

**MINUTES OF THE  
SENATE COMMITTEE ON JUDICIARY**

**Seventy-ninth Session  
March 27, 2017**

The Senate Committee on Judiciary was called to order by Chair Tick Segerblom at 1:32 p.m. on Monday, March 27, 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

**GUEST LEGISLATORS PRESENT:**

Senator James A. Settelmeyer, Senatorial District No. 17

**STAFF MEMBERS PRESENT:**

Patrick Guinan, Policy Analyst  
Nick Anthony, Counsel  
Connie Westadt, Committee Secretary

**OTHERS PRESENT:**

Lisa Foster, City of Fallon  
Bob Crowell, Mayor, Carson City; Chair, Council of Mayors; Chair, Nevada League of Cities and Municipalities  
Daniel Hansen, Legislative Extern, Office of the City Manager, City of Reno  
Wes Henderson, Executive Director, Nevada League of Cities and Municipalities

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Robert C. Kim, Chair, Executive Committee, Business Law Section, State Bar of Nevada  
Scott Anderson, Chief Deputy Secretary of State, Office of the Secretary of State

CHAIR SEGERBLOM:  
I will open the hearing on Senate Bill (S.B.) 279.

**SENATE BILL 279**: Authorizes certain mayors to perform marriages. (BDR 11-517)

SENATOR JAMES A. SETTELMAYER (Senatorial District No. 17):  
A constituent who is a mayor told me he would like to be able to perform marriages. Supreme Court Justices, Court of Appeals judges, district court judges, certain justices of the peace, certain municipal court judges, civil marriage commissioners and civil marriage deputy commissioners are permitted by law to perform marriages as well as anyone who is ordained and notaries public. Mayors are not. Not all mayors are interested in performing marriages. Senate Bill 279 permits mayors of incorporated cities to perform marriages if the city is organized under general law or if authorized by the city council or other governing body of a city organized under a special charter.

LISA FOSTER (City of Fallon):  
Section 1 of S.B. 279 lists those who are allowed to perform marriages. Section 2 provides the required components of a marriage license. Section 3 again lists those who are allowed to perform marriages and draws the distinction between general law cities and cities organized under a special charter.

CHAIR SEGERBLOM:  
Senator Settelmeyer, you said some mayors are not interested in performing marriages. The law does not require mayors to perform marriages.

SENATOR SETTELMAYER:  
A few mayors may be too busy with their mayoral work to have time to perform marriages.

CHAIR SEGERBLOM:  
Why do they have to be excluded? Performing marriages is optional.

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SENATOR SETTELMAYER:

Senate Bill 279 gives mayors in cities organized under a special charter the ability to request authority from the city council to perform marriages.

MS. FOSTER:

Section 3 of S.B. 279 states that a mayor may not accept any fee, gratuity, gift, honorarium or anything of value for performing a marriage unless it is a nonmonetary gift of nominal value. Section 4 provides that, if the validity of official who performs a marriage is affected on account of any want of jurisdiction or authority, the marriage is not void. Section 5 provides there is no particular form of solemnization of marriage required, but there must be an attending witness. Section 6 adds mayors to marriage certificates. Section 7 adds mayors to those who must have a marriage license presented to them in order to perform the marriage.

The City of Fallon supports S.B. 279. Allowing mayors to perform marriages will be particularly helpful in rural areas since most have no wedding chapels and it can sometimes be difficult to find someone to perform a marriage. Often in rural areas, couples want the marriage ceremony performed on a family ranch or similar outdoor setting. This bill allows options regarding who can perform the ceremony.

Senate Bill 279 was presented to the Council of Mayors in February and they support the bill. We have provided a letter of support from Winnemucca Mayor DiAn Putnam ([Exhibit C](#)). The City of Reno supports S.B. 279.

SENATOR FORD:

Is there a downside to S.B. 279?

SENATOR SETTELMAYER:

Some of the mayors in larger cities do not want outright authority but rather the option to go through their governing authority. I do not see a downside.

