

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Eighty-Second Session
May 17, 2023**

The Committee on Government Affairs was called to order by Chair Selena Torres at 9:12 a.m. on Wednesday, May 17, 2023, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda [[Exhibit A](#)], the Attendance Roster [[Exhibit B](#)], and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/82nd2023.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Selena Torres, Chair
Assemblywoman Bea Duran, Vice Chair
Assemblyman Max Carter
Assemblyman Rich DeLong
Assemblyman Reuben D'Silva
Assemblywoman Cecelia González
Assemblyman Bert Gurr
Assemblyman Brian Hibbetts
Assemblyman Gregory Koenig
Assemblyman Richard McArthur
Assemblyman Duy Nguyen
Assemblywoman Angie Taylor
Assemblywoman Clara Thomas

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Senator Dina Neal, Senate District No. 4
Senator Edgar Flores, Senate District No. 2

STAFF MEMBERS PRESENT:

Jennifer Ruedy, Committee Policy Analyst
Asher Killian, Committee Counsel

Minutes ID: 1141



Sarah Delap, Committee Counsel
Judi Bishop, Committee Manager
Dylan Small, Committee Secretary
Cheryl Williams, Committee Assistant

OTHERS PRESENT:

Kent M. Ervin, Ph.D., State President, Nevada Faculty Alliance
Marshal S. Willick, Private Citizen, Las Vegas, Nevada
Shelly B. Cooley, Private Citizen, Las Vegas, Nevada
Tina M. Leiss, Executive Officer, Public Employees' Retirement System
Paul Catha, Political Director, Culinary Workers Union Local 226
Marc Ellis, President, Communications Workers of America Local 9413
Susie Martinez, Executive Secretary-Treasurer, Nevada State AFL-CIO
Robert Sumlin, representing International Association of Machinists and Aerospace Workers Local 711
Yesenia Moya, Private Citizen, Las Vegas, Nevada
Shelly Speck, Parent Leadership Coordinator, Children's Alliance of Nevada; and representing Strong Start Nevada Coalition
Christine Saunders, Policy Director, Progressive Leadership Alliance of Nevada
Cody Hoskins, Political Director, Service Employees International Union Local 1107
Sarah Adler, representing National Alliance on Mental Illness-Nevada Chapter
Maria-Teresa Liebermann-Parraga, Deputy Director, Battle Born Progress
Russ James, representing Nevada State AFL-CIO
Victoria Ruiz, Private Citizen, Las Vegas, Nevada
Erika Minaberry, Private Citizen, Sparks, Nevada
Shaun Navarro, Coalitions and Community Engagement Coordinator, Nevada State Democratic Party
Dionne Klug, representing United Food and Commercial Workers Union Local 711
Azim Jessa, Vice President, Legislative Committee, Nevada Realtors; and Realtor, Urban Nest Realty, Las Vegas, Nevada
Keith Lynam, Legislative Chair, Nevada Realtors
John Sande IV, representing Nevada State Apartment Association
Jennifer Lazovich, representing Picerne Development
Bryan Wachter, Senior Vice President, Retail Association of Nevada
Emily Osterberg, Director, Government Affairs, Henderson Chamber of Commerce
Paul J. Moradkhan, Senior Vice President, Government Affairs, Vegas Chamber
Lindsay Knox, representing Nevada Home Builders Association; Southern Nevada Home Builders Association; and Builders Association of Northern Nevada
Susan Fisher, representing Ovation Development
Chase Whittemore, representing Nevada Builders Alliance

Chair Torres:

[Roll was taken. Committee protocol was reviewed.] We will be taking the bills out of order today. We will begin with Senate Bill 434 (1st Reprint). At this time, we will open the hearing on S.B. 434 (R1), which revises provisions related to retirement. Senator Neal, welcome back to the hardest-working Committee.

Senate Bill 434 (1st Reprint): Revises provisions related to retirement. (BDR 23-16)

Senator Dina Neal, Senate District No. 4:

I am here to present Senate Bill 434 (1st Reprint). You do have an amendment. I would like to thank Mr. Killian for the first amendment [Exhibit C]. If you have the second one that is dated May 17 [Exhibit D], that is the one you should pay attention to. It removes a section and then restores a section.

With that, I will start with section 1. Section 1 is about creating a social safety net for employees in the state of Nevada. There has been a long-standing conversation around substitutes in the state of Nevada and how they are treated within the Public Employees' Retirement System (PERS). Section 1 includes them in the membership to where they can at least start earning credit by being half-time employees. Currently under *Nevada Revised Statutes* (NRS) 286.495, for purposes of retirement eligibility, there is a threshold of half-time or more at 720 hours for all employees. A long time ago, the school board adopted policy under NRS 286.200 that the threshold for any school district employee to be enrolled in PERS was half-time or more, and thus they must work at least 720 hours a year. However, there was a specific exclusion for substitute teachers. This particular version of section 1 puts them in the same way a cafeteria worker would be eligible to work 720 hours a year and get enrolled in PERS. It will now allow a substitute to be enrolled in PERS.

I thought about this a long time ago, but I was not able to bring this bill until this session. The COVID-19 pandemic really brought forward that we had a group of individuals, regardless of their work or their status within the district, who had no social safety net. When the school districts closed down—well, the state closed down, pretty much—I think it became evident there were persons for whom, had they not been able to go to work, there was no retirement on the other end that would sustain them that they would be able to rely on. We need to start thinking about what social safety net we would like to pay for now versus paying for them later on Medicaid, Temporary Assistance for Needy Families (TANF), and others, even though we know there are some substitutes who are probably on Medicaid or TANF now. At the end of the day, you want to make sure the citizens in Nevada can retire, that they have something other than social security to actually sustain themselves and move forward with their lives.

Section 2, subsection 7 is the other piece of the bill. This also came out of issues in my district I have seen—and also thinking about how we had a lot of death that happened during COVID-19. We also have, I would say, some misinterpretation on what happens with the PERS benefits to a retiree upon death. As soon as they die, unless that beneficiary is designated, it ceases. I wanted to create a voluntary option the same way a current retiree or

current PERS person can reduce the amount to give to a spouse. I wanted to create a residue for family members for whom a retiree can go in and voluntarily offer to reduce their retirement by the month so the retiree can have a beneficiary post-death.

The window is roughly six months of benefit. Why am I looking at six months of benefit? Because in my particular district, and probably in some of yours as well, we have communities that are poor. We also have communities where the family member—mother, father, whoever it is—may be the sole breadwinner. The loss of that income, the loss of that potential retirement income—that is it for the family. In my district—and I testified to this on the Senate side—I have seen more often than not people who have signs saying, Little Johnny passed away; we do not have the money for the funeral expenses. At the end of the day, the family does not have anything to help pay for funeral expenses or other expenses that may be of immediate need for their family members.

This particular section 2, subsection 7 allows a couple of things to happen. First, they can do the alternate: They can create, they can reduce their amount per month, which then gives them a written acknowledgement where they are going to designate a person, a beneficiary. At the time of the retirement or death, it allows for a residue to exist for the survival beyond the survival, for a survivor of the retiree.

Then you have the alternate beneficiary; they should be allowed to have a designated beneficiary if they survive. It says on page 4, lines 42 through 45, "if the designated beneficiary dies less than 6 months after the date of the retired employee's death, any amount which has not been paid to the designated beneficiary pursuant to this subsection must be paid to the estate" That was super important to me because the whole idea of this entire section was to create a residue for families to be able to pick up on.

The other section was section 2.5. This gets into when you have a qualified domestic relations order (QDRO), and you have a divorce decree. Typically, the QDRO comes into the end of a divorce decree. This makes sure that regardless, you are going to get an explanation of what that means, how it applies to you, and how it will affect your retirement as an ex-spouse or future spouse.

I think it is super important, and the main reason why is because I have a constituent who did not know that QDRO was in there. Yes, people who get divorced are supposed to read their paperwork. However, if you have ever been through a divorce, you are pissed off, you are mad, you are emotional, and you are going through all kinds of whatever, but at the end of the day, all you want is for this to be over. If it was a good divorce, maybe you did read all of it. If it was a horrible divorce where you are basically hating each other, you probably were not paying attention to the fact that the qualified domestic relations order is in the back, which will then affect your retirement at the end, which will then allow a payout to happen to

your ex-spouse. Basically, I want an explanation so everyone is clear. It just mandates that individuals will know exactly what the effect is, so when you get to the point of negotiating what your divorce decree is going to be, maybe you can make sure that QDRO is not a part of it.

On page 7, lines 14 through 17, this allows that if the court adjudicates the property rights as a result of the filing, they can go in and seek to amend the adjudication or the agreement relating to the disposition of the pension, because there are certain circumstances where an individual may need to make sure the adjudication of the rights was properly determined. In the land of QDROs, you could have an instance where—I will give this as an example—if you have 20 years as a police officer, and then you get married after 10 years of working, and then you are married for 5 years, the court should not calculate the 10 years previous to marriage in terms of that number for the accrual for the retirement. They should calculate the years 10 through 15, right? However, the way the law works, it is year 10 through whenever you retire. The 20 years you work post-divorce will be accrued into that actual number that will be determined by PERS.

I wanted to make sure if there was an instance where they are concerned about whether or not it was properly done, they could go back and ask that question or seek a court. They could file a motion—it does say it has the written agreement of the parties, so good luck on that, but at least the option is there. Maybe there is a nice spouse out there who will let you go back into court.

Section 3 is the piece where you have the amendment [\[Exhibit D\]](#). Page 9, lines 22 through 26 are deleted. Lines 27 through 37 are restored. I removed the frozen benefit rule, which was in the bill when it passed out of the Senate. Then it restores it to the time rule. Ultimately, that is what the bill does now. It does not do any of the other things I had opposition for on the other side.

With that, I will open myself up for questions.

Chair Torres:

Members, are there any questions?

Assemblyman Hibbetts:

Thank you, Senator, for bringing a PERS bill; it is one of my favorite subjects. My question is on the beneficiary, the new Option 8, in section 2, subsection 7. I guess my question is, why put this in when Options 2 through 7 all give the beneficiary the reduced rate for life as opposed to six months?

Senator Neal:

My understanding is, a survival benefit where you are allowing for the amount of the retiree, setting aside the amount for the retiree they were going to earn to then be applied post-death,

is not something that is currently in statute. I will let PERS come up and correct me. My goal was to create a residue after death that would still be able to be paid out to the estate or to a beneficiary post-death.

Assemblyman Hibbetts:

I am assuming we can have PERS clear that up. I would also like to commend you on the fixing of the divorce thing.

Senator Neal:

I did not fix it. I mean, had the bill come in, maybe I would have, but I did not fix it. People are still going to have an unfair practice where you are going to be divorced and have to pay out to an ex-spouse—and you are no longer with them—for 20 years you were never even married to them. I did not fix it.

Assemblywoman Thomas:

I am happy the divorce thing did not go because I had a happy divorce. He did not get anything; I did not get anything.

