

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

**Eighty-second Session
March 27, 2023**

The Senate Committee on Commerce and Labor was called to order by Chair Pat Spearman at 8:05 a.m. on Monday, March 27, 2023, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Pat Spearman, Chair
Senator Roberta Lange, Vice Chair
Senator Melanie Scheible
Senator Skip Daly
Senator Julie Pazina
Senator Carrie A. Buck
Senator Jeff Stone

COMMITTEE MEMBERS ABSENT:

Senator Scott Hammond (Excused)

GUEST LEGISLATORS PRESENT:

Senator Heidi Seevers Gansert, Senatorial District No. 15
Senator Fabian Doñate, Senatorial District No. 10

STAFF MEMBERS PRESENT:

Cesar Melgarejo, Policy Analyst
Lynn Hendricks, Committee Secretary

OTHERS PRESENT:

Chris Ferrari, Warby Parker
Chris Grimm, Warby Parker

Senate Committee on Commerce and Labor
March 27, 2023
Page 2

Tray Abney, Board of Dispensing Opticians
James Morris, Executive Director, American Board of Opticianry & National
Contact Lens Examiners
Corey Roveri, Opticians Association of Nevada
Tim Cappa, LDO
Christopher Carlyle, LDO
Kristi Laxague Mayor, LDO
Jeffrey Zeitler, LDO
Pamela Mattiello, LDO
Arylis Wisecup, LDO
N'Gadi Foreman, LDO
Dana Whitford, LDO
Jennifer Letten, LDO
Leslie Quinn
Chelsea Capurro, Health Services Coalition
Tess Opferman, AFSCME Retirees; Nevada Women's Lobby
Shelbie Swartz, Battle Born Progress
Jamie Todd, Nevada Justice Association
Paul Catha, Culinary Workers Union, Local 226
Rocky Finseth, Pharmaceutical Research and Manufacturers of America
Jeanneil Marzan
Todd Andersen, White Knight Homes of Nevada
Jennifer Harrison, White Knight Homes of Nevada
Tiffany Liguori, White Knight Homes of Nevada
Jonathan Norman, Nevada Coalition of Legal Service Providers
Karen Louton
Reed Anderson
Dorwin Duane Anderson
Mendy Elliot, Nevada Housing Coalition
Nancy Patterson
Mackenzie Warren Kay, Manufactured Home Community Owner Association

CHAIR SPEARMAN:
We have one bill draft request (BDR) to introduce.

BILL DRAFT REQUEST 54-874: Revises provisions related to barbering. (Later
introduced as [Senate Bill 386](#).)

SENATOR LANGE MOVED TO INTRODUCE [BDR 54-874](#).

SENATOR PAZINA SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR SCHEIBLE WAS EXCUSED FOR THE VOTE.)

* * * * *

CHAIR SPEARMAN:

I will open the hearing on Senate Bill (S.B.) 106.

SENATE BILL 106: Revises provisions relating to ophthalmic dispensing.
(BDR 54-543)

SENATOR HEIDI SEEVERS GANSERT (Senatorial District No. 15):

As we all know, the growth of e-commerce and indirect consumer business has transformed the way we live and work. This growth can be attributed to the convenience, cost-effectiveness and easy access to a wide range of products that online platforms offer. The online market for prescription glasses is no exception, offering an extensive range of frames, lenses and styles that cater to a wide array of preferences and budgets. By providing detailed product information, virtual try-on tools and easy-to-navigate interfaces, online retailers have successfully captured a significant share of the prescription eyewear market.

The emergence of innovative personalized eyewear solutions has further fueled the growth of Internet sales for prescription glasses. Companies are now leveraging cutting-edge technologies, such as 3D printing and artificial intelligence, to offer highly customized products tailored to individual facial features, style preferences and vision needs. These advances have led to a more diverse and personalized product offering, attracting new customers and solidifying the online market's position as a dominant force in the eyewear industry. This expanding eyewear market has benefited our State by creating new well-paying jobs for our residents.

In 2021, the Governor's Office of Economic Development (GOED) approved tax amendments for JAND INC., which is an eyeglass manufacturer in Clark County doing business as Warby Parker. The GOED board approved \$379,106 in partial abatements over 10 years, which is estimated to create 210 jobs in the first 5 years with an average pay of over \$18 an hour. Overall, the economic impact

is estimated to be over \$200 million from Warby Parker locating in southern Nevada. I have four children, two of whom have ordered through Warby Parker and have had great glasses. They have been very happy with them.

CHRIS FERRARI (Warby Parker):
We have an amendment to offer ([Exhibit C](#)).

Warby Parker was founded in 2010 to provide designer eyewear at affordable prices. I am also a customer. The company serves millions of customers using technology to conveniently offer prescription eyewear online and in stores nationwide, including one in Las Vegas. In 2020, they chose Las Vegas to open their first West Coast manufacturing distribution center. Since then, they have employed hundreds of Nevadans and built a 69,000-square-foot state-of-the-art lab in Las Vegas as well. The company has a program called "Buy a Pair, Give a Pair." To date, they have given away more than 10 million pairs of glasses around the world in more than 50 countries.

Not everybody was thrilled about Warby Parker's arrival in Nevada. Before they formally opened manufacturing operations, the Board of Dispensing Opticians started seeking regulations aimed directly at Warby Parker. We understood this. The company is different from traditional eyewear companies; it is cutting edge with new technologies and new ways of doing business. We reached out proactively to the Board to work with them to find some middle ground. While we have not been successful in doing so, we have had productive conversations about how to make sure the regulatory oversight is sufficient while still allowing Warby Parker to employ people and provide glasses for people all over the U.S.

The passage of this bill is important for Warby Parker's continued operations in Nevada and through the U.S.

CHRIS GRIMM (Warby Parker):
Senate Bill 106 as amended has three main provisions. First, it includes a definition of design as it relates to dispensing glasses. There is currently no definition in statute. We are close to an agreement with the Board related to these definitions as they appear in the statutes and regulations.

Second, there is a provision that would remove the requirement that only a licensee can manage a store. We are also close to an agreement with the Board

on language that would maintain the requirement that only a licensee can manage an optical retail establishment, but it also creates a little flexibility.

