

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

**Eightieth Session
April 1, 2019**

The Senate Committee on Commerce and Labor was called to order by Chair Pat Spearman at 1:08 p.m. on Monday, April 1, 2019, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Pat Spearman, Chair
Senator Marilyn Dondero Loop, Vice Chair
Senator Nicole J. Cannizzaro
Senator Chris Brooks
Senator Joseph P. Hardy
Senator James A. Settelmeyer
Senator Heidi Seevers Gansert

GUEST LEGISLATORS PRESENT:

Senator Yvanna D. Cancela, Senatorial District No. 10
Senator Dallas Harris, Senatorial District No. 11
Senator David R. Parks, Senatorial District No. 7

STAFF MEMBERS PRESENT:

Cesar Melgarejo, Committee Policy Analyst
Bryan Fernley, Committee Counsel
Kim Cadra-Nixon, Committee Secretary

OTHERS PRESENT:

Matt Walker, Nevada Manufactured Housing Community Owners Association
Tim Whitright, Nevada Housing Division
Nat Hodgson, CEO, Southern Nevada Home Builders Association
Josh Hicks, Nevada Homebuilders Association

Senate Committee on Commerce and Labor
April 1, 2019
Page 2

Tim Geswein, General Counsel, Nevada State Contractors Board
Tick Segerblom, Clark County Board of County Commissioners
Misty Grimmer, Nevada Resort Association; Employers Insurance Company of Nevada
Briana Escamilla, Nevada State Director, Human Rights Campaign
Michael Balaban, Law Offices of Michael Balaban
Paul Moradkhan, Las Vegas Metro Chamber of Commerce
Bryan Wachter, Nevada Retail Association
Andy Mackay, Nevada Franchised Auto Dealers Association
Lindsay Knox, Nevada Homebuilders Association
Miranda Hoover, Reno-Sparks Chamber of Commerce
Randi Thompson, National Federation of Independent Business
Chris Ferrari, Nevada Credit Union League
Matt Kershaw, Nevada Credit Union League
Scott Arkills, Nevada Credit Union League
George Burns, Commissioner, Financial Institutions Division, Department of Business and Industry
Rusty McAllister, Nevada State AFL- CIO
Herb Santos Jr., Nevada Justice Association
Jaron Hildebrand, Nevada Self-Insurers Association
Victoria Carreon, Deputy Administrator, Division of Industrial Relations, Department of Business and Industry
Tyson Falk, Self Storage Association
Carlos Kaslow, General Counsel, Self Storage Association
Todd Whear, Board of Directors, Nevada Self Storage Association
Lori MacDonald, Board of Directors, Nevada Self Storage Association
Nick Stosic, Nevada Division of Insurance, Department of Business and Industry

CHAIR SPEARMAN:

I will open the hearing with Senate Bill (S.B.) 371 with Senator Brooks.

SENATE BILL 371: Revises provisions relating to maintenance of manufactured home parks and repairs of manufactured homes. (BDR 10-303)

SENATOR CHRIS BROOKS (Senatorial District No. 3):

Timely maintenance to any home is critical to prevent costly repairs or code violations. The current system for repairing mobile homes under *Nevada Revised Statutes* (NRS) 118B is not meeting the needs of manufactured home community residents. This system causes increased costs and delays in repair

and maintenance of mobile homes. This is especially true in rural areas of the State.

The amendments proposed in NRS 118B by S.B. 371 would allow for community owners and manufactured home owners to perform the routine maintenance critical for maintaining property values, safety and aesthetic standards of a community. This bill will ensure work impacting life safety is performed by contractors qualified in manufactured home repair.

Here with me to present the bill is Matt Walker.

MATT WALKER (Nevada Manufactured Housing Community Owners Association): I am here to discuss a common sense reform to NRS 118B. Our goal is to increase access to maintenance and repair for community park owners and manufactured home owners across Nevada.

On behalf of the Nevada Manufactured Housing Community Owners Association, I will present two documents, a conceptual amendment ([Exhibit C](#)) and a manufactured housing community owners association chart ([Exhibit D](#)). The chart specifies the difference between traditional home repairs and manufactured home repairs.

The bill expands access in two ways. It will replicate the handyman exemption cited in the Nevada State Contractors Board, NRS 624 into the Manufactures Housing Chapter, NRS 118B.

The conceptual amendment [Exhibit C](#) intends to build a framework for employees of a community to perform an unlimited amount of nonpermitted maintenance. A handyman can perform up to \$1,000 in nonpermitted maintenance. A licensed contractor under NRS 624 can perform nonstructural permitted work on a manufactured home. We hope to apply the effective and reliable provisions of NRS 624 and NRS 118B for manufactured home owners.

