

**MINUTES OF THE
SENATE COMMITTEE ON JUDICIARY**

**Eighty-first Session
March 24, 2021**

The Senate Committee on Judiciary was called to order by Chair Melanie Scheible at 1:03 p.m. on Wednesday, March 24, 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 Melanie Scheible, Chair
Senator Nicole J. Cannizzaro, Vice Chair
Senator James Ohrenschall
Senator James A. Settelmeyer
Senator Ira Hansen
Senator Keith F. Pickard

COMMITTEE MEMBERS ABSENT:

Senator Dallas Harris (Excused)

GUEST LEGISLATORS PRESENT:

Senator Julia Ratti, Senatorial District No. 13

STAFF MEMBERS PRESENT:

Patrick Guinan, Policy Analyst
Sally Ramm, Committee Secretary

OTHERS PRESENT:

Jim Berchtold, Directing Attorney, Consumer Rights Project, Legal Aid Center of Southern Nevada
Bailey Bortolin, Nevada Coalition of Legal Service Providers
Shane Piccinini, Food Bank of Northern Nevada
Benjamin Challinor Mendez, Faith in Action Nevada
Ben Iness, Progressive Leadership Alliance of Northern Nevada
Barbara Paulsen, Nevadans for the Common Good

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Serena Evans, Nevada Coalition to End Domestic and Sexual Violence
Emily Montan, Faith in Action Nevada
Wesley Juhl, American Civil Liberties Union of Nevada
Shannon Thompson
Robin Franklin, National Organization for Women, Nevada Chapter
Will Pregman, Battle Born Progress
Tess Opferman, Nevada Women's Lobby
Mary Janet Ramos, Culinary Workers Union Local 226
Kristen Burzumato
Tiffany Banks, Nevada Realtors
Maggie O'Flaherty, Nevada Home Builders Association
Dan Morgan, Builders Association of Northern Nevada
Susy Vasquez, Nevada State Apartment Association
David Dalich, Vegas Chamber
Bo Jones, Broker, Property Manager, Landlord
Teresa McKee, Nevada Realtors
Terry Moore

CHAIR SCHEIBLE:

Anyone intending to testify today may submit written comments. Each person will have two minutes to testify; you may also simply state you agree with a former testifier. When the hearing for the bill is concluded, there will be time for public comment. To submit written testimony during or after the meeting, the e-mail address is Sen.JUD@sen.state.nv.us.

I will now open the hearing on Senate Bill (S.B.) 218.

SENATE BILL 218: Makes various changes relating to property. (BDR 10-74)

SENATOR JULIA RATTI (Senatorial District No. 13):

Jim Berchtold, Legal Aid Center of Southern Nevada, is here to help me present S.B. 218, including the proposed amendment ([Exhibit B](#)). This bill seeks to address the challenges facing some tenants when it comes to working with their landlords to maintain housing. We passed S.B. No. 151 of the 80th Session which included some modest protections for tenants. This is a significant issue because when we talk about Maslow's hierarchy of needs, every individual needs food, shelter and clothing. This bill gets to the heart of the issue of whether somebody who is a renter maintains stable housing. A subset of landlords responded to S.B. No. 151 of the 80th Session in a

defensive manner. The vast majority of landlords are good players; they work with their tenants, they are interested in maintaining a professional relationship, and they do not take advantage of the power dynamic which gives them control over the housing of others. A small group of landlords have an over-sized impact on vulnerable tenants. Senate Bill No. 151 of the 80th Session passed, capping late fees because there were some egregious practices when it came to charging late fees on late fees to move some tenants who landlords thought were undesirable.

In response, this subset of landlords tried to figure out how they could fleece their tenants for money in other ways. For instance, a large property owner in Las Vegas sent out a notice to 5,600 tenants unilaterally changing the conditions of every tenant's lease. Landlords who had a grace period for rent payments on their properties stopped allowing grace periods for tenants who were senior citizens. People who receive a social security check know that the check arrives like clockwork on, for example, the third day of the month. The landlords had been working with those tenants. They did not put in late fees for a senior citizen or a person with a disability who was paying with a social security check on the third day of the month. After the passage of S.B. No. 151 of the 80th Session, late fees were being applied to tenants who regularly paid their rent when they received their income each month. This bill seeks to codify the best practice of providing tenants with a three-day grace period so they will not have an extra \$25 or \$50 late fee on their rent.

Senate Bill 218 also adds some clarifying detail on security deposits. Some landlords became more aggressive about retaining a portion of a security deposit. I rented an apartment in Carson City during the Legislative Session. We rented a duplex. There were tenants with whom we were familiar on both sides. In both cases, the landlord withheld a significant portion of the security deposit with no justification. For the tenants next door to us, the landlord withheld 100 percent of the deposit for things like the cleaning lady who was contracted by the landlord and spilled some bleach on the carpet, for which the tenant got charged.

Greater clarity is needed when a landlord can withhold part of the security deposit. This regulation needs to be strengthened in our laws to include an expedited process for a tenant who is operating in good faith and doing everything right. At this time in Nevada, a tenant can be summarily evicted in ten days. They often do not get their security deposit back for up to 30 days,

and that gap in time between the evictions and when they get their security deposit means that they do not have the resources necessary to pay the security deposit and first month rent on their next property. A solution must be found regarding how that tenant can rapidly get their security deposit back and how to make sure that predatory landlords are not unnecessarily withholding a security deposit in a situation where they have significantly more power and influence than the tenant in the same contract.

Finally, after the passage of S.B. No. 151 of the 80th Session, fees never seen before were being charged to tenants. There were many constituent complaints. A particular landlord in northern Nevada decided to charge things like lightbulb fees, dishwasher fees and cleaning fees that had not existed before. These fees were not disclosed in advance. Senate Bill 218 provides that any fee a landlord puts into place must be clearly described on the front page of the lease so when a tenant signs that lease, he or she knows what to expect—what the monthly cost will be and that occasional fees might be added—before signing the lease.

The reaction to S.B. No. 151 of the 80th Session was well-documented in publications like the *Las Vegas Review-Journal*. Bailey Bortolin has provided a list of articles highlighting the need for S.B. 218 ([Exhibit C](#)). These activities by some landlords were happening in the middle of a pandemic when housing was so critical for so many. I am committed to making sure that tenants have the protection they need to maintain their housing in what are modest, not particularly aggressive protections for tenants. Tenants thought S.B. No. 151 of the 80th Session was not strong enough last Session, and landlords thought it went too far. I am looking for the sweet spot in the middle that provides reasonable protections because the tenant is in a much more vulnerable position than the landlord in these cases, and we need to make sure that the bad actors are not taking advantage of their tenants.

JIM BERCHTOLD (Directing Attorney of Consumer Rights Project, Legal Aid Center of Southern Nevada):

An amendment to S.B. 218 was submitted so we will be working from that, [Exhibit B](#). It includes the original bill and the changes. Any section mentioned in this testimony can be found in the amendment.

Section 1 utilizes some definitions that will be codified. Many of the sections do the same thing so the substantive sections are not as intimidating as the bill

initially appears. Some of the definitions that you will see throughout are security deposit, fine, fee and cost. These are defined for consistency.

