

**MINUTES OF THE
SENATE COMMITTEE ON JUDICIARY**

**Seventy-ninth Session
February 15, 2017**

The Senate Committee on Judiciary was called to order by Chair Tick Segerblom at 1:36 p.m. on Wednesday, February 15, 2017, in Room 2134 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 Tick Segerblom, Chair
Senator Nicole J. Cannizzaro, Vice Chair
Senator Moises Denis
Senator Aaron D. Ford
Senator Don Gustavson
Senator Michael Roberson
Senator Becky Harris

STAFF MEMBERS PRESENT:

Patrick Guinan, Policy Analyst
Nick Anthony, Counsel
Eileen Church, Committee Secretary

OTHERS PRESENT:

The Honorable James W. Hardesty, Associate Chief Justice, Nevada Supreme Court
Nova Murray, Deputy Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services
David Castagnola, Program Specialist, Division of Welfare and Supportive Services, Department of Health and Human Services
Jennifer Noble, Deputy District Attorney, Washoe County District Attorney's Office
Susan D. Hallahan, Chief Deputy District Attorney, Family Support Division, Washoe County District Attorney's Office

Senate Committee on Judiciary
February 15, 2017
Page 2

Kimberly M. Surratt, Domestic Committee Chair, Nevada Justice Association
Keith L. Lee, Nevada Association of Health Plans
Jeanette K. Belz, Property Casualty Insurers Association
Sean B. Sullivan, Deputy Public Defender, Washoe County
Michael D. Hillerby, American Council of Life Insurers
Sean P. McDonald, Administrator, Central Services and Records Division,
Department of Motor Vehicles
Robert L. Compan, Farmers Insurance

CHAIR SEGERBLOM:

I will open the hearing of the Senate Committee on Judiciary with Senate Bill (S.B.) 34.

SENATE BILL 34: Makes various changes relating to the support of children.
(BDR 11-256)

THE HONORABLE JAMES W. HARDESTY (Associate Chief Justice, Nevada Supreme Court):

I appreciate the opportunity to provide you with a brief outline of what provides the basis for some of the provisions of S.B. 34 ([Exhibit C](#)). It covers a number of amendments to statute, and I would like to focus only on those changes which deal directly or specifically to a commission that was formed by the Nevada Supreme Court to deal with the subject of child support guideline review.

On July 7, 2016, the Nevada Supreme Court established the Commission to Study Child Support Guideline Review and Reform, and I was appointed Chair. The Commission was formed because of concerns the State was not in compliance with federal requirements associated with a review of child support guidelines that is mandated by federal statutes to take place every four years. Nevada has not examined these guideline issues for 20 years. Nevada's access to federal funding is in jeopardy for failure to meet that requirement.

All of the stakeholders in this area conferred in Commission meetings conducted on July 22, 2016; August 9, 2016; August 23, 2016; and August 30, 2016. The July 22, 2016, meeting included a review of chapter 125B of the *Nevada Revised Statutes* (NRS), A.B. No. 98 of the 78th Session, a state-by-state comparison of all of the methods used throughout the Country for the implementation of child support guidelines using statutes, court rules or

administrative regulations, and the Nevada child support guidelines. The August 9, 2016, meeting included reports from various Commissioners who had been provided with specific work assignments to review draft report recommendations concerning the child support guidelines and review Wisconsin's child support statutes and administrative guideline schemes. The Chair appointed a subcommittee consisting of Commissioners Rita Fowler, Susan Hallahan and Nova Murray to study Minnesota and North Dakota's statutes concerning those states' approaches.

At the August 23, 2016, meeting, the Commission reviewed the research and recommendations from the subcommittee studying the North Dakota and Montana models. Between August 23, 2016, and August 30, 2016, Ms. Surratt made changes to the draft recommendations, which provided for the adoption of a Child Support Guideline Review Committee by administrative regulations that would guide newly created child support guideline efforts. By a unanimous vote of the Guideline Review Commission members present with me, the Commission recommended the adoption by the Legislature of amendments as appropriate to NRS 125B and 425 consistent with the draft changes that are attached as an exhibit to this report. Judge Charles J. Hoskin and Judge Bridget E. Robb abstained because of the potential that these issues could come before the Judiciary for adjudication.

CHAIR SEGERBLOM:
Have you had a chance to look at S.B. 34?

JUSTICE HARDESTY:
Yes.

CHAIR SEGERBLOM:
Are the recommendations consistent with S.B. 34?

