

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

**Eighty-first Session  
April 8, 2021**

The Senate Committee on Commerce and Labor was called to order by Chair Pat Spearman at 8:02 a.m. on Thursday, April 8, 2021, Online. [Exhibit A](#) is the Agenda. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Pat Spearman, Chair  
Senator Dina Neal, Vice Chair  
Senator Melanie Scheible  
Senator Roberta Lange  
Senator Joseph P. Hardy  
Senator James A. Settelmeyer  
Senator Keith F. Pickard

**STAFF MEMBERS PRESENT:**

Cesar Melgarejo, Policy Analyst  
Wil Keane, Counsel  
Kim Cadra-Nixon, Committee Secretary

**OTHERS PRESENT:**

DuAne Young, Deputy Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services  
Kelli May Douglas, Pacific Southwest Regional Liaison, Defense-State Liaison Office, Office of the Assistant Secretary of Defense, U.S. Department of Defense  
Andrew LePeilbet, Military Order of the Purple Heart, Disabled American Veterans, United Veterans Legislative Council  
Michael Willoughby, Tech Director, Battle Born Progress  
Susan Fisher, State Board of Osteopathic Medicine; State Board of Professional Engineers and Land Surveyors  
Jesse Wadhams, Bently Heritage Estate Distillery  
Tom Clark, Distilled Spirits Council of the United States  
Becky Harris, American Craft Spirits Association

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Matthew Johnson, IMBIB Custom Brews  
Alynn Delisle, Nevada Sunset Winery  
Alfredo Alonso, Southern Glazer's Wine and Spirits; Nevada Beer Wholesalers Association  
Carlo Luri, Bently Heritage Estate Distillery  
Leif Reid, Southern Glazer's Wine and Spirits; Nevada Beer Wholesalers Association  
John Sande, National Home Service Contract Association  
Art Chartrand, Executive Director and Counsel, National Home Service Contract Association  
Erv Nelson, National Home Service Contract Association  
Peter Aldous, Legal Aid Center of Southern Nevada  
Barbara Richardson, Commissioner of Insurance, Division of Insurance, Department of Business and Industry  
Charvez Foger, Ombudsman, Office of the Ombudsman for Owners in Common-Interest Communities and Condominium Hotels, Real Estate Division, Department of Business and Industry  
Sharath Chandra, Administrator, Real Estate Division, Department of Business and Industry  
Paul Catha, Culinary Workers Union Local 226  
Tess Opferman, Nevada Women's Lobby  
Leonard B. Jackson, Director, Faith Organizing Alliance  
Jennifer Kubiak, Manager, HOA Collections, LLC  
Donna Armenta, Board Member, Nevada Collectors Association  
Cameron Clark, President, Nevada Association Services, Inc.  
Michael Randolph, Manager, HOA Collections, LLC  
Jim Sullivan, Culinary Workers Union Local 226

CHAIR SPEARMAN:

We open the work session today with Senate Bill (S.B.) 269.

**SENATE BILL 269**: Revises provisions relating to dental insurance.  
(BDR 57-817)

CESAR MELGAREJO (Policy Analyst):

Senate Bill 269 revises provisions relating to dental insurance. There are no amendments for this bill ([Exhibit B](#)).

SENATOR SETTELMAYER MOVED TO DO PASS S.B. 269.

SENATOR PICKARD SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR SPEARMAN:  
We will now hear S.B. 291.

**SENATE BILL 291**: Provides for the licensure and regulation of master estheticians and instructors of master estheticians. (BDR 54-997)

MR. MELGAREJO:  
This bill provides for the licensure and regulation of master estheticians and instructors of master estheticians.

Senator Lange proposes a conceptual amendment which is included in the work session document ([Exhibit C](#)).

SENATOR PICKARD:  
Does the State Board of Cosmetology have the authority to add classes to the esthetics curriculum? Does this Board have the statutory authority to make a different class of license?

WIL KEANE (Counsel):  
Statutory authority is required for fees and to create a new class of license.

SENATOR PICKARD:  
I will vote no on this measure until I have an opportunity to review the amendment.

SENATOR LANGE:  
The conceptual amendment has been sent to the Committee.

SENATOR PICKARD:  
I received the conceptual amendment. I am not antagonistic to the bill; I only want to review it further.

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SENATOR LANGE:

I have met with all stakeholders and all agreed the State Board of Cosmetology was the most appropriate body to handle this license.

SENATOR PICKARD:

I am in agreement with this decision but would like to see the language.

SENATOR NEAL:

What does the State Board of Cosmetology anticipate regulating?

SENATOR LANGE:

The State Board of Cosmetology will regulate the tools used by a master esthetician. The Board will also examine the types of classes and hours required for advanced certification in esthetics.

SENATOR SETTELMAYER:

I will vote no on this bill because more work is needed. The exact fee for a master esthetician license is not defined.

SENATOR SCHEIBLE MOVED TO AMEND AND DO PASS AS AMENDED  
S.B. 291.

SENATOR LANGE SECONDED THE MOTION.

SENATOR HARDY:

I will vote yes on this bill but reserve my right to change my vote on the Floor.

SENATOR NEAL:

I also will vote yes on this bill but reserve my right to change my vote on the Floor.

SENATOR PICKARD:

I will vote yes on this bill but reserve my right to change my vote on the Floor.

SENATOR SETTELMAYER:

I will vote no on the bill but reserve my right to change my vote on the Floor.

THE MOTION CARRIED. (SENATOR SETTELMAYER VOTED NO.)

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CHAIR SPEARMAN:

We will now hear Senate Joint Resolution (S.J.R.) 11.

**SENATE JOINT RESOLUTION 11**: Urges Congress to ratify the Convention on the Elimination of all Forms of Discrimination Against Women. (BDR R-969)

MR. MELGAREJO:

This measure urges Congress to ratify the Convention on the elimination of all forms of discrimination against women. There are no amendments for this measure ([Exhibit D](#)).

SENATOR SCHEIBLE MOVED TO DO PASS S.J.R. 11.

SENATOR NEAL SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS HARDY, PICKARD AND SETTELMAYER VOTED NO.)

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CHAIR SPEARMAN:

We will now hear S.B. 171.

**SENATE BILL 171**: Prohibits a pharmacy benefit manager from requiring a covered person to obtain a drug by mail. (BDR 57-848)

MR. MELGAREJO:

Senate Bill 171 prohibits a pharmacy benefit manager from requiring a covered person to obtain a drug by mail. The amendments to this bill are included in the work session document ([Exhibit E](#)).

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DUANE YOUNG (Deputy Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services):

The amendment clarifies *Nevada Revised Statutes* (NRS) 683A.171 to 683A.179, which govern the activities of certain pharmacy benefit managers, do not apply to a pharmacy benefits manager governed by the provisions of NRS 422.401 to 422.406 which relate to the State Plan for Medicaid and the Children's Health Insurance Program.