The third provision creates some clarity around glasses that are sold out of State. When these statutes were originally drafted, online glasses sales did not exist. We are also close to an agreement with the Board on creating a whole new regulatory structure around this. It would be the first in the U.S. that regulates direct-to-consumer glasses sales.

As Mr. Ferrari said, over the past few months, we have had a productive dialogue with the Board. We are thankful for their time and effort to work with us and are hopeful that we will come to an agreement shortly, not just on these issues, but on a host of other issues we are hoping to update in the regulatory structure.

SENATOR STONE:

Online ordering of ophthalmic products is a new concept. Typically, when you go to an optometrist, they not only check your visual acuity but also look for glaucoma and other eye diseases. Has the technology come about that allows these online retailers to perform some of the same tasks diagnostically that an optometrist can in a brick-and-mortar facility?

MR. GRIMM:

This bill concerns the dispensing of glasses, not the practice of optometry or ophthalmology. This is not a telemedicine bill. This is just about the dispensing of glasses once someone has a prescription.

SENATOR DALY:

I am looking at the amendment in [Exhibit C](#), and I think you addressed my concern. I had a question in section 6, subsections 5 and 6, but that section is being deleted.

I have another question about the change the amendment makes in the new section 7 of the bill. It looks like the process will be that when someone from another state orders a pair of glasses, the plant here will make up the order and ship it off, and that transaction will be regulated by the receiving state. In essence, then, whatever they do in Virginia, they do in Virginia. Is that right?

MR. GRIMM:

Correct. The language we are working on with the Board will focus on the manufacturing, so it will not extend the Board's authority over dispensing. It will just put some guardrails in place around the manufacturing that is taking place within the State.

TRAY ABNEY (Board of Dispensing Opticians):
We are opposed to S.B. 106.

We do appreciate Senator Seevers Gansert for bringing this bill to clarify the roles and responsibilities of the Board with regard to this new technology. We want to clarify for the Committee that the Board has been actively engaged in modernizing our procedures and practices, as well as our laws and regulations.

In addition, we have been working with Assemblywoman Angie Taylor on a bill that will clean up the *Nevada Revised Statutes* (NRS) language that governs ophthalmic dispensing. We have been actively working with the Office of the Governor to ensure we are in compliance with his recent executive orders and that our laws, rules and regulations are modern, easy to understand and ensure that professional standards are upheld, while at the same time making sure we impose no unreasonable barriers to entry to this field.

We have had several productive conversations with representatives from Warby Parker on how we can modernize the interest that governs this occupation, while at the same time acknowledging that their company has a modern process that was not contemplated when the Board and regulatory scheme were created years ago.

However, this bill before you today does not represent any of those efforts. We need a comprehensive approach, one that modernizes and improves our Board processes, recognizes that times and technology have changed and, most importantly, ensures that patients and consumers are protected. It is critical that patients who receive these Food and Drug Administration (FDA) regulated medical devices are properly treated and given professional care and consultation. Licensed dispensing opticians (LDO) are a critical part of eye health and serve as the last line of defense in some cases. It is also critical that we ensure that our laws and regulations protect Nevada jobs and the licensed optician professionals in our State.

As I mentioned earlier, we are working with Assemblywoman Angie Taylor on a more comprehensive solution that will meet the needs of our professional optician workforce, Warby Parker and other online sellers. We vowed to continue working on that process, and I hope this Committee encourages us to continue that approach.

JAMES MORRIS (Executive Director, American Board of Opticianry & National Contact Lens Examiners):

We are opposed to S.B. 106. I am here because of my son and the drastic impact an optician had on his life. I take this issue very seriously.

What you are being asked to do with this bill is remove safeguards and guardrails from opticianry and ophthalmic devices because an online seller wants to save money by not having an optician involved at the end of the process. If you have looked at the news lately, you have seen all kinds of critical issues about contaminated eyedrops causing bacterial infections, blindness and death. Having an optician involved in the care and treatment of a patient is critical to make sure those types of issues do not happen. Warby Parker is trying to gain an unfair competitive advantage over any other organization.

Some of the amendments in this bill are completely out of line. In section 6, subsections 5 and 6, it says if an intended wearer is outside of Nevada, the manufacturer does not have to comply with any of Nevada's rules. It would be as if a visitor from Kentucky walked into a Nevada optician's office and asked for a pair of glasses, then said the optician did not need to check them out first because the visitor was not going to wear them until he went back to Kentucky. Also, what is an intended wearer? This term is not defined.

Warby Parker built their facility in Nevada knowing what the statutes were. Now they are asking for an exemption from those statutes. What they are doing in Virginia and other locations is saying, "You do not have any regulatory authority over this because we manufacture our glasses in a different state." This bill would say that the manufacturing state has no authority over them, and neither does the customer's state. In this fashion, Warby Parker avoids having to meet any regulations or statutes of any sort. An optician at the end of Warby Parker's line, verifying that they are correct according to the prescription, is critical. They are trying to avoid having their work inspected by opticians to verify the patient's needs were met based upon the prescription given.

Online ordering is concerning to us with regard to the health, safety and welfare of Nevada citizens. Keep in mind that Warby Parker is doing the same thing with an East Coast manufacturing facility. Warby Parker is asking that orders coming from that facility into Nevada also not be regulated. If this bill passes, they will not have to comply with any regulations because they direct ship to the consumers.

This is a serious and troubling issue. They are putting their profits before the health, safety and welfare of the public. They are taking jobs away from Nevadans. They are saying that a computer can do the job of an optician and that there is no need for you to be troubled or concerned about the fact that an optician is not required to verify that the product meets the prescription.

We are adamantly against this bill. The changes S.B. 106 wants to make to this statute will impair the health, safety and welfare, not only of Nevada citizens but of the citizens of other states. They are trying to play both ends against the middle. Please do not allow that to happen.

This bill will take away opticianry-related jobs and replace them with low-wage manufacturing jobs with no expertise and no oversight. Nevada has the highest level of training for opticians in the entire Country. This bill is unfair, it is improper, it does impact jobs and it does impact health, safety and welfare. We request that you oppose the bill and not call it back up for a vote.

COREY ROVERI (Opticians Association of Nevada):
I am opposed to S.B. 106.

I assist in the daily operation of New Outlook Optical in our thirty-third year of service to this community. We are one of the few remaining independent opticians in Nevada. I am successfully responsible for final inspection of each and every patient order before it leaves our office. These patients include Nevada Medicaid and Medicare patients, current U.S. senators and their families, infants, adults and people with special needs, including those with cranial abnormalities who require a custom 3D-printed frame. We serve doctors, nurses and other first responders.