The intent of this bill is to allow manufactured home owners across the State to find the appropriate licensed personnel to perform maintenance.

I would like to review the sections of S.B. 371. Section 1, subsection 3 changes NRS 118B.090 to allow park owners to use employees or a locally licensed handyman for maintenance.

Section 1, subsection 5 allows a home or park owner to utilize a contractor licensed under NRS 624, to perform nonstructural work on the manufactured home. This bill will elevate critical shortages and ensure manufactured home owners are not paying more or waiting longer to perform routine maintenance.

The conceptual amendment [Exhibit C](#) includes three conceptual changes.

It may be appropriate for the Department of Business and Industry (B&I), Nevada Housing Division (NHD), Manufactured Housing, to adopt new regulations within this framework as new technologies arise. Therefore, we request the ability of the NHD Manufactured Housing to adopt regulations pursuant to NRS 489. We hope the Committee will restore the language in S.B. 371, section 2, subsection 2.

Nonemployee handyman work should match NRS 624.031. This specified work will be limited to property maintenance in the amount of \$1,000 or less.

Licensees under NRS 624 should not be allowed to perform work on fuel systems or structural changes.

The Nevada State Contractors Board (NSCB) requested a reporting facet to this bill. Poor workmanship to a mobile home by a licensee under NRS 624 certification will be reported back to the NSCB. The report will be reflected in the contractor's license.

SENATOR DONDERO LOOP:

Will you clarify the work covered in NRS 624.031?

MR. WALKER:

If the work is nonpermitted and not performed by an employee of the mobile home park, the work is limited to \$1,000 or less.

SENATOR SETTELMAYER:

What is the difference between structural work in a traditional home and structural work in a mobile home?

MR. WALKER:

The NHD Manufactured Housing will be able to define the scope of this differentiation.

CHAIR SPEARMAN:

Is there a population cap on the defined work?

MR. WALKER:

There is no population cap on this bill; however, a license is required.

TIM WHITRIGHT (Nevada Housing Division):

On behalf of NHD we stand neutral on this bill and appreciate continued dialog with the Manufactured Homes Community Owners, a Nevada Association.

CHAIR SPEARMAN:

We will now close the hearing on S.B. 371 and open the hearing on S.B.397.

SENATE BILL 397: Revises provisions governing contractors. (BDR 54-304)

SENATOR BROOKS:

I am here today to present S.B. 397. This legislation concerns consumer protection and convenience.

The bill has two areas of focus. The first concerns work by licensed contractors on completed single-family residences. For this type of work, the bill will require contractors to provide written contracts to the homeowners and make several representations. This language is modeled after the requirements of pool contractors as stated in NRS 624.940.

The bill addresses several common-sense requirements in home improvement contracts. These include a description of the work, an estimated date of completion, total amount of the contract, written change orders and a clear schedule of any progress payments.

The bill prohibits collecting more than 50 percent of the contract price prior to the start of construction. It is my hope this legislation will prevent fraud on the part of construction companies. Over 100 southern Nevada homeowners were defrauded by a prominent solar energy company that filed for bankruptcy after collecting prepayments for installation. Fortunately, the Residential Recovery Fund administered by the NSCB was able to help these homeowners. Legislation like S.B. 397 will help ensure fraud like this will not be repeated.

The second aspect of the bill provides a licensed contractor with a limited ability to perform work outside the scope of his or her license. The limit on such work will be capped at \$1,000. This provision is included for homeowner convenience. The limited exceptions set forth in this bill do not apply to specialty work such as heating, ventilation and air conditioning (HVAC); electrical, plumbing or refrigeration.

I would like to turn the presentation over to Nat Hodgson and Josh Hicks.

NAT HODGSON (CEO, Southern Nevada Home Builders Association):
I am here in support of S.B. 397.

I have served on the NSCB and also had the privilege of participating in the Recovery Fund administered by NSCB. Too often, homeowners were paying a 100 percent down payment, and the contractor did not even begin the contracted work.

It is good the Recovery Fund is available for consumers, but we also need legislation to limit the amount required for down payments. This legislation will limit down payments to 50 percent.

The second aspect of the bill provides a licensed contractor with a limited ability to perform work outside the scope of his or her license.

JOSH HICKS (Nevada Homebuilders Association):
I am here to present the main components of S.B. 397.

The first concern addressed in S.B. 397 is the necessary components needed in home improvement contracts. These are listed in section 1. The handyman exemption for licensed contractors is the second concern addressed by S.B. 397.