Senator Neal:

That is how it should be. If you bury a broke person, you get exactly what the community interest is—nothing.

Assemblywoman Thomas:

My question actually has to do with section 2, subsection 7. You say "designation," and I know you just explained that to our fellow Assemblyman Hibbetts, but I do have a question. I am not understanding. I am a PERS recipient. When I went in for my PERS, I was told, Here you go; who is your designator—if you want to? They explained all that. A person gets all that information and they determine they do not want a person to be designated as their beneficiary—they have that option, or they can do that while they are collecting their PERS. My question is, if the person dies, their choice was not to put a designator in there. We are going against what that person wanted.

Senator Neal:

When I read this, if you look at page 4, lines 41 through 45, it says "Except as otherwise provided in this subsection, if the designated beneficiary dies less than 6 months after the date of the retired employee's death, any amount which has not been paid to the designated beneficiary pursuant to this subsection must be paid to the estate of the designated beneficiary." I hear what you are saying, but I want to create a residue. We have family members or folks in my district for whom, literally, this is the only income they are relying on. This is the only income they believe may exist. Some people believe they are actually entitled to get money even if they are not designated. It actually is not something they can get if they are not a designated beneficiary; it is not a cash payout. I want to make sure there is at least enough money within these families to allow for residue to exist to pay for expenses post-death that may not even be considered.

Now, this is voluntary. A person has to pick this Option 8 in order for any of these triggers to happen, which are in section 2, subsection 7. If a person does not select Option 8, none of these things are going to apply. I am not mandating an activity occur unless they pick Option 8. If they pick Option 8, there are several things that occur. I think it is important to have some kind of residue for the families that will go to the estate. I have seen extreme situations where, literally, when we talk about wills and people planning, you could have a retirement and not even have a will. You can have a retirement and nobody knows exactly how the funeral is supposed to be paid for. Nobody knows how the next mortgage payment is supposed to be paid for, because there is a single person in the family who is the breadwinner who has been taking care of all the situations. The estate still falls into the family. I think it is very important to allow some kind of residue to exist.

Chair Torres:

At this time, we will go to Legal.

Asher Killian, Committee Counsel:

At the risk of moonlighting as a PERS employee, I am going to try to cover this briefly, and if I need to be corrected, I am sure PERS will say this more eloquently than I do. *Nevada Revised Statutes* 286.590 establishes alternatives to an unmodified service retirement allowance. The retired employee always has the option to choose an unmodified allowance, which is where the employee is paid, for the rest of their life, the full benefits they have earned through their employment. The options in NRS 286.590 are voluntary at the election of the retired employee, and they work by reducing the amount of money paid to the employee on an actuarial basis and the amount necessary to pay for the benefit paid to somebody else. No retired employee would be obligated to choose a beneficiary and choose any of these options. They could still choose to receive their full retirement.

To Assemblyman Hibbetts' question, a retired employee may choose this option versus the option that pays the designee for life because less money would be required for that benefit. The amount paid to the employee for their life would be higher because it would have to be reduced by a smaller amount for a benefit of six months after death versus the benefit of the entire life of the designee. I think that was accurate, and I am getting a nod from PERS, but they could certainly clear that up if I misstated any of them.

Assemblyman Carter:

I am trying to wrap my head around this; I think I figured it out from reading through the crossed-out lines and stuff in here now. I am talking specifically about section 3 now. What we are trying to achieve here is, let us say there is a divorce. They were married for five years; they divorce. The ex-spouse is entitled to five years of PERS credits, but only at the value they were during the marriage, not at the value they are on the retirement date.

Senator Neal:

We are asking about the cross-outs—I wish I could just kill this bill. Anyway, listen, this is how it works. I am going to use you as an example. You worked for 23 years as a police officer. Ten years in, you decided, Hey, I am going to get married. You were married for

five years. You get divorced; there is now a QDRO in your divorce decree. You continue to work for another 20 years after divorcing your spouse. When you go and submit your retirement to PERS, they then tell you that you have a QDRO. Now the division problem is, the 20 years you worked after you divorced them is now included. It allows for the PERS benefit to keep accruing postdivorce; then to take from the highest amount possible, which are all the years you worked without that person; and then do the division problem. The ex-spouse gets the five years' community plus the 20 years you worked. Then a math problem happens that calculates those 25 years to say this is the benefit they should receive.

That is currently how it works. The Public Employees' Retirement System can break down the math, but basically the current rule allows the ex-spouse to take benefit from all the years they were not with you. The pie is larger, so the community interest is then split from a larger amount versus what it was at year 5.

What I had in the bill was the frozen benefit, which was to freeze it, meaning at year five, whatever was accrued is what you were going to get, meaning this relationship ended, whether or not it was year ten—whatever the community interest was there. I was using the military rule that whatever community interest was there from the ten years of marriage would be divided.

The argument was, Well, why do you not want the person to benefit from the additional years the spouse worked without them? Because it is absolutely unfair. If we were not together, why should you benefit from the work I did without you? We are no longer together? Year 10, year 20—that is when I wanted it divided. That is what I had a lot of opposition over, because they were like, Well, it should be allowed to accrue, so there is a larger piece to give to the ex-spouse.

I also had the argument, Well, they are not receiving any interest. The argument was, Well, the ex-spouse is waiting for the person to retire, and that wait has a cost. Does it, though? If you left them, this relationship is over, so whatever I earned in this relationship in 10 years is what you get. That is the half of the community property you should be entitled to. You should be entitled to nothing greater than that, because I feel like it creates a first and second position. If you get remarried, when you retire, your first spouse has their hand out, saying, I would like my check, please, based on the next 20 years you work. Your second spouse is sitting there going, What am I getting? That is why I had that in the bill, but we had a lot of opposition. I carried it to this side and now it is deleted.

Chair Torres:

Senator Neal, it is sometimes really hard for us to know how you feel about legislation, but I think you helped clarify that this morning. Members, are there any additional questions? I remind the Committee, we eliminated section 3, so let us try to stay off section 3.

Assemblywoman Taylor:

I always enjoy starting my day with the realness that comes with Senator Neal—we get Senator Neal; we get all of Senator Neal, and that is not a bad thing. I appreciate you for

that. Just a quick question: On the PERS for substitute teachers, if they meet the criteria—so many hours and so on—the way PERS works, as I understand it, is that as the employee, it reduces your pay some as you pay into PERS. Is there a provision for if a substitute teacher is like, You know what? I do not want to do that because I do not want my pay reduced.

Senator Neal:

I will let PERS answer that. I am assuming, just the same way we have an option in the Legislature to turn down our retirement, we could do the same thing there. I am assuming somebody would; maybe they would like to keep their \$27,000 a year and not have a retirement benefit. I do not think that would be wise, because if a cafeteria worker is allowed to earn credit, then why not you? I do not know how much the cafeteria workers make within the system, but I would not assume they are making a whole lot more than a substitute.

Assemblywoman Taylor:

I think that is fair. I just wanted to know if they have that chance to opt out if they choose to.

Chair Torres:

We are going to go to Mr. Killian as well.

Asher Killian:

Generally, PERS is a mandatory membership system under NRS 286.293. If you work for a public employer for at least the minimum number of hours, you are required to be enrolled in PERS. The Public Employees' Retirement System bases its actuarial assumptions around the fact that if you work for a public employer, you work at least the minimum number of hours. There is no option to opt out; everyone has to be included, and it bases its rates and returns on the expectation that all those positions will still be included in the system.

Senator Neal:

I think that is a good thing. It is a social safety net. You want people to have something.

Chair Torres:

Members, are there any additional questions? [There were none.] Senator Neal, do you have any additional statements? It looks like she is finally out of words for today. At this time, I will invite anyone wishing to testify in support of S.B. 434 (R1).

Kent M. Ervin, Ph.D., State President, Nevada Faculty Alliance:

I would like to testify in support for section 1 in particular. It does not affect us as faculty in higher education, but we do follow PERS very carefully. A substitute teacher who works long-term should, like other public employees, be able to be in the PERS system. The Public Employees' Retirement System could explain this better than I, but there is a choice; if a person is only going to do it for a few years, I believe they could choose the plan where they do not vest for a certain number of years.

Regarding section 2, we would be neutral, but I think I can provide a little context. I married into PERS. When my spouse retires in a couple of years, I think it would be a choice between the full benefit versus doing this versus a life insurance policy that would provide some death benefit. For state employees, the Public Employees' Benefits Program currently provides \$7,500 to retirees as a basic life insurance. That is going to increase to \$12,500. That is just enough for a funeral. For post-2011 hires in the state, there will be no such benefits. This is an option. We are neutral, but I think that is the context.

As far as section 3, we have no position. That is the province of family law, which is above my pay grade.

Chair Torres:

At this time, is there anyone else here in Carson City or in Las Vegas wishing to testify in support of S.B. 434 (R1)? I do not see anyone. Is there anyone on the line wishing to testify in support of S.B. 434 (R1)? [There was no one.] Is there anyone wishing to testify in opposition to S.B. 434 (R1)? I do not see anyone here in Carson City. Is there anyone in Las Vegas wishing to testify in opposition to S.B. 434 (R1)?

Marshal S. Willick, Private Citizen, Las Vegas, Nevada:

I am a national pension expert. With the deletion of section 3, I will spare you the detailed opposition, but I will happily answer any questions anybody has as to how the time rule actually works.

Otherwise I confine my comments to section 2.5, subsection 7. I want to make sure the Committee understands the impact this would have on family law generally. Retirement benefits are typically the largest marital asset. There is a rule of finality for property distributions indicating that once six months goes by, under the court rules, you do not relitigate who gets what pieces of property. This provision as written would eliminate that finality as to the largest marital asset and probably reopen all divorce decrees, presumably in perpetuity, to relitigation of both property distribution and, conceivably, alimony. It will be great for the divorce lawyers, but it probably will not be good for many of the litigants—actually, any of the litigants who are going to be forced to return to court again and again if the primary marital assets are sought to be redistributed. It is probably not a good idea, and it probably should not be there. There are reasons for the rule of finality in family law.

I will gladly answer any questions anybody might have about how the family law system works, how our court system works, how our court rules work, or how pensions work.

Chair Torres:

Members, are there any questions? I do not believe there are any questions, but thank you for those clarifications.

Shelly B. Cooley, Private Citizen, Las Vegas, Nevada:

I am a Nevada-licensed family law attorney. I also oppose section 2.5, subsection 7. It will increase the cost of litigation. It will also open the door to alimony indefinitely, because if

we have this provision in law, then any reasonable family law attorney is going to ensure there is also a reservation of jurisdiction for alimony. While you may attempt to reopen and modify the property distribution that was done at divorce, you are also opening yourself up to an alimony claim 5, 10, 15 years post-divorce because you have left this open. This is the reason we have finality in divorce decrees. It is not modifiable, and it should remain that way. Subsection 7 should be removed or withdrawn as well. I hope you will oppose the inclusion of that provision in this bill.