Section 2 defines cleaning deposits. Section 5 defines security deposits. Previously under the landlord-tenant statute, these were combined into one statutory section even though they are distinctly separate. A cleaning deposit is a nonrefundable deposit that the tenant pays to the landlord, which is essentially a fee. A security deposit is 100 percent refundable to the tenant if there is no damage to the property. These have been separated and now have their own statutory definitions.

Section 4 defines "grace period." The mechanisms to implement the changes in this bill are spread out in various sections. Grace period is defined as no less than a three-day period during which the tenant is able to pay rent without a late fee. Section 10, subsection 3, paragraph (b) states that any grace period must be stated in the lease. This is the second part of the grace period mechanism. The third part in section 11 says that no late fee can be charged until the end of the grace period. Taking all those sections combined, we have a statutory definition where a grace period is three days, any grace period has to be specified in the lease agreement, and late fees cannot be charged until after the grace period ends. Effectively, every housing lease in Nevada will require a three-day grace period.

As Senator Ratti said, there was a huge reaction in response to the passage of S.B. No.151 of the 80th Session and the change to the cap on late fees. One of the things the landlords tried to eliminate was the grace period, even when it was included in the lease agreement. Eliminating the grace period potentially violates the federal Fair Housing Act which requires, in some instances, a grace period. Senate Bill 218 will implement the gold standard for a grace period. This would be the minimum. If landlords want to give tenants a longer grace period, they are free to do so and state that in their lease agreement.

Section 6 says that a landlord cannot charge a fee for the submittal of a rental application.

Section 7 contemplates addressing the security deposit before the tenant leaves the property. When either landlord or tenant gives notice of the termination of the tenancy, the tenant is able to request an inspection of the property by the landlord, at which time the landlord is required to give the tenant a list of the

things the landlord thinks are wrong with the property. The tenant can then do necessary repairs before he or she leaves the property so that the whole security deposit issue can be addressed before the tenant is gone. After the tenant leaves, it gets increasingly difficult. In that case, the tenant will disagree with a notice showing various charges, and those disputes often end up in court. By the time the case is heard in court, the evidence has failed. It is better to address this up front for both the landlord and the tenant.

Section 9 revises the definition of normal wear. Normal wear is what cannot be deducted from a security deposit. It is the expected wear that occurs during the tenancy. There is no substantive revision to that definition which was somewhat antiquated and confusing, so this is just providing some clarity.

Section 10 revises *Nevada Revised Statutes* (NRS) 118A.200 which is the statute that delineates the requirements of what must be addressed in a lease. Section 10, subsection 3, paragraph (e) of the bill states any fees authorized by statute that the tenant has to pay have to be expressly stated in the lease. This is part of the mechanism to address the fee issue. Section 10, subsection 5 of the bill states that all fees must be disclosed to the tenant before the tenant signs the lease agreement. It also says that those fees must be displayed on the first page of the lease agreement. That is the second part of the fee mechanism.

In section 12, the lease cannot require the tenant pay any fee is not authorized by statute. Taken together, that means all fees the tenant must pay will be disclosed in the lease before the tenant signs the lease agreement. The fees must be on the first page of the lease, and any fee not specifically allowed by statute cannot be included in the lease agreement. What a tenant is obligated to pay is rent and any fees allowed by law, which would primarily be late fees, cleaning fee and other miscellaneous fees provided for in the statute.

In a tenant's mind, what he or she pays is rent, a fixed amount of money each month for the possession of that property. When fees vary, which some do depending on how many units are occupied on the premises, or when fees are implemented that have not been enforced before, tenants are surprised because that is not what their rent is every month, so they do not know where those fees are coming from. For someone on a fixed income, an additional fee of \$50 can break the bank. Here, a tenant would know from month to month to pay a fixed amount.

This does not say that landlords cannot pass along their costs to tenants. What would be required, however, is that landlords make a business decision about the costs they wish to pass along to the tenants, calculate those costs and include those in the cost of rent. There has been some confusion about whether landlords could now be required under this provision to pay all the tenants' utilities. Absolutely not. Utilities are covered in separate sections of NRS 118A, and that is one of the things a landlord and tenant must address in the lease. If the tenant fails to pay the utilities, that is good cause for eviction.

In section 13, subsection 1, paragraph (b), a cleaning deposit cannot exceed 15 percent of the periodic rent. In subsection 4, after the tenant leaves the property, the landlord has 21 days to provide the tenant with a written accounting of how the landlord is applying the deposit. That is contained in law. The landlord provides a statement and is required to return the remainder of the deposit to the tenant. In subsection 5, a landlord cannot report to a collection agency or credit reporting agency any amounts claimed until the landlord has obtained a judgment against the tenant. The landlord has six months to obtain that judgment. If the amount the landlord is seeking is less than the statutory limit in small claims court, the case against the tenant will be brought in small claims. In subsection 6, if the landlord fails to return the deposit, there is now an expedited mechanism for the tenant to address that issue. The tenant has 21 days to file a verified complaint with the justice court and ask the court to address the deposit issue. A hearing is held on an expedited basis, and the judge can decide whether that deposit needs to be returned to the tenant. In subsection 10, in any case relating to a deposit, there is a presumption that there was no damage to the property. The landlord has to affirmatively show that damage to the property occurred during the course of that tenancy and not before, and the landlord has to show the actual cost of repair.

Most tenants rely on that deposit to secure additional housing; if they have already secured additional housing, they have struggled to come up with that new deposit and are depending on that past deposit to reimburse themselves. The current system takes too long. These disputes often end up in small claims court, which can take months. By the time the case comes before the court, there is somebody else in the property and all of the evidence has failed. The case is then the landlord's word against the tenant's word. This is a mechanism to try to expedite all of that and resolve the issue for the benefit of the tenant and the landlord so that all the parties can move on.

The remaining sections of the bill, sections 14 through 23 are revisions for consistency purposes to implement the definitions included in the other portions of the bill.

There is a revision I have not mentioned. Throughout the bill there are deletions to remove the concept of a surety bond. Under law, a provision allows a tenant to obtain a surety bond to cover the security deposit. That provision is never used and has proved to be confusing, so we recommend that it be removed.

Section 24 addresses S.B. No. 151 of the 80th Session, providing that notices of eviction served on the tenant have to be served by a process server, constable, sheriff or an agent of an attorney, someone neutral who has no interest in the outcome of that eviction. Section 24, subsection 7, paragraph (c) clarifies that a person serving notices cannot be the property manager who manages the property on which the notice is being served.

SENATOR OHRENSCHALL:

Mr. Berchtold you are in the trenches, trying to help people stay in their homes. I have looked at some of the news articles, and it is heart-wrenching. Are there any stories you can share with the Committee about the kind of situations your clients are in because of what has happened?

MR. BERCHTOLD:

After the pandemic began, calls to our hotline tripled overnight with person after person desperate because they could not get unemployment or any money. We are still talking to tenants who applied for unemployment in March 2019 and have not seen a dime. They are struggling. We have an eviction prevention hotline. One of the advocates who answers that phone to help tenants through the eviction process was talking to a tenant the other day who was in complete distress because the neighbor just shot himself or herself because the constable was coming to the door. The caller was similarly facing eviction and was panicked. Our advocate walked them through the eviction process, telling them what steps they needed to take to avoid the eviction but then also gave them the number to the suicide prevention hotline. That is where we are right now.

