

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

**Seventy-ninth Session  
June 3, 2017**

The Senate Committee on Commerce, Labor and Energy was called to order by Chair Kelvin Atkinson at 8:34 a.m. on Saturday, June 3, 2017, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Kelvin Atkinson, Chair  
Senator Pat Spearman, Vice Chair  
Senator Nicole J. Cannizzaro  
Senator Yvanna D. Cancela  
Senator Joseph P. Hardy  
Senator James A. Settlemeyer  
Senator Heidi S. Gansert

**GUEST LEGISLATORS PRESENT:**

Assemblyman Chris Brooks, Assembly District No. 10  
Assemblyman Jason Frierson, Assembly District No. 8  
Assemblywoman Heidi Swank, Assembly District No. 16

**STAFF MEMBERS PRESENT:**

Marji Paslov Thomas, Policy Analyst  
Bryan Fernley, Counsel  
Lynn Hendricks, Committee Secretary

**OTHERS PRESENT:**

Jon Sasser, Legal Aid Center of Southern Nevada; Washoe Legal Services  
Alisa Nave-Worth, MultiState Associates, Inc.  
William Horne, Advance America, Cash Advance Centers of Nevada, Inc.; Enova International, Inc.

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Keith Lee, Community Loans of America  
John Barnes, Veritec Solutions  
Alfredo Alonso, Livery Operators Association of Las Vegas  
Rusty McAllister, Nevada State AFL-CIO

CHAIR ATKINSON:

I will open the work session on Assembly Bill (A.B.) 206.

**ASSEMBLY BILL 206 (1st Reprint)**: Revises provisions relating to the renewable portfolio standard. (BDR 58-746)

MARJI PASLOV THOMAS (Policy Analyst):

I have prepared a work session document ([Exhibit C](#)) describing the bill and the amendments proposed by the bill's sponsor. There is an error in Proposed Amendment 5267 in [Exhibit C](#). On page 2, lines 32 through 34, the words "with a goal of achieving by 2040 an amount of renewable energy production equal to at least 80 percent of the total amount of electricity sold by providers of electric service in this State" should be deleted.

SENATOR HARDY:

What is to prevent the industry from taking advantage of the tax credits now without increasing the renewable portfolio standard (RPS)?

ASSEMBLYMAN CHRIS BROOKS (Assembly District No. 10):

Nothing. NV Energy and private customers are doing that now.

SENATOR SETTELMAYER:

We have discussed the Energy Choice Initiative (ECI) and what it meant to the people who voted for it.

In [Exhibit C](#), Proposed Amendment 5267 seems to say, in section 3, subsection 5, that utilities will only have until 2020 to use portfolio energy credits. Does this preclude them from using vintage credits? In the past, we have allowed utilities to use credits older than two years. Does this limit them to only two years?

ASSEMBLYMAN BROOKS:

That provision was intended to help with averaging. One of the concerns was about what was termed the "lumpiness" of complying in connection with how

long it takes to develop a project. This would let utilities average energy credits over the course of a couple of years instead of having rigid annual cutoffs.

SENATOR SETTELMAYER:

Does section 3, subsection 5 preclude utilities from using energy credits older than two years?

ASSEMBLYMAN BROOKS:

It does not, to my understanding.

SENATOR SETTELMAYER:

I would like an opinion from Counsel as to whether this language allows utilities to use their vintage credits as we have done in the past.

BRYAN FERNLEY (Counsel):

I do not think this language prevents utilities from using credits. There is no expiration to credits in this language or in this bill. It looks to me like credits could continue to be used for as long as they are available.

SENATOR SETTELMAYER:

I just wanted to make sure that was on the record.

Section 2.59, subsection 3 of the proposed amendment in [Exhibit C](#) prohibits the Public Utilities Commission of Nevada (PUCN) from rejecting any portions of an integrated resource plan (IRP) that include renewable energy. Does this mean that even if the PUCN determines the energy is not needed or the system is far more expensive than other least cost alternatives, the PUCN cannot say no?

ASSEMBLYMAN BROOKS:

No. This is meant to prevent the PUCN from denying based solely on uncertainty about what may happen with the ECI and subsequent legislation. The PUCN would still use the same cost analysis, the same benefit analysis and the same need analysis. This provision says it cannot reject an IRP based solely on uncertainty relating to a ballot question.

SENATOR SETTELMAYER:

I read that language differently. It says, "The Commission shall not reject any portion of a plan ... that includes a new renewable energy contract ... for the purpose of complying with the provision of NRS 704.7801 ... ." That has

nothing to do with a ballot initiative. It almost sounds as if we are taking away the ability of the PUCN to worry about cost, and that to me is a dangerous concept.

