

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Ninth Session  
March 2, 2017**

The Committee on Government Affairs was called to order by Chairman Edgar Flores at 8:33 a.m. on Thursday, March 2, 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:**

Assemblyman Edgar Flores, Chairman  
Assemblywoman Dina Neal, Vice Chairwoman  
Assemblywoman Shannon Bilbray-Axelrod  
Assemblyman Chris Brooks  
Assemblyman Richard Carrillo  
Assemblyman Skip Daly  
Assemblyman John Ellison  
Assemblywoman Amber Joiner  
Assemblyman Al Kramer  
Assemblyman Jim Marchant  
Assemblyman Richard McArthur  
Assemblyman William McCurdy II  
Assemblywoman Daniele Monroe-Moreno  
Assemblywoman Melissa Woodbury

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

Assemblyman John Hambrick, Assembly District No. 2



**STAFF MEMBERS PRESENT:**

Jered McDonald, Committee Policy Analyst  
Jim Penrose, Committee Counsel  
Isabel Youngs, Committee Secretary  
Cheryl Williams, Committee Assistant

**OTHERS PRESENT:**

Wes Henderson, Executive Director, Nevada League of Cities and Municipalities  
Ryann Juden, Assistant City Manager, City of North Las Vegas  
Randall E. DeVaul, P.E., Director of Utilities, City of North Las Vegas  
John Fudenberg, representing Clark County  
Andrew M. Belanger, Director of Public Services, Las Vegas Valley Water District  
Brian McAnallen, Government Affairs Manager, Office of Administrative Services,  
City of Las Vegas  
Steve K. Walker, representing Truckee Meadows Water Authority and Carson City  
Warren B. Hardy II, representing City of Mesquite and Virgin Valley Water District  
Mike Cathcart, Business Operations Manager, Finance Department, City of  
Henderson  
Tammi Davis, Treasurer, Washoe County  
Melissa Holland, Executive Director, Awaken, INC, Reno, Nevada  
Jason D. Guinasso, representing Awaken, INC, Reno, Nevada  
Chuck Callaway, Police Director, Office of Intergovernmental Services, Las Vegas  
Metropolitan Police Department  
Kerrie Kramer, representing The Cupcake Girls, Las Vegas, Nevada  
John T. Jones, Chief Deputy District Attorney, Legislative Liaison, Clark County  
District Attorney's Office; and representing Nevada District Attorneys  
Association  
Kelly Crompton, Government Affairs Officer, Office of Administrative Services, City  
of Las Vegas  
Corey Solferino, Sergeant, Legislative Liaison, Washoe County Sheriff's Office  
Bryan Wachter, Senior Vice President, Retail Association of Nevada  
Holly Welborn, Policy Director, American Civil Liberties Union of Nevada  
Scott F. Gilles, Legislative Relations Program Manager, Office of the City Manager,  
City of Reno

**Chairman Flores:**

[Roll was called. Rules and protocol were explained.] I would now like to open the hearing on Assembly Bill 8. Can the bill sponsors please come up?

**Assembly Bill 8: Revises provisions governing the collection of delinquent municipal utility charges. (BDR 21-323)**

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

Under current law in *Nevada Revised Statutes* (NRS) 268.043, the governing body of a city has the authority to adopt an ordinance to have delinquent sewer bills placed on the property tax roll for collection. This bill seeks to expand this authority to other municipal utilities. As introduced, the bill changes the word "sewerage" to read "utility service." The word "utility" is overly broad and could lead to some confusion. We were made aware of a similar statute, NRS 244.36605, that authorizes a board of county commissioners to place delinquent bills for "sewerage, storm drainage or water service, or any combination of those services" on the property tax roll for collection. I would like to thank Assemblyman Kramer for bringing this statute to our attention.

We are proposing that A.B. 8 be amended to replace the term "utility service" with "sewerage, storm drainage or water service, or any combination of those services" (Exhibit C). This aligns the authority that incorporated cities will have with the existing authority that counties have. Additionally, it makes clear which municipal utilities could be placed on the tax roll for collection. We are seeking this authority as a collection method of last resort. Our members are aware of the serious consequences that placing a delinquent bill on the tax roll can have. Like a student loan, a bill placed on the tax roll does not go away until paid through one means or another. These consequences could possibly include the property being sold at a public auction to satisfy the property tax bill. This is not an authority that our members would use without careful consideration as a last resort to collect delinquent sewerage, storm drainage, or water services.

**Ryann Juden, Assistant City Manager, City of North Las Vegas:**

I have Randy DeVaul in Las Vegas in case you ask anything beyond my ability to answer, which is probably any question. Assembly Bill 8 is a request that North Las Vegas worked on with the Nevada League of Cities and Municipalities. We are simply asking for a change in the law that allows the City of North Las Vegas to do the same thing that Clark County and the City of Las Vegas are able to do.

In the City of North Las Vegas, we currently have \$1.8 million in delinquent utility bills that are over two years old. We have some multifamily accounts in the City of North Las Vegas. These are apartment units with multiple units and tenants. In these situations, the utilities are included in the rent that the tenants are paying. However, the property owners are not paying the utilities. You could say they are not property owners; they are more like slumlords. The only option the City of North Las Vegas has is to shut off the water. However, we would be shutting off the water to people who are paying their water bills. We cannot do that. The only legal remedy we have is attaching a lien on the property, which only comes into effect

when the property is sold. It does not make sense for the City of North Las Vegas to shut off the water of the families in these apartments. These families cannot quickly move; many of them are in senior complexes. This bill would give us the ability to attach bills to tax records and get the payments without inflicting harm on residents. That is just an example of the impact on our residents by not having the same power that the City of Las Vegas and Clark County have.

**Assemblyman Ellison:**

This is only going to be for water, sewer, and storm drainage, is that correct? Gas, power, et cetera, will not be included?

**Ryann Juden:**

Yes, that is correct.

**Assemblyman Ellison:**

They will attach the bill to the property tax as a lien against the property? Any kind of back ad valorem tax. Does garbage go on there, too?

**Ryann Juden:**

Yes to the first part of your question, no to the second. This is only for wastewater and sewer. This is not for trash, cable, or any other utility.

**Assemblyman Kramer:**

Some of this came about in Senate Bill 54 of the 72nd Session. We did this for counties because sometimes there was a lien against the property. Rarely does the District Attorney want to spend staff time on a lien for a few hundred bucks. It was put off until the land sold. It is a paper trail that is difficult to keep track of. There were five reasons we did not like shutting off the water:

First, one of the unintended consequences was shutting off the water to tenants who had paid their bill. If you turn off the water to an apartment building, it can be very inconvenient and unfair to tenants who paid their bills. The fault lay with the property owner's poor money management practices.

Second, if you turn the water off at a manufacturing facility, you end up sending people home. Then you have employees who are hurt because of the manager's poor money management practices.

Third, if you have a family and you turn off the water, it can cause child protective services to come out. Children cannot live in a home where the water has been turned off.

Fourth, quite often when you have the water turned off, the family is stuck. They need to bring the bill current and pay the reconnect fees. That can be several hundred dollars in some cases. Where do they go to get that? Local nonprofits. That stresses the nonprofits' resources. To me, the owner of the property is responsible for the water bill. They can say

they want the tenant to pay it, but if the tenant does not want to pay or uses water scarcely, then the trees and shrubs will die. That diminishes the value of the property. The owner should pay for it, in my mind. To me, you are throwing a burden on local nonprofits who are trying to help people with their other utility bills.

Finally, I think the crummiest job you can have in the city is a code enforcement officer. You are charged with going out and turning off someone's water. You have kids begging you not to turn off the water. Maybe a man has lost his job and his family has left him. He is sitting halfway through a case of beer, and the last straw is someone coming to turn off his water. Fortunately, that has never happened.

When we did this, we recognized it puts a burden on the county treasurer to collect this. When it is not paid in a forthcoming manner, it may put the property up for sale. Again, the property owner did not manage their money correctly. This is municipal income. It is why the Legislature chose to pass this in 2003. That is why I support this at this time. I support giving the cities the same abilities that the counties have.