There is not a lot a tenant can do. There is a big pot of money tenants could access for rental assistance, but frankly the money is moving slowly. Tenants applied months ago and still have not seen anything. We are also seeing some landlords who are refusing to accept the money. They would rather see the

tenant evicted than accept that money for the tenant. We are facing a March 31 cliff where all the tenant protections end and evictions will start going forward, but we have \$116 million of rental assistance for the specific purpose of helping those tenants. We are seeing story after story, and all we can do is say "apply for rental assistance and if you get an eviction notice, this is how you respond." It has been a disheartening, frustrating and sad experience.

BAILEY BORTOLIN (Nevada Coalition of Legal Service Providers):

Things have been harder lately. A lot of the issues this bill seeks to solve are not necessarily Covid-19-specific. We know Covid-19 has exacerbated the situation for a lot of people but something common for us and the courts to see in the justice court system is tenants who sign what they believe will be a more affordable lease. The first page of the lease will say "this will cost \$600 per month," and they believe they are signing up for a \$600 per month lease. The lease will be really long. After the next month, it starts to dawn on page 17 of the lease that all sorts of things are tacked on like \$20 for the microwave and \$10 for the refrigerator and \$50 for the common space. We have seen situations so extreme on a repeating basis that when people thought they were paying \$600 per month, they actually owe \$1,100 per month and it becomes unsustainable, which is why we end up in court before the lease is finished. This bill could bring a lot of clarity across the board, having the fixed amount on the first page so people understand what they are entering, and things cannot be hidden on page 17 of the lease. On the grace period piece, when people have come to legal aid, we have sent letters to landlords informing them that under federal law you cannot be discriminating against people who receive social security, and we have reached an understanding. Many older people who do not call our office are being charged a 5 percent late fee every month and never have an opportunity to catch up. There are landlords who have been counting on that additional 5 percent because their tenants rely on social security. It has essentially become a rent increase.

SENATOR PICKARD:

I do not have a problem with transparency in leasing. I practiced in landlord-tenant law, mostly representing tenants but also landlords and have been involved in development, so I have seen all sides. I assume we want to help the people who have been identified, those on the bubble financially, those in need of affordable housing and those struggling from the pandemic. I agree with Ms. Bortolin. This bill is not designed to deal with the pandemic. We have a bill to address the issues with the Department of Employment, Training and

Rehabilitation (DETR). With that as an understanding, who are the housing economists, those who understand the business of rentals, whether that be apartments or homes, who consulted on this bill?

SENATOR RATTI:
No one.

SENATOR PICKARD:
Are we trying to make it easier for people who rent to afford their rent, or is this purely a transparency question?

SENATOR RATTI:
There is an argument that these measures will raise the cost of rent. We are seeing that the cost of rent has already gone up. They are just calling it something else. Back to Ms. Bortolin's example of the tenant who signs a lease for \$600 but then because of some fees on page 17 of the lease, the amount is now \$900 or \$1,000; he or she is paying that amount now, whether one calls it fees or rent, but that landlord has built a business model that includes those fees. Passage of this bill will not cause that unit's rent to become \$900 or \$1,000. It already is. This is about the transparency.

I am not an economist, but I do read a lot about housing, having done a significant amount of work in this Legislature on affordable housing. Everything that I read says that the No. 1 driver of the cost of housing is market conditions. The northern Nevada market is on a supply-demand curve, and the rent is going up, not based on the landlord's cost of doing business but based on what the market allows that landlord to charge. If there is a correction, the rental rates will go down based on what the market allows. I am not convinced that from what we heard in the arguments on S.B. No. 151 of the 80th Session that this bill will do anything to inflate the cost of housing. Passage of this bill will improve transparency.

SENATOR PICKARD:
In the years that I did landlord-tenant work, prior to S.B. No. 151 of the 80th Session, I never saw a lease where the landlord tacked on after-the-fact fees. Arguably, many of the results after last Session were foreseeable, but I want to talk about a couple of the sections so I understand them.

In section 13, paragraph 5 it looks like there is a six month requirement and after six months it must go to small claims if the amount is less than the threshold of small claims court. No attorney fees in small claims court are recoverable, so the landlord has to cover the cost or do it themselves. Is that the intent of that section of the bill?

MR. BERCHTOLD:

The small claims threshold is \$10,000, the jurisdictional limit. To some extent, the intent was to keep the cost as low as possible. The tenant universally is not represented in these cases; sometimes, they are the party bringing the claim to recover that money, but part of the thought is keep it as inexpensive as possible.

SENATOR PICKARD:

This only limits the landlord's time and ability to bring the case. This does not change the deadline for the tenant to bring a claim for the recovery of the security deposit, correct?

MR. BERCHTOLD:

Yes, as the bill is written, that is correct.

SENATOR PICKARD:

Landlords then have to cover the cost of attorneys to collect; otherwise, they would have fees awarded to them if they won a case in justice court.

Section 13, subsection 6 has the mandatory waiver of claims after three weeks, and we reduce the time to return the security deposit to that same three weeks, Will this induce landlords to file the claim before the expiration of their ability to obtain the judgment? Does that put every tenant into a legal dispute and require the landlord to sue whether or not they could otherwise work things out?

MR. BERCHTOLD:

Under Nevada law, the landlord has 30 days to deal with that deposit. Within that 30-day period, the landlord is required to give an accounting to the tenant and to return the remainder of the deposit. If the landlord does not do that, the landlord is potentially liable for double that deposit. That is the way the system already works. Ideally, within that 30-day period, all the parties will get together and resolve the dispute, so the landlord can provide the tenant with an

accounting and it can all be worked out. Will some result in a court case? Probably.

SENATOR PICKARD:

I am sorry, I could have been more precise. I was not referring to the time when a landlord has not returned the deposit. Those were most of the cases when I represented tenants who did not get their deposits back. In instances where the bill also requires a mandatory face to face between landlord and tenant, most of the time, tenants do not want that confrontation, so they just move out. But a landlord who cannot enter the premises without the tenant's consent at that point would be prevented from making a claim except within three weeks. This bill limits the way they claim, which is not the case under statute. They weigh their claims after three weeks and then have to also return the deposit within three weeks. They have three weeks in which to file a complaint, or they waive their claim. This means that if they do not resolve in the first three weeks—everything to be resolved, they must file a claim to avoid waiving their claim. Does that create a huge incentive to file a claim in every disputed case?

MR. BERCHTOLD:

There is no mandatory face to face between the landlord and the tenant. The tenant has the option prior to the termination of requesting an inspection. If the tenant makes that request, then the landlord can inspect and ideally resolve the issue up front. On the back end, the landlord does not have to bring a case within three weeks. Within three weeks, the landlord has to provide an accounting of how the deposit is to be applied. If the landlord provides that, the landlord retains his or her claim and then has six months to pursue the claim should the landlord choose to do so.

SENATOR PICKARD:

That is a clarification I needed. I do not read it that way, but I will go back and read it again. Section 24 is about service of eviction notice where the bill makes it so the landlord must hire a third party to post the notice. I am thinking in the large apartment complexes where they have three, four, five, evictions every month to deal with; does this bill require that they go out and hire a separate processor in every case, or can they hire an independent contractor who would come in and on their behalf post the notices? I am thinking about the additional cost to the landlord. How does that work?

Mr. BERCHTOLD:

In some instances, that is already happening and would continue to be allowed under this bill. Third-party eviction services are often run by an attorney as the agent of an attorney, and an apartment owner would contract with those eviction services that will serve the notices.