This intent is achieved by defining "pharmacy benefit manager" for the purposes of NRS 422.401 to 422.406, in terms of its function concerning the State Plan for Medicaid and the Children's Health Insurance Program rather than by referring to the definition in NRS 683A.174.

In short, this amendment clarifies the provisions of section 1 of S.B. 171, which prohibits a pharmacy benefits manager from requiring covered persons to obtain a drug by mail. It does not apply to a pharmacy benefits manager who manages prescription drugs for the State Plan for Medicaid or the Children's Health Insurance Program.

SENATOR PICKARD MOVED TO AMEND AND DO PASS AS AMENDED  
S.B. 171.

SENATOR SETTELMAYER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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VICE CHAIR NEAL:  
We will hear S.B. 402.

**SENATE BILL 402**: Revises provisions relating to regulatory bodies.  
(BDR 54-709)

SENATOR PAT SPEARMAN (Senatorial District No. 1):  
Senate Bill 402 seeks to revise provisions related to occupational and professional licensing for active members and veterans of the United States Armed Forces, as well as their spouses or surviving spouses.

Kelli May Douglas, Pacific Southwest Regional Liaison, Defense-State Liaison Office of the U.S. Department of Defense is joining me in the presentation of this bill.

I had the privilege to serve as the Chair of the Legislative Committee on Senior Citizens, Veterans and Adults With Special Needs during the 2019–2020 Interim. The Committee heard testimony from two military spouses serving in Nevada. These spouses are professionals in their own industry and shared their experiences and the employment challenges of the spouses of those who serve.

The Committee learned that more than one-third of military spouses require some sort of licensure for their careers and an estimated 62 percent of military spouses report experiencing challenges in obtaining licensure. Military spouses are 93 percent female and are ten times more likely than civilian workers to move to a new state. These moves are due to relocation by the military.

As a result of frequent moves associated with military life; military spouses earn significantly less than their civilian counterparts, even though they are often more formally educated.

I also served as Chair of the Sunset Subcommittee of the Legislative Commission during the 2019–2020 Interim. Each interim this Subcommittee conducts a review of boards, commissions, and similar entities created by the Legislature. We were also charged, pursuant to S.J.R. No. 6 of the 80th Session, to conduct an Interim study concerning the operations of professional and occupational licensing boards.

To fulfill the requirements of the Resolution, the Subcommittee developed a survey, which was sent to 33 independent regulatory bodies that regulate a profession under Title 54 of *Nevada Revised Statutes* (NRS). As noted in the *Special Survey of Certain Regulatory Bodies* report, some boards did not respond to the survey, and others provided limited responses. The complete report and survey responses are located on the Subcommittee's website.

The Subcommittee learned that although the Legislature has continuously adopted measures to remove barriers to licensure, these barriers still exist. Senate Bill 402 seeks to remove barriers to licensing for applicants who are active members or the spouse of an active member of the U.S. Armed Forces, a veteran or the surviving spouse of a veteran. The bill also imposes provisions to

levy disciplinary actions against boards that fail to comply with reporting requirements.

Senate Bill 402 requires a regulatory body under Title 54 of NRS to issue a license by endorsement to practice in Nevada to applicants who hold a corresponding valid and unrestricted license to practice an occupation or profession in the District of Columbia or another state or territory of the U.S.

A license by endorsement may also be issued to active members or the spouse of active members of the U.S. Armed Forces, a veteran or the surviving spouse of a veteran who meets certain other requirements. The bill establishes certain requirements for regulatory bodies concerning applicants who are active members or the spouse of an active member of the U.S. Armed Forces, a veteran or the surviving spouse of a veteran.

These requirements include reduced application fees, exemptions from certain examinations, granting of provisional licenses and issuing of teaching licenses. Regulatory boards are required to post procedures for obtaining a license by endorsement on their website.

Senate Bill 402 requires certain regulatory bodies in this State to enter into a reciprocal agreement with the corresponding regulatory authority in another state or territory of the U.S. This agreement will allow a licensee to practice concurrently in Nevada and another jurisdiction under certain circumstances.

The bill requires a bill or joint resolution introduced in the Legislature to include a measure granting rulemaking authority. The bill expands the information required in the annual report submitted by each board and commission to the Sunset Subcommittee of the Legislative Commission and the Governor. If a regulatory fails to comply with the requirement to submit the report, the bill authorizes the Governor to suspend the authority of the board or commission to expend funds until the board or commission files the required report.

The Legislative Counsel Bureau is required to create a system for monitoring the progress of a State agency in adopting any permanent regulation required by a measure enacted by the Legislature. The bill requires the Register of Administrative Regulations to include certain information concerning the progress of an agency adopting a permanent regulation.



KELLI MAY DOUGLAS (Pacific Southwest Regional Liaison, Defense-State Liaison Office, Office of the Assistant Secretary of Defense, U.S. Department of Defense):

The mission of our office is to improve the quality of life for military service members and their families through state policy changes.

Addressing licensure issues for the spouses of our military service members has been a priority for the Department of Defense for several years. This was reconfirmed yesterday by First Lady Dr. Jill Biden through her renewed Joining Forces initiative.

Military spouses are disproportionately affected by state-specific licensure requirements that can cause delays and gaps in employment. Over 34 percent of the working population requires state licensure to practice in their professions. Military spouses have an annual cross-state relocation rate ten times higher than their civilian counterparts. Subsequently, military spouses experience unemployment and underemployment at significantly higher rates than their civilian peers. This has been compounded by the pandemic.

State policies that enhance existing licensure provisions for military spouses, such as those in S.B. 402, relieve one of the many stressors of frequent military moves. This bill enables spouses to quickly transfer their licenses and obtain employment in a new state. These policies facilitate greater career sustainability for military spouses which improve their families' financial security and overall resilience. To date, 21 states have enacted provisions to meet our criteria for enhanced military spouse licensure portability, and 20 states currently have active legislation.

If approved, S.B. 402 will benefit the military and veteran community by requiring boards governed under Title 54 of NRS to provide an improved pathway for licensures by endorsement, expedited adjudication of applications and accessibility to information on agencies' websites.

Nevada has made notable progress in the area of licensure portability for the military community. In February 2020, this progress was reported to Governor Steve Sisolak by the Office of the Under Secretary of Defense for Personnel and Readiness.

However, Nevada statutes are somewhat vague, permissive and do not include enough licensing boards to fully meet the military's criteria for licensure portability for military spouses. Military spouses lack access to existing provisions because the information is not included on many of the boards' websites and applications.

The Secretary of the Air Force released its first annual report on state licensure in August 2020. Nevada partially met the criteria for state licensure and the assessment by the Department of Defense.