**Chairman Flores:**

You indicated that Assemblyman Kramer helped you with the bill or amendment?

**Wes Henderson:**

We had a discussion with Assemblyman Kramer about the bills the League was bringing forward. He came up to me afterwards and explained that we did this already for the counties. He referenced the county statute for us, so that is when we decided to take the exact language from the counties and amend the bill to match.

**Assemblyman Marchant:**

I agree with all of that, but if you have a property owner with an apartment building and one or two of the tenants do not pay the water bill, how does that work? Do you assess the property owner's property tax for something the tenant did not pay?

**Randall E. DeVaul, P.E., Director of Utilities, City of North Las Vegas:**

We do run into those problems quite frequently. Our accounts are in one person's name only. If it is a multifamily unit, it is typically in the name of the property owner. The property owner does have the right to collect money from his tenants to pay for portions of the water bill. Normally that is included in their rent, not as a part of a water bill. If the tenant is not paying their portion of the water bill, it is up to the property owner to potentially look through eviction processes. To the best of my knowledge, we have never turned the water off on a multifamily unit because one or two people were not paying their bill. We were able to work it out.

**Assemblyman Daly:**

Counties already have similar allowances in their section of statute. This is only in NRS Chapter 268, which is cities and towns, incorporated under general or special act. Is that correct?

**Wes Henderson:**

That is correct.

**Assemblyman Daly:**

So your proposed amendment will be changed to clarify what utility services we are talking about?

**Wes Henderson:**

Right. Instead of "utility service," the language will read, "sewerage, storm drainage or water service, or any combination of those services."

**Assemblyman Daly:**

We are only talking about public utilities services. If there is a private utility, it will not be added to the tax record.

**Wes Henderson:**

You are absolutely right. It only applies to municipal utilities.

**Assemblyman Daly:**

The City of Sparks supplies the sewer in northern Nevada, and they have use agreements with Reno. How would Truckee Meadows Water Authority (TMWA) fit into that? It is a public utility, but it is run under an interlocal agreement.

**Ryann Juden:**

I am not sure if Randy has specifics on that. I have a parallel. In southern Nevada, we have the Southern Nevada Water Authority (SNWA). They are a regional authority. Las Vegas can do it because their sewer is provided by the county. I think it would be the same.

**Randy DeVaul:**

Las Vegas Valley Water District (LVVWD) is the largest water purveyor in the Las Vegas Valley. The ability for them to do this was written into Chapter 167 of the *Statutes of Nevada 1947*, which created LVVWD. Unfortunately we were unsuccessful, but we looked to see how TMWA was created to see if the same language was in there. I cannot answer that, but when LVVWD was created, they were given the ability to do what we are asking for today.

**Assemblyman Daly:**

I guess we will see if they are structured that way. If they are not and there is an issue, they would have to come back with their own legislation to give them that authority. If it fits them, great. If it does not, they can ask for it.

**Assemblyman Carrillo:**

If I had two properties that I leased out, and I had a tenant that decided not to pay a utility bill, am I on the hook for all the stuff they did not pay? Often the tenant will put the water and sewer in their own name. You have property owners that will be upset.

**Randy DeVaul:**

When a property owner rents to a tenant, they get a property owner-tenant letter. It gives them a code so they can log in online to the utility billing system. They can see if their tenant is staying current on the water bills. We provide them that option because if the water is in the tenant's name and they leave without paying, by our rules and regulations, the owner of the property is still responsible for the delinquent bills. We give them every opportunity to monitor what the tenant is doing so they can bring it to their attention when they are falling behind on the utility bill.

**Assemblyman Carrillo:**

Please provide that statute to the Committee when you can. Renters might be paying rent, but on the backside, they do not have enough for utilities. Can we put something in place to alert the property owners as soon as bills are delinquent?

**Randy DeVaul:**

When we submit the water bill to the tenants and they do not pay after the first billing cycle, they have a certain number of days to pay. If they do not pay, they get their second bill. This is 30 days later. On that bill, it says their water service may be shut off. It will go another 30 days before they get a final bill that says their water service will be shut off. At that time, not only does the tenant get a letter, but the property owner is also advised that we are about to shut their tenant's water off for lack of payment. The property owner is aware they are responsible for tenants' water bills if they are not collected.

**Assemblyman Carrillo:**

Do you have that information in statute?

**Randy DeVaul:**

I believe that is in our code of ordinances for the city. I can provide that.

**Assemblyman Ellison:**

I will give you a scenario of what we deal with in Elko, Carlin, and Wells. In commercial properties, it is up to me as a property owner to collect the water bills and make that payment. If I do not collect it from my rent, it is up to me to go back to the tenants to tell them they owe me money. However, it is up to me as the owner of the property to pay. In residential properties, the city recommends that the owners of the properties are the ones liable. They do not like utility bills to go to the renter because of this problem. In the end, it is the responsibility of the owner of the property. If the lien comes out, instead of turning off a whole complex, it is best to follow the lien. They can get more money back into it.

I see property owners collect rent in a small town outside Elko and not pay any utility bills. The city cannot turn off all the water in the apartment complex. Therefore, the only thing they can do is file a lien against the property. That brings everyone's attention to the owner. I think this is a good bill and it resolves a lot of issues. It is already everywhere.

**Ryann Juden:**

That is correct. I think it is important to point out that this is done everywhere else. The counties have done this, and the City of Las Vegas has been able to do this since the 1940s. It has not caused any problems. Buying property, having real estate, and working with tenants might not be something you understand when you read *Rich Dad Poor Dad*. However, this is one of the realities of it. This is a tool the city has to ensure our tenants are protected and our property owners are fulfilling their fiduciary duties.

**Assemblyman Brooks:**

In situations where you have a tenant running up the water bill and not paying it, and the liability is building before the municipal water provider can step in and turn it off, is there anything that allows or prohibits a property owner from stepping in and turning off the water? There are mechanisms where they can watch what is going on with their tenants' bills. Is there anything they can do to limit their liability, or worse, harass their tenant?

**Randy DeVaul:**

It is a very good question. Unfortunately, I think that is a legal question. We have had circumstances where tenants have called us, claiming that the property owner is trying to get rid of them and is harassing them and forcing them to pay water bills they should not have to pay. We have taken a hands-off attitude on that because it is a property owner-tenant relationship. There is not much we can do. If a property owner orders the water off and it is in the tenant's name, we will not turn the water off.

**Assemblywoman Neal:**

If you decided not to get involved, but you know property owners are harassing people and ensuring they pay the water bill, why would you want to exacerbate that situation and give them more power to do that?

**Randy DeVaul:**

We do not want to do that. That is why we will not interfere with the property owner-tenant relationship. We will not turn the water off while they are in disputes over this. We would expect them to work it out.

**Assemblyman Kramer:**

In Carson City, we developed the ability to send an email to the property owner and the tenant when the bill was delinquent. That is not in statute; that is just how we handled keeping that notification going. At the time when we introduced this, TMWA had the water bill in the name of the tenants in property owner-tenant relationships. They did not want to try to incorporate this language until they went through a phase of changing those water registrations into the owner of the property rather than the tenant. In most of the state, from what I understand, the owner of the property is responsible for paying the water bill, regardless of whose name it is under. There is an implied lien on the property for the water bill regardless of if it is in the name of the owner or the tenant.



**Chairman Flores:**

How does this bill interact with the squatter issue?

**Randy DeVaul:**

It should not change anything. We are heavily involved in working through squatter issues. The City of North Las Vegas has a task force to deal with squatters. If the water is on, we do not use it as a mechanism to get a squatter out of the house. We use current law in order to do that. However, our goal is to not allow squatters to get water accounts. We do that in many ways. We look to see if the property they try to rent is in foreclosure. We look at leases to see if there is anything abnormal. We have found cases where the property owner's and the tenant's name almost match, or sometimes they are the same name. We have had leases where the payment has to go to the house where the tenant is renting. We do have the ability to refuse those leases until the original property owner, if it is a bank or a person, confirms they are leasing to that person. That is how we try to reduce the number of squatters in North Las Vegas.

