

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

**Eighty-First Session
April 5, 2021**

The Committee on Commerce and Labor was called to order by Chair Sandra Jauregui at 1:04 p.m. on Monday, April 5, 2021, Online. 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/81st2021.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Sandra Jauregui, Chair
Assemblywoman Maggie Carlton, Vice Chair
Assemblywoman Venicia Considine
Assemblywoman Jill Dickman
Assemblywoman Bea Duran
Assemblyman Edgar Flores
Assemblyman Jason Frierson
Assemblywoman Melissa Hardy
Assemblywoman Heidi Kasama
Assemblywoman Susie Martinez
Assemblywoman Elaine Marzola
Assemblyman P.K. O'Neill
Assemblywoman Jill Tolles

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Assemblywoman Sarah Peters, Assembly District No. 24
Assemblyman Howard Watts, Assembly District No. 15

STAFF MEMBERS PRESENT:

Marjorie Paslov-Thomas, Committee Policy Analyst
Sam Quast, Committee Counsel
Terri McBride, Committee Manager
Louis Magriel, Committee Secretary
Cheryl Williams, Committee Assistant



OTHERS PRESENT:

Teresa McKee, Chief Executive Officer, Nevada REALTORS
Tiffany Banks, General Counsel, Nevada REALTORS
Dan Morgan, Executive Officer, Builders Association of Northern Nevada
David Dazlich, Director, Government Affairs, Vegas Chamber
Susy Vasquez, Executive Director, Nevada State Apartment Association
Bailey Bortolin, representing Nevada Coalition of Legal Service Providers
Tess Opferman, representing Nevada Women's Lobby
Maria-Teresa Liebermann-Parraga, Deputy Director, Battle Born Progress
Benjamin Challinor Mendez, Policy Director, Faith in Action Nevada
Ben Iness, Social Work Intern, Progressive Leadership Alliance of Nevada
Mendy Elliot, representing Reno + Sparks Chamber of Commerce
Stephen Aichroth, Administrator, Housing Division, Department of Business and Industry
Annette Magnus, Executive Director, Battle Born Progress
Mackenzie Warren, representing Nevada State Apartment Association
Bonnie Latreille, Director, Research and Advocacy, Student Borrower Protection Center
Sandy O'Laughlin, Commissioner, Division of Financial Institutions, Department of Business and Industry
Will Pregman, Communications Director, Battle Born Progress
Carlos Lara, Private Citizen, Sparks, Nevada
Lukithia George, Private Citizen, Las Vegas, Nevada
Alexa Rangel, Private Citizen, Reno, Nevada
Sequila Angkratok, Private Citizen, Fernley, Nevada
Samantha Clements, Private Citizen, Reno, Nevada
Amy Williams, Private Citizen, Las Vegas, Nevada
Jacqueline Camacho, Private Citizen, Las Vegas, Nevada
Sabra Newby, Vice President, Government and Community Affairs, University of Nevada, Las Vegas
Joseph David, Private Citizen, Las Vegas, Nevada
Amy Koo, Deputy Political Director, One APIA Nevada
Robert Purdy, Private Citizen, Las Vegas, Nevada
Kelly D. Wuest, Commission Administrator, Commission on Postsecondary Education, Department of Employment, Training and Rehabilitation

Chair Jauregui:

[Roll was called. Committee protocol and virtual rules were discussed.] This is meeting number one for today. We have three bills on our agenda. I would like to let everyone know how I will be taking those bills. We will be starting with Assembly Bill 308, followed by Assembly Bill 332, and ending with Assembly Bill 382. With that, I will open the hearing on Assembly Bill 308, and we have our own Assemblyman Frierson here to present that.

Assembly Bill 308: Revises provisions relating to landlords and tenants. (BDR 10-880)

Assemblyman Jason Frierson, Assembly District No. 8:

This afternoon, I am pleased to present Assembly Bill 308, which attempts to further balance the interests of tenants and landlords. For some background information, the members of this Committee are certainly no strangers to the plight of tenants and property owners today. Even before COVID-19, the influence of new residents and the resulting increase in property values caused a shortage of affordable housing throughout the state.

The Aspen Institute estimated in 2020 that Nevada had the greatest mismatch in demand and supply of affordable housing, with 19 affordable and available units for every 100 extremely low-income renter households. Additionally, per a national survey, 63 percent of Americans have been living paycheck to paycheck since the pandemic started. However, even before the pandemic, 44 percent of Americans were living beyond their means. The harsh reality is that before this public health crisis, 40 percent of Americans were unable to cover an unexpected \$400 expense.

As policymakers, we attempt to balance the right of landlords to secure market-value rent for their property while safeguarding the interests of tenants who find themselves priced out of homes they may have occupied for years. It is against this backdrop that I requested A.B. 308, which seeks to provide tenants with additional time before a landlord may increase rental payments, institute a grace period of three days before a landlord can charge late fees, and make a technical change to the definition of a security deposit.

Per the National Landlord Association, currently 23 states and the District of Columbia have notice requirements for rent increases of anywhere from 15 days to 90 days. Additionally, seven states and the District of Columbia offer a grace period before late fees are charged of anywhere from 4 days to 30 days. Housing continues to be a large percentage of a family's monthly expenses. As Nevada continues to see slower economic recovery compared to other states across the country, I believe it is critical we find ways to help tenants adequately prepare for the unexpected while not placing excessive burdens on landlords.

The bill itself is straightforward. Sections 1, 3 through 6, and 8 through 14, all deal with the technical change I discussed regarding the definition of "security deposit." Section 2, subsection 4, paragraph (a), prescribes that a landlord may not charge a late fee as long as the rent is paid within 3 calendar days after the due date. Finally, section 7 extends from 45 to 60 the number of days' notice a landlord must provide of a rent increase. For periodic tenancies that are less than one month, the number of days would be extended from 15 days currently to 30 days.

I believe this is a reasonable effort to give tenants ample time to prepare for large expenses such as housing. I also want to thank many of the stakeholders I have worked with in developing this bill for their work, input, and responses to various proposals. We have gotten to where I believe is a good place for dealing with the current crisis and expanding the

opportunity for folks to have notice and prepare, but also not overly burdening landlords—many of whom are just like you and me—who are living month to month and struggling just the same.

That concludes my remarks. I am happy to answer any questions you may have on the bill. I will note I requested that the Nevada REALTORS be permitted—not as a part of the presentation necessarily—to participate virtually and possibly answer some questions. There was significant work back and forth on this proposal as it was being developed. I do have Teresa McKee with the Nevada REALTORS who should be in the queue to give a perspective from her association.

Chair Jauregui:

Committee members, I do see that we have Ms. McKee with the Nevada REALTORS on Zoom who will be available for questions. Does anyone have questions for our bill's sponsor or for Ms. McKee? [There were none.] Assemblyman Frierson, would you like Ms. McKee to give any remarks?

Assemblyman Frierson:

That would be great. With your permission, Madam Chair, if Ms. McKee could provide her testimony. I wanted her to be available to answer questions, but I also do not want to deprive her of the opportunity to offer her testimony just the same.

Teresa McKee, Chief Executive Officer, Nevada REALTORS:

Today I am speaking in support of Assembly Bill 308 on behalf of the more than 18,000 members of Nevada REALTORS. We advocate on behalf of both landlords and tenants, as those parties both constitute the clientele of our Realtor members. We would like to thank Assemblyman Frierson for bringing forward this important piece of legislation. We feel this bill creates a more balanced and transparent approach to landlord-tenant issues than what we have faced in a lot of the other bills, both last session and this session.

Existing law provides that a landlord may charge a late fee for the late payment of rent that does not exceed 5 percent of the amount of the periodic rent. The bill then provides that the late fee may not be charged until at least 3 calendar days after rent is due. Furthermore, the bill provides for an increase from 45 days to 60 days of the time that a landlord must give a tenant for the notice of an increase of rent.

Most of our property managers and landlords are very transparent with the tenants and have great relationships with the tenants. Most of these issues are not a problem for most tenants and landlords, but we know there are some landlords who are not as transparent and may not have that kind of relationship with their tenants. Both of the time periods proposed would now require such transparency from all landlords in a way that is fair and equitable to both landlords and tenants. We are in full support of this piece of legislation as drafted, and we really appreciate your time today.

Assemblywoman Considine:

I just wanted to make sure to get it on the record that when you are talking about raising the rent, that cannot be done—the rent cannot be raised—during the term of the lease. If the rent was going to be raised, they might have to do it 60 days prior to the end of the lease, but they cannot raise the rent during a lease that says how much the rent is, correct?

Teresa McKee:

That is correct. Most often, issues like that are handled within a contract as well—that at the end of the contract, it is clear in the contract that the rent could be raised at that point only.

Assemblywoman Kasama:

I just wanted to say that this seems very reasonable. I am already doing it in practice; nothing here changes what I have already done. I think it is good to provide people with ample notice. I think that this is reasonable, and I can support this.

Chair Jauregui:

Committee members, any other questions? [There were none.] I would move that we enter the support testimony portion of the bill hearing.

Tiffany Banks, General Counsel, Nevada REALTORS:

Today I am speaking in support of A.B. 308. We would like to thank Assemblyman Frierson for bringing forward this important bill with such reasonable language. Mom-and-pop landlords have been hammered, through no fault of their own, by this pandemic and the governmental moratoriums that have been put in place. They still need to make their mortgage payments, homeowners' association payments, and pay their taxes. These small landlords are stressing that properties have become too difficult to manage in this environment.