Senate Bill 106 elicits serious concerns regarding the patient health and safety within our profession, with implications reaching far beyond Nevada. At my

practice, we are the experts that doctors and national foundations refer their patients to so they can receive the highest level of care.

I have five lab invoices for patients we have treated this calendar year. Two of them have 7 diopters of base-out prism ground into progressive multifocal lenses. Another shows well over 20 diopters of correction. I am the last line between these patients and an incorrect order from a large corporate lab.

I cannot convey to you the amount of error I currently receive and am forced to correct from these labs. These incorrect orders are sent by the same employees who under this bill would be allowed to dispense an incorrect prescription without final inspection by an expert on the subject. Undermining an entire profession devoted to safeguarding patient health and safety to benefit a single special interest entity seems cruel and underhanded to our patients. I respectfully request that you oppose S.B. 106 to protect the well-being of ophthalmic patients across the Country.

TIM CAPPA, LDO:

I oppose S.B. 106 and agree with previous testimony, which was well-spoken.

A licensed optician's duty to do a final inspection of eyewear is much like the job a pharmacist has regarding prescriptions. Before the drugs are issued, the pharmacist ensures the medications are accurate and the patient has been educated and understands how to use them correctly and safely. The dispensing optician follows the same principles every day. I follow the safety standards of the American National Standards Institute (ANSI), and that is something I take very seriously. I am passionate about it.

The way this bill is written jeopardizes public safety. The new revisions do clarify what an optician does. As the statute is now, NRS 637.025 lists certain occupations and circumstances that a dispensing license does not apply to. With the amendment in [Exhibit C](#), this bill would add to this list prescription eyewear that is intended for patients outside of Nevada. This bypasses the final inspection process, which has risks and consequences. This is a public safety issue.

I am not entirely against online sales and advancement of automated equipment, but equipment can fail and human error is always a factor. We risk somebody wearing prescription eyewear that has the wrong prescription. In a perfect

world, the user would try on the glasses and instantly say, "I can't see right; these glasses are wrong." However, I deal with people every day who just accept the eyewear they are given, and if the prescription is wrong, they risk falling or getting into a collision.

I ask the legislators to reject this bill.

CHRISTOPHER CARLYLE, LDO:
I am opposed to S.B. 106.

As a licensed optician, it is my duty to ensure spectacles are made precisely to the prescription of a qualified doctor or optometrist. To obtain a dispensing optician license in Nevada, candidates must undergo comprehensive and rigorous training and successfully pass a series of certification exams. License holders thereafter have an obligation and responsibility to follow and uphold the mission of the Board of Dispensing Opticians, which is to protect the public health, safety and welfare. This cannot be overstated.

Allowing individuals to oversee the manufacturing of essential medical devices who have not received the proper training and are not held to the same ethical standards to oversee the manufacturing of essential medical devices will not be in the best interest of public health, safety or welfare. To pass this bill as amended would not only be reckless but antithetical to the mission that guides and regulates our specialized work. Companies that do not work closely with or consult with LDOs are likely not aware of the harmful and long-lasting consequences of wearing an incorrectly made pair of spectacles. Spectacles that have been made incorrectly can have a lasting impact on an individual's health and overall well-being.

Without contingencies in place to enforce the stringent standards that LDOs are trained to abide by, outside organizations and interest groups can produce and sell subpar spectacles for profit that can introduce lifelong optical conditions, such as a need for induced prisms or irregular optical centers. Distributing incorrectly made spectacles to the public is not only an issue of jeopardizing visual health, but also one that can become a financial burden to families. Licensure ensures a second layer of protection for consumers by having a licensed optician verify prescriptions and reject poorly made glasses. This will help to protect individuals who purchase spectacles from any source within Nevada.

It is my hope that LDOs remain an integral occupation in Nevada to continue to serve and protect the public with the utmost respect, integrity, care and compassion to diverse populations of all ages in our communities.

KRISTI LAXAGUE MAYOR, LDO:
I am opposed to S.B. 106.

I began my journey into opticianry in December 2008. It quickly struck me that my sponsor and mentors demonstrated an absolute passion for vision and health. It was clear to me that this was not just a job; it was a responsibility to ensure the safety and welfare of our patients and, by extension, of every person our patients came in contact with. I learned to treat every pair of glasses I scrutinized for accuracy and properly fitted as though they were being dispensed to the people I loved most in the world.

It is with this passion that I testify in opposition to S.B. 106. My examples relate to this proposal and the undesirable impact it would have on the safety, well-being and health of everyone it touches. For 14 years, I have been so fortunate as to live my passion of designing, making, verifying, dispensing and fitting glasses, not only in Nevada but across the U.S. and around the world. I have participated in many charitable sight missions, and in these clinics, our high standard of care did not diminish regardless of where we were.

I will never forget my experience with a five-year-old girl in Thailand. I tested her visual acuity, and she shook her head repeatedly as I pointed to increasingly larger and bolder letters until we reached the top of the chart. I then pulled the chart off the wall and slowly moved it closer to her. It was not until I was within arm's length that I finally stopped the test. Later in the day, I found out that this beautiful little girl, who was also significantly hearing impaired, had a prescription of -16, which means she could only see clearly at a distance of a few inches. When I saw her later, she was sitting on the floor coloring, with her face just three inches from the page. That is how close she had to be to see the page. Finally, it was her turn, and the glasses made by professionals and checked for accuracy were properly fitted by LDOs. After careful alignment, she was asked how many fingers she could see, and two little fingers immediately went up. That tiny gesture was met with overwhelming cheers, applause and happy tears.

As you can tell, this experience is a happy example of what well-trained professionals can accomplish in changing the life of one person, regardless of where they call home. I am so proud of the high standard of care she received. I am happy to say that I have countless examples of that same high standard being implemented in my day-to-day activities as an LDO in Nevada.