Section 1 of the bill defines the components required in a home improvement contract. This is modeled after language concerning pool contractors in NRS 624.940.

While we do feel the required information listed in section 1 is an important component in a construction contract, the effective date of July 1, 2019, may

need to be changed. We may also need to attach a dollar amount to the contracts, as we are interested in addressing large construction projects.

Contractor definitions are defined in section 3.

Section 4 of the bill provides a licensed contractor with a limited ability to perform work outside the scope of his or her license. The limit on such work will be capped at \$1,000. This provision is a matter of homeowner convenience. The limited exceptions set forth in this bill do not apply to specialty work such as HVAC, electrical, plumbing or refrigeration. We feel this is consistent with the handyman provision.

SENATOR SETTELMAYER:

Will the provision of a 50 percent deposit specified in section 1, subsection 1, paragraph (g) be problematic for small contractors?

SENATOR BROOKS:

The legislation is designed to protect the homeowner. If there are cash-flow concerns for small contractors, a homeowner may purchase supplies for the contractor.

CHAIR SPEARMAN:

The bill states the contractor must inform the owner of the provisions of NRS 624.600 as listed in section 1, subsection 1, paragraph (h). The font in disclosures is often so small it is illegible. Are there any provisions for a standard form?

MR. HICKS:

This is addressed on page 3 of the bill, lines 38 to 42. The font is required to be at least 10 point bold type.

TIM GESWEIN (General Counsel, Nevada State Contractors Board):

I am the General Counsel for the NSCB here today with Paul Rosario, Director of Investigations, NSCB. On behalf of the Board I will present our preliminary thoughts; however, the Board has not completely reviewed S.B. 397.

To protect the consumer, the NSCB has cautioned against cash or large down payments. In a statute governing pool construction, NRS 624.935, down payments are restricted to 10 percent of the contract or \$1,000. This bill

provides for a much greater down payment as listed in section 1, subsection 1, paragraph (g).

If all provisions of the bill are not met, a contract is rendered void against the owner. Please refer to section 1, subsection 5. The proposed effective date is July 1, 2019, and simply does not allow time for an educational rollout to contractors. An unintended consequence of this bill may have a drastic impact on both consumers and contractors.

The legislative intent is unclear in section 4, subsection 4, paragraph (b). Is the intent to allow specific construction work by a contractor not licensed in the specialty on any construction project? Is the \$1,000 labor and materials exception limited to one particular type of construction project? Does the language "prime or subcontractor" have particular meaning in this section?

Some types of work in this provision require building permits. Does this language intend to alter building permit requirements?

The NSCB may be able to offer greater insight after the Board has met and considered the bill's language.

CHAIR SPEARMAN:

Have you raised your concerns with the bill's sponsor?

MR. GESWEIN:

These initial thoughts have not been discussed with the bill's sponsor.

SENATOR SETTELMAYER:

Mr. Geswein, you mentioned in your testimony that existing contracts could be affected by this bill. With a start date of July 1, 2019, why would contracts prior to this date be affected?

MR. GESWEIN:

My mention of existing contracts refers to a contractor's existing form bank and how those forms might need to be altered to conform to this new statute.

The unenforceability provision of this statute, as I understand it, would not affect contracts in effect prior to the start date of the statute.

SENATOR BROOKS:

I want to thank the NSCB for providing positive suggestions for this bill.

CHAIR SPEARMAN:

We will now close the hearing on S.B. 397 and open the hearing on S.B. 177.

SENATE BILL 177: Revises provisions relating to employment practices.
(BDR 53-723)

SENATOR YVANNA D. CANCELA (Senatorial District No. 10):

I am pleased to present S.B. 177. I would first like to review the differences between federal law and State law as it relates to employment discrimination protections. I will then present the problem the bill aims to solve.

Title VII of the Civil Rights Act of 1964 disallows discriminatory practices against an individual based on race, color, religion, sex or national origin. This law also provides various forms of legal and equitable relief for individuals harmed by unlawful employment practices in any of the listed categories.

The damages may include, but are not limited to reinstatement or hiring with or without back pay or other equitable relief as the court deems appropriate. Relief is based on the size of the business.

Nevada law provides that a person who suffered an injury due to unlawful employment practices can file a complaint with the Nevada Equal Rights Commission (NERC).

In addition to the five categories protected under Title VII, NRS 613.330 protects employees in four additional categories: sexual orientation, gender identity or expression, age or disability. Nevada law also provides the injured party may choose to bring a civil action suit in district court.