This issue continues to be of critical focus for the U.S. Department of Defense. The 2021 National Defense Authorization Act requires all military service branches to develop criteria for assessing state status of licensure portability. These assessments will be included in mission basing decisions.

To ease military spouse unemployment rates, some federal grant programs require applicants to report if their state has provided support to military spouses.

The policy changes contained in S.B. 402 would implement key improvements for Nevada and ensure military families are not financially disadvantaged.

The burden on boards to implement these policies is relatively low. In Nevada, this will only affect 1,000 military spouses at any given time.

This bill will have a positive impact on military families, the defense community, local communities and the State. The U.S. Department of Defense, Office of Local Defense Community Cooperation reported defense spending in Nevada was \$3 billion during fiscal year 2019.

SENATOR SPEARMAN:

I propose an amendment to S.B. 402 requiring a name change to the State Board of Oriental Medicine; oriental is often viewed as a pejorative term.

VICE CHAIR NEAL:

Please explain the fees in section 216 of S.B. 402.

SENATOR SPEARMAN:

This section intends to reduce barriers to licensure by reducing costly fees.

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SENATOR PICKARD:

Does licensure expire upon departure from the State? Do we know the fees charged by the various boards? Can the boards afford a reduction in fees?

SENATOR SPEARMAN:

We do not know the exact fees charged by the boards. The reduction in fees would be spread among all boards.

SENATOR PICKARD:

Does a Nevada licensure make an applicant look more qualified when they move to another state?

SENATOR SPEARMAN:

As a compact state, a licensure from Nevada only applies to those states in the compact.

VICE CHAIR NEAL:

Sections 179, 186, 201 and 209 of S.B. 402 list several different kinds of companies. Do other states allow companies to be licensed by endorsement?

Ms. DOUGLAS:

This is unique for Nevada.

SENATOR SPEARMAN:

When a profession enters into a compact, all training and requirements are equal. A state cannot be in a compact with a state if the training and requirements are different.

VICE CHAIR NEAL:

The language in some of the sections in this bill appears to allow a business to operate in the State without an examination.

SENATOR SPEARMAN:

We can change the language where needed to have the correct outcome. Helping those in the military is my passion. I find it my duty to explain military life because we have only a few veterans as members in the Legislature.

It is important for military spouses to work because the pay for service members is low. A readiness issue for our Country is created when service members leave the military because their spouse cannot work.

We were disappointed to see some of the boards did not complete surveys required by this Legislative Body. The bill ensures regulatory bodies understand their obligations to a Legislative Committee.

ANDREW LEPEILBET (Military Order of the Purple Heart, Disabled American Veterans, United Veterans Legislative Council):

I testify in agreement with all of the testimony presented by Chair Spearman. Military spouses are essential to the health and readiness of our military.

Performance reviews are available if employees do not perform adequately. Military spouses do everything to support the military; it is time to support them. This bill will also help Nevada fill much-needed jobs.

MICHAEL WILLOUGHBY (Tech Director, Battle Born Progress):

I testify in support of S.B. 402. We need to support our military spouses; I agree with Senator Spearman's testimony.

SUSAN FISHER (State Board of Osteopathic Medicine; State Board of Professional Engineers and Land Surveyors):

We are in compliance with many provisions in this bill. The State Board of Osteopathic Medicine does not charge partial fees for active military and military spouses. However, the number of applicants covered by this bill will be minimal and therefore will not cause a financial hardship.

The State Board of Professional Engineers and Land Surveyors does not receive a large number of license by endorsement requests, therefore this Board does not foresee a financial hardship. The State Board of Professional Engineers and Land Surveyors waive fees for active military. Last month a special Board meeting was called to approve an applicant, a military spouse, for licensure.

We test for knowledge regarding specific soil issues in our State. We offer tests as needed and at their own pace. The Board would like to continue this test for engineers and land surveyors.

We support the intent of the bill. The State Board of Osteopathic Medicine and State Board of Professional Engineers and Land Surveyors testify neutral on S.B. 402.

SENATOR SPEARMAN:

Unlike many of the other wars, our military is comprised of volunteers. They volunteered to protect this Country and the constitution of their own volition. Military spouses are trying to support that decision. Because they move so much, families suffer. This bill presents an opportunity for us to give back to the military. Some are giving all; we are asking to give some.

VICE CHAIR NEAL:

We now close the hearing on S.B. 402 and open the hearing on S.B. 394.

**SENATE BILL 394**: Revises provisions governing the sale of alcoholic beverages.  
(BDR 52-157)

SENATOR JAMES A. SETTELMAYER (Senatorial District No. 17):

Senate Bill 394 will help business and industry within the State. This bill targets small businesses such as estate distilleries, small wineries and microbreweries that use local products. This bill will increase sales within the State.

SENATOR PICKARD:

Will you explain why we need this bill?

SENATOR SETTELMAYER:

Small industries have helped in many ways during the pandemic by stopping liquor production and making and donating hand sanitizer to law enforcement, hospitals and military personnel. Due to the mandated shutdown, many of these businesses were closed.

JESSE WADHAMS (Bently Heritage Estate Distillery):

This legislation is based on the premise that Nevada's craft alcohol manufacturers should have the same right and ability to ship their products as do out-of-state manufacturers.

This bill is not intended to undermine the three-tier system. The pandemic changed our lives, and we moved toward conducting more business online.

Craft manufacturers' business models changed overnight. Their tasting rooms were closed, and many pivoted to production of hand sanitizer. We have become more accustomed to ordering our products online and having them delivered.

Other states are moving in the same direction as we propose in S.B. 394. Kentucky, as an example, is moving its bourbon business toward a direct-to-consumer model.

Nevada statute permits out-of-state suppliers to ship up to a gallon of liquor or beer and up to 12 cases of wine to Nevada consumers. We are simply asking this same process apply to our small businesses in Nevada.

I will review the sections of S.B. 394. Section 1 covers definitional issues. Sections 2 through 6 include the addition to sell direct to consumers. Section 8 defines a case of spirits. Section 9 creates the framework for mail carriers. Section 10 requires craft manufactures to be bonded. Sections 12 and 13 cover collection of excise taxes. Section 14 allows craft manufacturers to ship directly to consumers in Nevada by amending NRS 369.176.

The objective of this bill is to establish requirements to allow Nevada-based craft businesses to ship alcohol to retail customers within the State.

SENATOR LANGE:

How are you able to prevent underage individuals from purchasing alcoholic beverages online?

MR. WADHAMS:

Mail carriers ensure an adult signs for delivery.

SENATOR LANGE:

How do mail carriers know the age of the person signing for the delivery?

SENATOR SETTELMAYER:

Section 9 of S.B. 394 requires the carrier to ensure the person signing for the shipment is at least 21 years of age. Out-of-State businesses have been shipping alcoholic beverages to Nevada consumers for some time. This bill gives our local businesses the same opportunity.

SENATOR PICKARD:

Will you explain the three-tier system?