While I would love to focus on the positive, the reality of my second experience may leave you with a different feeling. Recently, a pair of glasses came to me for inspection. The prescription was different for each eye, but both held about a total power of about -26. A slight deviation in how these lenses are produced and fitted can cause an unwanted prism, resulting in blurring, double vision, headaches, eye strain and nausea. Had these glasses been unverified and given to the patient as they were received, they would have been useless, as the lenses were not only switched right to left, but had also been inserted backwards. I ask you to imagine that the intended wearer of these glasses was your son, daughter, parent or loved one, sent without inspection and verification for accuracy.

As much as we would like to think this is an isolated incident, rejecting substandard eyewear that falls outside of ANSI standards and can cause difficulties to the wearer is a daily occurrence for LDOs. The mission and responsibility of LDOs is to ensure that the eyewear people receive is accurate in power and placement so as to not cause difficulty and danger to the intended recipient.

While accurate measurements and the precise manufacturing of lenses are essential, it is just one part of the equation for clear vision. The importance of verification by a person properly trained and tested in licenses and optics cannot be overstated. Additionally, dispensing and adjustment requires years of careful instruction, practice under supervision and testing for proficiency in proper alignment, fitting, troubleshooting and interpretation of symptoms to apply relevant and effective adjustment techniques. Putting these responsibilities into untrained hands or bypassing them altogether puts not only the patient at risk, but the public as well.

JEFFREY ZEITLER, LDO:

I am opposed to this bill and have written testimony ([Exhibit D](#)) explaining the dire consequences of passing S.B. 106.

PAMELA MATTIELLO, LDO:

I am here to express my concern over your recent proposal that would affect the Board of Dispensing Opticians in Nevada. As an experienced, knowledgeable and passionate optician, throughout my years of experience, I have observed the benefit the Board provides to our community. Removal of its practices would have detrimental effects on the health and safety of our citizens.

I will never forget the time a mother came in to my office with her child and a pair of glasses they had received from an online company. The child reacted so badly to the glasses that he threw up in the backseat of her car. When I verified the measurements, I discovered that the measurements were not correct. That company was Warby Parker.

The Board of Opticians serves a crucial role in ensuring opticians in Nevada are properly licensed and trained to provide quality eye care services to the public. Opticians are responsible for setting and enforcing standards of practice for all patients. This ensures that all opticians are held to the same high standards and all patients receive consistent and reliable care.

I strongly oppose this bill and ask you to reconsider moving forward with it.

ARYLIS WISECUP, LDO:

I am opposed to S.B. 106.

I earned my Nevada LDO license in October 1992. I am from Colorado, which in 1981 did not require an optician's license to dispense glasses. At that time, I was working in a restaurant in a small Colorado town, and a friend of mine asked me to run his optical store for three weeks while he went on vacation. Well, I knew that I liked sunglasses, so I agreed. I had no optical experience, and the only optical knowledge I had was what Philip told me the morning before he left for his trip. When the first optical customer came in to buy glasses, I froze. I did not know what to do or where to start. So I called the owner of the lab that made our prescription lenses 90 miles away to introduce myself. He and his wonderful family were kind enough to walk me through every eyeglass sale I made over the next three weeks. Things like that happen in states without optician licenses.

In 1991, I moved to Las Vegas and was hired by an optical corporation. I got into the apprentice program, completed my apprentice hours, studied for and

passed the American Board of Opticianry & National Contact Lens Examiners exams and the Nevada Board of Dispensing Opticians exam for ophthalmic dispensers. I have worked in Nevada as a full-time ophthalmic dispenser for 32 years. I have taken 14 credit hours of education each year. That means I have served the residents of Nevada with 64,000 hours of my optical life and 448 hours of optical education. The residents of Nevada receive quality service and help from me and every dedicated licensee like me.

Imagine I were to sit down with your grandmother and sell her glasses, your grandmother who has glaucoma, is recuperating from a detached retina, has macular degeneration and cataracts, had cataract surgery that did not go so well, is light sensitive or has dry eyes. Would you rather have her served by the Arylis of 1981 who liked sunglasses, or by the Arylis sitting before you today with 64,000 hours of optical work experience and 448 hours of optical education?

If this bill passes, all Nevada residents will suffer from lack of quality service.

N'GADI FOREMAN, LDO:

I am opposed to this bill and have written testimony ([Exhibit E](#)) describing my experiences as an optician and a consumer in this field.

DANA WHITFORD, LDO:

I am opposed to S.B. 106 and have written testimony ([Exhibit F](#)) explaining my opposition.

JENNIFER LETTEN, LDO:

I come before the Committee to oppose S.B. 106 and request that it not get a second reading.

The changes this bill proposes to make to NRS 637 would undermine the role of the GOED, which is to promote a robust, diversified and prosperous economy in Nevada, stimulate business expansion and retention, encourage entrepreneurial enterprise, attract new business and facilitate community development.

I do not understand why the lawmakers of Nevada should allow a business that has the smallest footprint possible—one retail store and one lab location in the entire State—to have such a pervasive influence on our statutes and regulations. Warby Parker was offered tax abatements by a former governor.

Senate Committee on Commerce and Labor
March 27, 2023
Page 15

Based on the fact that Warby Parker does not have a good record of accomplishment and creating jobs, I believe it does not intend to create career opportunities with the good hourly wages it promised the GOED.

I request that Nevada legislators should look into how many jobs Warby Parker has created since opening its business in Nevada. It is my belief as a provider that no matter where you reside, consumers deserve the same quality and care that Nevada consumers are afforded. Why should we allow any corporate entity to influence the Nevada jobs market with monetary force or have a say in how medical devices are facilitated?

I ask that the Committee not allow S.B. 106 to have a second reading.

LESLIE QUINN:

I oppose S.B. 106.

Patient contact with experts in the field of health care is of utmost importance. Ophthalmic dispensers are of critical importance, as most of us are born with only two eyes. Our eyes have over 2 million working parts. Our eyes improve brain focus necessary to support against anxiety and psychological disorders.

This bill is continued evidence of drive-through health care. I agree with the all previous speakers in opposition to S.B. 106. I urge all legislators to oppose this bill. Please help us to keep our corneas safe. Thank you.

SENATOR SEEVERS GANSERT:

I want to remind you that S.B. 106 is not about eye exams, diagnosis or prescriptions. This is about dispensing glasses. Warby Parker is a reputable company with locations all over the U.S. They have been doing this for some time; as I mentioned, I have a couple of family members who got their glasses from Warby Parker.