JUSTICE HARDESTY:
No. In many ways they are. In one way, they are not. First, let me identify the provisions of S.B. 34 that are relevant to the recommendations of the Commission. In section 2, there is an amendment to NRS 125B.080, subsections 1 and 2. In section 3 on page 9 of the bill, there is amended language to NRS 125B.145 in subsection 2, paragraph (b) that incorporates the reference to the guidelines that are established by the Administrator of the Division of Welfare and Supportive Services of the Department of Health and

Human Services. There is also an adjustment in subsection 5, on page 9, changing NRS 125B.070 to NRS 125.150. The principal changes, which occur on pages 10, 11 and 12, create the Committee, designate its responsibilities and establish its membership.

By July 1, 2018, the duty for Committee members after being appointed is to review, consistent with federal law, the existing guidelines for child support and establish recommendations for how Nevada's child support guidelines should be modified.

The principal difference from what was recommended in the report of the Commission versus what is contained in S.B. 34 occurs on page 12 in section 8, subsection 2. It states the Administrator shall review and consider any recommendations of the Committee to revise the guidelines. After reviewing and considering such recommendations, the Administrator shall adopt regulations establishing the guidelines in this State for the support of one or more children in accordance with the requirements of 42 USC section 667 and 45 CFR section 302.56.

The principal difference is in the amendments approved by the Committee. The Commission recommended that it should establish for revision the guidelines, and those recommendations would be passed by the Administrator to the Legislative Commission. The Legislative Commission would then enact regulations or authorize the Administrator to enact regulations that are consistent with the recommendations of the Guideline Review Committee. Senator Becky Harris, Assemblyman Elliott Anderson and Senator Kelvin Atkinson told the Commission the reason for the process and explained that the Legislators would be very concerned about having a final say in what these child support guidelines should ultimately be.

There is an important difference the Legislature needs to vet. We heard presentations from Assemblyman Anderson and Senator Harris and other Legislators who were not on the Commission. Legislators receive calls from constituents expressing concern about child support issues, how child support is calculated, how it is determined and how it has kept up to date. Our understanding in making the recommendations by the Committee studying this matter is that these recommendations should ultimately be considered and approved by the Legislative Commission.

Other sections of the bill that refer to the Guideline Review Commission's recommendations occur on page 13, lines 11 through 12; page 14, lines 36 and 37; and page 18, lines 38 through 41.

Throughout the legal community, there is concern about getting into compliance as a State and not having some federal threat hanging over our heads that would jeopardize our federal funding.

SENATOR HARRIS:

Would you highlight for the Committee the sections of the bill that were not a part of the Guideline Review Commission's work? It needs to be on the record the bill does not capture just the work of the Commission and that there are other pieces that have been added to this bill.

JUSTICE HARDESTY:

On page 7, lines 3 through 9, the Committee did not vet the clarified definition of gross monthly income. On page 15, lines 35 through 37, the Committee did not vet the amendment nor was it within the scope of our intention to do so. We did not discuss or vet page 17, lines 2 through 3, nor was it within the jurisdiction of the Supreme Court order creating the Commission. None of the provisions contained in the amendments to section 13 on pages 17 and 18 were vetted or discussed by the Commission, nor was it within the jurisdiction of the Commission to consider those matters. On pages 19 and 20, section 15 was also not part of those matters considered by the Commission within the jurisdiction of the Commission created by the Supreme Court. The response applies with respect to page 21, lines 28 and 29, and lines 41 and 42; page 22, line 19; and section 19 on pages 22 and 23. Section 21, subsection 1, identifies sections 4 through 8, 12, 13, 15 and 19. These would have to be reviewed or edited for effective date.

The sections that deal with the Commission's work and the effective date to commence that would be sections 5 through 9. We can offer a supplement to that subject. This was established by the Commission or by this bill to be effective July 1. Because of the nature of the consequences of this problem, I would seriously urge the Legislature to establish an effective date on passage and approval by the Governor. If our child support guideline issues were not current, we would be in jeopardy of losing federal funding.

SENATOR FORD:

It seems only sections 6 and 7 were the items addressed within the purview of the Commission.

JUSTICE HARDESTY:

I believe the Commission reviewed sections 5, 6, 7, 8 and 9. All other matters were raised by the Executive Branch outside of the Commission's study.

CHAIR SEGERBLOM:

I assume that you support the bill. We will get State testifiers to tell us of any changes and why those changes were made.

SENATOR FORD:

I want to ensure that sections 5 through 9 are passed in an expedited manner, and that it is sufficient to preserve the federal funding.

JUSTICE HARDESTY:

That is correct.