**Chairman Flores:**

It is my understanding that in North Las Vegas, some utilities are lumped together. Is that correct?

**Randy DeVaul:**

When we send a utility bill, it has water, sewer, garbage collection, and graffiti charges bundled together. They are listed separately on the bill.

**Chairman Flores:**

Are there scenarios where I buy a property and I may need the trash but not the water? For example, I will not be living in the property for a few months. Do you have that issue where they do not want the water yet, but they do need the trash? Maybe they are doing construction work or moving stuff out.

**Randy DeVaul:**

We do run into circumstances like that, but most of the time they want the water because they are remodeling the house before they move in. As far as trash service goes, trash service is billed directly to the water account. If there is an active water account, they are billed for trash. We have the ability to bill for trash only if for some reason the property owner only wants trash and they do not want water. However, Republic Services, Inc. is required to collect all residential trash that is put out on the street. That is under the assumption that every house has a water account. If a water account is closed and someone is putting trash there, they will still pick it up.

**Assemblyman Carrillo:**

If a property owner is disputing the lien, does this give them no opportunity to lease the property out? The old tenant is gone, and they want a new tenant.

**Randy DeVaul:**

We run into that situation quite frequently, and our policy is that the property owner is responsible for the tenant's utility bill. If the tenant leaves without paying, we will not let the property owner lease the property until the bill is paid. However, we frequently work out payment plans with the property owner. They are aware they are responsible for that bill.

**Chairman Flores:**

Can representatives of SNWA, TMWA, Clark County, and the City of Las Vegas come up?

**Assemblywoman Neal:**

Section 2, subsection 4 says, "Late payments of the tax must bear interest." How late do you have to be for the delinquency to kick in and for the actual interest being charged every month on the delinquent tax to be applied?

**John Fudenberg, representing Clark County:**

Unfortunately I cannot answer that now, but I can get that question answered.

**Assemblywoman Neal:**

Can people from water answer that question?

**Andrew M. Belanger, Director of Public Services, Las Vegas Valley Water District:**

We maintain a customer relationship with the person who signs for service. It is different from what you have heard testified from Mr. DeVaul and others. We do not have owner reversion. If the customer relationship is with the tenant, we maintain that relationship. The avenues we have for bill collection would be late charges and, ultimately, if the bill is not paid for a long period of time, the service would be turned off. As you have heard, that is a tool of last resort, but it is a tool that typically gets people to pay their bills. We do use that when it is needed to ensure the payments are made.

In certain instances, we are able to put liens on properties, but that is also something we do after a period of many, many months. Particularly during the recession when the economy hit families hard, we had a great number of payment arrangements. We are willing to work with any customer for payment arrangements so long as they are making payments. That is our preferred method of ensuring bills are paid.

**Assemblywoman Neal:**

When you say "many, many months," can I get a number? Do you rarely use liens?

**Andrew Belanger:**

I would say a lien process begins between 6 and 12 months.

**Assemblywoman Neal:**

I have been contacted by constituents in Las Vegas when a lien has been placed on their property. I will pull up their property, and it says the lien is for water. They have to pay it. But the point is, they were out of a job. I understand this is a mechanism, but I want an

accurate understanding of the interest accruing. This allows interest to accrue every month on that lien. That could be a lot of money. The existing language says it cannot exceed 1 percent per month, but on average if your water bill is \$135 and that stacks up six months, what is an average cost in that particular scenario you have seen occur?

**Brian McAnallen, Government Affairs Manager, Office of Administrative Services, City of Las Vegas:**

To try and clarify this further, the City of Las Vegas only provides municipal sewer service. We do not provide municipal water service. As you heard from Andy, LVVWD encompasses the City of Las Vegas and unincorporated Clark County. That is the water purveyor for our community. But that is a separate utility regulated and managed by LVVWD. The municipal utility we provide is sewer service. I do not have the frequency of the lien issues you have raised. I will get that to the Committee and dive into the interest issues you are asking.

**Assemblywoman Neal:**

I appreciate that. Regarding the conceptual amendment that also allows any combination of those services, have you used a concept like that in your jurisdiction countywide?

**John Fudenberg:**

Unfortunately, I do not know. I can find that out for you.

**Steve K. Walker, representing Truckee Meadows Water Authority and Carson City:**

I also represent four local counties, and I can get information from each of those utilities to answer the questions on collection mechanisms. Ultimately, all the utilities will be shut off, but I believe those collection mechanisms may vary. I want to take the opportunity to answer Assemblyman Daly's question concerning TMWA. It is formed under a joint power authority under NRS 277.110. I would like to support this bill representing TMWA. I have talked to the bill's sponsor. If I get the authority from the Legislative Subcommittee of the Truckee Meadows Water Authority on Friday, we may request to amend the bill to include joint power and water authorities. That way we will have the mechanism to collect the water payments.

I did work with Assemblyman Kramer in 2003 on the initial bill that allowed counties to do this. He brought up another issue with TMWA. The renters pay; the property owner does not. That is being transitioned. Now it varies. Ultimately, when there are late payments, the property owner is pursued for the water bill.

**Assemblywoman Neal:**

I am back in section 2, subsection 4. This provision strikes out the word "taxes" and replaces it with "charges." Charges are a bit larger than taxes. How does that work in regard to the perpetual lien language and how you enforce the collection of the tax? The rest of the section deals with taxes.

**Randy DeVaul:**

We are talking about utility charges. It is more than just taxes. This bill allows us to place these delinquent charges on the tax roll when the city council adopts an ordinance to allow us to do that. It also outlines the procedures in which to do this. There is a component of taxes, which the Clark County Assessor's Office is collecting. Now there will be charges added to the tax roll.

**Assemblywoman Neal:**

It is not clear it would be taxes AND charges that would be added to the tax roll. We talked about apartments, but this applies to commercial properties as well, is that correct?

**Randy DeVaul:**

Yes, it does apply to commercial properties as well. I want to reiterate Mr. Henderson's opening comments. We would be using this as a tool of last resort in order to ensure we can collect our past-due bills. We do take this seriously. We do not routinely issue a lien just because someone is past due. As Mr. Belanger mentioned, it takes quite a while and at least two tenants before that would happen. In most cases, if we have any idea that the property is going into foreclosure, we immediately file for a lien. Liens are problematic in that you have to keep monitoring them. We get calls from banks and real estate title companies asking how much the liens cost. They expire after time, and we have to renew them. It also takes additional staff to monitor those.

**Assemblywoman Neal:**

If we are discussing a residential property, typically after three months their water is shut off. Let us say that someone cannot pay that bill. When would you think about using this lien action? How many months?

**Randy DeVaul:**

We would be looking at this for properties that are at least six months in arrears. We frequently enter into numerous payment plans with the tenant to collect the money. Even shutting off a tenant is done as a method of last resort. When we do that, we send an email or a text message to them, telling them which day their water will be shut off. Many times, that prompts them to enter into a payment arrangement to continue the water service. We have not thought through when we would implement this, but we would not be using this tax lien on an annual basis to clean up all our past-due bills. It is a method of last resort.

**Assemblywoman Neal:**

I guess that is what concerns me. The way the existing language reads, the lien attaches to the lot or the parcel. If the lien goes on for too long, would you be able to do a foreclosure proceeding on behalf of the city?

**Randy DeVaul:**

I will caution that I am not a lawyer. But it is my understanding that after we file a lien, we could force it into foreclosure. To date, we have never done that. We have only put the lien on and waited for the property to sell.

**Assemblywoman Neal:**

You mentioned that North Las Vegas utility bills have several things listed. They are listed separately. This conceptual amendment says, "any combination of . . . services" ([Exhibit C](#)). If I am late on the sewage, which is wrapped up in trash collection and water, what happens?

**Randy DeVaul:**

I can only comment on the City of North Las Vegas' utility bills. They have separate components. There is an amount for water, sewer, a graffiti charge (75 cents per residential property), and a trash collection charge. We do not do the trash collection, but we collect the fees on behalf of Republic Services. Those are all separate. Right now, we are unable to separate water from sewer if we were to try to simply collect sewer fees on the tax roll. We have never done this before. We have the ability to collect sewer and put it on the tax rolls, but because of our current billing system, it will be too cumbersome to separate water and sewer.