We know about and are experiencing a great influx of out-of-state buyers who are moving into Nevada and buying these properties as owner-occupants from exhausted landlords, which in turn is reducing the number of available rentals for tenants. This is a bill that our landlords and property managers can support. Our association is committed to strongly encouraging our members, property managers, landlords, and tenants to work together during these trying times. We will continue to do so.

Dan Morgan, Executive Officer, Builders Association of Northern Nevada:

The Builders Association of Northern Nevada represents more than 600 members, of whom more than 100 are builders and developers of single-family and multi-family residential communities throughout northern Nevada. We appreciate and commend Assemblyman Frierson for his tireless work on behalf of all Nevadans, and we appear today in support of A.B. 308. Assembly Bill 308 clarifies and further defines certain important aspects of the financial relationship between tenants and landlords.

David Dazlich, Director, Government Affairs, Vegas Chamber:

We would just like to thank Assemblyman Frierson for bringing this bill and for the work and collaboration that has gone on with the stakeholders. We believe this finished product is a very thoughtful and measured bill that will have significant effects and positive benefits for Nevada's renters as well as landlords. We are in support and urge passage of A.B. 308.

Susy Vasquez, Executive Director, Nevada State Apartment Association:

The Nevada State Apartment Association is testifying today in support of Assembly Bill 308. We want to thank the sponsor, Assemblyman Frierson, for proactively reaching out to the Association. We also thank Assemblyman Frierson for his measured approach with A.B. 308. Implementing a three-day grace period is reasonable and only assists the working relationships landlords have with their tenants. We do not want our tenants falling behind on rent any more than they do. Giving our residents a few extra days to produce rent before they incur a fee is something we can live with.

The stories of patience and goodwill with tenants have been lost at times, which is unfortunate given that this last year, many of our members have written off rent completely and gone above and beyond to keep tenants in their units. To be sure, we are not in the business of evicting our residents, and A.B. 308 captures that spirit. Finally, notice of rent increases as A.B. 308 proposes is already implemented as part of the Association's best practices. We support codifying this to keep landlords honest and our tenants more informed. We thank Assemblyman Frierson and urge your support of A.B. 308.

Bailey Bortolin, representing Nevada Coalition of Legal Service Providers:

We are also in support of this bill and want to thank Assemblyman Frierson for bringing it. One important thing I want to note on the three-day grace period piece is why this is so urgently needed right now. You will see it come over in Senate Bill 218 as well.

After some tenant protections were passed last session, it was well-documented in the *Las Vegas Review-Journal* that in order to recoup additional profits that landlords may not have been able to continue to receive due to protections being passed, there were thousands of notices that were sent out by property managers across the Las Vegas Valley. They were attempting to unilaterally and illegally change leases that were in place to no longer offer the three-day grace period that was a customary practice. Of course, they cannot do that unilaterally, and we were able to legally put a stop to that. But then as leases expired and were renegotiated, landlords were, in retaliation, no longer offering that grace period.

This is particularly important for the members of our community who pay their rent off of social security, which often comes on the third of each month. Tenants who had always reliably paid when that social security check came in on the third day have been paying a late fee every month for over a year now because they do not have an opportunity to catch up. This will be a much-needed reprieve for those members of our community, so thank you, Assemblyman Frierson, for bringing this bill.

Assemblywoman Considine:

In reading the bill, I am somewhat sure but I just wanted to ask, does this three-day grace period also count towards the weekly motels? Or does this not include the weeklies, or the places where people are staying for two weeks, one week, one week five times, et cetera?

Bailey Bortolin:

Was that directed to me? I apologize, there were automated voices talking over you at that point.

Assemblywoman Considine:

Yes, it was directed to you.

Bailey Bortolin:

The way that I read this bill, it would not apply to weekly rentals, but I think that is a policy choice that could be considered as it is a practice we often see there as well.

Chair Jauregui:

Committee members, are there any questions? [There were none.]

Tess Opferman, representing Nevada Women's Lobby:

We want to thank Assemblyman Frierson and the stakeholders for working together to bring forward this bill today. One of the top priorities of the Nevada Women's Lobby is housing security. We are working to ensure women and families are able to maintain affordable and stable housing, and we think this bill helps do that. The bill helps ensure transparency between tenants and landlords, ultimately helping to protect both parties. We urge your support on this legislation.

Maria-Teresa Liebermann-Parraga, Deputy Director, Battle Born Progress:

[Ms. Liebermann-Parraga read from written testimony submitted to the Committee, [Exhibit C](#).] We are in full support of [A.B. 308](#) and thank Assemblyman Frierson for this bill, especially because Nevada is no stranger to eviction crises and particularly the one we have now due to the COVID-19 pandemic. To that end, we must do everything we can to have transparency and leeway for renters, especially at a time when, due to layoffs or reduced income, Nevadans are struggling to make ends meet every day. We ask for everyone to please support [A.B. 308](#).

Benjamin Challinor Mendez, Policy Director, Faith in Action Nevada:

We are here in support of [A.B. 308](#), and we would like to thank Assemblyman Frierson for bringing this bill. As one of the previous speakers noted, the three-day grace period will definitely help those who are on a fixed income, and particularly those who are dependent on social security. As Ms. Bortolin noted, they often get their payment after the first of the month. This will make sure they are not paying any additional late fees on that.

Ben Iness, Social Work Intern, Progressive Leadership Alliance of Nevada:

I am here in support of Assembly Bill 308. Families across the state are experiencing rent increases that are forcing them out of their homes and communities with little notice. Finding a new, affordable apartment near their current home is a serious challenge in our state's highly competitive housing and rental markets. According to the American Community Survey, in 2019 almost 44 percent of Nevada households were renters, much higher than the national average of 36 percent.

This legislation increases the length of time that a rent increase notice must be delivered by, offering tenants a larger window of time for all the activities necessary in moving. Assembly Bill 308 also guarantees a tenant a three-day grace period to pay rent. Tenants may occasionally need just a few extra days to pay their rent while they wait for their paycheck to be deposited, for a check to clear, or for their social security payments to arrive. Assembly Bill 308 provides commonsense changes that benefit tenants, and we urge your support.

Mendy Elliot, representing Reno + Sparks Chamber of Commerce:

We would like to thank Assemblyman Frierson and the stakeholders who have developed this balanced approach for the policy that this represents. We urge your support of A.B. 308 and again, we would like to thank Assemblyman Frierson for all of his efforts.

Chair Jauregui:

Can we check the telephone line for those wishing to testify in opposition? [There was no one.] Can we check to see if there is anyone on the line wishing to testify in the neutral position? [There was no one.] Assemblyman Frierson, would you like to give any closing remarks?

Assemblyman Frierson:

Briefly, I want to thank the Committee for their time and attention, and I thank the stakeholders for the collaboration that was able to take place when developing this proposal. I was actually surprised at some of the stakeholders' willingness to come forward, and I really appreciate the direction and guidance about how this could impact various sides of the housing circumstances we find ourselves in today. I certainly believe that this bill will improve conditions for all sides.

Chair Jauregui:

I will close the hearing on Assembly Bill 308. Next on our agenda is Assembly Bill 332. I will open the hearing on Assembly Bill 332, and I believe we have Assemblywoman Sarah Peters here to present the bill.

Assembly Bill 332: Establishes provisions relating to property. (BDR 10-694)

Assemblywoman Sarah Peters, Assembly District No. 24:

I would like to present Assembly Bill 332, which establishes a statewide registry of the rental market. I will provide an overview of the issue, a summary of the measure, as well as an amendment for the Committee's consideration [[Exhibit D](#)].

We are facing a critical shortage of affordable housing in Nevada, especially in the rental housing market. We are bombarded with national studies of Nevada's rental housing market and its impact on our overall economy. These studies use data published by the federal government and sometimes readily available data from the private sector, and as with any statistics, these can and have often been spun to grab attention and frustrate the curious.

Current sources of data on rental housing—such as the census or commercial databases that focus on large apartment complexes—do not reflect recent market activity or the full scope of Nevada's rental market. Often the reported market data is years old, which is not helpful when we are trying to assess current market conditions.

I frequently hear from landlords and tenants that policy changes only work to support one side of the market equation. Both groups often feel like those changes are ineffective and misguided. This measure seeks to collect local and statewide rental market information such as the location of rental properties, rental rates, and where landlords reside. This state-specific data can help policymakers—us—understand the scope of Nevada's rental market.

I know I am not alone in this body in hearing from constituents and landlords about the fairness of our rental market policies. Some even consider a data collection bill, such as the one proposed today, as an overstep into property rights, while others think it does not go far enough to protect vulnerable populations from inflated rental prices in our urban centers. I am a data geek. When I am presented with these kinds of issues, my first question is, What does the data say?

What we have are two concurrent markets: the investment market and the housing market. As demand for rental housing increases, the demand for investments also increases. As the investment demand goes up, the prices that investment properties are sold at goes up, resulting in bidding wars and a reduction in single-family owned homes.

The increased cost of investment properties drives baseline rent costs up. Coupled with the increased demand from renting populations, both of these factors are driving rental market prices up, impacting access to affordable housing. The investment market is easier to track with purchase data that is more readily available than the rent rates and landlord data we are asking for in this bill.