Ms. BORTOLIN:

I want to clarify on your last question, Senator Pickard that the changes of who may serve eviction notices were in the bill from the 2019 Session. The vast majority are complying with them. Since there has been some confusion from the courts and with interpretation, this is a clarification the judiciary will appreciate. There was negotiated language in the 2019 bill that the agent of an attorney could serve notices. Some fraud occurred where properties would have their attorney sign the service saying the property manager was an agent of the attorney. A change in practice has been made, so this is not a drastic change to the statute, just a clarification.

SENATOR RATTI:

This bill or any bill will not get rid of bad actors. However, when a tenant seeks to resolve something in court, it will make a difference. Passing a bill will not change people's behavior, but the remedies are important.

SENATOR SETTELMAYER:

I am concerned with the bill. I run into more and more people I know who have rentals and are getting out, and I have friends in rentals who indicate their landlords will tell them it is time for them to get out. Landlords feel that tenants have had more than a three-day grace period because they have had almost a year's grace period for the pandemic.

Parts of the bill talk about the preinspection period. If you had bad renters, how do you deal with situations where the landlord is doing a preinspection? Should the landlord have a right to move all the furniture and paintings, move everything around during the preinspection process to figure out things that might be hidden at that time?

MR. BERCHTOLD:

There is no waiver in conjunction with the preinspection period. In other words, if the tenant requests an inspection, the landlord does the inspection and provides the tenant with a list. The idea is that the tenant will repair any

damage, and the parties will come to some agreement regarding the return of the deposit. If, after the tenant is gone, the landlord comes to realize there are additional damages, nothing precludes the landlord from trying to recover those damages from the tenant.

SENATOR SETTELMAYER:

It seems like it creates a rebuttable presumption that the landlord did the damages, or was I reading that text incorrectly?

MR. BERCHTOLD:

The rebuttable presumption exists in a court case. But in any court case, the landlord would have to prove damage was caused by the tenant, so I do not know that it would change the context of that court case or the outcome of the court case at all.

SENATOR SETTELMAYER:

It is just a burden of proof, and it could be considered problematic. The other section of the bill talks about not incurring certain hard costs. There are credit checks, background checks, and you get into the realm of if you want to use outside parking fine, but if you want to park in the garage, there is a garage fee. Does that preclude all those different contexts from happening with this bill?

SENATOR RATTI:

It does not preclude that, it just suggests it should be part of your rent. If you are renting the garage, the cost of the garage will be added to the cost of the monthly rent, having it transparent and up front as opposed to buried deeply in the lease agreement.

SENATOR SETTELMAYER:

But that would increase the cost of the rent. Certain places have given the tenant options. Here is the base rent, but if over time you want to have covered parking, we will charge an additional monthly fee. This bill seems to preclude charging that person for the additional corresponding benefit.

SENATOR RATTI:

If I were in that situation to rent a unit that does not have covered parking, my rent would be \$1,000. If I were to rent the unit that does have covered parking, my rent would be \$1,050.

SENATOR SETTELMAYER:

You are just raising people's rent rather than having it be a fee?

SENATOR RATTI:

It would not raise the total amount the tenant is paying. That tenant is paying \$1,000 rent and \$50 fee. It would just be transparent that the total cost to the tenant is \$1,050. These fees are being hidden, and we want people to know their total monthly cost.

SENATOR SETTELMAYER:

When you are talking about bad actors, I can completely understand what you are trying to do. Maybe we need to put something in the bill to go after bad renters at the same time, so we can address both bad actors and bad renters, and figure out what to do in both situations rather than a one-sided bill. What about my question on the rental application?

SENATOR RATTI:

I missed that question. The other thing we are seeing is if one unit is for rent and 50 people are interested in that unit, a landlord charges all 50 of those folks an application fee; 49 of those folks are never going to get that apartment and will have upwards of 10 places to find a place to live in northern Nevada. If they have to pay ten application fees of \$50 just to get on the list to have an opportunity to maybe get a unit, they cannot afford to do that. We are asking that landlords build the cost of doing business into their rent, but no landlord should charge somebody for an application for a unit they are never going to get.

SENATOR SETTELMAYER:

Obviously, a landlord wants to have the best possible person in there and the application process. Theoretically, you probably use that application fee to cover background checks, credit checks, things of that nature to make sure you have the best possible person, especially in situations in my county where you are usually renting a house next to your house and want the renter there for a long time.

SENATOR RATTI:

I fully support landlords screening the person they are renting to. Think of a hiring process where you interview ten candidates, narrow that list down and get to the point of offering the candidate the job, doing the background check

to make sure you are not getting somebody you do not want on your team—same concept here. Build that cost of doing business, which should be 1, not 10 or 15 background checks for each unit you have, into your cost of doing business. Many of you may have children who apply to colleges. You had to pay the \$150 application fee for each college. That is basically what we do to tenants trying to get a place to live. This is one of the parts of the bill that I feel most passionate about because to have tenants paying a \$50 fee just for the privilege of applying is not acceptable.

SENATOR SETTELMAYER:

Section 13, has a rebuttable presumption that if there are damages to the premises and the tenant is still living in the premises, the tenant has exclusive control. Why is that?

Ms. BORTOLIN:

I also wanted to know how a landlord would prove damage. Recently, my husband and I finished a lease in Colorado, and when the landlord sent me the long list that stated he or she was not giving any of the security deposit back, I argued and walked through it. One of the reasons was we did not mow the backyard. I told the landlord the backyard was in terrible shape when we moved in. The landlord responded with a picture of the backyard date-stamped with the day we moved in, showing the backyard had been mowed. I learned from conversations with property managers that it is a common practice to document the property by taking pictures before a tenant moves in to have evidence of the state of the property.

MR. BERCHTOLD:

It is a rebuttable presumption, meaning that the landlord can bring in whatever evidence that the property was damaged by the tenant.

SENATOR SETTELMAYER:

Did the landlord overcome the clear and convincing standard? Why not look at the standards like preponderance of evidence?

Ms. BORTOLIN:

There is a strong power imbalance here, so it is appropriate because it is easy to provide evidence. It is easy to take pictures of properties, which is already in the best practices of that process, so it is appropriate that the burden lie with the party in a better position to provide proof.

SENATOR SETTELMAYER:

I am concerned this will exacerbate the issue where we are losing a lot of rental opportunities because people are deciding to sell for cash value.

SENATOR HANSEN:

There is an irony that because of the political climate, especially in California, we are seeing this massive influx in Nevada that is forcing rents and housing prices to increase. Like Senator Pickard, I have experience in landlord-tenant relationships, being a plumber for most of my life. I am sympathetic to the power relationship because the old concept of possession is nine-tenths of the law; holding the deposit gives the landlord a significant leg up. As a plumber, I had to collect from landlords. While I met many lousy tenants, I also saw some serious slumlords who were rotten human beings and did everything possible not only to cheat their tenants but also the plumbers who came to fix the problem. I understand the power relationship in a different way than some of you.

The transparency angle of this is great and needs to be addressed. I share the concerns of Senator Pickard and Senator Settelmeyer in that in some cases, the cure is worse than the problem.

I question something Mr. Berchtold said of a \$116 million fund that I am not aware of. Is that a State or a federal fund? What is the holdup in helping some of these problems for people, especially people who may be impacted by Covid-19?

