

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

**Eightieth Session
April 10, 2019**

The Committee on Commerce and Labor was called to order by Chair Ellen B. Spiegel at 12:40 p.m. on Wednesday, April 10, 2019, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/80th2019.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Ellen B. Spiegel, Chair
Assemblyman Jason Frierson, Vice Chair
Assemblywoman Maggie Carlton
Assemblyman Skip Daly
Assemblywoman Melissa Hardy
Assemblywoman Sandra Jauregui
Assemblyman Al Kramer
Assemblywoman Susie Martinez
Assemblyman William McCurdy II
Assemblywoman Dina Neal
Assemblywoman Jill Tolles
Assemblyman Steve Yeager

COMMITTEE MEMBERS ABSENT:

Assemblyman Chris Edwards (excused)

GUEST LEGISLATORS PRESENT:

Assemblyman Howard Watts, Assembly District No. 15
Assemblywoman Lisa Krasner, Assembly District No. 26

STAFF MEMBERS PRESENT:

Patrick Ashton, Committee Policy Analyst
Wil Keane, Committee Counsel

Katelyn Malone, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

Bradley Schrager, Partner, Wolf, Rifkin, Shapiro, Schulman & Rabkin, LLP,
Las Vegas, Nevada
Catana L. Barnes, Private Citizen, Reno, Nevada
Phuong Tran, Private Citizen, Reno, Nevada
Christine Saunders, Policy Director, Progressive Leadership Alliance of Nevada
Brandon Martin, Member, Faith Organizing Alliance
Reverend Ralph E. Williamson, President, Faith Organizing Alliance,
North Las Vegas, Nevada
Lalo Montoya, Political Director, Make the Road Nevada
Brian Shepherd, Deputy Director, Local 1107, Service Employees International
Union
Annette Magnus, Executive Director, Battle Born Progress
Lily Roberts, Director of Economic Mobility, Center for American Progress
Edward Coleman, Private Citizen, Reno, Nevada
Jennifer Cantley, Owner and Chief Executive Officer, One Source Network
Ruben Murillo, Jr., President, Nevada State Education Association
Roshanna Elwing, Private Citizen, Reno, Nevada
Savannah Garcia, Member, Faith Organizing Alliance
Lupe Guzman, Member, Make the Road Nevada
Jean Melby-Mauer, Private Citizen, Las Vegas, Nevada
David Frazier, Private Citizen, Reno, Nevada
Izzy Youngs, representing Nevada Women's Lobby
Erienne Overli, Action in Community Together in Organizing Northern Nevada; and
Private Citizen, Reno, Nevada
Robert Martinez, Private Citizen, Las Vegas, Nevada
David Boire, representing Children's Advocacy Alliance
Mackenzie Baysinger, Intern, Human Services Network
Shane Piccinini, representing Food Bank of Northern Nevada
Eric Jeng, Deputy Director, One Asian Pacific Islander American Nevada
William Ledford, Director of Advocacy, Lutheran Engagement and Advocacy in
Nevada
Daniel Honchariw, Senior Policy Analyst, Government Affairs, Nevada Policy
Research Institute
Mac Potter, Chief Operating Officer, Nevada Casino Holdings, LLC
Alanna L. Fitzgerald, representing Indivisible Northern Nevada
Vivian Leal, representing Indivisible Northern Nevada
Connie McMullen, representing Personal Care Association of Nevada
Gabrielle d'Ayr, Private Citizen, Las Vegas, Nevada
Laura Cadot, Private Citizen, Minden, Nevada
Leslie Sexton, Private Citizen, Dayton, Nevada

Jim Rees, representing Nevada Restaurant Association
Cory Cutler, representing Nevada Restaurant Association
Laura Nowlan, Co-Founder and Executive Director, Nevada Hispanic Business Group, Las Vegas, Nevada
Kevisha Mathews, Private Citizen, Las Vegas, Nevada
Sonja Ray-Fernandez, Private Citizen, Las Vegas, Nevada
Amber Stidham, Director of Government Affairs, Henderson Chamber of Commerce
Luis Perez, Private Citizen, Las Vegas, Nevada
Julie Joffrion, Private Citizen, Las Vegas, Nevada
Eddie Diaz, Community Engagement Director, The LIBRE Initiative
Brian L. Chausmer, Senior Vice President of Finance and Information Technology, Ellis Island Hotel, Casino & Brewery, Las Vegas, Nevada
James L. Wadhams, representing National Restaurant Association; and Nevada Restaurant Association
Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro Chamber of Commerce
Mendy Elliott, representing Reno-Sparks Chamber of Commerce
Sean T. Higgins, Chief Legal Officer and Executive Vice President of Compliance and Government Affairs, Golden Entertainment, Las Vegas, Nevada
Marcos Lopez, representing Americans for Prosperity Nevada
Randi Thompson, State Director, National Federation of Independent Business
Bryan Wachter, Senior Vice President for Government and Public Affairs, Retail Association of Nevada
Jonathan P. Leleu, representing Northern Nevada Chapter NAIOP, Inc.; and Southern Nevada Chapter NAIOP, Inc.
Cyrus Hojjaty, Private Citizen, Las Vegas, Nevada
Lisa Foster, representing State of Nevada Association of Providers
Jared A. Chase, Clinical Director, Chrysalis
Tyre L. Gray, representing Goodwill Industries of Southern Nevada Inc.
Greg Ferraro, representing Nevada Resort Association
Melanie Young, Executive Director, Department of Taxation
Seth Frotman, Executive Director, Student Borrower Protection Center, Washington, D.C.
Erik Jimenez, Senior Deputy Treasurer - North, Office of the State Treasurer
Charisse Gress, Private Citizen, Las Vegas, Nevada
Aaron Ibarra, Private Citizen, Henderson, Nevada
Maria Eugenia Prentice, Private Citizen, Las Vegas, Nevada
Sophia A. Romero, Staff Attorney, Consumer Rights Project, Legal Aid Center of Southern Nevada
Gwen Braimoh, Owner, Expertise Cosmetology Institute, Las Vegas, Nevada
Adam Higginbotham, Deputy Executive Director, State Board of Cosmetology
Benita Hollie, representing Euphoria Institute of Beauty Arts & Sciences, Las Vegas, Nevada
John Grieco, Chief Executive Officer, Academy of Hair Design, Las Vegas, Nevada
James Dzurenda, Director, Department of Corrections

Jon Gedde, Chairman, Nevada Mortgage Lenders Association
Matthew Walker, representing Manufactured Home Community Owners Association
Stephen Aichroth, Administrator, Housing Division, Department of Business and
Industry

Chair Spiegel:

[Roll was taken. Committee rules and protocols were explained.] We will open the hearing on Assembly Bill 456.

Assembly Bill 456: Revises provisions governing the minimum wage required to be paid to employees in private employment in this State. (BDR 53-1104)

Assemblyman Jason Frierson, Assembly District No. 8:

I am here today to present Assembly Bill 456. First of all, I recognize that many think that Assembly Bill 456 does not do enough, and I recognize that many think that A.B. 456 does too much. I believe that Assembly Bill 456 reflects a meaningful increase in the wages that workers can earn, as well as a fair amount of collaboration with stakeholders who have not come to a consensus but understand the interest and motivation in increasing the minimum wage. The bill's stakeholders have been actively engaged with myself and each other, in order to find a meaningful way to move forward and stay competitive with the advances of surrounding states that have also increased the minimum wage.

Assembly Bill 456 is an expansion of the minimum wage law, which was originally passed with the intent of providing full-time workers the capacity to support themselves and their families. Nevada has not made significant changes to the minimum wage in over a decade. In 2006, a minimum wage amendment to the *Nevada Constitution* was passed, requiring that the wage be recalculated based on increases in the federal minimum wage and the cost of living. Currently, the minimum wage is \$8.25 per hour, or \$7.25 per hour if the employer offers qualified health benefits. The minimum wage has failed to keep up with the rate of inflation and average wages. As a result, low-wage workers are not benefiting from the economic growth and productivity that results when our state experiences such growth. In 2018, the Bureau of Labor Statistics reported that there were more than 1.3 million workers in Nevada. Of that total, 944,000 workers were paid hourly rates. Of those, 13,000 were earning minimum wage or less. Approximately 4,000 workers earn the prevailing federal minimum wage of \$7.25 per hour, and approximately 8,000 workers earn less than that amount. Using this data, we can estimate that 10 percent of the workforce, or 134,713 people, earn \$9.18 or less per hour. Fifteen percent of the workforce, or 202,000 people, earn between \$9.18 and \$11.81 per hour. Twenty-five percent of the workforce, or 336,783 people, earn between \$11.81 and \$17.09 per hour. It is my belief that this data is unacceptable.

There have been some concerns expressed about the impact this bill would have on low-skilled workers. Several stakeholders do not believe that the minimum wage was meant to be a living wage and this bill would have little effect on reducing poverty. Many think

that an increase in the minimum wage would make it more difficult for Nevada businesses to remain competitive when hiring new employees. I would like to address these concerns.

Historically, low-skilled workers have been our most fervent opponents to raising the minimum wage, having expressed concerns that an increased minimum wage would impact low-wage workers. However, minimum wage jobs are often an opportunity for entry-level workers to prove themselves before earning a promotion and a better paying opportunity. The demographics of low-wage workers have also changed. Low-wage workers are not always teenagers working part-time jobs for spending money. A study from the Economic Policy Institute confirms that the national average age of low-wage workers is 35 years old. More than half of all low-wage workers are at least 30 years old, and more than one-third are at least 40 years old. The Economic Policy Institute generated estimates of the number of workers who would be affected by increasing the federal minimum wage to \$12 per hour by 2020. In Nevada, 298,000 workers would be directly affected by increasing the federal minimum wage to \$12 per hour.

While I certainly understand there are people working minimum wage summer jobs, after-school jobs, and other jobs of this nature, there are also adults who work for minimum wage to feed and provide basic needs for their children. I believe that we must change with the changing needs of our community. When there are people working minimum wage jobs to support their families, I think we have an obligation to respond to the needs of our community and state and to the advances in surrounding states that have an impact on our economy as well.

The Fair Labor Standards Act of 1938 set the federal minimum wage at 25 cents per hour. It has been said that Franklin D. Roosevelt meant for this wage to be "more than a bare subsistence level." Furthermore, he stated that a business paying less than the minimum wage to its workers has no right to continue doing business in this country. More than 70 years later, this sentiment still holds true; however, minimum wages are no longer living wages. Minimum wage is the lowest amount that an employer is obligated to pay its employees. Living wage is calculated based on a person's basic needs and includes a variety of factors, including geographically-specific data for expenses, food, health care, housing, transportation, and other basic necessities. Living wage is generally set at the rate at which a full-time worker would need to support a family of four above the federal poverty line. A recent study from the Massachusetts Institute of Technology reported that the living wage for one adult working full-time in Las Vegas is \$11.32 per hour, and \$11.20 per hour in Reno. I would like to remind the Committee that the current minimum wage is \$8.25 per hour, if the employer does not offer health care. This session, we have had conversations about the skyrocketing cost of health care and, in the past, we have had conversations about what health care benefits an employer needs to offer to qualify to pay an employee a lower minimum wage. I think it is important to continue to have these conversations, but this bill should only address the *Nevada Constitution* in regard to the minimum wage.

The federal government measures the poverty level to be \$21,330 per year, which means that a person making \$17,160 per year falls well short of the federal poverty level. Too many

families in Nevada rely on low-wage work to make ends meet. The Economic Policy Institute ranks Nevada 32nd of the 50 states and the District of Columbia, based on the concentration of workers earning less than \$12 per hour, where a higher concentration of low-wage workers earns a higher rank. In Nevada, 30.3 percent of all workers earn less than \$12 per hour.

I have been approached with the concern that increasing the minimum wage will negatively affect employers. I do not believe that the issue of helping working families is a partisan issue. These hardworking families are both Democrat and Republican. Increasing their income will help our state's economy. Nevadans deserve to live in a state with an economy in which a hard day's work yields a decent paycheck. As it is fast becoming a national trend, in 2016 the majority of citizens in Arizona, Colorado, Maine, and Washington voted in favor of a gradual minimum wage increase until 2020. After 2020, the minimum wage will continue to be modified in accordance with the cost of living. Similarly, in 2014 Alaska, Arkansas, Nebraska, and South Dakota voted to increase their minimum wage. It is unusual that voters in these states would approve the increased minimum wage, and it may be surprising that small business owners were also in favor of a higher minimum wage. A scientific polling from Small Business Majority found that 60 percent of small business owners nationwide are in favor of a \$12 federal minimum wage by 2020.

I want to make it clear that I do not believe the minimum wage will need to be kept at its current level indefinitely in order to support economic growth. I think our economy can sustain increasing wage rates as the cost of living increases. We must address the inability for people to make a living from a full-time job. I have seen firsthand what can occur if this issue is not addressed. Families are entering the welfare system and we, as a society, pay either way. We can provide a living wage for people so they can contribute to the state's economy. Payroll taxes take into account increased wages, and there will be fewer people entering the welfare system. There needs to be a balance, and I want to ensure that we find that balance. I have reached out to the business community to ensure that everyone is a part of the conversation and that we are able to discuss options to move the state forward and assist working families in providing for their loved ones.

Assembly Bill 456 proposes to raise the minimum wage. The original bill included provisions that would increase the minimum wage to \$11 and \$12 per hour, respectively, over a five-year period. It also included measures to address violations of the statutory structure for minimum wage. The mock-up with the added conceptual amendment ([Exhibit C](#)) would reduce the period over which the minimum wage is increased to four years, to remain consistent with surrounding states that have increased their minimum wage recently. The minimum wage would be increased 75 cents in the first year, and increased \$1 in the three consecutive years. The amendment removes the provisions for addressing violations of the existing statutory structure for minimum wage. I have not seen an overwhelming number of claims for violation of the current minimum wage laws, and I believe the provision distracts from the purpose of the bill and the issues we want to address.

Assemblywoman Tolles:

Would the bill impact current overtime laws? For example, a constituent of mine owns a home and hospice care business, and oftentimes his employees work overnight shifts. If the employees are being paid \$12 per hour, their overtime pay would be \$18 per hour.

Assemblyman Frierson:

I believe you are alluding to a topic that has come up in conversations about the minimum wage in the past, regarding a 24-hour period in which an employee is paid overtime after working more than eight hours within the 24-hour period. We have not yet had this conversation in depth this session. I will continue to work with stakeholders in the business community to avoid unintended consequences. Currently, all hours worked beyond eight hours are considered overtime hours.

**Bradley Schragger, Partner, Wolf, Rifkin, Shapiro, Schulman & Rabkin, LLP,
Las Vegas, Nevada:**

Assemblyman Frierson is correct, but I would also like to clarify that the bill should not have any impact on the state's overtime laws. *Nevada Revised Statutes* 608.018 states that an employee will earn one and a half times their regular hourly rate if they work more than eight hours per day or 40 hours per week. The bill would not revise this provision, it would only revise what the lowest possible rate of pay can be, which at the end of four years would be \$12 per hour.

Assemblywoman Tolles:

My constituent's concern was for his Medicaid reimbursement rate. The higher overtime rate, combined with the Medicaid reimbursement rate, would be more than what he could receive reimbursement for. This would ultimately impact the clients he serves.

Assemblyman Frierson:

I will continue to work with stakeholders. The leaders in the business community, and their participation in these conversations, have been beneficial in deciding what is reasonable and what is not. I want to thank them for being such willing partners in discussing these issues. I appreciate their willingness to come forward. They know that my intent is to move forward together, and not disregard the perspective of any sectors.

Chair Spiegel:

We will now hear testimony from those in support.

Catana L. Barnes, Private Citizen, Reno, Nevada:

I am in support of A.B. 456. I have a bachelor's degree and a master's degree. Throughout my life, I have worked in different positions including a data entry professional, janitor, caregiver, and in quality control. I earned between \$7.50 per hour and \$14 per hour at these jobs. My son, who is now 22 years old, has worked in the retail industry and as a security guard, earning between \$10 per hour and \$11 per hour. We live together, and with our combined incomes, struggle financially. I own a mobile home, but I have to pay \$500 for space rent. I do not earn enough money to live independently, and I do not have any savings.

I live in fear that if an emergency arises, I will be evicted from the space for nonpayment. This keeps me up at night. Many families like mine face this reality and live in constant fear of being one emergency away from losing everything.

Phuong Tran, Private Citizen, Reno, Nevada:

I am 21 years old and help lead Nevada Student Power at the University of Nevada, Reno. I moved to Reno to study at the university, become an artist, and find a decent job. While I was studying, I worked as an Adobe Photoshop consultant and as a student worker at the DeLaMare Science and Engineering Library at the university. During the two years that I worked there, my wage only increased by \$.75, from \$8.25 per hour to \$9 per hour. I was working 14 to 16 hours per week as a full-time student. The high cost of tuition and books and the increasing cost of rent and other expenses became a burden, and I had to make the difficult decision to leave school because I could not afford to attend any longer. My story is not unique. I am one of the tens of thousands, if not hundreds of thousands, of former students in this country who were forced to abandon their career aspirations because of low wages and high rent, tuition, and cost of living. The minimum wage, \$8.25 or \$7.25 per hour, is not enough to sustain an entire family or a single person like myself. I am not a teenager looking for a summer job, and I am not a teenager trying to save money for a trip. I am an adult striving for a better future and trying to survive. I am here in support of [Assembly Bill 456](#) because I know that this bill will help those striving for a better future. I urge you to support this bill, to ensure the future for Nevadans.

Christine Saunders, Policy Director, Progressive Leadership Alliance of Nevada:

On January 1, 2019, eighteen states increased their minimum wage, lifting pay for 5.2 million workers across the country. Four more states will see an increase in 2019, and since the beginning of the year, three states have taken legislative action to increase their minimum wage. However, Nevada has not had a minimum wage increase in a decade. We have been asking thousands of Nevadans to do more with less, and it is unacceptable. That is why we need to set a new statewide minimum wage floor that continues to rise with the cost of living.

