

SENATE BILL NO.426—SENATORS SPEARMAN; AND DONATE

MARCH 27, 2023

JOINT SPONSORS: ASSEMBLYMEN PETERS; ANDERSON, BROWN-
MAY, D’SILVA, DURAN, GORELOW, LA RUE HATCH AND
SUMMERS-ARMSTRONG

REFERRED TO COMMITTEE ON COMMERCE AND LABOR

SUMMARY—Revises provisions governing rent increases.
(BDR 10-15)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to property; requiring the Housing Division of the Department of Business and Industry to annually calculate and publish a cost-of-living increase; establishing certain requirements relating to increases in rent; authorizing a landlord to apply for an exemption to certain requirements relating to increases in rent; providing certain remedies for a violation of certain requirements relating to increases in rent; revising provisions relating to notices of increases in rent; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

- 1 Existing law establishes the Residential Landlord and Tenant Act, which
2 governs rental agreements for dwelling units. The Act establishes certain
3 obligations for landlords and tenants and provides certain remedies for landlords
4 and tenants for violations of such obligations. (Chapter 118A of NRS) **Section 4** of
5 this bill prohibits, with certain exceptions, a landlord from increasing the rent
6 payable by an existing tenant during: (1) the first year of a tenancy; and (2) any 12-
7 month period by an amount that exceeds the cost-of-living increase published by
8 the Housing Division of the Department of Business and Industry pursuant to
9 **section 3** of this bill. **Section 4** also prohibits, with certain exceptions, a landlord
10 from charging a prospective tenant: (1) if there was an existing tenant in the
11 dwelling unit, a rent that exceeds the maximum amount the landlord was authorized
12 to charge the existing tenant; and (2) if there was not an existing tenant, a rent that



exceeds the amount for which the dwelling unit was advertised. **Section 4** exempts certain dwelling units from these requirements.

Section 5 of this bill authorizes a landlord to apply to the Housing Division for an exemption from the cost-of-living increase in order for the landlord to obtain a fair and reasonable rate of return on his or her property if: (1) the operating costs of the landlord exceed the amount the landlord would earn with the cost-of-living increase; (2) the landlord makes capital improvements to a dwelling unit; (3) the landlord changes the amount and quality of services offered by the landlord; (4) the amount of property taxes owed by the landlord decreases or increases; (5) a landlord repairs damage to a dwelling unit that was not caused by ordinary wear and tear; or (6) any other circumstance established by the Division by regulation. **Section 5** further requires the Division to adopt regulations to establish the application process.

Section 6 of this bill provides that if a landlord violates the requirements of **section 4**, the tenant may: (1) apply to the court for relief; (2) withhold any rent that becomes due without incurring late fees, charges for notice or any other charge or authorized fee; and (3) recover actual damages and receive an amount equal to 3 months' rent in addition to such actual damages. Under existing law, the tenant is also entitled to certain other remedies if the landlord engages in retaliatory conduct against the tenant for a good faith complaint regarding a violation of **section 4**. (NRS 118A.510)

Section 3 requires the Housing Division to annually determine and publish on the Internet website of the Division the maximum cost-of-living increase for that calendar year, which must be equal to the increase in the Consumer Price Index for the region where the dwelling unit is located and which must not exceed 5 percent. **Section 3** also requires the Division to: (1) issue a press release containing the maximum cost-of-living increase for that calendar year; and (2) maintain on its Internet website information relating to each such cost-of-living increase for at least 2 years.

Section 2 of this bill defines "cost-of-living increase" to mean the cost-of-living increase published by the Division. **Section 7** of this bill makes a conforming change to indicate the proper placement of **section 2** in the Nevada Revised Statutes.

Existing law prohibits a landlord from increasing the rent payable by a tenant unless the landlord serves the tenant with written notice of the increase: (1) for a periodic tenancy of 1 month or more, 60 days in advance of the first rental payment to be increased; or (2) for a periodic tenancy of less than 1 month, 30 days in advance of the first rental payment to be increased. (NRS 118A.300) **Section 8** of this bill instead requires such notice for a periodic tenancy of 1 month or more to be served 90 days in advance of the first rental payment to be increased. **Section 8** further requires that such notice include: (1) the amount of the increase; (2) the total amount of the new rent; (3) if the increase exceeds the cost-of-living increase, the reason the landlord is exempt from the requirements of **section 4**; and (4) the date on which the increase becomes effective.



THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 118A of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 6, inclusive, of this act.

Sec. 2. *“Cost-of-living increase” means the cost-of-living increase published by the Housing Division of the Department of Business and Industry pursuant to section 3 of this act.*

Sec. 3. 1. *The Housing Division of the Department of Business and Industry shall determine a maximum cost-of-living increase for each calendar year which must, except as otherwise provided in this subsection, be equal to the percentage increase from September 30 of the current year to September 30 of the immediately preceding year using the Consumer Price Index for All Urban Consumers, U.S. City Average (All Items) as published by the United States Department of Labor, for the region where the dwelling unit is located. The cost-of-living increase must not exceed 5 percent.*

2. On or before January 1 of each year, the Housing Division shall publish on the Internet website of the Housing Division the maximum cost-of-living increase for that calendar year and issue a press release containing the maximum cost-of-living increase for that calendar year.