NOVA MURRAY (Deputy Administrator, Division of Welfare and Supportive Services, Department of Health and Human Services):

Some of the changes that Justice Hardesty talked about have areas that the Commission updated, and some are completely unrelated to the Commission, the intent and the process. There are four sections that have been updated, and they required other sections to be updated to keep the changes consistent. Some changes were housekeeping only.

In Nevada, the child support program is supervised by the Division of Welfare and Supportive Services (DWSS) and jointly operated with ten participating county district attorneys. The bill comes forward with the support of the program. Child Support Services locates responsible parents, establishes paternity, establishes financial and medical support obligations, and collects and disperses child support payments. In fiscal year (FY) 2016, the program collected approximately \$215 million on behalf of Nevada's children. The program's cost effectiveness is at a 1-to-4 ratio.

Due to many changes implemented in the last nine years, the program has come from fifty-fourth in the Nation to twenty-third in federal fiscal year (FFY) 2015. The accomplishments can be attributed to system enhancements, program

collaboration activities, partnerships and casework efficiencies. Most importantly, the program's improved performance equates to more support to Nevada's children and reduced dependency on public assistance.

Funding is based on a 66 percent federal financial participation and 34 percent state or county match. The State's financial contribution relies primarily on the State share of collections retained from Temporary Assistance for Needy Families (TANF) child support collections.

States are eligible to earn federal financial incentives based on performance. The federal performance measures used to calculate incentives are paternity establishment rate, support order establishment rate, total amount of support collected, the number of cases with payment on arrears and the cost-effectiveness of the program. The incentives are used to enhance the child support program and cannot be used to supplant the program.

This bill will be presented in four sections, as the sections are independent of each other. In addition, we have support from stakeholders that does not extend to all sections of the bill.

In the first section, it is our intent to adopt the Commission's recommendation as written.

Existing federal law requires states to establish guidelines to calculate child support and to review the guidelines once every four years to ensure appropriate child support orders. In turn, states need to analyze the information and adopt regulations that meet the needs of Nevada's families in all income ranges.

CHAIR SEGERBLOM:

Are we in violation of that review period?

MS. MURRAY:

We are required to do that every four years.

CHAIR SEGERBLOM:

When is the last time we did it?

MS. MURRAY:

We did a guideline review in 2016 ([Exhibit D](#)). That review will give us a basis to do the current guideline review. The 2016 review did the economic background and pieces relevant to other states, and it makes the recommendations Nevada needs to enact.

This bill establishes the Committee to Review Child Support Guidelines and creates a mechanism for the administrator of the DWSS to adopt guidelines by administrative rule after considering the Committee's findings.

In the recent guideline review, there were 16 recommendations for Nevada to consider when establishing guidelines. Nevada is one of three states that use a percent of income to calculate child support obligations. The review also identified Nevada as having a high percent of deviation, which indicates similar cases could result in varied outcomes. Most states periodically review their guidelines through a committee of diverse stakeholders. The body is similar to the structure found in this bill, which includes judiciary, state child support, family law attorneys, the state bar, advocacy groups and, in some cases, they have the noncustodial parent and the custodial parent participate.

In light of the recently completed guideline review, it was evident that Nevada needed to find a structure to assess the recommendations and move forward with guideline updates. In response to this need, the Supreme Court formed the Commission to Study Child Support Guideline Review and Reform. The group was comprised of public and private stakeholders with participation from the judiciary, district attorneys, child support program, the private bar and both Houses of the Legislature. The result of the Commission is the basis for this section of the bill.

This bill includes a requirement to conduct a guideline review every four years and to have the Committee review the output for recommendations to the DWSS Administrator. The bill allows the current methodology to remain in place through July 2018, waiting for the outcome of the Committee. It makes updates to all sections of the NRS supporting the change.

The goal of this section is to ensure child support orders are fair to all involved parties and are based on the obligated parent's ability to pay. That is the focus now of the federal regulations that were recently published. The result will be more consistent support delivered to the children who depend on it.

Additionally, with respect to our program, more accurate orders have proven nationally to increase overall child support collections.

We have proposed an amendment ([Exhibit E](#)) to address areas that were not consistent with the Guideline Review Commission. I worked with the district attorneys in both Washoe and Clark Counties. They have asked in section 7 that we add "or their designee" following district attorney at subsection 1, paragraphs (e), (f) and (g).

In section 8, one of the intentions of the Commission was to have a place to publish the outcome of the guidelines. We want to add an additional paragraph that says, "Upon completion of the review, the Administrator shall adopt regulations modifying the guidelines to be published by the Office of Court Administrator to each district court."