Additionally, historically marginalized and underrepresented communities continue to get left further behind, as low wages and increasing costs drag families down. These hardworking Nevadans who make minimum wage—women, people of color, immigrants, and families—simply do not earn enough money to make ends meet. In fact, nearly six out of ten minimum wage workers in Nevada are women. Nationally, one-quarter of minimum wage workers are black, but they only make up 13 percent of the population. For our community and economy to thrive, jobs need to pay at least enough to get by with the basics. Unfortunately, that is currently not the reality for thousands of families. When people cannot afford to buy food, go to the doctor, or make basic repairs, it hurts us all and the economy slows down. An increased minimum wage will boost not only individual households and families, but also the communities where workers live and spend their money. We cannot raise up Nevadans when the high cost of living and low wages are dragging them down. Nevadans needed a raise yesterday. It is time to take a step in the right direction by passing [A.B. 456](#).

Brandon Martin, Member, Faith Organizing Alliance:

I am 37 years old. Currently, I work for American Medical Response. I transport patients between different hospital facilities and group homes. I work the night shift, full-time from 10 p.m. to 6 a.m. I receive \$9 per hour for my work. My fellow employees and I are exposed to the different issues that these patients deal with. I put myself in the same environment as these patients. To get paid \$9 per hour for this work is unheard of. I have a family of five. My daughter's birthday is this weekend, and I am struggling to earn enough money to do something for her birthday. Some days, I leave whatever food I can at the house so that my kids can eat during the day, while I scrounge up whatever I can at work. I think that A.B. 456 needs to move forward. There are many other people besides myself that it will benefit.

Reverend Ralph E. Williamson, President, Faith Organizing Alliance, North Las Vegas, Nevada:

I am the Senior Pastor at First African Methodist Episcopal Church. I have been serving this congregation and community since 2003. In 2007, when the economic crisis hit our state, I saw the impact on individuals and their families trying to make a living. Every Thursday, my church opens its doors to run a food bank. We serve about 280 families at the food bank each week. Our volunteers, who run the food bank, pray for the families and all those that are struggling to put food on their tables. Every Thursday, I see the faces of senior citizens, parents, children, and adults with food insecurity. These are individuals who might not have access to a meal, or two or three, if our doors were not open. These individuals are working long, hard hours each day to survive. They come to our church because their income is not high enough to make ends meet.

As a pastor, I have a moral obligation to be here today. As a faith leader, I cannot continue to watch our community suffer because of its low wages. I cannot continue to watch our neighbors, brothers, and sisters be preyed upon by some greedy corporations and businesses that are taking advantage of low-wage workers, who are overburdened and overworked, by paying them the bare minimum wage while they make a profit. I believe in the inherent value and dignity of work, and that those who work should be able support themselves and their families, regardless of the jobs they do. They should be able to pay for their basic needs, such as food. I am here today because individuals and families deserve better. Our community deserves better. I support A.B. 456. It is my hope that you give careful consideration for increasing the minimum wage.

Chair Spiegel:

Thank you for your testimony, and thank you for the work that you and your congregation do in the community. It makes a difference.

Lalo Montoya, Political Director, Make the Road Nevada:

We are in support of A.B. 456 to raise the minimum wage to \$12 per hour. In 2011, the minimum wage increased from \$7.55 per hour to \$8.25 per hour. Since then, Nevada families have not seen an increase in the minimum wage, but they have seen an increase in the cost of living, especially the cost of housing. According to the Nevada Low Income

Housing Coalition, a Nevadan earning \$8.25 per hour has to work 72 hours per week to afford to rent a one-bedroom apartment at fair market value. Furthermore, a single parent in need of a two-bedroom apartment needs to earn at least \$18.59 per hour to afford the rent. Unfortunately, wages remain low in our state, which is pushing hundreds of thousands of Nevadans further into poverty and housing insecurity, especially in marginalized and underrepresented communities. This is unacceptable. For our communities to thrive and be strong and healthy, families must be able to afford the basics, such as housing. That is why Make the Road Nevada is here in support of a \$12 per hour minimum wage. We know that it is a step in the right direction; however, we will continue working until families are economically secure and can start to save for their future.

Brian Shepherd, Deputy Director, Local 1107, Service Employees International Union:

I have also been asked to speak on behalf of my sisters and brothers at the American Federation of State, County, and Municipal Employees, who could not be here today. We support A.B. 456 to raise the minimum wage. The current minimum wage does not come close to supporting a family's basic budget. Assemblyman Frierson did an excellent job outlining how many hundreds of thousands of people are impacted by this. Raising the minimum wage to \$12 per hour is definitely a step in the right direction and will lift the pay of thousands of workers and begin to address decades of growing pay inequality. Paying any wage less than \$12 per hour is morally indefensible, as Mr. Williamson stated. Service Employees International Union has helped lead this fight for years, and we are encouraged to see the Legislature taking this step. We support this bill and look forward to working together with legislators to continue raising wages and protecting workers' rights. Please support Assembly Bill 456.

Annette Magnus, Executive Director, Battle Born Progress:

I am here today as a supporter of Nevada's workers and to represent the more than 20,000 statewide subscribers to the Battle Born Progress network. We rise in support of A.B. 456. The chambers and other business interests will tell you that this bill will cause the sky to fall, the anti-business apocalypse will begin, people will lose their jobs, and businesses will shut down. But they must not read the noted business magazine, *Forbes*, which published a piece titled "The Minimum Wage Hike is Good for Business." The chief executive officer of Wetzel's Pretzels, Bill Phelps, wrote this article because he knows that higher wages create a better life for his workers. Just this week, companies like Target and Bank of America have raised wages because they know that workers across the country overwhelmingly support increased wages for everyone.

Raising wages increases workers' consumer buying power, helps eliminate food and housing insecurity, and ensures that we can help people move out of poverty. According to the Federal Reserve Bank of Chicago, raising the minimum wage by just \$1 boosts consumer spending per household by an average of \$2,080 per year. This extra income covers groceries, rent, transportation, health insurance, and other basic necessities. The money is going to businesses. All people, regardless of age, have the right to a living wage. I would also like to note that I run a business. We are a small nonprofit business with seven employees. I have made it a priority to pay even our part-time employees \$15 per hour or

more. If I can make this commitment as a nonprofit business, so can everyone else. We applaud Assemblyman Frierson for his work on this important bill, and we look forward to working with you to continue to raise the wage. This bill is a good start for fixing this critical issue. Do not believe the rhetoric; this bill is good for workers and it is good for business. Please support A.B. 456.

Lily Roberts, Director of Economic Mobility, Center for American Progress:
[Lily Roberts spoke from prepared text ([Exhibit D](#)).]

My testimony today will very briefly describe the effects of minimum wage laws on the economy, providing some national and regional context.

Dozens of studies, influenced by the seminal 1994 work of David Card and Alan Krueger, have explored how minimum wage laws affect earnings and employment. Just last week, prominent economists in the United States and the United Kingdom released an analysis of 138 state-level minimum wage changes since 1979. They found that the overall number of low-wage jobs remained unchanged after the wage increase, and that low-wage workers who were already earning above the minimum wage also saw modest increases in their wages. Research shows that, instead of reducing employment, businesses absorb the costs of minimum wage increases with reduced worker turnover, improved productivity, and minor price increases. Emerging evidence shows this to be true, even in states that are moving to higher wages than the proposed wage increase in A.B. 456.

By increasing the minimum wage to \$12 per hour, nearly one of four Nevada workers will get a raise. More than 65 percent of them work full-time, the majority are women, and nearly seven of ten are over 25 years old. Contrary to common misconceptions, most low-wage workers are not teenagers. In a state where more than one of five children live in poverty, which is higher than the national average, about one-quarter of Nevada's children have a parent who would get a raise. More than three of ten African-American workers and four of ten Latino workers would get a raise.

Increasing the minimum wage not only affects a family's bottom line, but it improves the state economy as well. Economists Rachel West and Michael Reich found that an increase to the minimum wage reduced spending on Supplemental Nutrition Assistance Program and Medicaid benefits. Additionally, when compared to high-income families, low-income families spend a greater percentage of every additional dollar they earn, creating a multiplier effect for the economy overall.

Nevada's neighbors have already begun to raise wages. Arizona's minimum wage is currently \$11 per hour, and Colorado's minimum wage is \$11.10 per hour. In both states, minimum wage will reach \$12 per hour in January 2020. New Mexico state legislators are currently working on legislation to increase the minimum wage. It is likely to reach \$12 per hour by 2023. Several cities and counties in New Mexico and Arizona have already increased wages higher than their state's minimum wage.

As a researcher, my focus is on economic mobility. A higher minimum wage is an investment in Nevada's future. Three of ten low-wage workers in Nevada are raising children. In low-income families, research shows that even a small increase in income leads to greater educational attainments for children, higher college attendance rates, as well as more hours worked and higher earnings when the children become adults. Assembly Bill 456 is a step in the right direction. It will reduce the working poverty rate, increase Nevada's tax revenues, and help build a stronger workforce in the next generation.

Assemblywoman Tolles:

Can you speak a bit more about the 1994 economic study that you referenced?

Lily Roberts:

I was referencing the 1994 work of economists David Card and Alan Krueger. The study compared Pennsylvania and New Jersey, where New Jersey raised wages and Pennsylvania did not. They discovered that New Jersey had not lost jobs in comparison to Pennsylvania. There is also a body of research that builds on this work. The study's methodology has been used in a number of studies since. Last week, several prominent economists announced that they had studied 138 state-level minimum wage changes that occurred since 1979.

Edward Coleman, Private Citizen, Reno, Nevada:

I am here to testify in support of A.B. 456. I will be speaking about the economics of economies of scale, the benefits to workers, and the benefits to companies that an increased minimum wage would create.

One of the main arguments against raising the minimum wage is that it will raise the cost of products and goods. There is some truth to this, but the argument ignores the economies of scale. The cost of a product has two parts: a fixed cost, which is unaffected by a wage increase, and a variable cost, which would be affected by a wage increase. For example, we assume a McDonald's Big Mac costs \$4. The fixed cost for making a Big Mac is \$2, and the variable cost is \$1, leaving the company with \$1 profit per Big Mac. A worker can make 20 Big Macs in an hour. At \$7.25 per hour, those 20 Big Macs have a wage cost of \$.36 per Big Mac, which is accounted for in the \$1 variable cost. All things considered equal, if the minimum wage was raised to \$15 per hour, the wage cost per Big Mac would be \$.75. It would be reasonable to expect a price increase of \$.39 per Big Mac, which is the difference between the wage costs at each minimum wage rate. The Big Mac, if the minimum wage was increased to \$15 per hour, would cost \$4.39. At \$7.25 per hour, the Big Mac would still cost \$4.

Prices will rise with an increase to the minimum wage, but the increases will not be major. As their income rises, people buy more goods and services. According to the Centers for Disease Control and Prevention, people who eat fast food more often have higher incomes. Only 31.7 percent of adults in households at 130 percent of the federal poverty level report eating out, while 36.4 percent of Americans earning 130 percent to 350 percent of the federal poverty level report eating fast food, and 42 percent of those earning more than 350 percent

of the federal poverty level report eating fast food. Evidence suggests that increased costs do not affect consumption as directly as increased wages would.

Businesses also benefit from an increased minimum wage. Economists Robert Pollin and Jeanette Wicks-Lim have reviewed this. Nationally, they found that instead of having to cut jobs, fast food businesses who employed approximately 40 percent minimum wage workers could cover the cost of the increased wage with cost savings from reduced turnover, higher prices, and greater economic growth. Increasing the minimum wage is good for workers, businesses, and the state. There are arguments that an increase to the minimum wage will have negative effects, but there is little truth to these arguments because they ignore the broader economic realities.

Jennifer Cantley, Owner and Chief Executive Officer, One Source Network:

When I was a single mother of three children making \$10 per hour, I could barely afford to pay my rent, utility bills, groceries, and my family's other needs. This is when I started my photography company, and I am grateful that I had help and support from my family members as I worked this job, along with a babysitting job. These jobs pulled me away from my children, which created in me a great deal of guilt and caused medical issues related to burnout. Now, as a small business and union owner, I am proud to pay my employees \$11 per hour or more, and offer an insurance plan and a 401(k) plan. I hope to pay my employees \$15 per hour or more as my company continues to grow. I believe that if my small business can do this for our employees, then the state can enforce it too. I urge you to pass A.B. 456 to help Nevada families' mental health, overall well-being, and the economy.

Ruben Murillo, Jr., President, Nevada State Education Association:

[Ruben Murillo spoke from prepared text ([Exhibit E](#)).]

I am here today to speak in support of Assembly Bill 456. Every day, our members work with students in communities that struggle with issues related to poverty. Research shows that poverty is a leading predictor of a student's opportunities and success. Many of our members go above and beyond to address the impacts of poverty that our students struggle with in the classroom and at the school site. However, the challenges are many for students dealing with unstable or substandard housing, lack of access to nutritious food at home, and parents working multiple jobs who are unable to provide support for schoolwork. We know that the best way to level the playing field for these students is to address the root causes of poverty. Raising the minimum wage to \$12 per hour is a strong and smart step that we can take to address the students and families living in poverty and set minimum labor standards.

Additionally, the Nevada State Education Association remains committed to ensuring a living wage for our members. Most education support professionals in our state earn less than a living wage. Bus drivers, nutrition workers, and custodians engage with our students every day, and many are the backbone of our school sites. Unfortunately, a large percentage of these public workers are faced with the same issues as low-wage workers in private sectors, like the fast food industry, having to work multiple jobs or make the difficult decision of which bills to pay each month. While they will not be directly impacted,

increasing the state minimum wage for private sector workers will have a positive effect on our members at the lowest rungs of the pay scale.

Roshanna Elwing, Private Citizen, Reno, Nevada:

I am here to support A.B. 456. I am 33 years old and was recently divorced in November 2018. After my divorce, I truly noticed how much trouble I was in financially. Even with my ex-husband's alimony payments and my full-time income at \$10 per hour, I still cannot make ends meet. Between gas, groceries, utilities, and student loans, I find myself struggling. All of my important bills are paid, but I do not have extra income for groceries, toiletries, clothes, unexpected expenses, emergencies, homeowner expenses, repairs, or medical expenses. I cannot imagine being in this situation and having children, or being an ex-convict on parole trying to support himself or herself. The truth is that people are struggling to live and are unable to survive on minimum wage or less than \$12 per hour. Children are going to bed hungry, mental health issues are staggering, and Nevada citizens are sick, dying, and depressed.

As a Nevada-born citizen, I am truly saddened by this. I know that Nevada can do better. I have always had hope that my state's officials would fight for the well-being and the betterment of the people who live here. Hope is not a wish, but rather a feeling of expectation and desire for certain things to happen. My hope for the great state of Nevada is that its citizens will be able to achieve life, liberty, and the pursuit of happiness without having to worry about whether they will survive another day. Please continue to fight for the battle born people of Nevada.

Savannah Garcia, Member, Faith Organizing Alliance:

I am here today to testify to what it means to live on minimum wage. At the age of 29, after I had my daughter, I had to work in a job where I was only making minimum wage, \$8.25 per hour. My paychecks were less than \$500 every two weeks and barely covered the cost of food, car insurance, and things for my daughter. In Nevada, a person needs almost two full-time jobs at minimum wage to afford a one-bedroom rental. I worked in this job for two years and never received a raise. I know a lot of people think that working in a fast food restaurant, a retail store, or other minimum wage jobs is for teenagers in school. However, I know there are families who rely on these jobs to survive. There are parents working these jobs who sometimes do not eat three meals a day so that their kids can. I was lucky to find a good job that I work at now. Assembly Bill 456 is a step in the right direction. It will help all Nevadans make some extra money, which will make a huge difference in preventing them from falling further behind.

Lupe Guzman, Member, Make the Road Nevada:

I am here to support A.B. 456, because I am one of thousands of workers who will be directly affected by your decision to pass A.B. 456. I work the graveyard shift at Carl's Jr. on the Las Vegas Strip so that I can spend time with my kids during the day. The current minimum wage must be raised. As a mother of six, it is difficult to provide for my family. The only way to make ends meet is to work longer hours, but that is not a solution. No one can survive on \$8.25 per hour when the cost of living and basic necessities keeps rising.

As a parent, I cannot provide my children what they need. The hardest time for us is during holidays, birthdays, and other special occasions. During the winter, we run out of food and have to rely on food pantries to survive. My car has broken down and I have not been able to fix it. It breaks my heart to see my kids have to walk to school. We need you to show political courage and support the hardest-working families in Nevada. I believe that when this bill passes, we will see healthier families and a stronger economy. Please pass A.B. 456, because we urgently need a raise.

Jean Melby-Mauer, Private Citizen, Las Vegas, Nevada:

I am here today as a spokesman for Paradise Las Vegas Indivisible, which is a nonpartisan organization in support of policies which will improve the lives of Nevada citizens. I am here to express that our membership, 300 members spread throughout the Las Vegas Valley, supports this legislation. We are in favor of any measure that will improve the lives of workers in Nevada.

David Frazier, Private Citizen, Reno, Nevada:

For 15 years, I worked for minimum wage as an emergency medical technician (EMT) in Northern California. While this was a positive experience overall, being exposed to pain, suffering, and trauma every day took its toll, and I had to leave the position as a result of the post-traumatic stress disorder I developed. I drove cabs and worked in local government in the following years, but I struggled to get by and was never able to accumulate a retirement fund, largely because I was earning minimum wage. When I eventually retired with the help of Social Security, I moved to Fallon, but quickly learned that my wife and I had been exposed to heavy metal poisoning from the arsenic in the well that was used to supply our trailer. We immediately evacuated our home, and social services provided us with a tent for two weeks. They informed us that there was not much else they could do for us and advised us to move to Reno. I sought treatment in Reno and was able to mostly recover, but over the years the poisoning took its toll on my wife, who ended up losing her life. I still deal with this and other age-related health issues, as I am 74 years old. I am a diabetic with chronic obstructive pulmonary disease and have a pacemaker, which keeps me from working full-time.