To me, this bill is about access to care and lowering costs so people can afford to get glasses. Sometimes when you go to get glasses, it may cost you \$300 or \$500. We have gone to Costco for glasses for a long time because so many of us require glasses, and it is a cost-effective way to get glasses. But we have also used Warby Parker.

I also think it is important to state that opticianry is not like pharmacy. A pharmacist has to look at the interactions of medicine. They also have compound pharmacies, which are much more complex. Opticians do not prescribe glasses or work in the labs that create lenses; they do not do any of that work. It is very different from being a pharmacist.

There was a mention of working with the Board. Warby Parker has been working with the Board for months with no result. There was a mention of a clean bill, which I asked about, and I have not seen it. I asked the opponents for amendments to S.B. 106. No amendments were provided to me by the opposition.

It has been difficult for this organization that was brought to Nevada to be able to produce lenses and send them across the U.S. The bill before you is reasonable and will help with access to care so folks can afford to get glasses. If the prescription is complex, you can always go to another provider.

CHAIR SPEARMAN:

Did you say there has been no collaboration in terms of suggesting amendments to S.B. 106?

SENATOR SEEVERS GANSERT:

I was contacted by the opposition, and I asked if they had an amendment for me to bring today and whether there was something we needed to add to the bill today. They said no, they were going to have what they called a clean bill from the Assembly. I do not know what bill that is.

Right now, we have an organization that was brought to Nevada dispensing glasses successfully. If the opposition needs something else, I would like to know what it is. We all work together and try to work out problems before we show up in bill hearings. I do think great progress has been made in their continuing to talk with us. However, when I specifically asked what else they needed, I did not get anything.

CHAIR SPEARMAN:

We have received a letter in opposition to S.B. 106 ([Exhibit G](#)) from Diem Pham.

We will close the hearing on S.B. 106 and open the hearing on S.B. 203.

SENATE BILL 203: Prohibits certain gifts by a manufacturer or wholesaler of drugs or medical devices to a practitioner. (BDR 54-50)

SENATOR FABIAN DOÑATE (Senatorial District No. 10):

I have a presentation ([Exhibit H](#)) giving an overview of the bill. Before I begin my presentation, I want to make a quick statement about some of the content I will be covering today. By no means is this bill related to any individual actor or organization. My goal today is to have an open and honest conversation on activities I have experienced personally as a health administrator and some of the circumstances our clinical providers go through each day.

As many of you know, outside of the Legislature I am proud of my service as a health administrator. I get the chance to solve some of the problems that patients experience every day on the front lines of the healthcare delivery system. Consequently, I get a bird's eye view of what exactly is going on.

Last year, I had the opportunity to manage several health facilities throughout the Las Vegas area. Every morning, I would walk into work and receive a request from my staff to speak with the pharmaceutical representative, who wanted to speak to my provider and schedule lunch. I did not think much about it. Every time they came through the door, I would welcome them into our office. That was part of my responsibility, and I wanted to make sure my providers had that relationship.

It was not until I had been doing this for three or four months that I realized how recurrent the system was. We spent a great amount of time scheduling lunches at our office, around three or four times a week. The amount of income spent at our facility catering lunches started to build up. I asked my staff if this was the norm, and they said these lunches had been scheduled for almost every day of the week for the five-plus years they had worked in that facility.

It is moments like this that made me reflect on how broken our healthcare system is and how our profession has deviated away from its mission. How is it fair that my staff are treated to catered lunches every day from a different representative, when just the day before I spoke to a patient who had to ration their medications because they could not afford to take them every day?

Senate Bill 203 seeks to prohibit drug manufacturers from offering or giving gifts to practitioners. It requires wholesalers and manufacturers to submit to

certain reporting requirements, which I will expand on later. We are seeking to address a widespread issue that has persisted throughout this entire Country.

Section 2 of the bill prohibits the wholesaler or manufacturer of certain drugs, medicines, chemicals, devices or appliances or agent thereof from offering or giving a gift to a practitioner or otherwise, directly or indirectly, arranging, facilitating or serving as a conduit for such a gift. Section 2 provides that certain items and expenditures, including certain expenditures for education, medical and scientific purposes or purposes relating to policy, do not constitute gifts for the purposes of this bill.

As you can see on page H4 of [Exhibit H](#), a wide majority of Nevadans are concerned about the costs of health care. Voters are ready to support politicians who make lowering out-of-pocket costs a priority. This is further demonstrated by the charts on pages H5 and H6. Voters are frustrated because they do not know the inner workings of the system and what determines the out-of-pocket costs of their medications.

It will come as no surprise to you that this has been a recurrent theme for decades. Medical marketing in the U.S. is a problem that has been highlighted by many medical advocacy groups across this Country. In a recent report released by the *Journal of the American Medical Association*, from 1997 through 2016, spending on medical marketing of drugs, disease awareness campaigns and health services increased from \$17.7 billion to nearly \$30 billion. Specifically, marketing to healthcare professionals by pharmaceutical companies accounted for the most promotional spending at around \$20.3 billion.

I have been reading peer-reviewed articles on the influence of marketing on healthcare professionals. This is not the first time we have talked about this issue. We have seen some of the repercussions of this during the opioid pandemic. I came to learn more of this issue through a documentary series called *The Pharmacist*, which was produced by Netflix in 2020. This documentary concerns a pharmacist who came to recognize that the kickbacks a physician in his hometown received from pharmacy companies were essentially exacerbating the opioid crisis in the early 2000s.

In several published articles, a correlation has been established between physicians' prescribing patterns and the marketing efforts of pharmaceutical

companies. Further, it is been widely established that pharmaceutical companies spend billions of dollars annually to ensure that physicians who were the most susceptible to marketing prescribed the most expensive, most promoted drugs. This has been established by several peer-reviewed articles.

Here is a quote from the conclusion of "Medical Marketing in the United States, 1997-2016" by Lisa M. Schwartz, M.D., and Steven Woloshin, M.D., published in the *Journal of the American Medical Association* in January 2019:

Medical marketing increased substantially from 1997 through 2016. ... Pharmaceutical marketing to health professionals accounted for most spending and remains high even with the new policies to limit industry influence. Despite the increase in marketing over 20 years, regulatory oversight remains limited.