MR. WADHAMS:

Senate Bill 394 allows Nevada-based businesses to take advantage of the process by which they can sell limited quantities directly to in-State consumers.

The three-tier system was established under the Twenty-first Amendment to the United States Constitution. This system is comprised of manufacturers, distributors and retail distribution. This system prevents any business from being in more than one tier.

This bill is not intended to tear down the three-tier system; it is to allow Nevada based businesses to sell limited quantities of alcoholic beverages in direct-to-consumer sales within the State.

SENATOR PICKARD:

Because we allow direct-to-consumer sales by mail, we are essentially eliminating the middle tier of distributors. We do not think it will be harmful to the three-tier system because these sales are limited to small quantities. Am I correct?

MR. WADHAMS:

Yes, S.B. 394 allows Nevada based manufacturers to ship within their current retail allotment.

SENATOR PICKARD:

How does the consumer know if the manufacturer has reached their quota limit?

MR. WADHAMS:

This has not been contemplated in the bill, however the current system of in-State and out-of-State sales does create those parameters.

SENATOR SETTELMAYER:

Existing statute places limits on retail sales. I have ordered from a craft distiller and was not able to go over my allotment. The suppliers are adhering to statute because they do not want to lose their liquor license.

VICE CHAIR NEAL:

What is the special permit noted in section 2, subsection 3, paragraph (a), subparagraph (2)?

MR. WADHAMS:

The special permit in this section concerns consumers ordering products online from a craft manufacturer.

VICE CHAIR NEAL:

Are we degrading the lines of the three-tier system in this bill?

MR. WADHAMS:

I understand the basis for your question. The intent of the bill is not to change how liquor gets to a retailer; the intent is to allow a craft manufacturer to sell within the State through a common carrier. Craft manufacturers are required to stay within their current direct-to-consumer allocations.

VICE CHAIR NEAL:

Distributors play an important role in ensuring taxes are paid. How will the payment of taxes be enforced if distributors are not involved with sales within the State through common carriers?

MR. WADHAMS:

Taxes are required to be paid according to NRS 369.490.

TOM CLARK (Distilled Spirits Council of the United States):

We support S.B. 394 because it will provide direct-to-consumer shipping privileges for distillers. This is the same privilege given to wineries in Nevada. Ten states allow direct-to-consumer shipping of spirits and six other states are allowing in-state shipping during the pandemic. Distillers in these states recognize the ability to ship their products directly to consumers continues to be a financial lifeline when their distilleries are closed to the public.

Consumers in Nevada want to support local businesses and order their favorite products directly from the source. These consumers also want the convenience of having their ordered delivered to their home. We ask you to support this "buy local" legislation.



BECKY HARRIS (American Craft Spirits Association):

I am speaking on behalf of the small craft distilleries in the United States, many of which are in Nevada. We represent small family owned distilleries making less than 5,000 cases of spirits per year.

During the pandemic, our distilleries pivoted production of spirits and made hand sanitizer for our communities. The effects of Covid-19 have caused sales to decline by 70 percent.

The importance of e-commerce to small business cannot be understated. Unlike wineries, distilleries are unable to directly connect with customers. Our customers want the ability to order online and are confused as to why they can order from wineries but not order from distilleries.

Senate Bill 394 is a commonsense proven approach to allow customers to order online and receive products by mail. This approach has allowed countless wineries to build their businesses leading to widespread distribution.

Virginia has allowed distilleries a similar privilege. This privilege has been instrumental in the survival of over 50 small distilleries in that state.

I urge you to vote yes on this bill and allow distilleries in Nevada to survive and thrive.

MATTHEW JOHNSON (IMBIB Custom Brews):

I support S.B. 394. Competition is good for our industry, but as Mr. Wadhams has pointed out, there are barriers to competition that benefit out-of-state producers.

Our industry, especially the brewing industry, survived the business closures during the pandemic because we could pivot to an online sales model. We would like to have the opportunity to ship directly to consumers.

There are mechanisms in place with shippers such as UPS to ensure people under 21 years of age do not accept shipments containing alcohol.

We have capacity limits in production and retail sales. We report these numbers to the Department of Taxation each month. We can track sales with existing

processes. This bill will ultimately benefit those in the three-tier system because small businesses will grow.

ALYNN DELISLE (Nevada Sunset Winery):

In 2015, the statute changed to allow wineries in Clark County and Washoe County. We were the first winery to open in Washoe County.

We are surrounded by states that make excellent wine, and they are allowed to ship wine to Nevada households. We are located within the State and also want to ship our wine to Nevada households. It is unfair competition to prevent in-state wineries from the same sales opportunities as out-of-state wineries.

Our winery is too small to be represented by distributors; therefore, our customers cannot buy our wines in the grocery stores. We have a wine club with 150 members, and those members must come to the winery to pick up and purchase their wine. As a convenience to our members, we would like to ship their wine order.

ALFREDO ALONSO (Southern Glazer's Wine and Spirits; Nevada Beer Wholesalers Association):

Most of the states in the U.S. do not contemplate the idea of spirits delivered through mail carriers. Senate Bill 394 would allow small distilleries to be in all three tiers of the three-tier system. Two U.S. Supreme Court cases, *Granholm v. Heald* and *Tennessee Wine and Spirits Retailers v. Thomas*, No. 18-96, 587, upheld the prohibition to allow a provision in-state that is not permitted by out-of-state producers. Passage of this bill would allow distilleries a provision in-state that is not allowed by out-of-state producers.

While we understand the plight of small distillers and brewers, we propose retailers, not manufacturers, deliver to the consumer. This suggested alternative protects the tax structure and does not corrupt the three-tier system.

SENATOR PICKARD:

How does the Supreme Court case apply to the provisions in S.B. 394? How does a new entrant make inroads into the marketplace especially during the pandemic? Distributors are not interested in representing these small start-ups.

MR. ALONSO:

If S.B. 394 passes, small wineries, breweries and distillers will be allowed a privilege no other businesses in the three-tier system is allowed to do. Wholesalers are not allowed to open a bar or sell directly to the public. Retailers do not manufacture products.

With respect to the three-tier system in Nevada, the public is protected, minors are protected and the system is protected in respect to tax revenue. Wholesalers can represent these small businesses. If the product is good, the businesses will prosper.

I disagree with Mr. Wadham's assertion that distillers from other states are allowed to ship to Nevada. Clear language in statute prevents this from happening. The Commerce Clause in the United States Constitution, Article I, section 8, clause 3 will be violated by passage of this bill.

SENATOR SETTELMAYER:

I know of an online businesses that will ship whisky by Federal Express to my home in Nevada. Businesses in Nevada should be allowed this same provision.

MR. ALONSO:

We know this is happening, but Nevada does not have the enforcement capabilities to stop these out-of-state online businesses. Delivery by third parties is the most efficient way to accomplish mail delivery of in-state spirits, wine and craft alcoholic beverages.