Assembly Bill 332 requires the Housing Division of the Department of Business and Industry to establish a statewide registry of landlords. The registry must collect the name of the

landlord; the state and county where the landlord is domiciled; the total number of dwelling units owned by the landlord; the address of each dwelling unit; the amount of rent charged for each dwelling unit; the frequency with which rent is charged—for instance, if the tenancy is a fixed term or on a month-to-month basis; and the name of the property manager and the real estate broker of the property manager, if applicable. The landlord must provide this information to the Housing Division on or before January 1 of each year and anytime there is a change in this information.

The Housing Division has an existing database that they contract with for publishing affordable housing data. I have talked with them about using this existing database with a functional modification to mark the properties under a separate "tag," which would allow us to select these inputs under a unique identifier to extract them for assessment purposes.

As I noted at the beginning of my presentation, I would like to propose three amendments [[Exhibit D](#)]. First, only landlords with three or more dwelling units are required to provide information to the Housing Division [page 2, [Exhibit D](#)]. Second, multifamily apartment complexes will be required to report rental rates and increases under a separate process [page 2, [Exhibit D](#)]. Finally, the requirement for landlords to report this information would sunset on June 1, 2023 [page 3, [Exhibit D](#)].

As noted in the amendment, properties such as apartment complexes that belong to associations such as the Nevada State Apartment Association will have a separate process for submitting the relevant data. This is in part due to their existing transparency and collaboration to aggregate this information. I chose to exclude landlords who own up to three properties because these are not expected to be huge rent market drivers unless the properties are managed by a property manager. I am available to answer any questions.

Chair Jauregui:

Committee members, are there any questions?

Assemblyman O'Neill:

I appreciate the bill and what you are trying to do. I think I understand it, but that brings up the question I have. Why are we only going to have this bill in effect for two years? What do you plan to accomplish in just two years?

Assemblywoman Peters:

I do not love the idea—and I think most data people do not love the idea—of just collecting data for the sake of collecting data. I put this sunset on there in part because this bill would be obligating an existing division to do something that is a little outside of the scope of their current efforts. If you look at the fiscal note under the original bill language and the original understanding from their office, they wanted an entirely new person to help really develop out this program.

That is great. If we want to move forward with that in two years and create a separate process under the Housing Division to continue to assess this data annually, that would be

amazing. But right now, what I am really looking at are market drivers. What is driving the market in Nevada? Why are rent prices so high in some places? How are we establishing policies and practices across the board at the state and local levels to help both tenants and landlords manage in that marketplace?

I think if we take a step back and look at the 1,000-foot view of the market, two years gives us enough consecutive data of these markets to allow us to see obvious trends. We may not be able to quantify it to the extent that it is applicable in the two-year biennium past this sunset for dollar values, but we can use those trends and apply them to what we expect to see in the next two years.

Assemblywoman Kasama:

You said there is a two-year sunset on this, and the goal is to collect data. You said that it might be extended if it goes beyond two years. My question is, we already know that if there is a shortage, prices go up, but if there is enough inventory, prices go down. To have a study for this, we already know what the market factors are. I do think that there have been so many burdens on the landlord; to add this during this time is another regulation and another requirement. I can just sit here and see, What is the end game?

I have some owners I represent who own units in the same complex. One of them might charge so much for rent, and another one charges a different amount. It could be based on how long the tenant is there, or maybe they have a view of the pool. What is the goal of all the data? Is it eventually going to be mandated that they all have to be exactly the same? Maybe one unit is upgraded and the other is not. I just think it is an overreach. It is overregulation. I do not like the trend of where it is going, and I do think it is getting into the business practice of the owner.

We, as property managers, my staff or I, will prepare comparative notices of what the rent is. We present that to the owner of the property, and then they tell us what they want it rented at. We do not dictate, and so we have that communication with the owner. I think it could lead to infringing on the property rights of the owners of these units. I have a great deal of concern with this.

As far as data goes, you can pull up the multiple listing service (MLS) database right now and I am sure you have people who would be happy to give the info. You can pull up data on the MLS right now and find out, in a ZIP Code, what two bedrooms in a certain area are renting for. We do not need a huge study like this; that data is available. You can go to Zillow and see what they are advertising for.

A lot of owners are starting to rent their own properties. They are doing Airbnb, they are renting them—whether they are legal or not, the owners are doing that. There is a lot of information out there that is readily available. I do not think we need this type of a study. Those are just my comments on that.

Chair Jauregui:

Assemblywoman Kasama, was there a question you wanted to ask?

Assemblywoman Kasama:

My question is, What is the end goal for collecting all of the data when the data is out there? I think it is a burden on the owners and property managers.

Assemblywoman Peters:

You are not the first person to send that information to me—that there were concerns about what this would be used for in the future—but I think that really anything we are doing around rental housing is getting that critique. However, in our urban areas in particular, we have broken the traditional concepts of housing economics, which are that older homes become lower-value homes, which then become homes that can either be rented to low-income people or rented at a lower rate. That is no longer the case.

I live in a neighborhood where that is case in point. I am close to Midtown; it is an old home from the 1940s that has not been ungraded since the 1970s. They are selling for outrageous rates. The rent in my neighborhood is ridiculous considering what it was even five years ago. We do not understand those market drivers. This is really an attempt at trying to get to the bottom of it.

You said a lot of what I have been hearing. It could be that we are in a wave of people upgrading houses, and that could be increasing some of the market. It could be that Californians are coming in with greater income and that could be driving the market. We have all of these "what ifs" or "they could bes," but we do not have a lot of the data to drive that understanding. That inhibits us from really being able to establish what affordable housing should look like to help fill in those gaps.

The idea that the only way to get to a market where there is affordable housing is to develop and build more units does not get us to a place of accessibility or compatibility with our current urban designs. Those are areas where we really do not have a good grasp on what the economic drivers are. That is the goal of this data collection.

I do want to say that there is nothing in here that is obligatory or compliance-related. There is no punitive measure if you do not submit your information online because we are sensitive to that. This is not going to be a giant feat for the Housing Division to take on. We really want landlords to be able to supply data that supports their narrative of what the market is doing and how they are establishing rents, so we can see that and develop evidence-based policies based on that information rather than the contextualized, "in my experience, this is how things work and this is what we do." That is all we have right now.

Chair Jauregui:

Assemblywoman Kasama, do you have any follow up?

Assemblywoman Kasama:

No, thank you.

Assemblywoman Considine:

I know that you have to be a licensed real estate person in order to have a property management license. I can see that there are requirements for property managers to list all of this information with Nevada's Housing Division. My question is, there are landlords who might have a few properties but who are not real estate agents and therefore do not have that property manager permit. They do not know that if they have three or more units, they are supposed to do anything because they do not have property managers, or the property managers they do have are not licensed.

I kind of read this bill, and correct me if I am wrong, as we also want to capture how many rental units we have. I have heard numbers from 42 percent to 47 percent, but it is really unknown, especially in Clark County, how many are mom-and-pop landlords, and if those landlords are actually holding themselves out as landlords the way that we conceive of landlords. Or they are saying that they just have a few properties they rent out and they are not really being captured as non-owner-occupied properties. Is that sort of the intent of this bill as well?

Assemblywoman Peters:

There are layers there. I want to talk about the exclusion of landlords who have fewer than three properties. The idea there is that people who are in transition and have to rent their home in order to buy a new home are not market drivers. For people who have gotten a home through a will or through some other kind of legal process, because of a family member passing or becoming ill and is unable to take care of the property, those are not the landlords we necessarily need to capture because they are not market drivers.

We do want to capture those moms and pops if we can. The limitation here in capturing the mom-and-pop landlords who are not related to property managers is that we do not have any money to put towards this to get it to that finish line. As Assemblywoman Kasama mentioned, it can be a frustrating feat.

I do want to give an example of how we have done this to small business. A couple of years ago, we passed a bill that said small businesses must only work with companies that have business licenses in the state of Nevada. For my company, every contractor that we bring on has to have a business license in the state of Nevada. We did not know that until this last year, in part because there was not any money to go around and tell small business owners that they have to only work with these people.

It was delegated out, kind of through the word-of-mouth process and through the legal help of a Paycheck Protection Program loan. This is not an abnormal way of attempting to get people to fall in line with what is in the statutes. I do think we have community partners who will help us get feet on the ground and pull those people in.

I do think that you are absolutely right. We will be able to see trends of how many houses in our district, how many rental properties in our district, are those small mom-and-pop duplexes or single-family homes versus the apartments, and how much those different kinds of homes and rental properties drive the market around rent rates. We can see, generally, a single-bedroom place—which in my district, there are single-bedroom house apartments which would not get captured under the Nevada State Apartment Association—that are going for the same price as a single-bedroom apartment or more because of the convenience factor of where they are located. But we do not capture that in the statistic of how much a single-bedroom apartment costs. Those are the areas I would like to be able to pull trends for and really see what the market looks like.

Assemblywoman Considine:

I appreciate that, and I look forward to hopefully getting some data so that we do have a baseline to kind of know where we are.

Assemblywoman Tolles:

I think I might have gotten some of the answer from that last question, but I was just curious about, very specifically, what it is we are hoping to capture by delineating the state and county in which the landlord is domiciled, and what the benefit would be of gathering that information.