Since relocating to Reno, I have been living on Social Security income, but nearly all of that income is used to pay rent. I recently learned that the Low-Income Housing Tax Credits that keep my rent affordable are expiring, and I have been warned that my rent will increase to more than I can afford. I cannot afford any expenses besides rent, and will soon be unable to afford rent. I work seasonal jobs whenever I can to make up for the deficit. I never imagined that I would have to work at my age, and it takes its toll. In an attempt to get by, I worked as a bell ringer for The Salvation Army this past winter, and was on my feet for more than eight hours per day. I started out earning \$8 per hour. I thought this would be sufficient to cover my expenses, but it quickly became clear that it was not. After numerous employees voiced their concerns about our ability to survive on such low wages, we eventually received a raise, earning \$10 per hour. That still was not enough, as it barely covered my food and medical expenses.

I frequently hear the arguments that no one in the state makes less than \$12 per hour, that anyone making less than \$12 per hour receives tips, and that the minimum wage is only for teenagers. That is not true for me. I am supposed to be retired, and I am working for minimum wage because I have no other options. I never thought that I would need to work minimum wage jobs during my retirement in order to survive, but my careers as an EMT and a cab driver did not pay enough for me to have a retirement fund. I will continue to work seasonal jobs as long as I am medically and physically able to, but it is unlikely that I will earn more than the minimum wage. Once my rent goes up, the need for me to do so will be more urgent. Please help support workers like myself who are trying to survive, and please pass this bill.

Izzy Youngs, representing Nevada Women's Lobby:

I am here in support of A.B. 456. According to the National Employment Law Project, the fight to increase the minimum wage has become the strongest workers' movement since the New Deal, and one of the most effective movements in the last four decades. Since 2012, nearly 20 million workers in this country have seen their wages increase due to the movement, many of whom are people of color and women. If we can lift people out of poverty and give them a chance to be financially solvent, we stand to see healthier and more stable futures for our most marginalized.

There are people who do not believe that we are talking about adults and families, but that we are talking about high school students working at McDonald's on the weekend. The average age of a worker earning minimum wage in this country is 35 years old. More than half of minimum wage workers are between the ages of 25 and 54. Teens account for less than 10 percent of minimum wage workers in this country, according to the Economic Policy Institute. When we talk about raising the minimum wage, we are talking about the effect it will have on families. Raising the wage would allow a single mother to leave an abusive relationship, it would allow a young man who dropped out of high school the ability to finish school or change careers, and it would allow a struggling family the ability to send their children to college. Even if we were talking about a teenager working in fast food, a cheeseburger meal is \$6.49 at McDonald's. I believe that a dedicated hour of human labor is worth at least two cheeseburgers.

Erienne Overli, Action in Community Together in Organizing Northern Nevada; and Private Citizen, Reno, Nevada:

I am here today to speak on behalf of my friend, James Taylor, who could not be here today. He works a low-wage job, and could not afford to take time off to perform his civic duty.

To all of the legislators gathered today, I would like to thank you for the opportunity to express myself. I regret not being able to voice this myself, but I am compelled by my own sense of duty for Nevada to commit my words before you. My name is James Taylor, a Nevadan with developmental disabilities who nonetheless pours his heart into building his community, and who works so hard to be able to live in this wonderful state. Mine is a concern that many other Nevadans share: an increase to the minimum wage.

I speak to show you that this will not devalue my hard work, but build up our community and take away so much of the worry and stress that myself, and fellow Nevadans like me, must bear.

I am lucky to be where I am now, making \$11 per hour, which is the most I have ever made in my life. I would love to be able to pick up a second job, to perform gig work, to do whatever I can to survive, as I am currently struggling. However, my job has inconsistent hours each week, and I do not know what my schedule will be until the beginning of the week. It has been extremely difficult to build a savings account. I currently pay over 60 percent of my income for rent, which does not leave any money for savings at the end of the month. Recently, my rent was increased from \$600 per month to \$1,200 per month, which would have been over 90 percent of my income. I did not have savings to be able to afford first and last month's rent, a deposit, or moving costs. I would not have been able to take the necessary time off to move. I was fortunate to have some friends who rented me a spare bedroom for \$800 per month, which is almost 70 percent of my income.

I was lucky to find this housing, but no one should have to live in fear of not being able to afford rent. I know that I am able to take advantage of state services for disabilities, but I prefer to work so long as I am able to do so, and would like to be able to live on these wages. I do not wish to continue choosing between seeing food in my fridge or keeping myself warm, but so many currently face that choice without any fiscal irresponsibility. We ask you to please consider this bill, not to discredit the work that Nevadans currently do for \$12 per hour, but to extend the barest minimum for an amount of work which will allow us to be truly valued and allow those who love our state to be able to live in it.

Robert Martinez, Private Citizen, Las Vegas, Nevada:

I want to extend some support for this bill, although I do not think it does enough.

David Boire, representing Children's Advocacy Alliance:

I agree with what the previous speakers have said.

Mackenzie Baysinger, Intern, Human Services Network:

Minimum wage is essential in Nevada. An Indiana study found that increasing the federal minimum wage by \$1 would result in 9.6 percent, or 9,700, fewer cases of child neglect. Additionally, higher wages help prevent ex-convicts from returning to prison. A working paper from researchers at Rutgers University and Clemson University found that a minimum wage increase of 50 cents would reduce the probability that men and women would return to prison within a year by 2.8 percent. Raising the minimum wage could do more than put money into workers' pockets; it could, in some ways, change their lives. We are asking for your support of this bill.

Shane Piccinini, representing Food Bank of Northern Nevada:

In 2018, the Food Bank of Northern Nevada distributed 10.8 million meals and served 5,000 children. On behalf of the 90,000 individuals that we serve each year, we ask that you support this bill.

Chair Spiegel:

Thank you to the Food Bank for its contributions. They are especially helpful for those earning minimum wage.

Eric Jeng, Deputy Director, One Asian Pacific Islander American Nevada:

Asian American Pacific Islanders (AAPI) are the fastest-growing racial group in the state of Nevada today with a population of 300,000, which is 9.6 percent of the state's population. Unfortunately, our community in Nevada is often inaccurately portrayed as homogeneously self-sufficient, well-educated, and upwardly mobile. The false depiction of success and the "model minority" myth has led to the invisibility of very real and serious issues, including unemployment, poverty, and a lack of affordable housing. According to the 2010 census, the number of Asian Americans living in poverty grew 127 percent in the Las Vegas metropolitan statistical area, a growth rate significantly higher than any other racial group. About 14,000 Asian Americans in the Las Vegas metropolitan statistical area live in poverty, and more than 41,000 are low-income. About 15 percent of Native Hawaiian and Pacific Islander youth live in poverty. About 22 percent of Samoan youth and 19 percent of Guamanian or Chamorro American youth live in poverty, which is higher than the average rates of poverty.

The current low-wage crisis disproportionately impacts our community, as nearly one-third of all AAPI women working full-time earn less than \$15 per hour. Asian-American women make up 4 percent of the low-wage workforce, which is 1.4 times their representation of the overall workforce. We need to expand who we think of when we think of low-wage workers and the AAPI workforce in Nevada. Stories from the AAPI community are desperately lacking when we talk about raising the minimum wage, especially from AAPI women working as nail salon technicians, reflexology and massage therapists, and in the restaurant and hospitality industries.

All people should be paid fairly for the work they do, regardless of gender, race, or geographic location. Raising Nevada's minimum wage is a vital, necessary, and overdue step toward racial and gender equity in our community. Our voices and stories of economic insecurity deserve to be seen, heard, and elevated. We urge the passage of A.B. 456.

William Ledford, Director of Advocacy, Lutheran Engagement and Advocacy in Nevada:

Based on the national church's social statement of economic life, we are strongly in support of minimum wage increases. The social statement says that wages paid to people should be enough to live. We have supported this legislation in the past and will continue to do so in the future. We also believe, as a religious organization, that the Bible would support this economic equality.

Chair Spiegel:

We will now hear testimony from those in opposition.

Daniel Honchariw, Senior Policy Analyst, Government Affairs, Nevada Policy Research Institute:

[Daniel Honchariw spoke from prepared text ([Exhibit F](#)).]

Nevada Policy Research Institute opposes A.B. 456 because it will reduce economic output, particularly in the event of an economic downturn, and will harm those that its proponents are trying to help. Labor is a commodity and, like all other commodities, is subject to the economic laws of supply and demand. By raising the minimum wage by nearly 50 percent over the next several years, A.B. 456 will deny job opportunities to those most in need of gaining work experience. A statewide minimum wage increase is particularly bad policy in a state like Nevada, where there are dramatic regional differences across the state. This bill ignores these differences, and as such, is likely to cause great harm in rural counties.

Furthermore, we can expect marginalized communities to suffer disproportionately as a result of A.B. 456. Teenagers, minorities, and women are the demographic groups most likely to experience unemployment due to minimum wage policies. For example, data from the United States Department of Labor shows that the unemployment rate of black teenagers is more than twice as high as that of white teenagers. Lastly, even proponents of increasing the minimum wage caution that the minimum wage should never exceed half of the median wage. Assembly Bill 456 would set Nevada's minimum wage well above that level.

The Legislature can better help low-wage workers by repealing or reducing onerous licensing requirements, reducing state spending and the state's regressive sales tax rate, and supporting proven education reform efforts. The Committee should oppose A.B. 456. While it is well-intentioned, it will cause significantly more harm than good.

Mac Potter, Chief Operating Officer, Nevada Casino Holdings, LLC:

[Mac Potter spoke from prepared text ([Exhibit G](#)).]

I am here today representing Nevada Casino Holdings, our Las Vegas Wendy's restaurants, and our 1,100 Nevada employees to speak in opposition to A.B. 456 as it is currently written.

I want to share some anecdotal observations, as the bill relates to our rural northern Nevada casinos. We have faced tip credit or minimum wage increases before. The last time tip credit minimums increased, the impact to our gaming company was close to \$300,000 in the first year. We were barely making a profit, having recently pulled the company out of another operator's bankruptcy. When we received news of the minimum wage increase, we asked ourselves how we could increase the price of a slot machine, a game of cards, or a comped drink. Fortunately, we discovered that we could automate our casino surveillance systems at one location. This allowed us to reduce our staff by about 15 employees, thus saving enough money to afford the cost of raises for our remaining employees, including those in tipped positions who were already making more than their departed coworkers.

As the bill relates to our Las Vegas Wendy's restaurants, we incur about 26,000 labor hours per year per Wendy's store. An hourly wage increase of \$1 equates to \$26,000 in reduced profit. We also have to account for the cost of overtime, the 10 percent fee for royalties and national advertising, credit card fees, and rent. To cover \$25,000 in labor costs, for the same hours worked for the same profit, we would have to generate about \$45,000 in increased revenue. The cost increase, plus the increased cost of medical, energy, property taxes, and interest rates, will very likely cause menu price increases that will put our restaurants at a competitive disadvantage and force people to choose lower-priced alternatives or eat out less often. Cost increases are forcing automation, which will only cause job loss for the people trying to build job skills and earn a living. It has forced us to automate our casinos, and it will force us to automate in the restaurant industry.

In closing, I would offer the following observations for your consideration. First, casinos and the restaurant industry in Las Vegas are very different from their counterparts in rural Nevada. Even in distinct markets like Elko, Winnemucca, Ely, and Hawthorne, there are significant differences between business models and retail volume levels. Second, A.B. 456 would dramatically change the way that restaurants and bars in these diverse markets do business with a one-size-fits-all approach. Differences in volume, job duties, and skillsets must be taken into account in order to be fair and effective. Currently, tipped employees in full-service, high volume locations have significant earning potential, typically earning between \$19 and \$25 per hour nationally. We oppose any legislation that could harm this time-tested business model and reduce the earning potential for tipped employees. The proposed legislation should take this into account and recognize the likely impact of increases in the cost of employment.

Assemblywoman Jauregui:

You mentioned that a \$1 wage increase would equate to about \$26,000 in lost profit annually. What percentage is the loss compared to your total profit?

Mac Potter:

It would vary from store to store, and from small casino to small casino. The percentage would be relatively modest, but when all of the company operations are combined, it is a significant number.

Assemblywoman Hardy:

Many people who earn minimum wage work in tipped jobs, especially in Nevada. Do you have any data that shows how many Nevada jobs are tipped? Do you know how many employees are making minimum wage and earning tips?

Mac Potter:

I am not prepared to speak to that. In our company, especially at the northern Nevada properties, 50 percent of our employees are tipped employees.

Assemblywoman Hardy:

I do not know if there is anyone here who can answer that question, but I think it is a good distinction to make. In some cases, those that are making minimum wage and earning tips could be making two times the minimum wage.

Mac Potter:

A number of states have recognized tips as a portion of the calculation in determining the minimum wage. Nevada has never done this. I think it is important for Nevada to consider doing this, because tips create a huge disparity between workers.

Assemblywoman Carlton:

I am so grateful that Nevada does not have a tip credit. In Missouri, there were times when I owed my employer money because of tip credit. I think Nevada has made a wise decision to not allow tip credits, to ensure that tipped workers can work and receive a paycheck.

Alanna L. Fitzgerald, representing Indivisible Northern Nevada:

With careful consideration, I oppose [A.B. 456](#) on the premise that \$12 per hour is not sufficient to support even a small family, and certainly will not be sufficient in five years when the incremental increase would raise the minimum wage to \$12 per hour. I would like to see the minimum wage increased to at least \$15 per hour and language added to include adjustments for the cost of living.

As a licensed social worker in the state of Nevada, my work over the last 20 years has been focused on issues related to families with minor children, mostly those living in poverty, and issues of homelessness. I also have the privilege of being a homeowner and a landlord, and have owned a small business. Because of this, I look at this issue from multiple points of view. One thing I know for sure is that an increase to the minimum wage is needed now; there is no question about it. In my work as a social worker, having worked closely with families who struggle to make ends meet, I would incorporate a discussion and complete a budget with the families as part of an assessment and intervention work. My testimony ([Exhibit H](#)) includes a partial budget. I could only get halfway through the budget on \$1,700 net income per month, which is what \$12 per hour yields. The budget left no excess income for an insurance copayment, repairs on a broken-down car, car registration, or anything other than the absolute bare minimum.

I ask that you consider passing this bill with an amendment to increase the minimum wage rate to \$15 per hour, which would get us much closer to providing people a living wage, as opposed to a minimum wage.

Vivian Leal, representing Indivisible Northern Nevada:

We had a hard time deciding where in this hearing to testify. We feel that workers need an immediate raise. This bill accomplishes that, which is excellent, and we thank Assemblyman Frierson for his efforts. However, we cannot in good conscience pretend that this bill meets the goal of the minimum wage being a living wage. Furthermore, we would like to see this bill forge a path forward for this goal over time. That would ensure our

support. We cannot pretend that anything less than a living wage amounts to anything other than a community and taxpayers' subsidy via our social safety net programs or our business' nonprofit efforts. Any business model that depends on nonsurvivable wages for their workers is a business model that needs to change.

Connie McMullen, representing Personal Care Association of Nevada:

We certainly support a living wage. I see the people here today who are suffering. Our concern is in regard to the rolling overtime law. Health care costs are so high, many people are waiting almost until the end of life to afford personal care. Many of our caregivers work more than eight hours per day. If an employee works more than eight hours in a rolling 24-hour period, we are already paying them more than \$12 per hour at time and a half. At time and a half, many employers are paying closer to \$20.62 per hour. I cannot understand why Nevada and California are the only two states that adopt this 24-hour rolling overtime law, as well as the 40-hour per week overtime law. I would like our industry to receive an exemption from this law, like babysitters, domestic service workers, cab and limo drivers, programmers, and law clerks.

Assemblywoman Tolles:

I appreciate your expertise, because this concern has been raised by two of my constituents. Can you speak to its effect on Medicaid reimbursements? We have been having this conversation in regard to hamburgers, but the cost increases will also be passed on to families, who may not be able to afford the personal care.

Connie McMullen:

Our Medicaid reimbursement rates have not been increased in 15 years. We are paid \$4.25 every 15 minutes, \$17 per hour total, for some of the hardest work in our state. Many of our members have gone out of business. Medicaid only reimburses eight hours per week, and does not account for training, overtime, travel, mileage, retirement coverage, background checks, workers' compensation, or uniforms. These are all expenses that businesses have to account for, but the climate does not seem favorable for businesses, although we are told the climate is favorable for small businesses. Consequently, those costs get passed down to the consumer, oftentimes at the worst times. As I mentioned, many are waiting almost until the end of life to get care for siblings, spouses, or even children. We support a minimum wage increase, and we understand the need for it. However, we think that Medicaid reimbursement rates should be increased as the minimum wage increases. New Mexico is considering a bill this session that would do this.

Gabrielle d'Ayr, Private Citizen, Las Vegas, Nevada:

I came here today to testify in the neutral position, but after listening to some of the other comments, I am going to testify in opposition. I agree that we must increase the minimum wage, but I feel that this bill does not do that, as it is written. I agree with the statements from Ms. Fitzgerald and Ms. Leal. We have heard testimony that \$9, \$10, and \$11 per hour is not sufficient to make ends meet. If we raise the minimum wage to \$9 or \$10 per hour, I have concerns that we will create problems for those who need assistance programs to survive. Perhaps they will make too much money, which could be an unintended

consequence of the bill. We absolutely need to raise the minimum wage, and I hope the Committee will consider amendments, including to shorten the time frame in which the minimum wage will be increased, because inflation will not stand still. By the time it is 2023, even with the conceptual amendment, we will be back where we started.