**Assemblywoman Neal:**

How many residential and commercial properties are delinquent?

**Randy DeVaul:**

I cannot answer how many, but we would be looking at this for properties that are at least two years in arrears. I think Mr. Juden mentioned we have \$1.8 million in past-due bills that are at least two years old. Those are literally uncollectible unless we have a lien on the property and the property is still in the name of the owner. We would be looking at this for properties that are at least two years in arrears.

**Assemblywoman Neal:**

How old are those properties? North Las Vegas was hit very hard in terms of foreclosures and homeowner association liens. When did this \$1.8 million come into existence?

**Randy DeVaul:**

This \$1.8 million would be from calendar year 2014 and before. At that time, the City of North Las Vegas, while certainly in dire straits due to the foreclosure market, was starting to increase the number of active water accounts.

**Assemblyman Ellison:**

If a renter has a contract with the property owner that says they cannot hold the property owner liable for any liens, how will the city go back on the property owner if the renter fails to pay their bills?

**Jim Penrose, Committee Counsel:**

If the tenant is in breach of the rental agreement, it is up to the property owner to monitor the status of what is happening with their property. If the tenant is delinquent, it is up to the property owner to enforce the rental agreement and begin the eviction proceedings. The statute as amended here gives the city the ability to place a lien on the property as it would for property taxes.

By the way, I think there is a misunderstanding about the language of the bill as drafted. Section 2 of the bill, which applies to Clark County, does not speak in terms of general utilities charges. It speaks only to an excise tax on the use of water.

The language that was being discussed in section 3 of the bill relating to delinquent charges, in this context, refers only to the unpaid tax and any interest accrued on the tax. It does not refer to the utility charge generally. What the language says in section 2 is that in a county of 700,000 or more, the county can collect the unpaid tax and any interest on the tax in the same manner as provided for in section 1.

The existing statute that allows charges for sewerage, storm drainage, and water service to be collected as a component of or in the same manner as property taxes, NRS 244.36605, currently only applies to counties with a population of less than 700,000. It does not apply to Clark County. There is some misunderstanding that this bill enables Clark County to collect utility charges in the same manner. I do not think that is consistent with the bill draft. The bill as drafted in section 1 permits only a city to collect utility charges, however we define them, as a component of the county's property taxes. They are enforced in the same manner.

However, sections 2 and 3 of the bill are not applicable to general utility charges. They only apply to the excise tax on the use of water that is provided for in those sections. Neither of those sections allows either the Las Vegas Valley Water District or Clark County to collect its utility charges in the same manner as the property taxes. It simply refers to section 1. The only money we are talking about in sections 2 and 3 is the excise tax. If that is not consistent with what the bill's intent, then this bill needs to be amended.

**Wes Henderson:**

I will have to look at that. Our intent was to mirror what was in NRS 244.36605 for the cities. Maybe someone from Clark County can address what authority they have to collect delinquent bills on the property tax roll.

**Chairman Flores:**

Our legal staff has made it clear how the bill is drafted with the conceptual amendment. If that is not your intent, please notify the Committee via email so we are on the same page. Are there any other questions from the Committee? [There were none.] Is there anyone wishing to testify in favor of the bill?

**Warren B. Hardy II, representing City of Mesquite and Virgin Valley Water District:**

I signed in in support of this bill as drafted without the amendment. We have a unique situation in Mesquite with regard to our utilities. We like the "utility service" language. We collect our sewer bill and our garbage bill at the same time. That is the same utility bill. After listening to the testimony, I think this is something we will probably want to internally discuss. It will probably need to be dealt with in a separate piece of legislation.

I would like to associate myself with the concerns of Assemblyman Daly and Steve Walker. We do not currently use this practice because we are not permitted to. However, we are intrigued by the notion of having a collection option other than shutting off someone's water. We would love to work with the sponsors to potentially look at the opportunity for the Virgin Valley Water District to have this tool in their toolbox.

**Chairman Flores:**

You stated you originally supported the bill because you thought it encompassed your areas of interest; however, you now believe that it is not the case?

**Warren Hardy:**

That is correct. I think "utility service" would have given us the opportunity to avail ourselves of this option for sewer and garbage. There seems to be some concern in including garbage in this, although we are the ones who collect that on behalf of the franchise. Our landfill is a publicly owned utility. We simply contract with a franchisee for the management of that.

This is not something we are looking to do significantly on behalf of either utility, but it is a potentially valuable tool. If the other entities have it, we would like to have it as well, particularly in the area of water service, which this bill is intended to cover.

**Mike Cathcart, Business Operations Manager, Finance Department, City of Henderson:**

We are in support of the bill and would be happy to work with the League of Cities and North Las Vegas after the discussion on the language that needs to be contained in the bill. I just wanted to talk about when we would use this mechanism. Ninety-eight percent of our water and sewer bills are paid in a timely manner. Of the 2 percent that actually get to a shutoff phase, most of those are paid immediately after the shutoff. Only 0.2 percent of our water and sewer customers get to a point of nonresponsiveness. We would shut the water off and move that to an internal collections program we have, where we try to contact the account holder. We do have an integrated billing system, which is our water and sewer. We do not have the Republic Services piece in our integrated billing.

**Chairman Flores:**

Is there anyone wishing to testify in opposition to the bill? [There was no one.] Is there anyone wishing to testify as neutral to the bill?

**Tammi Davis, Treasurer, Washoe County; and representing the Association of County Treasurers of Nevada:**

I would like to begin my comments on behalf of the Association of County Treasurers of Nevada. We are neutral on this bill as amended. We did have a concern with the overly broad "utility services" reference. We thought that might open it up to things that maybe were not intended. We remain neutral with the amended language that limits it to water and sewerage.

In addition to that, as Washoe County Treasurer, I wanted to bring a different perspective. As a treasurer who has to collect these fees, I think there are things you may want to be aware of in an effort to be fully informed.

During the recession, we had a lot of delinquent sewer fees added to our property tax bills from all of the agencies and two cities in Washoe County. There are instances that the delinquent sewer or water fees more than doubled the tax bill for that year. I think that is significant. It does not happen to a lot of properties, but there could be properties where the property owners were paying their taxes, but suddenly the sewer bill is on there and they are not able to pay that.

In the end, I am required to sell that property to collect not only the taxes but that delinquency. They can be substantial. I went back to look at this year's tax roll. We are fairly well past the recession, and I could pull up four properties very quickly whose property tax bill more than doubled because of the delinquent sewer fees that were added under the current provisions, before they are expanded under this bill.

I think anytime someone asks to add something to the tax bill, it needs to be carefully considered. Treasurers hold the ultimate hammer. I am required to sell a property if the taxes are not paid. In some cases that is probably appropriate. You are here to decide if it is. I wanted to make sure you are fully informed about what that could mean.

**Assemblyman Carrillo:**

You stated you are replicating what the counties already have, is that correct?

**Wes Henderson:**

That is correct. Our suggested amendment takes language from NRS 244.36605.

**Assemblyman Carrillo:**

How long have the counties been utilizing this?

**Wes Henderson:**

I believe Assemblyman Kramer mentioned it was enacted in 2003.

**Ryann Juden:**

That is true in general. However, Clark County has had the ability to do this for decades through Chapter 167 of the *Statutes of Nevada 1947*. North Las Vegas has had decades to do this, considering Clark County has done this since the 1940s. This has become more of an issue lately. These accounts are over two years old. They are primarily dealing with places where we have low-income housing. We have a property owner who is not paying these bills. They are collecting the rent from these people but not paying the bills for these services.



For North Las Vegas, all we can do is put a lien on the property. This becomes difficult whenever these property owners sell. Sometimes they are not complying in terms of low-income housing on the federal level. Whenever another willing management group comes into the picture, all they see is a title encumbered by liens. It is not conducive to helping this part of our community. Assembly Bill 8 allows us to go to the tax records so the property owners comply immediately.