This subject is part of a conversation we have had internationally. In 2019, the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) updated its policy to restrict and forbid all gifts and goodies handed out by prescription drugmakers. Members of IFPMA include Johnson & Johnson and Eli Lilly. In a press release, the leaders of IFPMA mentioned that the ban reflects the industry's commitment towards the general concern that the promotional items trivialized the important professional relationship that must exist between pharmaceutical representatives and healthcare professionals.

You may be asking, as I did, if this is a recent change or have states had similar legislation before. Many states have set this precedent already, and Nevada would join other states with similar practices and laws. This bill came to fruition while I was attending a National Conference of State Legislatures conference and speaking to other legislators. The concept for S.B. 203 was actually recommended to me by a Republican lawmaker from a state that has already done this.

In general, states have been open to considering this type of legislation. It is part of a conversation we have had internationally. In 2019, for example, the Office of the Vermont Attorney General sent out a notice mentioning Vermont's ban on gifts and requiring manufacturers of prescribed products to register with their Office. Massachusetts enacted their regulations back in 2009, when they ordered pharmaceutical and medical device manufacturers to adopt and comply with the marketing code of conduct. During its original inception,

Massachusetts required the disclosure of payments to cover the recipients within certain thresholds. Minnesota has led the way in this area. In 1993, the Minnesota Legislature passed a law that limits the number of gifts by pharmaceutical manufacturers.

We have since seen that leading healthcare providers are committing to this concept. For example, the Johns Hopkins Hospital, Brigham and Women's Hospital, which is associated with the Harvard institutions, and other national medical organizations have committed to doing this. At the same time, there has been a backlash from medical students and providers, who are telling pharmaceutical representatives not to give them gifts. They say they like the ban on gifts and that it has shown them they can build trust between the institutions.

I included the information about other states to dispel any notion that these regulations would force business elsewhere. When the original laws were enacted by these states, the industry claimed that tightened rules would in some way hamstring the local clinical trial research economy and lead to perverse economic consequences. In practice, these consequences did not rise to the level of severity they predicted. Instead, it is now being supported by international pharmaceutical groups.

Last June, the Nevada Department of Health and Human Services released their drug transparency report ([Exhibit I](#)), which shows what is happening here at home. In 2021, the total amount spent by pharmaceutical representatives in Nevada for food and beverages was around \$3 million. This number was less in 2020 because of the COVID-19 pandemic. As you can see in table 8 on page 17 of [Exhibit I](#), in 2021 pharmaceutical representatives spent \$1.3 million on office staff, far more than any other group.

At the start of this presentation, I shared with you my personal sentiment and what I had experienced as a health administrator. I detailed for you my guilt with these encounters, especially knowing the circumstances that my patients had gone through with the affordability of their drug prescriptions. That is my rationale for why we are here today.

Ultimately, as healthcare professionals, we collectively recognize the importance of protecting the integrity of our healthcare delivery system. I would like to end with a quote from Dr. Stephen Brown from the University of Arizona College of

Medicine, from his article "Physicians Should Refuse Pharmaceutical Industry Gifts" in *American Family Physician* in October 2021:

The high cost of prescription drugs in the United States is a major public health challenge. This high cost is driven by prescribing of expensive brand-name medications, which is influenced heavily by the pharmaceutical industry spending billions of dollars to market directly to physicians. Physicians should refuse gifts, samples, direct payments, and other industry interaction to avoid perpetuating an unjust health system.

It is the professional responsibility of a physician to promote social justice, commit to a just distribution of finite resources, prioritize patient welfare, and not compromise integrity with conflicts of interest.

That is the direct premise of S.B. 203.

SENATOR STONE:

I support the spirit of what you are trying to do with this bill, but I worry about it being overly broad. I agree that providers should not be getting trips to Hawaii, golfing green fees and watches. That is an inappropriate inducement for a doctor to write a prescription. I particularly do not care for the way Pharmaceutical Research and Manufacturers of America (PhRMA) markets their pharmaceuticals directly to the consumer on television. I do not know why anybody would want to be prescribed the medications after hearing all the warnings they are required to include.

But I also know that doctors and registered nurse practitioners are in short supply in Nevada, and their time is limited. If a drug company is coming out with a state-of-the-art drug for hypertension or a thyroid disorder, I personally do not have an issue if their representative brings lunch as a way to get physicians and their ancillary staff to listen to a presentation about that new drug. From the way the bill is written, I assume it would prevent a company from providing a pizza while doctors learn about a new drug that could help patients. I am not sure what other avenues there would be for physicians, who already have limited time, to learn about this drug and begin prescribing it.

SENATOR DOÑATE:

Section 2 of the bill allows for the provision of coffee, snacks, refreshments or other items with the combined retail value of less than \$50. That is what other states have also passed. We are in discussions about whether that is too low. If there is an amendment, we would consider adjusting that.

You are correct that physicians are in general incredibly busy. They have back-to-back appointments, and often their lunch hour is the only free time they have to listen to presentations. I have no problem with pharmaceutical representatives speaking to my providers. The question that comes into play is what gifts are happening outside of the norm, and how much is too much?

I do believe we should be facilitating the distribution or dissemination of scientific information. My providers need to be updated on the state-of-the-art drugs that are more effective than what we have seen before. At the same time, we need to be aware that the representatives will use their good relationship with physicians to push brand-name versions of drugs when generics are available.

SENATOR STONE:

I would also like to bring up the issue of biologics. While they are expensive, they are less expensive than the conventional drugs they emulate. Sometimes doctors get a lunch to describe a medication that is much less expensive for the patient.

You might also consider allowing such events with a charge to cover the cost of the food. I would love to work with you on that if you are so inclined.

SENATOR DALY:

I support the bill in more than just spirit.

I would like to make sure it is on the record that section 3, subsection 2 states that the State Board of Pharmacy must post a report detailing all gifts given by pharmaceutical representatives. I want to confirm that and make sure it is on the record that the only portion of that report that would be confidential is anything that might disclose proprietary or confidential business information. Everything else needs to be public. Can you confirm that is the intent of the bill?

SENATOR DOÑATE:

That is correct, and that is how the bill is currently written. This may be modified in an amendment, since this situation may already be covered by the Physician Payments Sunshine Act.