SENATOR RATTI:

Federal stimulus dollars have flowed into Nevada specifically to help with rental assistance. Those rental assistance programs were set up through the Coronavirus Aid, Relief, and Economic Security Act and then through some of the subsequent stimulus. They were submanaged by different local entities. In many of the counties, those dollars are flowing out and tenants are applying for that aid, which is given directly to the landlord. In Clark County, there has been a slower process than we had hoped for to get some of that money to recipients. There is a significant amount of work happening right now in Clark County. They subgranted the money out to 14 separate agencies, and they found that having a single portal would be more efficient for both tenants and landlords. A single portal has been developed, they are moving forward and the money will be granted more quickly. Like many of the stimulus dollars in

each version of stimulus, they come with a different set of rules, and we have had to adjust to the new rules. The adjustments have been made, and you will see some progress. I understand the number that we can use to be significantly bigger, more in the \$300 million range, during the next precarious months while we are hopefully winding down the pandemic. This money would make an impact on our State and those landlords, so we need to work together to make sure that happens. It is not in this bill.

SENATOR HANSEN:

I am concerned we may have another DETR situation. Apparently, you are more informed about it than I am. We are going to have bad actors, tenants and landlords. Any bills we can pass will not change the reality of human nature; however, I do agree with the concept of expanding transparency and allowing people to work it out. I hate the idea of everybody going to court all the time. Also, it places the tenant at a significant disadvantage. Frankly, trying to save \$700 that the landlord is unfairly holding and then going through the small claims process is pretty efficient, but it takes time, is cumbersome and a little humiliating. Let us see if we can come up with a way that we can get this resolved more quickly with both parties having some way of resolving it short of court.

SENATOR RATTI:

I want to add an important starting point that we need to have context for on this bill. There are bad tenants. I am a landlord. Nevada is an unusual State as the only one in the Nation that has summary evictions. That means a landlord can evict for nonpayment of rent without going to court. Every other state in the Union requires the landlord to file the court case to accomplish eviction. The vast majority of evictions over the payment of rent are resolved outside of the court process. The starting point in Nevada leans heavily toward landlords, which is why we are working to get more protection for tenants with a remedy as when a landlord is withholding first and last months' rent and a cleaning deposit, which is a significant amount of cash. That money represents 50 percent of the people who live here and are renting. A high percentage are rent-burdened, meaning that more than 30 percent or even 50 percent of their income goes to rent; they do not have an extra \$3,000 to \$4,000 sitting around that they can move into their next apartment. When the landlord chooses to withhold a cleaning deposit and there is no remedy, we are talking about people who become homeless.

SENATOR SETTELMAYER:

The Pandemic Emergency Technical Support (PETS) grant program was supposed to be open for two weeks but due to the success and need of the industries, it was only open for 48 hours. Can you obtain any information on what percent of landlords who applied for PETS did not get any funds? Certain industries categorized as more important were allowed to get the PETS grant money first, and other industries had to wait. Can you get that information?

SENATOR RATTI:

I do not have that information at hand, as I am sure you are familiar because you were part of the solution. We put more money into that program. I do not have anybody here who can answer that question, but we will try to get the information to you.

Ms. BORTOLIN:

The calculations have been difficult to view. To broaden the scope of your question to other relief programs, rental assistance has around \$496 million in Nevada still available through the Reno Housing Authority, the Nevada Rural Housing Authority and Clark County Social Service. The recent federal stimulus package does include \$9.9 million in a homeowner assistance fund, but I do not know what is coming to Nevada.

SENATOR OHRENSCHALL:

The language in the proposed amendment says landlords must not report alleged debts to a credit reporting agency or a collection agency until a judgment is obtained against the tenant. With many of your clients, are you finding this is being reported to collection agencies and credit bureaus prior to going to court to obtain a judgment, using information that is often incorrect? If the incorrect information shows on the tenant's credit report and a judgment was never sought, does it keep the person from finding another landlord willing to rent to them?

MR. BERCHTOLD:

Yes, we are seeing that frequently. Often when tenants leave a property, the way they learn that landlords think they owe money is when they apply for another place, get a collection agency call or pull a credit report and see a tag. This has gone through no verification process at all. Those numbers are a landlord saying "This is what I believe the tenant owes, so I will report that to the collection agency or the credit reporting agency." This can be problematic

for tenants in a number of ways as it would be for any of us who find something negative on our credit report. Unfortunately, the remedy is for the tenant to file a dispute with the credit reporting agency, disagreeing with it, but all the agency does is go back to the landlord and ask if this is correct. When the landlord says yes, it is left on the credit report. There is no affirmative way for the tenant to remove that from the credit report. We have seen cases where the tenant sues for the deposit simply to get something in front of the court so the landlord will bring a counterclaim to resolve the dispute about what money is potentially owed. There must be a better way than that.

SENATOR OHRENSCHALL:

There might be less litigation if this is in the statute.

SHANE PICCININI (Food Bank of Northern Nevada):

For a long list of reasons too detailed for this testimony, the Food Bank of Northern Nevada supports the work of this bill. Almost all of our clients will be impacted in a positive way by the passage of this bill. I have provided more information in my letter of March 23 ([Exhibit D](#)).

BENJAMIN CHALLINOR MENDEZ (Faith in Action Nevada):

I am here to speak in support of Senator Ratti's S.B. 218 to fix the severe imbalance of power between tenants and landlords.

One piece of advice given in college as I was applying for off-campus housing was to not expect your security deposit back because the landlord will never return it. I took that advice as the truth. The actual truth is more concerning. Forty percent of Nevadans are renters; of those, two-thirds are people of color, oftentimes low-income renters or on a fixed income. Many of these renters often have every penny accounted for and find it difficult to come up with a new security deposit. They rely on the previously held security deposit to find their next home.

When tenants provide a security deposit, they enter into good faith agreements with landlords or property managers that they will return the security deposit after tenants return the property in good condition. At Faith in Action, we hear from members of the community who have not received their security deposit refunds after taking care of the property and cleaning it upon vacating. The reasons given to them include cleaning charges, painting or replacing carpets when there was no damage. If this bill is passed, it will be the landlord's

responsibility to prove the damage is beyond normal wear and tear and caused by the tenant.

Senate Bill 218 also tackles predatory fees and states clearly that all fees are included in the rental agreement. We also hear from the community that additional fees are hard to keep track of. By seeing how much they owe each month on the first page of the agreement, the total owed will be clear and allow tenants to properly budget for their housing.

We urge the passage and implementation of this bill.

BEN INESS (Progressive Leadership Alliance of Northern Nevada):

Senate Bill 218 works to level the power and balance between landlords and tenants by clearly defining terms limiting and preventing fees and offering tenants larger windows of time to operate in. This will allow renters to maintain safe and stable housing. This is important. The safest place for Covid-19 is in your own home. Without these measures, the process can be arduous and can also be punitive at times with high late fees and obscure deposits. Recent research by Matthew Desmond and Nathan Willmers—"Do the Poor Pay More for Housing? Exploitation, Profit and Risk in Rental Markets," *American Journal of Sociology*, Volume 124—has shown that landlords disproportionately generate more profit from poor neighborhoods when compared to middle class and affluent neighborhoods. By supporting S.B. 218, we can work toward undoing that disparity.