**Assemblywoman Neal:**

I hope we can get the information from the county on how often they use this method of collection. That is not clear. You are saying 1947. Assemblyman Kramer said 2003. I am looking at statutory language from 1995. I need to be crystal clear on the origin. Why did we not consider giving this ability to the cities in 2003, or at any other point?

**Ryann Juden:**

I have asked our director to work with the bill sponsor. I am sitting at the bill sponsor table, but this is a League bill, as I remind him quite often, especially as the Committee started to point out issues with it. The sponsor will work with our staff, and they will clarify some of those mysterious dates.

**Chairman Flores:**

Please reach out to our legal counsel and ensure we are on the same page in terms of the intent. I will close the hearing on A.B. 8. Next on the agenda is Assembly Bill 217.

**Assembly Bill 217: Provides for the revocation of the business license of a place of transient lodging where repeated acts of prostitution have regularly occurred. (BDR 20-278)**

**Assemblyman John Hambrick, Assembly District No. 2:**

Assembly Bill 217 is a small part of my effort to fight human trafficking. Many of you have known for years that eliminating the scourge of human trafficking from Nevada is a passion of mine. There are friendly amendments to A.B. 217. I wrote the bill myself, and in my haste, I used the word "shall." I have learned that perhaps that should be replaced with the word "may." That would give the civil authorities in both the cities and counties the ability to look at individual businesses of transient lodging. I do not want to impugn the name of any business out there until after we find out there is a problem.

Prostitution takes many forms. In the northern part of the City of Las Vegas and the southern part of the city, as you go down Boulder Highway or up the Las Vegas Strip, you may see signs that say, "rooms for rent." These rooms could be rentable for 12 hours, 2 hours, or 20 minutes. You get the idea. I intend to stop that. I have spoken to a few members of the Committee. Let us say we have Herman's Motel on the Las Vegas Strip. I do not know if there is a Herman's Motel; if there is, I apologize. Room 127 is rented 18 times in one day. That is a bit unusual. I would say there is a problem there.

I think the licensing authority would have just cause to have a licensing hearing, particularly if there are complaints filed by the neighbors. Many times prostitutes will advertise their wares in communities not far from schools where children play. I want communities to be safe and not worry about the scourge of human trafficking.

Section 1 deals with the board of county commissioners and the county licensing authorities having the ability to look at these things. Section 2 is almost verbatim, but it deals with the cities. For those of you who are sophomores or freshmen, there is a saying: "The curse of the one page bill." This is a one-page bill. You spend 20 minutes hearing a 14-page bill, but 6 hours on a 1-page bill. I am trying to avoid that. I tried to make the language fairly clear.

I have been approached by different individuals requesting to change the word "shall" to "may." I agree with that. I was overzealous in writing this bill. The licensing authorities and communities should have the option if a complaint is filed. The hearing commissioner should be able to say, "This is your first offense. If it happens again, we may go further," instead of going right off the deep end the first time. I believe the authors of the amendments are in the room. They will testify accordingly.

**Assemblyman Carrillo:**

Boulder Highway [State Route 582] is a good part of my district. Obviously, this is cause for concern. Most of those are weekly and daily motels. As you drive down the Boulder Highway strip, they have made an effort to get rid of those places. Most of the people staying in those cannot afford a home. Motels provide everything for them. It may also create an environment for prostitution. Tropicana Avenue and Boulder Highway are right in the center of my district. Sportsman's Royal Manor has people who stay for months or weeks. A constituent of mine lives there. They have supported me for the last six years that I have been fortunate to represent Assembly District No. 18.

If prostitution was taking place in that facility, would they potentially lose their business license? Would this constituent be homeless because there are people utilizing the lodging for a prostitution ring? What businesses are being threatened because of the acts that they may not know are going on there?

**Assemblyman Hambrick:**

I do not believe this bill will come into play unless there is a complaint filed about the situation. Then there would be a hearing by the licensing authority. The hearing master would determine if there is a situation and potentially tell the establishment that this is their first warning and to please try to do better. You are right, people come up for conventions and other reasons. It is not my hope or desire to give them hardship. There is enough hardship right now. I am talking about the individuals wearing revealing clothing and advertising certain wares. I will not go beyond that. The licensing authority would have a hearing. I want to keep it at the local level. They will do a much better job than trying to solve it in Carson City.

**Assemblyman Carrillo:**

The concern lies with the Strip itself. These would fall under transient lodging. That stuff does happen in our hotels on the Strip. It happens in Las Vegas. Will they be subject to the same laws? I know they have undercover security that tries to eliminate this stuff. When I worked in the casino industry, you would hear what security was doing. It amazed me that this goes on as an everyday thing. Can you discuss how this relates to our tourism industry?

**Assemblyman Hambrick:**

I believe that question will be answered by people introducing amendments. I had an in-depth conversation with representatives of the resort corridor. They were very concerned. I believe that issue will be addressed in pending amendments.

**Assemblyman Brooks:**

Thank you for your continued efforts to stop human trafficking. This is an important issue. I know you have worked hard on it for many years. You refer to the person in control of the place who should have known this was going on and being able to revoke the license as a punishment for the bad behavior on the properties. Who is the person in control? How do you foresee that being defined? Is it the owner, the manager on the premises, et cetera? There are probably several tiers of ownership and management on some of these properties. Were you envisioning the manager or the owner?

**Assemblyman Hambrick:**

The manager. Many of these motels or hotels may be owned by corporations, and the corporate headquarters are in Saint Louis and have no knowledge of it. It would be a resident manager. The person who is in charge and has a working knowledge of what is happening at the facility.

**Chairman Flores:**

I want to follow up on changing the "shall" to "may." Changing "shall" to "may" does have a significant difference, but what is the difference between what the law is today and what the "may" does? It is my understanding the board of county commissioners and the county licensing board already could revoke the business license of transient lodging if they identified it as being in violation of the law. By changing it to "may," how are we giving A.B. 217 teeth?

**John Fudenberg, representing Clark County:**

I am not exactly familiar with what occurs today. I can tell you why we offered the amendment ([Exhibit D](#)). The intent of our changing it from "shall" to "may" was to allow some flexibility when we talk about the licensing board. We do not want them to automatically revoke the license. We want them to work with the properties. The intent is to work with the properties and possibly offer other sanctions or solutions to the problem prior to revoking the license.

**Chairman Flores:**

Can you provide me feedback on what happens currently? If a transient lodging business is identified as having committed four or five violations, what happens? Do you send a letter, then a fine, et cetera? I want to know how that works. Please send that to the whole Committee.

**John Fudenberg:**

I absolutely will.

**Chairman Flores:**

Can either one of you help us talk about transient lodging? If it is possible, please give us actual locations that fall under the category of transient lodging in northern and southern Nevada. I know we can look at the legal definition, but I want us to understand specifically what businesses this bill affects. It makes it easier for us to understand which businesses may lose their licensing and who will have to move.

**Melissa Holland, Executive Director, Awaken, INC, Reno, Nevada:**

About five years ago I founded a nonprofit in northern Nevada where we offer direct services to the victims of trafficking and any area of prostitution. We have been able to anecdotally see the evidence of this as well through our experience with these women and children in the motels. Just last night I did a quick search. When you stay at a hotel, you check TripAdvisor and ratings. We do it for the purpose of luxury and comfort. Years ago I found a hotel rating from a trafficker about a hotel in Reno. It said, "Pimps, bring your ho's here." I wondered how many others are like that. You would be surprised if you Google reviews and use the word "prostitute." You can see how many reviews are out there talking about these things in your city. I printed a few out. I can give you headlines.

One says, "Prostitution." One from Motel 6 says, "HOrrible." Another says, "Pimps, hookers, and drug addicts." These are just the headlines. They go into further description. These are just in Nevada. I wanted to keep it relevant. One warning you not to stay at a motel said, "There were prostitutes and pimps everywhere." TripAdvisor removed one posted in 2010. The headline is still in a Google search. I tried all I could to go into the web archives and pull it back up. This one was the one I remembered, it was for the Crest Inn in Reno. It literally says, "Pimps, bring your prostitutes." I do remember reading that. This was back when I first started. The image of these motels can set precedents that increase criminal activity.