CARLO LURI (Bently Heritage Estate Distillery):

I support S.B. 394. Commerce has been upended in the past year due to Covid-19. Consumers have become accustomed to the convenience of purchasing products online.

Small business owners who represent Nevada's brewers, winemakers and distillers also found their businesses upended. Their tasting rooms were closed to protect public health. Consumers gathered to socialize, sample and purchase products in tasting rooms. Many small producers found themselves with limited options to access consumers. They were blocked by statute from participating in ecommerce.

Senate Bill 394 will give consumers the power to choose from the thousands of craft alcoholic beverages available from small producers. Many of the products from craft producers are not found on the shelves of retail outlets. There is not enough shelf space in retail stores for the many craft alcoholic beverages.

A consumer should have the option to order their favorite alcoholic beverage online if it is not available from a local retailer. It makes sense to give consumers the option to order these beverages for home delivery. Many consumers enjoy the convenience of shopping remotely. Allowing consumers the opportunity to order craft alcoholic beverages online is a reality in many states. These states include Kentucky—a leader in distilled spirits production.

Statute allows out-of-state suppliers to ship limited quantities of product direct to consumers in Nevada; however, this same statute does not allow Nevada suppliers to ship to the same consumer. This is not fair.

Nevada's small suppliers need this bill, not just to thrive but to survive in today's market. I ask you to modernize our statutes by passing S.B. 394 and leveling the playing field for small producers.

LEIF REID (Southern Glazer's Wine and Spirits; Nevada Beer Wholesalers Association):

The U.S. Supreme Court case in 2005, *Granholm v. Heald* invalidated a statutory scheme which is identical to the proposed bill. Michigan allowed in-state wine producers to ship directly to consumers but prohibited out-of-state wine producers from doing the same. In this case the Supreme Court found this statute unconstitutional. *Granholm* was also upheld in 2019 in the Supreme Court case, *Tennessee Wine and Spirits*.

We must find a solution that works around these court decisions. Our clients want to see local businesses flourish, and we believe there is a means to do this within the three-tier system. The Nevada Department of Taxation tracks shipments by suppliers to wholesalers.

SENATOR SETTELMAYER:

Senate Bill 394 will allow businesses in Nevada the same opportunities allowed to out-of-state competitors.

CHAIR SPEARMAN:

We will now close S.B. 394 and open the hearing on S.B. 381.

**SENATE BILL 381**: Revises provisions relating to certain businesses.  
(BDR 52-1009)

JOHN SANDE (National Home Service Contract Association):

The other day, I saw Senator Ratti ask, "What is the why of this bill? Why is this bill necessary, and what is it trying to solve?" I thought that was an interesting way to think about legislation from a macro level and a good place to start here.

As you may be aware, NRS 690C relates to service contracts. Service contracts are essentially warranty agreements that provide extended warranties on various goods. You are probably most familiar with extended car warranties or protection plans covering electronic goods from Best Buy or Apple Care. The type of service contract we are here to discuss today are home warranty contracts.

The difference between providing repairs to a car where you can take it to your local service center or electronic components that you can ship to a service provider; a home warranty requires someone to come to your own home. The difference between these types of services is so different that some have suggested carving them out in a separate chapter of the NRS. Senate Bill 381 defines the term home service contract and provides clarity for the industry and the regulators.

I will review the bill and our proposed amendment. If there are any questions, I would be happy to address those as we go or after my presentation.

Section 4 of S.B. 381 is a good starting point because it defines home service contract as it relates to household appliances, systems or components.

Section 5 outlines how home service contract providers handle claims from the consumer. I refer to this as the claims management section. The amendment ([Exhibit F](#)) contains language from the National Home Service Contracts Association and the Division of Insurance (DOI) and seeks to slightly change this section.

Section 6 requires home service contract providers to interact in good faith with their customers by not unreasonably denying claims. It prohibits providers from misrepresenting or discriminating against their customers. I refer to this as the consumer interaction or good faith section.

Section 7 codifies that consumers may terminate the home service contract at any time and creates the procedures to obtain a refund. Section 8 addresses oversight by the DOI and outlines regulatory obligations of the service contract providers and sections 9 through 16 cover language cleanup and clarification.

Section 17 adds new provisions to NRS 690C.260 which requires certain provisions in a service contract. This bill seeks to add other provisions that must be included in service contracts.

Section 2 of S.B. 381 also seeks to extend the term of a certificate of registration from one to two years. This will benefit both service contract providers as well as the DOI by decreasing administrative time and expense. This section also increases fees to reflect a biennial term. This change will have a revenue neutral effect.

We have submitted a proposed amendment, [Exhibit F](#). The DOI recognized we are proposing to move from annual registration to biennial; therefore, the initial fee must be increased to reflect the additional year. This is outlined in section 2 of the proposed amendment.

In section 5, subsection 3 of the amendment, telephone was removed. The DOI recognized that allowing claim denial by phone would be difficult to track.

Section 7, subsection 3 clarifies that if a claim had been paid by the service contract provider and the consumer requests to terminate the contract early, the amount of money that the service contract provider paid for that claim may be deducted from the refund. This amendment is seeking to codify the current understanding of the statute. Section 7, subsection 4 was requested by DOI to require the term be added to the service contract. Section 8, subsection 2 is also requested by DOI to allow DOI to investigate claims that are more time sensitive.

Section 12 slightly revises the definition of service contract, and this language is taken from the National Association of Insurance Commissioners model

language. The National Home Service Contract Association wants to make it clear that a service contract may be for successive terms if the parties agree to allow contracts to automatically renew.

Section 13, subsection 2 clarifies that the purchaser of a contract may be a third party. Section 16, subsection 5, also requested by DOI, adds language if the terms of the service contract permit.

Section 5, subsection 2 and section 17 recognize two different home service contracts. A standard home service contract is a warranty agreement that requires the provider to pay for repairs and requires repairs to be completed in a commercially reasonable time. Some providers offer what is known as an emergency service contract that requires them to conduct repairs within a certain time period. These contracts are typically expensive but valuable for hospitals, casinos and resorts.

Under some circumstances, it is important for certain repairs, such as HVAC, to be given special treatment. The service contract provider contracts with local businesses to conduct the repairs. The timing of repairs is solely dependent on the local contractor's schedule. Recognizing this, the proposed amendment requires a home service contract provider to respond to a consumers' claim within 24 hour and complete the repairs within 72 hours.

It is important to look at the practical effect of requiring a home service contract provider to give priority over other customers. If we require service contractors to give priority to individuals with service contracts, it will have the effect of skipping over individuals that require the same repairs but did not purchase a service contract. Although not intended, this outcome could be discriminatory.