BOB CROWELL (Mayor, Carson City; Chair, Council of Mayors; Chair, Nevada League of Cities and Municipalities):

I am the Carson City mayor and I chair the Council of Mayors and the Nevada League of Cities and Municipalities. I agree with Ms. Foster. No formal votes were taken, but we support S.B. 279.

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DANIEL HANSEN (Legislative Extern, Office of the City Manager, City of Reno):  
We support S.B. 279. Mayor Hillary Schieve personally supports S.B. 279.

WES HENDERSON (Executive Director, Nevada League of Cities and Municipalities):  
We support S.B. 279.

CHAIR SEGERBLOM:

I will close the hearing on S.B. 279 and open the hearing on S.B. 264.

**SENATE BILL 264**: Revises various provisions relating to business entities.  
(BDR 7-479)

ROBERT C. KIM (Chair, Executive Committee, Business Law Section, State Bar of Nevada):

The Business Law Section of the State Bar of Nevada requested S.B. 264. Its purpose is to clarify and strengthen Nevada's business law statutes and to respond to changing trends in the marketplace and requests of Nevada businesses. I have provided a Memorandum from the Executive Committee of the Business Law Section of the State Bar of Nevada ([Exhibit D](#)) and proposed amendments to S.B. 264 ([Exhibit E](#)). We have also provided handwritten changes to the language in S.B. 264 in [Exhibit E](#) to clarify intent that was lost during the bill drafting process.

The process undertaken by the State Bar of Nevada in developing this proposed legislation is as follows. The Executive Committee of the Business Law Section drafts proposed changes to the law. That proposal is submitted to the Board of Governors and distributed to other section chairs for review and comment. The Board of Governors asks questions and provides clarifying language. Senate Bill 264 is the result of that process. The Board of Governors does not speak to the content of the bill but has authorized the Business Law Section to present to this Committee these proposed legislative changes, to discuss their purpose and intent, and to advocate for their passage.

When corporations incorporate in one state and do business in more than one state, there is this natural tendency for conflict between state court interpretations of law. Every state has its own laws. No two states' laws are alike, notwithstanding the Model Business Corporation Act. Many states deviate from the model act significantly enough that one cannot just rely on the model act itself.

Section 1 of S.B. 264 proposes adding a new section to *Nevada Revised Statutes* (NRS) 75. This new section is designed to reinforce the fact that a Nevada domestic business entity is governed by the statutes enacted by the Nevada Legislature and that the formation and internal affairs of a domestic business entity must be adjudicated exclusively in accordance with the laws of this State. The proposed section declares that any inappropriate reliance upon or application of any statutes or decisions of courts from any other jurisdiction is contrary to the specific intent of the Legislature.

An example of why this proposed section is needed is that a foreign entity doing business in California of a certain size will have imposed upon it California corporate law even though the entity is not a California corporation. Other states, such as Delaware, have rejected the application of the California-type statute as unconstitutional. This section clarifies that, if there is a conflict that relates to formation or internal affairs, the dispute is governed by Nevada law.

Section 2 of S.B. 264 relates to bylaws, articles of incorporation and the ability of a corporation to designate a forum for the hearing of disputes related to the corporation. This is a relatively recent phenomenon. It is important because corporations are already designating a forum. This proposed language adopts a standard that a corporation can require certain forums be used for disputes, one of which must be a court in Nevada.

Sections 3, 18 and 23 of S.B. 264 provide clarification to changes made in S.B. No. 39 of the 78th Session regarding the delivery of records. The proposed changes clarify in NRS 78, 82 and 86 that, if a demand is made and physical inspection has been provided, no further delivery of records is required.

Section 4 of S.B. 264 relates to the individual liability of directors and officers. The standard for individual liability is a breach of fiduciary duty of the officer or director and fraud, knowing violation of law or intentional misconduct. This proposed change provides clarification that fraud must be "actual fraud" and a knowing violation of law is an act or a failure to act with knowledge at the time that the act or failure to act was a violation of law.