You asked about the teeth in this. Awaken is set on three pillars. We do prevention because we would not like to have this job. We do restoration, which is our direct services to work with these victims. But our third pillar is city transformation. At this level, it is state transformation. I have a mental health background. I look at systems. I do not want to be an outsourced nonprofit of solutions, where we patch up the girls and children and send them back to the same cities where the exploitation happened in the first place. Transforming our communities is an important piece of a holistic response.

Bills like this are important. When you have a city or state branded on the buying and selling of sex, it is important to have teeth in these bills and have laws that specifically identify prostitution as a reason you could have your license taken away, versus any other criminal activity. Addressing illegal prostitution is important to change an image, which creates perception.

To give an example of that, I have a friend was formerly in the drug cartel. He is not a part of that anymore. He came to Reno to visit. He is on a really good side of things now. He said, "I will be honest with you. Just driving down this road, I would bank here because of the image." He was recognizing the lack of law. That is the backbone for Nevada. We need to say we are not okay being a part of a system that perpetuates victimization. We believe nonprofits can do their part, but the law is the backbone to a state's image on this issue. This is a way to accumulatively build that backbone in Nevada to change perception, so when these illegal traffickers bring girls in, the risk is too high for them to want to come here. Right now, the law does not allow the risk to be too high. We have seen this change over the last six years, starting with Assembly Bill 67 of the 77th Session. Yes, we are specifically going to identify prostitution as a reason you are not able to legally continue your business here. Perception is important when it comes to this stuff.

**Chairman Flores:**

My concern is that we create laws with teeth. It is a conversation I have had regarding multiple bills before this Committee. I understand, symbolically, it is strong for the language to actually be there. It sends a clear message. It is just that my current understanding is that there is nothing stopping us from being able to revoke a license today for this exact reason. I understand the symbolism in saying the words, but if we are going to create a new law, let us give it some teeth.

**Assemblywoman Monroe-Moreno:**

You said you could Google to find these places? We all know those smaller places on Boulder Highway and those shady hotels in Reno, but did you find larger properties in your Google search?

**Melissa Holland:**

Yes. They did.

**Assemblywoman Monroe-Moreno:**

Will we be able to use the language in this bill for those larger properties?

**Assemblyman Hambrick:**

Yes.

**Assemblyman McCurdy**

When it talks about identifying repeat violators, are we going to have opportunities when we work with Las Vegas Metropolitan Police Department (LVMPD) and other agencies to identify who these repeat offenders are? What will that look like?

**Assemblyman Hambrick:**

Yes. The records of the LVMPD and the sheriff's departments are public knowledge. It would be extremely easy for an organization to go into a geographic area in Reno, Las Vegas, or Henderson to look at the arrests in a given area, whether you want to break it down by ZIP Code, Assembly districts, or Board of Regents districts. It would be some finger work on the computer, but all these records are available. The LVMPD had a Pandering Investigation Team at one point, who went after prostitution rings. Clark County Sheriff Doug Gillespie was very dedicated to this. The sheriff in Reno and law enforcement throughout the state have signed onto all of my bills regarding human trafficking. There is no reason to doubt they will not continue. These arrests are public record. They are very easy to find.

**Assemblyman McCurdy:**

You know Las Vegas markets itself as Sin City: "What happens in Vegas stays in Vegas." If passed, will there be some type of marketing associated to advertise that this is not acceptable? This will definitely have an impact on how we market ourselves.

**Melissa Holland:**

In Executive Order 2016-14, the Governor established the Nevada Coalition to Prevent the Commercial Sexual Exploitation of Children. The statewide coalition is working on awareness, training, care coordination, et cetera. One of the coalition's subcommittees discusses rebranding, awareness campaigns, public service announcements, et cetera.

**Assemblyman Carrillo:**

I know there are good actors and bad actors. Some businesses could see a benefit in advertising their rooms for 20 minutes or by the hour. Obviously, that will bring certain people to the establishment. Is there an effort to point out these places? Small places that are not part of a corporate structure, but places that are just trying to keep their lights on? They are doing it in a way that is not beneficial for the community as a whole. Do you get law enforcement on board?

**Melissa Holland:**

I can speak about the north. I know in Las Vegas they have a sex trafficking task force. I do believe they are comprehensive in their relationships down south, as well. The intent is to create multidisciplinary teams working collaboratively together to assess prostitution and sex trafficking. In the north, we work with law enforcement. They know how to do great stings with the street enforcement team. Sometimes they do reverse stings and go after the buyers to find out where they are going.

There is a lot of work happening on the Internet. Officers will pretend to be a young girl looking to be perpetrated upon. They will be recruited by traffickers or buyers. They get to identify the high-frequency places where this is primarily happening. If it is done that easily on the Internet, it is easy to find the recurring places.

**Assemblywoman Neal:**

I am on section 1, subsection 1, paragraph (b). You inserted *Nevada Revised Statutes* (NRS) 207.030. That statute encompasses other crimes, like concealing stolen property. It does not just encompass prostitution.

**Jason D. Guinasso, representing Awaken, INC, Reno, Nevada:**

That part of the statute encompasses pimps. I believe the Legislative Counsel Bureau (LCB) was trying to ensure that we are not just dealing with prostitution or the solicitation of prostitution in NRS 201.354, but we are also dealing with the pimps outlined in NRS 207.030, subsection 1, paragraph (c).

**Assemblywoman Neal:**

That was what I originally thought. However, in the bill, you do not say you are referencing NRS 207.030 subsection 1, paragraphs (a), lewd conduct; (b), agree to aid or abet; or (c) be a pimp. This bill encompasses everything. *Nevada Revised Statutes* 207.030 also includes, "keep a place where lost or stolen property is concealed," in subsection 1, paragraph (e); "loiter in or about any toilet," in subsection 1, paragraph (f); et cetera. There are several other things in this statute. Maybe we need to slim it down because right now it captures everything under the section heading, "Prohibited acts; penalty." I assumed you wanted that provision because of the remedies, but it is not clear.

**Jason Guinasso:**

Your points are well-taken. Perhaps being more surgical with which parts of NRS 207.030 apply to this bill would be an advisable amendment that we could work with LCB on so we are not overly broad in the application of this legislation. The intent of this proposed legislation is to deal with sex trafficking and the illegal exploitation of women. In so much as we can further that intent by being more surgical with regard to the sections we think apply, we are willing to work with LCB to make that happen.

**Assemblywoman Neal:**

In section 1, subsection 1, paragraph (b) of A.B. 217, where it says, "The person in control," is that the manager or owner? Who is supposed to be responsible for taking reasonable remedial measures? And what are those reasonable remedial measures that you expect them to do?

**Jason Guinasso:**

With regard to the "person in control," as Assemblyman Hambrick indicated earlier, many of these transient lodging establishments are run by management companies or a corporate representative. The "person in control" would refer to the person responsible for the management of the property. That is, the agent for the property owner who admits people into the establishment. In terms of remedial measures they may take, the kinds of activities that occur in these establishments is open and notorious. It is not a secret when you have individuals coming in and out of room number 32.

Subsequently, when the task force in Las Vegas works with law enforcement in Reno, these same establishments are the targets of stings. They are housing this sort of activity over and over again. We are often left to wonder why the owners or operators are not doing anything to ensure that this activity does not continue when they notice it happening.

I would draw a corollary. We have other laws similar to this: for example, dram shop rules and social host liability laws that hold property owners and/or their operators accountable for activities that take place on their property that ultimately result in harm to a third person. What we would propose is that we would require reasonable steps to be taken by owners and operators of these establishments to ensure they are not turning a blind eye to what is openly and obviously occurring in their establishments and furthering harms done to victims of trafficking. It is a silent scream when women are being victimized in this way and no one is taking any action. The owners and operators have the front seat to that activity, and they should be responsible for ensuring that it does not happen on their property.