The next three sections of the bill are considered enforcement remedies. They are not intended to be punitive and are a way to get the attention of nonresponsive obligors. The intent is to develop regular payers so that children and families have a reliable source of financial support.

The motor vehicle registration suspension is found in sections 12 and 15. Provisions in NRS allow the child support program to suspend a driver's license for failing to comply with child support. This bill is adding the suspension of vehicle registrations. The provisions for registration suspension are subject to the same due process requirements used for license suspension. It includes notice requirements, ability to contest the suspension, a mandatory settlement conference, opportunity for a court hearing and options for repayment agreements.

The Department of Motor Vehicles (DMV) statutes prescribe the requirements for reinstating suspended registrations. While license suspension is effective, suspending an individual's vehicle registration may affect nonresponsive obligors in that it is difficult to drive an unregistered car without license plates.

SENATOR FORD:

I am surprised to hear that we were taking driver's licenses away from people who need to go to work to pay child support since they would not have a way to get to work. You said it was effective, and I am concerned about adding the registration provision to this. It affects more than just the person to whom the

car may be registered. The wife or a child would not have access to that vehicle and could not drive it. I would like to know if you considered these issues.

DAVID CASTAGNOLA (Program Specialist, Division of Welfare and Supportive Services, Department of Health and Human Services):

It is another remedy for the noncooperative obligors to prompt them to pay. Our model of enforcement starts with administrative remedies and escalates. Most child support collected by the child support program is collected through income withholding. Nationally, around 70 percent of child support is done through income withholding or garnishment of wages and is most effective. When it is not, then driver's license suspension becomes an option. The registration piece is added to the driver's license piece and has the same due process provisions. There is a mandatory conference before any action is taken between the license holder or the registered owner and the child support agency to try to resolve the issues. There is the option within a period to contest the action and have a court hearing. There is also the ability to enter into a repayment agreement.

The option of even suspending the license or registration, if ultimately approved, is at the discretion of the child support agency. Just because someone is delinquent, it does not mean that a license or a registration would be suspended. It is a case-by-case application depending on the circumstances.

SENATOR FORD:

My question relates more to the collateral consequences to other people. It is one thing to suspend someone's personal license; that person is the one who is directly affected. What about the effect on someone else who may be relying upon that vehicle as well?

MR. CASTAGNOLA:

With driver's license suspension, there is the ability for license holders to apply for restricted licenses with DMV so they could use their cars to go to work or go to doctor's appointments. I do not think that we have thought about that sort of option with the vehicle registration.

SENATOR FORD:

Would you be amenable to striking that?

MR. CASTAGNOLA:

I would need to defer.

SENATOR FORD:

If you want to get back to me on that, that is fine. I have some concerns regarding the collateral consequences with the vehicle registration issue.

MS. MURRAY:

I will get back to Senator Ford with more information.

SENATOR ROBERSON:

Can you provide evidence that this is an effective tool? I do not have a problem with taking away driver's licenses or registrations if they are not paying child support.

MS. MURRAY:

I will bring back statistics from other states. Other states are using this method. I can compare them by population and determine whether it is effective.

SENATOR FORD:

I do not have an issue with the driver's license suspension. My concern is not the effect on the person who is not paying child support, my issue is with the collateral consequence that is relying upon the vehicle. When you get the information to Senator Roberson, please include what other states have done to protect the collateral consequences associated with depriving someone of a vehicle registration.

MS. MURRAY:

I will get back to you.

CHAIR SEGERBLOM:

Perhaps a state has a requirement that officials ask questions and determine those kinds of factors before they suspend registrations and make sure that it is not used punitively against people or families who cannot afford to do it.

SENATOR GUSTAVSON:

In reading section 15, subsections 5 and 6, the bill says:

5. The period of suspension of the registration of a motor vehicle that is suspended pursuant to this section begins on the effective date of the suspension as set forth in the notice thereof.

6. The Department shall reinstate the registration of a motor vehicle that was suspended pursuant to this section and reissue the license plates of the motor vehicle if it receives:

There is no time period in there when DMV has to reinstate this. Is it going to be 10 days or 30 days? If the registration is going to be given back to the parties, it should be done immediately.

MS. MURRAY:

In working with the DMV, that would be when a person comes back in to register the vehicle and proves to be in compliance.

SENATOR GUSTAVSON:

It is not clear, and I did not see it. I just want to make sure that people do not have to wait a certain period or DMV does not hold the registrations back for some reason. I want to make sure that people have the paperwork right away so they can go into DMV and have registrations reinstated.