SENATOR SCHEIBLE:

Let me confirm that I understand the bill correctly. Basically, the enforcement mechanism is that a pharmaceutical company operating in Nevada must submit a report that says, "I went to Dr. Spearman's office and gave her lunch and these promotional materials." But if a pharmaceutical representative comes to Dr. Spearman's office and says, "I would like to schedule lunch with you," Dr. Spearman is not required to call the Board and say, "Hey, there's a representative here violating the law. Come and arrest them."

SENATOR DOÑATE:

That is correct.

CHELSEA CAPURRO (Health Services Coalition):

We are always striving to keep the quality of health care high and the costs low, and we think S.B. 203 is a good step to accomplish both of those goals. We support this bill.

TESS OPFERMAN (AFSCME Retirees; Nevada Women's Lobby):

We appreciate any measure that tries to keep the high cost of drugs in check. We are in full support of the bill.

SHELBY SWARTZ (Battle Born Progress):

I am in strong support of S.B. 203.

Patients in Nevada deserve to know that those prescribing their medications are doing so because it is in their best interest and not because the pharmaceutical company bought them lunch or paid for a trip. This bill will allow patients to feel confident in their health care and to trust their providers. For pregnant women, this bill will allow them to feel secure that their provider is putting them and their baby first, not which pharmaceutical company bought the provider the nicest gift.

JAMIE TODD (Nevada Justice Association):

The Nevada Justice Association is in support of this bill. We think it brings transparency and ensures that doctors are not unduly influenced by other things and that the medicine relies upon itself for the protection of the patients.

PAUL CATHA (Culinary Workers Union, Local 226):
We support this bill.

Ms. QUINN:

I am neutral on S.B. 203. I was not sure if I should come in support or opposition, since I have been on the pharmaceutical side as well as the medical side of this issue. I have been a pharmaceutical representative and had the people in the office tell me to just leave the food and go without allowing me to see the doctor I was supposed to present information to. It is also true that sometimes the generic version of a drug is actually a better product than the brand-name version.

I would like to suggest an amendment to S.B. 203. In section 2, subsection 2, paragraphs (e), (g) and (k) should be deleted to eliminate the possibility of compensation being hidden in any way, shape or form.

I appreciate Senator Doñate for bringing this bill. It is important that information about new drugs gets out there. But it is also important that the office staff not allow only those pharmaceutical representatives who buy the lunches they want to have access to the physicians. That happened to me. If I did not go to a specific restaurant and bring certain foods, I was not allowed to speak with the doctor.

ROCKY FINSETH (Pharmaceutical Research and Manufacturers of America):
We are opposed to S.B. 203.

We appreciate the conversations we have had with Senator Doñate concerning this bill. We have some concerns with the bill, and we are happy to work with him to square up the concerns. Some of them have been mentioned already. We are largely regulated through federal statutes, including the FDA and the Sunshine Act. In addition, PhRMA has its own code of conduct that all companies agree to for interaction with healthcare professionals. Our company representatives receive extensive training about their company's medicines and various medical conditions.

I appreciate Senator Doñate highlighting the out-of-pocket costs in the survey work. We also believe out-of-pocket costs are too high. As many of you know, that is largely an insurance plan issue, and we have talked to each of you individually about it.

We stand in opposition to the bill, but we are happy to work with the Senator to try to square up the bill to meet our concerns.

CHAIR SPEARMAN:

We have a letter of support for S.B. 203 ([Exhibit J](#)) from someone who was unable to be heard due to technical problems.

I will close the hearing on S.B. 203 and open the hearing on S.B. 275.

SENATE BILL 275: Revises provisions relating to manufactured home parks.
(BDR 10-958)

SENATOR SKIP DALY (Senatorial District No. 13):

The need for this bill was brought to my attention by constituents.

To provide a little background, manufactured housing was meant to address the need for affordable housing as far back as the late 1970s. As you may know, people who live in mobile home parks own the manufactured house they live in, but they rent the space it is parked on. This creates a unique relationship between the owner of the house and the owner of the park. Because they usually cannot just pick up their house and move it, there is a lot of tension if space rents are raised.

The specifics of that relationship do not give the homeowner many options. I know there is a law that says if a mobile home park is sold or closed down, the park has to help those mobile homeowners move. However, some of these homes are older, and they simply cannot be moved. Other parks cannot take manufactured homes older than 1976 because they do not meet certain standards.

As we have seen in housing across the U.S., there is more and more corporatization of housing. I am not against capitalism, but I am against heartless capitalism. People are only looking at the bottom line and not at the effect they have on individual people. The people who live in mobile home parks

are mostly seniors living on a single fixed income. They are the most vulnerable people who are least able to adjust unless they get some help from the Legislature, which is why we brought this bill.

Let me quickly walk you through the bill. Section 2 of the bill defines the maximum annual rent increase. Section 3 specifies the calculation used to find the maximum rent increase and requires the Housing Division of the Nevada Department of Business and Industry to make that calculation, publish it on its website and issue it in a press release.

Section 4 of S.B. 275 provides for exemptions if there are additional costs that mean the park might go out of business if rents are not raised. There is an application process they can use to request an increase above the cap.

Section 6 of the bill says the cap does not apply to pass-through costs and defines pass-through costs. For example, if the park pays the sewer, water and garbage pickup and those costs rise, the cap would not apply to those expenses.

I am working on an amendment to address the fiscal note submitted by the Housing Division. I would also like to change the effective date from January 2024 to July 2023. We had originally specified January as an effective date to give time for regulations to be created. However, since a moratorium on new regulations is currently in effect, we would prefer to set the effective date as July 2023.

JEANNEIL MARZAN:

I have written testimony ([Exhibit K](#)) describing the terrible situation we find ourselves in as tenants of a manufactured home park in Sparks, Nevada.

I am a resident of Sierra Royal Mobile Home Park in Sparks, Nevada, and have lived there for ten years. I selected this particular park as my home because it is a lovely community, and the report of rent increases for the previous five years was reasonable. At that time, the owners of the park had owned it for many years, and all the rent increases were pass-through charges only. They were obviously making enough money that they did not feel they needed to raise the rent otherwise. They were very fair.

In Nevada, there are 400 manufactured home parks with a total population close to 40,000 people. Of those, 90 home parks are in Clark County and 60-plus are in Washoe County. In a short period of time, many of us are going to be driven out of our homes because we cannot afford them. We thought we were protecting ourselves by being responsible purchasers of our homes and carefully choosing where we lived.