**Assemblywoman Neal:**

I brought it up because it was vague. The examples that were used were the Budget Suites, not The Venetian. I was trying to figure out who pays the transient lodging tax. If the manager making \$9 an hour is supposed to be taking a hit for this, what are the penalties? If this is a repeated occurrence, they could end up in jail. It just was not clear who is in control. Once it leaves the Legislature, the interpretation is pretty broad about who is in control. If you are the one who took the money and gave the room to someone, and they keep coming back, technically you were in control. You knew or should have known something because you put this standard here. You assume they ought to know. I know you say it is regular and notorious, but if I am making \$11 an hour, I am not going down for this company.

**Jason Guinasso:**

Those are very cogent points. I think the safety net for the concerns you are raising are the due process provisions of this statute. The person in control is going to have notice of the violation and an opportunity to be heard before any adverse action is taken. If the employee who makes \$11 an hour is somehow held accountable, they have an opportunity to say, "I am just an employee of the establishment. I have very limited means to deal with this problem." I think that goes to the point of why the "may" language is so important. It allows for some discretion when these situations arise, so that we avoid the results you have identified that could result from an obtuse application of the "person in control" language.

**Assemblywoman Monroe-Moreno:**

You may want to clarify and revise it to, "Person in control, owner, and/or operator."

**Jason Guinasso:**

Absolutely. I think we could work with LCB to provide some clarifying language on what a person in control is by defining or changing the term. I will work with the bill sponsor and LCB to clean that up.



**Assemblyman McCurdy:**

You talked about the reasonable steps that should be made. In section 1, subsection 1, paragraph (b), how do we define "reasonable remedial measures"?

**Jason Guinasso:**

That language is common in law. For attorneys, it gives us the opportunity on the defense side to show certain steps were taken to deal with the issue at hand. On the other hand, from the prosecuting side, it allows authorities to hold the property owner's or operator's feet to the fire. The property owners know this is happening: there are TripAdvisor posts identifying the establishment as one allowing this activity, there have been 12 stings at the premises over the last year, et cetera. What are they doing to ensure their establishment does not become a haven for prostitution? In other words, what are they doing to ensure the establishment is not becoming a de facto brothel?

Some reasonable steps that may be taken include the manager documenting that they went to the room, questioning the person occupying the room, making it clear that their policy was to rent the room to the person staying there and not to have people coming in and out, questioning any individuals coming in and out, or making it clear that if they are not renters they are not welcome. Those are examples of reasonable steps. If I were an attorney representing one of these transient lodging establishments, those are things I would want to present. I would show that my client did what they could to address the particular evil that was occurring and despite the best efforts, these things were still going on.

**Assemblyman McCurdy:**

Now we are leaving it to the interpretation for the manager or operating manager to determine what that should mean to stay compliant with the law. Is it calling the police? Are we asking them to document what is going on in each room or to knock on a door to figure out what is going on in a room? How does this really work?

**Melissa Holland:**

I can speak to things that I have seen as reasonable measures in our experience with motels and other larger establishments. In the larger establishments, hotel security is operating stings inside and working with law enforcement to keep it from becoming a reoccurring place of prostitution. They are in partnership with law enforcement already. It is very reasonable within their entity to do that. Not all entities can have their own security teams, but that is reasonable for what they have as an operation. One of the owners of several motels in our community works with Mayor Schieve's initiative, Operation Downtown. She is working with city officials and community leaders to make sure her establishments are not havens for prostitution. She does have many marginalized people living there, but she has taken reasonable efforts in her own operation. We have done monthly outreaches to motels, knocking door to door, creating relationships, doing barbecues, et cetera. We have seen what that looks like in a tangible way. We have also seen people call law enforcement or call us to say something sketchy is going on. They may ask us to consult them on what to do. Those are practical ways we have seen. From working with the population, we can tell you what has been really reasonable and effective.

**Chairman Flores:**

In section 1, subsection 1, paragraph (b) of the bill, when we talk about this language of "knew or should have known," we are not talking about anyone being arrested. This is just about a business license being revoked on the civil side. If a location that falls under the definition of transient lodging is acting in concert, conspiring, or facilitating prostitution, what criminal statutes are implicated now? What can law enforcement do now? And I want to know how the criminal statute will work with this measure.

**Jason Guinasso:**

This is purely a civil measure. It has no criminal implications. Regarding what is being done now, nothing is being done. There are three reasons for that. There is no law requiring action be taken; there is no direction from the state that action be taken; and it has become acceptable activity.

**Chuck Callaway, Police Director, Office of Intergovernmental Services, Las Vegas Metropolitan Police Department:**

I am in support of this bill and planned on providing some short testimony. I have been listening to the comments and questions. From a law enforcement perspective, we have two sections of our department that deal with these issues specifically. One is our Vice and Sex Trafficking Investigations Section, which houses our human trafficking task force. They execute stings, police proactively in the vice-related area, help get the victims into services, and target the pimps. We also have our Special Investigations Section. They work with the county and the city on business licensing. We have had significant problems with businesses. I will give you an example that happened to me when I worked the streets.

We had one particular business in the area that catered to prostitution. They had a buzzer in the front office. Whenever law enforcement would show up in the parking lot, the manager or whoever was behind the desk would hit the buzzer so that everyone in the complex knew that law enforcement was on the property. They could grab their clothes or quit whatever illegal activity they were involved in. The person working behind the desk or the manager on-site are referred to as "key employees." Often they are condoning the behavior and getting a kickback from the behavior. They are allowing the pimps to bring their prostitutes there. The owner may be in another state unaware this is occurring. I think that is why the language in the bill is important. Does the owner fire the person condoning or facilitating activity? Does the owner hire security? Some properties post a list of the prostitutes that come in all the time. Sometimes they will have their picture and say, "If this person comes onto the property, trespass them. Ask them to leave." I think there are a variety of methods these property owners can use to take the remedial steps. Many business owners cooperate with us. They do not want to lose their business license.

In some cases we can put an emergency injunction on a business if there has been a crime of violence there. We can close them down for 72 hours. The county would step in and those business owners would have to come in for a hearing before the licensing and county commissions to plead a case for why this is occurring and steps they are taking to prevent it. If there are multiple offenses, they could potentially lose their license under the current law.

I believe that having something in the statute that specifically addresses the prostitution component gives the county commission or the city council added teeth to hold the business owners accountable. Recently we have seen a trend where the prostitutes are luring the john into the hotels or motels and no sex is taking place. The pimp shows up and robs the john. They beat him and take his money. It is becoming a crime of violence.

It is not a victimless crime the way people have said for many, many years. "They are just consenting adults engaged in activity. If they exchange money, that is their business." There has been a mindset of that in the past. We know this is not true. Often these people are trafficked, and they are victims. It is not a victimless crime.

We tend to see this as a quality-of-life issue. When this activity is condoned on these properties and actions are not taken to provide a remedy, you start to see it occur in other businesses. Soon you have a whole neighborhood where the quality of life and the people who live there are negatively impacted.

**Chairman Flores:**

What was the key employee who was pressing the buzzer convicted of?

**Chuck Callaway:**

I believe we charged that manager with obstructing a police officer. We articulated we were there to investigate a crime, and by hitting the button, they were obstructing our investigation. I do not recall going to court over it. It was a misdemeanor offense. I assume the manager paid a fine, or it was dismissed.

**Chairman Flores:**

How often do we investigate the person behind the counter?

**Chuck Callaway:**

I think when we can show that they had a hand in the criminal activity, that they received a kickback or facilitated it in some way, we will go after them. The difficult part is that in many cases, some of these crimes are misdemeanors. They are sometimes a conspirator and there is no charge for a misdemeanor conspiracy. Our hands are often tied, and it is better to use the civil punishment rather than the criminal punishment—to go after the business license, work with the business owner, and try to remedy it that way. The criminal side often does not help.

**Assemblywoman Neal:**

I am thinking of West Tropicana Avenue, the area by The Orleans Hotel and Casino and the Days Inn Las Vegas at Wild Wild West. People are walking around. Is The Orleans a place of transient lodging? Technically, stuff is happening on the Strip.