ASSEMBLYMAN BROOKS:

That is not what this sentence is trying to do. If you read that entire sentence, it says, "The Commission shall not reject any portion of a plan ... solely on the grounds of any uncertainty relating to a ballot question for the deregulation of the electricity market of this State."

CHAIR ATKINSON:

That is the way I read it.

SENATOR SETTELMAYER:

I will keep reading it. I am just worried there might be a problem.

SENATOR SPEARMAN:

A lot has been made about whether A.B. 206 would require something that is an improbability on the part of the utility. I would like to direct our attention to Senate Bill (S.B.) 65, which was the Governor's bill.

**SENATE BILL 65 (2nd Reprint)**: Revises provisions related to the filing by certain electric utilities of an integrated resource plan. (BDR 58-167)

If you look at the preamble of that bill, it says, in part:

AN ACT relating to public utilities; requiring the Public Utilities Commission of Nevada to require certain utilities which supply electricity in this State to provide an overview of the utility's resource plan or any amendment to the resource plan at least 4 months before filing the plan ... .

That is what we are talking about. How do we know what is getting ready to happen, and how? What process is in place so that if things turn around for the utility, the PUCN will know? It continues:

... requiring the Commission to consider the cost of such measures and sources of supply to the utility's customers when making such a determination; requiring the Commission to include its

justification for the preferences given to such measures and sources of supply in certain orders ... .

That is very clear in terms of what needs to happen. One of the reasons S.B. 65 was one of the first bills we tackled was because we wanted to answer all of those questions with respect to uncertainty. Note that S.B. 65 refers to all utilities. We do not know if NV Energy will stay as it is now if the ECI passes again. The IRP is where a lot of questions are answered about any and all utilities. Not only do they answer questions in the IRP, but there is also a requirement to have a public hearing. If there are any questions, any doubt in anyone's mind, including customers or ratepayers, that is where those questions are answered.

SENATOR SETTELMAYER:

In regard to the word "any," does A.B. 206 still eliminate municipalities, co-ops, general improvement districts and others? Who is exempt from the RPS based on the latest amendment? Are there still exemptions that currently exist, or does it now apply to any utility?

ASSEMBLYMAN BROOKS:

This amendment does not change the portion of A.B. 206 regarding electric service providers and when they must start complying with the RPS.

SENATOR SPEARMAN MOVED TO AMEND AND DO PASS AS AMENDED A.B. 206.

SENATOR CANNIZZARO SECONDED THE MOTION.

SENATOR HARDY:

The question of whether NV Energy is going to stay if the ECI is passed is a critical one. I am concerned about what will happen when we have so many unknowns, including the solar gardens.

This bill is laudable and creates economic opportunities, but those economic opportunities exist now. All of the wonderful things we have talked about do not make me want to vote for A.B. 206, but I will not be unhappy if it passes. I do not think we have the crystal ball that will tell us how this is going to affect everyone when we try to change so many things at once. I can juggle three things but not four things.

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SENATOR GANSERT:

I appreciate the amendments, but I have to think through them more thoroughly. I will vote no for now, but I may change that later. This Committee and Legislature have demonstrated strong support for renewable energy.

CHAIR ATKINSON:

I want to clarify that A.B. 206 does not affect those entities that exited the system, like MGM, Caesars and Wynn.

SENATOR SPEARMAN:

I would like to direct your attention to S.B. 146. This is the bill we passed dealing with distributive generation.

**SENATE BILL 146 (2nd Reprint)**: Revises provisions governing the filing of an integrated resources plan with the Public Utilities Commission of Nevada. (BDR 58-15)

THE MOTION PASSED. (SENATORS GANSERT, HARDY AND SETTELMAYER VOTED NO.)

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CHAIR ATKINSON:

I will open the hearing on A.B. 515.

**ASSEMBLY BILL 515 (1st Reprint)**: Revises provisions governing deferred deposit loans, title loans and high-interest loans. (BDR 52-1227)

ASSEMBLYMAN JASON FRIERSON (Assembly District No. 8):

I will give some history of the bill.

Assembly Bill 515 reflects an interest to explore what is going on with payday loans. This bill started off with an effort to protect consumers from being caught in a cycle of high-interest loans that they can never pay off. There were concerns that this was an effort to end the payday loan industry in Nevada. That was not my intention. My intention with this bill was to look at the industry and how it impacts consumers so the Legislature can make informed decisions.

The Legislature has visited payday loans, title loans and high-interest loans many times over the last several Sessions. Every time we visit this issue, it is with the hope that we can protect consumers who are at their most vulnerable, people who need money to pay their bills, keep their lights on and feed their children, from ending up in a worse situation.