Assemblywoman Peters:

This is a part of what the market drivers are. Is it out-of-state investment coming into Nevada that is driving some of these prices to go up? Are we seeing more units held by people who do not live in the state of Nevada, in which case those dollars are not staying in the state of Nevada? That is, I think, important information to know about our housing market. Again, there is no decision being made based on this data. It is really just to inform us on what the market looks like and what is driving it.

Assemblywoman Tolles:

This may be more of a comment too, as you just touched on it, but I do not think there is anything we could do or take action on regarding out-of-state investors versus in-state investors. That is why I was asking the question.

Assemblywoman Hardy:

My question is about who has access to the database. Is it just the Housing Division of the Department of Business and Industry? Is it landlords and property managers? Who would have access to this information?

Assemblywoman Peters:

It would be housed in the database kept by the Housing Division of the Department of Business and Industry. I have actually been trying to work towards how we would pull that information and do the statistics. Right now, the Housing Division does not have that capacity. I would love for us at the Legislature to be able to see that information come through, but I am not sure we have the capacity in-house to be able to do that.

I have reached out to a couple of the University of Nevada, Reno's statisticians and economists about potentially working together on that piece. We obviously want to retain confidential information as it is applicable. That is a current piece we are working towards.

Assemblywoman Hardy:

Thank you for that answer. I am just curious and have a little bit of concern about the privacy. We are asking for the name of the landlord, specific addresses, and the name of the property manager and real estate broker. That seems like a lot of information and there could be some concerns there for privacy and security-type issues if are we getting such detailed information about people. Could you talk a little bit about why all of those things will be included?

Assemblywoman Peters:

It is really to assist in the trend analysis. The current program that we are trying to piggyback on does not have the ability to process multiple properties under one entity. The buildout for that is cost-prohibitive. The landlord information is already a required part of that existing database. That is part of why it is included in the bill. That also helps us correlate how many properties a single individual would own, so that helps us with the trends.

I am very aware of the concerns around privacy of data and, particularly, where we live. Especially as public officials, we feel that pressure regularly. I am very attuned to that. The access to this data would not go beyond what the current access to the data is as it relates to personal information. It would be aggregated before it gets to an outside party to do the data trend analysis.

We would not be publishing any information related to where somebody lives or the name of a person in any manner. I would not want that out there at all. Although, to be fair, you can look at the assessor's office and see who owns property and the personal information of the person who owns that property, depending on how they have submitted the information. But yes, we would be careful with that data. I do believe we actually have Housing Division folks on the line if they want to talk about how they treat that information in the current, existing database.

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

Currently, we contract our existing housing database with a national firm that really does this for a number of state housing finance agencies. To go back to the previous question, what we would need to do to ensure that confidentiality is held is work with this agency and make sure they are abiding by the state protocols that exist regarding personal information.

Chair Jauregui:

Committee members, are there any other questions? [There were none.] I do have a quick one for you, Assemblywoman Peters. There is a section that says a property management

company cannot work with someone who is not reporting [section 1, subsection 4]. Is there going to be an enforcement mechanism behind this?

Assemblywoman Peters:

No, in part because at this point in time, we do not know that we need the enforcement. It could be voluntary, and we could get enough data for that voluntary effort to be fine. At this point, no, we are not putting dollars and effort towards ensuring that piece is complied with. But I do think it is an important piece in that public-private partnership of ensuring people know this is in the statute and required of landlords to do. Hopefully, we will get more people to participate in this data-gathering effort.

Assemblywoman Kasama:

Assemblywoman Peters, you happened to mention the tax assessor's office. I could see that this information would not be comprehensive. Per the tax assessor's office, you can just run a report that shows a mailing address other than the residence and that gives you a good idea of the people who own property who are not living there. You could have an easy database of what would most likely be investment or rental property. You can just pull that now from the tax record without infringing on the confidentiality of the rental amounts and things like that. It is just a suggestion that such a report could be pulled fairly easily.

Assemblywoman Peters:

Our Research Division of the Legislative Counsel Bureau, who assisted me with this bill, did reach out to the larger counties, Washoe County and Clark County, about what was available through the tax assessor's office. You are right. There was a way for us to kind of guess which houses would fit into these criteria, but we are really looking at the market drivers, which is where rents are set and why. That was not captured under that data.

Chair Jauregui:

Committee members, I am going to do one last call before we move on to testimony in support and in opposition. [There were no questions.] I am going to move on to the support portion of the bill hearing.

Annette Magnus, Executive Director, Battle Born Progress:

[Ms. Magnus read from written testimony submitted to the Committee, [Exhibit E](#).] We are in strong support of Assembly Bill 332. Whenever there is a hearing on housing or accountability for landlords, there is always a comment or question that we should focus on bad actors and not innocent mom-and-pop landlords. Assembly Bill 332 resolves that problem. Zillow is not the answer. What is in this bill is the answer.

Today is Homelessness and Housing Awareness Day. Today, and every day, we must take steps to protect Nevadans from landlords who are taking advantage of them. We have seen this throughout this pandemic. This is one of the best steps we can take to address that.

We need a landlord registry in order to have better transparency and accountability and actually identify bad actors throughout the state. This is not an overreach. With all of the

issues we have seen over the last year, this data is what we need to gather so we can start to address the real issues that exist in this space. This bill is a start and a baseline for that data so we can make better decisions about housing. Please support A.B. 332.

Ben Iness, Social Work Intern, Progressive Leadership Alliance of Nevada:

I am here in support of Assembly Bill 332. Landlord registries promote safety, stability, and accountability in the rental market. They allow local authorities a simple way to identify and contact the owner of a property if necessary. Rental registration programs also help identify the full scope of our rental housing market. While we often hear anecdotal evidence that policies will have impacts on tenants or rents, we do not have the numbers to show it. Having this data will allow state and local officials to develop appropriate policy responses. We urge your support of this legislation.

Benjamin Challinor Mendez, Policy Director, Faith in Action Nevada:

We are here in support of A.B. 332. We would like to thank Assemblywoman Peters for bringing this bill. Oftentimes, when we are advocating for our bills in support of tenant rights, we are asked where the data is to back it up. Where are the bad actors? Can you identify these bad actors? Oftentimes, we have nothing to be able to identify them.

This bill will make sure that we are able to register landlords, identify those bad actors, and actually go back and use that data in support of legislation in the future. Other states have passed landlord registries. Other municipalities have passed them. It has done a great job out there. I just want to read a quick summary from an FAQ from another state titled "Why Do We Need a Landlord Registry?":

The landlord rental process is currently unregulated and anyone can put a "For Rent" sign in front of a property at any time. In many cases, identifying the landlord is very difficult due to the property being registered under an LLC or an out-of-state owner. Thus it is hard to hold negligent landlords accountable for properties that are negatively impacting their tenants and the surrounding neighborhood.

This is from a Realtor association out in Indiana, MIBOR REALTOR Association. They are in support of their own landlord registry and we should all be in support of a landlord registry, as we are able to keep those bad actors accountable.

Bailey Bortolin, representing Nevada Coalition of Legal Service Providers:

We just wanted to thank Assemblywoman Peters for bringing this bill, and state for the record that we are in support. We often work in the area of tenant protections, especially this year and in the policy world. We often hear that tenant protections, if passed, would cause chaos and wreak havoc in our market, but on the flip side, if tenant protections are needed, we are told the market will correct itself. I think it would be incredibly helpful to just have some more information about what that market is so we can make informed decisions from there.

Chair Jauregui:

Can we check the telephone line for those in opposition? [There was no one.] Can we please check the telephone line for those wishing to testify in neutral?

Mackenzie Warren, representing Nevada State Apartment Association:

We are testifying in neutral on A.B. 332. We want to thank the sponsor, Assemblywoman Peters, for proactively reaching out to us, [unintelligible] amendment, and for recognizing the collaboration we bring as an association. Today's amendment is an excellent first step [[Exhibit D](#)]. We do have some concerns that rental statistics may quickly become stale, just because these numbers are so dynamic in nature [unintelligible] continue to work with the sponsor here.

Primarily, as a data-driven organization and one that strives to operate in the utmost transparency, we support rental rate information being made public. We see this as a positive. The more we know, the more we can adjust. As an association, especially over the last year, Nevadan tenants and landlords have weathered this pandemic and endured the eviction moratorium.

The Nevada State Apartment Association has routinely provided rental data to various counties, the Office of the Governor, and really many of you legislators who sit on this Committee. We are always a resource. If you have a constituent who lives in a Nevada State Apartment Association community, we rush to get that information to you and hopefully make a change. We really appreciate this bill's push to make Nevada more transparent, which we think is critical in the battle to increase accessibility and affordability. We will continue the work on A.B. 332.

Chair Jauregui:

At this time, I would like to call Assemblywoman Peters back up to give any closing remarks.

Assemblywoman Peters:

Thank you, Chair Jauregui and Committee members, for your time and consideration today. I wanted to just share that I am also in line with Ms. Warren's comments regarding concern that data collected on rental housing can be stale by the time it is assessed. However, the data collected over the selected period of time of two years lets us demarcate market influences, even if the rent rates fluctuate. I am continuing to have discussions with folks in the field of rental market data to drill down this particular, potential issue.

Lastly, I just want to express my gratitude to the Housing Division for their time and effort in helping me find a way to make this bill work. Their enthusiasm for affordable housing is apparent, and we should be grateful for the work they do to connect Nevadans with homes. This is quickly becoming the most-needed service in Nevada.