Laura Cadot, Private Citizen, Minden, Nevada:

I signed in to provide testimony in support, but when you asked for people to stand in support, I could not do it. People cannot live on the wages that this bill proposes. I agree with Ms. Fitzgerald and Ms. Leal, in that we need to raise the minimum wage to \$15 per hour. I also agree with what Ms. d'Ayr said, and I hope you will consider increasing the wage even more. It is what Nevadans need and it is what they deserve.

Leslie Sexton, Private Citizen, Dayton, Nevada:

I am a retired union representative, contract negotiator, and organizer for The United Food and Commercial Workers International Union. I am in a quandary about how I feel about this bill. I was planning to testify in the neutral position, but there are too many issues with it. I agree with what everyone has said, in that this bill does not do enough. I also want to point out that Assemblyman Frierson mentioned he has a conceptual amendment to the bill. He mentioned that he held a large stakeholder meeting, and I am sure the employers in the meeting were fine and scrupulous people. But there are unscrupulous employers out there. The last time the minimum wage was raised in Nevada, a small restaurant business told their tipped employees to turn over their tips to the employer, to cover the minimum wage increase for the restaurant's backend employees. I urge you not to remove section 2 from the bill. We need to protect people who being cheated. Assemblyman Frierson mentioned that the reason for removing it was because there has not been any litigation. I submit to you that people making minimum wage are fearful of losing their jobs, so they remain quiet when they are taken advantage of. Please pass the bill in its original form, if we must implement this minimum wage rate. I fully support a \$15 per hour minimum wage, and I think it should be implemented next year, but I know that is not possible, conceivable, or rational. If we increase the minimum wage to \$12 per hour over four years, we will still fall behind most other states who were taking on this issue full speed ahead. I urge you not to pass this bill in its current form.

Jim Rees, representing Nevada Restaurant Association:

I am also here on behalf of the six restaurants that I own in Nevada. We are here today not to oppose an increase to the minimum wage, but to oppose the bill as it is written. We spoke briefly with one of the other testifiers in regard to a tip credit. I think it is important for the legislators to understand exactly what a tip credit is, and how important it is for full-service restaurants in Nevada. Nevada is one of only seven states that does not have a tip credit. I think this speaks to the need for a tip credit, and why we should have a tip credit. Currently, the way the tax laws are written, restauranteurs are required to pay taxes on employees' declared tips. Thus, it would be my understanding that the tips are considered wages, but we cannot declare tips as part of the minimum wage. I do not think that one size fits all on this bill. I think it is extremely important that we consider the tip credit, and the rolling 24-hour overtime law, which applies in only one or two states. The law requires that

an employee who works from 6 p.m. to 9 p.m. could not return to work before 6 p.m. the next day without being paid overtime. I have morning and evening shifts at my restaurants. I have employees who work the dinner shift and want to return the next morning to work the brunch shift. As an employer, I cannot do that because I would have to pay them time and a half. This is an outdated law that needs consideration and should be considered along with this bill. I think it is important to consider all aspects of the issue.

Cory Cutler, representing Nevada Restaurant Association:

I am a local restaurant owner in Las Vegas. I agree with what Mr. Rees said. Under the current model, tipped employees have significant earning potential. Currently they make between \$19 and \$25 per hour nationally. I oppose any legislation that could harm this time-tested business model and reduce the earning potential of tipped employees. I strongly encourage a reconsideration of a tip credit. I was a server in Arizona and was subject to the tip credit policy. I enjoyed it, because the money saved from having a tip credit in place allowed my restaurant to keep their prices lower, market, innovate, and invest in the restaurant.

Laura Nowlan, Co-Founder and Executive Director, Nevada Hispanic Business Group, Las Vegas, Nevada:

I am also a small business owner; I own a staffing agency. I have been in the staffing industry in Las Vegas for 14 years. I founded my family-owned staffing agency in October 2014, and founded my nonprofit organization in January 2015. I believe that my years in the staffing industry might qualify me as an expert. I also have an associate's degree and a bachelor's degree in business. I am an immigrant, was raised in Redlands, California, and have lived in Las Vegas for 14 years. This is what I hear from small business owners: the more regulations that are imposed, the harder it is for the heartbeat of America to keep growing and pumping blood into our nation. We, as small business owners, are the heartbeat of America. As legislators making decisions, you need to understand that the more regulations, fines, and restrictions that are imposed, the harder it is for us to help the economy.

We need to focus on mentoring and educating our workforce. I cannot currently hire a high school dropout at minimum wage. It is very difficult to do so because I have to train them. It requires a lot of time and resources to get them to a level where I could hire them for \$10 per hour. I once hired a young lady who was making \$18 per hour in California. She came to Las Vegas to work for me for \$9 per hour because people want to leave California. The more regulations that are imposed on the state, the more people will want to flee, because the cost of everything increases. I also work with businesses who are leaving California to come to Nevada. We must be careful what we do and pay attention to the effects of our actions, because we do not want to be like California. I will leave you with a quote from a Chinese philosopher. "Give a man a fish, and you feed him for a day; teach a man to fish, and you feed him for a lifetime." This is the mentality that our state has to change.

Kevisha Mathews, Private Citizen, Las Vegas, Nevada:

I am here to oppose Assembly Bill 456. In the process of raising the minimum wage, we have put ourselves in a situation of inflating our living standards. Small businesses are then faced with the new problem of figuring out how their employees will get paid and how their businesses will stay balanced.

Sonja Ray-Fernandez, Private Citizen, Las Vegas, Nevada:

I am here on behalf of my family and children. If we increase the minimum wage, the cost of food and housing will increase. I believe that the studies that calculate what the minimum wage needs to be are based on current standards and do not include the increase of the cost of living. More and more businesses are automating their processes, and the increased minimum wage will have businesses looking for further ways to automate their processes, in order to maintain current costs. Companies may not have the budget to increase all salaries, such as of those that are currently making more than \$12 per hour. The cost of living will rise for everyone, but not all wages will rise. What will happen to the employee who has already worked their way up to that level? The earlier speaker, Ms. Roberts, mentioned that other employees would receive a modest increase to their wages. The difference between \$8.25 per hour and \$12 per hour is a 45 percent increase. Those making \$12 per hour would need to make \$17.40 per hour to remain equivalent. I have a daughter who, at 26 years old, earns more than the minimum wage. Each year, she has to choose between putting a roof over her son's head and paying for insurance. She chooses the roof, and cannot afford insurance. The cost of living will not change, and if she receives a raise, it will be at the 3.1 percent standard. She would then be at the same, or lower, level as those making minimum wage and will be left behind.

Amber Stidham, Director of Government Affairs, Henderson Chamber of Commerce:

We represent about 1,800 businesses throughout southern Nevada. I appreciate the dialogue on this issue, and I appreciate Assemblyman Frierson for including our organization in the discussions on this bill. I know that today's discussion is about finding a balance between what we believe our citizens should minimally earn for entry level and similar hourly jobs, and ensuring economic growth for our state. Respectfully, we are in opposition.

First, a majority of our member businesses are small businesses. Generally speaking, the members that would be most impacted by this bill are small taverns, food service restaurants, and some manufacturing and distribution companies, but most of our small business members pay their employees more than the minimum wage. There are other aspects to consider when hiring new staff or maintaining current staff besides an increase of their hourly rate. First, our businesses have to ensure that an individual's value is worth the money that they are investing in that individual. Their value goes beyond what their hourly rate may be. For example, if an employee is currently being paid \$8.25 per hour, the business owner will incur a 31 percent increase in labor costs over the course of four or five years. Second, wage compression will occur as a result of the increased wages. An employee may receive a raise from \$8.25 per hour to \$10.25 per hour, but their supervisor who was making \$10.25 per hour will also receive a raise, and so on. The cost of Medicare, workers' compensation, and other employment insurances will increase as a result as well. All of

these expenses are wrapped into the cost of hiring a new employee, maintaining a current employee, or supporting wage increases over a period of time.

Luis Perez, Private Citizen, Las Vegas, Nevada:

As a recent high school graduate, I know the struggle of finding a job. Entry level jobs are important to young adults like myself. They provide us with the work experience we need to move forward. Fortunately, I was able to find a job that pays more than minimum wage, but I think my work could be jeopardized if the minimum wage was increased. Currently, I only work four days per week. If the minimum wage were increased, I fear my hours could be jeopardized. I could end up working less hours, or possibly be laid off.

Julie Joffrion, Private Citizen, Las Vegas, Nevada:

I agree with what the majority of speakers before me have said, but I would like to talk about Nevada itself being battle born. My great-grandparents were sharecroppers. My family members are the descendants of slaves. Thanks to Nevada, we were able to become successful individuals without government assistance. My great-grandmother raised five children and seven grandchildren on her wages as a maid and my great-grandfather's wages as a furniture mover. He put them all through private school with his own money, and my father is a successful retiree from the United States Air Force. What we have not heard today is the chilling effect that such a bill will have on individuals, like myself, who have worked for years to make more than the minimum wage. I have attended college for the last seven years, I am a mother, a wife, and a hard worker. How can someone graduate from high school and make \$12 per hour, when I have worked for more than 15 years to get where I am? I am afraid that this bill will affect people's ability to have the drive and tenacity to continue working hard in our community.

Eddie Diaz, Community Engagement Director, The LIBRE Initiative:

I urge you to oppose A.B. 456. It is worth noting that Nevada has seen the largest year-over-year employment growth in the nation, at 3.5 percent. Our state should be proud of its economic growth. In fact, we should not be content with the status quo, but should strive to continue growing our already robust economy. Doing so will present more opportunities for all Nevadans to reach their full potential and prosper.

However, raising the minimum wage will have negative consequences that proponents choose to ignore. According to an analysis from the Nevada Policy Research Institute (NPRI), in the 17 states whose Hispanic population exceeded 10 percent of the state's total population, such as here in Nevada, higher minimum wages correlated significantly with higher rates of Hispanic unemployment. Additionally, NPRI found that a \$12 minimum wage, as A.B. 456 proposes, is associated with a 9 percent unemployment rate for Hispanics, per the regression model. This should not be surprising. As we have seen in numerous cases across the country, as states or cities raise the minimum wage, businesses raise prices or cut costs in other ways, which hurts low-income families and consumers alike. When businesses cannot pass higher prices on to consumers due to heavy competition, they find alternative ways to cut payroll spending—less jobs, reduced hours, and reduced benefits.

We know that the first step in climbing the economic ladder is to gain employment and gain the skills and experience learned on the job. Raising the minimum wage reduces opportunities for people to enter the workforce, denying job seekers not only a source of income but setting them further back in professional development. While supporters of the increased minimum wage argue that it will help lower-income families attain a higher standard of living, these policies lead to decreased economic opportunity for the very people they intend to help. Assembly Bill 456 will undermine individual opportunity for too many Nevadans seeking to gain employment and earn a living, while only offering a short-term positive impact for very few workers. For these reasons, and others mentioned, I strongly urge you to oppose this bill.

**Brian L. Chausmer, Senior Vice President of Finance and Information Technology,
Ellis Island Hotel, Casino & Brewery, Las Vegas, Nevada:**

We are a family-owned business that has been in business since 1968. We employ about 700 active employees. I was raised in Las Vegas; I have been living here since 1960. I am here today in opposition to Assembly Bill 456 as it is currently written. We understand that the minimum wage needs to be reviewed and increased periodically; we are not opposed to that. However, the current version of the bill does not take into consideration that tipped employees represent a vast majority of our employees, as previous speakers have mentioned. Our tipped employees earn the majority of their income from tips, not from their hourly wage. Our company does not have any employees being paid minimum wage that are not in tipped positions. Without some type of credit for the wage increase above the current level, \$8.25 per hour, we will be forced to reassess our current business model, including the number of employees we have, how many hours they work, and the benefits we provide. We will also have to consider increased automation and prices. All of these potential changes have a negative impact on tipped employees, which is the exact opposite impact that the bill intends to have.

**James L. Wadhams, representing National Restaurant Association; and Nevada
Restaurant Association:**

Assemblyman Frierson identified the need to discuss a variety of issues that need to be addressed. I have heard the expression "one size fits all" in reference to this bill, but we have a diverse workforce and a diverse state, which needs to be taken into consideration. We need to be sensitive to the issues that have been raised in regard to youth, training, meal credits, and tip credits. We welcome the opportunity to continue these discussions with Assemblyman Frierson. The restaurant industry supports its workforce and wants to ensure that all of its employees are earning fair wages.

Assemblywoman Carlton:

Tip credits have been discussed frequently today, and it is no secret how I feel about them. How much would the restaurant industry propose to cut people's pay to make up for the increased minimum wage? What would you propose be the sub-minimum wage in the state?

James Wadhams:

That is not the proposal that we would be prepared to make. The minimum wage, as set forth in the *Nevada Constitution*, is unchangeable. We would be interested in discussing increases to the minimum wage above that level. This is a discussion that we look forward to having, and hope that it can balance the competing viewpoints that the Committee has heard today.

Assemblywoman Carlton:

You would propose that the new sub-minimum wage in the state be the current minimum wage. The minimum wage would increase, but tipped employees would be locked in at the current minimum wage, which would essentially become a sub-minimum wage. Is that correct?

James Wadhams:

The application of this bill is ultimately decided by this legislative body. We commit to participate in the discussions in good faith.

Assemblywoman Carlton:

The Nevada Restaurant Association and the National Restaurant Association are proposing, as part of the discussions surrounding this minimum wage bill, that the state establish a sub-minimum wage. Yes, or no?

James Wadhams:

I do not believe that I would characterize the discussions that we intend to have to be creating a sub-minimum wage for tipped workers. There may well be a sub-minimum wage for employees in training and probationary periods, youth, or seasonal employees. It is not our intention to establish a sub-minimum wage for tipped workers.

Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro Chamber of Commerce:

I would like to thank Assemblyman Frierson for the dialogue he has had with us regarding A.B. 456. We also appreciate the dialogue we have heard today from both proponents and opponents. The Las Vegas Metro Chamber of Commerce is concerned about the potential adverse impact that A.B. 456 may have on Nevada's employers, employees, and overall job climate.

As the state's largest business association, our members employ approximately 230,000 Nevadans, many of whom our employers consider to be part of their families. Our members, many of whom are small employers, work hard every day and want to do what is right for their employees and customers. In doing so, they must manage their businesses within their means. Currently, the state's mean wage is increasing due to the market demand for employees. According to Nevada's employment information, the mean wage for all occupations is approximately \$21.65 per hour. However, we recognize that there is a range of wages that exists within Nevada's broad and diverse employment sectors.

The Chamber wanted to be open-minded about the proposal in A.B. 456, and sought feedback from our members on this issue. A survey was conducted by the Chamber. Many respondents indicated that a minimum wage increase would affect their business. Employers indicated that they would need to make a change or adjust their business models if the state minimum wage increased. According to our members' responses, 60 percent would consider slowing the hiring of new employees, 61 percent would consider increasing the price of goods or services, 57 percent would consider reducing employee hours, 48 percent would consider not replacing employees who leave, 42 percent indicated they may have to lay off employees, and 50 percent would consider automation.

We also need to consider the economics of business. Wage increases also mean for employers additional costs of modified business tax, unemployment insurance, and workers' compensation. In our survey, 50 percent of the respondents indicated that the proposal would result in additional costs. It is also important to consider the economic development impacts that the bill would have on the expansion of businesses and attracting new businesses to the state. Lastly, many states in the country consider health care credits, overtime formulas, training wages, and industry sector employment sizes and ranges when formulating their minimum wage. The Chamber is opposing the bill today, but we look forward to continuing our conversations with Assemblyman Frierson.

Assemblywoman Hardy:

I am a small business owner; we have owned a limited-service restaurant for 14 years. I appreciate the testimony that has been provided today and the stories from workers who have struggled to make ends meet. I truly do see both sides of this issue. I have worked for minimum wage in my life, and so have my daughters. I appreciate Assemblyman Frierson being willing to work with all stakeholders on this issue.

I can speak for my husband and myself in that, as employers, we have always paid our employees a fair wage. I recognize that not all employers do this. There have been conversations that claim this bill will not affect businesses, but if this bill were to go into effect, my business' profit would be reduced by about \$15,000 or \$20,000 per year. This may not seem like a lot to some, but it is a lot to us. This leaves business owners with few options—letting employees go, cutting hours, raising prices, or closing your doors. My husband currently works another job so we can have access to health insurance. We are trying to make ends meet ourselves so we can afford to pay our employees. Employers do care about their employees, but it is our goal to have jobs for people. If this bill is passed, I fear that we will lose jobs, and many of the job losses will be from small businesses.

I appreciate the statistics that you shared, because the statistics show that employers will have to reduce the number of job positions or reduce hours. I appreciate the testimony that we have heard today, and I hope that we can work together to find common ground.

Assemblyman Kramer:

You mentioned that your members employ 230,000 people, and the average wage is \$21.65 per hour. Can you give me an idea of how many of those employees are currently making minimum wage?

Paul Moradkhan:

We pulled the statistics from the Department of Employment, Training and Rehabilitation Occupational Employment Statistics survey. It is difficult to determine the exact number of employees earning minimum wage. The data shows salaries by industry sector. It is my understanding that there are less than 100,000 employees making minimum wage, of the 1.4 million employees in the state. I can provide the data to the Committee as well.

Mendy Elliott, representing Reno-Sparks Chamber of Commerce:

We also conducted a survey of our members and found very similar results to what Mr. Moradkhan cited. Of the surveys we sent out, there was only one employer paying their employees minimum wage in the Reno area. The rest of the employers seemed to pay their employees a minimum of \$10 to \$13 per hour, which is what the market demands in the northern Nevada area for a good employee. We appreciate Assemblyman Frierson's willingness to work with us as we continue to move this bill forward.

Sean T. Higgins, Chief Legal Officer and Executive Vice President of Compliance and Government Affairs, Golden Entertainment, Las Vegas, Nevada:

We do not oppose an increase to the minimum wage in the state of Nevada. I have met with most of the legislators over the course of the last session and the interim, and my company has made our position very clear. However, we do oppose the bill in its current form, because we think it is incomplete. It does not include an exemption for tipped employees' wages above the current constitutional rate of \$8.25 per hour. There is a better way to accomplish an inclusive solution to this issue, which takes all parties into consideration.