BARBARA PAULSEN (Nevadans for the Common Good):

All of us need to have some level of certainty regarding our monthly expenses, especially those major and most costly ones. For many individuals and families, not only is housing their single-largest monthly expense, but they are living on a close margin between their income and expenses. Even a small change in that monthly total can be devastating for them. Nevadans for the Common Good supports S.B. 218 and strongly urge you pass it because it will provide greater certainty and security in the monthly housing obligations for thousands of Nevada residents.

SERENA EVANS (Nevada Coalition to End Domestic and Sexual Violence):

We support S.B. 218. Victim survivors having access to safe housing is one of their most urgent needs. Many victim survivors throughout the State are feeling the impacts of the pandemic and the co-occurring housing crises as well as the

recovery from financial abuse by their perpetrators. These victim survivors often search for a long time before finding housing they are comfortable in, let alone that they can afford; often, a previous security deposit is relied on to obtain their new housing. It is imperative that landlords provide full transparency of the lease tenants are entering into so that the tenant can calculate the true cost. It is predatory for landlords to create continuous fines and to withhold security deposits for undisclosed reasons. We urge you to pass S.B. 218 to help protect Nevada families and victim survivors.

EMILY MONTAN (Faith in Action Nevada):

I support S.B. 218. Two principles in my faith are first, the use of democratic process in society at large and second, to provide justice for all. I have lived in four different states, and none of them have summary evictions. The landlords are making a lot of money. I know people who own property, and making the due process fair or equal for tenants is not going to cost them that much. They make plenty of money and the market has made the rentals high, so it is not going to be an undue burden. I was a renter, now I own my property. I rented until I was 55 years old. I can tell you that most landlords are good actors and most renters are good actors, but some are bad actors. We need a fair, transparent, due process for everybody on both sides of the fence. With summary evictions, it is heavily in favor for the landlords. I agree with everyone else who has spoken in favor of this bill because we need to make renting possible for our growing population. I have seen a dramatic increase of homeless people; I do a lot of volunteer work with them, mostly due to rent. They are all looking for safe, secure affordable places to rent and to not get evicted for unknown reasons. This bill will go a long way. Landlords can add some fees into the cost of doing business. There are tax deductions and everything else for them, whereas the renters do not have significant tax deductions. I urge you all to push this bill forward and pass it.

WESLEY JUHL (American Civil Liberties Union of Nevada):

We support S.B. 218 because housing justice, racial justice and economic justice are all connected. That is why the American Civil Liberties Union of Nevada is a member of the Nevada Housing Justice Alliance. Nevada renters are experiencing more hardships than ever before, and the Legislature can and must act to give them some relief. Retaliatory and predatory fines and fees, like light bulb fees and microwave fees, have no place in equitable housing policies. We like that S.B. 218 will ban these fees and add clarity for tenants so they know exactly what their expenses will be each month. Personally, I especially love the

part of this proposal related to security deposits. I have been a renter in Nevada for much of my adult life and still am, and have never once had a deposit returned to me. I am not the type to trash a place. Clarifying the reasonable wear-and-tear language can help thousands of Nevadans like me. We are in the midst of an unprecedented housing and economic crisis. Please pass S.B. 218 and continue to consider measures to protect tenants and bring some semblance of housing justice to Nevada.

SHANNON THOMPSON:

I am a strong supporter of this bill because there are a lot of good landlords out there. Situations happen that make people look at other people differently. We are not going to sit back and put trust in people in this day and age. When Covid-19 happened, my landlord and the owner of the property supported me 100 percent, and I am going to support them 100 percent. They are not bad people.

ROBIN FRANKLIN (National Organization for Women, Nevada Chapter):

I am speaking to you on behalf of those women and children who are negatively impacted by having few regulations to fee schedules that landlords assess. I have a sister who has five children and who is in low-income housing. She recently left an apartment. Upon leaving, they charged her over \$2,000 in fees, basically having her refurbish the apartment that she lived in for over five years. The charges are paying for the carpet, the weather-stripping, the refrigerator and the stove, just to name a few. All of these things were used repeatedly by her within the last five years but are not being considered normal wear and tear. It is preposterous to think that a person with low income or no income will be able to pay \$2,000 for an apartment that should be refurbished by the landlord. The landlords then have these fees placed on the renters' credit, preventing them or making it harder for them to find housing. This creates an even greater chance for them to be homeless or to not have secure housing. They cannot afford to take the steps to get this off of their credit reports.

This needs to change. Women and children are suffering from housing instability, and they have to see me in my professional capacity in child welfare. Ultimately, they are at risk of being separated. Too many days, I see families standing on the street with all of their worldly possessions, families without a place to live. Landlords have been given free rein to cause this because the regulations are not clear or fair. Stop the abuse. The tenants need to be protected.

WILL PREGMAN (Battle Born Progress):

We support S.B. 218, yet another bill that protects tenants who have been under unique stresses throughout this pandemic and before that. This bill gives certainty to renters about how much they can expect to pay each month, shields them from surprise fees and unreasonable grace periods on payment and ensures that security deposits are returned in a timely manner. That last piece is essential to help renters secure new housing upon leaving a property and move forward with their lives. While landlords certainly have an interest in receiving payments on time, the same courtesy must be afforded to renters. This bill helps balance this relationship, keeps the payment structure predictable and encourages better relationships between tenants and landlords. As so many Nevadans who rent have struggled to make their payments over this past year, we should see the imperatives which help renters to have affordable housing.

TESS OPFERMAN (Nevada Women's Lobby):

One of the top priorities of the Women's Lobby is housing security. We work hard to support legislation that ensures women and families are able to maintain affordable and stable housing, something made more difficult by the current pandemic and the high rates of unemployment which disproportionately affected women and women of color. This bill, which addresses lease agreements, hidden fees, rent applications and cleaning deposits, is critical to protect tenants and hold accountable bad-actor landlords. We urge your support on this bill.

MARY JANET RAMOS (Culinary Workers Union Local 226):

The Covid-19 pandemic hit the culinary union workers and their families incredibly hard. While hospitality workers are slowly returning to work, tens of thousands of workers are still unemployed and struggling with housing insecurity. In March 2020, the culinary union had to work with its housing fund and other sources to keep workers in their homes. Unfortunately, there are still too many Nevadans who have lost their homes during this pandemic. Senate Bill 218 addresses the retaliatory and predatory behavior that has been on the rise in the rental market in the last year. It is important that returning deposits in a timely fashion, requiring that any fees owed are included in the rent and adhering to a mandatory grace period will help keep culinary union members in their apartments. In the middle of this pandemic, working families and people of color have been disproportionately impacted with housing insecurity, and S.B. 218 is a step in the right direction toward rectifying that. The culinary union believes that every Nevadan deserves to be treated with dignity and have their human rights respected. Nevadans should not have to

decide between having food on the table or a roof over their heads. The culinary union supports S.B. 218.

KRISTEN BURZUMATO:

I am in support of this bill, largely because the rental market is tight and what I am running into—assisting my niece who is a school teacher in her 30s and financially responsible—is that every rental that comes available will still take an application fee from a prospective tenant even though the landlord has had 50 applicants, which an earlier speaker brought up. There is no reason for that. The landlord is not going to rent the unit to 50 people. Look at the amount of money being made by taking application fees and misleading people to think they have a chance. Part of this may be rectified by the bill to help people under stress who see rentals that are available, apply for five or six different places at a time, hoping one place will rent to them, and lose all that money.