Chair Jauregui:

With that, I will close the hearing on Assembly Bill 332. Committee members, the last item on our agenda is Assembly Bill 382. I will now open the hearing on Assembly Bill 382, and I believe we have Assemblyman Watts here to present the bill this afternoon.

**Assembly Bill 382: Revises provisions relating to student education loans.
(BDR 55-116)**

Assemblyman Howard Watts, Assembly District No. 15:

[Assemblyman Watts read from written testimony submitted to the Committee, [Exhibit F](#).] I am glad to be back before this Committee to present Assembly Bill 382, which establishes a student loan bill of rights for our state. I am joined today by Bonnie Latreille of the Student Borrower Protection Center to assist me in presenting this bill.

More than 330,000 Nevada residents owe student loan debt totaling more than \$11.5 billion. Between 2010 and 2020, this debt increased 155 percent across the state, and it is something that every community in our state faces. While there is nothing wrong with taking on a loan to get an education, student loans are becoming a crisis here in the state of Nevada. We have the sixth-highest default rate in the country, with more than 44,000 borrowers behind on their loans.

The struggle is even greater among our rural communities. One in five borrowers over the age of 60 is also delinquent, putting their social security and retirement at risk and exacerbating financial insecurity and poverty among our seniors. These loans cannot be discharged in bankruptcy, leading to ballooning balances that can follow and weigh on families for decades.

It is also important to note that the default rates are particularly high in some of our private education institutions, but also in our community colleges. It may surprise you to know that there are actually shockingly few standards in place at the federal level, and currently very few in place at the state level, to ensure that the companies that manage our student loans are transparent, communicative, and responsive to borrowers who live in the state of Nevada. Where protections are in place for federal student loans, which make up the majority, they are often missing entirely for private student loans.

Assembly Bill 382 seeks to change that by setting clear rights for student borrowers in the state and establishing rules of conduct for loan servicers. We already do this for banks, credit unions, mortgage lenders, installment lenders, debt collectors, check cashing, title loans, and payday loans in the state. I believe it is time we update our laws to cover student loans, which are the fastest-growing debt market both here in the state and across the country.

With that, I would like to turn it over to Ms. Latreille, who can provide a little bit of additional background on why this bill is needed and what the intent behind it is. Then, I will walk the Committee members through the bill and the proposed amendment [[Exhibit G](#)],

which all of you should have received prior to the meeting. Following that, we will stand for any questions you may have. With that, I will turn it over to Ms. Latreille.

Bonnie Latreille, Director, Research and Advocacy, Student Borrower Protection Center:

[Ms. Latreille read from written testimony submitted to the Committee, [Exhibit H](#).] I previously served as a federal regulator of the student loan market at the Consumer Financial Protection Bureau. It is with that perspective that I am here today because I have seen what student loan servicing failures can do to already struggling borrowers. I have seen how transcript withholding can put students into a vicious cycle of economic immobility, and I have seen how high-pressure, bait-and-switch lending tactics can drive people into private student loans that are, quite literally, designed to fail.

You have already heard the numbers, but I think they are worth repeating. Forty-five million borrowers owe a collective \$1.7 trillion in outstanding student loan debt. Hundreds of thousands of these borrowers live in Nevada, which means that every month, all across the state, hundreds of thousands of student loan bills come due. Borrowers are trying to make their payments, but private, out-of-state companies are putting up obstacles to make it nearly impossible for them to do so.

Unfortunately, the rapid rise of student debt over the last decade has outpaced state regulation, leaving student loan borrowers vulnerable to these harmful servicing practices. For example, consider the borrower in Clark County whose student loan servicer auto-debited his payment twice, citing what the company called a technical glitch. After his bank account was overdrawn by thousands of dollars, he was late on other bills, creating a ripple of distress that pushed someone who was barely scraping by during COVID-19 over the financial edge. Months later, the borrower still has not had his money refunded.

This bill creates safeguards around payment processing to ensure that borrowers are held harmless and receive timely responses while companies sort out these errors. Or consider his neighbor, a senior citizen who is 70 years old and living solely on social security. He still owes his student loan, and because his student loan servicer did not tell him about affordable repayment options, he defaulted. Now, a portion of his social security is being seized every month by the federal government, affecting his ability to pay for his medication and groceries.

This bill establishes transparency in communication so borrowers can access the full range of repayment options available to them and avoid the extraordinary fallout of defaulted student debt. In no other financial market would we tolerate these outcomes. In fact, we do not.

As Assemblyman Watts mentioned, Nevada currently oversees more than a dozen other financial markets that handle the money of Nevada residents, including mortgage servicers, debt collectors, installment lenders, and more. But again, state law has simply failed to keep

up with what is now the second-largest class of consumer debt. This legislation changes that by replicating the approach to oversight that Nevada has already implemented across these other products.

It is important to make clear that this legislation is not about loan forgiveness. This legislation does not give anyone a free ride. This bill is simply about making sure that when more than 300,000 Nevadans go to make their student loan payment, they have the same rights they would have if they were paying their mortgage or their credit card. This bill is modeled off of what is now law in more than a dozen states, an approach endorsed by both borrowers and the largest student loan servicer in the country alike.

Assembly Bill 382 creates strong rules of the road for the large, out-of-state companies that are determining the financial future of your constituents. This bill ensures that Nevada residents can continue down the long road of economic recovery from the latest economic crisis by relying on their education for a path forward. This bill will let Nevada identify the servicing practices that are harming your constituents, stop them in their tracks, and create systemic changes so that everyone benefits. It will let you stand up for your constituents to make sure they are protected. It will let you make sure that these companies are following the law. With that, I would like to thank you for your time, and I look forward to your questions.

Assemblyman Watts:

I have a couple of other things. One thing I would like to note is that this body in 2019 did take additional steps to protect student borrowers [Assembly Bill 383 of the 80th Session]. We were able to create the office of the Student Loan Ombudsman within the Office of the State Treasurer to provide a single point of contact so we can assist student borrowers in trying to negotiate the best terms possible.

However, without some of these additional consumer protections and without the integration of some of our other financial watchdogs, it makes it difficult for people who are experiencing some of the stories that Ms. Latreille shared to access recourse and address these problems. With that, I would like to walk you through the bill. I know it has many sections; I will try to be relatively brief so we can then turn it over for any questions you may have.

Sections 2 through 13 and section 52 [Exhibit F] outline definitions. Of note, section 8 distinguishes private loans from other types of loans from banks and federal programs which are loaned through various institutions. Section 12 defines what a "student loan servicer" is, and that is what a lot of this focuses on. The federal government is the number one lender, but they transfer the servicing, the day-to-day managing of these loans, to another company.

Section 13 defines the act of "student loan servicing." Section 15 requires those engaged in servicing student loans, other than licensed banks and their wholly owned subsidiaries, to become licensed by the Division of Financial Institutions (FID) within the Department of Business and Industry. Sections 16 through 19 outline typical application and license

requirements of applicants to the FID that would apply to student loan servicers under Assembly Bill 382, including an application fee, background checks, a bond, et cetera. This aligns with how other entities are handled by the FID.

Section 20 exempts servicers that are engaged by the U.S. Department of Education to service federal government-issued student debt from many of the licensure requirements of the bill. The Commissioner of the Division of Financial Institutions retains the authority to determine if the servicer is engaged in other types of loan servicing that would require full licensure. What this does is ensure that the state is not preempting the federal government and the standards for the servicers it contracts with. That said, they would still be held to uphold the responsibilities and rights throughout the rest of this bill.

The amendment to section 21 [pages 9 and 10, [Exhibit G](#)] changes the dates to allow for better interstate cooperation between Nevada's FID and other state regulators, and specifies that a report be filed with the FID by April 15 by each licensee, as is the best practice for other licenses overseen by the FID. Sections 22 through 26 and section 29 outline the conditions a licensee must meet to maintain and renew licensure, which are modeled after best practices with other similar license types overseen by the FID. You will see a recurring theme in this that we are borrowing from other statutes and processes in place for other financial services and applying those to student loan services.

Section 27 is where the bill of rights really begins and establishes a series of clear borrower protections. Section 27, subsection 1, paragraphs (a) and (b), provide for a prompt response to inquiries made by borrowers. Section 27, subsection 1, paragraph (c), clarifies partial payments in a manner that reduces penalties and late fees, which is the best practice from other regulated industries, including banks, where some bad actors were ordering transactions in a way to maximize fees and penalties. The procedures outlined in this section ensure transactions are not scheduled by institutions in order to maximize that revenue, and protect borrowers who are unable to pay the full monthly payment and who have sent partial payments to the licensee in good faith.

Section 27, subsection 2, outlines requirements to notify a borrower when their loan has been sold or transferred to another servicer to ensure that they are not negatively impacted by payments that otherwise may be sent to the wrong address, causing additional fees or interest to accrue. Section 27, subsection 4, requires a servicer to evaluate eligibility for options like income-driven repayment before placing a borrower in default or forbearance. This is another best practice for helping a borrower avoid negative credit impacts, even if the options are not the most economically advantageous for the servicer. And again, what this really comes down to is it does not make sense to force someone into default when they can already demonstrate that they are having difficulty repaying and should qualify for those modifications.