Golden Entertainment employs over 7,800 people in the state of Nevada and is a multi-faceted gaming company. Raising the minimum wage to \$12 per hour, even with an exemption for tipped employees, would increase all of our non-tipped employees' wages to \$12 per hour, and our company believes that is good. Assemblyman Frierson said that a higher minimum wage will allow a full-time worker the capacity to support themselves and their family. Employees at our company—waiters, waitresses, bartenders, and dealers—earn anywhere from \$15 to \$45 per hour in tips. That wage allows them the capacity to support themselves and their families. It is not a wage that does not allow that.

Nevada is the hospitality capital of the world because we are a tipped economy and our employees provide excellent service in exchange for those tips. If the bill passes without an exception for tipped employees' wages above the current constitutional minimum wage, the landscape of Nevada's hospitality industry will change. Forty-three states have a tip credit, a credit below the federal minimum wage for tipped employees. Every single one of the states mentioned by the people in support of the bill that have recently increased their minimum wage has a credit for tipped employees. If A.B. 456 passes, there will be locations

reducing hours, automating, increasing prices, and possibly adding service charges to bills to offset the increased wages. All of these changes have an effect on tipped employees, and a majority of the effects are negative.

Assemblywoman Carlton:

You would propose to create a sub-minimum wage for tipped employees in the state, by holding them at the federal minimum wage, while other employees receive an increased wage. Is that correct?

Sean Higgins:

Not all workers are created equal. There are people who earn \$8.25 per hour. However, there are, for example, bartenders and waitresses who earn \$8.25 per hour and receive tips. Tips are reported via the Internal Revenue Service Gaming Industry Tip Compliance Agreement Program, or otherwise. These two workers are not created equal, and the tipped employee does not actually earn \$8.25 per hour. Tipped employees earn a much higher wage, in excess of \$12 per hour in most cases.

Assemblywoman Carlton:

The minimum wage is \$8.25 per hour and I am not aware that the state has set a wage ceiling, which means that people are allowed to choose jobs that earn more money. To reiterate, you would propose that the state create a sub-minimum wage, by holding tipped employees at the federal minimum wage and allowing other employees' wages to increase. Is that correct?

Sean Higgins:

In our proposal, tipped employees would remain at the federal minimum wage rate, while non-tipped employees' wages would increase to \$12 per hour.

Assemblywoman Carlton:

I have heard this argument many times, but Nevada is the state that it is because tipped employees in the service industry built it. They came here to build our state because there was no sub-minimum wage. Tipped employees own homes, have health care, have pensions, serve in the Legislature, and are good citizens. They should not be treated any differently simply because they choose to work in a tipped position. That tip belongs to the employee, and does not involve the employer. Employers need to stay out of the tipped workers' business. They are inserting themselves into the employee's relationship with their customer. This state is the way it is because of the people who are working really hard. Just because they are tipped does not mean they are lesser than anyone else.

Marcos Lopez, representing Americans for Prosperity Nevada:

[Marcos Lopez spoke from prepared text ([Exhibit I](#)).]

I think everyone understands that there are negative consequences associated with raising the minimum wage. No one in good faith can argue that there are not, which is why the bill increases the minimum wage incrementally and does not increase the wage to \$12 per hour

immediately. I also do not believe that anyone will change their opinion on this issue after today's hearing. However, we are addressing the wrong problem. We are discussing the need to raise the minimum wage because we cannot afford the cost of living and rising prices. This is what we need to focus our energy on. This bill will make it more difficult for people to climb the economic ladder and gain the skills that they need. Furthermore, if raising the minimum wage was the solution, the problem likely would have been solved many years ago. We will need to have this conversation about raising wages again in ten years, because it is not an effective policy to address poverty.

Approximately 12,000 people earn minimum wage or less in our state. The unemployment rate is currently 4.3 percent, which means there are about 66,000 people currently looking for work in the state. This is why we prioritize occupational licensing reform, because it is a way for people who earn minimum wage or are looking for employment to earn more than what this bill proposes. There is a strong body of research that supports that. While the bill's intentions are good, the consequences are not aligned with its intentions.

I want to address some of the points raised by people who testified in support. There were unions here in support today, and I think they understand this issue. However, unions in Los Angeles, Chicago, and Milwaukee have requested escape clauses after actively supporting an increased minimum wage. Others mentioned big businesses that have voluntarily raised their minimum wage. When businesses do this voluntarily, it is correct for American progress. They do it because they want to retain good employees. But big businesses that support raising the minimum wage through a mandatory scheme are trying to squeeze out smaller competitors. They are not doing it because they are selfless.

Randi Thompson, State Director, National Federation of Independent Business:

As Assemblyman Frierson and others have stated, there are not many Nevadans being paid minimum wage. Many small business owners are not paying their employees minimum wage, because the market does not allow for that. It needs to be understood that a mandated minimum wage increase will cause all wages to increase. This is called "wage creep." Expensive labor will take a toll on Nevada's small businesses. More and more companies will consider automation. Nevada ranks first in vulnerability for job automation.

I have provided a chart [pages 3 and 4, ([Exhibit J](#))] that shows the actual percentage increase in payroll costs from increasing the minimum wage to \$12 per hour. Overall payroll costs would increase by 50 to 58 percent. In an example, Kimmie Candy is made locally in Reno. Labor accounts for 56 percent of the owner's costs. A \$1 increase to the minimum wage would increase his labor costs by \$80,000 per year. A small business making the products they do in a very competitive market cannot raise prices. The owner will consider automating or laying off employees.

When the minimum wage rate is raised, all wage rates have to be raised. One of the speakers earlier mentioned that companies like Target and Bank of America have recently raised wages. That is because they can absorb the cost; small businesses cannot. These are the businesses that this bill will hurt the most.

Bryan Wachter, Senior Vice President for Government and Public Affairs, Retail Association of Nevada:

First, there are a lot of Nevadans currently making minimum wage, some of whom work for the state of Nevada. There will continue to be a large number of people making minimum wage because public employees are exempt from the provisions of this bill. Second, we have to address all of the labor inputs. We have discussed in detail what the labor is worth, but we have not discussed how the labor becomes worth what it is. The skills training needed for a minimum wage level job has to be addressed. Lastly, we are opposed to how the bill is currently written, but we can certainly get to a place of support. We think the overtime provisions discussed are important, and we think that a conversation about how different industries are affected is important. I would also like you to take into consideration the other bills this session that propose to raise the cost of labor, such as Assembly Bill 251, Assembly Bill 355, Senate Bill 166, and Senate Bill 177.

Jonathan P. Leleu, representing Northern Nevada Chapter NAIOP, Inc.; and Southern Nevada Chapter NAIOP, Inc.:

I agree with what the previous speakers in opposition have said.

Chair Spiegel:

We will now hear testimony from those in neutral.

Cyrus Hojjaty, Private Citizen, Las Vegas, Nevada:

I have a mixed view of the minimum wage. Certainly, \$12 per hour has been adjusted for inflation when compared to \$8.25 per hour. It makes sense to raise the minimum wage. However, raising the minimum wage does not accomplish anything in the long run. I believe that the heart of the problem is the increasing cost of living including the cost of medical care, tuition, and housing. It is unbelievable that starter homes in the Las Vegas Valley are selling for \$250,000 when there is plenty of available land to build new homes. Rent is increasing from \$800 to \$1,500 per month. Where does the money go? The increasing prices create pressure to increase the minimum wage.

Wealth inequality is the other issue. Chief Executive Officers (CEOs) are earning exponentially more than their lowest-earning employees. Jim Murren, CEO of MGM Resorts International, recently began charging for parking and used the profits to increase his own salary. His employees hardly received anything. I believe we need to implement a ratio system in which a CEO cannot make more than 50 times the lowest-paid employee. If the CEO gets a 5 percent raise, the other employees will get a 5 percent raise.

The low-income inequality since World War II is the heart of the problem. I believe it is better for wages to raise naturally. The problem is not made better by buying low-quality products from China when the same goods could be manufactured locally. In the long run, I do not believe this bill will address the problem because an increasing number of jobs will be automated.

Lisa Foster, representing State of Nevada Association of Providers:

With me today is Dr. Jared Chase, Clinical Director at Chrysalis, the largest provider of supported living arrangements in the state. Chrysalis is a member of the State of Nevada Association of Providers.

Jared A. Chase, Clinical Director, Chrysalis:

Chrysalis provides residential and day services for approximately 240 individuals with intellectual and developmental disabilities, Down syndrome, autism, and related disorders in the Las Vegas, Carson City, and Reno areas. We employ approximately 800 staff members throughout Nevada. The State of Nevada Association of Providers (SNAP) is a group of provider agencies that, together, serve thousands of individuals across Nevada with diagnosed intellectual disabilities through the funding allocated by the Legislature and managed by the Aging and Disabilities Services Division (ADSD) within the Department of Health and Human Services. The State of Nevada Association of Providers is neutral on Assembly Bill 456.

I want to discuss the impact that a minimum wage increase would have on the contracted disability agencies across Nevada. Our employees work hard, do difficult jobs, and we would like to see them earn higher wages. However, raising the minimum wage without simultaneously raising the disability agencies' reimbursement rates would be disastrous. The current disability provider reimbursement rate structure simply does not support it.

Our industry has an incredibly high turnover rate. Last year, the average turnover rate among SNAP members was 76 percent statewide. The average turnover rate was even higher in northern Nevada, with some agencies averaging over 100 percent turnover last year. Additionally, the average starting wage for frontline staff in disability agencies in Nevada is \$9.65 per hour. Disabilities agencies would like to pay their employees more, but with the turnover rate so high and the starting wage so low, they cannot afford to do so at the current reimbursement levels.

To reiterate, SNAP agencies receive funding from the Legislature through budget allocations provided to ADSD and matched with federal waiver dollars at an approximate 1:3 ratio. If the minimum wage is increased, it is imperative for the Legislature to simultaneously raise the reimbursement rates for disability providers by the same percentage to ensure continual disability services for Nevada's most vulnerable citizens.

Tyre L. Gray, representing Goodwill Industries of Southern Nevada Inc.:

We are neutral on A.B. 456. Goodwill of Southern Nevada, like many nonprofits, relies on the goodwill of citizens to donate goods for sale to achieve its mission. Its mission truly is economic development by giving job skills to the people at the margins of our society. Each day that people at Goodwill use those skills to find a job that earns more than minimum wage is a success. An increased minimum wage may have a negative impact on nonprofits in the state of Nevada. Thus, we ask that the Committee consider the impact on nonprofits and how we can best craft a bill that will achieve that objective.

Assemblywoman Carlton:

I understand where you are coming from but, as an executive director of a nonprofit I will not be asking for an exemption. If my employees are not earning salaries, they are earning \$20 per hour. We do not have nearly as many resources as your client has. We have not heard much testimony from nonprofits, but I think they understand what the bill intends to do. Nonprofits serve those who are making minimum wage and struggling to survive. They see the impacts of a low minimum wage.

Tyre Gray:

That is why we are testifying in neutral. We believe that any day we can promote someone from this space into a higher paying job is a good day, and we are achieving our mission. We only ask, as we craft the details of this bill, that we take this into account.

Greg Ferraro, representing Nevada Resort Association:

We are here today to express our neutral position. We have had conversations with Assemblyman Frierson, the Office of the Governor, and others since the beginning of the session. This is an important piece of legislation, and it is important to get it right. On behalf of more than 70 hotel resorts throughout the state, our industry is committed to working with Assemblyman Frierson, legislators from both the Assembly and the Senate, and Governor Sisolak. We have expressed our concerns, received many answers, and will continue to work in good faith.

Melanie Young, Executive Director, Department of Taxation:

I am here in neutral to A.B. 456 and would like to clarify the fiscal note that the Department of Taxation submitted. The Department submitted a fiscal note based on an incorrect assumption of static behavior that in no way anticipates the impact of this bill on modified business tax, business' hiring patterns, and wages. Unfortunately, this was an error of a new economist for the Department who tried to calculate the impact using a model and data that does not apply here. In the past, the Department of Taxation has not been able to project the impact of similar bills. The fiscal note was submitted in error as an inaccurate attempt to calculate the impact. Therefore, the fiscal note should have been submitted as "cannot be determined."

[([Exhibit K](#)), ([Exhibit L](#)), ([Exhibit M](#)), ([Exhibit N](#)), and ([Exhibit O](#)) were submitted, but not discussed, and will become part of the record.]

Chair Spiegel:

Seeing no one else here to testify, we will close the hearing on Assembly Bill 456. We will open the hearing on Assembly Bill 383.

**Assembly Bill 383: Revises provisions relating to student education loans.
(BDR 55-880)**

Assemblyman Howard Watts, Assembly District No. 15:

Paying for higher education can be a challenge, and student loans play an important role in covering the cost of attending college, including tuition, textbooks, and room and board. Student loan servicers are a critical link between borrowers and lenders. They manage accounts, process payments, and communicate directly with borrowers. However, the Consumer Financial Protection Bureau (CFPB) notes that there are no consistent market-wide federal standards for student loan servicing. Consumers with federal and private student loans report a range of problems, including servicers making mistakes, records getting lost, payments being processed too slowly, or servicer personnel not having the latest information about a consumer's account.

Student loan debt has reached crisis levels. Student loans are unique. Unlike a car loan or a mortgage, education is not an asset that can be returned to the lender if the borrower is in over his head, and unlike credit cards, the borrower cannot seek protection via bankruptcy. While I have not personally dealt with student loans, people close to me have, and I can personally relate to the frustration of doing research to make an educated decision to purchase a product or service, only to ultimately have the customer service or billing department explain the product or service terms quite differently than I understood. If borrowers are being taken advantage of in that moment, where do they go for help? Assembly Bill 383 is meant to address some of these issues.

**Seth Frotman, Executive Director, Student Borrower Protection Center,
Washington, D.C.:**

[Seth Frotman spoke from prepared text ([Exhibit P](#)).]

Until last year, I served as the Student Loan Ombudsman at the Consumer Financial Protection Bureau (CFPB), helping to lead all of its student loan related work. I am grateful for the opportunity to speak today. Student loan borrowers desperately need your help. In the United States, nearly 45 million Americans owe a collective \$1.56 trillion in student loan debt. In Nevada, more than 300,000 people currently have student loans, owing a collective \$10 billion in student loan debt. These borrowers are from all walks of life. One in three millennials owe student loan debt, and nearly 25,000 seniors are responsible for a student loan. These borrowers are urban and rural, including 34,000 borrowers living in rural communities in the state.

As Assemblyman Watts mentioned, borrowers are subjected to a range of predatory practices at the hands of private sector companies, particularly student loan servicers. These companies are paid hundreds of millions of dollars to assist borrowers in accessing protection and benefits that could help them manage their debt. Law enforcement officials from coast to coast, at both the federal and state levels, have brought lawsuits documenting that these companies are engaged in widespread illegal business practices. They hurt all types of borrowers trying to repay their debt, including teachers, nurses, service members, and

veterans. In the past, the CFPB received a complaint from a service member in Reno whose servicer repeatedly and inaccurately placed his loan into forbearance, instead of an income-driven repayment plan. This mistake resulted in hundreds of dollars of capitalized interest charges and months of lost progress toward Public Service Loan Forgiveness. Unfortunately, there are too many examples like this one, nationally and in Nevada. The bill will address this issue.

The state currently oversees debt collectors and check cashers. This bill recognizes the importance of student loans in constituents' lives and ensures that the private sector, out-of-state servicer companies follow the law. It also creates a critical resource, a Student Loan Ombudsman, to be a central point of contact in the state government for borrowers to reach out to when they run into roadblocks. The federal government has essentially walked away from the fight to protect student loan borrowers. For years, it was my job to work on these issues, but it has become apparent that the federal government is no longer interested and has no intention to continue the work. If the more than 300,000 borrowers in Nevada are going to receive help, it will be because of pieces of legislation like A.B. 383. If we truly are going to manage Nevada's more than \$10 billion of debt, we cannot rely on the federal government.

Chair Spiegel:

Thank you, Assemblyman Watts and Mr. Frotman, for bringing this bill forward. Where in the bill does it mandate that a servicer that makes a mistake, either knowingly or unknowingly, would be compelled to correct it and issue notices of their mistake to credit reporting agencies to rectify the situation?

Seth Frotman:

Section 28 is one of the critical provisions of the bill, as it specifically outlines the prohibited conduct of a student loan servicer. It prohibits unfair, deceptive practices and knowingly or recklessly providing inaccurate information to a credit bureau, among other behaviors. The bill allows Nevada, through the Banking Commissioner, to seek relief on behalf of borrowers by way of routine examinations and supervisory work and to seek injunctive relief for problems they come across. As more and more states are realizing the critical nature of this issue, it defines Nevada as a leader among other states in getting restitution for borrowers and pushing systemic reform across the entire market.

Chair Spiegel:

That helps clarify the intent of the bill, but I am interested in going one step further.

Assemblyman Watts:

I would be happy to make some additional modifications to the bill to help clarify those provisions. Requiring that a servicer rectify their mistakes certainly is the intent, and if it is not covered, we can make the language clearer.

Assembly Bill 383 does four important things. First, it creates a Student Loan Ombudsman, who will be a knowledgeable advocate to help borrowers navigate the process and reach the best possible outcomes. They will also compile information on the issues that Nevada's hardworking families face in regard to student loans, based on the complaints and feedback received. Second, the bill includes a student borrower bill of rights, which clarifies how borrowers should be protected from detrimental and deceptive practices. Third, it gives the state the authority to investigate complaints about poor consumer practices. Lastly, it creates a licensing system to protect consumers from noninstitutional lenders. The bill seeks to be proactive in screening lenders and keeping scammers and fly-by-night companies out of the student lending business.

