

**MINUTES OF THE
SENATE COMMITTEE ON JUDICIARY**

**Eightieth Session
February 21, 2019**

The Senate Committee on Judiciary was called to order by Chair Nicole J. Cannizzaro at 8:08 a.m. on Thursday, February 21, 2019, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Nicole J. Cannizzaro, Chair
Senator Dallas Harris, Vice Chair
Senator James Ohrenschall
Senator Marilyn Dondero Loop
Senator Melanie Scheible
Senator Ira Hansen
Senator Keith F. Pickard

COMMITTEE MEMBERS ABSENT:

Senator Scott Hammond (Excused)

STAFF MEMBERS PRESENT:

Patrick Guinan, Policy Analyst
Nicolas Anthony, Committee Counsel
Jeanne Mortimer, Committee Secretary

OTHERS PRESENT:

Barbara K. Cegavske, Secretary of State
Scott W. Anderson, Chief Deputy, Office of the Secretary of State
Diane Foley, Deputy for Securities, Office of the Secretary of State

CHAIR CANNIZZARO:

The meeting will begin with a presentation by the Office of the Secretary of State.

BARBARA CEGAVSKE (Secretary of State):

Joining me today are: Chief Deputy Scott Anderson, Deputy Secretary of State for Elections Wayne Thorley, Deputy for Commercial Recordings Kimberly Perondi and Deputy of Operations Craig Kozeniesky. Here in Las Vegas is: Deputy of Southern Nevada Gail Anderson, Security Administrator Erin Houston and Deputy for Securities Diana Foley.

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

We submitted a visual presentation ([Exhibit C](#)). The responsibilities of the Office of the Secretary of State are outlined on page 2 of [Exhibit C](#). The Boards and Commissions that the Secretary of State sits on is outlined on page 3 of [Exhibit C](#).

The organization of the office is divided into 8 divisions and on page 4 of [Exhibit C](#). In-person customer services are available at the Las Vegas and Carson City offices. Office staffing and the number of positions assigned to each division in the office can be seen on page 5 of [Exhibit C](#).

The office collects various fees, fines and penalties with the majority of revenue going to the General Fund. These range from filings and license fees with the Commercial Recordings Division to include broker dealer license fees with the Securities Division. Fees collected also include candidate filing fees with the Elections Division. In fiscal year (FY) 2018, the office collected revenue of \$218.6 million, and 99.8 percent of the total fees collected went to the General Fund. The third-highest General Fund revenue-generating agency in the State is the Office of the Secretary of State.

On page 7 of [Exhibit C](#), a chart outlines the revenue collected by the office and is broken down by division for FY 2018. The largest generator of revenue is the Commercial Recordings Division at 85.3 percent of revenue collected; the Securities Division accounts for 13.5 percent of revenue collected. Together, the Commercial Recordings Division and the Securities Division comprise 98.8 percent of the total General Fund revenue collected in FY 2018 by the office. The remaining 1.4 percent was collected from Uniform Commercial Code (UCC) and notary fees, and the Elections Division.

On page 8 of [Exhibit C](#), there is a summary of fees and penalties collected by the office. The list is not all inclusive; however, the main fees collected by the office are listed. The list shows the range of the fees and that statutory authority under which the office collects the fees.

The Securities Division regulates investment activity and enforces the State's securities laws; statutory authority is found in *Nevada Revised Statutes* (NRS) 90. The duties of the Securities Division are listed on page 9 of [Exhibit C](#).

The office administers SilverFlume, which is Nevada's business portal. It is designed to be a first-stop shop for business to government filings and licensing transactions. Annually, SilverFlume supports nearly 500,000 business transactions. Partners of SilverFlume include 14 State agencies, 27 local government agencies and 58 regulatory agencies, on page 10 of [Exhibit C](#).

The Commercial Recordings Division is responsible for duties as outlined on page 11 of [Exhibit C](#). The Commercial Recordings Division is responsible for accepting, filing, maintaining and providing public access to the organization of business entities under the laws of Nevada. This division registers trade names, trademarks, service marks and rights of publicity. This division is responsible for issuing the annual State Business License to business entities. Business entities required to file with the Commercial Recordings Division include corporations, limited liability companies, limited partnerships, limited liability partnerships, limited liability limited partnerships, business trusts, and professional corporations and associations.

The table on page 12 of [Exhibit C](#) lists the number of business entities with an active registration status with the office. The majority of the business entities on file with the office are organized as either corporations or limited liability companies. Approximately 322,000 active business entities were on file as of January 2019. There were over 43,000 sole proprietor and partnership business licenses on file with the office.

The Notary Division's responsibilities are on page 13 of [Exhibit C](#). The notary laws are found in NRS 240.

The office administers domestic partnerships, Nevada Lockbox filing and document preparation services. Domestic partnership is a civil contract that grants domestic partners the same rights, protections, benefits, responsibilities,

obligations and duties as parties to any other civil contract. The office files and maintains all domestic partnership registrations and terminations. The Lockbox serves as a free online storage for advanced healthcare directives such as living wills, durable powers of attorney for healthcare decisions, do not resuscitate orders and guardianship nomination forms. Once filed with Lockbox, these documents can be accessed online by registrants and authorized healthcare professionals. It can be accessed by family members when medical treatment decisions must be made or by the courts in determining guardianships.

Assembly Bill No. 74 of the 78th Session created the Document Preparation Service. Document preparation service providers, excluding licensed attorneys, are individuals who provide assistance to clients in certain legal matters. The Document Preparation Service regulates these individuals, receives bonds, receives and processes disciplinary action and other remedies. The program has been operational for over 4 years, and there are 870 document preparation service providers. There were only 272 document preparation service providers in 2017.

On page 15 of [Exhibit C](#), there is a list of activities that have happened since the Seventy-ninth Session. The office is in the final stages of testing and implementing a rewrite of a commercial recordings processing system and notary registration system. The implementation is expected to go live within the next few months. As part of this project, we have partnered with Opportunity Village to digitize the historical business entity records held on microfilm. This allows for a digital archive and increased access to these records. There is continued outreach of SilverFlume as outlined on page 15 of [Exhibit C](#).

The Securities Division is in the comment stages of draft regulations relating to investment advisor fiduciary duties.

The office has one proposed legislation this Session. Senate Bill (S.B.) 45 was heard on February 14, 2019, by the Senate Committee on Judiciary. The office stays current with monitoring legislation during the Session.

SENATE BILL 45: Revises provisions governing business (BDR 7-471)

SENATOR OHRENSCHALL:

I appreciate the presentation and that it mentioned athlete agents. I do not believe people know that the Office of the Secretary of State regulates athletic agents and the mandatory registration process. In the Seventy-ninth Session, I worked with Assemblywoman Shannon Bilbray-Axelrod on revisions to the Athlete Agents Act.

DIANA FOLEY (Deputy for Securities, Office of the Secretary of State):

I work with the Securities Division as a securities consultant. There have not been any issues since the implementation of the Revised Uniform Athlete Agents Act. There have only been 25 applications since the enactment.

SENATOR OHRENSCHALL:

The Act is designed to protect talented young athletes from sports agents who may be less than scrupulous. I am glad to hear the implementation has been well-received.

Remainder of page intentionally left blank; signature page to follow.

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CHAIR CANNIZZARO:
The meeting is adjourned.

RESPECTFULLY SUBMITTED:

Jeanne Mortimer,
Committee Secretary

APPROVED BY:

Senator Nicole J. Cannizzaro, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A			Agenda
	B	2		Attendance Roster
S.B. 45	C	17	Office of the Secretary of State	Presentation