We also recognize that there are legitimate circumstances where someone needs access to this kind of service. But every time we talk about this, questions are raised about whether Nevada really has these problems, whether people are getting caught up in this cycle. Is this just a national talking point, or is it something that really happens in Nevada?

After a previous measure to deal with the industry did not succeed, we felt it would be a good idea for us to stop debating about whether the problem exists and instead obtain that information and know for sure. This bill is the result. This is an opportunity to have sunshine on this issue, to have transparency. This is an opportunity to empower us with actual information about Nevada so we can look at the future and make decisions based on facts rather than on talking points.

This bill originally started out with not only collecting information, but also requiring the industry to use that information to decide whether to make individual loans. I scaled that back to just collecting data. Rather than trying to change the industry, I just want it to provide information so we can make informed decisions. This is not a new idea. This has been done in other states, and it has not put the industry out of business in those states.

I recognize that any time you want to bring sunshine to an issue, there is reluctance. In almost every area of life, there are good actors and bad actors, and we do not want to throw the baby out with the bathwater. This bill is an effort to take that into account. Let us find out what they are doing, what their practices are, whether we have folks getting caught up and to what extent consumers are better or worse off with payday loans, title loans and high-interest loans. It should be noted, by the way, that those are three different kinds of loans. Unlike many states, Nevada puts all high-interest loans in one statute. At some point, it would be worthwhile to have a conversation about dividing those types of loans out so we can treat them separately, but we will not know that until we get this information.

Again, this bill is not about changing the industry as much as giving us the tools to make informed decisions by requiring a database that collects this information, compiles it and reports back to us. There is nothing more important in a limited 120-day Session than having information so we can make informed decisions. That is what A.B. 515 does.

SENATOR HARDY:

Have the other states with this type of database found things that led to changes in their laws to protect the industry and the consumers?

ASSEMBLYMAN FRIERSON:

The short answer is that I do not know. To me, it is more important that we get information about Nevada, since Nevada is unique in the presence of gaming and the transiency of our population. For that reason, I would think other states would want to know what our data collection shows. The information could be helpful for the industry, or it could be helpful for consumer advocates, or it could be completely neutral and we could recognize that we do not have a problem. There is no way to know unless we collect the information.

SENATOR HARDY:

I suspect some people have a problem. Otherwise, we would not be talking about this every Session.

ASSEMBLYMAN FRIERSON:

I would certainly agree with that.

SENATOR SETTELMAYER:

From what you say, this database is just for fact-finding. It is not about future enforcement or anything like that. In that case, why have we not included high-interest loans in order to start gathering that information as well?

ASSEMBLYMAN FRIERSON:

There has been an effort to include them. Every subset of this industry would prefer to be left out. It has become convenient to say, "We'll support this bill if you just look at the others and leave us alone." We would like to collect data on all high-interest loans, but any effort to collect data on any of these kinds of loans would be valuable.

ASSEMBLYWOMAN HEIDI SWANK (Assembly District No. 16):

This bill creates a database for deferred deposit loans, high-interest loans, and title loans. These databases, which have been used in 14 other states, are a simple single point-of-sale database. They integrate with the software licensees already use. In fact, many Nevada licensees use these in other states, so the software is already integrated in their nationwide systems.

This is a very low-cost way to gather this information. The fee is usually less than 1 percent. This means the per loan fee ranges from \$0.50 to \$1. Nationally, the average loan is \$375. The highest possible fee for that loan would be \$1, which is 0.2 percent of the loan. The amount charged per loan is based on the volume. George Burns, Commissioner of the Division of Financial Institutions (FID), was unable to be here today. In the hearing on A.B. 515 held in the Assembly Committee on Commerce and Labor, he testified that given our volume, he estimated the fee would be closer to 50 cents per loan.

This bill will help us get a better picture of the industry and let us see what is happening in Nevada. In previous hearings, Commissioner Burns said this would be a significant improvement for his office. He stated that what the Division is doing now only captures about 60 percent of the information, and what it does get is only very basic information.

I will step you through A.B. 515. Most of the bill is in section 1. Section 1, subsection 1 directs the FID Commissioner to develop and maintain the database. It also lists some of the reports that can be run by the Commissioner.

Section 1, subsection 2 lists the information to be entered into the database by the licensee. Again, this is a single point of entry that is already integrated into what they do, and many Nevada licensees already do this in other states.

Section 1, subsection 3 directs the Commissioner to have the vendor who provides the software to charge licensees a fee for each loan. Based on the average loan of \$375, the fee is only 0.2 percent.