Assembly Bill 383 establishes a new chapter in *Nevada Revised Statutes* Title 55 for the licensing and regulation of a student loan servicer by the Commissioner of Financial Institutions. I have provided a conceptual amendment ([Exhibit Q](#)) to the Committee, which is available on the Nevada Electronic Legislative Information System. The third proposed amendment in that document modifies the definition of "student loan servicing" in section 10 to align with federal law. The bill sets forth requirements related to the licensing of student loan services. A person is prohibited from acting as a student loan servicer without obtaining a license from the Commissioner to do so, and the bill sets forth the persons exempted from this requirement. The second proposed amendment in that document provides some additional exemptions for certain federally contracted servicers. The measure sets forth requirements governing the business practices and other actions of student loan servicers, such as a licensee's requirement to notify the Commissioner when he or she ceases to engage in servicing, a requirement applicable to a person who provides a check or other method of payment to the Commissioner that is returned or otherwise dishonored, and a record-keeping requirement for student borrower transactions. These requirements are addressed in sections 22 through 24 of the bill, as well as in sections 26 and 27.

In sections 29 through 32, the Commissioner is given the authority to conduct investigations and examinations for the purposes of initial licensing, license suspension, license revocation or termination, and general or specific investigation to determine compliance with application requirements. The provisions describe the scope of the Commissioner's authority and authorize the Commissioner to retain a professional specialist or enter into an agreement, as necessary, with regard to the investigations. Section 33 allows the Commissioner to deny an application and suspend, revoke, or refuse to renew a license if he or she finds the licensee violated any provisions of the chapter, or if any fact or condition exists which would have resulted in denial if it existed at the time of initial application.

The Student Loan Ombudsman provisions are in section 11 primarily, but are also referenced in sections 11 through 15. In some cases, the consumer may have issues with their loan that they are unable to resolve. The Ombudsman is a neutral contact who evaluates the data and enables both parties to come to a resolution. The first proposed amendment would move the Student Loan Ombudsman from the Division of Financial Institutions of the Department of Business and Industry to the Division of College Savings and Scholarship of the Office of the State Treasurer. Lastly, we authorize the Commissioner to adopt the regulations necessary to

carry out the provisions of the new chapter. There is a cleanup amendment that will be withdrawn. After consulting with the Legal Division, it was determined that the language is not duplicative.

Assemblywoman Neal:

My question comes from section 17. There is currently a finite number of loan servicers in the state that will now be regulated by the federal government. However, it seems we will be allowing new servicers to operate in the state. Do you envision new servicers entering the market or allowing only existing servicers to operate in the state?

Assemblyman Watts:

We envision providing greater regulatory oversight and authority for our state to oversee the servicers that already exist. The intent is not to promote new servicers, but for those that are already conducting business and servicing loans in the state to be regulated by the Division of Financial Institutions. The process for this is outlined in section 17. The conceptual amendment provides some additional clarification; some entities that already exist will be exempt from the licensing requirements because of the separation of power between federal and state governments. These entities will be required to pay a fee, they will be licensed, registered, and subject to investigations, but they will not go through the vetting process that other prospective licensees will.

Assemblywoman Neal:

It is my understanding that states only have jurisdiction over private loans, and public loans are considered assets of the federal government. I assume the preemption addresses this, and that the bill will require private loans to be governed by the Division of Financial Institutions. Is that correct?

Assemblyman Watts:

There is an additional exemption for banks and financial institutions, because they are already regulated. The goal is to capture the private loan servicers that currently exist in a legal "grey area," ensuring they are brought under the regulatory oversight of the Division of Financial Institutions.

Assemblywoman Neal:

The lawsuits recently brought against Navient Corporation were centered on a few offenses, namely their refusal to offer income-driven repayment plans and actions that have caused an increase in student debt. Would the Ombudsman, with the preemption amendment, have the power to defend Nevada citizens in these circumstances or when these issues arise?

Assemblyman Watts:

The Ombudsman will be a central point of contact who will field complaints, learn about the issues that borrowers are facing, and interact with borrowers to get these issues resolved. More serious issues and complaints can be escalated to the Division of Financial Institutions. The public can also report complaints directly to the Division of Financial Institutions to be investigated further.

Seth Frotman:

I was honored to be the Ombudsman at the federal level. I think it is a critical job, to not only help individual borrowers navigate their repayment options and be an unbiased source of information, but to be a critical link between state government and state law enforcement officials. They can help identify patterns in practices or violations, and help identify larger trends in the industry, which can be a focus for systemic change in the future.

Assemblyman Kramer:

Of the 300,000 student loans in Nevada, do you know how many of them are private loans, not issued by a federal entity or bank? Second, a lot of Nevadans relocate here from other states. If their lender is located in another state, how will we be able to license them?

Assemblyman Watts:

The intent of the legislation is to protect residents of the state of Nevada. Lenders often service loans in a number of states. If a borrower moves to Nevada from another state, it is likely that someone in the state is already being serviced by the lender, and so the lender would already be licensed and subject to the compliance provisions as laid out in the bill. The bill is not meant to transcend the state, but it is meant to protect anyone who resides in Nevada.

I do not know how many student loans in Nevada are private loans. However, we have a significant issue with the overall debt load, to the tune of almost \$10 billion. There are more than 60,000 Nevada borrowers currently in delinquency. Anything we can do to get them on the right track will be a step in the right direction. Oftentimes, the Ombudsman will not need to take action on a lender, but they can be available to borrowers as a single point of contact who is knowledgeable and can be a bridge between the borrower and the servicer, to help find a solution that is agreeable to both parties.

Seth Frotman:

Currently, approximately nine individual lenders are servicing more than 90 percent of the market. Based on what we have seen in other states, these servicers are going to have borrowers in Nevada and will be required to obtain licenses. If a borrower relocates from another state, we can say with near certainty that their lender already operates in Nevada. Borrowers are reaching out to their servicers in an effort to receive help paying their bills, and there exists rights and protections that could help them, by managing their debt with reduced payments or allowing them to discharge their loan in certain circumstances. However, there is a huge gap in the rights and protections afforded to borrowers and the information they are receiving from servicers. The Student Loan Ombudsman and the oversight afforded to the Division of Financial Institutions are efforts to help an entire generation who is struggling under the weight of their debt and desperately trying to pay it back.

Chair Spiegel:

Seeing no additional questions from Committee members, we will now hear testimony from those in support.

Erik Jimenez, Senior Deputy Treasurer - North, Office of the State Treasurer:

As Assemblyman Watts noted, the Office of the State Treasurer and the Department of Business and Industry have respectfully requested that the Student Loan Ombudsman be housed within the Office of the State Treasurer, as we think this is the best place for this position. Currently, our office administers all of the state's college scholarship and savings programs, including the Governor Guinn Millennium Scholarship Program, the Nevada Prepaid Tuition Program, and the Nevada College Savings Plans Program. We envision the Student Loan Ombudsman working collaboratively with our existing college savings program staff, the Department of Business and Industry, and our other community partners to help Nevadans navigate the student loan process. If the Ombudsman can assist students prior to beginning the student loan process, we might also be able to prevent students from ending up with more debt than they need. We support this bill.

Charisse Gress, Private Citizen, Las Vegas, Nevada:

This issue is important to me. In the late-1990s, I was attending college to be a medical assistant, but was kicked out right before I finished because of \$300 that I still owed on my student loans that I could not afford at the time. Eleven years later, while doing my taxes, I noticed that my student loan debt had increased to \$2,700, unbeknownst to me. The predatory student loan rates should be regulated, so there are no hidden fees and surcharges when a student cannot afford it. My nieces were attending college, and their school shut down without informing them, but they still had to repay their loans and surcharges. Lawmakers need to regulate the predatory rates and the deceptive loan terms. They can help students pursue higher education by overseeing the student loan industry. Higher education is out of reach for so many students in our state because of loan rates like these.

Aaron Ibarra, Private Citizen, Henderson, Nevada:

I am a student at the University of Nevada, Las Vegas (UNLV) and a program assistant for the Student Diversity & Social Justice program at UNLV. Student loans have been the noose around many students' necks for many years. However, the ever-increasing rate of tuition has made attending college without a loan almost impossible, especially for first generation and low-income college students. The average student borrower in Nevada owes \$22,000 in student loan debt, but the average Nevada student does not earn anywhere near \$22,000 to pay them back. Nationally, student loan debt now equates to about \$1.5 trillion, second only to mortgage debt in America. The cost of getting an education should not be comparable to the cost of buying a house.

For those who are low-income or first-generation college students, like myself, it becomes increasingly difficult to get a college education with such major roadblocks as monetary restrictions. In fact, I have many family members who are unable to afford college and are too scared to take out loans. Mario, Juan, Melissa, Diego, Jennifer, Beto, and Augustin are all members of my family who are first-generation college students and low-income.

Some of them qualify for grants and some do not, but they were all unable to finish college because it was too expensive and the loans they were offered had outrageous interest rates or predatory terms. These are the people that these lenders exploit, and it is disgusting. I ask today that you please support Assembly Bill 383. Students need lenders that are more regulated and held accountable for their actions. Restricting these lenders' behavior and creating a Student Loan Ombudsman position would be a step in the right direction to help the students of Nevada.

Maria Eugenia Prentice, Private Citizen, Las Vegas, Nevada:

I am a grandmother who has been raising my grandchildren. A few years ago, my grandson took out a loan to go to school. His teacher was not in class half of the time, and one day he went to school and the school had been closed down. He is left to repay the balance of his student loans to the tune of \$42,000. With interest and fees, he will owe about \$46,000, which he cannot afford to repay. This is why I am in support of A.B. 383.

I have another grandchild in college, but he has not attended school in a year because he is waiting to receive a grant. I have one grandchild who will start high school next year, and one who will start middle school. I volunteer with the Boy Scouts of America, and am saddened to see the large number of children who cannot afford college in Nevada. As moms, we dream that our kids will attend college so they can make a better living, and we get excited when our kids graduate from high school. But they face a roadblock when they cannot afford to attend college. I urge you to support A.B. 383.

Sophia A. Romero, Staff Attorney, Consumer Rights Project, Legal Aid Center of Southern Nevada:

We support this bill.

Chair Spiegel:

Is there anyone who wishes to testify in opposition? [There was no one.] Is there anyone who wishes to provide neutral testimony? [There was no one.]

Assemblyman Watts:

Thank you for your consideration of this bill. I ask that you continue to voice your concerns to me, and we will incorporate them into the bill going forward. I urge your support for A.B. 383.

Chair Spiegel:

We will close the hearing on Assembly Bill 383, and open the hearing on Assembly Bill 351.

Assembly Bill 351: Revises provisions relating to shampoo technologists. (BDR 54-174)

Assemblywoman Lisa Krasner, Assembly District No. 26:

A primary theme of the 2019 Session is second chances—giving people a second chance to get a job and become a productive member of society, breaking down barriers to getting a job, and breaking the cycle of poverty and incarceration. Assembly Bill 351 does just that.

Assembly Bill 351 relates to occupational licensing and shampoo technologists, which is a fancy term for someone who washes your hair. Assembly Bill 351 seeks to revise the current shampoo technologist limited license program to a shampoo technologist occupational certificate program.

Occupational licensing is a form of government regulation that requires a person to obtain a license for a particular profession or occupation. For example, the government requires doctors and lawyers to have occupational licenses. Occupational licensing creates a regulatory barrier to entry for licensed occupations. We would expect the government to require a license for a doctor, who has our life in his or her hands, or a lawyer, who has our personal freedom in his or her hands. Occupational licenses are expensive and require many hours of education, training, and documentation to obtain. A less onerous way for the government to regulate occupations is by occupational certificate. An occupational certificate is a course pertaining to a particular profession that provides a person with the training to start their career. A person takes the course and receives a certificate upon completion of the course. Certificate programs are typically less expensive and take less time to acquire. Once a person receives the certificate, they can start working. Occupational certificates allow people to get jobs in a shorter period of time.

The Institute for Justice published a study titled "License to Work," a national study of the burdens of occupational licensing that measured how burdensome occupational licensing laws are, especially for low-income workers and minorities. Studies show that the costs of occupational licensing disproportionately affect minorities and the poor and act as a barrier to employment. Because licenses impose significant education or experience requirements, licensing restricts low-skill employment opportunities by placing barriers to entry on jobs that could otherwise be performed by individuals with limited training. Licensing often reduces opportunities for the most vulnerable workers and those who need these jobs the most. Licensing has been found to disproportionately affect ethnic minorities, persons of low income, and persons being released from prison. It is appropriate to require licenses for some professions but unnecessary to require them for other professions.

In Nevada, students who want to be a shampoo technologist must complete 50 hours of training, either in-person or online at a cosmetology school, and pay the course fee. After they complete the 50-hour instruction course and pay the fee, they must complete and submit an application to take the Nevada State Law Test. The cost for the examination is not less than \$50 and not more than \$100. The initial license fee is \$50 for a two-year license or \$100 for a four-year license. After passing the written test, they obtain a license from the State Board of Cosmetology. They must pay all of the course fees, application fees, exam fees, and initial license fees before working. To maintain their registration, they must renew the license every two or four years.

In Nevada, there are currently 2,500 licensed cosmetology salon establishments, but there are only 40 people in the entire state licensed as shampoo technologists. This illustrates how prohibitive it is to become a shampoo technologist in the state of Nevada. Assembly Bill 351 replaces the existing registration requirements for shampoo technologists. The bill allows a shampoo technologist to register online on the State Board of Cosmetology website. The

registrant must satisfy the requirements prescribed by the Board and regulations, including a requirement to complete five hours of in-person or online instruction related to shampooing, rinsing, and infection. The bill prescribes the requirements for a person to register online as a shampoo technologist and allows him or her to satisfy the requirements online. The bill provides for online proof of registration and prescribes a registration fee. The bill provides that a person who holds a shampoo technologist certificate is not required to renew their registration.

Please join me in supporting A.B. 351, to give people a second chance to get a job and become a productive member of society, break down barriers, and break the cycle of poverty and incarceration. I have proposed a conceptual amendment ([Exhibit R](#)), which includes a mock-up of the bill. The required number of instruction hours for a shampoo technologist to be licensed is 50 hours. I originally proposed 3 hours of instruction, but the State Board of Cosmetology proposed 40 hours of instruction. In section 1, subsection 2, paragraph (a) the hours of instruction is revised to be five hours. The Board requested that we include the applicant's photo in their application, so that language is added to section 1, subsection 2, paragraph (c). Section 4, subsection 1, paragraph (d) will be reinstated, so the applicant will be required to pay between \$50 and \$100 for the examination. Section 5 will be added back in to the bill, so the Board can test the applicant and charge a \$100 fee for doing so. Shampoo technologists have been added back in to the language in section 6, subsection 2, paragraph (a). Section 9, subsection 3 was inadvertently removed by the Legislative Counsel Bureau, so the subsection will be added back in, except for the term "shampoo technologist" in line 11, and line 15 will be revised to say "except shampoo technologists."

There is a fiscal note on the bill. Some of the line items included in the fiscal note need to be addressed. Line item 1 relates to section 9, subsection 3. The fees for all licenses and certifications have not been removed from the bill; only shampoo technologists have been removed. Forty shampoo technologists in the state, at a \$70 renewal fee each, equates to \$2,800. This is the only fiscal note that should be listed in line item 1. Line item 2 should be left as is. Section 6, subsection 2 has been amended and will be added back in to the bill, so the \$3,387 fiscal note will be added back in to line item 3. Line item 4 should be left as is. I believe that if we take into account the proposed amendment that reinstates section 6, subsection 2, paragraph (a) then line item 3 will be reduced to \$0. Thus, the fiscal note on A.B. 351 would be considerably lower, a mere \$9,404, which could possibly be offset by the amendment to section 4 that reinstates the \$100 examination fee for shampoo technologists in section 4, subsection 1, paragraph (d).

Assemblywoman Jauregui:

I am supportive of some of the language in the bill, but I have some concerns. I felt like 50 hours of training was a lot as well, but I did some research and received a syllabus for the 50-hour training course. Some of the topics that are covered in the course are infection control, rinsing chemicals from the hair, and disinfecting the shampoo bowls. I am concerned about whether these topics could be covered in a five-hour course. Have you considered increasing the required hours of training, so the coursework in its entirety can be covered? I love that the bill removes the \$100-per-year renewal fee, as I think that fee is

excessive. I think a \$100 fee for initial certification is sufficient, without requiring the fee to be paid yearly.

Assemblywoman Krasner:

There is one state that requires 300 hours of training for shampoo technologists, but in the majority of other states there is no hourly training requirement. Additionally, I spoke with people who have cosmetology licenses and people who own salons. Most were supportive of the bill. A cosmetologist can earn a lot more money coloring, highlighting, and cutting someone's hair than shampooing someone's hair, and a cosmetologist does not necessarily want to spend their time at the shampoo bowl. The cosmetologists I spoke to also think the training requirement should be zero hours, and the person can be trained when they are hired. But I think there should be some time requirement, which is why I revised the bill to reflect five hours of training. Per statute, the only duties a shampoo technologist is responsible for are shampooing, rinsing, and sanitizing the shampoo bowl. I think that applicants could learn these skills in five hours, either in-person or online.

Assemblywoman Tolles:

Does the course cover topics such as lice, fungus, other skin conditions, or chemical burns?

Assemblywoman Krasner:

Per statute, a shampoo technologist is only responsible for shampooing, rinsing, and sanitizing the shampoo bowl. I think it is important to allow enough training time to identify these conditions and practice sanitary care for such conditions. I think these topics could be covered in five hours.