[[Exhibit E](#) and [Exhibit F](#) were submitted but not discussed and are included as exhibits for the hearing.]

Chair Torres:

Is there anyone else in Las Vegas wishing to testify in opposition to S.B. 434 (R1)? I do not believe I see anyone else in Las Vegas. If there is, please approach the table while I go to the phones. Is there anyone on the line wishing to testify in opposition to S.B. 434 (R1)? [There was no one.] Is there anyone wishing to testify in neutral on S.B. 434 (R1)?

Tina M. Leiss, Executive Officer, Public Employees' Retirement System:

The retirement board has voted to be neutral on Senate Bill 434 (1st Reprint). There is one thing I did discuss with Senator Neal this morning. Since there is a proposed amendment, one thing we would like to request is an effective date of July 1 rather than upon passage and approval, to allow us a bit of time for our actuaries to run the factors that would be required to reduce the benefit for the new Option 8 and also for the enrollment of substitute teachers. Otherwise, the board is neutral, and I would be happy to answer any questions you may have on how this affects PERS.

Chair Torres:

I do not believe there are any questions, but I have one question regarding that change. Did you want it to be for July of this year?

Tina M. Leiss:

July 1, 2023.

Assemblywoman Duran:

This would not go retroactive, would it? Is this just starting July 1 and moving forward?

Tina M. Leiss:

For July 1, we were concerned mainly with the Option 8 factors to calculate that. That clearly would be, going forward, no one would be able to select Option 8 unless they retired on or after July 1, 2023. As far as the enrollment of the substitute teachers, July 1 is a good day because of the new school year. However, I am not a hundred percent sure on the intent of the 720 hours. If it comes into play—say if it were to get passage and approval and it was in effect June 1.

For the retroactive question, I guess I am going to tell you I am not a hundred percent sure, because—and this may be a question for your Legal—for a substitute teacher to be enrolled, they would have to have made that half-time threshold, which is 720 hours. They would have had to have worked 720 hours. The way that generally works is, once the employee hits 720 hours, that is when the school district will enroll them. The question would be, if this were effective, say, June 1, would they enroll anyone who has hit 720 hours on June 1? Or would it be they have to have worked 720 hours after June 1? I am getting a yes from Counsel. I guess I would rather let him answer that question.

Asher Killian:

There is generally a presumption against retroactivity in legislation unless there is a specific provision calling for it to be retroactive. If this were upon passage and approval, if it is July 1, that is between school years. You are not going to have any teacher who qualifies during that partial year period because there will not be a partial year period. If this were upon passage and approval, since there is no language indicating any retroactive effect, it would only become effective for teachers who worked during the 2022-2023 school year if they could satisfy the 720 hours requirement between the effective date of this bill and the end of that school year. Since the effective date of upon passage and approval would be sometime in June, I think it is probably a literal impossibility that they could actually work 720 hours between the effective date and the end of the school year.

Chair Torres:

Members, are there any additional questions? I do not believe there are any. Is there anyone wishing to testify in neutral on S.B. 434 (R1) in Las Vegas? I do not see anyone. Is there anyone on the line wishing to testify in neutral on S.B. 434 (R1)? [There was no one.] I will invite the bill sponsor for any closing remarks.

Senator Neal:

Thank you, Assembly Committee on Government Affairs, for hearing this bill. In section 2.5, subsection 7, where the conversation from the opposition was—and if the chair would like, I will have Mr. Killian address this—but I went round and round on *res judicata*. It is a policy choice in order to have this language in here; it did not violate *res judicata*. I literally debated Legal staff on the other side of the house trying to figure out how I can get something in there if there was an issue that needed to be relooked at. This was the policy choice that was made after reviewing the law and whether or not I was tampering at all with what is known to be *res judicata* in law.

If Mr. Killian would like to add, at the end of the day I attempted to remove the opposition. I am trying to open the door for folks who at least want to have a conversation about whether or not there was a proper adjudication. I think that would be the cost citizens would like to take on for themselves. If you want to go and open this up and spend your money, then you go spend your money. Not everyone is going to choose to do this option, but there may be some people who want to make sure the calculation was right and that it was proper.

I do not think the cost of litigation is something that bears a burden on the state, because it is a citizen who is going to pay it. It is a citizen who is going to write that check to the attorney and say, I would like to travel this road. I do not know why we would care whether or not they choose to spend thousands of dollars on what they want to do. I think the facts are, people do not really understand how the QDRO works. They do not. Whether or not you have a good attorney—you could have a bad attorney—not everybody understands exactly how it affects them and how it affects their divorce. For some people, it is just a surprise.

Call it what you want, but at the end of the day, I am just trying to open the door to allow folks to at least have a conversation about it. A court could deny it. I do not understand why we would even debate that issue, because the court could say, I am not going to accept this motion, and actually we are not going to reopen this—but at least the option is there for them to have that conversation. I want to thank Assemblywoman Torres for allowing this bill to be heard and for allowing me to harass you until it was heard, and I probably should have just killed it anyway.

Chair Torres:

Senator Neal, you never harassed me, but you did send me an obnoxious number of messages asking when the bill was going to be heard. Thank you for your persistence. We appreciate it. At this time, we can close the hearing on S.B. 434 (R1), unless we want to invite Senator Neal back up for more questions. Senator Neal is quickly fleeing the room. She does not have any more time for this bill.

At this time, we will open the hearing on Senate Bill 371. As a note to the Committee members, I have a number of people who have signed in to speak on this piece of legislation. We will have the presentation from Senator Flores. I am sure he will give us a hefty number of hypotheticals this morning. That presentation will be no more than 15 minutes. After that presentation, we will have our questioning. After a line of questions, we will go into support. I will invite 20 minutes of support. That will be followed by a pretty brief presentation, is my understanding, from the opposition. It should probably be about five minutes. If we have questions, I am sure we will be able to ask them at that time. That will be followed by 20 minutes of opposition testimony. Then we will go to neutral. I do not expect neutral to need time for any presentation, but we will have time for that if necessary. At this time, we will invite Senator Flores.

Senate Bill 371: Revises provisions governing local governments. (BDR 20-681)

Senator Edgar Flores, Senate District No. 2:

It is great to be home once again. I am here proudly to present Senate Bill 371 on behalf of my constituents and other Nevadans—but particularly my constituents in Senate District 2. Madam Chair, at your request, I would like to open up with a couple of hypotheticals I think would put into perspective what we are doing today. I say that sarcastically, as I know you appreciate that more than anyone else.

I would like to provide some context. I would like to walk us through the history a bit before we get into Senate Bill 371. In 2015, we had Senate Bill 29 of the 78th Session and Assembly Bill 493 of the 78th Session. It is important that we start the conversation there, because I want to make it abundantly clear that at that time, we were having a conversation about Dillon's Rule versus home rule. Ultimately, we came up with something called modified Dillon's Rule. Some folk would argue about that, but that is the terminology I am going to be using.

There are two schools of thought, very plainly put, on whether or not we believe, as a legislature, that we should be the gatekeeper or that we should be sending things down to the local jurisdictions to handle there. There has been a constant debate for many, many years in this body about that. In 2015, through S.B. 29 of the 78th Session and A.B. 493 of the 78th Session, those of us who argued that the Legislature should always be the gatekeeper and that the local body should come here and ask for permission every single time lost.

I voted against both of those bills because I did not want to give so much power to the local government. I wanted them to come here every single time and ask for permission on a whole variety of things, because I thought that this would allow everybody—the entire state—to participate in the conversation, not just the folk impacted. However, there is a whole host of things that are specifically grounded in very specific jurisdictions only. That is the focus of the conversation today. In 2015, I believe, and not only do I believe but our Legal here in the Legislature has made it abundantly clear, that matters of local concern involve affordable housing, that local jurisdictions can, in fact, engage in that. I put Legal on record in the Senate, and I asked them to please provide feedback on whether or not we even believe this bill is necessary. The answer was no.

I want to take you back to 2019. Senator Ratti presented a bill, and I as the Chair of this Committee also said, We do not need this conversation; local jurisdictions can already do it. I got in the way of that legislation moving forward. It is now 2023, okay? This first went into place in 2015. We have been having this ongoing debate for eight years, and I think it is time for us to finally settle it. I believe our Legal is incredibly brilliant. I think they are the best in the country and most definitely in the state, and they have made it abundantly clear that we can do this. Unfortunately, there is still some debate in the local jurisdictions, and there has been resistance.

Based on that, I set off to address it with this bill—not to increase, not to grant any further powers than what were already granted in 2015. I am simply saying that in matters of local concern, particularly affordable housing, we should allow local jurisdictions to decide whether or not they want to engage. The reason for that is there is not a one-size-fits-all, unfortunately. Right now we could say, We are going to implement provisional zoning. In some areas of Nevada, some people would say, Great, that is a great idea. Other areas of Nevada would say, What are you talking about? That would never work here.

We could say, We are going to implement statewide rent control. Some people would say, Why would you do that here? That does not make sense. The needs of Nye County are very different from the needs of Clark County. The needs of Washoe County are very different from those of other jurisdictions. Particularly if we look at our rurals versus Clark County, the needs are just different. When it comes to affordable housing, we have to allow for the local jurisdictions to address the needs of those jurisdictions in whatever way best fits them.

Madam Chair, I want to provide some basic data I think is really important as to why we are engaging in this conversation presently. Presently, it is estimated 6,900 people are experiencing homelessness on any given day. That is about 22.4 out of every 10,000 people here in the state of Nevada. Presently, it is estimated over 243,000 renter households in Nevada are paying over 30 percent of their household income on rent. The reason that is relevant is because affordable housing is defined by the U.S. Department of Housing and Urban Development as housing for which the occupants are paying not more than 30 percent of household income for gross housing costs.

The reality is that there is just not enough. There are just not enough low-cost housing units in the state of Nevada to address our needs. We are in a desperate, dire situation. I think a lot of us in this room have the luxury of going home to a home, and I think that is a beautiful thing, but I think we are in an ecosystem that deprives us of what is actually happening in the state of Nevada—that we have a lot of human beings who are desperate for us to take action. Part of taking action is our providing the tools and clarifying the tools that already exist for local jurisdictions to do whatever is best for them. Preemptively, Madam Chair, again, all I am doing here with this bill is clarifying the authority local jurisdictions already have.

Second, preemptively, I know the opposition will come in and suggest that things like inclusionary zoning, payments of money in lieu of performance of an obligation, linkage fees, et cetera—that is all part of the affordable housing—are very complicated and difficult, and how are you going to implement that? Simply. It is going to be implemented the way everything else is implemented by local jurisdictions. There is going to be a whole host of hearings. There are going to be working groups. There are going to be a lot of conversations happening at the community level, and they will decide whether or not they do it.

By the way, local jurisdictions' doing nothing is their implementing this bill, because this bill makes you do absolutely nothing. It is only clarifying the authority you have, something that was given to you in 2015 through the modified Dillon's Rule we implemented. With that, I am open for any questions.