Section 1, subsection 4 says that all information must be kept confidential. It further states that the information used by the Commissioner to run reports is to be anonymized. It will not be possible to track the information gathered back to the individual customers. The focus is on getting the larger picture, not on the individual people who take out loans.

Section 1, subsection 5 directs the Commissioner to adopt regulations related to the database.

Section 1, subsection 6 exempts longer-term loans, those over 150 days. Those folks report to credit reporting agencies, so as this first step, we are focusing on the more short-term loans.

An amendment has been proposed by William Horne ([Exhibit D](#)) that I will now address. Section 1, subsection 1 of the bill refers to the reports that would be run. The amendment would change it from saying that the Commissioner would collect raw data, like the date on which the loan was made and the type of loan, to saying the Commissioner would collect data such as whether the customer had had an outstanding loan with one or more licensees in the previous 30 days. We would like the Commissioner to collect the raw data and draw conclusions from that data, rather than gathering just the conclusions.

The amendment also states, as I read it, that the Commissioner actually collects the information and maintains the database personally. That is current practice. We would like the licensees to do the single point-of-sale collection of information.

SENATOR SETTELMAYER:

How many other states are part of this national database?

ASSEMBLYWOMAN SWANK:

It is not actually a national database; it would be a State database not connected to the other states. Fourteen other states also have these statewide databases.

SENATOR SETTELMAYER:

How many vendors of this type of software exist? Will there be competition so that we have a choice of vendors, or is there only one vendor who will get the deal?

ASSEMBLYWOMAN SWANK:

There are several vendors who provide this type of software. We have one of them here to answer questions.

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SENATOR SETTELMAYER:

It would be good to know the actual number of vendors.

JON SASSER (Legal Aid Center of Southern Nevada; Washoe Legal Services):  
We are in support of A.B. 515.

The Legal Aid Center of Southern Nevada has a consumer rights section that represents people who are caught in the treadmill of payday loans, and we have had a lot of experience in that area. We think the database would be an important step forward in terms of getting a look at the picture in Nevada, so that going forward, we will know what makes sense for our State and what does not.

The bill does include high-interest loans. It did not in its original form, but we suggested an amendment to make sure high-interest loans are included. There is a particular type of high-interest loan that is carved out, and the bill lists a number of criteria that must be met in order to be a part of that carve-out. That is in section 1, subsection 6. These are longer-term loans that are paid in installments rather than in a lump sum at the end of the loan. The lenders report information to credit bureaus and have to do credit checks.

Section 1, subsection 6, paragraph (f) specifies that lenders of this type of loans are not allowed to sue in court to enforce the debt. This is an important clarification because there has been litigation around this. With all the protections that are in there, it makes sense to carve this type of high-interest loan out of the bill. All other types of high-interest loans were added back in.

SENATOR GANSERT:

Do lenders of these types of loans have the right to sue now?

MR. SASSER:

They do not.

SENATOR GANSERT:

Are there a lot of those types of loans?

MR. SASSER:

I do not know the exact number. I think I remember the Commissioner saying that was about 25 percent of the total.

ALISA NAVE-WORTH (MultiState Associates, Inc.):  
MultiState Associates, Inc., includes Moneytree, Check City, Check Into Cash, QC Financial and USA Cash. We are opposed to A.B. 515.

As members of the Consumer Financial Services Association, the leading national trade group of short-term lenders, we work very hard to ensure we not only comply with existing Nevada law, but that we employ in each of our storefronts the best practices in the Nation with regard to short-term lending. Notably, our clients also represent 80 brick-and-mortar storefronts throughout Nevada. These Nevadan employers employ hundreds of Nevadans in good-paying jobs and have done so for decades.

We are concerned about any legislation that seeks to limit access to critical capital in the highly regulated markets. We have three major concerns with A.B. 515. First, the bill fails to place in statute the fees for a mandated database and instead places that decision in the hands of a for-profit industry. There are very few of these vendors nationwide, and in fact, in the 14 states in which they exist, there is one dominant vendor. This vendor will profit from being able to determine the fees.

The fee seems nominal; it is not a big deal to add \$1 to a loan, but it is a major deal to small businesses like Check City. Check City made 500,000 loans last year, and adding \$1 per loan is an expenditure of \$500,000. The loans Check City offers are \$16.50 per \$100. When you add a dollar to that and pass it through to the consumer, it has a major effect on the consumer and the storefront. We have concerns about the fact that the fee is not being decided by this body but rather will be negotiated by a regulator and a for-profit industry.

Our second major concern is that A.B. 515 is being described as a fact-finding database. In the 14 states where these databases exist, they have been used for enforcement of cooling-off periods for short-term loans. That is the function of the database. We believe this bill is the precursor to a broader effort to restrict capital that is needed by Nevadans.