Assemblywoman Neal:

Shampoo technologists were not written in statute until 2015, with the passage of Assembly Bill 246 of the 78th Session. The practice of shampoo technology was considered to be: brushing and combing the hair, applying shampoo and conditioner to the hair, rinsing the hair of conditioners, tints, relaxers, and other solutions, removing rollers, permanent rods, clips, and fasteners, and cleaning and disinfecting the shampoo bowl. The shampoo technologist has a bit more responsibility than you are claiming, but the sanitation and health concerns came up in the 2015 hearing as well. You are essentially overturning this new licensing scheme. Since the 2015 Session, what has occurred to indicate the need to do this? Have there been complaints about shampoo technologists being unable to perform their job duties, or errors in their work? Is there anything that the State Board of Cosmetology should consider that could convince them to reduce the training to five hours, in lieu of the current training requirements?

Assemblywoman Krasner:

The 2015 legislation was a great start, but I think this bill builds upon it. This bill is the perfect opportunity to create jobs for people, especially for those who are exiting prison and need a second chance. People will have the opportunity to complete the training course online while they are imprisoned. They can complete five hours of training online, pay the application fees, and receive their certificate, so when they leave prison they have the ability

to get a job at one of the 2,500 salons in Nevada. I feel that the bill complements the 2015 legislation.

Assemblywoman Neal:

In regard to identifying burns, abrasions, infections, or other conditions on someone's scalp, there is no comparison between watching a video and having hands-on training. A trainee would need to have some sort of practical training, to be exposed to a variety of situations that they may come across in real life. Every client's hair will not be the same, and every client's hair will not react the same to various treatments and products. For example, relaxers and color must be stripped in a certain way to avoid damaging the hair. There is knowledge that one must have to do that correctly. I agree that the training should not be overly burdensome, but a video does not replace what could be five or six days of in-person training. A shampoo technologist should be able to advise a cosmetologist against certain treatments because of conditions they noticed on a client's scalp. I will not say that it is overly complex work, but I think there are certain things a shampoo technologist needs to be trained on, since that person will act as the middleman between a client and a cosmetologist.

Assemblywoman Krasner:

Shampoo technologists should not be diagnosing any conditions on a client's scalp. They should be turning the client over to the cosmetologist. Their job is to shampoo, rinse, remove rollers, and sanitize the shampoo bowl.

Chair Spiegel:

I came across a study that identified a link between shampoo bowls and strokes. There have been a number of documented cases internationally. Due to the shape of the shampoo bowl, a shampoo technologist's actions can cause a client to have a stroke and possibly die. How can we train someone online, without hands-on practice under the watchful eye of an experienced teacher, to ensure that they can work with the shampoo bowl and a client's head properly, in a manner that their clients do not die?

Assemblywoman Krasner:

I believe that a shampoo technologist could learn those skills online. I think the training requirements are excessive. We are preventing people from getting jobs, especially those who are exiting prison.

Chair Spiegel:

We will now hear testimony from those in support.

Daniel Honchariw, Senior Policy Analyst, Government Affairs, Nevada Policy Research Institute:

[Daniel Honchariw spoke from prepared text ([Exhibit S](#)).]

The Nevada Policy Research Institute supports Assembly Bill 351 because it represents a lessening of Nevada's onerous and often arbitrary professional licensing requirements. The bill specifically addresses shampoo technologists, but its principle and intent should be applied across the wide range of industries which pose virtually no risk of harm to the public, but are nonetheless subject to licensing laws in Nevada.

According to the Institute for Justice, Nevada has the second-most burdensome licensing laws in the country, requiring licenses for 75 of the 102 low-income professions studied. Oftentimes, strict licensing requirements serve no legitimate public policy purpose, and protect existing industries from new competition. This raises costs for consumers and, most perniciously, makes it more difficult for those with lower incomes to find gainful employment.

Assembly Bill 351 is a commonsense reform that will lessen the barriers to employment for those starting their careers. We hope this bill serves as a template for other licensing boards in Nevada, especially those governing low-income professions. We thank the Committee for hearing this bill and encourage its swift passage.

Mendy Elliott, representing Reno-Sparks Chamber of Commerce:

I agree with what the previous speaker has stated. We are supportive of any legislation that removes barriers to employment for individuals. We appreciate Assemblywoman Krasner's efforts in bringing A.B. 351 forward.

Marcos Lopez, representing Americans for Prosperity Nevada:

I agree with the sentiments that my colleagues have expressed. We would even go as far as to say that, ideally, there should be no certification requirement for shampoo technologists. There seems to be a misconception that if the government does not tell people to do something, that people will not. We support the bill as written and as amended. Currently, we are preventing people from getting jobs that should be easy to learn, which would help them advance their position in life.

Chair Spiegel:

We will now hear testimony from those in opposition.

Gwen Braimoh, Owner, Expertise Cosmetology Institute, Las Vegas, Nevada:

I want to address the purpose of A.B. 246 of the 78th Session. The bill was twofold. It was designed to provide a student enrolled in a cosmetology program the opportunity to earn income while they studied cosmetology. It was also designed to create an entry-level job within the cosmetology industry—the shampoo technologist. For example, a student interested in pursuing cosmetology could complete the shampoo technology course as a way to explore the cosmetology industry prior to accumulating any debt. If they ultimately chose to pursue a cosmetology license, the hours of training in shampoo technology would count toward their license. I am asking the Committee to uphold the current shampoo technologist license requirements.

It is worth noting that I also believe in giving second chances. I am the owner of a cosmetology school located inside the Florence McClure Women's Correctional Center in Las Vegas, Nevada. We believe in granting second chances, and the bill was passed in 2015 because we all believe in second chances. I would like the Committee to take a deeper look at this bill, because shampoo technology is more than just shampooing hair.

Adam Higginbotham, Deputy Executive Director, State Board of Cosmetology:

The State Board of Cosmetology held an emergency board meeting on March 28, 2019, to discuss the original version of A.B. 351. The Board voted to submit a proposed amendment (Exhibit T) to the bill's sponsor, which proposed reducing the required training hours from 50 hours to 40 hours and removed all other proposed language in the bill. In response, the current proposed amendment was sent to the Board and reviewed on April 8, 2019. The Board decided not to approve the bill's proposed amendment. First, the Board does not support the language proposing that the registration would be regulated and licensed differently than other license and registration types. Second, the Board does not support the language proposing a one-time registration fee with no expiration date. Third, the Board does not support the language that removes the renewal requirements due to the removal of the registration's expiration date. Lastly, after hearing from beauty service industry educators and participants, the Board does not support the language proposing five hours of training. As noted, the Board responded to the bill's sponsor with a reduced training requirement of ten hours, for a total of 40 hours of training.

Shampoo technologists obtain a registration, not a license. Currently, the Board's website has the capability for people to complete certain types of training and get licensed online. It was mentioned that there is a \$100 annual renewal fee, which is not true. A shampoo technologist can renew their registration for two years for \$50, or for four years for \$100, both of which are equivalent to \$25 per year. Other states have no hourly training requirements for shampoo technologists because they require a cosmetology license to perform the duties. The Board believed that A.B. 246 of the 78th Session would stimulate the growth and economic development of the industry. Prior to 2015, an applicant would have had to acquire 1,800 hours of training to be registered as a shampoo technologist. Reducing the requirement to 50 hours of training was accepted to further the economic growth and innovation in the industry.

Assembly Bill 351, as amended, with no expiration date and no renewal process, could create operational inconsistencies with our testing and licensing, as well as the inspection services we deliver to our constituents. Designing different processes for our delivered services could disrupt our current services, streamlined processes, and our outstanding application processing time. It would also require updates to our current software system, which would create unexpected programming expenses. Our Board members have voted to oppose the bill as amended, and request that the Committee consider its recommendations.

Chair Spiegel:

Can you speak to the shampoo technologists' curriculum? Does the curriculum address the issues that were identified today, such as lice, sanitation, techniques to avoid strokes, and other safety precautions?

Adam Higginbotham:

The curriculum addresses infection control, properties of the hair and scalp, shampooing and conditioning which includes preservice procedures, dry hair and scalp treatments, oily hair and scalp treatments, dandruff treatments, draping for basic shampooing and conditioning, and proper shampoo and conditioner applications. The Board focuses on the health and safety aspects of the training.

Benita Hollie, representing Euphoria Institute of Beauty Arts & Sciences, Las Vegas, Nevada:

I want to speak to some examples of highly contagious and infectious conditions, disorders, and diseases. After only five hours of training, it is quite possible that a shampoo technologist could misdiagnose such conditions as impetigo, head lice—which looks similar to dry scalp—and ringworm. For example, impetigo looks very similar to atopic dermatitis, which is a form of eczema and is not contagious. A shampoo technologist who only has five hours of experience via video may not be able to identify these contagious conditions and disorders. As an institution, our main concern is ensuring that we are training the shampoo technologist to recognize these infections, because they will see the client before the cosmetologist does.

John Grieco, Chief Executive Officer, Academy of Hair Design, Las Vegas, Nevada:

I am here in opposition to A.B. 351. I agree with many of the points that have already been made. Currently, there are 30,000 licensed cosmetologists and hair designers in the state of Nevada. Each of them has completed between 1,200 and 1,800 hours of training and has the capabilities of a shampoo technologist. Most entry-level positions are assistant positions, who typically start off shampooing clients' hair. I am of the opinion that this job function is well-covered. Requiring only three to five hours of education for a shampoo technologist is inadequate and is a danger for some individuals.

Chair Spiegel:

Is there anyone else who wishes to testify in opposition? [There was no one.] We will now hear neutral testimony.

James Dzurenda, Director, Department of Corrections:

We are here to testify as neutral to Assembly Bill 351. Currently, we are operating a very successful cosmetology and beautician school at the Florence McClure Women's Correctional Center. The Department of Corrections is interested in effectively training as many of those individuals as possible. We want to ensure that the training requirements are sufficient, and we think it is appropriate for the Legislature to decide. Reduced training requirements will allow the Department of Corrections to train more individuals, which will afford more people in our community the ability to get a job.

Assemblywoman Carlton:

You are testifying as neutral, but you are stating that if we reduce the training requirements, you will be able to train more people. Is that correct?

James Dzurenda:

Yes. Reduced training or classroom time requirements allow us to train more individuals, due to limited space and the number of individuals we can fit in a classroom.

Assemblywoman Carlton:

Are you currently conducting this training at the institution?

James Dzurenda:

Yes, at the Florence McClure Women's Correctional Center. The school conducts the certification training for the offenders.

Assemblywoman Carlton:

They are currently completing 50 hours of training, obtaining their certificate, and leaving with their registration. Is that correct?

James Dzurenda:

If that is the only training they are completing, yes. However, we usually encourage them to continue their training as a cosmetologist.

Assemblywoman Carlton:

How many people have you trained?

James Dzurenda:

I do not have that information with me today.

Chair Spiegel:

Is there anyone else who wishes to provide neutral testimony? [There was no one.]

Assemblywoman Krasner:

I would like to thank Chair Spiegel and the Committee members for allowing me the time to present A.B. 351.

[([Exhibit U](#)), ([Exhibit V](#)), and ([Exhibit W](#)) were submitted, but not discussed, and will become part of the record.]

Chair Spiegel:

We will close the hearing on Assembly Bill 351, and open the hearing on Assembly Bill 398.

**Assembly Bill 398: Revises provisions relating to commercial mortgage lending.
(BDR 54-1068)**

Assemblywoman Sandra Jauregui, Assembly District No. 41:

I would like to introduce Mr. Gedde, who will be speaking about Assembly Bill 398.

Jon Gedde, Chairman, Nevada Mortgage Lenders Association:

I would like to preface by saying that our comments are based on the conceptual amendment (Exhibit X) that has been proposed. The initial bill draft request failed to capture the intent of the bill. The purpose of the bill is to expand access to affordable credit in the commercial space. Currently, commercial lenders of all types and sizes, other than depository lenders, are required to be licensed by the state of Nevada in order to provide capital for commercial financing. This is very rare in the United States; Nevada is one of only a handful of states that enforce a requirement for commercial licensing.

Assembly Bill 398 makes more capital available in the state for commercial purposes. Currently, most nondepository lenders do not lend in the state of Nevada because of the licensing requirements. If they can lend money in 49 other states without having to jump through hoops, it is difficult to convince them to jump through hoops to fund loans here. This bill exempts nondepository lenders from the licensing requirements, provided that a licensee is involved in the transaction.

We feel that access to affordable credit is important, but we also want to maintain oversight. The Nevada Mortgage Lenders Association and the Mortgage Advisory Council have worked with the Division of Mortgage Lending to craft a way to ensure that we are doing both. The amendment provides for the exemption of licensing, but only if a licensee is involved in the transaction. It is okay for a lender to not want to be licensed in Nevada, but they will need to run the transaction through a lender that is licensed in Nevada.

Chair Spiegel:

Are there any questions from Committee members? [There were none.] We will now hear testimony from those in support.

Jon Gedde:

The Mortgage Advisory Council has authorized me to express their support of the bill.

Chair Spiegel:

Is there anyone who wishes to testify in opposition? [There was no one.] Is there anyone who wishes to provide neutral testimony? [There was no one.]

We will close the hearing on Assembly Bill 398, and open the hearing on Assembly Bill 364.

Assembly Bill 364: Revises provisions governing the transfer, title and sale of manufactured homes. (BDR 43-801)

Assemblyman Howard Watts, Assembly District No. 15:

Legal service providers across the state have reported increasing issues with obtaining mobile home titles when there is a private party sale. Oftentimes, these less sophisticated buyers and sellers do not complete the required bill of sale and do not have a properly signed and notarized title. Typically, the title will have been passed from buyer to buyer without undergoing the proper titling process with the Housing Division, Department of Business and Industry. When a buyer does not have the proper documentation needed to obtain a title in their name, they will seek the assistance of legal aid, who then must attempt to track down all of the previous owners, tracing back to the person listed on the title. Legal aid may seek assistance from a private investigator to do this as well. If the previous owner or owners cannot be found, legal aid is forced to sue all of the previous owners, as well as the Housing Division, so they can be ordered to issue a new title once all other previous claims have been released.

Assembly Bill 364 does two things. First, it sets forth the process for a buyer to apply for a bonded title, if they do not have the proper paperwork in their possession. Second, it allows for a transfer upon death provision, so that the mobile home is removed from the probate process and immediately transferred to a designated beneficiary upon death of the owner, if the current owner of the mobile home chooses. Both of these provisions have been implemented for automobile transactions by the Department of Motor Vehicles, and are being utilized successfully to improve the chain of title process for consumers.

The bill has three key sections. Section 2 establishes the process for people to apply with the Housing Division for a bonded title. I have proposed a conceptual amendment ([Exhibit Y](#)), which is available on the Nevada Electronic Legislative Information System (NELIS). The amendment strengthens the bond process by requiring it to be "In an amount equal to one and a half times the assessed value of the personal property." Section 3 establishes the process for naming a transfer upon death beneficiary for the home, in order to avoid probate. The proposed amendment ensures that the forms are notarized by the owners, in order to establish consumer protection. Section 4, as amended, requires that the seller or transferor of a manufactured home must have their signature notarized, but that the buyers do not. We want to find a balance between reducing the barriers to transferring titles, while maintaining consumer protection. Lastly, the proposed amendment makes clear that the Housing Division can create regulations to carry out these alternative titling methods.

This is an issue that is important to me. There are many mobile home communities in Assembly District No. 15. After speaking with residents, I committed myself to finding ways to assist them and look out for their interests. After speaking with Legal Aid Center of Southern Nevada, I was surprised to find out that this is the consumer issue that residents of mobile and manufactured home communities most frequently face.

Assemblywoman Jauregui:

I work in the title and escrow business, and we have one escrow officer dedicated to mobile home escrows. The process is cumbersome and we deal with it every day. This bill will bring about many benefits for mobile and manufactured homeowners. Thank you, Assemblyman Watts, for bringing this bill forward.

Assemblywoman Neal:

First, can you explain further section 2, subsection 4? Second, it seems as if the bonded title process gives the homeowner a temporary title. How does this process play into section 2, subsection 4, if at all?

Assemblyman Watts:

The bonded title process is an alternative process to what I had described previously. Currently, when the chain of title is problematic, the only recourse is to have each previous owner release their claim. This process involves tracking the owners down and can involve litigation. The bonded title process is an alternative to this process, in which the current owner obtains a surety bond that meets the requirements laid out by the Housing Division. The bond essentially proves that they are the lawful owner of the residence, with the bond as collateral. If anyone challenges their lawful ownership, the bond will be forfeited. The bond provides the Housing Division with the confidence to issue a title to the current owner.

Sophia A. Romero, Staff Attorney, Consumer Rights Project, Legal Aid Center of Southern Nevada:

Section 2, subsection 4 states that if an owner applies for a bonded title with the Housing Division, their recovery is against the bond—if someone else expresses ownership interest in the mobile home at a later time. This is why the bond language has been amended to be one and a half times the assessed value of the personal property, per the Assessor's Office in the county. The subsection ensures that no one will bring action against the Housing Division for a title that was issued, because they have the bond.

Assemblywoman Neal:

Does the Housing Division have any responsibility to review the chain of ownership before they issue a bond?

Sophia Romero:

It is very unlikely that a homeowner will come to the Housing Division without some form of documentation. They usually have the original title or a contract that proves they have purchased the mobile home. We typically run into problems because the mobile home has been sold repeatedly without transferring the title into the new owner's name. If none of the previous owners have ever been to the Housing Division, there is no way for the Housing Division to review the chain of ownership.

Chair Spiegel:

If this process is followed, and there is a subsequent sale at a later time, is the title clean, or would the process have to be employed by the next purchaser as well?

Sophia Romero:

When this process is complete, the title is clean, so long as no one returns within three years to claim on the bond. The process is essentially a quiet title action; it quiets the title without having to go to court.

Chair Spiegel:

Do you see this process being employed in the case of abandoned property as well? Has there been any contemplation of whether or not the owner of the mobile home park could take possession of the property?

Sophia Romero:

There is a process in place for when a home has been abandoned and for when someone fails to pay rent for their space. The mobile home park would file a lien and conduct a statutory lien sale. The bill does not affect this process and does not affect the mobile home park's rights.

Chair Spiegel:

We will now hear testimony from those in support.