SENATOR HARRIS:

I have a further concern as the process that is outlined in the bill would require the individual who is not compliant with child support to physically go to the DMV to surrender the registration and license plates. That would take a lot of time for that individual who is struggling to pay child support. People would have to take off work or take away from people they may have to care for to engage in this process and then go back again to get it reinstated. To this extent, we are putting a burden of time on somebody who is already struggling to pay his or her obligations. Has any thought been put toward being able to use the mail or an online service so that this entire process is less burdensome on everybody involved?

MS. MURRAY:

I understand the concerns of all of the members, and we will look at all of those things and bring back information to address those concerns. In the intent, we are assuming people are not working, or if they are working, they are doing it under the table and making it difficult for us to get child support.

SENATOR HARRIS:

For those who really are working and trying to do what is right and their bills are getting away from them, I would like some consideration given to those people

as well. You might unintentionally sweep in people who are trying to do the right thing but are not economically independent. You are going to put them in a position to just be farther and farther behind and maybe put what little employment they may have in jeopardy.

MS. MURRAY:
We will look into that.

SENATOR ROBERSON:
How many parents are not in compliance statewide with their child support payments?

MR. CASTAGNOLA:
In FFY 2016, there were 84,826 cases in arrears.

SENATOR ROBERSON:
I have personal experience being a child when the father did not make child support payments, and I do not think there should be any excuses. You should be as tough as you can be to enforce compliance.

MR. CASTAGNOLA:
I can add some additional information that may help put that figure into perspective. For FY 2016, there were 105,395 child support cases with 84,826 cases in arrears. Of those cases in arrears, 54,817 had at least 1 payment in the fiscal year.

MS. MURRAY:
The next piece is also distinct and refers to recreational licenses referenced in sections 4, 13, 17 and 18. Nevada law provides for suspension of licenses, certificates or permits issued by the Department of Wildlife (NDOW). It only applies to those that are issued for a time period greater than six months. Due process safeguards are also in place.

This bill removes the six-month restriction, allowing any license, certificate or permit issued by NDOW or the State Land Registrar to be suspended.

In 2012, Nevada issued over 156,000 license privileges. According to hunting and industry estimates, there are approximately 50,000 licensed hunters in Nevada who spend approximately 500,000 hunting days in the field. With this

level of participation, license suspension could be a significant remedy to encourage timely child support payments.

Child Support Enforcement has the authority in NRS 31A to intercept third-party liability settlements, life insurance benefits and workers' compensation from persons ordered to pay child support. Child Support Services identifies pending insurance settlements through voluntarily disclosed data-matching agreements with insurers and self-insureds. Senate Bill 34 requires insurance carriers to report pending payments of at least \$500 or more to Child Support Services rather than relying on this voluntary process.

Voluntary reporting in Nevada results in \$1 million annually to our children. Based on other states' experience, the mandatory reporting provision may increase collections by greater than 200 percent.

The processes in place for data matching include the Insurance Services Office, the federal Office of Child Support Enforcement (OCSE), and the Child Support Lien Network (CSLN). Upon notification of one of those data matches, the child support agency assesses the claim information and, if appropriate, initiates the legal process to intercept the insurance asset.

Child Support Lien Network has secured voluntary agreements with over 70 percent of the claims industry to provide claim information to child support agencies in 34 states. The CSLN indicates in states with mandatory reporting, over 32 percent of the matches are with insurance carriers that do not voluntarily report.

The OCSE has agreements with almost 1,000 insurers and claims administrators. There are elements incorporated in this proposal to minimize the impact on the insurance industry.

A hold-harmless provision protects insurance carriers from civil and criminal liability for actions made in good faith pursuant to this requirement. Confidentiality requirements restrict the use of any information obtained pursuant to this requirement for child support enforcement purposes. A child support lien against an insurance payment is subordinate to liens for attorney fees, medical expenses and property damage. This requirement applies to personal injury, workers' compensation and life insurance. It does not apply to

health insurance benefits. The companies that voluntarily participate will not see any change to the process.

I am submitting an amendment ([Exhibit F](#)). The changes in this amendment are a collaborative effort with industry representatives to clear up and put information into their industry language.

SENATOR GUSTAVSON:

As stated by Justice Hardesty, one of the main purposes of this bill is to ensure we do not lose federal funding. Where in the United States Constitution does it allow the federal government to make laws to force the states to do something that is not in the Constitution, including withholding funding?