Our third concern is that you cannot view alternative financial services in a vacuum. When you restrict capital through payday loans or title loans, those who need capital will go elsewhere. They could go to pawn shops, high-interest long-term installment loans, rent-to-own stores, tax refund anticipation loans,

or, as has happened in other states, unregulated out-of-state offshore loans available on the Internet. I encourage the Committee to Google "Nevada payday lenders" to observe the number of lenders offering loans in Nevada that are not regulated or governed by the State. These are highly predatory lenders who are outside of Nevada's jurisdiction.

When other states have required this type of database, our industry suffers. In the state of Washington, 75 percent of the brick-and-mortar storefronts went out of business. At the same time, the number of complaints to the Washington State Department of Financial Institutions about unregulated offshore and tribal lenders spiked. We are also concerned that these unregulated lenders will not be part of the database. You are also missing high-interest long-term lenders and all other unregulated lenders. You will be making decisions based on data that is incomplete and imprecise.

WILLIAM HORNE (Advance America, Cash Advance Centers of Nevada, Inc.; Enova International, Inc.):

I am here today in opposition to A.B. 515. The basis of our opposition has been well outlined by Ms. Nave-Worth. In other states, we have seen these databases used improperly to justify loan caps and to restrict access to credit, and they end up harming the very people they want to protect.

This bill wants to collect data so we can get a clear picture on how our products are being used and to what extent. However, there is a carve-out on a significant portion of the industry, and that is high-interest loans as outlined in *Nevada Revised Statutes* (NRS) 604A.480. Either we are going to collect data on the industry or we are not, but you cannot get a true picture if you do not collect all the data. The data that is not collected is from the part of the industry that is basically unregulated.

I note that there is no fiscal note on the bill. I find that interesting. The bill requires the Commissioner to contract with a private vendor and mandates that private vendor to charge a fee to support the database. I believe you cannot have the State contract with a private entity to do a mandated fee and use that as a mechanism to avoid a two-thirds vote requirement for new fees or increases to existing fees. That is what this bill does, and it should require a two-thirds vote.

As Assemblywoman Swank noted, I have submitted an amendment, [Exhibit D](#). This language gets at the information you are trying to collect. It also puts the onus on the Commissioner to set the fee and cap it at \$1. If you allow the vendor to do that, it may be \$0.50, \$0.75, \$1 or \$1.25. There is no cap, and we do not know where that will end. The amendment also allows lenders to pass that fee through to the customer. The amendment in [Exhibit D](#) will give the bill more transparency and make it more workable.

CHAIR ATKINSON:

Did you discuss this amendment with the sponsor of the bill?

MR. HORNE:

Yes. He felt the language in the bill was sufficient.

CHAIR ATKINSON:

So it is not a friendly amendment.

MR. HORNE:

No.

KEITH LEE (Community Loans of America):

I join my colleagues in opposition to [A.B. 515](#) and echo their comments.

Community Loans of America does business in 12 locations in Nevada under the name Nevada Title and Payday Loans, Inc. We are primarily an auto title lender, though we do a few payday loans as well. It should be noted that with regard to title loans, there can only be one outstanding title loan at a time because by the very nature of a title loan, a title lender takes the title from the owner and files a lien on the title with the Department of Motor Vehicles.

Another difference between a title loan and other loans under NRS 604A is that with a title loan, the only recourse in the event of a default is the repossession of the automobile. There is no ability to seek a deficiency judgment or go to a collection agency; the sole recourse is repossession. With respect to my client, of the loans in default, which are approximately 22 percent of the total, we repossess fewer than 5 percent of those loans.

I have spoken to both Assemblyman Frierson and Assemblywoman Swank on several occasions about this bill.

SENATOR HARDY:

Has the data collected in those 14 other states led to changes in their statutes that have protected the people getting the loans or made them more transparent? Also, if we adopted the amendment in [Exhibit D](#), would you support the bill?

Ms. NAVE-WORTH:

To answer your first question, the database has resulted in a significant decrease in the industry. As I said before, in the 6 years since the database was implemented in Washington State, 75 percent of the brick-and-mortar establishments in that state have been shuttered. This has also happened in North Carolina and Florida.

With regard to the amendment in [Exhibit D](#), we have given it a preliminary review. We would be supportive, but I would have to review it with all our members.

SENATOR HARDY:

Do you see this database proposal as a precursor to an enforcement opportunity?

Ms. NAVE-WORTH:

Yes. There were two other bills proposing databases this Session, both of which had two-thirds vote requirements. In both of those bills, [S.B. 17](#) and [A.B. 222](#), the databases were part and parcel of a larger plan to add a cooling-off period.