Chair Torres:

Members, are there any questions?

Assemblyman D'Silva:

I have a very quick question; maybe even Legal can delve into this. Again, this is something that has come up many times in community conversations, town halls—this issue about the local government versus the state's authority to let the local localities enact affordable

housing policy. Maybe this is a freshman question. Can you go back into the actual history as to the actual issue the local government was saying in regards to their inability to enact any sort of local policies? I know it was a legal question, but if you could define that so we can get a historical perspective as the legislation was playing out from 2015 to today.

Senator Flores:

What I will do is I will direct your attention to *Nevada Revised Statutes* (NRS) Chapter 268. There is a declaration and finding there that walks you a bit through what Dillon's Rule is and what we are hoping to accomplish. More importantly, they define "matter of local concern" under NRS 268.003. It reads:

1. "Matter of local concern" means any matter that:
 - (a) Primarily affects or impacts areas located in the incorporated city, or persons who reside, work, visit or are otherwise present in areas located in the city, and does not have a significant effect or impact on areas located in other cities or counties;
 - (b) Is not within the exclusive jurisdiction of another governmental entity; and
 - (c) Does not concern:
 - (1) A state interest that requires statewide uniformity of regulation;
 - (2) The regulation of business activities that are subject to substantial regulation by a federal or state agency; or
 - (3) Any other federal or state interest that is committed by the Constitution, statutes or regulations of the United States or this State to federal or state regulation that preempts local regulation.

There are a few other things that go in there. I make that point because if we talk about what it does not concern, I am looking at NRS 268.003, subsection 1, paragraph (c), subparagraph (1) that says it does not concern "A state interest that requires statewide uniformity or regulation." I often go back to that, because that is where I engage in this particular conversation. Statewide uniformity, when we talk about affordable housing, cannot exist. If any one of us came up with a beautiful, perfect solution to any one of our local jurisdictions, I guarantee you everybody else would start arguing with you because they would say, That makes sense in your district, but it does not make sense in this district.

That is why I am pushing this, because we have already made that decision. I originally did not agree with it. The local jurisdictions in the 2015 legislation came up, and they very enthusiastically talked about how frustrating it is for them to have to consistently come up and ask for permission on everything. They felt that everything needed to be legislated to

them on matters they did not believe needed to take up that much attention and/or effort from this legislative body. There were a lot of folk in this building at the time who agreed with that; that is why it passed. That was the issue.

The local question that was posed then that ultimately won was, Do you want us to come up here every single time, or are there certain matters of local concern where we can agree this only really applies here? We should be able to have the authority to take care of that ourselves without having to come up and ask all of you for permission every single time.

That is how we got to where we are now. There is going to be a whole host of debate, and one of the things people will try to suggest is, Well what about imposing taxes, et cetera? We are not expanding the scope of what was already agreed to in 2015. I am making that abundantly clear. We are simply clarifying what our Legal has been very consistent on since 2015—that they, in fact, can engage in that.

I do not know if you want to defer to Mr. Killian to add any additional remarks through his perspective, through our Legal perspective.

Asher Killian, Committee Counsel:

To provide a brief overview of this area of law, there are two general approaches to the powers of local governments in United States legal history. One is Dillon's Rule; the other is home rule. They are basically flip sides of the same coin. Under home rule, the idea is that local governments can do anything unless the state government says they cannot. Dillon's Rule, which is what the Supreme Court decided long ago Nevada follows, is the opposite of that: Local governments can only do the things the state has said they can do. If the state has not given local government the power, it does not have the power to do that, and it must ask permission from the state government. In 2015, the Legislature enacted bills that added provisions for both cities and counties. For counties, it is in NRS 244.137 through 244.146. For cities, it is in NRS 268.001 through 268.0035. That modified Dillon's rule—rather than local governments cannot do anything unless the state government says they can, the state government has said local governments can do things relating to matters of local concern without permission from the state. That is the state giving blanket approval for local governments to do things relating to matters of local concern. Senator Flores mentioned the definition of "matter of local concern." Those definition sections also give an illustrative, but not exhaustive, list of things that are matters of local concern, which include, without limitation, planning, zoning, development, and redevelopment in local governments.

Additionally, in NRS 244.146 and the corresponding section in NRS Chapter 268, the Legislature explicitly provided that local governments have all other powers necessary or proper to address matters of local concern for the effective operation of local government whether or not powers are expressly granted. If there is any fair or reasonable doubt concerning whether a power exists, it must be addressed in favor of the local government exercising its power to address that matter of local concern.

It has been our office's position since the Legislature adopted these laws back in 2015 that because planning, zoning, development, and redevelopment in the county are matters of local concern; because those matters do not require statewide uniformity of legislation; because those matters are not committed to regulation by any state or federal body; and because the law explicitly provides that if there is any doubt, it has to be resolved in favor of the power of the local government to act, affordable housing is a matter related to planning, zoning, development, and redevelopment.

By the passage of this law in 2015, the Legislature has granted the local governments the power to address issues relating to affordable housing. To the extent there is any doubt about whether that power exists, because that doubt has to be resolved in favor of the power of the local government to act, even if this were challenged, because there has been no express legislative intent that local governments cannot perform these duties, any question would have to be resolved in favor of the power of local governments to act.

Assemblyman D'Silva:

That is an excellent dissertation. It offers great clarity.

Chair Torres:

Our Counsel, Mr. Killian, is definitely known for his brief statements and keeping it very unclear.

Assemblyman DeLong:

I do not think Counsel will need to respond to this one. This may be another freshman question. I am not sure what happens in Clark County, but where I live in Washoe County and the City of Reno, we have affordable housing that is going on. From that perspective, I do not see why this bill is necessary, except for the fact that we have specifically called out rent control. To me, that is the issue in this bill, rent control. I think what we need to be considering is, what is the policy of the state as it relates to rent control? The history of rent control is depreciating assets and reduced quality of housing, because there is no maintenance done, because the economics do not work. My perspective is, rent control does not work. We should not be supporting it.

Senator Flores:

I appreciate that. I do not know that everybody agrees with you that your local jurisdiction is engaging in all forms of affordable housing conversations and has not said that at times, they cannot engage in certain things. Even if that were true, I think you are hitting my point and you are making it for me. I really appreciate your being aligned with me on this, because you are agreeing with me that there are some local jurisdictions saying, Yes, we have this authority; I do not need this bill. Yet we are having other jurisdictions saying the complete opposite. We have local jurisdictions in complete contradiction with the same 2015 legislation, some saying, We can do something; some saying, We cannot do something.

The reason I specifically listed rent control—and we can do anything; we can add 40 other things that fall under this conversation in this bill if you wanted to—is because I wanted to make it abundantly clear if there is any question, because we have had them already. There are ongoing conversations that have occurred in the past year and a half—two years, three years, depending on the jurisdiction we are talking about—where they have brought up conversations about, for example, rent control, but not just that—a whole host of other things. The conversation has been that we cannot do it. We are just simply making it abundantly clear. Again, if you wanted to add a list of 40 other things on there, I would amend the bill to add a whole host of other things that can be done under affordable housing just to make it abundantly clear that those all fall under that. That is the only reason we called it out in that way.

Assembly DeLong:

I actually do not have anything I want to add to this bill. From my perspective, I do not think we need this bill. From a policy perspective at the state level, I do not think we should be endorsing rent control.

Senator Flores:

If I could make it clear, with the bill as written—and we have a phenomenal Legal Counsel who can verify, confirm, and provide a dissertation on this—we are not forcing anybody to do anything. We are simply saying you can if you want to. If the state decides to do absolutely nothing, you are actually doing what the bill allows you to do—which is to do nothing, if that is what you choose to do; or you can engage in this conversation. In no way are we endorsing anything as a state. We are just making it abundantly clear local jurisdictions can do it. That is all we are saying—should you want to do it.

It will take a very long time. Going back to Assemblyman DeLong's remarks, you could passionately advocate against rent control, should that try to be implemented by a local jurisdiction in northern Nevada. You could provide all the arguments you believe and so eloquently pointed out—why it is bad—and bring all the data you would want to. The community could do the same thing. Everybody would be able to participate. You go through incredibly long complex hearings that would go probably late into the hours of the night, and eventually, you might decide not to do it. We are just clarifying that you have the authority to engage in that conversation, period.

Chair Torres:

At this time, we are going to go to Mr. Killian.

Asher Killian:

I will try to keep it as brief as possible. It is correct that all this bill is doing is making it explicit that issues relating to affordable housing, including rent control, are among the powers of a local government to address matters of local concern. It does not create an obligation for any local government to exercise any particular power. It just makes it clear that it is within the powers they have in their toolbox.

To address the question about rent control as a matter of state policy, under the modification of Dillon's Rule in NRS currently, the Legislature does have the power to declare certain policies, certain items, as being matters of a state concern that local governments cannot act upon. If it were the Legislature's desire, it could expressly grant local governments the power to address issues relating to affordable housing, which we believe is already included in the powers they have to address matters of local concern, but reserve from local governments the power to enact policies relating to rent control. That is within the Legislature's ambit. We believe the existing law currently in effect would grant local governments the power to use any of these tools, including rent control. If the Legislature wished to restrict rent control, it would require legislation to take that power away from a local government.

Assemblyman Nguyen:

I wanted to ask a different perspective. I know we discussed a lot of things about state and local in the last 20 minutes. My other thinking on this particular bill is that you also gave the same jurisdiction for conflicting entities, in my opinion. You can give me that clarification. I am thinking county and city—for example, I am in Clark County, and there are different cities within the Clark County jurisdiction. If the intent is to give all of them this ability, I would think Clark County should be the only one that can, because if you give it to Clark County and, for example, the City of Henderson, the city may not do the same things or do things in a different way that conflicts with what Clark County wants to do. Then you have a whole bunch of cities in conflict with the county.

Would it be better to just give it to counties and not cities or vice versa? I would think that if you give both similar powers, they could go against each other in a way. Las Vegas could not agree. Boulder City might be completely different. Now we have a bit of chaos in this nice thing we are trying to do and empower them to do good things. Maybe just stop at the county level, because counties have larger jurisdictions. I want to hear your thoughts on that.

Senator Flores:

The hypothetical you posed that they can be in conflict—well, let me start off with one thing first. Again, it is my position that we are not giving them any additional power with this bill. I do not think we are giving them authority right now. It is my position that this bill is only clarifying the authority they now have. I wanted to start with that remark.

With your second point on whether or not there could be conflict between city and county, that is a reality that exists today with every single thing they enact—every single ordinance, every single passage of anything. That is a reality that exists today. In other words, the city council is making decisions right now that may impact and/or be in conflict with something the county is trying to do. Presently, there are things the county is trying to do—any county, any city—that may be in conflict and may require their working together. There may be a whole host of things that are happening, but in 2015, we decided to do that and provide for those potential conflicts and those potential difficult conversations to occur. We have already done that.