MS. MURRAY:

The funding that federal agencies would take away from us would be the funding they give to the states and counties to run the program. They could also take away the TANF funding. Those programs are contingent upon each other, and it is the funding the state receives to run the programs.

SENATOR FORD:

It is the spending clause, Senator Gustavson. The federal government can tie requirements to the giving of monies to the states, and that is what they have done here.

CHAIR SEGERBLOM:

Do you feel you have addressed all of Justice Hardesty's issues with respect to the structure?

MS. MURRAY:

In the intent of putting this into legislation, we wanted to adopt it in full. I may need to get back with Justice Hardesty to find out which pieces he truly has concern with. Some sections we may want to amend, and we will get the expertise we need to make that match the Commission's expectation and find out if there is anything in the bill that is truly violating the expectation versus complementing it.

SENATOR FORD:

I want to confirm that you agree with Justice Hardesty that sections 5 through 9 are the only ones that we need to enact in order to comply with the federal

requirement to receive our monies. As I understand it, those provisions were within the purview of the Guideline Review Commission and suggested by the Commission.

MS. MURRAY:

The Commission agrees to that portion. Some of the other sections are associated to it and would need to be updated because they have affected places in NRS.

SENATOR FORD:

The insurance piece is not a requirement.

MS. MURRAY:

That is correct.

SENATOR FORD:

The registration piece is not a requirement.

MS. MURRAY:

That is correct.

SENATOR CANNIZZARO:

You had originally intended to adopt what the Committee set forth as recommended changes in order to comply with federal guidelines.

MS. MURRAY:

We intended to adopt that policy as written.

SENATOR CANNIZZARO:

I have before me two suggested amendments and a copy of the Committee for Child Support Guideline Review that is page 3 of [Exhibit C](#). Were these documents submitted by the Committee?

MS. MURRAY:

Yes.

SENATOR CANNIZZARO:

The language in this particular document seems to differ substantially, at least in terms of how this review is carried out from what appears in the bill. Were

you relying on this document, or did you propose entirely different changes? If so, what are the reasons for that?

MS. MURRAY:

The process for State employees is to submit the information to the Legislative Counsel Bureau (LCB) through the Governor's Office. The legislation was provided to me to use going forward. Since LCB staff members are not part of the Commission, when the language gets over to them, they do their best to understand. As I said, they have to go into sections that have to be rewritten. The language from the Commission came out with the intent, but it did not come out with everything that had to be updated to go forward. I will work with Justice Hardesty to find out whether any updates go against the Commission's intention.

SENATOR CANNIZZARO:

There is a specific guideline with how the Administrator reviews these guidelines, and then it would go to the Legislative Commission. That is entirely absent from this piece of legislation, and I think that is what Justice Hardesty was speaking to. I am just trying to understand if there was some purpose in not including the Legislative Commission or whether your testimony is that LCB just neglected to include that.

MS. MURRAY:

Our intent was to adopt it as written.

SENATOR HARRIS:

As for the provisions that are drafted in section 8, subsections 2 and 4, where the Child Support Review Committee is set up and then the Administrator is going to adopt regulations: The Administrator shall review and consider any recommendations and may revise or adopt any regulations as opposed to adopting the regulations or ideas that the Child Support Review Committee comes up with. That was a point of significant contention on the Guideline Review Commission. All of the Legislators had a problem with that particular provision since it is included in this particular bill. We thought that it needed to go through LCB and that the Legislature needed to have some oversight. The Commission agreed that it needed to go through that process since that was too much discretion at the department level with regard to the guidelines.

MS. MURRAY:

There may have been some consideration to the authority in that decision. There were many people working with LCB to try to bring this through with the correct language. There may have been an authority issue. As we go back and look at it, we will be able to determine where that authority lies.

SENATOR HARRIS:

An exhibit with the Commission's report that talks about what Wisconsin does and the conversation around following that state's process might be helpful for you to review and see if you are in conformity with what Wisconsin does.

CHAIR SEGERBLOM:

I am not sure if this bill has to go to the Senate Committee on Finance, but it requires a two-thirds vote. I am not seeing anything critical for the two-thirds. Is that piece absolutely necessary?

MS. MURRAY:

It is my understanding that the registration piece is carrying a fiscal note.

JENNIFER NOBLE (Deputy District Attorney, Washoe County District Attorney's Office):

On behalf of the Nevada District Attorneys Association, we are in support of S.B. 34 and have provided our proposed amendments ([Exhibit G](#)).