Section 29 applies several best practice consumer protections from the Fair Debt Collection Practices Act to student loan servicers specifically, and creates accountability to the FID and the Office of the Attorney General here within Nevada. Sections 30 and 49 ensure the

Attorney General, the Student Loan Ombudsman, and the FID are sharing information and data about complaints. This is important because each agency has a primary responsibility that could lead to information from a borrower, license review, or criminal complaint that requires coordination between those entities.

Section 31 outlines additional rights related to private loans, including protections and information for cosigners to ensure they understand the risks and the process for resolving issues that may arise during the life of the loan. Section 32 precludes private education lenders from having acceleration clauses, or terms, in future loans that would place borrowers or cosigners in default in fewer than 90 days of delinquency.

Section 33 protects service members who have become permanently or totally disabled, and others who have permanent disability expected to result in death, by requiring all efforts to monitor their disability status or collect on the private loan to cease. This is an existing protection for federal student loan borrowers.

Section 34 requires that private lenders make borrowers aware of their rights and access to repayment options prior to refinancing an existing student loan. It is important that borrowers have ready access to all of their options when making these decisions. This bill would ensure this happens every time Nevada borrowers are being offered refinancing. Section 35 clarifies that private education lenders cannot advertise or take actions like garnishment to enforce provisions that are not legal under sections 31 through 34 of the bill.

Section 36.5 of the amendment [page 22, [Exhibit G](#)] and section 37 ensure that the FID is able to determine which license category or categories best apply to the business, ensuring that nothing in the bill precludes the Commissioner from requiring a license under another statute, and reaffirms the FID's authority to call individuals forward for licensure or investigation.

Section 37, subsection 4 includes standard language that allows the FID to recoup investigatory and regulatory costs in the same manner as other license types pursuant to *Nevada Revised Statutes* (NRS) Chapter 658. Section 38 further adds to the provisions of section 37 to include authorization for the Commissioner to pass regulatory costs through to licensees.

Sections 44 and 45 authorize a private right of action for a borrower who has been negatively impacted by violations of this act. Section 53 bans a postsecondary institution from withholding transcripts or services as a means of debt collection. Transcripts enable students to become employed or transition into their next academic program, which should ultimately help the student meet their financial obligations. The section does go on to authorize institutions to adopt rules around services that can be withheld for default.

Section 54 outlines a transparency report for all postsecondary institutions that correlates with data already being provided to the U.S. Department of Education, and what, if any, problems have been identified that may guide the Commissioner or policymakers to enhance

oversight of this market. Section 55 codifies best practice restrictions around promoting or advertising specific financial products to avoid confusion for students about whether the product is an actual program or service offered by the institution, state, or federal agency.

Sections 56 and 57 provide for key means of oversight and transparency for private vocational institutions. Section 58 prohibits certain misleading behaviors around advertising and representation of vocational programs. This includes advertising in a manner that hides the total cost or representing themselves as an employer or official program of an employer. These are bad acts that can ensnare desperate job seekers into experiencing unanticipated costs or other economic harm. That is something I particularly want to avoid as we look to recover from our economic situation.

The remaining sections of the bill just make corresponding changes. With that, thank you for allowing us the time to present and walk through the bill. We will now stand for any questions that the members of the Committee may have.

Chair Jauregui:

Thank you, Assemblyman Watts, for presenting the bill, and thank you to your copresenter for walking us through it as well. I am going to go ahead and check to see if we have any questions.

Assemblywoman Kasama:

I am shocked that, as you said at the beginning, we did not have a lot of these controls and information already in statute. I am actually shocked to find out we did not have a lot of this; I would have thought we did. This seems very good to present.

I see on the bill that there is a requirement for a two-thirds majority vote, I guess because of a tax implication. This looks like the burden is on the institutions to comply with regulations and transparency. Why is that on there? I read through the bill, and I do not understand why that was there.

Assemblyman Watts:

Yes, that is covered in the licensing section of the bill. I believe it is section 16. If you look on page 7 of the bill, lines 26 and 27, you will see that there are licensing and investigation fees related to the licensure of these entities. Again, this is the same process that the FID uses for other lenders and financial institutions. This covers the cost of the time to review some of this paperwork and issue a license to a servicer. Those fees are what triggered the two-thirds requirement on the bill.

Assemblywoman Tolles:

Thank you to the sponsor for having some conversations and dialogues before this hearing. I want to ask a few of those questions so we can get that clear on the record. One of them was that I had a question, as I read the bill, on the language that specifically relates to each person. I believe that is standard language.

My initial concern was, were we going to have each individual who acts as a service provider—in other words, each individual employee of the company that acts as a service provider—go through this extensive background check, go through the certified public accountant audit process, and pay each of the individual fees? I just wanted to get it clear on the record that this is not how that would apply.

Assemblyman Watts:

That is correct. This would regulate the institutions themselves, the businesses, not every employee within them. In fact, if you look in NRS Chapter 604A, it deals with check cashing services, title loan services, and payday lending services. If you look at those legislative declarations, they also use the same language around "any person."

I would defer to legal counsel if anyone wants additional clarity on this, but of course, a person also includes a corporation under our statutory definitions. The way that this is actually carried out—and you could also follow up with the FID, perhaps when they testify in neutral—is that this is aimed at just the companies themselves. It is not a regulatory regime that would encompass every individual who works for such a company.

Chair Jauregui:

I do want to let the Committee members know that we have Sandy O'Laughlin from the FID on the phone. She is available to answer any questions as well, in addition to her neutral testimony.

Assemblywoman Dickman:

Thank you for this bill to clarify these issues. I just have a quick question. I know you said that a lot of this language was from federal requirements and regulations. In section 33, subsection 6, paragraph (b), it says "unable to engage in any substantial gainful activity . . . expected to last for a continuous period of not less than 12 months." Is this saying that if you are disabled for 12 months, your student loans are forgiven? Am I understanding that right?

Assemblyman Watts:

First, let me clarify that nothing about this bill does anything around student loan forgiveness. I know there have been a lot of conversations about that, particularly at the national level. This bill does nothing to remove any borrower's obligations to repay the loans that they have incurred. What this does—and you are correct—is use some existing language to define persons with these disabilities.

Again, if you have a federal student loan, you would actually already enjoy some of the protections from certain debt collection practices. This applies the same protections to private loans that are held by Nevada families. That is what this does: it makes sure that no matter who your student loans are from, if you are a service member who has incurred one of these disabilities, you have the same protections from certain collection practices. It does not eliminate the obligation incurred by the loan.

Chair Jauregui:

Assembly members, are there any other questions? [There were none.] I do have a quick question, Assemblyman Watts. I am not sure if this would be more directed towards Ms. O'Laughlin, but you might know the answer to this. Do you know how many of these private lenders or servicers we currently have lending in Nevada?

Assemblyman Watts:

I would actually like to ask Ms. Latreille to provide a little bit of context about the servicers overall. She can probably speak to how many tend to service federal loans and then the private aspects of that as well.

Bonnie Latreille:

With the student loan servicing market, we can expect approximately 65 licensees, and that is based on what we have seen in other states. I mentioned in my remarks that this bill is law in more than a dozen other states. Because most of this market is handled by third-party servicing, that does not reflect the number of lenders in this space.

We see lenders popping up left and right, especially with the emergence of both the financial technology industry and then more and more of these bootcamp options that are offering loans. But by and large, they tend to service the loans and manage repayment through third-party companies, and so that is about 65 licensees.

Chair Jauregui:

Perfect, that answered my question. And then, my next question is—and maybe it is in here and I just missed it—what happens to a student's loan that is being serviced by one of these 65 servicers if one of the servicers loses their license in the state, say, for a failure to pay their renewal? If they are not in compliance and lose their license, what happens to those loans?

Assemblyman Watts:

Ms. Latreille, would you like to answer that one?

Bonnie Latreille:

For the federal student loan servicers, I think it is important to clarify that there is an automatic licensing provision. They will not have their licenses revoked. That means if your loan is from the federal government, the state cannot revoke the license, but it does have the authority to enforce all of the other provisions of the law. That means that if the servicer violates the law, the state cannot revoke their license, but they do have all of the other penalties associated with it. For the private market, if a student loan servicer has their license revoked, then they quite simply cannot operate in the state just like in any other market, which creates a great incentive to follow the law there.

Chair Jauregui:

I think that is where my question would be. I want to make sure the student would not be penalized; that if they try to send their payment to a servicer who is not licensed in the state, the borrower would in no way be penalized.

Assemblyman Watts:

I appreciate that. Perhaps the FID would also like to speak to this, but my understanding would be that in the case where one of these servicers has their license revoked, it would make news, first of all. I think we would probably be working to notify folks to the extent we are able to.

In addition, I think the way that would really work is, by no longer being able to service those loans, the servicer would have to transfer any servicing in the state to another servicer. They would have to transfer those loans. Thankfully, we do have provisions in this bill so they would have to transfer to another licensed servicer. We have provisions in place in this bill to make sure that the documents are kept and that payments can follow so they do not slip through the cracks and we do not have consumers on the hook, if that issue that you laid out were to occur.

Chair Jauregui:

Ms. O'Laughlin, is there anything you would like to add to that?

Sandy O'Laughlin, Commissioner, Division of Financial Institutions, Department of Business and Industry:

I do not. I just have my neutral testimony.

Assemblyman O'Neill:

I think you said, Assemblyman Watts, that this is in process in 12 other states. Has the bill or similar legislation improved the collections or fulfillment of student loans?