3. The Housing Division shall maintain the information for each cost-of-living increase on the Internet website of the Housing Division for at least 2 years.

Sec. 4. 1. *The Legislature hereby finds and declares that the State of Nevada is experiencing a housing crisis because of the lack of affordable housing and excessive increases in the rent charged for rental housing in this State.*

2. Except as otherwise provided in subsection 3 and section 5 of this act, and in addition to the requirements of NRS 118A.300, a landlord shall not:

(a) Increase the rent payable by an existing tenant:

(1) During the first year of tenancy; and

(2) During any 12-month period by an amount that exceeds the cost-of-living increase for the region where the dwelling unit is located, as published by the Housing Division of the Department of Business and Industry pursuant to section 3 of this act, that is in effect at the time the landlord provides written notice of the increase in rent pursuant to NRS 118A.300; and

(b) For a prospective tenant:

(1) If there was an existing tenant in the dwelling unit, charge a rent that exceeds the maximum amount the landlord was



1 *authorized to charge to an existing tenant in accordance with*
2 *paragraph (a); and*

3 *(2) If there was not an existing tenant in the dwelling unit,*
4 *charge a rent that exceeds the amount for which the dwelling unit*
5 *was advertised.*

6 *3. The provisions of this section do not apply to a dwelling*
7 *unit:*

8 *(a) Owned by a governmental agency;*

9 *(b) In a structure that contains living quarters occupied or*
10 *intended to be occupied by not more than four families living*
11 *independently of each other if the owner actually maintains and*
12 *occupies one of the living quarters as his or her primary*
13 *residence;*

14 *(c) Issued a certificate of occupancy on or after January 1,*
15 *2024, if less than 15 years have passed since the date the*
16 *certificate was issued;*

17 *(d) Where the landlord is providing reduced rent to the tenant*
18 *through a federal, state or local program; or*

19 *(e) That is the only dwelling unit owned by the landlord in this*
20 *State.*

21 *4. Nothing in this section shall be construed as creating a*
22 *right to increase rent.*

23 **Sec. 5. 1. A landlord may apply to the Housing Division of**
24 **the Department of Business and Industry for an exemption from**
25 **the requirements of subsection 2 of section 4 of this act if an**
26 **exemption is necessary for the landlord to obtain a fair and**
27 **reasonable rate of return on his or her property, under the**
28 **following circumstances:**

29 *(a) The operating costs of the landlord exceed the amount the*
30 *landlord would earn with the cost-of-living increase established*
31 *pursuant to subsection 2 of section 3 of this act;*

32 *(b) The landlord makes capital improvements to a dwelling*
33 *unit;*

34 *(c) The landlord changes the amount and quality of services*
35 *offered by the landlord;*

36 *(d) The amount of property taxes owed by the landlord*
37 *decreases or increases;*

38 *(e) The landlord repairs damage to a dwelling unit that was*
39 *not caused by ordinary wear and tear; or*

40 *(f) Any other circumstance established by the Division in*
41 *accordance with the regulations adopted pursuant to subsection 2.*

42 *2. The Division shall adopt regulations to carry out the*
43 *provisions of subsection 1.*



Sec. 6. *If the landlord increases or charges rent to a tenant in violation of the provisions of section 4 of this act, the tenant may, in addition to any other remedy:*

1. Apply to the court for such relief as the court deems proper under the circumstances;

2. Withhold any rent that becomes due without incurring late fees, charges for notice or any other charge or fee authorized by this chapter or the rental agreement until the landlord has remedied, or has attempted in good faith to remedy, the failure; and

3. Recover actual damages and receive an amount equal to 3 months' rent in addition to actual damages.

Sec. 7. NRS 118A.020 is hereby amended to read as follows:

118A.020 As used in this chapter, unless the context otherwise requires, the terms defined in NRS 118A.030 to 118A.175, inclusive, *and section 2 of this act* have the meanings ascribed to them in those sections.

Sec. 8. NRS 118A.300 is hereby amended to read as follows:

118A.300 The landlord may not increase the rent payable by a tenant unless the landlord serves the tenant with a written notice, ~~60~~ 90 days or, in the case of any periodic tenancy of less than 1 month, 30 days in advance of the first rental payment to be increased, advising the tenant of :

1. The amount of the increase ~~+~~;

2. The total amount of the new rent;

3. If the increase exceeds the cost-of-living increase, the reason the landlord is exempt from the provisions of section 4 of this act; and

4. The date on which the increase becomes effective.

Sec. 9. On or before January 1, 2024, the Housing Division of the Department of Business and Industry shall, in accordance with section 3 of this act:

1. Determine the maximum cost-of-living increase for calendar year 2024;

2. Publish on the Internet website of the Housing Division the maximum cost-of-living increase for calendar year 2024; and

3. Issue a press release containing the maximum cost-of-living increase for calendar year 2024.

Sec. 10. 1. This section and section 9 of this act become effective upon passage and approval.

2. Sections 1 to 8, inclusive, of this act become effective:

(a) Upon passage and approval for the purpose of adopting any regulations and performing any other preparatory administrative tasks that are necessary to carry out the provisions of this act; and



1 (b) On July 1, 2024, for all other purposes.

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