Damages are not outlined for discriminatory work practices in any of the four categories protected under Nevada law, but not protected under Title VII. If an employer is found guilty of discrimination, monetary awards are not defined.

Many cases protected under Nevada law are brought to federal court. These cases are dismissed under summary judgement, because they are not covered

under Title VII. This leaves employees with a discrimination case with no real place to go other than NERC.

The ability of the courts to award damages for discriminatory work practices is addressed in S.B. 177.

I will walk through the sections of S.B. 177 and friendly amendments addressing some of the issues we have worked through.

Section 9 of the bill requires NERC to notify the complainant that they may request a right-to-sue notice.

Section 8 discusses timelines for actions. After 180 days of an open investigation, the employee may request a right-to-sue letter. Once the letter has been requested, an employee has 90 days to bring the lawsuit forward. The 90-day change is reflected in the amendment for section 8 ([Exhibit E](#)).

Section 2 of the bill states that on request of the complainant a right-to-sue notice may be issued. It is changed in the amendment to reflect 90 days to bring the suit forward.

Section 3 covers damages for employees injured under federal Title VII or NRS 613.330.

Conforming changes are addressed in sections 4 through 8.

TICK SEGERBLOM (Clark County Board of County Commissioners):
A similar bill was passed in 2013 but vetoed by the Governor.

This bill simply states that Nevada residents shall have a right to go to the State court and should have a right to full remedies under State law. A simple concept is presented in S.B. 177 and I hope the bill is given careful consideration by the Legislature and by the Governor.

MISTY GRIMMER (Nevada Resort Association):
We are in support of this bill and appreciate the amendments Senator Cancela brought forward on behalf of the employer community.

BRIANA ESCAMILLA (Nevada State Director, Human Rights Campaign):

I am the Nevada State Director of the Human Rights Campaign and we are in support of this bill. We believe S.B. 177 will offer a stronger recourse for lesbian, gay, bisexual and transgender individuals who experience discrimination based on sexual orientation and gender identity.

MICHAEL BALABAN (Law Offices of Michael Balaban):

I am an employment attorney; in support of S.B. 177. Fair employment statutes are in place and this bill closes the gap regarding remedies for those affected by unfair employment practices. This bill will allow cases to be heard by State courts.

PAUL MORADKHAN (Las Vegas Metro Chamber of Commerce):

We thank Senator Cancela for meeting with the business community. We have come to a resolution that balances the intent of the bill for employees, as well as providing predictability and stability for employers. The 90-day component of the legislation is especially important to employers. This timeline requires filing of civil suits within 90 days of receipt of a right-to-sue notice.

With the proposed amendment ([Exhibit F](#)), the Chamber stands neutral on S.B. 177.

BRYAN WACHTER (Nevada Retail Association):

We thank Senator Cancela for working with the business community. We are testifying in a neutral position on this bill.

ANDY MACKAY (Nevada Franchised Auto Dealers Association):

We also thank Senator Cancela for working with us. We are testifying in a neutral position on this bill.

LINDSAY KNOX (Nevada Homebuilders Association):

We thank Senator Cancela for working with us. We are testifying in a neutral position on this bill.

MIRANDA HOOVER (Reno-Sparks Chamber of Commerce):

We thank Senator Cancela for working with us. We are testifying in a neutral position on this bill.

Senate Committee on Commerce and Labor
April 1, 2019
Page 12

RANDI THOMPSON (National Federation of Independent Business):

We also thank Senator Cancela for working with us. We are testifying in a neutral position on this bill.

SENATOR CANCELA:

I appreciate those who worked with me to advance this bill to a place that makes sense to both employees and employers.

CHAIR SPEARMAN:

We will now close the hearing on S.B. 177 and open the hearing on S.B. 479.

SENATE BILL 479: Repeals provisions relating to certain mortgage loan originators. (BDR 55-148)

CHRIS FERRARI (Nevada Credit Union League):

Credit Unions are not-for-profit cooperatives focused on providing the best-priced products and services to their members. Credit unions are committed to the communities they serve.

With me today is Robert Wilson from the California Credit Union League and Nevada Credit Union League. He has prepared a summary of S.B. 479, ([Exhibit G](#)).

Nevada has 15 credit unions serving 353,000 members with more than \$5 billion in assets.

Members of the Nevada Credit Union League unanimously support S.B. 479. We have worked with the B&I Financial Institutions Division (FID) Commissioner Burns in conjunction with Matt Kershaw and Scott Arkills of the Nevada Credit Union League. Matt Kershaw will review the bill.