**Chuck Callaway:**

In my mind, any hotel, motel, or place that rents rooms for the night is covered in this statute. I am not an attorney, but if you are renting out rooms for the night and this is type of activity is taking place in your establishment, I would assume you fall under this statute.

**Jim Penrose, Committee Counsel:**

For the purposes of this bill at the county level, a place of transient lodging pays a room tax imposed pursuant to NRS 244.3351. I do not know if the room tax is imposed on every motel or hotel in Clark County pursuant to that statute. That is just what the bill provides.

**Chairman Flores:**

I think we can get further clarification and send that to the Committee members.

**Assemblyman Ellison:**

If I own a casino and someone picks up a girl and goes to the motel, I do not see how the motel can be held responsible for that. They do not know what is going on inside the room. They do not know if this is a man's young daughter or something.

**Chuck Callaway:**

The key here is that the owner knows or should have known the activity was occurring. They witnessed the transaction or heard the discussion. Perhaps the activity occurs there so frequently that a reasonable person would have known that activity is taking place. If the owner or the key employee does not know the activity is taking place, they cannot be held responsible. I do not think the bill allows for that.

**Assemblyman Ellison:**

If a john rented a room and then came back with a jane, the motel will not be held responsible?

**Chuck Callaway:**

Correct. To give you another example, we discussed hourly rentals. In Clark County, the city and the county have enacted ordinances that do not allow you to rent a room more than once in a 24-hour period. Nonetheless, we have properties where someone comes in and pays under the table for 30 minutes. We have had establishments where the front counter had a bowl with condoms in it. They know this activity is occurring. They know the prostitute is out front. They see the gentleman come in and grab condoms out of the bowl and go upstairs. A reasonable person would know this activity is occurring.

**Assemblyman Ellison:**

They refer to those establishments as "hot sheets," correct?

**Chuck Callaway:**

Yes.

**Chairman Flores:**

Are there any other questions from the Committee? [There were none.] Is there anyone wishing to testify in favor of the bill?

**Kerrie Kramer, representing The Cupcake Girls, Las Vegas, Nevada:**

The Cupcake Girls is a resource organization based in Las Vegas that helps members of the sex industry and entertainment industry. They also have a goal of ending human trafficking. They are very supportive of this bill and any bill that seeks to bring light to issues that contribute to human trafficking, such as people knowingly allowing individuals to traffic others within their establishments.

**Mike Cathcart, Business Operations Manager, Finance Department, City of Henderson:**

We are in support of the legislation. To answer one question, I believe that we collect transient lodging tax for the first 30 days. If someone rented that room longer than 30 days, it becomes a residence. We no longer collect transient lodging tax on the room at that point.

**John T. Jones, Chief Deputy District Attorney, Legislative Liaison, Clark County District Attorney's Office; and representing Nevada District Attorneys Association:**

We are in support of A.B. 217. We have done a good job of enhancing our criminal penalties with respect to sex trafficking. We feel this is a way to enhance our civil penalties and give local law enforcement and local governments tools to attack the issue from a different angle.

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

We are in support of the bill. We work hand in hand with LVMPD in the downtown area to combat some of these issues.

**Corey Solferino, Sergeant, Legislative Liaison, Washoe County Sheriff's Office:**

We support this bill and its intent. We believe it gives law enforcement the ability to initiate proactive measures, prevent future crime, and, more importantly, prevent future victims. We know the types of crimes that are indigenous to these types of establishments. By enabling our local government to intervene, we can disrupt and displace these criminal enterprises, ultimately shutting them down.

**Chairman Flores:**

Is there anyone wishing to testify in opposition to the bill?

**Bryan Wachter, Senior Vice President, Retail Association of Nevada:**

We are certainly in favor of the intent of the legislation. We think it is a noble cause. Our concerns are in section 1, subsection 1, paragraph (b). We echo the concerns about how vague this paragraph is. There are questions about who the "person in control" is. I know some proponents discussed redefining that.

Additionally, the "should have known" phrasing seems subjective. That could be an assistant manager or whomever they decide was responsible at the time. It is vague to say, "You should have known." There needs to be more clarification or outlining on what "should have known" means. Just because I think you should have known does not mean we are sharing the same knowledge or coming at it from the same place. I think if we are going to be successful in stopping these actions, we need to be clear on who we are holding responsible and how that knowledge is compiled and expressed.

Our third concern, the members of the Committee have made it clear through questioning, is what "reasonable remedial measures" are. Does that mean putting up a sign saying we do not allow solicitation or prostitution to happen on our premises? Do we have to personally walk people to their rooms to see what they are doing? I think this needs to be defined on record so there is a very clear standard for law enforcement as well as the business owner. They need to understand what their role and responsibilities are in solving this problem. We are very concerned about how vague section 1, subsection 1, paragraph (b) would be.

**Assemblyman Daly:**

The first time I heard the term "knew or should have known" was in a U.S. Supreme Court case in the early 1990s. An employee was suing their employer regarding sexual harassment and a hostile work environment. The decision came down that the employer either knew or should have known this was happening. In other words, they did not take precautions to prevent this. There are several rulings and a lot of case law that frames it out. I am not sure that is the argument you should use. I think the case law around that is pretty solid.

**Bryan Wachter:**

We are aware there is case law that deals with this, but what we are most concerned about this is the legislative intent. Instead of a vague, "We will let the courts decide," we would prefer if this was a partnership between the business owner, the proprietor, and law enforcement.

We would hope that through the Legislature, we would be more clear in the bill about what those definitions are, instead of making it to case law. We want to see it written out so all parties know exactly what we are talking about.

**Chairman Flores:**

I will echo the comment of my colleague. Sometimes the "reasonable person" or just the "reasonable" standard tends to be broader and protects people more than when you specifically define three or four acts that someone must do. That forces an individual to do those things. I think the "reasonable" standard opens different avenues, so a reasonable person would take course A, B, C, or D. Sometimes I think that standard adds more protections rather than making it narrow and obligating someone to do something. That would make it harder for you to abide by this rule. But I do understand your concerns.

Is there anyone wishing to testify as neutral to the bill?

**Holly Welborn, Policy Director, American Civil Liberties Union of Nevada:**

I am testifying as neutral. This legislation does conflict with certain rights. I agree that there are enough due process protections in the legislation to address some vagueness within the bill, but I want to state our concerns. I share the concerns of Assemblywoman Neal and Assemblyman Carrillo regarding section 1, subsection 1, paragraph (b). The "person in control" and the "reasonable remedial measures" language is vague. The inquiries will be done establishment by establishment. I have concerns for the unintended consequences this will place on businesses that also house low-income populations for extended periods of time. I think this bill will have a disproportionate effect on them. The same type of activity is occurring in larger casinos. When we do the "reasonable remedial measures" analysis and the "person in control" analysis, I believe there are far more protections in place for a larger establishment than for the smaller businesses. I was not expecting to propose an amendment, but I believe what would resolve these problems is if we get specific about the number of raids or complaints that these establishments have had, in order to zero in on when these establishments may be at risk for losing their licenses.

**Scott F. Gilles, Legislative Relations Program Manager, Office of the City Manager, City of Reno:**

I am testifying neutral to point out what I believe is just a bill drafting oversight in section 2, which applies to the cities. Section 2, subsection 1 refers to transient lodging that is located within an unincorporated area of the county. I am guessing that language was pulled over from section 1. I think what we are trying to achieve is transient lodging within the city. I wanted to point that out. I will work with the sponsor on this amendment.

**Chairman Flores:**

Please provide the amendment in written format to the Committee. I will close the hearing on A.B. 217. Is there any public comment? [There was none.] This meeting is adjourned [at 11:05 a.m.].

RESPECTFULLY SUBMITTED:

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Isabel Youngs  
Committee Secretary

APPROVED BY:

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Assemblyman Edgar Flores, Chairman

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

## **EXHIBITS**

[Exhibit A](#) is the Agenda.

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

[Exhibit C](#) is a proposed amendment to Assembly Bill 8 presented by Wes Henderson, Executive Director, Nevada League of Cities and Municipalities.

[Exhibit D](#) is a proposed amendment to Assembly Bill 217 presented by John Fudenberg, representing Clark County.