[SENATE BILL 17](#): Revises provisions governing payday lending. (BDR 52-409)

[ASSEMBLY BILL 222](#): Revises provisions governing payday loans, title loans and installment loans. (BDR 52-574)

In [S.B. 17](#), there was a 30-day cooling-off period, and [A.B. 222](#) included a number of other measures to limit access to capital. The database was part of that because it gave a way to track loans so the cooling-off period could be implemented.

The FID currently gets about 60 percent of this information. That is not because it does not have the reach; it is because it is not pursuing the information. It has the legal authority to go after a lot of information regarding this industry.

MR. HORNE:

We have had a number of conversations with Assemblyman Frierson on the idea of creating a database. My clients have said that they would be neutral in that regard on the bill if they had an opportunity to work with him on the language because they do operate in some jurisdictions that have a database. However, it was important to them to ensure that the information was collected solely as data, not as an enforcement mechanism.

It is also important to note that there is an ability-to-repay provision in a bill you processed, A.B. 163.

**ASSEMBLY BILL 163 (3rd Reprint)**: Revises provisions governing certain short-term loans. (BDR 52-737)

That bill requires lenders to check credit reports. A single-purpose database would be redundant and unnecessary.

If the amendment is adopted, our clients would be neutral on A.B. 515. We would come to the table to find ways to make the industry work better in Nevada.

JOHN BARNES (Veritec Solutions):

We are neutral on A.B. 515 as it defines a high-interest loan. That is a policy decision we believe is best left for you to make.

I am here to testify about the use of a database in other states. Veritec Solutions provides a real-time regulatory database in 14 states. Our system is used for the monitoring of payday loans, short-term installment loans, auto title loans and predatory mortgage loans. Although no two states in which we operate have identical laws, one commonality is a cap on the amount of money a customer can have or the amount of loans a person can have at one time. The laws passed in these states not only protect consumers, but they have also created secure and stable environments for lenders to continue to operate and profit in.

Our database system does not simply track loans. It ensures in real time that every loan issued is in full compliance with state law. The information that results from these systems has allowed policymakers to understand the activity in their states and meet their legislative objectives.

In 2001, Florida added a database for payday loans that would ensure state law was properly monitored. At the time, the payday loan industry said it would put them out of business. Not only has that not happened, but this last year, 8 million payday loans were issued to consumers in Florida. I would also like to point out that the default rate in Florida is 1.5 percent. Contrast that to the industry's reports showing a default rate between 5 percent and 10 percent in states without a database.

This system ensures that lenders get paid back. In states that allow payday lending, 44 percent use a database. Several of the lenders present here today not only operate in those states but are prospering under that system. Advance America, Check Into Cash and Payday Lenders Association, as well as the Consumer Financial Service Association, have supported legislation that includes statewide databases in several other states.

Veritec has been the database provider in 14 states, covering more than 100 million consumers. We believe our system strikes a balance of allowing access to credit for those who need it in time of need but also ensuring consumers are protected from falling into a cycle of debt by appropriate and responsible regulation.

ASSEMBLYWOMAN SWANK:

I wanted to address some of the comments made by those in opposition to A.B. 515. On the issue of consumers resorting to black market loans, those loans are illegal and cannot be collected on. Unfortunately, they do exist in the world today, but people who take out black market loans do not actually have to pay them back. There is no way to enforce payback.

Regarding what other states have done, many states have implemented these databases in conjunction with other legislation. That is not our intent here. I am a good scientist. I like to get my data first before anything, and I would be more than happy if this shows we have a healthy system supporting folks who need access to short-term loans. I am wholly in support of that.

Regarding the two-thirds vote, half of the states that have databases set it up this way. It is just one of two ways in which you can set up these databases.

I would like to note that the United Veterans Legislative Council and Nevadans for the Common Good wanted to be here to testify in support of A.B. 515.

SENATOR GANSERT:

How do we measure who would go offshore and who ends up using high-interest credit cards?

ASSEMBLYWOMAN SWANK:

That is one of the challenges we have in trying to gather information. Because those loans are illegal, it would be a somewhat incomplete picture, but having some of the data is better than not having any information. It is not perfect, but it might tell us something.

SENATOR GANSERT:

Is there a way for us to measure credit card debt and how it is affected when you restrict short-term capital through payday loans?

ASSEMBLYWOMAN SWANK:

That is something we need to look at in the larger scale. There are a lot of moving pieces. More often, people in trouble will go to friends and family to borrow money.