MATT KERSHAW (Nevada Credit Union League):

I am the President and CEO of the Clark County Credit Union. This bill is very important to State chartered and privately insured credit unions. Nevada has six privately insured credit unions with assets of \$2.5 billion and 136,000 members.

Privately insured credit unions make up 35 percent of credit unions in the State. State chartered credit unions make up the largest portion of State chartered financial institutions in Nevada.

Senate Bill 479 will help privately insured credit unions accomplish their mission to help members be successful financially. The bill will provide parity between privately and federally insured credit unions.

This parity is important to privately insured credit unions as they seek to attract and retain qualified mortgage loan originators, (MLOs). Currently, requirements for MLOs in privately insured credit unions are different than requirements for MLOs in federally insured credit unions.

The Nevada Credit Union League's legislative proposal is to remove the NRS section requiring MLOs employed with privately insured credit unions to be licensed and register with the B&I, Division of Mortgage Lending. Instead the MLOs with privately insured credit unions would register with the National Credit Union Administration (NCUA).

After the State licensing and registration requirement is removed, the Commissioner would enter into a memorandum of understanding (MOU) with the NCUA, ensuring compliance with all consumer protection elements of the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act). The SAFE Act mandates a nationwide licensing and registration system for residential MLOs. It enhances consumer protection while reducing fraud.

The legislative change in S.B. 479 and the MOU will put privately insured credit unions on an even playing field with federally insured credit unions.

Nine states allow privately insured credit unions and seven of these states operate as proposed in this bill. We have worked with B&I, FID, Commissioner Burns and his staff to facilitate this legislative change.

Privately insured credit unions understand the importance of qualified MLOs to help members achieve financial success. Clark County Credit Union helped our members re-establish credit and re-enter the housing market during the recession. In addition, these loans were administered responsibly and we had no defaults.

This bill will help privately insured credit unions facilitate consumer loan programs by expanding the number of qualified MLOs.

SCOTT ARKILLS (Nevada Credit Union League):

I am Scott Arkills, President and CEO of Silver State Schools Credit Union headquartered in Las Vegas. I am here representing the Nevada Credit Union League; I hope you will support S.B. 479.

As Matt stated, this bill is a parity issue between Nevada's federally insured and privately insured credit unions. Mortgage loan license holders of privately insured credit unions are held to higher standards than mortgage loan license holders of federally insured credit unions. Nevada has one of the highest percentages of privately insured credit unions of the nine states approved for private insurance.

To be state chartered and privately insured is a decision many credit union boards have to make. I am thankful we made that decision in 2004 because of the support we received from American Share Insurance in the years following the 2007-2008 recession.

The federally approved requirements of the SAFE Act are neither negated nor minimized by S.B. 479. The bill is consistent with all provisions and statutes under the SAFE Act.

George Burns, Commissioner, State of Nevada FID, and his staff have shown a willingness to assist us in our quest, as long as we have uniform class and testing curricula. These standards will be reviewed for compliance with Nevada's FID standard and NCUA standards. We have found a federally approved SAFE Act vendor to fulfill this need.

The credit union mission and mantra is to serve the underserved. Nevada credit unions, both privately and federally insured, have shown a great propensity to fulfill this mission. Despite being one of the most impacted states of the recession, Nevada credit unions had some of the lowest delinquency and loss records in the Country in the last six years.

Along with Clark County Credit Union, Silver State Schools Credit Union developed the second chance mortgage loan program. It has been successful

Senate Committee on Commerce and Labor
April 1, 2019
Page 15

with the exception of not having adequate numbers of MLOs to handle the demand.

We thank you for your time regarding the important parity matter handled in S.B. 479. Adopting this bill will help us assist more qualified mortgage applicants in accordance with the SAFE Act.

GEORGE BURNS (Commissioner, Financial Institutions Division, Department of Business and Industry):
I am here to testify neutral on S.B. 479.

We do not have any objections to this bill, but the obvious question is "how did we end up here in the first place?"

Two standards for MLOs began when the SAFE Act was passed in 2008 and adopted into Nevada statute in 2009. At that time, the MLOs had to either be supervised by a federal agency or register with the B&I Mortgage Lending Division (MLD).

Registration by privately insured credit unions was prohibited by the NCUA. Since that time, the NCUA has reversed that position and will now allow privately insured credit unions to be registered through the NCUA.

When this original section was passed it served its purpose to ensure our credit unions met SAFE Act requirements. It is no longer relevant, because on adoption of this bill, we can now enter into an MOU with the NCUA.