We are also proposing to adopt a new subsection 8 to NRS 78.138. This new language clarifies the aiding and abetting cause of action. When a complaint is filed against a director or officer, there are allegations of misconduct, breaches of fiduciary duty and a catchall of aiding and abetting. If there is a claim of

aiding and abetting, liability is only appropriate if the officer or director was found to be individually liable for breach of fiduciary duty or failure to act. In other words, if a director or officer is not individually liable for any damages as a result of any act or failure to act in his or her capacity as a director or officer, liability must not be imposed on any person for aiding or abetting the director or officer in any such act or failure to act.

Sections 5, 6 and 7 of S.B. 264 provide revisions related to fractional shares. These proposed revisions are not substantive and are designed only to clarify existing language.

Sections 8 and 9 of S.B. 264 are proposed changes to NRS 78.288 and NRS 78.300 to clarify the standard applicable to improper distributions and to preclude a potentially conflicting fraudulent transfer analysis under NRS 112. These changes are designed to eliminate a conflict by clarifying that the existing corporate standard is the standard to be relied on.

Sections 10, 16 and 17 of S.B. 264 relate to indemnification of officers, directors and agents of a corporation. The proposed language clarifies discretionary indemnification and mandatory indemnification by providing clearer language regarding the circumstances on which a corporation can, may and is required to indemnify. The language does not expand or restrict existing law. Over time, revisions have become unwieldy, and this is an effort to provide clarification.

There was a page missing from our initial submission for the bill that corrects three words in NRS 78.752. We will submit that language later today.

Section 11 of S.B. 264 relates to broker nonvotes. This item is not critical to the determination of whether a quorum exists for a properly convened meeting. It clarifies that votes at the meeting for any purpose qualify to be counted for quorum purposes.

Section 12 of S.B. 264 addresses what is an issuing corporation under the business combination statute NRS 78.3788. It clarifies that the determination of whether a corporation is an issuing corporation is based on a date certain specified in the statute.

Sections 13 and 14 of S.B. 264 propose changes to NRS 78.390 and NRS 78.580 clarifying the requirement relating to written consents. Certain actions trigger certain notices to stockholders and other actions do not. For example, in the context of a dissolution conducted by written consent versus a noticed meeting of the stockholders, a requirement has been added that a copy of the action must be sent to the stockholders that did not participate in the written consent.

Sections 15 and 19 through 21 of S.B. 264 are of interest to some practitioners. At the last annual Bar meeting, the Business Law Section did a comparison of Nevada law to Delaware law. Questions were asked relative to the alter ego standard as it relates to corporations and as it relates to the duties of a limited liability company (LLC), its managing members and their exposure to individual liability. These proposed changes do two things. The first is to clarify the standard in NRS 78 as it relates to corporations. The proposed change to NRS 78.747 streamlines the language and clarifies what it is to be the alter ego and to be liable for the debts of another enterprise. The same standard is proposed for LLCs as that is the most common form of entity that people select for their businesses whether small, large or otherwise. A similar standard is also proposed for when a managing member or other person might be individually liable for the debts of the enterprise.

In addition, we propose a duty construct that did not exist in NRS 86. In *Nevada Revised Statutes* 78, there is liability construct and a duty construct that officers and directors owe a duty of good faith to the board of directors of a corporation. In the context of an LLC, there is no similar statement. There is a statement that the manager's duties set forth in the operating agreement can be reduced but must preserve the duty of good faith and fair dealing. There were many thoughts as what duties managers owe. Are they corporate duties? Are they partnership duties?

Limited liability companies were constructed historically on partnership law. They are taxed like partnerships and taxes flow through for the most part. Now, LLCs are constructed to operate like corporations. There is a dichotomy as to how LLCs are viewed. Are they partnerships, corporations, their own being or a little of each? The proposed changes harken back to the roots of the LLC concept and suggest partnership-style duties with respect to managers and members. *Nevada Revised Statutes* 86 already provides for expanded or reduced duties pursuant to the operating agreement.