Assemblyman Watts:

I would say this: As this legislation has been enacted in various states, it has improved the practices of servicers in general. I think they realize, especially some of the larger institutions, that this is the direction that things are moving in and they have incorporated these as their own best practices. Frankly, some of them had them before, and I want to recognize and appreciate that. I think it really has led to some improvement.

Of course, a dozen is not all 50 states. It would be great to have some comprehensive protections at the federal level, but until such a time as that happens, I think it is important for us at the state to enact some of these protections. I would ask Ms. Latreille if there is any evidence that she would like to share. She has worked on some of these measures in other states.

Bonnie Latreille:

Yes, it has been absolutely effective. We have seen states be able to take supervisory action and make efforts to remediate problems for student loan borrowers before it has to be referred to law enforcement. That saves the company a lot of money and public views, and it is better for the state because borrowers can have problems solved before they even know there are [unintelligible] errors. I would also add that this has been so effective that as the U.S. Department of Education is renewing its contracts with its own federal student loan servicers, it has explicitly incorporated requirements to comply with these bills and it is looking at these bills as the basis for which the terms are going to require.

Chair Jauregui:

Committee members, seeing no other questions, I am going to go ahead and move on to the support portion of our bill hearing.

Will Pregman, Communications Director, Battle Born Progress:

[Mr. Pregman read from written testimony submitted to the Committee, [Exhibit I](#).] We rise in support of Assembly Bill 382, which creates helpful and necessary protections for borrowers of student loans. The bill would require lenders to present alternative repayment options to borrowers; respond in a timely manner; conform to record retention and servicing transfer laws; not punish borrower's credit; or assign late fees for mistakes on the servicer's end.

For schools and institutions, they would not be able to push loans in which they have a financial interest. They would be stopped from denying transcripts as a form of collection practice. It would ban the use of misleading marketing about their graduates' success rates. Finally, it gives borrowers a disability discharge in the event that the student becomes totally and permanently disabled.

All of these measures represent simple requirements that help protect students from being defrauded or put in unnecessary financial stress, especially during difficult economic circumstances. As student loan debt continues to be a significant barrier for young people's economic advancement, this bill is the least that could be done to help students who are working to advance their careers have a leg up. Thank you for sponsoring this bill, Assemblyman Watts, and we look forward to its passage.

Carlos Lara, Private Citizen, Sparks, Nevada:

I am a student at the University of Nevada, Reno (UNR) and an intern for the Department of Legislative Affairs of the Associated Students of the University of Nevada. I am here today to voice my support for A.B. 382, the student loan borrower's bill of rights. As it stands, when students graduate from a university with private loans, there are no regulations that firmly protect students from the predatory practices employed by private loan companies and federal servicers.

This bill offers solutions by placing regulations on these loan companies, preventing them from continuing unfair business practices that target students by knowingly misapplying

payments, miscalculating payments, or knowingly withholding certain facts. Through your support for this bill, you can protect graduating students from these predatory practices in an already turbulent time. I urge everyone to please vote in favor of A.B. 382.

Lukithia George, Private Citizen, Las Vegas, Nevada:

Thank you for allowing me the opportunity to speak today in support of this bill. I went back to school in 2011 as a young, single mother of two daughters and a son only to create a better life for all of us. I got financial aid, but it did not cover all of my full tuition, so I needed student loans. My original loan was for \$12,000 and with interest, it turned into \$40,000. Ten years later, I still owe \$30,000. I was not even able to finish my last semester because my financial aid situation changed and I could no longer afford the tuition.

I only recently learned to consolidate my loans. No one explained to me the amount of interest I would realistically be paying, which turned out to be three times as much as the money I borrowed. I understand that none of the parts of the bill would help me directly at this time. I speak in support because I believe pieces of the bill will help others in the future to avoid some of the traps that I fell into.

My daughters face significant student loan debt as well. They were both awarded grants and scholarships to go to school, but that was not enough. One of my daughters now has a very good job with the county, but with the amount of school debt she has, I am afraid about how she will pay it off.

There are parts of this bill that I hope we would never have to use, like protecting our credit scores if a loan company makes a mistake or the disability protections. But hearing some of the horror stories of others who have had those issues, we would feel a lot better that that would not happen to us if this bill passes. That is why I urge your support. Thank you for your time, and I would be glad to answer any questions.

Alexa Rangel, Private Citizen, Reno, Nevada:

I am a student at the University of Nevada, Reno and the Director of the Department of Legislative Affairs of the Associated Students of the University of Nevada. I am here today to give my opinion in support of Assembly Bill 382, and to ensure that student voices are being heard. The associated students and I have passed legislation within our student government titled Senate Resolution 153, a resolution in support of A.B. 382.

We represent the students and we will continue to fight for what is in their best interest. Assembly Bill 382 is one of those bills. It is no secret that the student loan crisis has impacted so many students and graduates nationwide. It is no secret that private lenders and federal servicers continue to take advantage of students and their parents, who at times may be cosigning these loans.

There are 333,100 student loan borrowers in the state of Nevada who on average are taking out \$34,700 of debt per individual. They already have the burden to figure out the means of how they will pay back their student loans; they do not need to deal with the other stress

factors that these private loan companies and federal loan servicers have created. By passing this bill, the Assembly would exemplify support for students in helping fight off these predatory practices employed by private loan companies and federal servicers. In doing so, we can continue to address the student loan crisis within our state and move towards a greater Nevada. I urge all Assembly members to support students by voting in favor of this bill.

Sequila Angkratok, Private Citizen, Fernley, Nevada:

I am a former student with a bachelor's degree, a current student at UNR, and a veteran, calling to voice my support of A.B. 382, the student loan bill of rights. As a 35-year-old, I have lived under a massive burden of student debt my whole adult life. Coming from a single-parent family, my parent did everything they could to see me pursue the degree I wanted since I was a little girl.

As is incredibly common, a large private loan company took advantage of their desperation, even though they had incredibly low credit scores and very few resources to pay in a reasonable amount of time. The loan company offered them high-interest private loans to help me attend college. Several of the loans I cosigned myself, completely unaware as a young person about interest rates and the effect these loans would have on us down the road.

I also took out loans through my school, a private institution. Little did I know the school would not let me receive the diploma I worked so hard to obtain over four years because I had not paid off my loans to them by the day I graduated. I walked that day with an empty diploma sleeve. It took me years to pay off and I still have no diploma to show for it. My debt led me to major life decisions. I joined the military and served for six years, hoping to pay off my debt while serving in an important capacity, unsuccessfully.

Working hard and sacrificing much, I have been extremely fortunate to have only ever missed one payment in 14 years without the help of my parent. I was immediately penalized, which affected my credit. The company still did not work with me to shift the burden of my cosigned loans from my parent completely over to me, despite her complete inability to pay. Please help protect students from predatory companies and private schools for the very students they claim to be bettering through education by supporting A.B. 382. This is a huge step towards helping students better navigate and pay off the student loans they take out to insure themselves for a better future.

Samantha Clements, Private Citizen, Reno, Nevada:

I am a student at the University of Nevada, Reno, and I am also the policy analyst for the Department of Legislative Affairs of the Associated Students of the University of Nevada. I am here in support of A.B. 382. I, as a student, have had to take out loans to go to college and find this bill incredibly important. When applying to college, I had a very serious decision to make: Either I took out student loans or I did not get a higher education, and not getting a higher education was not an option. At the age of 17, before I could even vote, I had to make the decision to go into debt.

Do not get me wrong; I am incredibly grateful for the ability to take out student loans and have a way in which I have the opportunity to go to college. For many students, having to take out a student loan is reason enough to not go to college altogether. Having the protections that Assembly Bill 382 provides gives students like myself a sense of security that they will not be taken advantage of by student loan servicers following our graduation. I am not the exception or the only student who feels this way. I know many students who feel the exact same way. I know students who work full-time jobs for minimum wage because that felt like a safer option than going to college.

It saddens me that young adults will give up their academic dreams because of a poorly constructed system. Students should not have to decide between struggling financially or getting an education and, subsequently, a better career. One's socioeconomic status should not decide their ability to better themselves and become successful. Assembly Bill 382 makes this decision significantly less dichotomous, and allows for students who may have believed that they were unable to get an education to do so, knowing that they can securely pay off their loans. I urge the members of the Assembly to support Assembly Bill 382.

Amy Williams, Private Citizen, Las Vegas, Nevada:

I am a mother and stepmother of five children, and I am in favor of A.B. 382. My husband accumulated \$180,000 in student debt for his information technology (IT) bachelor's degree he got in 2005. Although he has a good job as an IT specialist, this is a massive burden on our family. He is the sole provider. I stay home to take care of our children, two of whom have disabilities and one who battled and survived leukemia. Had this bill been in place when my husband took out his loans, he might have made completely different choices. If honest marketing had been in place, he would have known how much he was realistically going to earn versus the amount of debt he has accumulated.

I am all about paying what is owed, but the extreme, extra amount from interest really weighs on us. The anxiety around this has made me afraid to have my own children go into higher education because I do not want them to live with the same burden. My family's debt situation will likely not be helped by this legislation. We hope that the pieces on permanent disability or protecting us if the loan company makes a mistake never come into play. We support this bill to help students in the future avoid the issues we face and to feel better about our kids maybe going to college one day.

