farmers Insurance:**

We support A.B. 244.

**Chair Bustamante Adams:**

Is there anyone else in support of A.B. 244? [There was no one.] Is there anyone in opposition to A.B. 244? [There was no one.] Is there anyone in neutral?

**Barbara D. Richardson, Commissioner of Insurance, Division of Insurance,  
Department of Business and Industry:**

We wanted to let everyone know that we are standing neutral on this particular bill. The reason I am here today is to let you know that we did make the requests to alter the language to avoid any confusion that might have happened should there be an inducement versus a rebate. Those sections are comingled. We wanted to make sure rebating was not included in any of the language. This is why the shifting occurred. That is where the rates would have been affected. Other than that, this is really a policy question for the Legislature.

**Assemblyman Daly:**

Was there legislation in place that specifically prohibited gift-giving? If so, what was the reason for it? Or is this bill to clarify the allowances? What is the history of this issue?

**Barbara Richardson:**

As the sponsor discussed, there was a bulletin put out giving a de minimis amount. Other than that, there was nothing in statute that talked about whether you could or could not provide inducements. There has been a long history of not providing inducements, depending on the type of insurance. For example, with title insurance you have to be very careful. Across the board, there was nothing specific in statute that addressed this.

**Noel Cole Young:**

We will submit the amendment this afternoon to the Committee.

[([Exhibit O](#)) was submitted but not discussed and is included as exhibit for the meeting.]

**Chair Bustamante Adams:**

I am going to close the hearing on A.B. 244. We are going to go to public comment. Is there any public comment? [There was none.] This meeting is adjourned [at 3:18 p.m.].

RESPECTFULLY SUBMITTED:

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Kathryn Keever  
Committee Secretary

APPROVED BY:

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Assemblywoman Irene Bustamante Adams, Chair

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

## EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a copy of U.S. Citizenship and Immigration Services, Department of Homeland Security, Form I-130, Petition for Alien Relative, submitted by Assemblyman Edgar Flores, Assembly District No. 28.

[Exhibit D](#) is a copy of U.S. Citizenship and Immigration Services, Department of Homeland Security, Form I-485, Application to Register Permanent Residence or Adjust Status, submitted by Assemblyman Edgar Flores, Assembly District No. 28.

[Exhibit E](#) is an example of a Permanent Resident Card issued by U.S. Citizenship and Immigration Services, Department of Homeland Security, submitted by Assemblyman Edgar Flores, Assembly District No. 28.

[Exhibit F](#) is a written statement dated March 6, 2017, in support of [Assembly Bill 162](#), submitted by Wendy Stolyarov, Legislative Director, Libertarian Party of Nevada.

[Exhibit G](#) is a mock-up of a proposed amendment to [Assembly Bill 161](#), presented by Assemblyman Edgar Flores, Assembly District No. 28.

[Exhibit H](#) is a copy of a PowerPoint presentation titled "Squatters," presented by Nicholas Farese, Lieutenant, Northwest Area Command, Las Vegas Metropolitan Police Department.

[Exhibit I](#) is a letter dated March 6, 2017, in support of [Assembly Bill 161](#), from Chris Giunchigliani, Vice Chair, Board of County Commissioners, Clark County.

[Exhibit J](#) is a memorandum dated March 3, 2017, from Judy Cook, Owner/Broker, Truckee Meadows Property Management, to the Assembly Committee on Commerce and Labor in opposition of [Assembly Bill 161](#).

[Exhibit K](#) is a letter dated March 4, 2017, in opposition to [Assembly Bill 161](#), to the Assembly Committee on Commerce and Labor, from Heidi Rice, Broker/Realtor, GRI/Property Manager, Rice Real Estate, Las Vegas, Nevada.

[Exhibit L](#) is a written statement dated March 6, 2017, in opposition to [Assembly Bill 161](#), submitted by Wendy Stolyarov, Legislative Director, Libertarian Party of Nevada.

[Exhibit M](#) is a copy of a document titled "Utility Company Initial Service" submitted by Chris Giunchigliani, Vice Chair, Board of County Commissioners, Clark County.

[Exhibit N](#) is a memorandum dated March 6, 2017, from Mark Sektnan, Vice President, Property Casualty Insurers Association of America, to Chair Bustamante Adams in support of Assembly Bill 244.

[Exhibit O](#) is letter dated March 3, 2017, in support of Assembly Bill 244, to the Assembly Committee on Commerce and Labor written by Christian John Rataj, Esq., National Association of Mutual Insurance Companies, Senior Director of State Affairs, Western Region.