TIFFANY BANKS (Nevada Realtors):

We are opposed to nearly every section of the bill and the proposed amendment submitted by the Nevada Coalition of Legal Service Providers, [Exhibit B](#). This bill will only harm Nevada's families. If passed, S.B. 218 will set dangerous consequences for their ability to find sustainable housing. I will only discuss a few of the sections in my testimony today. I have submitted a letter ([Exhibit E](#)) containing more information.

We oppose section 7 of the amendment allowing the tenant to request the landlord to conduct an initial inspection up to two weeks before move out. This request is not really a request as it becomes mandatory on the landlord to comply. It would be impossible for some landlords to comply with this timeframe if the landlord lives out of town or if the landlord's or property manager's schedule does not match up with the availability of the tenant. Only after a full and thorough evaluation of the property can a final assessment be made as to whether damage exists that will be charged to the tenant's deposit. Landlords cannot see what stains are covered up with rugs, what holes in the walls exist under pictures and what damage will be done on move out or during the two-week period between the initial inspection and move out. It is far worse for the tenant to expect to get something back and then fail to do so because of his or her own actions.

One of the most concerning sections of the amendment is section 13 where the landlord must provide proof of actual costs incurred to repair the damage or

three written repair estimates if the damage has not yet been repaired. Vendors are difficult to schedule, especially if repairs are small but necessary. Vendors may be reluctant to spend the time to provide an estimate for a small repair job for which they may not be compensated. This will leave the landlord with no remedies for repair. If a vendor charges for an estimate for a repair, the cost will be from the deposit, meaning less deposit available for the tenant. For example, if there is an issue with a garbage disposal and three plumbers charge \$80 each for three estimates, that would be \$240 when the total cost for repair is only \$200, resulting in a total cost of \$440 for a repair less than half that cost. These estimates may be charged to the security deposit, meaning that not only would the tenant be out the cost of repairs but also the cost of estimates. Please consider the terrible impact these regulations can have on affordable housing and Nevada's families.

MAGGIE O'FLAHERTY (Nevada Home Builders Association):

This bill presents several problems for our members already struggling one year into an eviction moratorium. Senate Bill 218 undoubtedly places undue burdens on landlords at a time when many are struggling just to stay above water. Removing our ability to charge a fee for rental applications does not eliminate the cost to process the applications. It only shifts the burden of cost from the applicant to the landlord which could then result in the landlord passing those fees back onto tenants. Our members pay hundreds of dollars monthly to process background checks for applications before accounting for printing or employee time. Charging a fee for a bounced check is a commonsense thing for a landlord. Not only do banks charge our members a fee if a check bounces, but without a fee, nothing would deter tenants from writing faulty checks, eventually forcing landlords into not accepting checks.

Additionally, we have several concerns with section 13 of the bill. We already offer the chance to remedy deficiencies and make necessary repairs, but more often than not, we cannot see the actual extent of damages until the final walk-through when the unit is completely empty. In some instances, tenants can conceal damage and expect that landlords would be responsible for damage never discoverable during the walk-through. Furthermore, an inspection two weeks prior to move out limits our ability to see the actual extent of damages if something happens during those two weeks. The provision making cleaning fees 15 percent of periodic rent offers us little to no room to make the necessary repairs we see in vacated homes. Our rentals typically fall under \$900 per month, and 15 percent of that would leave us with \$135 to make

necessary repairs. Speaking of a mass exodus of landlords leaving the State as a result of some of the burdens and policies that have made the cost of doing business in the State too much to bear, this would only continue if more hardships are put onto landlords.

DAN MORGAN (Builders Association of Northern Nevada):

The Builders Association represents home and multifamily builders and developers throughout northern Nevada and engages on issues of concern to the home-building industry. The multifamily rental market is an important part of the home affordability equation throughout Nevada. The Builders Association consistently advocates for policies that encourage residential construction in a manner that does not increase the price of housing. Senate Bill 218, like several other landlord-tenant bills being considered by the Legislature this Session, makes it less attractive and practical for builders and developers to become landlords. We are concerned that these types of policies will depress the construction market for multifamily homes and rental properties, exacerbating the already high home prices by limiting the supply of available units. We urge the Committee to reject S.B. 218 and allow the multifamily construction industry to thrive.

SUSY VASQUEZ (Nevada State Apartment Association):

We represent 67 percent of all multifamily housing in Nevada. Since the pandemic, landlords continue to be asked to bear the burden of this crisis. Senate Bill 218 and the amendment presented today will only make the bleeding worse for landlords and, in turn, tenants. First, application fees allow us to recover costs we incur to obtain screening information. Fraud is prevalent, and a thorough screening takes time and also protects not only the landlord but those who may be a victim of fraud as well. It would make more sense to codify only one application per unit until it is rented, which falls in line with best practices in our industry. Second, I want to note that the length of our lease directly correlates with the requirements of statute which provides the tenant with a written record of protections afforded as well as a clear record of fees due on a monthly basis. Terms of the lease are not allowed to be charged or changed on a whim. Next, the amendment imposes a 24-hour turnaround time for a landlord to present an itemized list of deficiencies after an inspection is overly burdensome. We echo the concerns already mentioned by the realtors related to the inspection and rebuttable presumption. Finally, it is not the standard practice for the apartment industry to charge first and last for a security deposit. However, as more restrictions which mimic that in surrounding states are

imposed on our members, the likelihood of that standard practice coming to Nevada increases.

Senate Bill 218 will cause good landlords to leave the market, reducing the overall supply of rentals as well as further discouraging those who provide affordable housing to remain in the program, further driving up housing costs for the tenants this bill is purportedly supposed to protect. I have submitted a detailed letter ([Exhibit F](#)).

DAVID DALICH (Vegas Chamber):

I am testifying in opposition to S.B. 218. As you heard from the realtors and others, this bill has numerous provisions which would make it more difficult to be involved in the rental of property in the State. Unfortunately, this will cause shrinkage in the rental market as well as increase market rate rents across the board. As we attempt to rebuild our economy from the pandemic, we must consider the availability and affordability of market rate housing as necessary for economic growth. We urge a vote against S.B. 218 to keep Nevada affordable and available.

BO JONES (Broker, Property Manager, Landlord):

I represent about 100 owners who I have worked for in the last year. I am opposed to S.B. 218. Many of my investors are in Las Vegas. I manage property in Las Vegas and Henderson. I am not against having stronger rules, landlords should be held accountable. When you tie our hands so tightly that we cannot follow the rules, that is when things get broken. We have to count on vendors, and we have to work on vendors' schedules to come out and give us a bid. Twenty-one days is my biggest concern for what you are working on now. Many owners want more than one bid. That means we have to get multiple vendors out. There is a difference among landlords as to how properties should be left. My brokerage specifically states how we want the property left and what our cleaning guidelines are. We send a copy of this out to them as soon as we get a 30-day notice, and we are fair and open. I am shocked to hear about the landlords who are not following these rules. But if you forced all landlords and their property managers to go to court for an eviction, it is going to create a large increase in the amount of time and money it costs. It is not the best way to go.