SENATOR ROBERSON:

On that issue, what is current Delaware LLC law?

MR. KIM:

Delaware has a similar lack of clarity regarding alter ego as it relates to LLCs. There has not been an attempt to provide clarity because, based on the Court of Chancery process, Delaware is able to tee up issues to define the scope of duties owed. The determinations vary depending on the facts and circumstances.

SENATOR ROBERSON:

There is no express duty.

MR. KIM:

There is no express duty.

SENATOR ROBERSON:

Nevada would be putting a duty on managers of LLCs. It would be a new duty that is markedly different from Delaware law. Is that accurate?

MR. KIM:

I think that is accurate to the extent that there is no clear statutory standard in Delaware and we are proposing one.

SENATOR HARRIS:

Are there any other states that actively impose a duty on managing members of LLCs?

MR. KIM:

I do not know offhand. I know that the Uniform Law Commission adopted a Revised Uniform Limited Liability Company Act in 2006 and amended it in 2011 and 2013. The Business Law Section looked at the uniform act five or six years ago. The intent of the act was not nefarious, but we thought it went overboard by seeming to take a 50- to 70-page operating agreement and make it a statute. That is counter to the principle of contracts. Nevada has always preferred people be able to cut their own deals, negotiate operating agreements and operate their businesses accordingly.



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SENATOR HARRIS:  
Have any states adopted the uniform act?

MR. KIM:  
My recollection is that the number may be as high as 20. California officials recently adopted the uniform act wholesale. They discovered after doing so that the act undercut existing operating agreements and had to amend it to harmonize with previously permitted provisions of the law.

SENATOR HARRIS:  
Does the uniform act impose a standard?

MR. KIM:  
The uniform act adopts corporate-style duties. We believe that partnership-style duties are more appropriate because LLCs are used in a broad range of activities that were previously organized as limited partnerships.

SENATOR FORD:  
You represent the Business Law Section of the Bar. What is the composition of the section?

MR. KIM:  
When I refer to "we," I refer to the Executive Committee of the Business Law Section. For the most part, the Executive Committee is comprised of practitioners in private practice from large, small and solo practices from northern and southern Nevada. There are a couple in-house practitioners as well.

SENATOR FORD:  
Are they transactional lawyers or litigators?

MR. KIM:  
They are transactional lawyers.

SENATOR FORD:  
Does your proposal look at the law from a defense or prosecution perspective?

MR. KIM:

As transactional lawyers, we are involved in litigation from a consulting perspective regarding what the law means.

SENATOR FORD:

I am wondering what the import of these proposed changes would be on a company defending against a lawsuit.

MR. KIM:

There is a transitional provision in this section making it effective prospectively on October 1. It does not affect prior existing operating agreements. We did not want to do what some other states have done. We did not want to adopt a new protocol that would change the game for ongoing litigation or ongoing disputes. The intent is to be prospective, and LLCs can amend their operating agreements to adopt the new standard or not.

SENATOR FORD:

I assumed it was prospective. My question is not about pending litigation. Do the proposed changes help companies get out of lawsuits? Do they make it easier to hold companies liable?

MR. KIM:

Our focus was on clarity. We were concerned about what gives people peace of mind when using Nevada entities. When we heard wildly different beliefs as to what the duties of a manager of an LLC are, we considered whether a standard was appropriate and have proposed changes that can be referred to as a standard. The partnership standard is not as high as a corporate standard for many reasons. In the corporate context, there are fiduciary duties of many sorts that combine to speak to the whole dynamic between stockholders and directors. We have proposed a partnership-style level of duties that can be modified up or down by agreement.

SENATOR FORD:

Pending litigation under the current law is purely contractual. Is that correct? Are the duties of the managing member of an LLC contractual or statutory?

MR. KIM:

They are contractual and common-law based.

SENATOR FORD:

Are you trying to codify the common law or change litigation outcomes by amending the statute to address judicial outcomes?