CHAIR SPEARMAN:
We will now close the hearing on S.B. 479 and open the hearing on S.B. 377.

SENATE BILL 377: Revises provisions relating to workers' compensation.
(BDR 53-1025)

SENATOR DALLAS HARRIS (Senatorial District No. 11):
I am here to present S.B. 377 which provides an annual cost-of-living increase for individuals who are permanently and totally disabled. With your permission, I would like to provide a short review of the history behind this bill.

In 2003, the Legislature enacted NRS 616C.473 to create a cost-of-living increase for workers who suffered an industrial injury or occupational disease on or after January 1, 2004.

This statute does not authorize increases for those injured before this date.

Before this provision was enacted in 2003, Nevada industrial insurance laws did not contain provisions for automatic cost-of-living increases and permanent total disability benefits.

The members of the Nevada Legislature have discussed ways to address the declining economic value of permanent total disability benefits largely attributed to inflation. However, efforts to provide relief to permanent total disability beneficiaries were slowed by the fact that no funding source could be identified to pay for the cost-of-living increases.

In 2005, the Legislature enacted NRS 616C.453 which provides additional compensation for claimants who are not eligible for the annual increases previously mentioned.

For claimants with permanent total disabilities benefits incurred before January 1, 2004, the statute authorized annual payments from the investment income derived from the Uninsured Employers' Claim Account.

As set forth in the statute, annual payments may not exceed \$1,200 per claimant. Total payments may not exceed \$500,000 per year.

The Division of Industrial Relations (DIR) of the B&I provided a table of the disbursement amounts and payment tiers by year ([Exhibit H](#)). As you can see, since 2005, the disbursement amounts have not come close to \$1,200 per claimant.

The revenue from the Uninsured Employers' Claim Account is based on the total amount available to disburse. This amount declined significantly due to the struggling economy from 2007-2014. The economy is improving and there are more funds to distribute now; however, cost-of-living increases are not included in the disbursements.

With rising cost-of-living expenses in mind, the purpose of S.B. 377 is to provide those claimants who received a permanent and total disability before January 1, 2004, with an annual cost-of-living increase of 2.3 percent. These payments will begin on January 1, 2020. This bill does not provide retroactive benefits or payments to these individuals.

With your permission, I will walk through the proposals in this bill. Existing law sets forth the uses of money and securities in the Fund for Workers' Compensation and Safety. Section 1 provides that money in the fund may also be used to pay the salary and other expenses of administering the payment of increased compensation to claimants and dependents of claimants who are entitled to compensation for permanent total disability caused by industrial injuries and disablement from occupational diseases that occurred before January 1, 2004.

Section 3 provides for a 2.3 percent annual increase in compensation for permanent total disability to claimants and dependents of claimants who are entitled to such compensation due to an industrial injury or a disablement which occurred before January 1, 2004. Compensation will be increased on January 1, 2020, and on January 1 each year thereafter.

Section 4 establishes that assessments against employers who provide accident benefits for injured employees may be used to defray the costs of compensation payable to claimants and dependents of claimants who are entitled to such compensation due to an industrial injury or a disablement which occurred before January 1, 2004.

Section 5 repeals NRS 616C.453 which authorized a single payment from the Uninsured Employers' Claim Account to claimants with permanent total disability benefits incurred before January 1, 2004.

Additionally, the bill eliminates the authority of the Administrator of the DIR to make the single annual payment from the Uninsured Employers' Claim Account.

SENATOR SETTELMAYER:

Senator Harris, what is the amount of the retroactive payments mentioned in section 3?

Senate Committee on Commerce and Labor
April 1, 2019
Page 18

SENATOR HARRIS:

The payments mentioned in section 3 are not retroactive.

RUSTY McALLISTER (Nevada State AFL-CIO):

I represent the Nevada State AFL-CIO and we are in support of S.B. 377. I was involved in the language of the bill in 2001 and 2003 allowing for a 2.3 percent cost-of-living increase for injured employees. However, those injured before 2004 were not included.

This bill will solve the problem of providing cost-of-living increases to those injured before 2004.

HERB SANTOS JR. (Nevada Justice Association):

I am here today representing the Nevada Justice Association; we offer our support of S.B. 377. This bill will accomplish an important goal for workers' compensation systems. I have submitted my written testimony ([Exhibit I](#)).

JARON HILDEBRAND (Nevada Self-Insurers Association):

I am here representing the Nevada Self-Insurers Association; we are in support of S.B. 377. I would also like to point out the Nevada Justice Association and the Nevada State AFL-CIO are also in support of the bill.