SUSAN D. HALLAHAN (Chief Deputy District Attorney, Family Support Division, Washoe County District Attorney's Office):

I am here to testify in support of the Commission and the recommendations in sections 2 through 11. I sat with Senator Harris on the Commission with Justice Hardesty, Ms. Murray and Ms. Surratt, and I mirror the comments made by Justice Hardesty. I am concerned that we went through a lot of consideration as to how we would get these guidelines once the Committee reviews it, how we would publish it and how we would get it blessed by the Legislature. There is still work to be done to make sure that page 3 of [Exhibit C](#) actually makes it into this bill.

KIMBERLY M. SURRATT (Domestic Committee Chair, Nevada Justice Association):

Last Session, we had a lot of debate over the need for the audit. The negotiations out of that Session and out of this Committee determined the

Family Law Section of the State Bar of Nevada would be involved in the audit process and come back this Session with some recommendations.

I signed in neutral today, not really sure what to do because the Commission language is the language that I support. It does need to be modified to relate what is in the Report of the Commission to Study Child Support Guideline Review and Reform that came out of the Nevada Supreme Court on September 1, 2016, and include the provisions of 8 and 9 on page 4 of that report, [Exhibit C](#). The Guideline Review, which is over 100 pages, gave some good recommendations. This Committee will have to decide what to do with our State and where to go to get fair and objective child support amounts put in place.

Assemblyman Keith Pickard followed everything that the Guideline Review Commission was doing and has submitted a bill with Commission language.

CHAIR SEGERBLOM:

Have you seen Assemblyman Pickard's bill?

MS. SURRATT:

It has not been fully drafted yet, but the Commission was given this report from the Supreme Court and told to implement it.

Susan Hallahan requested an amendment to section 7, subsection 1, paragraphs (e), (f) and (g) to add "or their designee" after district attorney. If the district attorneys cannot make it to the Commission, they need to designate somebody else with knowledge to be able to represent them.

KEITH L. LEE (Nevada Association of Health Plans):

We do support the amendments proposed that delete health insurance companies from the requirement.

JEANETTE K. BELZ (Property Casualty Insurers Association):

We submitted a letter from Property Casualty Insurers Association of America, the American Insurance Association and the National Association of Mutual Insurance Companies ([Exhibit H](#)). We only had 24 hours to submit a letter. Just prior to the time deadline, we had a meeting with the Division of Welfare and Supportive Services and the Insurance Division, and we worked through a great number of issues and questions. One thing we did not bring up with them is the

effective date of section 19. Presently, that would be on July 1. There is no way we would be able to be up and running with whatever the provisions are by July 1, so we would request that it be extended to January 1, 2018.

SEAN B. SULLIVAN (Deputy Public Defender, Washoe County):

We signed in opposition since we did have some concerns with section 15. All of our concerns have already been raised. I would like to put a final point on section 15.

We do represent people who are not in compliance and do get their driver's licenses suspended. If you look at section 15, subsection 3, there are still ambiguities with the language:

The Department shall suspend the registration of each motor vehicle that is registered to or owned by the person without providing the person with an opportunity for a hearing and shall require the return to the Department of the license plates of each such motor vehicle.

Therefore, we have due process concerns with that language because it does not look like there is a mechanism for a hearing based upon that language. I understand in talking to some of the proponents that within NRS 425.510 there may be the due process mechanism for people getting their licenses reinstated with registrations reinstated, but it is not clearly spelled out within the section and I do echo the sentiments of Senator Ford. We also deal with the family members who are subjected to having the family vehicle taken away and all the collateral consequences that may entail. With that, we are in opposition.

MICHAEL D. HILLERBY (American Council of Life Insurers):

My comments are specific to section 19. Life insurance would still be included, and many of our companies already participate voluntarily. I want to make sure certain things are on the record specific to section 19, subsection 5, on liability. We want to make sure we have a record and are able to talk to the Division about this as well, since it applies to both claimants who might be unhappy that amounts were withheld and want to potentially take legal action under final liability with the insurer.

For the State, if for no fault of the company's there was an effort to match up names and payments and good-faith payments were made without withholdings, there should not be liability for those people who were owed

money and were paid. We would like to be sure that we have something on the record to clear up that liability.

One of the differences in Nevada is that many states limit this to policyholders. Nevada's definition in this bill would be all claimants. Therefore, that would include beneficiaries or anyone else who has made a claim under a policy of insurance. Most companies do not keep databases of beneficiaries.

Approximately 40 states provide some mechanism for the companies either to be reimbursed for that expense or to deduct actual costs involved from the claimants for that.

One of the other issues would be the periodic nature of claims. If they were going to include annuities, would we need to check those every month when a check was written? Could it be done periodically so that we were not checking the same name repeatedly?