TERESA MCKEE (Nevada Realtors):

I am speaking today on behalf of nearly 18,000 members of Nevada Realtors and have submitted a letter ([Exhibit G](#)) delineating our position. We are part of nearly every section of the bill. We oppose section 6. Charging a fee for a rental application is necessary because of our out-of-pocket expenses for tenant screening. If a landlord is not able to charge those fees to prospective tenants, it will be added to the cost of the rent.

We oppose section 7. In reality, only after a full and fair evaluation of the property can a final assessment be made as to whether tenant damage exists that would be charged to the tenant's deposit. If repairs are not completed in a workmanship-like manner, the landlord will need to have those re-repaired by a professional. The landlord should not be required to accept a tenant's less-than-professional repair job.

We oppose section 4. A late payment should compensate the landlord for the inconvenience and risk of not receiving the rent on time and should motivate the tenants to pay rent on time. Contractually agreed-upon provisions should not be further limited or amended.

We oppose section 13, prohibiting a landlord from charging a cleaning deposit that exceeds 15 percent of the periodic rent. Not all properties are equal, and not all tenants are equal. Fifteen percent of the randomly chosen level of recovery is not realistic or fair to property owners. Further, section 13 would require the return of the remainder of the security deposit within 21 days after the end of tenancy. It will create a huge burden on the landlord, the courts, the working-class handymen, journeymen and contractors. In many markets, it is simply impossible to retain professional services and have the work completed within that time. Until the damage is repaired, the landlord is also suffering the loss of the rental income on that unit. It is in the landlord's interest as well to get the unit repaired quickly. Please consider what these provisions could mean to Nevada families and the affordable rental market when landlords sell their properties.

TERRY MOORE:

I primarily represent landlords and property managers who manage and own approximately 25,000 apartments and single-family homes throughout the State. As a practicing landlord-tenant attorney, on a daily basis I am in the trenches and deal with all of the aspects of NRS 118A that S.B. 218 seeks to

modify. These are not modest changes to Nevada law. These proposed revisions will cause havoc when applied to real-world, landlord-tenant situations. Most of the revisions appear to be solutions looking for problems. I have handled evictions in nearly every county in the State, and I can unequivocally tell you that justices of the peace who hear and handle evictions every day fairly and competently resolve nearly every issue being addressed by S.B. 218. That is why my clients and I oppose almost all the provisions of S.B. 218. Nobody is opposed to transparency, but this bill goes far beyond that.

Section 13 of the amendment that shortens the timeframe from 30 days to 21 days for the landlord to provide accounting for the security deposit is unrealistic. In many instances, damage to a unit needs to be repaired by an outside vendor, and that can take weeks to get scheduled let alone completed. If the damage is extensive and the vendor cannot get it done, under section 13 language, the amendment automatically penalizes a landlord by making him or her liable to repay the entire security deposit, even if there is extensive damage. It forces the landlord to waive any claims relating to that damage. Under no set of circumstances is such a draconian penalty fair or warranted under Nevada law. If a dispute arises over a security deposit, much like the one Senator Ratti indicated her former neighbors had, there is a remedy already in place. They file a motion in front of justice court, and it is resolved. The judge is allowed to weigh the evidence, hear the testimony and make a fair ruling. There is no need to implement new procedures and mechanisms to overly complicate that process. Additionally, the section 13 proposed change of adding in a rebuttable presumption and imposing a high burden of proof on the landlord is a radical change to Nevada law. An issue to damage caused only by the tenant, which is a problem, also inserts the rebuttable presumption of no damage to the premises at all, and then it imposes the high burden of proof. I have submitted a letter ([Exhibit H](#)) containing all of my testimony.

SENATOR RATTI:

I appreciate the opportunity to be at Senate Judiciary Committee. I know this is a contentious issue. It has been a long, hard year, and I acknowledge there has been more than enough pain to go around, and that pain has hit tenants and landlords. I am not blind to that fact. There is a significant power differential. Even with the impacts to the landlord, it is not as significant as losing the roof over your head. We have to figure out a balanced approach to making sure tenants have a remedy when landlords are taking advantage of the situation. These are reasonable and modest protections for tenants compared to

protections in most states across the Nation. I do not believe that this legislation significantly raises the cost of housing in Nevada. That was the testimony to S.B. No. 151 of the 80th Session, and we did not see a crumbling of the rental infrastructure because of modest protections passed. Some landlords will get out of the business but not because of these tenant protections. Market forces have a lot to do with it. Property values are up significantly, and some people are fatigued based on the pandemic. I do not think it is because of the protections we put into place to equalize the balance between tenants and landlords. There is still some work to do on this bill. I am open to doing it and will get answers to your questions.

CHAIR SCHEIBLE:

We are now going to vote on committee introduction of the following bill draft requests (BDRs): BDR 15-1008, BDR 14-830, BDR 16-499, BDR S-501 and BDR 40-1006. We will vote on them as a group.

BILL DRAFT REQUEST 15-1008: Revises provisions relating to the interception of certain wire communications. (Later introduced as [Senate Bill 358](#).)

BILL DRAFT REQUEST 14-830: Establishes procedures relating to civil infractions. (Later introduced as [Senate Bill 355](#).)

BILL DRAFT REQUEST 16-499: Requires the Department of Corrections to track and report certain expenses that are directly related to housing youthful offenders. (Later introduced as [Senate Bill 357](#).)

BILL DRAFT REQUEST S-501: Provides for a study of certain issues relating to the housing of youthful offenders. (Later introduced as [Senate Bill 356](#).)

BILL DRAFT REQUEST 40-1006: Provides that certain prohibited acts are also punishable as arson under certain circumstances. (Later introduced as [Senate Bill 359](#).)

SENATOR PICKARD:

Bill Draft Request 15-1008 excludes certain law enforcement activities, and I wonder if we prevented the interception of these calls? I thought these were routinely intercepted because in an emergency situation, law enforcement was allowed to intercept these things and then obtain a warrant retroactively.

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CHAIR SCHEIBLE:

I appreciate your question. It sounds like a policy question we could definitely dive into in a hearing. This is a question about introduction of the BDRs.

SENATOR OHRENSCHALL MOVED TO INTRODUCE BDR 15-1008,
BDR 14-830, BDR 16-499, BDR S-501 and BDR 40-1006.

SENATOR CANNIZZARO SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR PICKARD VOTED NO.)

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CHAIR SCHEIBLE:

The introduction of BDRs is concluded. We will now adjourn the meeting at 3:18 p.m.

RESPECTFULLY SUBMITTED:

Sally Ramm,
Committee Secretary

APPROVED BY:

Senator Melanie Scheible, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Begins on Page	Witness / Entity	Description
S.B. 218	A	1		Agenda
S.B. 218	B	1	Senator Julia Ratti	Proposed Amendment with the Nevada Coalition of Legal Service Providers
S.B. 218	C	1	Senator Julia Ratti	Articles Supporting the Need from Bailey Bortolin, Nevada Coalition of Legal Service Providers
S.B. 218	D	1	Shane Piccinini / Food Bank of Northern Nevada	Support Letter
S.B. 218	E	1	Tiffany Banks / Nevada Realtors	Opposition Statement
S.B. 218	F	1	Susy Vasquez / Nevada State Apartment Association	Opposition Statement
S.B. 218	G	1	Teresa McKee / Nevada Realtors	Opposition Statement
S.B. 218	H	1	Terry Moore	Opposition Statement