MR. McALLISTER:

Three bills are being heard on the same issue concerning cost-of-living raises for injured employees. One of the Assembly bills addresses a cost-of-living adjustment for surviving widows and surviving children of injured workers.

The bill sponsor may want to address this issue in S.B. 377.

CHAIR SPEARMAN:

Mr. McAllister will you work with Senator Harris on the issue you brought forward?

MR. McALLISTER:

Yes I will.

MISTY GRIMMER (Employers Insurance Company of Nevada):

I am representing Employers Insurance Company of Nevada and we are neutral on S.B. 377, because the industry has not collected premiums for the time period covered in retroactive benefits.

We do support Senator Harris' efforts in addressing a long-standing concern for injured workers.

I have contacted Senator Harris directly and want to point out the language repealed may need to be reviewed. As the bill currently reads, there is no direction to the DIR to make payments to recipients.

VICTORIA CARREON (Deputy Administrator, Division of Industrial Relations, Department of Business and Industry):

On behalf of the DIR, we are testifying neutral on this bill.

In answer to Ms. Grimmer's question, the payments would come from the Fund for Workers' Compensation and Safety and it is controlled by the DIR. We will leave the decision to legal counsel to decide if an amendment is necessary.

I also want to discuss the cost of the bill. There is no administrative cost to the DIR to actually administer this bill because we are already making annual payments to claimants. As long as the payments continue as annual payments, we will not have to increase staff.

There is an impact on the Workers' Compensation Fund. In year one, the increase will be \$356,096 and in year two \$720,383.

SENATOR HARRIS:

Please refer to [Exhibit H](#) to review past payments. In this review, you will see the minimal impact these payments will have on the claimants.

I would also encourage the Committee to keep in mind that these claimants have not received cost-of-living increases; their payments are based on wages from previous years without consideration for inflation.

Senate Committee on Commerce and Labor
April 1, 2019
Page 20

This is something that has been tried before. Now we have an opportunity to provide some relief to these 832 people.

I urge the Committee passage of S.B. 377.

CHAIR SPEARMAN:

We will now close the hearing on S.B. 377 and open the work session on S.B. 371.

SENATE BILL 371: Revises provisions relating to maintenance of manufactured home parks and repairs of manufactured homes. (BDR 10-303)

SENATOR DONDERO LOOP MOVED TO AMEND AND DO PASS AS AMENDED S.B. 371.

SENATOR SEEVERS GANSERT:

I do not recall if there was an amendment to this bill.

CHAIR SPEARMAN:

Yes, there is an amendment. The vote is to amend and do pass; thank you for the clarification.

SENATOR BROOKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

CHAIR SPEARMAN:

We will open the work session on S.B. 479.

SENATE BILL 479: Repeals provisions relating to certain mortgage loan originators. (BDR 55-148)

SENATOR SEEVERS GANSERT MOVED TO DO PASS S.B. 479.

SENATOR CANNIZZARO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

CHAIR SPEARMAN:
We will recess until Senator Parks arrives.

CHAIR SPEARMAN:
We will come back to order and open the hearing on S.B. 385.

SENATE BILL 385: Revises provisions relating to insurance for personal property at storage facilities. (BDR 57-538)

SENATOR DAVID R. PARKS (Senatorial District No. 7):
This bill establishes provisions relating to the issuance of a limited license to offer and sell personal property storage insurance. This insurance will be offered to storage unit occupants for coverage of personal property in the rented unit.

Joining me today is Tyson Falk, representing the Self Storage Association.

TYSON FALK (Self Storage Association):
This bill allows a limited lines insurance product to be sold and allows an owner of a self-storage facility to be a limited licensee. The B&I Division of Insurance (DOI) allows the self-storage owner to sell only this specific product. The limited license will allow the self-storage owner to sell specific insurance without getting full licensure. Full licensure would normally be required of a property and casualty insurer. Please refer to the Limited Lines of Insurance Document ([Exhibit J](#)).

I have with me Carlos Kaslow, General Counsel with the Self Storage Association to review the bill. We have two friendly amendments ([Exhibit K](#)) from the Self Storage Association and ([Exhibit L](#)) from the DOI.

CARLOS KASLOW (General Counsel, Self Storage Association):
I am representing the Self Storage Association, and we are in support of S.B. 385.

This bill will allow a different channel to offer insurance to self-storage customers. This bill will allow the sale of insurance at the self-storage facility. While this bill does not make the owner of the facility an insurance expert, it does allow the owner to offer insurance to their customers. It also allows the owner to submit the premium to the supervising entities.