We are very appreciative of the language on page 2 of the Division's proposed amendment in [Exhibit F](#) that says, "No requirement of this section shall delay payment of the claim." We are subject to unfair claims practice acts. Most insurers within the State, in various lines of insurance, make payments within 30 days. We are looking forward to seeing the language when it comes out of LCB drafters so we can make sure those concerns that we talked about are addressed. We appreciate the Division being willing to work with us in finding a way to make this work. As the Division intimated, states have done this in a wide variety of ways. Some do the minimum required under the Welfare Reform Act of 1996 and limit this to demand deposit accounts for those monies that insurance companies might be holding for someone. Nevada is a little more expansive in including all of those annuity benefits, life insurance, death benefits and cash-out benefits.

We would also appreciate the consideration of a longer effective date. We need just a few more months to be sure that we get this done right so we can get the money to the claimants who need it, to those children, to those families who rely on it, and also comply with the law.

SEAN P. McDONALD (Administrator, Central Services and Records Division, Department of Motor Vehicles):

The DMV is neutral on S.B. 34. However, in connection with requirements as outlined in sections 12 and 15 of the bill, the DMV has submitted a fiscal note. Implementation of S.B. 34 will require programmatic changes to the Department's application as driver's licensing and vehicle registration processes are not tied together. Senate Bill 34 affects several IT areas within the Department. The focal point of the Department's fiscal note is vehicle registration. Wherein a driver's license holds a one-to-one correlation, i.e., one driver's license to one individual, a vehicle registration can have a one-to-many correlation, one registration to multiple individuals. Suspending the registration for one registered owner's actions would also mean suspending the registration of all other listed registered owners. Another consideration to keep in mind is the registration may or may not be associated to the driver's license record.

There will be new processes and transactions that will need to be designed, built, tested and implemented. Deployment of new functionality will occur across the DMV application, the Web, the MyDMV portal and the kiosks.

The proposed implementation date of July 1 cannot be met due to the estimated programming hours anticipated to meet the requirements of S.B. 34. Because of the Department's existing programming priorities and mandates, funding for one computer system's master service agreement programmer has been included in the fiscal note. This year, contract-programming expenses would equate to \$494,000. However, FY 2018 revenues of \$23,000 would be realized followed by revenues of \$23,000 in FY 2019.

The Department would also like to go on record in identifying an area where language in section 15 does not appear to meet the intent of proposed legislation. Under section 15, subsection 6, paragraph (b), the language indicates there is a fee for the reinstatement of registration as prescribed in subsection 10 of NRS 482.480. However, there are two versions of NRS 482.480. The newer version of the statute now includes mopeds in subsection 5. Therefore, subsection 10 of the previous version of NRS 482.480 has become subsection 11 in the current version.

ROBERT L. COMPAN (Farmers Insurance):

We have one concern that was not addressed today under section 19, subsection 6. We want to make sure when you strike through and replace

Senate Committee on Judiciary
February 15, 2017
Page 23

language as suggested in Ms. Murray's proposed amendment, [Exhibit F](#), that we include "med pay and property damage claims." Med pay is when someone is injured in a car.

CHAIR SEGERBLOM:
You want to exclude med pay?

MR. COMPAN:
We want to exclude med pay and property damage.

CHAIR SEGERBLOM:
You mean just the compensatory damage portion of the settlement.

MR. COMPAN:
Yes.

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Senate Committee on Judiciary
February 15, 2017
Page 24

CHAIR SEGERBLOM:

If there is no more testimony on this bill nor any public comment, I will close the hearing on S.B. 34 at 2:57 p.m.

RESPECTFULLY SUBMITTED:

Eileen Church,
Committee Secretary

APPROVED BY:

Senator Tick Segerblom, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	4		Attendance Roster
S.B. 34	C	4	James W. Hardesty	Report of the Commission to Study Child Support Guideline Review and Reform
S.B. 34	D	100	Nova Murray/Division of Welfare and Support Services	Review of the Nevada Child Support Guidelines
S.B. 34	E	1	Nova Murray/Division of Welfare and Support Services	Proposed Amendment
S.B. 34	F	2	Nova Murray/Division of Welfare and Support Services	Proposed Amendment
S.B. 34	G	1	Jennifer Noble/Nevada District Attorneys Association	Proposed Amendment
S.B. 34	H	3	Jeanette K. Belz	Letter from Property Casualty Insurers Association of America, American Insurance Association, National Association of Mutual Insurance Companies