Our wonderful Legal Counsel will be able to address how those issues are addressed now. In other words, when there is a conflict between the county and the city, obviously, whenever we enact something, that takes precedent. We understand this. We enact it, and then based on how the modified Dillon's Rule works now, we would be dictating how that is going to work moving forward. Absent that, we are silent, and where we are silent, there are conflicts now between the city and county.

There is a host of legislation where we come before this body and we try to enact something statewide. Businesses, for example, were having a nightmare of a time figuring out, if I have my business that has a pole at this height, it is good for the city, but then it is wrong for the county. It is wrong for this, and it is perfect for that. It is frustrating for them, but that is the reality that happens every single day presently.

That is why sometimes we realize we do have to implement things at the statewide level. We have tried doing that. Unfortunately, with this particular subject matter, I assure you the perfect solution to affordable housing in every individual district would be in conflict with every other district. We just realized we could not do it. Since 2015, we have not done anything. Because of this constant push back and forth, in 2019 we once again engaged in this conversation. Again, we were not able to reach that solution, so I figured we needed to do this, but Mr. Killian can provide much more wonderful insight as well.

Chair Torres:

Senator Flores, thank you for your brief remarks.

Asher Killian:

I will endeavor to keep my remarks even more brief. This is not necessarily true in all situations in all cases, but in general, counties are responsible for managing the land within the county outside of incorporated cities. Cities are responsible for managing the land inside their incorporated limits. There would not necessarily be a conflict between counties and cities in the implementation of the affordable housing measures as a matter of local concern, because counties would not be directly managing the land inside incorporated cities. They would be managing the land that is not in the city, and the cities would be managing the land within the city.

That said, there are powers in existing law for cities and counties to enter into interlocal agreements to address issues that overlap the two different kinds of jurisdictions. Nothing in this bill would affect the power of local governments to cooperate in that way.

Chair Torres:

Assemblyman Nguyen, does that answer your question?

Assemblyman Nguyen:

Yes.

Assemblyman Gurr:

I will attempt to make this really short. Ditto to what Assemblyman Delong said. The bill is enabling, and I get that. I understand the direction you are going, but putting rent control in there calls it out, opens the door, puts the camel's nose under the tent for a whole lot of unintended consequences and elections that will have consequences down the road. I am a hundred percent against the bill. If you take out rent control, I am fine with it. Affordable housing is one of those things that is just aspirational, and let us go do it. Rent control is the physical act that can happen.

Chair Torres:

Members, are there any additional questions? [There were none.] I have a question, Senator Flores. One of the concerns I have had is—and I have read through the bill a couple of times—there are no protections about local governments; I am concerned about some of the unintended consequences of local governments. I understand your argument that local governments can do this, but I would like to see protections to prevent local governments from enacting things that would—I have fears that you might have a more affluent neighborhood and an area that is more low income, and you put the rent control in one area and not in another. We see that in other ways local governments have interacted with our communities, where there is investment in one side of town and not in another side of town. This side of town will put in the rent control. Or a very urban area, like the City of Las Vegas—I live across the street from the City of North Las Vegas, and you might have rent control in one area and not in the other, and unintentionally—I do have a concern. I do not know how that could be addressed, that you might have an area that is disproportionately low income, and often with that is going to come disproportionately Black and Brown.

Senator Flores:

I agree that a local city or county could potentially take action we disagree with. In fact, it probably happens all the time that we, as a Legislature looking in, may say, We disagree with that action that was taken. There is recourse and procedure in place already. In other words, there are going to be open hearings, public involvement, and working groups. All the folk who are lobbyists here will equally be lobbying in these local jurisdictions.

It would become impossible for us to dictate through legislation, if you are going to implement rent control, here are the 40,000 different things we are going to implement to protect you. If you are going to implement X, Y, Z in lieu of fee, here is how you are going to do it. If you are going to implement this or that—it would be impossible.

The whole point of this is for them to engage in that very complex conversation because even right now, not everybody would agree what "rent control" means. For some folk, it could mean you could increase at 3 percent every year, and that is it. For other folk, it might mean you freeze it. For other folk, it means there are certain protections that are triggered if it is a family member versus a complete stranger moving in. Some people say it only applies to houses, residential housing. Other people say you cannot do it for apartments. There is a whole host of very complex conversations that have to take place.

I am not suggesting it is easy, and I am even more adamant that it is the opposite. It is incredibly complex. If anybody engages in the conversation of affordable housing, it will be a very difficult undertaking. What I am saying is, allow for that conversation, that undertaking, and everything you just mentioned—the parameters you have to put in place, the protections we want to make sure of, the unintended consequences. That entire conversation is going to happen before the county commission or the city council, not us.

Chair Torres:

I appreciate that. As Chair of this Committee, and I have had the opportunity to work with some of our local governments very closely, it is putting a lot of faith in our local governments. As my colleague and counterpart in the Senate, you can probably understand my unease. I do not know if you have any response to that, but I believe that is all the questions from Committee members at this time.

Senator Flores:

I would say that some of the local councils and commissioners would say the same exact thing about us.

Chair Torres:

At this time, we will invite anyone wishing to testify in support of S.B. 371. As a reminder to the public, we will allow 20 minutes in support. We will start here in Carson City. I will take a table full of people in Carson City. Then I will go to Las Vegas. Then I will go to the phones, and then back again. If you have remarks and somebody says the remarks you already need to say, please feel free to just state your name and say "ditto" so we can get as many people to participate in this process as possible. I know there are a number of people signed in, and I am sure there are a number of people who are on the phones as well. I will begin here in Carson City.

Paul Catha, Political Director, Culinary Workers Union Local 226:

The Culinary Workers Union Local 226 has been actively engaged in the conversation around affordable housing for years, but as a result of drastic rent increases following the COVID-19 pandemic, more must be done urgently. The Culinary Union is a member of the Nevada Housing Justice Alliance, and we thank Senator Flores for bringing forward this bill.

As confirmed in the Senate hearing and today, the Legislative Counsel Bureau believes that local governments have the ability to regulate housing policies. Our legal counsel at the union concurs, but unfortunately it seems no attorney for a local government in Nevada publicly agrees. It is incredibly frustrating for Nevadans to be in the midst of one of the worst housing crises in the nation and to have various levels of government not only unclear on who, exactly, has the ability to reduce that burden, but actively contradicting each other about who has that authority.

Given the fast-moving, ongoing nature of Nevada's housing crisis and the biennial nature of Nevada's Legislature, local governments must have a role in solving the crisis in order to ensure Nevadans have the access to solutions they deserve in a timely manner. Senate Bill 371 would ensure they do. The Culinary Union urges the Nevada Legislature to support and pass S.B. 371.

Marc Ellis, President, Communications Workers of America Local 9413:
We fully support this bill.

Susie Martinez, Executive Secretary-Treasurer, Nevada State AFL-CIO:
On behalf of over 150,000 members and 120 unions, we are in full support of this bill. Being the executive secretary-treasurer of the AFL-CIO, we run a statewide campaign on elections. One of the things I would constantly hear when our canvassers would come back was about affordable housing. I believe this is a bill that will help all of your constituents. That is what we are here for—to help our constituents.

Chair Torres:
At this time, is there anyone in Las Vegas wishing to testify in support of S.B. 371? I do not see anybody in Las Vegas. Is there anyone on the line wishing to testify in support of S.B. 371?

Robert Sumlin, representing International Association of Machinists and Aerospace Workers Local 711:
I am here in full support of Senate Bill 371, and I urge the Committee's support as well.

Yesenia Moya, Private Citizen, Las Vegas, Nevada:
I am here in support of S.B. 371. As somebody who is currently going through a no-cause eviction because my landlord wants to up the rent and I am only paying a small amount, now I am going to be forced to fight an eviction and have an eviction on my record because somebody wants to up my rent. I am here in full support of this bill. I believe our people deserve some relief, because now, as I am going to be forced to move out, I have to pay at least \$500 or find out where I am going to find an additional \$500 to pay for a smaller apartment. As somebody who is here from the community currently fighting things like this, I appreciate that this bill was brought forward. Please pass the bill.

Shelly Speck, Parent Leadership Coordinator, Children's Alliance of Nevada; and representing Strong Start Nevada Coalition:
I live in Gardnerville, Nevada, and I am providing testimony in support of S.B. 371. It is time to let local jurisdictions have a say in whether they enact ordinances in their own areas. There are circumstances when the state does not need to delegate to local municipalities or provide oversight to address matters of local concern. Senate Bill 371 can help address housing stability needs in locales that might have different priorities than other areas within our state. Please consider these factors and provide your support today for S.B. 371.

Chair Torres:

At this time, we will come back to Carson City, and then we will go back to the phones.

Christine Saunders, Policy Director, Progressive Leadership Alliance of Nevada:

I am here in support of Senate Bill 371. At Progressive Leadership Alliance of Nevada, we work daily with tenants and community members across the state. We hear time and time again that our community is facing an urgent housing crisis that is deeply impacting their lives. Unfortunately in Nevada, there has been confusion between local governments and the state Legislature on powers regarding housing. Therefore, even if local governments want to take action to protect tenants, they feel limited under Dillon's Rule. Instead, Nevadans have been left with inaction at all levels of government for a number of years. By expressly granting local governments the ability to enact policies for affordable housing, we would allow for each region in the state of Nevada to choose the best policies for their communities and address their specific concerns and needs. We urge your support.

Cody Hoskins, Political Director, Service Employees International Union Local 1107:

We are here in support of S.B. 371. A 2019-2022 study by property management tech company Stessa showed that in Las Vegas, rent grew by almost 25 percent, the second-highest in the country by large metro areas. Rent grew at 36 percent in Reno, the highest for midsize metro areas. Service Employees International Union believes affordable, attainable housing is crucial for members of our community. Senate Bill 371 would clarify for local governments the ability to take action deemed necessary to ensure affordable housing throughout our state. We urge your support.

Sarah Adler, representing National Alliance on Mental Illness-Nevada Chapter:

We are in support of S.B. 371 because it clarifies and it empowers, even if the empowerment is just to local city attorneys. We at the National Alliance on Mental Illness are hopeful that by the end of this session, this body will have taken forward-looking action to enable the development of supportive housing in our state. Supportive housing is a positive alternative to incarceration for people who are mentally ill and suffering from addiction. We want the way to be clear for local governments to enable the development of supportive housing. I have had discussions with elected officials in the City of Las Vegas and in Clark County about their desire to do so. We think this is important.

One other note: Affordable housing includes home ownership. If you ever have seen the heartbreaking book, *The Color of Law* by Richard Rothstein, you know we need to take action in this area. Let us let our local governments go forward and do so.

Chair Torres:

I need to go to Las Vegas and then the phone; I apologize. I have to follow the procedure. Is there anyone wishing to testify in support of S.B. 371 in Las Vegas? I do not believe I see anyone. Is there anyone on the line wishing to testify in support of S.B. 371?