Our proposed amendment requires the home service contract provider to initiate the repair order quickly and continuously work with the consumer to ensure repairs are made. It does not, however, allow the customer to be prioritized over customers without a home service contract.

SENATOR PICKARD:

Why is the scope in section 1, subsection 16 being changed?

MR. SANDE:

Mr. Nelson will address this question in his testimony.

SENATOR PICKARD:

Section 5, subsection 3 of the amendment, deletes the word telephone; however, the wording in this same section states: communicate in any other manner. This appears to undo the deletion of communication by telephone.

Is the intent to disallow denial of claims by telephone? If so, should we have language that actually states this?

MR. SANDE:

We do not have an issue with including this language.

SENATOR PICKARD:

I recommend language is added to preclude the option of communicating denial of claims by telephone.

Are we making a mistake by inserting hourly standards in section 5, subsection 2 of S.B. 381? The home service contract providers do not have control over the contractors. We should be more specific about what is covered and what is not covered in a home warranty.

MR. SANDE:

We want consumers to know what they are purchasing in a home warranty. In section 17, subsection 1, paragraph (q) of the proposed amendment, we included language to clarify a home warranty is not an emergency service.

SENATOR PICKARD:

The terminology "commercially reasonable time" is sensible for language in S.B. 381. I would like to see more specifics of what a home warranty covers and what it does not cover. How do we make the consumer understand what is covered in a home warranty?

ART CHARTRAND (Executive Director and Counsel, National Home Service Contract Association):

Conveying the exact terms of a home warranty to the consumer is a challenge for our industry. We work to make our contracts easier to understand.



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SENATOR PICKARD:

Home warranties are contracts of inclusion. Other insurance policies are the opposite.

MR. CHARTRAND:

We must find a way to make consumers understand that home warranties are not insurance contracts.

SENATOR NEAL:

How will renewals be handled in this legislation?

MR. CHARTRAND:

Renewals of home warranties have not presented an issue. Automatic renewals of contracts can be easily cancelled.

SENATOR NEAL:

I have an extended home warranty. I wanted to omit one section of the home warranty, and it was problematic.

MR. CHARTRAND:

Possibly the company did not offer what you requested. There are many other companies to choose from.

CHAIR SPEARMAN:

Please explain section 1 of S.B. 381. I am troubled by some of the language regarding exemptions.

ERV NELSON (National Home Service Contract Association):

*Nevada Revised Statutes* 604A is part of the States' consumer protection provisions. In 2017, A.B. No. 255 of the 79th Session added a section to NRS 604A listing many exemptions. Exemption 16 added language, "A person who exclusively extends credit to any person who is not a resident of this State for any business, commercial or agricultural purpose that is located outside of this State."

This exemption allowed a Nevada lender to extend commercial credit only to out-of-state borrowers. After the bill was passed, I was asked why Nevada commercial borrowers were excluded. This is the genesis of the bill before you

today. The bill, without the amendment, takes out the prohibition on Nevada commercial borrowers. It does not affect individual borrowers.

I added the language, "regardless of a personal guarantee or collateral" to section 1, subsection 16 of the amendment. The purpose of this language is explained in section 1 of the proposed amendment [Exhibit F](#).

In many instances commercial lenders will require an individual to personally guarantee the loan or offer collateral to secure the loan. This proposed language will clarify that when an individual offers a personal guaranty or collateral it does not transmute the commercial loan to a personal loan. This bill codifies statute and only affects commercial lenders or commercial borrowers.

CHAIR SPEARMAN:

What is the interest rate for a small business loan?

MR. NELSON:

If the business pays the loan back in the required period, the rate is 4 percent. If the business takes an option to extend the payment, the fee would be 15 percent.

CHAIR SPEARMAN:

A loan like this would never go over 15 percent?

MR. NELSON:

If you look at only interest; yes, this is correct. The fees may go higher than 40 percent if you consider all fees incurred in an extension of the loan. Attorney's fees are also a possibility in this situation.

CHAIR SPEARMAN:

I am concerned that small businesses may not be able to afford these fees.

PETER ALDOUS (Legal Aid Center of Southern Nevada):

Some lenders target small businesses and sole proprietorships with a small number of employees. These loans are often short term loans with high interest rates and can put the business into bankruptcy. Sometimes the business owners are put into bankruptcy.

I am concerned commercial loans with high interest rates will have a negative effect on small businesses.

MR. NELSON:

It helps no one if the borrower files bankruptcy. If the lender thinks a borrower cannot repay the loan, they will not lend the money.

I agree predatory loans are against the public policy of our State. It is tragic if a small or middle size company cannot secure a loan.

CHAIR SPEARMAN:

Some lenders target small businesses. The consumers look at this Legislative Body to protect them.

BARBARA RICHARDSON (Commissioner of Insurance, Division of Insurance, Department of Business and Industry):

We have had many conversations with the National Home Service Contract Association, and the Division of Insurance testifies neutral on S.B. 381.

We support most of the language in the bill because it supports clarity and efficiencies. We do, however, have concerns with section 5. The changes in this section are for the convenience of the consumer not the convenience of the Division of Insurance.

Section 7, subsection 4 and section 16, subsection 5 allows the service contract providers to refund to the lender rather than the consumer. This language has the potential to make the refund policy self-serving.

Section 8, subsection 2 limits the regulatory compliance options. Our specific concern is in section 8, subsection 2 paragraph (c) because this language does not allow for emergencies.

The provisions of the amendment help to define emergencies; however, it is not clearly defined for consumers.

Section 17, subsection 1, paragraph (q) in the amendment provides the service contract is not an emergency service. We understand from the National Home Service Contract Association that all service contract providers will put this

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clause in their contracts and will result in no emergency service contracts sold in the State.

The Legislature has asked us to support consumer protections. For those sections we referenced, S.B. 381 will take us in the opposite direction.

CHAIR SPEARMAN:  
There is more work to be done on this bill.

MR. SANDE:  
We are committed to working on the bill. Our amendment, Exhibit F, does reflect a number of items brought forward in the testimony by the Commissioner of Insurance.

CHAIR SPEARMAN:  
We will close the hearing on S.B. 381.

VICE CHAIR NEAL:  
We will now hear S.B. 186.

**SENATE BILL 186**: Revises provisions relating to collection agencies.  
(BDR 54-582)

SENATOR PAT SPEARMAN (Senatorial District No. 1)  
Senate Bill 186 is an important piece of legislation that ensures impartiality when a collection agency seeks to collect a debt.

Senate Concurrent Resolution No. 1 of the 32nd Special Session passed last summer acknowledges systemic racism and structures of racial discrimination as a cause of profound economic and social challenges to our most vulnerable populations, Black, Indigenous, and People of Color (BIPOC). Because of the systemic barriers affecting BIPOC families, they have not had the opportunity to build generational wealth; however, they have been impacted by generational poverty.