I want to emphasize that this bill is not about restricting access. It is just about getting that bigger picture to see what is going on. In my district, I had some great maps showing where these short-term loan storefronts are concentrated. They are in places where people use them, and we want to make sure people have access to them still. We just want to make sure consumers get protection while still having that access. These are my neighbors who use these short-term loans. I do not want to take that away from them.

CHAIR ATKINSON:

The way this database works is very different from what the State Treasurer was proposing in S.B. 17. Is that right?

ASSEMBLYWOMAN SWANK:

Yes. This is getting a picture, putting some sunshine on this and just seeing what we see.

CHAIR ATKINSON:

I will close the hearing on A.B. 515 and open the hearing on A.B. 487.

**ASSEMBLY BILL 487 (3rd Reprint)**: Revises provisions relating to vehicles.  
(BDR 58-783)

ALFREDO ALONSO (Livery Operators Association of Las Vegas):

This is basically a taxi deregulation bill. It removes many of the provisions in NRS 706 that are antiquated and allows taxi companies and drivers to have a little more flexibility.

I will run through the bill. The only issue that is not deregulation is in section 3. This section gives the Nevada Taxicab Authority (NTA) another way to deal with unlicensed taxis. We have had problems with drivers who are not registered either with the NTA or with a transportation network company (TNC) providing rides for cash so they cannot be traced. This provision is very limited and only applies to these cash runs. You have to have probable cause to even stop someone. That standard is very high, higher than it is now.

Section 4 of A.B. 487 removes an antiquated section of the NRS that had to do with onboard computers and provisions regarding the fees that entailed. We are letting those fees go to the NTA. Let the NTA in its wisdom figure out where those fees need to be used and remove all this language that frankly is prehistoric by today's standards.

Section 6 of the bill gives taxi companies more flexibility in the design of their cabs, allowing them to perhaps do some things that are a little different than they have done in the past. This flexibility includes leasing cabs out to drivers for other uses. This is important because taxi companies are having a difficult time hiring and keeping employees. This would allow drivers to work for a cab company and also drive for a TNC. We are hoping this flexibility will keep people employed with the taxicab companies.

Section 7, subsection 2 of the bill allows some flexibility with the age of cars used as taxis. As long as a car is in good shape, the age at which it must be retired is increased from 55 months to 120 months. The competition is fierce, and there is a lot of flexibility on the TNC side. We are looking for the same type of flexibility for taxicab companies.

There are many provisions throughout the bill that make small changes toward flexibility, including changing some documentation that used to be done on paper now being done electronically.

Finally, section 24.5 revises provisions regarding dynamic advertising, which is electronic displays that move or change to allow taxis to increase their income through advertising. This provision removes the prohibition against moving images but requires that they do not move or change when the vehicle is going 55 miles an hour or faster to avoid distracting other drivers on the freeway.

SENATOR CANCELA:

Regarding the dynamic advertising, where does that revenue go? My understanding is that none of that income trickles down to the actual drivers. I would be interested in understanding whether that is true.

MR. ALONSO:

I believe it does trickle down to the drivers, in the sense that it keeps the taxicab running so the drivers have jobs with benefits. Taxicab companies are losing significant revenue trying to compete with TNCs. We are playing catch-up.

SENATOR SETTELMAYER:

With regard to the provisions in section 3, subsection 7, to my understanding, the NTA has always had the ability to go after unlicensed drivers. We have had this discussion in numerous Sessions. Why do we need section 3?

MR. ALONSO:

It is true that the NTA has the ability to go after unlicensed taxis, but it simply is not happening. We were hoping to put something in statute that would encourage enforcement and make it easier. This provision is extremely narrow, and the standard is high, so our belief is that this would guarantee that this type of enforcement is actually happening.

SENATOR SETTELMAYER:

With regard to section 15 of A.B. 487, I understand you feel the language in the statute is antiquated. I agree that it should go away; however, we did just pass this section of the NRS in 2013, so I am not sure how antiquated it is.

Regarding section 5, subsection 4 of the bill, in line 13 you are changing "must" to "may." Will this allow the cab company to use a sliding scale, like the credit card fee of \$3? Could the company decide to charge \$1 instead, or does this require it to collect \$3 or nothing?

MR. ALONSO:

It is my understanding that this language provides flexibility. The NTA will ultimately make that decision. We believe that all of this will allow us to compete a little better. That is the goal.

SENATOR SETTELMAYER:

I support the idea of competing better, but I admit I have some trust issues. We have passed some bills this Session that left the Senate in one form and were changed in the Assembly. I have some issues voting for any form of TNC or taxicab bill at this time.

SENATOR HARDY:

Section 9, subsection 1 of the bill says taxicabs are to be inspected not more than once a year. Section 10, subsection 4 says a leased cab must be inspected not less than once a month. Why the difference?