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

We are here in strong support of S.B. 371 and thank Senator Flores for bringing this forward, because by being a Dillon's Rule state as you heard, Nevada has had significant disagreements between local elected officials and other members of the State over whether local governments have the ability to regulate rent prices and other housing policies. While that is happening, our communities are waiting for relief [inaudible]. This bill will clarify what local governments can do if they wish and then, in fact, have control over neighborhood stability for our communities that are experiencing high rent prices that continue to increase. Please support S.B. 371 so we can bring people in Nevada some relief.

Russ James, representing Nevada State AFL-CIO:

I am a longtime member of the painters and allied trades. I am in full support of S.B. 371, and I urge the Committee to support it as well.

Victoria Ruiz, Private Citizen, Las Vegas, Nevada:

I strongly urge you to support S.B. 371 and its potential impact on the housing stability of Nevadans across the state. Housing stability is an essential component of individual and family well-being. It directly influences factors such as education, employment, and overall quality of life. Unfortunately, Nevada has been facing significant challenges providing affordable housing options for its residents. The lack of affordable housing has put a strain on many families, leading to housing and security displacement and a rise in homelessness. Allowing local governments to establish control policies, for instance, can play a crucial role in mitigating the adverse effects of skyrocketing housing costs. Rent control provides stability and predictability for tenants, preventing arbitrary and unreasonable rent increases that often force individuals and families out of their homes. By implementing responsible rent control measures, we can strike a balance between protecting the rights of tenants and ensuring the continued viability of the rental market.

Furthermore, S.B. 371 recognizes that housing stability is not a one-size-fits-all issue. It acknowledges that local governments and communities have a deeper understanding of their unique housing challenges, allowing them to tailor solutions that meet the specific needs of their communities. By providing greater autonomy to local authorities, we can foster an environment where innovative approaches can flourish, leading to a more resilient and inclusive housing market. I urge you to consider the profound impact S.B. 371 can have on the lives of Nevadans across all areas of the state.

Chair Torres:

All right, I believe that was the third caller. We will come back here to Carson City.

Erika Minaberry, Private Citizen, Sparks, Nevada:

I am here in support of S.B. 371 on behalf of my three children, because in 2018 I had to relinquish custody of my kids for 18 months because I could not afford housing while I finished my degree in social work. While I fought my way up and out of that, I was able to get my children back. However, since I got them back in 2019, I have had to move every

year due to the rising housing costs in Washoe County. As it stands now, I am paying \$2,050 a month for rent, and my lease is up next month. As a single mother with three kids working multiple jobs without any assistance, if my landlord decides to raise my rent, I will not have a place to stay. My kids will have to change schools again for the third time. More importantly, I will not know where I will go. My kids and I are terrified to be separated again.

In 2021, during one of the hearings for a housing bill, one landlord said they felt that landlords were, quote, Being left out in the cold. In the testimony for opposition for this bill, you are certain to hear similar sentiments, but well, the Realtors and landlords are victimizing themselves for how hard it is to be a landlord. Please remember that in northern Nevada, we are literally being left out in the cold. In fact, we are freezing to death. This is an issue that might not happen in Las Vegas but is unique to northern Nevada alone. When we ask our local government bodies for some reprieve, they blame this state body as the reason why they cannot help us. On behalf of the people freezing to death in Washoe County, please give our local governments the clear directive that they are able to help us.

Chair Torres:

Is there anyone else here in Carson City wishing to testify in support of S.B. 371? I will note the American Civil Liberties Union was present in support of S.B. 371 but had to go for another hearing. Is there anyone in Las Vegas wishing to testify in support of S.B. 371? I do not see anyone. Is there anyone on the line wishing to testify in support of S.B. 371?

Shaun Navarro, Coalitions and Community Engagement Coordinator, Nevada State Democratic Party:

I am calling in strong support for S.B. 371. I think not only is housing probably the most major issue affecting Nevadans, but there are many legislators who feel the frustration in trying to pass legislation and with Dillon's Rule it is so confusing. [Inaudible] I strongly urge members of the Committee to pass S.B. 371.

Dionne Klug, representing United Food and Commercial Workers Union Local 711:

We strongly urge you to support this bill.

[[Exhibit G](#) was submitted but not discussed and is included as an exhibit for the hearing.]

Chair Torres:

At this time, we will go ahead and move on to opposition. I believe we have an individual who is going to do a short presentation for opposition, Mr. Azim Jessa. We will start in Las Vegas. I will set a timer for fifteen minutes, although I do not expect it will take that long.

Azim Jessa, Vice President, Legislative Committee, Nevada Realtors; and Realtor, Urban Nest Realty, Las Vegas, Nevada:

I am not nearly as educated as your legislative gentleman there. I cannot speak that long about these topics. The Nevada Realtors are here in opposition to S.B. 371. Senate Bill 371

would grant home rule only for affordable housing and rent control. Because there are numerous local jurisdictions in our state, this would create varying rules on affordable housing and rent control for each county and municipality. For example, the cities of North Las Vegas, Henderson, and Las Vegas would all have different affordable housing policies than the county they reside in, making it extremely difficult for residents, property owners, and state agencies to navigate the housing market.

The Realtors consider rent control to be a flawed housing policy that diminishes housing values, discourages production of new rental units, and can lead to a reduction of available rental units. Rent control negatively affects the housing inventory by accelerating deterioration and a loss of existing housing. The expense of complying with rent control regulations, especially if they vary in each local jurisdiction, inevitably increases the cost of housing to the consumer. The expenses of enforcing rent controls add additional burdens to local governments and regulatory agencies. The solution to high rent is increased supply. Our state is an attractive place to live. Between relocation and retirement of those from other states and many Gen Zers now being financially ready to move out on their own, Nevada is short on inventory in both rental and resale homes. Many who cannot find a home to purchase are renting, putting further strain on the already limited rental inventory.

Rent control does nothing to lower the high rents we all agree are higher than many folks can and should have to afford. All it does is protect the current occupant but then harms all subsequent renters with higher adjusted rents, run-down homes, or a loss of a unit to the resale market due to a lack of revenue to properly maintain that home. We encourage this Committee and legislative body to continue to work with us and other stakeholders to find real solutions to Nevada's housing affordability issues. Countless economists from both the left and right side of the aisle all agree rent control is a poor solution for affordable housing. The Nevada Realtors strongly urge you to vote no on this bill.

Chair Torres:

I know we have a couple of questions, but I will let both of you do your presentation first.

Keith Lynam, Legislative Chair, Nevada Realtors:

As you know, this gives the local municipalities the ability to effect those changes—as an example, rent control. We do not know what that is going to end up looking like. It could be far worse than it is now. This is about affordable housing. This is only about affordable housing. We all agree things have gotten out of hand, and we need to get more homes on the market. We need Nevadans buying from Nevadans. That is what we need more than anything.

I want to point out that we have tried this already, and it has failed spectacularly. We have allowed local municipalities to set their own laws and regulations for things like vacation rentals. Now this is not about vacation rental, whether it is the right thing or wrong thing. It is allowing those municipalities to set those rules. I do not know what the rules are in

North Las Vegas as they compare to Henderson, Las Vegas, or Clark County, and neither do the investors who come in and want to have that as a service. It is a crazy, confusing market when it comes to that. We cannot allow that with something so vital as renting to our Nevada workers. With that, we will take any questions you might have.

Chair Torres:

Members, are there any questions?

Assemblywoman González:

Azim Jessa discussed that enacting this policy would allow different jurisdictions to have different rent controls here and there. Without this, that is currently what is happening. I was kind of confused by that argument, and I was curious if you could expand upon that more.

Azim Jessa:

As Keith Lynam explained—the example he gave was a really good one with short-term rentals having different rules in each market. That makes it difficult for anyone who is working in those spaces to fully understand what the rules are specific to each area. The same thing would happen with rent control. If North Las Vegas—just picking a city—enacted, We are going to have X percent cap. I believe Chair Torres said she lives across the road. If someone in her neighborhood rented a place, they may have Y percent cap. It would be plus Consumer Price Index (CPI) or not CPI—there so many varying things that it would be difficult for property managers who maybe manage those properties to fully know every single rule. We want to make sure we are treating everybody fairly and not getting into trouble. We all want the same goal, right? We want affordable housing for everyone. Adding extra time, effort, and regulatory issues is going to increase the cost of housing everywhere. That is our concern with having rent control at an individual jurisdictional level.

Assemblywoman González:

I am confused. What you are saying is, because it would be more work for people in different jurisdictions to do this, that is why you are in opposition?

Keith Lynam:

It is not the work; it is the confusion. It is not just confusion for those property managers or landlords, but it is also for the consumer as well. One side of the Sahara and the other side of the Sahara will be under two different rules, two different regulations. It is the consumer who is going to be as confused as anybody else, just as they are now with the vacation rental. Again, this is about affordable housing. As you know, we have supported many bills that get us to that affordable housing. We have worked with all of these bills, but we are working towards getting affordable housing. That is what this amounts to, getting more homes on the market that are for lease and for sale.

Azim Jessa:

If I may add onto that: More work does increase costs. If you or I hired an attorney, if we are going to ask them to do additional things, they are going to charge us more. It is going to

be the same thing with anyone who manages property, right? If they have to look up various regulations and report to different agencies multiple times, then of course there are going to be increased costs. Therefore, there is going to be higher cost passed through to the consumer, which again, we do not want. We want lower home prices and lower rent prices. That is our ultimate goal, along with you.

Assemblyman D'Silva:

I have a two-part question. One, if some sort of rent stabilization measures were to be enacted, you are saying it would be better to have a statewide sort of approach where everything would be understood regardless of the locality of the local county? Secondly, is this the same in regards to affordable housing? Should it be a statewide approach to the issue of affordable housing, or should it be something that should be adjudicated and planned out at the local level?

Keith Lynam:

Yes and yes, Assemblyman D'Silva. That is the short answer. A statewide effort to increase affordable housing is absolutely needed. That is what we are working forward to. I do not want the point to be lost that we work for both sides of this argument. We are unique in that regard. No one else can make that claim. We represent landowners and homeowners, and we represent the tenants who lease from them. We represent both sides of this. We want what is best for both sides. I can tell you more regulations for rent control are not the answer. The answer is an effort to increase affordable housing. Let us get behind that with programs that can work and can be effective in getting Nevadans to buy homes from Nevadans and Nevadans to lease homes from Nevadans.

Assemblyman D'Silva:

Something like a statewide inclusionary zoning, or some kind of an approach to creating grant monies, maybe, for affordable housing projects—is that something that would be workable in this regard?

Keith Lynam:

Without getting into specifics on that, absolutely. I think all those things need to be discussed and put on the table to have some sort of discussion on what we can do statewide to increase affordable housing. Absolutely.

Chair Torres:

I will remind the body we actually have a couple of those bills. I think Assemblywoman Monroe-Moreno presented at least one of those bills regarding creating an account specifically for affordable housing in this Committee.