The structure of this bill is such that it meets the needs of the three parties involved: the storage facility customer, the storage facility owner and the insurance companies.

From the standpoint of the customer, the product is very transparent in terms of exactly who is providing the insurance. The product also allows provisions if the customer has other insurance to cover goods stored in the facility.

It can be difficult for self-storage customers to purchase insurance if they do not have home or renters insurance. The conventional insurance market does not effectively address the need of self-storage customers.

This legislation will provide oversight and protections with respect to the storage operators offering the insurance. The storage operators must work with a supervising entity that is a licensed producer or a licensed insurance company. The licensed producer oversees the day-to-day management of the program on behalf of an admitted carrier.

This type of legislative structure gives the DOI the power to regulate both the storage operator and the supervising entity.

This bill meets the needs of all three constituents it is designed to serve.

SENATOR DONDERO LOOP:

Are there insurance companies that just offer this type of insurance?

MR. KASLOW:

As a practical matter, there are a number of companies that specialize in this type of insurance. However, there are not a great number of producers operating and managing these insurance programs. It is not practical for a typical insurance agency to include this type of insurance due to small premiums. This type of insurance is a specialized business.

SENATOR HARDY:

Is the friendly amendment consistent with the goal of the bill?

MR. KASLOW:

Yes, we are happy with the amendment the DOI has submitted. This Division will be the one to administer this bill. With respect to some of the technical changes, our position is to defer to the DOI.

We do have some items to confirm with the DOI, but we think the amendment is sound. A rate filing requirement is the only material change in the amendment. We have no objections to this proposal.

TODD WHEAR (Board of Directors, Nevada Self Storage Association):

I am a second-generation operator of self-storage facilities and have been in this business for 47 years. Having limited insurance available to our industry is very important, because it puts our industry alongside travel, car rental and other industries offering specialty insurance. As our industry grows, we need to be high functioning in our regulations and insurance standards. I am in support of S.B. 385.

LORI MACDONALD (Board of Directors, Nevada Self Storage Association Board):

I am on the Board of Nevada Self Storage Association and also an owner-operator.

We have one large facility, and our customers often ask if we offer insurance. We have had customers try to go through their own insurance, but it is inconvenient. Limited insurance is an easy process in other states where it is offered. For the ease of our customers, I am in support of this bill.

NICK STOSIC (Nevada Division of Insurance, Department of Business and Industry):

I am the insurance liaison for the DOI. I am here with Deputy Commissioner Stephanie McGee who oversees licensing for the division.

The intent of our amendment [Exhibit L](#) is to clarify the bill's language into the way the Division supervises and licenses limited lines of insurance. We currently have travel agencies, portable electronics and rental car insurance companies with the authority to sell limited lines of insurance.

In answer to Senator Hardy's question, it is appropriate to revise the language in section 14. The revisions in this section will give the DOI the ability to review and approve the insurance rates. Our revisions in section 14 address consistency without other limited lines of authority.

We also propose changing the effective date to July 1, 2020, so the licensing Division will have time to prepare for the new license.

SENATOR PARKS:

Thank you for hearing this bill. We will put the proposed amendments together to make desirable changes.

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Senate Committee on Commerce and Labor
April 1, 2019
Page 25

CHAIR SPEARMAN:

We will close the hearing on S.B. 385 and adjourn at 2:52 p.m.

RESPECTFULLY SUBMITTED:

Kim Cadra-Nixon,
Committee Secretary

APPROVED BY:

Senator Pat Spearman, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	2		Agenda
	B	8		Attendance Roster
S.B. 371	C	1	Matt Walker / Nevada Manufactured Housing Community Owners Association	Conceptual Amendment
S.B. 371	D	2	Matt Walker / Nevada Manufactured Housing Community Owners Association	Manufactured Housing Community Owners Association Chart
S.B. 177	E	1	Senator Yvanna Cancela	Proposed Amendment
S.B. 177	F	1	Paul Moradkhan / Las Vegas Metro Chamber of Commerce	Proposed Amendment
S.B. 479	G	1	Robert Wilson / California Credit Union League and Nevada Credit Union League	Summary of Bill
S.B. 377	H	1	Senator Dallas Harris	Annual Permanent Total Disability Payments
S.B. 377	I	1	Herb Santos Jr. / Nevada Justice Association	Written Testimony
S.B. 385	J	2	Self Storage Association	Limited Lines of Insurance Document
S.B. 385	K	13	Self Storage Association	Proposed Amendment
S.B. 385	L	7	Nevada State Division of Insurance	Proposed Amendment