The Board of Governors of the Federal Reserve System reports that 13 percent of adults with a bachelor's degree or more did not expect to pay their current month's bills or would be unable to if faced with an unexpected \$400 expense

versus 42 percent of those with a high school degree or less. Even fewer individuals in BIPOC communities are able to handle a small financial disruption. Many studies have acknowledged other financial inequalities for BIPOC communities; 42 percent of borrowers had debt in collections compared to 26 percent of borrowers in predominantly White areas. Debtors in BIPOC areas were twice as likely as debtors living in a majority White area to have their bankruptcy case dismissed. Borrowers of color were called nearly twice as often as white borrowers despite similar rates of default and late payments.

A study of collection actions in three major cities found the risk of judgment is twice as high in majority-Black census tracts. Borrowers in majority-Black census tracts in one city were also 20 percent more likely to have their wages garnished after judgment.

President Joe Biden has set an economic recovery agenda built on advancing racial equity. We must also participate by enacting legislation that removes any form of bias. Senate Bill 186 is important because it prohibits a collection agency from collecting certain debts owed to persons affiliated with or related to an owner of the collection agency.

These studies are from a time when we were experiencing the lowest unemployment in history. Due to the coronavirus pandemic, BIPOC families are struggling financially and are experiencing widespread unemployment.

I know there may be some who do not want to hear about BIPOC. We have lived with systemic racism for a long time and need to have this difficult but courageous conversation. We must do something about institutionalized discrimination. Some practices are so pervasive we have normalized them and people are suffering.

I met with some constituents in opposition to S.B. 186. I looked at the bill from the perspective of consumer protection and transparency. I would like to read the document, NRS 281A.020 governing this bill.

A public office is a public trust and shall be held for the sole benefit of the people. A public officer or employee must commit himself or herself to avoid conflicts between the private interests of the public officer or employee and those of the general public whom the public officer or employee serves.

I will highlight certain provisions of S.B. 186.

Section 2 prohibits a collection agency and its managers, agents, and employees from collecting a debt from a person who owes fees to a homeowners' association, a tow car operator, or a property manager of an apartment building if the collection agency is affiliated to or a relative of a person who is the community manager for the homeowners' association, tow car operator, or the property manager.

Section 1 requires each collection agency to file an annual report with the Commissioner of the Division of Financial Institutions of the Department of Business and Industry. The report must contain information pertaining to the debt collected for a homeowners' association during the immediately preceding year. The report must include the number and amount collected for each homeowner's association. This information must include a signed statement affirming debts were not collect against a prohibited person.

It is important to show there is no bias in the relationships between a home owners association (HOA) and a collection agency. Senate Bill 186 ensures transparency by insuring the HOA hires an outside collection agency. Some have asked if naming both businesses will cover the intent of this bill. The intent of this bill is to ensure business operations are transparent and consumers are protected.

SENATOR HARDY:

I understand the intent of the bill, however, privacy concerns may arise from asking the questions specified in section 1, subsection 4.

SENATOR SPEARMAN:

Section 1, subsection 4 requires this information only if it is available. No individual debtor is to be identified. We can revise the language to include the information should only be identified by zip code. This would be similar to the practice used when foreclosing on homes.

SENATOR PICKARD:

I am concerned we are blending two concepts; the collections process is regulated. Why would we prohibit a collection agency from collecting their own debt?

SENATOR SPEARMAN:

Senate Bill 186 does not say a collection agency cannot collect a debt owed to them. Some homeowners associations also own a collection agency. In this case, the collection agency that also owns a homeowners association cannot collect debts owed to the homeowners association.

SENATOR PICKARD:

An HOA is a collection of owners, not a single owner. I do not know of a situation where a single owner would own the entirety of the HOA and a collection agency. I do see a situation where a group comprising an HOA also has a member that owns a collection agency and that collection agency is hired to collect the debt owned to the HOA.

SENATOR SPEARMAN:

We will consult with legal counsel to explain this situation.

MR. KEANE:

Section 2, subsection 9 clarifies the relationship in this bill. The debt belongs to the HOA; however, the prohibition refers to the community manager owning a debt collection agency and collecting a debt for that HOA.

On the previous concern of collecting debts for yourself, NRS 649.020 defines a collection agency. A person collecting his or her own debt is not a collection agency. A collection agency is defined as all persons collecting a debt for someone else.

SENATOR PICKARD:

Some HOAs do not hire community managers. This bill may present a problem for smaller HOAs. I will look into this further.

SENATOR SPEARMAN:

We can clarify the language. We should pass this legislation to ensure transparency in business interactions.

SENATOR HARDY:

Is the intent of S.B 186 to protect people residing in community developments from discrimination?

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SENATOR SPEARMAN:

No, Senator Hardy, protection from discrimination is not the intent of the bill.

SENATOR HARDY:

Is the intent of the bill to protect people from foreclosure?

SENATOR SPEARMAN:

Senate Bill 186 concerns consumer protection and transparency in business interactions. The bill prevents a manager of an HOA from using a collection agency they own to collect debts for the HOA where he or she is employed.

CHARVEZ FOGER (Ombudsman, Office of the Ombudsman for Owners in Common-Interest Communities and Condominium Hotels, Real Estate Division, Department of Business and Industry):

The Real Estate Division tries to stay neutral, however, with S.B. 186 we would need to amend NRS 116.3116, regarding loans against units for assessment. Senator Spearman is on point regarding the types of complaints we receive at the Real Estate Division.

SENATOR SPEARMAN:

Mr. Foger, would you clarify the reason for this bill?

MR. FOGER:

The Real Estate Division is in agreement with this bill. The management company of an HOA should not also own the collection agency charged with collecting debt of the HOA.

VICE CHAIR NEAL:

Should we clarify the language in S.B. 186?

MR. FOGER:

Yes, we should clarify the language in the bill.

SENATOR PICKARD:

Mr. Foger, what are we trying to accomplish with S.B. 186? Community managers are often charged with collecting debts. If we made this change, would it preclude community managers from attempting to collect debts?



MR. FOGER:

Changes would be required in NRS 116.3116, subsection 6 to no longer allow community managers to serve as both a manager and a licensed collection agency.

SENATOR PICKARD:

My understanding of this statute is that the community manager is in the position of collecting debt and would not need to hire a collection agency. Under the terms of this bill, the community manager would no longer be allowed to collect debts on behalf of the HOA.

MR. FOGER:

Community managers would be able to hire a collection agency under the terms of NRS 649.

SENATOR PICKARD:

Senate Bill 186 will require community managers to hire an independent collection agency to collect debts. This will raise rates for all home owners associations. I understand the intent of the bill because some community managers do not adhere to good business standards.

SENATOR SPEARMAN:

We can put language in the bill to address small HOAs.

I have seen instances where a small debt to an HOA jumped to a large amount when taken to collections by a community manager who also owned the collection agency.