Assemblywoman Thomas:

My question has to do with the local government aspect of this. For rent initiatives, since everyone is getting upset about "control," the rent initiative I see this bill would allow for local government to enact—I am not understanding the pushback on it. Now you are saying to me, if I heard correctly just a moment ago, that the state should dictate to the counties and

cities what should happen with their constituents, and the better people who know what happens in their local jurisdiction should not count. The state should make the formal rent initiatives and/or affordable homes and/or whatever you want—vacation homes. The state should be the one overreaching local government. That is what you are telling me right now. Is that correct?

Azim Jessa:

We would prefer the system to remain as it is and work with the local stakeholders to find solutions to affordable housing. We have heard people speak earlier today about how Senator Flores said each individual county and area has different needs. We truly believe that as well, that Nye County is different than Clark County, which is different than Washoe County, which is different than Elko County. We want to make sure each individual community can work in a manner to get what they want done without having state overreach as well.

Our arguments are against rent control. At the end of the day, that is what this issue is about. It is a misallocation of resources. We have talked about this before, that folks are trapped in their homes. They do not move because they have a controlled rent. Then when other folks move into the area or need that same piece of property, they are not able to move into that rental unit because it is locked up by someone who has rent control. If you give landlords a target to increase by every year, they are likely going to shoot for that. We have seen that in other markets. If you say you can increase—I am just going to make up a number here—5 percent or 10 percent a year, they are going to hit that number. We truly believe the free market will allow rents to come down. The best way for that to happen is to increase supply. We need increased supply. We need to work at the state level and the local level to find ways to get affordable housing, and affordable housing is more options available for people.

Keith Lynam:

Let me be clear if there is any confusion. We are not in favor of a rent control initiative locally, statewide, federally, or any other way. The reasons are clear: Left and right think tanks across the board have proven it does not work. What does work are statewide initiatives to increase affordable housing. That is what we are in favor of. We are not in favor of restricting Nevadan homeowners from being able to lease their properties out to Nevadans. We are in favor of increasing the affordability and availability of homes in this state. We want to be very clear about that, and hopefully, we are.

Assemblyman Carter:

I have heard Nevadans for Nevadans repeatedly, and about how Nevadans should be renting from Nevadans. Would you all support some type of effort to disincentivize out-of-state landlords and big investment groups' buying up our stock of single-family housing—such as maybe doubling property taxes for out-of-state owners of single-family residences or something like that?

Azim Jessa:

We would love to have some sort of "carrot" approach to maybe take some inventory out of the hands of out-of-state investors and put it back into the hands of Nevadan homeowners. We would a hundred percent be behind that movement. Again, we can discuss specifics at another time, but in general, yes, we want to see more homes available on the market so folks who want to buy can get out of the rental market and into homes. Then that frees up inventory for folks who need or want to rent instead of purchasing. We are a hundred percent in support of that.

Assemblywoman Duran:

My question is, you basically said landlords would increase the rent every month. They are doing it now. They can do it every year if they would like to—every six months, if they would like. Is that not true?

Keith Lynam:

When you talk to what I call mom-and-pop investors, no, they are not. In some cases, we have clients who have been leasing to the same person for over a decade and have not raised their rents. What you are going to be forced to do, when you start to limit especially these out-of-state homeowners, the Wall Street hedge funds, is incentivize them to annually increase every year whether they wanted to or not—most of them do, but the Nevada homeowners do not. You are going to increase them every year because that is how they are going to stay ahead of the curve. It is proven. It is not just our saying it; it is happening in other markets already.

Assemblywoman Duran:

Would you provide your expertise to city council members and commissioners if they were looking to affordable housing measures? Do you presently work with the city and county on these issues that impact Realtors?

Azim Jessa:

Yes, we do work with local and city governments here. I live in southern Nevada, and I can speak to the area down here. We do have the conversations. We do have our hand in the conversations, trying to do that. I know we need help at the state and even the federal level regarding release of land, for example, BLM [Bureau of Land Management] land. We certainly want to come up with any fair solution that would increase inventory and lower rent prices.

Assemblyman D'Silva:

This is kind of in the vein of many different conversations that were taking place here, including Assemblyman DeLong and Assemblyman Gurr, and that is the term "rent control." My question would be this: Would you be more inclined to support this bill if the term "rent control" was removed or replaced with another term?

Keith Lynam:

I do not think the term is what we are concerned about. It is the confusion it would create. You can call it whatever you want, but it is the confusion. It is the guaranteeing of the rates increasing. More than anything, it is the confusion for the tenants and the confusion for the homeowners. The term is irrelevant to us. It is the impact it will have on the markets.

We have actually made some efforts to incentivize Nevada homeowners to sell to Nevadans. That is the best way. You want rent control? Tenants being able to buy their own homes—that is the ultimate rent control. We should be encouraging that, to be able to put tenants in their own homes with the pride of homeownership.

Assemblywoman Thomas:

Again, I am not understanding. The bill sponsor said this bill is about giving local government the autonomy of governing. Now I am hearing it is about rent control, looking at affordable housing and vacation homes, et cetera. I raised the question earlier: Is this state overreach, or are we allowing local governments to govern as we elect them?

Azim Jessa:

In our belief, and I think in the belief of many of the people who have spoken today, the concern is rent control. At the end of the day, that is why this bill is being brought forward. They want to give local governments the ability to have rent control. We believe that rent control is a flawed policy and will do significantly more harm than good.

Chair Torres:

Members, are there any additional questions? [There were none.] I have one last question. Based on the conversation we had, and I understand the concerns with the term "rent control," would you all be comfortable if it just talked about measures relating to affordable housing?

Azim Jessa:

Yes, and we are already working with folks at the local level and at the state level for affordable housing. As Assemblyman Gurr said, if we want to have real solutions, let us have some real conversations and dig down in this. You can contact us through various channels. Keith Lynam and I will be there next week. We would love to have sit-down conversations with anybody who wants to talk about real solutions to affordable housing. It is extremely important to us and to our membership as well. I have spoken with various people on various sides who understand that in the short term, rent control will help people in the immediate housing situation, but in the long term, it is always a bad thing. Unfortunately, that message is not always clear. We are ready to have that conversation and really work on affordable housing at the state and local level.

Chair Torres:

Thank you for taking all our questions today. There was coffee downstairs, and it is clear my members were able to grab a cup before coming to the Committee this morning. I am going to come back to Carson City, and I will take opposition to S.B. 371. Just as we did

previously, I will allow up to 20 minutes in opposition testimony. If somebody before you said something and we obviously just had the presentation, feel free to just say, Ditto; or, I agree with my colleagues, so we can keep the hearing moving.

John Sande IV, representing Nevada State Apartment Association:

It has been a fascinating conversation. There are some legal nuances I think are being lost. The reason why we say this is a rent control bill is because the bill starts by saying it is addressing affordable housing, but there are a lot of different measures that fall under affordable housing. In fact, a lot of the local governments are already addressing affordable housing, so they obviously have the ability to adopt affordable housing ordinances. For example, the City of Henderson has home ownership programs, first-time home buyer programs. The City of Reno has the Reno Housing Authority, which is there to help provide fair, sustainable, quality housing for low-income families to pursue economic opportunities. North Las Vegas has a Housing and Neighborhood Services Division that offers a variety of programs that are designed to enhance affordable housing and promote public services throughout North Las Vegas. The issue we have with the bill is that it specifically calls out rent control as something local governments can pass. That is our opposition. I think the Realtors did a good job.

To give a little perspective, 32 states have passed opposite bills that have said local governments cannot pass their own rent control. Only 8 states permit local governments to implement rent control, and it should come as no surprise that many of those states have some of the highest rents in the nation.

I would like to turn to some of the reasons rent control is not a solution to our housing crisis. Many researchers have observed the negative impacts of rent control in jurisdictions that have implemented these policies. These impacts include reducing investment and development, disincentivizing investment in maintenance and improvements, and encouraging owners to convert rental units to condos. If any one of these impacts is realized in one local government and not the others surrounding it by an arbitrary invisible line, they could have serious ramifications for both local governments.

I would like to conclude with a quote from an article from Walter Block, reviewing the economic research on rent control. Mr. Block stated that the agreement that rent control is bad cuts across unusual political—

Chair Torres:

If you could please wrap up.

John Sande:

If I might say, Nobel prize winner Milton Friedman, on the right, and Nobel laureate Gunnar Myrdal, on the left, have said, essentially, In many cases, rent control appears to be the most efficient technique presently known to destroy a city, except for bombing. It is not a good policy, and that is why we are opposed to it today.

Chair Torres:

Please make sure you submit your written remarks to Committee staff.

Jennifer Lazovich, representing Picerne Development:

Picerne Development is the owner, developer, and operator of several multifamily projects down in southern Nevada. We are here in opposition to this bill predominantly because of the use of the words "rent control."

Separate from this, in my other capacity when I am not up here in front of all of you, I work with all the local governments down in southern Nevada on land use-related issues. I have handled multiple projects for affordable housing—affordable housing for seniors and I have had some attempts at some affordable housing for families. They are met with a lot of opposition no matter where the neighborhood you try to go is, but I have been proud to stand on the side of trying to bring those projects into all parts of southern Nevada. I will continue to work to do so. My opposition is not to the fact that we need affordable housing down in southern Nevada; it is just that we would like to do it in a way that does not involve rent control.

Bryan Wachter, Senior Vice President, Retail Association of Nevada:

We are opposed to Senate Bill 371. In fact, we would like to thank the sponsor for his vote in 2015 on A.B. 493 of the 78th Session because that was a bad idea at the time as well. We have a slightly different take, certainly not being in the landlord-tenant business when it comes to housing—but we are the industry. It is our members and the taxes on our members that largely fund both state government and local government here in Nevada. We are greatly frustrated, as well as concerned, about enhancing the different activities and authority our local governments have. We talk about the nature of those who are unhoused, and it is a very transient population, especially when you look in Clark County.

The idea that you can have different jurisdictions with slightly or completely different policies in regards to—in this particular case—housing affordability, and at the same time still have an operable and congruent system in which businesses and consumers can interact without having to worry about whether or not they have stepped east or west of Decatur Boulevard or north and south of Sahara. For all of those reasons, we think it is inappropriate that local governments would be able to execute at this particular level. We also feel you, as the Legislature, are the most appropriate body to be addressing these very large and complex issues that affect the entire state. You spend considerably more time on these pieces of legislation than you could ever do in an evening hearing at a local government jurisdiction, and you do so with Research, Fiscal, and Legal research arms that allow you to be able to make decisions at the best and highest possible level. That is where we feel this belongs.

Chair Torres:

It sounds like Mr. Wachter is proposing to work on a rent control bill next session. I do not believe there is anybody else in Las Vegas wishing to testify in opposition to S.B. 371. We will go to the phones and take three callers.