Matthew Walker, representing Manufactured Home Community Owners Association:

We want to express our gratitude to Assemblyman Watts, the Housing Division, and Ms. Romero for ensuring that there is an additional process in place for such complex title situations and that the existing process remains in place, because it is efficient and economically advantageous for homeowners. This process is meant to be supplemental, in more complicated situations.

Sophia Romero:

I have prepared testimony ([Exhibit Z](#)) that I was unable to read today that is available on NELIS for the Committee to review. I have also provided a sample of a bill of sale and a title ([Exhibit AA](#)) for the Committee to review. Mr. Walker is correct in that the bill will serve as an alternative to the process that is currently in place. I want to thank Assemblyman Watts for championing this bill on behalf of legal service providers across the state. We run into this problem throughout Nevada, and it is very costly for legal service providers. We believe that the bill will help streamline the process for our clients and for the Housing Division.

Chair Spiegel:

Is there anyone who wishes to testify in opposition? [There was no one.] Is there anyone who wishes to provide neutral testimony?

Stephen Aichroth, Administrator, Housing Division, Department of Business and Industry:

We agree with what the previous speakers have stated. We want to thank the sponsor and Legal Aid Center of Southern Nevada for providing an avenue for these difficult transactions to be made easier. The conceptual amendment proposed by Assemblyman Watts addresses our concerns and would reduce our need for an additional full-time equivalent employee.

Assemblyman Watts:

Thank you for your time and consideration. I think this bill will benefit consumers and our state by not having to be brought into these lawsuits to adjust the titles for mobile and manufactured homeowners. I urge you to support A.B. 364.

Chair Spiegel:

We will close the hearing on Assembly Bill 364 and open the work session. We will be rescheduling the work sessions for Assembly Bill 170 and Assembly Bill 184, and will begin with the work session for Assembly Bill 239.

Assembly Bill 239: Revises provisions governing prescriptions for controlled substances. (BDR 54-703)

Patrick Ashton, Committee Policy Analyst:

[Read from (Exhibit BB).] Assembly Bill 239 relates to controlled substance prescriptions and allows a medical practitioner, other than a veterinarian, to prescribe a controlled substance for a patient if the practitioner determines it medically necessary under certain conditions that are currently prohibited. This bill authorizes a more limited evaluation and risk assessment to be performed before issuing an initial controlled substance prescription to an initial prescription that is for 30 days or less. Furthermore, the bill removes certain requirements that a practitioner shall consider before prescribing a controlled substance.

This bill also clarifies that the State Board of Pharmacy may suspend or revoke a registration to dispense a controlled substance regardless of the authority of any other regulatory body to take disciplinary action for the same conduct. Finally, this bill codifies various definitions into law that currently exist in regulations governing the Board of Pharmacy. There are two amendments to the bill.

Catherine O'Mara, Nevada State Medical Association, proposes the following amendments to A.B. 239:

1. Revise this bill to provide that all medical practitioners that offer cancer, hospice, palliative, and sickle cell care are exempt from the restrictions governing prescriptions for certain controlled substances, except those practitioners shall:
 - Obtain informed consent from a patient before prescribing a controlled substance.

- Consult the patient utilization report through Nevada's Prescription Monitoring Program (PMP).
- Comply with all current *Nevada Revised Statutes* (NRS) requirements concerning valid prescriptions.

In section 11:

2. Replace subsection 1(a) of NRS 639.23912 with: "(a) Obtaining a relevant medical history of the patient";
3. Replace subsection 1(b) of NRS 639.23912 with: "(b) Conducting a physical examination of the patient directed to the source of the patient's pain, and within the scope of practice of the prescriber";
4. Clarify in subsection 2 of NRS 639.23912 that obtained informed consent is not required to be in writing but shall follow the ethical guidelines of the American Medical Association. Similarly amend subsection 1(e) of NRS 639.23911; and
5. Delete subsection 3 of NRS 639.23912 and add the following new language to the statute: "The provider shall document the informed consent conversation and the patient's decision in the medical record in some manner. When the patient has provided specific written consent, the consent form should be included in the record";

Other amendments:

6. Delete subsection 3(b) of section 1, both existing and revised language, and delete all similar provisions throughout the bill. The intent of this change is to remove all requirements that a licensee, who is subject to a review or evaluation, shall attest that he or she is in compliance with all the statutes and regulations; and
7. Revise section 15 that this bill is effective upon passage and approval;

Assemblywoman Teresa Benitez-Thompson proposes the following amendments to A.B. 239:

8. Add the provisions of Assembly Bill 94 to this bill, which requires certain information concerning prescriptions of controlled substances to be provided to certain licensing boards and professionals who prescribe such controlled substances; and
9. Add a section to the chapter governing pharmacists and pharmacy that authorizes the Board of Pharmacy to integrate PMP patient records into the electronic health records of practitioners and adopt regulations necessary to carry out the provisions of this new section.

Chair Spiegel:

Is there any discussion on the bill? Seeing no discussion, I will entertain a motion to amend and do pass.

ASSEMBLYWOMAN CARLTON MOVED TO AMEND AND DO PASS
ASSEMBLY BILL 239.

ASSEMBLYWOMAN JAUREGUI SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN EDWARDS AND
FRIERSON WERE ABSENT FOR THE VOTE.)

I will assign the floor statement to Assemblywoman Jauregui.

We will move to the next bill in the work session, Assembly Bill 275.

Assembly Bill 275: Makes various changes relating to professional and occupational licensing. (BDR 54-676)

Patrick Ashton, Committee Policy Analyst:

[Read from ([Exhibit CC](#)).] Assembly Bill 275 authorizes a person to apply for a certain professional or occupational license if the person is a United States citizen or is otherwise authorized to work in the United States under a federal law, regulation, policy, or program of a federal agency or department. The bill further provides that for an application for licensure a person may provide an individual taxpayer identification number if he or she does not have a required social security number.

Assemblywoman Selena Torres proposes to replace the entire language in A.B. 275 with new language. Under the proposed amended bill, only professional and occupational licensing acts of entities under Title 54 of *Nevada Revised Statutes* (NRS) and certain other chapters in NRS are affected by these amendments. It excludes all other professional or occupational licenses that are in the original bill.

As written, the intent of the proposed amended bill is to require that no licensing entity pursuant to Title 54 and the other specified chapters shall deny licensure to an applicant based on his or her citizenship status. Each section in the amended bill that addresses a licensing entity contains changes to current laws that are designed to achieve this intent.

The proposed amended bill further requires that an applicant for licensure provide a personally identifying number that shall not be open to the public for inspection nor disclosed in any other manner, unless for the purposes of establishing the identification of a person affected by state tax laws and verification of licensure or examination status under certain conditions.

Finally, Assemblywoman Torres proposes to add Assemblymen Carrillo and Spiegel as cosponsors of this bill.

Chair Spiegel:

Is there any discussion on the bill? Seeing no discussion, I will entertain a motion to amend and do pass.

ASSEMBLYMAN McCURDY MOVED TO AMEND AND DO PASS
ASSEMBLY BILL 275.

ASSEMBLYWOMAN MARTINEZ SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN EDWARDS AND
FRIERSON WERE ABSENT FOR THE VOTE.)

I will assign the floor statement to Assemblywoman Torres.

We will move to the next bill in the work session, Assembly Bill 305.

**Assembly Bill 305: Revises provisions relating to certain financial transactions.
(BDR 52-1060)**

Patrick Ashton, Committee Policy Analyst:

[Read from ([Exhibit DD](#)).] Assembly Bill 305 establishes provisions relating to financial transactions in which a presettlement funding provider provides a consumer who is a party to a pending legal action with money and the consumer confers to the presettlement funding provider the right to receive the proceeds or a part of the proceeds of any money expected as a result of the legal action.

A presettlement funding provider shall register with the Commissioner of Financial Institutions and is prohibited from entering into a presettlement funding transaction with a consumer if the annual percentage rate charged is more than 40 percent.

Assemblyman Edgar Flores proposes to replace A.B. 305 entirely with his conceptual amendments as summarized below.

Under the conceptual amendments, the provisions of A.B. 305 are moved from the chapter governing miscellaneous trade regulations and prohibited acts to the chapter governing installment loans. Furthermore, the amendments characterize a presettlement funding transaction as an open-ended transaction, similar to a line of credit.

The amendments also retain certain definitions of the original bill, and set forth that a licensee may enter only into a presettlement funding contract with a consumer under a written agreement. The amendments retain the prohibition to charge an annual percentage rate higher than 40 percent but set forth certain requirements to the billing cycle. The

amendments may also add applicable fees and charges to the unpaid balance in the consumer's account, which a licensee shall furnish to the borrower, after the end of the billing cycle and in a written statement that must satisfy various requirements.

Finally, the amendments prohibit a presettlement funding provider from certain practices and also provide various remedies or penalties related to any violations of this bill's provision by a licensee.

Chair Spiegel:

Is there any discussion on the bill?

Assemblyman Kramer:

I seem to remember having a discussion about factoring, and that there would be a proposed amendment that allowed factoring. I do not see the amendment included here. I would like to reserve the right to change my vote on the floor.

Chair Spiegel:

I will entertain a motion to amend and do pass.

ASSEMBLYWOMAN JAUREGUI MOVED TO AMEND AND DO PASS
ASSEMBLY BILL 305.

ASSEMBLYMAN McCURDY SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN EDWARDS AND
FRIERSON WERE ABSENT FOR THE VOTE.)

I will assign the floor statement to Assemblyman Flores.

We will move to the next bill in the work session, Assembly Bill 370.

Assembly Bill 370: Revises provisions relating to workers' compensation. (BDR 53-6)

Patrick Ashton, Committee Policy Analyst:

[Read from ([Exhibit EE](#)).] Assembly Bill 370 relates to industrial insurance and authorizes the use of money in the Fund for Workers' Compensation and Safety to provide for a 2.3 percent annual increase in compensation for permanent total disability to claimants injured on or before January 1, 2004, and their dependents.

Assemblyman Skip Daly proposes to replace the entire bill with his amendments.

The amendments provide for an annual increase in death benefits in the amount of 2.3 percent for widows, widowers, surviving children, or surviving dependent parents who are entitled to death benefits under industrial insurance on account of industrial injuries or disablements from occupational diseases, with compensation to be increased on January 1, 2020, and every year thereafter. As provided in the original bill, the amendments

specify an increase in the base amount of the death benefits for entitled recipients depending on the date of death of the insured, as shown in the table on page 1 of the work session document [page 1, ([Exhibit EE](#))].

An insurer who pays an increase in certain death benefits to an entitled recipient may be refunded through the Fund for Workers' Compensation and Safety if the insurer fulfills certain requirements and the recipient was entitled to the death benefits because of a death that occurred before July 1, 2019. The amendments also authorize assessments against insurers to provide the additional money to finance the annual increases in death benefits.

Chair Spiegel:

Is there any discussion on the bill?

Assemblywoman Carlton:

The original bill laid out the time frames for varying annual increases. Is this amendment different than what was proposed at the hearing?

Assemblyman Daly:

The time frames in the amendment are not different than from those in the original bill. The revisions in this amendment were suggested by the Division of Industrial Relations and the Legislative Commission's Sunset Subcommittee.

Assemblywoman Tolles:

I want to thank the sponsor for bringing this bill forward.

Chair Spiegel:

I will entertain a motion to amend and do pass.

ASSEMBLYMAN YEAGER MOVED TO AMEND AND DO PASS
ASSEMBLY BILL 370.

ASSEMBLYWOMAN TOLLES SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEN EDWARDS AND
FRIERSON WERE ABSENT FOR THE VOTE.)

I will assign the floor statement to Assemblyman Daly.

That concludes the work session. Is there anyone who would like to provide public comment? [There was no one.]

The meeting is adjourned [at 5:18 p.m.].

RESPECTFULLY SUBMITTED:

Katelyn Malone
Committee Secretary

APPROVED BY:

Assemblywoman Ellen B. Spiegel, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

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

[Exhibit C](#) is a proposed amendment to [Assembly Bill 456](#), dated April 10, 2019, presented by Assemblyman Jason Frierson, Assembly District No. 8.

[Exhibit D](#) is written testimony, dated April 10, 2019, presented by Lily Roberts, Director of Economic Mobility, Center for American Progress, in support of [Assembly Bill 456](#).

[Exhibit E](#) is a letter dated April 10, 2019, to the Assembly Committee on Commerce and Labor, authored and presented by Ruben Murillo, Jr., President, Nevada State Education Association, in support of [Assembly Bill 456](#).

[Exhibit F](#) is a letter dated April 10, 2019, to the Assembly Committee on Commerce and Labor, authored and presented by Daniel Honchariw, Senior Policy Analyst, Government Affairs, Nevada Policy Research Institute, in opposition to [Assembly Bill 456](#).

[Exhibit G](#) is a letter dated April 10, 2019, to Chair Ellen B. Spiegel and members of the Assembly Committee on Commerce and Labor, authored and presented by Mac Potter, Chief Operating Officer, Nevada Casino Holdings, LLC, in opposition to [Assembly Bill 456](#).

[Exhibit H](#) is written testimony presented by Alanna L. Fitzgerald, representing Indivisible Northern Nevada, in opposition to [Assembly Bill 456](#).

[Exhibit I](#) is a letter dated April 10, 2019, to Chair Ellen B. Spiegel and members of the Assembly Committee on Commerce and Labor, authored and presented by Marcos Lopez, representing Americans for Prosperity Nevada, in opposition to [Assembly Bill 456](#).

[Exhibit J](#) is a copy of a PowerPoint presentation titled "NFIB Presentation on Increasing Minimum Wage—A.B. 456," dated April 10, 2019, presented by Randi Thompson, State Director, National Federation of Independent Business.

[Exhibit K](#) is a letter dated April 8, 2019, to the Assembly Committee on Commerce and Labor, authored by David B. Bianchi, Private Citizen, Reno, Nevada, in support of [Assembly Bill 456](#).

[Exhibit L](#) is a letter dated April 10, 2019, to the Assembly Committee on Commerce and Labor, authored by Jared Busker, Children's Advocacy Alliance, in support of [Assembly Bill 456](#).

[Exhibit M](#) is a letter dated April 9, 2019, to Chair Ellen B. Spiegel and members of the Assembly Committee on Commerce and Labor, authored by J.D. Klippenstein, Executive Director, Acting in Community Together in Organizing Northern Nevada, in support of [Assembly Bill 456](#).

[Exhibit N](#) is a letter dated April 9, 2019, to Chair Ellen B. Spiegel and members of the Assembly Committee on Commerce and Labor, authored by Make It Work Nevada, in support of [Assembly Bill 456](#).

[Exhibit O](#) is a copy of a PowerPoint presentation titled "My name is Alan Jordan," authored by Alan Jordan, Private Citizen, Reno, Nevada.

[Exhibit P](#) is written testimony dated April 10, 2019, presented by Seth Frotman, Executive Director, Student Borrower Protection Center, Washington, D.C., in support of [Assembly Bill 383](#).

[Exhibit Q](#) is a proposed amendment to [Assembly Bill 383](#), presented by Assemblyman Howard Watts, Assembly District No. 15.

[Exhibit R](#) is a proposed amendment to [Assembly Bill 351](#), presented by Assemblywoman Lisa Krasner, Assembly District No. 26.

[Exhibit S](#) is a letter dated April 10, 2019, to the Assembly Committee on Commerce and Labor, authored and presented by Daniel Honchariw, Senior Policy Analyst, Government Affairs, Nevada Policy Research Institute, in support of [Assembly Bill 351](#).

[Exhibit T](#) is a proposed amendment to [Assembly Bill 351](#), dated April 8, 2019, submitted by the State Board of Cosmetology and presented by Adam Higginbotham, Deputy Executive Director, State Board of Cosmetology.

[Exhibit U](#) is a letter to Assemblywoman Lisa Krasner, authored by Gary Jacobson, Private Citizen, Reno, Nevada, in support of [Assembly Bill 351](#).

[Exhibit V](#) is a letter to Assemblywoman Lisa Krasner, authored by Gerald O'Driscoll, Private Citizen, Reno, Nevada, in support of [Assembly Bill 351](#).

[Exhibit W](#) is a letter to Assemblywoman Lisa Krasner, authored by Ann Silver, Chief Executive Officer, Reno-Sparks Chamber of Commerce, in support of [Assembly Bill 351](#).

[Exhibit X](#) is a proposed amendment to [Assembly Bill 398](#) submitted by Assemblywoman Sandra Jauregui, Assembly District No. 41, and presented by Jon Gedde, Chairman, Nevada Mortgage Lenders Association.

[Exhibit Y](#) is a proposed amendment to [Assembly Bill 364](#), dated April 10, 2019, presented by Assemblyman Howard Watts, Assembly District No. 15.

[Exhibit Z](#) is written testimony dated April 10, 2019, submitted by Sophia A. Romero, Staff Attorney, Consumer Rights Project, Legal Aid Center of Southern Nevada, in support of [Assembly Bill 364](#).

[Exhibit AA](#) is a copy of a State of Nevada Manufactured Housing Division certificate of ownership and a bill of sale, submitted by Sophia A. Romero, Staff Attorney, Consumer Rights Project, Legal Aid Center of Southern Nevada.

[Exhibit BB](#) is the Work Session Document for [Assembly Bill 239](#), presented by Patrick Ashton, Committee Policy Analyst, Research Division, Legislative Counsel Bureau.

[Exhibit CC](#) is the Work Session Document for [Assembly Bill 275](#), presented by Patrick Ashton, Committee Policy Analyst, Research Division, Legislative Counsel Bureau.

[Exhibit DD](#) is the Work Session Document for [Assembly Bill 305](#), presented by Patrick Ashton, Committee Policy Analyst, Research Division, Legislative Counsel Bureau.

[Exhibit EE](#) is the Work Session Document for [Assembly Bill 370](#), presented by Patrick Ashton, Committee Policy Analyst, Research Division, Legislative Counsel Bureau.