MR. ALONSO:

The intent here is to make sure that leased cabs are inspected often because they will be used by TNC drivers as well as the taxicab company. We felt that was important to keep our customers safe. That is a safety issue for us. If we are leasing them, we are going to take the time to make sure those vehicles are in good order.

SENATOR HARDY:

Yes, but why inspect a leased cab once a month and a nonleased cab once a year?

MR. ALONSO:

The nonleased cabs come back into the shop every night and are maintained by the company on a daily basis. We do not know how many miles are going to be put on a leased cab and have no control over its upkeep. Since the leased cabs will not be coming into the shop every day, we need to ensure that they are being kept up so the same level of safety will exist.

SENATOR HARDY:

Do the TNCs require a monthly inspection of their drivers' private cars?

MR. ALONSO:

No.

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SENATOR GANSERT:

Section 10, subsection 1 of the bill seems to say that taxicabs can be leased by an independent contractor to work within a TNC. Is that right?

MR. ALONSO:

Yes.

SENATOR GANSERT:

Section 8, subsection 1 talks about credit and debit card fees. I am not familiar with the taxi industry. Are there maximum amounts you can charge, or do you just have to post how much you are going to charge?

MR. ALONSO:

It is posted how much the fee is going to be. You do not have to use a credit card, and in fact the majority pay cash. If you are going to use a credit card, the fee is posted.

SENATOR GANSERT:

Is there a maximum that fee can be?

MR. ALONSO:

I believe the maximum is \$3.

CHAIR ATKINSON:

There is no minimum; the fee is just \$3. Right?

MR. ALONSO:

Right.

RUSTY McALLISTER (Nevada State AFL-CIO):

We are in support of A.B. 487. We believe there are some provisions in this bill that would assist the people we represent, the cab drivers, with regard to allowing them more opportunities in the TNC business through the leasing process. We are pleased with the provision that the cab company cannot lease more than 50 percent of its cars. We believe this bill will help us.

SENATOR SETTELMAYER:

If the idea is to deregulate the industry and increase opportunities and flexibility, why would we even have a percentage on that at all?

MR. MCALLISTER:

I am not sure. Maybe I am misreading it, but section 10, subsection 8 says the certificate holder may not have a number of unexpired leases that exceeds the number of taxicabs allocated to the certificate holder. That helps us.

CHAIR ATKINSON:

Mr. Alonso, could you clarify that language?

MR. ALONSO:

It means that we can only lease 50 percent of our fleet.

SENATOR SETTELMAYER:

Again, if we are trying to deregulate and trying to give people more flexibility, why would you have that 50 percent limitation? There are some companies in Washington, D.C., for example, where it is quite common to have a lot of individuals leasing a taxi and using it for TNC and also taxi purposes at the same time. Why do you want a percentage on that?

MR. ALONSO:

When we discussed this, particularly with the employees, the discussion was not everybody wants to do that. You have a lot of employees who are very happy with their situation—they have benefits and a good solid place to work—but there were others who wanted the flexibility to be able to do both without having to go into debt to buy another car. We wanted to allow our employees to have the ability to drive both for a cab company and for a TNC, rather than losing drivers to the TNCs. It is not completely flexible or deregulated, but we thought it was a fair start.

SENATOR SETTELMAYER:

I guess it is just a fundamental difference of opinion about the word "deregulation." In my opinion, deregulation means you take rules off rather than creating new ones.

SENATOR SPEARMAN MOVED TO DO PASS A.B. 487.

SENATOR CANCELA SECONDED THE MOTION.

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SENATOR SETTELMAYER:

I will vote no. I may vote yes on the Floor if I can get past my trust issues and some of the other problems that have arisen.

SENATOR HARDY:

I will vote yes and reserve my right to vote no on the Floor.

THE MOTION PASSED. (SENATOR SETTELMAYER VOTED NO.)

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CHAIR ATKINSON:

Is there any public comment? Hearing none, I will adjourn the meeting at 10:27 p.m.

RESPECTFULLY SUBMITTED:

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Lynn Hendricks,  
Committee Secretary

APPROVED BY:

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Senator Kelvin Atkinson, Chair

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

<b>EXHIBIT SUMMARY</b>				
<b>Bill</b>	<b>Exhibit / # of pages</b>		<b>Witness / Entity</b>	<b>Description</b>
	A	1		Agenda
	B	5		Attendance Roster
A.B. 206	C	18	Marji Paslov Thomas	Work Session Document
A.B. 515	D	2	William Horne / Advance America, Cash Advance Centers of Nevada, Inc.; Enova International	Proposed Amendment