MR. KIM:

We found that most people do not know what the standard is. We are providing a baseline from which people can negotiate. You can have a situation in which two members of an LLC have two different opinions regarding what the standard is. They have different expectations. We are proposing a standard that people can understand. Consider a real estate development business. It does certain types of real estate deals. If a member pursues different real estate development deals, is that member breaching any duties? I can draft the operating agreement so that it does not restrict that member from being able to do business with different business partners.

SENATOR FORD:

You said that the current responsibilities are controlled by common law. What does the common law say about the duties of a managing member of an LLC?

MR. KIM:

It will be a function of the representation on each side because there is no standard.

SENATOR FORD:

If there is a lawsuit, someone is going to win and someone is going to lose. That creates the common law. I am asking what has been the trend in litigation relative to those types of lawsuits. That informs me relative to what the common law is. Then I can compare that to what you are trying to do to see if you are changing the common law or if you are codifying the common law.

MR. KIM:

I cannot answer what the common law is because many times these disputes are in district court and we do not have many opinions. If I were a plaintiff, my counsel would assert claims heightening the duties owed. If I were a defendant, my counsel would assert that the operating agreement did not preclude my actions.

SENATOR FORD:

The Nevada Supreme Court has not determined the full extent of the duties of a managing member of an LLC. Is that a fair statement?

MR. KIM:

Yes.

SENATOR FORD:

You were asked about Delaware law. I think you said that it is common law as opposed to statutory. Is that correct?

MR. KIM:

Yes.

SENATOR FORD:

What is that common law?

MR. KIM:

Delaware law is a function of the cases that appear in court. The cases that I have read regarding the boundaries of duties owed trend toward higher duties because of the nature of the disputes.

SENATOR FORD:

How does what you are proposing compare to Delaware law?

MR. KIM:

The foundation of the LLC is partnership law. We looked at both corporate law and partnership law but gravitated toward partnership law.

SENATOR FORD:

You are using different terminology, and I am trying to use the same terminology so that I can make a fair comparison. You say Delaware has migrated to higher duties. Is that partnership law or is that corporate law?

MR. KIM:

It is corporate law.

SENATOR FORD:

Delaware leans toward corporate law and you are leaning toward partnership law. Is that right?

MR. KIM:

I do not think there is a standard yet in Delaware. There are cases that have intimated that in a certain context Delaware would apply a high corporate-style level of duties, but there has not been a pronouncement of Delaware law.

SENATOR ROBERSON:

You are proposing to impose statutorily a duty of loyalty and care which Delaware does not have. Regardless of what you say about certain court cases in Delaware or Nevada, this increases the duty on managers of LLCs in Nevada and Delaware does not. This is a markedly higher standard than many LLC operating agreements have.

In an ideal world, we would want a managing member to show a duty of loyalty and care to the LLC members. However, it is my understanding that when we created the LLC statute years ago, we wanted to provide flexibility. We respected the ability of members and managers of LLCs to be sophisticated and work these out in the operating agreement rather than telling them in statute what to do. I am concerned that this proposal puts Nevada at a competitive disadvantage to states like Delaware. My guess is that if you polled most of the corporate attorneys in southern Nevada, they would be concerned about this. This is a real change from past practice in Nevada.

MR. KIM:

This proposed change imposes a standard where none previously existed. That may give pause to many. We tried to do a couple things. First, we permit an LLC to provide otherwise in its articles or operating agreement. The statutory standard can be modified by the LLC.

SENATOR ROBERSON:

Under current law, the standard must be in the LLC operating agreement.

MR. KIM:

That is correct.

SENATOR ROBERSON:

We are flipping that on its head. Under this proposed amendment, an LLC would have statutorily determined standards unless it provides otherwise in its operating agreement.

MR. KIM:

That is a fair statement. The second point is that, although we use such terms as duty of loyalty and duty of care, we do so as specified in the particular section.