Emily Osterberg, Director, Government Affairs, Henderson Chamber of Commerce:

I am here on behalf of the Henderson Chamber of Commerce and our more than 1,800 members, most of which are small businesses. Home rule for affordable housing and rent control gives unnecessary power to local governments while limiting the oversight from the state. For these reasons, and the previous comments of those testifying, the Henderson Chamber opposes S.B. 371.

Chair Torres:

We will come back to Carson City.

Paul J. Moradkhan, Senior Vice President, Government Affairs, Vegas Chamber:

The Vegas Chamber is opposed to S.B. 371. I do want to delineate some of the policy conversation today from the Vegas Chamber's perspectives that this is regarding Dillon's Rule versus fiscal rule and rent control. There are two components in this conversation from the Vegas Chamber's perspective. As you have heard in the comments today, Nevada has been a Dillon's Rule state. It was codified in 2015 where this body did relax some of those guidelines based off A.B. 493 of the 78th Session, which the Vegas Chamber was heavily involved with. Our view is that Nevada is now a Dillon's Rule state that allows local government functional home rule, but the fiscal oversight remains in this body. That is the position we encourage this body to continue, that is long held in both the Vegas Chamber and over many legislative sessions.

The reason is that fiscal home rule, from what we have seen in California—I think many of us would argue California's fiscal policies have not worked overall and throughout the state, constantly in budget deficits and local government crises with their management, and so forth. No one would argue with California's affordable housing prices. Because of that reason, the Vegas Chamber believes that we should preserve our role here as a Dillon's Rule state.

Obviously as you heard from the industry, there are challenges and failures within the rent control sector and different policy throughout the country. For those two policy reasons, the Vegas Chamber is opposed to S.B. 371.

Lindsay Knox, representing Nevada Home Builders Association; Southern Nevada Home Builders Association; and Builders Association of Northern Nevada:

Our opposition to this bill is largely based on uncertainty. The lack of defined terms for affordable housing is concerning—the lack of a defined term for rent control. The fact that it is a nonexhaustive list of things that can be done in the name of affordable housing is also concerning. Some other items might include fees and inclusionary zoning, and these are very complicated areas. It is very important to get them right so they do not have negative impacts on trying to bring supply to the state. With respect to this bill, the concern is the uncertainty will lead to confusion and misunderstandings. The lack of specificity is why we are here in opposition today.

Susan Fisher, representing Ovation Development:

Ovation Development is a legacy developer in southern Nevada that has developed thousands and thousands of affordable housing units. I would like to point out that on the front page of the *Las Vegas Review-Journal* this morning, there was an extensive article about rents decreasing in Clark County. We are here in opposition to S.B. 371 for all the reasons that have been stated already this morning.

Chase Whittemore, representing Nevada Builders Alliance:

Affordable housing is an extremely complex topic. What is not complicated is that there has likely been no other economic issue that has been studied by economists more than rent control. The data is crystal clear: rent control is a terrible idea. It leads to less supply. It leads to labor immobilization. It leads to less reinvestment in rental properties. If we want to lower rental prices and the cost of living, we need more supply. Inclusionary zoning and higher density—more supply will lead to lower rental costs. Another big issue is the time to development. Time is money. Lower the upfront development costs. Improve local government processes and procedures to increase the speed at which new development can occur. Those are the ways to tackle this issue, not an arcane idea that has been fundamentally disproven by economists around the world.

[[Exhibit H](#) and [Exhibit I](#) were submitted but not discussed and are included as exhibits for the hearing.]

Chair Torres:

I do not see anybody else in Las Vegas wishing to testify in opposition to S.B. 371. Is there anyone on the line wishing to testify in opposition to S.B. 371? [There was no one.] Is there anyone wishing to testify in neutral to S.B. 371? [There was no one.]

At this time, I will invite the bill's sponsor for any closing remarks.

Senator Flores:

I wanted to honestly start off by thanking the opposition. I know they are very involved in the community. They represent very unique lenses, and this is a subject matter they are obviously experts in. They represent a specific lens, but I think they are honestly experts in that respective lens. I do respect them. In fact, one of my best friends was very prominent in southern Nevada. He was a Realtor. I asked him about rent control previously. He echoed some of the remarks that were made by some of the Realtors, saying, If you put a cap at 3 percent or 5 percent increase every year, you may see that some of the landlords will inadvertently start using it, because they will be concerned that potentially down the road, they will not be able to increase it if they have to.

They also brought up concerns about how 3 to 5 percent is kind of what the market dictates. Now it is a common practice. Usually some of these renters can expect their rent will increase yearly. He also talked about how on some higher-end properties, you can see an increase from 7 to 10 percent, or 5 to 7 percent. It was a very long-winded conversation to make it abundantly clear that it absolutely is complex, and it may inadvertently backfire for

folk who support rent control—that it might go in the opposite direction because all of a sudden all landlords are going to start increasing the rent by 2 to 3 percent, et cetera. I make that point only to make clear that I agree with you. Rent control is incredibly complex. It might not be the right solution.

I also want to make this point: There were three main concerns raised today. One concern is some folk are against this bill because they simply disagree with home rule. They opposed it in 2015, they opposed it in 2019, and they are consistently opposing it now. To them, while I agree with them—I have never been a big fan of home rule—I want to say unfortunately, we lost in 2015. That is what this body did, and that is what the law is. We lost. I cannot provide a solution to their concern. I get it, because I have had it since 2015, but that boat has sailed. We lost that fight in 2015. That is the law in Nevada. We have modified Dillon's Rule.

For the folk who brought up the concern about affordable housing, that this bill is wrong because affordable housing is very complex, I remind them that it absolutely is very complex. That is why if any local jurisdiction tries to enact something now—they are already authorized; I am only clarifying what they already can do—they are going to do exactly what they are doing now. They are going to go and lobby them; they are going to sit down and provide their expertise. In fact, our Realtors specifically made it abundantly clear that obviously they care about this, and this is something they do already. They sit down and speak with local jurisdictions already, because of course this impacts their membership. They care about this and they are passionate about it and they want to make sure that their membership is adequately represented.

What they are doing now is what they are going to continue to do. They are going to continue to lobby council members and commissioners. They are going to continue to press their issues. They are going to provide their expertise. They are going to provide testimony. They are going to go to an open forum and do all that. They are going to continue, and nobody in this room—not you, not the folk behind me, not the experts who testified in opposition—will be left out of that conversation. They are going to be very involved in their local jurisdiction.

What you are probably not going to see is somebody, maybe from Nye County, coming to Clark County saying, Well, you are trying to do this in Clark County. You probably will not see that. That makes sense, because that is kind of the point. That is why this whole thing happened in 2015 to begin with, because we wanted local jurisdictions to enact whatever they felt were matters of local concern, and we gave them that authority.

Will we see interlocal agreement should certain things happen; of course we will. That is the point, because we are going to force it. The experts in the room are going to force that to occur. We want to make sure there is not something happening in location A but not location B if the only thing that separates them is a street.

All those conversations that are incredibly complex are going to be vetted, and they are not going to be vetted in 120 days at a desperation where we are frantically trying to figure out everything for the state. They are going to do it for many months—many months—in a very concentrated area, in a very focused manner, in a way none of us here can do. None of us here can address this very complex crisis in 120 days. They are going to be able to engage in that in a very focused manner for several months. It might take them a year and a half. There are going to be some local jurisdictions that are not going to do it at all because they do not need it.

What this bill is saying is, those of you who desperately need to do something about affordable housing—now, I also wanted to make something abundantly clear, which is the third concern and probably the more important one, which is how this bill reads. I like that it is a single page, because I just fold it up and put it in my pocket. That is how simple this bill is. Madam Chair, this is all I wanted to say, and then we end up there—In section 1, it says, "Except as expressly prohibited by statute, a board of county commissioners may enact any ordinance or measure relating to affordable housing" I added the language "including, without limitation, rent control" because I wanted those conversations to occur. Again, I wanted to put a special emphasis on it.

If we remove "without limitation, rent control" and the bill just reads, "may enact any ordinance or measure relating to affordable housing," our Realtors have said they would agree with that bill. Mr. DeLong said he would agree with that bill. I am willing to work with you and make that happen. I put in specific terminology to force a conversation, and I appreciate our having it, but I a hundred percent agree with you that there are a million things that fall under affordable housing, and all of them should be considered. I absolutely needed to have this conversation because had I just started with a bill that said "affordable housing," there would have been a whole host of folk who said, I will not do it. I forced the conversation to rent control because I knew it would be a compromise.

Chair Torres:

Senator Flores, if you could begin to wrap up.

Senator Flores:

I think the compromise and the handshake with everybody—both our Realtors, me, and Assemblyman DeLong—is I removed those words, we shake hands, we get bipartisan love. I appreciate all of you for agreeing with me, and I appreciate the opposition's work.

Chair Torres:

I think this Committee is going to have a new rule. It is going to be called the Senator Flores Rule, and it is going to be that closing remarks have to be limited to two minutes or less. At this time, I will close the hearing on S.B. 371. We will move on to the next item on our agenda, which is public comment. [There was none.]

Members, are there any remarks before we close? If Senator Flores was here, I am sure he would have many of them. It does not appear there are any additional remarks at this time. As a reminder to Committee members, we will be meeting tomorrow, and we will be meeting at 10 a.m. I will note we have updated the agenda due to the bill that dropped yesterday, so we will be hearing Assembly Bill 514 and we will have a work session on six bills. I believe that agenda has already been posted. We will also have our very exciting Committee party tomorrow evening. Make sure you all are ready. I have something special being delivered to your offices today in preparation for that party. At this time, the meeting is adjourned [at 11:28 a.m.].

RESPECTFULLY SUBMITTED:

Dylan Small
Recording Secretary

Lindsey Howell
Transcribing Secretary

APPROVED BY:

Assemblywoman Selena Torres, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

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

[Exhibit C](#) is a proposed conceptual amendment to Senate Bill 434 (1st Reprint), submitted by Senator Dina Neal, Senate District No. 4.

[Exhibit D](#) is a proposed conceptual amendment to Senate Bill 434 (1st Reprint), dated May 17, 2023, submitted by Senator Dina Neal, Senate District No. 4.

[Exhibit E](#) is a packet of letters in opposition to Senate Bill 434 (1st Reprint).

[Exhibit F](#) is an email dated May 8, 2023, submitted by Jessica Anderson, Private Citizen, Reno, Nevada, in opposition to Senate Bill 434 (1st Reprint).

[Exhibit G](#) is a letter dated May 16, 2023, submitted by Jenny Brekhus, Member, Reno City Council, Reno, Nevada, in support of Senate Bill 371.

[Exhibit H](#) is a letter submitted by Cyrus Hojjaty, Private Citizen, Las Vegas, Nevada, in opposition to Senate Bill 371.

[Exhibit I](#) is a letter dated May 15, 2023, submitted by Christine Hess, Executive Director, Nevada Housing Coalition, in opposition to Senate Bill 371.