Jacqueline Camacho, Private Citizen, Las Vegas, Nevada:

I am a student leader at the College of Southern Nevada (CSN), and I am testifying in support of A.B. 382. This bill protects my fellow college students at not just CSN but in the rest of the Nevada System of Higher Education. By passing this bill, these regulations on student loan servicers can prompt more incentives for those financially burdened to pursue a postsecondary education. Regulated practices can also ensure students that they will be protected if they were to apply for student loans. Thank you to Assemblyman Watts for introducing A.B. 382 to the Committee for the Nevada student body.

Sabra Newby, Vice President, Government and Community Affairs, University of Nevada, Las Vegas:

I am calling in strong support of A.B. 382. I want to thank Assemblyman Watts for bringing this important bill forward in support of our students. As has been discussed, the level of student loan indebtedness is very high nationally. Many private lenders take advantage of students and families who cannot afford a college education without borrowing the money to do so. Too much prime, predatory lending can get in the way of the student completing their education. This is a commonsense piece of legislation that will help address this issue and improve student completion rates.

Joseph David, Private Citizen, Las Vegas, Nevada:

I am an extension campus senator of the Associated Students of the College of Southern Nevada. The opportunity of abounding potential is presented here today through issuance of necessary procedures for the benefit of the students of Nevada. Assembly Bill 382 will guard against any possible financial insurrections mounted against Nevadan students who, through paying for their education, expect not to wallow in the mire of monetary hurt due to deception and lack of necessary protections, but who seek instead to better themselves and their communities.

Amy Koo, Deputy Political Director, One APIA Nevada:

I first want to thank Assemblyman Watts for presenting this important legislation. We advocate on behalf of the growing Asian community here in Nevada, including for education equity. We had several students who submitted written testimony with their personal stories and we hope you consider those as well [[Exhibit J](#) and [Exhibit K](#)]. Our sister organization, the Asian Community Development Council, worked with the State Treasurer for our annual college readiness bootcamp to prepare students with financial readiness seminars, which are a critical piece of college readiness as Nevada currently has the sixth-highest number of student loan defaulters in the country.

According to a study by the Center for Law and Social Policy, Asian students have the highest unmet financial need when it comes to higher education. The majority of Asian students are first- or second-generation students who are often navigating the financial aid landscape on their own. Many students first find out about their unmet financial needs when they enroll in college and do not have the resources or tools necessary to understand the regulation of private student loans. It is critical that we protect students and families from the rising cost of college and predatory student loans. The student loan bill of rights is a critical first step to ensuring education equity for all Nevadans.

Bailey Bortolin, representing Nevada Coalition of Legal Service Providers:

This is a good consumer protection bill, so me too.

Robert Purdy, Private Citizen, Las Vegas, Nevada:

I would like to thank Chair Jauregui and Assembly members for having me to testify on behalf of the positive side for this bill. I believe this bill is a crucial first step of protections

from the frankly predatory business of student loans. It is a great opportunity for the Nevada Legislature to show that it puts students first.

[[Exhibit L](#) and [Exhibit M](#) are additional letters in support of [Assembly Bill 382](#) that were submitted but not discussed and are included as exhibits of the hearing.]

Chair Jauregui:

We will now move on to testimony in the neutral position. Before we go to the telephone lines, I believe we have Commissioner O'Laughlin here from the FID.

Sandy O'Laughlin:

I am here today to testify in the neutral position on [A.B. 382](#). This bill creates a new chapter to license and regulate student loan servicers. We appreciate the sponsor and requester of the bill taking the time with the Division of Financial Institutions to discuss a series of technical adjustments to align with the FID's current processes for other regulated entities. We look forward to working with the sponsor and requester for any other amendments if they are needed. Thank you for your time, and I am open to any questions the Committee members may have.

Chair Jauregui:

Committee members, are there any questions? [There were none.] If we could now go to the telephone line, please.

**Kelly D. Wuest, Commission Administrator, Commission on Postsecondary Education,
Department of Employment, Training and Rehabilitation:**

I am testifying in the position of neutral for [A.B. 382](#). The Commission on Postsecondary Education (CPE) is responsible for student indemnification for private student loans in the case of institutional closures or the failure of an institution to provide the contracted education. This bill will set requirements for lenders which will provide greater protections for student borrowers. When an institution closes, the Commission struggles to quickly identify students who are impacted by such loans. Having the Nevada regulations will assist the Commission in providing student relief.

This legislation also establishes a new license for postsecondary vocational institutions. It will directly impact 65 percent of the licensed institutions under the CPE and 83 percent of the applicants that are in our application process. I recently sent a request for clarification concerning provisions in the bill starting with section 52 to assist the Commission in enforcing the provisions of the legislation. Thank you for your time, and I am open to any questions you may have.

Chair Jauregui:

I would like to go back to Ms. O'Laughlin, if you are still with us. I moved a little quickly and did not see a message that came through from a Committee member who had a question. If you are available, Assemblywoman Considine has a question for you.

Assemblywoman Considine:

I am just curious how the licensing fees for this would compare to any of the other institutions that you regulate and how they would cover the costs of the regulation.

Sandy O'Laughlin:

The fees that we charge for licensing are similar to our fees that we charge for any other regulated licensee. They are not more for this particular licensee than any other.

Assemblywoman Considine:

I have a follow-up. Do those licensing fees cover your costs for doing something like this?

Sandy O'Laughlin:

Yes, they are supposed to cover our costs. We have not taken this licensee quite yet, so we are not sure what the volume is going to be. We are hoping that it will. From listening to the support questions, I am thinking we are going to have complaints, so that might make a difference with how many people we need to regulate it.

Chair Jauregui:

I apologize, Assemblywoman Considine, for skipping right over your message and moving on to neutral. Seeing no other callers for neutral testimony, I am going to bring our bill sponsor, Assemblyman Watts, back up for any closing remarks.

Assemblyman Watts:

I have a couple of things. I think we heard why this is so important from some of the stories that were shared during public testimony on the bill. You can see that this has broad support from members of our community. Again, I want to reiterate that we are just using some of the same standards and the same best practices that exist for other financial institutions and applying them to make sure student borrowers are protected within our state. We are also trying to make sure that some of the protections that exist for federal student loans apply to private lenders and servicers as well.

The other thing I would mention is that I did receive the correspondence a day or two ago from the Commission on Postsecondary Education. We will be reviewing those comments and may bring forward an additional amendment to make some additional corrections, and we will be responding to them. Otherwise, I thank you again for hearing Assembly Bill 382 and urge the Committee's support for its passage.

Chair Jauregui:

It looks like we did not ask for testimony in opposition. Before I close the hearing, I do want to make sure that we have given everyone the opportunity to testify. Can we please check the telephone line to see if there is anyone in opposition? [There was no one.] With that, I will now close the hearing on Assembly Bill 382.

Committee members, the last item on our agenda is public comment. [Protocol concerning public comment was discussed.] Is there anyone on the telephone line wishing to give public comment? [There was no one.] I would like to remind everyone that we do have an evening agenda, so please remember to jump back on for our 6 p.m. meeting of the Committee on Commerce and Labor. With that, we are adjourned [at 3:13 p.m.].

RESPECTFULLY SUBMITTED:

Louis Magriel
Committee Secretary

APPROVED BY:

Assemblywoman Sandra Jauregui, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

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

[Exhibit C](#) is written testimony dated April 5, 2021, presented by Maria-Teresa Liebermann-Parraga, Deputy Director, Battle Born Progress, in support of [Assembly Bill 308](#).

[Exhibit D](#) is a proposed amendment to [Assembly Bill 332](#), dated April 3, 2021, presented by Assemblywoman Sarah Peters, Assembly District No. 24.

[Exhibit E](#) is written testimony dated April 5, 2021, presented by Annette Magnus, Executive Director, Battle Born Progress, submitted by Maria-Teresa Liebermann-Parraga, Deputy Director, Battle Born Progress, in support of [Assembly Bill 332](#).

[Exhibit F](#) is written testimony presented by Assemblyman Howard Watts, Assembly District No. 15, regarding [Assembly Bill 382](#).

[Exhibit G](#) is a proposed amendment to [Assembly Bill 382](#), presented by Assemblyman Howard Watts, Assembly District No. 15.

[Exhibit H](#) is written testimony dated April 5, 2021, presented by Bonnie Latreille, Director, Research and Advocacy, Student Borrower Protection Center, regarding [Assembly Bill 382](#).

[Exhibit I](#) is written testimony dated April 5, 2021, presented by Will Pregman, Communications Director, Battle Born Progress, submitted by Maria-Teresa Liebermann-Parraga, Deputy Director, Battle Born Progress, in support of [Assembly Bill 382](#).

[Exhibit J](#) is a letter dated April 5, 2021, submitted by Audrey Cagasan, Private Citizen, Reno, Nevada, in support of [Assembly Bill 382](#).

[Exhibit K](#) is a letter dated April 5, 2021, submitted by Kevin Conner, Private Citizen, Las Vegas, Nevada, in support of [Assembly Bill 382](#).

[Exhibit L](#) is a letter dated April 5, 2021, submitted by Leo Murrieta, Director, Make the Road Nevada, in support of [Assembly Bill 382](#).

[Exhibit M](#) is a letter dated April 5, 2021, submitted by Christine Saunders, Policy Director, Progressive Leadership Alliance of Nevada, in support of [Assembly Bill 382](#).