SENATOR ROBERSON:

Look at section 21, subsection 4, paragraph (c) of S.B. 264. You are imposing a limitation on the manager of an LLC to refrain from competing with the LLC in the conduct of the business of the LLC before the dissolution of the LLC. Many people have all kinds of business endeavors going on. Now they will have to worry about being subjected to potential litigation because in an unhappy member's mind the manager was competing with the LLC. I think this is going to increase litigation. Whether that is good or bad is for everyone to decide. I believe this is going to give a new cause of action to unhappy members of an LLC to sue the manager.

MR. KIM:

You are correct. If the parties are not aware of the law and have not provided in the operating agreement for the ability to pursue other business paths, the lack of a common understanding between the members may give rise to disputes and litigation.

SENATOR ROBERSON:

We pass this bill and it becomes law. Many people do not follow the changes to the NRS from Session to Session. Many sophisticated businessmen and women do not. Even if in the long term this makes sense, in the interim you are going to subject many well-meaning people to potential litigation. We are trying to be competitive with other states and especially with Delaware, Delaware is not doing this. Do we really want to go in this direction?

MR. KIM:

I understand your concern. I understand how even very sophisticated business people may have blind spots and do not read advanced reports and statutes and

amendments. That is a fair statement. I would be happy to discuss modifying the language.

SENATOR ROBERSON:

I am not saying I will not support this proposed amendment, but I think it merits further discussion.

MR. KIM:

I agree. We will review the language and make sure we think this is appropriate.

SENATOR FORD:

That was helpful. It sounds like you are changing the default rule with this proposal. The default right now is to rely on the contract. You are proposing to change the rule to rely on a statutory standard unless the contract states otherwise.

MR. KIM:

Yes.

SENATOR FORD:

Has the Business Law Section discussed changes to the fiduciary duty rule when it comes to brokers?

MR. KIM:

We have not focused on business brokers. That is a contractual arrangement not derived from an entity.

Section 22 of S.B. 264 proposes an amendment to NRS 86.131 related to series LLCs to ensure they are recognized under Nevada law and able to act within the construct of Nevada law. This clarification is made in sections 22, 24 to 27 of the bill and NRS 86.131, 86.281, 86.301, 86.311 and 86.321.

Section 28 of S.B. 264 proposes an amendment to NRS 86.531 related to the dissolution of an LLC. It eliminates a prospective reference to dissolution as opposed to a present dissolution. Due to the nature of the process of dissolution, when you file your articles of dissolution you are actually dissolving the entity, which will be preserved only for purposes of winding up.

Section 29 of S.B. 264 proposes an amendment to NRS 92A to provide for an intermediate form of merger. This applies only to public companies. This is appropriate because merger approval for a public company requires at a minimum notice, a meeting, solicitation of votes and approval by a majority of outstanding shares. A higher standard may be set forth in the articles of incorporation. Many transactions are not done this way. A good handful is done by a tender offer in which the acquiring company issues a tender offer for outstanding shares. Once a company has reached the threshold of share ownership sufficient to approve the merger, it is able to consummate the merger without noticing a separate meeting of the stockholders. In order to conduct a tender offer, a tender offer statement is filed with the Securities and Exchange Commission. It is commented on and vetted. Then stockholders can tender their votes. No one is hiding the ball from the stockholders. It is an open public process. This proposed amendment allows the acquirer to effectuate the merger. Delaware has a statutory basis for this type of merger and we are proposing to allow these mergers in Nevada.

Section 30 of S.B. 264 is designed to clarify the effect of dissenter's rights. If you have dissenter's rights and you elect not to assert your rights, not to timely file your dissenter's notice or to accept consideration, you have agreed to waive your right to dissent. We are proposing to amend NRS 92A.380 to reiterate the fact that if the decision is made by a stockholder, the dissenter's rights are forfeited.

Section 31 of S.B. 264 also deals with dissenter's rights. This is meant to clarify language, not to change substance.

Section 32 of S.B. 264 makes a change in NRS 92A.410 to correct one use of "record stockholders" and one of "stockholders" to make clear that references to "stockholders" are references to "stockholders of record."