SENATOR PICKARD:

I agree to your point in many respects. We are looking at the actions of a few bad actors instead of the majority of community managers.

SENATOR SPEARMAN:

This is an instance where we need to have provisions in place to protect the public. For example, all people in our neighborhoods do not plan to rob us, but we have locks on our doors. Most people can be honest, but some are not.

Senate Bill 186 will put consumer protection and transparency in the practice of debt collection on behalf of HOAs. Improper debt collection by HOAs is a problem in BIPOC communities, and we must try to prevent this practice.

MR. FOGER:

The Real Estate Division receives about two complaints each week concerning collection agencies. Senator Spearman, I will try to get more information to you about these complaints.

MR. MELGAREJO:

The Administrator of the Real Estate Division is available to answer this question.

SHARATH CHANDRA (Administrator, Real Estate Division, Department of Business and Industry):

I need the Committee to understand the way the Division licenses community managers. A management company could have a community manager that manages associations while the management company does the back end work.

Management companies could potentially own collection agencies. Management companies are not licensed with the Real Estate Division; only community managers are licensed with the Division. The Division has no authority over management companies.

PAUL CATHA (Culinary Workers Union Local 226):

We support S.B. 186. Collection agencies have needed consumer protection reform for years. This bill begins this process.

TESS OPFERMAN (Nevada Women's Lobby):

Senate Bill 186 takes an important step for consumer protection and transparency. We need to observe the practices of collection agencies on behalf of HOAs and acquire a greater understanding of the populations being targeted.

We also need to ensure collection agencies are not directly benefiting relatives who may be the owner or operator of an HOA or towing company. Sections 1 and 2 are necessary to gather information and protect consumers from bad actors. We urge you to support this bill.

LEONARD B. JACKSON (Director, Faith Organizing Alliance):

Our mission is to increase civic participation of underrepresented voters through faith-based and civic organizations within the Las Vegas Valley.

Senate Bill 186 will make a difference in our community. Our focus should be upon consumer protection, not consumer collection. Veterans have paid their dues to this Country. We want to ensure that those who are underserved and underprivileged receive an even chance.

MR. ALDOUS:

I have assisted many Nevada homeowners as they try to resolve fines with their home owners associations. One of the common threads I see is that homeowners cannot deal directly with the HOA Board; they must work through the community manager.

The community managers often force the debts to go into collection. The debt collection companies are frustrating to deal with. In one case, a homeowner was trying to resolve an issue with weeds, and she thought the issue had been resolved. Years later, she received a bill for \$10,000 in fines. The HOA Board agreed to waive the fees, but the community manager interrupted the decision.

The implicit conflict of interest between a collection company and a community manager results in unnecessary hassle, additional fines and collection costs. The ability for homeowners to resolve debt issues is hampered when a community managers also serves as the debt collection company.

JENNIFER KUBIAK (Manager, HOA Collections, LLC):

I am in opposition to S.B. 186 and have submitted written testimony ([Exhibit G](#)).

DONNA ARMENTA (Board Member, Nevada Collectors Association):

I testify on behalf of the Nevada Collectors Association in opposition to S.B. 186. Our Association is a division of American Collectors Association International, a trade group which represents debt collection agencies, creditors, debt buyers, collection attorneys and debt collection industry service providers.

Our members are licensed and regulated under the provisions of NRS 649. The proposed additions in section 1 of S.B. 186 should be under NRS 116 because

this section deals with homeowners associations. We hope the Committee will discuss this further.

Section 1, subsection 4 should be removed. Collection of this type of data by a collection agency violates federal regulations.

We do not see a reason for the prohibition of a relative as defined in section 2, subsection 10, paragraph (e). We understand the desire for transparency in business operations; however, we propose that disclosing a relative involved in a transaction would be sufficient.

Collection agencies are audited every year. A dispute and complaint process is included in NRS 649.332. We urge the Committee not to support S.B. 186.

CAMERON CLARK (President, Nevada Association Services, Inc.):

We are in opposition to this bill. I have submitted an opposition letter ([Exhibit H](#)).

MICHAEL RANDOLPH (Manager, HOA Collections, LLC):

I have been a collection manger in Nevada for 30 years and have specialized in collections for common interest communities for 20 years. I am opposed to S.B. 186 for several reasons. Collecting the required data would raise costs. The cost of an annual exam would also increase. Law firms who do collections in the common interest communities are exempt from NRS 649. They would also be exempt from this bill.

Information regarding collection from the common interest communities' would be turned over in an annual report. This presents a competitive disadvantage to the collection agencies. If the common interest communities do not want information reported to the State, they would retain a law firm rather than a collection agency for collection services.

This bill presents inequality in collection services. I have spent the last 30 years building a collection agency that does a good job.

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SENATOR SPEARMAN:

Section 1, subsection 4 requests information be gathered if available and without identifying any individual debtor. We can clarify language in the bill and I would like legal counsel to advise us on this language.

MR. KEANE:

We can replace language in section 1, subsection 4 to include the zip code of the debtor be collected. The information would have the number of debts collected in each zip code. There would be no information regarding gender, race or ethnicity included in the report.

SENATOR SPEARMAN:

I will listen to the comments and will prepare a conceptual amendment. I am not asking for identifying information, I am only asking for reports by zip codes.

VICE CHAIR NEAL:

We will close the hearing on S.B. 186. We will hear S.B. 408 tomorrow.

**SENATE BILL 408**: Revises provisions relating to the State Board of Pharmacy.  
(BDR 54-1098)

JIM SULLIVAN (Culinary Workers Union Local 226):

We are opposed to both S.B. 171 and S.B. 269. Both of these bills will have a negative effect on our health fund, and we will submit opposition letters and follow up with Legislators.

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CHAIR SPEARMAN:  
We adjourn the hearing at 12:35 p.m.

RESPECTFULLY SUBMITTED:

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Kim Cadra-Nixon,  
Committee Secretary

APPROVED BY:

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Senator Pat Spearman, Chair

DATE: \_\_\_\_\_

<b>EXHIBIT SUMMARY</b>				
<b>Bill</b>	<b>Exhibit Letter</b>	<b>Begins on Page</b>	<b>Witness / Entity</b>	<b>Description</b>
	A	1		Agenda
S.B. 269	B	1	Cesar Melgarejo	Work Session Document
S.B. 291	C	1	Cesar Melgarejo	Work Session Document
S.J.R. 11	D	1	Cesar Melgarejo	Work Session Document
S.B. 171	E	1	Cesar Melgarejo	Work Session Document
S.B. 381	F	1	John Sande / National Home Service Contract Association	Proposed Amendment
S.B. 186	G	1	Jennifer Kubiak / HOA Collections, LLC	Written Testimony
S.B. 186	H	1	Cameron Clark / Nevada Association Services, Inc.	Opposition Letter