There is a note on page 4 of [Exhibit D](#) that we have submitted additional language and revisions to clarify language in the identified sections.

SENATOR HARRIS:

I want to revisit the alter ego language you have proposed with regard to LLCs. If we codify this standard, will Nevada be the only state to have done so?



MR. KIM:

I do not know the answer to that question. The impetus for our proposal was litigation attorneys attending the annual meeting of the State Bar of Nevada telling us that they look to the corporate standard, and that is what they have seen typically being applied. We thought it was appropriate to refine the standard for LLCs and codify it. The standard for corporations is codified.

SENATOR HARRIS:

Is there caselaw in Nevada deferring to the corporate alter ego standard as the standard for LLCs?

MR. KIM:

I do not recall there being a Nevada Supreme Court case. I do know that it is common practice in district court to argue for the use of the corporate standard.

SENATOR HARRIS:

Can you supplement your testimony with whether there is a statutory definition in any other state for alter ego as it is applied to LLCs?

MR. KIM:

I will check to see if there is an analogous construct in the revised uniform act, and I will ask members of our committee if they are aware of any other state having adopted a statutory standard.

SENATOR ROBERSON:

How many litigators versus transactional attorneys are on the Executive Committee of the Business Law Section? It seems to me in reviewing S.B. 264 that litigators have taken over. I am concerned that we are losing a competitive advantage and opening up our businessmen and women to lawsuits.

MR. KIM:

The Executive Committee is made up of Business Law Section members.

SENATOR ROBERSON:

Who is driving this?

MR. KIM:

The Executive Committee.

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SENATOR ROBERSON:

How many litigators and transactional attorneys are on the Executive Committee?

MR. KIM:

All members of the Executive Committee are transactional attorneys.

SENATOR ROBERSON:

Is the recommendation unanimous?

MR. KIM:

Yes. To clarify the process, the Executive Committee drafts the bill and submits it to the Board of Governors and to the chairs of the other sections of the Bar. The Board of Governors decides whether the bill should be presented to the Legislature. In addition, I tried to coordinate with the Nevada Justice Association. To my dismay, my contact had passed away last year and I was not aware of his passing. I recently reached out to the Nevada Justice Association again to let them know about the bill and provided information. I am happy to incorporate their thoughts or comments.

SENATOR ROBERSON:

I do not mean disrespect by my questions. I find it curious. I think it is a marked departure from past practice in Nevada.

SCOTT ANDERSON (Chief Deputy Secretary of State, Office of the Secretary of State):

The Office of the Secretary of State is neutral on S.B. 264. The provisions of this bill are mostly policy changes. We share some of the concerns expressed by members of the Committee about whether these changes take Nevada out of the business-friendly environment we have created since 1991. We would be happy to work with Mr. Kim, the Executive Committee and any other interested parties.

CHAIR SEGERBLOM:

Any time you codify something, you have to be careful. We have two weeks.

MR. ANDERSON:

I do not want to make any promises or commitments. This bill may be of interest to the Registered Agents Association.

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MR. KIM:

I reached out to Bill Bradley at the Nevada Justice Association last week. We are happy to have them provide comments. I will reach out again to see if they have had an opportunity to look at the bill.

The remainder of the page is intentionally left blank; signature page to follow.

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CHAIR SEGERBLOM:

I will close the hearing on S.B. 264. The hearing is adjourned at 2:33 p.m.

RESPECTFULLY SUBMITTED:

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Connie Westadt,  
Committee Secretary

APPROVED BY:

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Senator Tick Segerblom, 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	3		Attendance Roster
S.B. 279	C	2	Lisa Foster	Letter of Support, DiAn Putnam, Mayor of Winnemucca
S.B. 264	D	6	Robert C. Kim / Business Law Section, State Bar of Nevada	Memorandum
S.B.	E	14	Robert C. Kim / Business Law Section, State Bar of Nevada	Proposed Amendments