The Legislature is our lifeline and our only hope. We have nowhere else to go for the help we need while still maintaining reasonable costs for the park owners. We are not saying they should not make money, but we feel that there is a reasonable cost. When you purchase a home, you decide how much you can afford to spend and shop around for a good mortgage rate. You assume that you can comfortably stay in your home as long as you make your mortgage payment as it was agreed upon. If your mortgage was sold to another company, imagine your new lender coming to you and saying, "I'm sorry, but we bought your mortgage, and your interest rate is going up 3 percent." That is how we feel. We have no control over what is happening to us.

I implore the Legislature to please look at this closely and hopefully support this bill because we are in dire need.

CHAIR SPEARMAN:

You paid a certain amount for space rent for years, and then suddenly there was another fee tacked on. Is that right?

MS. MARZAN:

The way this is structured in mobile home parks is that we own our homes and pay our own costs. In addition, we pay the park rent for the spaces our homes rest on. They also pass through to us prorated property taxes for the whole park, water bills, utility bills and so on. Nevada has great regulations for manufactured homes. However, there are no laws or regulations about how quickly space rent can be increased or to what degree.

What happened is our park was bought by a major investment company. I am not going to say the name because I do not want to disparage that company. When they purchased the park, in one day they raised the space rent from \$790 a month to \$1,010 a month. That is a 27 percent increase in one day. The only reason we have heard for this increase is that the new owners looked at a recreational vehicle (RV) park nearby where the rent is \$1,600 a month and

thought that was a fair comparison. Our sister manufactured home park went from \$600 a month to \$1,045 a month, a 75 percent increase.

SENATOR DALY:

There are some parks where you can buy the space your manufactured home rests on. In most parks, however, the land is owned by someone else, and the homeowner pays rent for that space. The way things are now, the owners can raise the rent whenever they want, and there are no controls at all. There is no limit. The people living in these parks are senior citizens on fixed incomes. Without some help from the Legislature, the most vulnerable people in our society are going to be pushed out of their homes. That is why we are trying to address this issue.

SENATOR LANGE:

When you move into a mobile home park, do you get a lease or a renter's contract? If you own a manufactured home, you are going to live in one place for an extended period of time because manufactured homes are not mobile like an RV. Do you not get an extended contract that goes year to year?

MS. MARZAN:

No. They generally go month to month. Because there are no statutes about this, they could raise the rent every three months at any percentage if they wanted to. In fact, those of us who came here to testify today are in some peril. We could very well be handed a piece of paper next week that says our space rates are now \$1,200 a month, and there is nothing to keep them from doing that.

SENATOR STONE:

I used to own a number of manufactured homes in California before I came here, so I have some familiarity with the issue. I was under the impression that it was standard practice to rent your space on a long-term lease, three years or five years. Is that not the standard of practice anymore?

MS. MARZAN:

No. Most of the parks in this area have been there for a long time and are well established. When you buy a home in one of these parks, you are purchasing homes that people are putting up for sale, and you get a month or two months rental agreement. They could probably make it a longer lease, but that is what we are living with.

SENATOR STONE:

When you purchase a home, even if it is old, you do your due diligence and weigh the risk of buying that home and going into a month-by-month agreement. I do not know if I would be too excited about that myself, knowing that you are at the mercy of the park owner. After all, you cannot hitch your manufactured home to the back of your truck and say, "I'm going to move next door." We are talking about large structures that fall apart if you try to move them, especially if they are from the 1960s or 1970s.

Many times, when investors buy these parks, they base the price on a cap rate, which is basically a return on investment. Many times they will leverage them, and at the higher price, they are paying for higher property taxes and higher insurance. Many times, these older parks need to have infrastructure repairs; for example, their main sewer line might be broken or need to be modified. As a part of this formula, you have 60 percent of the consumer price index (CPI), which I think in Nevada is about 6.5 points plus.

Are we not asking the park owners to potentially take a loss if they are not even getting the CPI for Nevada? I understand the tenants have some issues, and certainly going from \$600 a month to \$1,045 is not just a cost-of-living increase. At the same time, I am concerned where you got the 60 percent figure and why you did not allow them the full CPI so they can recover their costs.

SENATOR DALY:

I have not heard the opposition talk about that, but if we need something on that subject, we can talk about it.

You spoke about due diligence earlier. The two parks we are talking about were owned by the same family for a long time. They took care of the parks; they knew what type of people they were dealing with and were very fair. Maybe the tenants had a false sense of security. With the corporatization that is happening now, the only thing that matters is the bottom line. They will go for the best rate of return, and if people are negatively impacted, I do not think they care. Corporations make heartless landlords.

We are the only ones who can help the people who are stuck in this situation.

MS. MARZAN:

Yes, we did know what we were getting into when we purchased our homes, but we felt secure in doing so based on the history of those homes, and we did our due diligence. If you ever have the opportunity to come to Sparks and drive through our beautiful little community, you will see that our homes are well maintained. We have upgraded our homes, and we have a wonderful senior community.

CHAIR SPEARMAN:

Mindful of what Ms. Marzan said regarding possible retaliation, I would admonish those who may consider retaliating against their tenants that NRS 118B.210 governs retaliatory actions, and the penalties are listed in NRS 118B.260. To those of you who are here and are living in a mobile home park, if you are retaliated against, I would encourage you to contact your Senator, who can then contact our legal folks and see what they can do to stop it. I am reminded of a sticker I once saw on the back of someone's window: "I saw that. Signed, Karma."

TODD ANDERSEN (White Knight Homes of Nevada):

We support S.B. 275. I am the founder and president of White Knight Homes of Nevada. We are the largest used manufactured home dealer in northern Nevada. I am also licensed as a real estate agent and one of the few licensed manufactured home appraisers in Nevada. White Knight has been in business longer than any other company in the industry.

In December 2022, the corporations that bought these two parks, Donner Springs Village Mobile Home Park and Sierra Royal Mobile Home Park, raised the space rent in both parks dramatically. The space rent in Sierra Royal went from \$790 a month to \$1,010, a 27 percent increase. The rent in Donner Springs went from \$600 a month to \$1,045, which is a 74 percent increase. These drastic increases have had a significant impact on our industry. If something does not get done immediately to stabilize rent in these communities, I am afraid the residents and the parks will not be able to recover. This not only hurts myself as a small business owner, my staff and businesses like mine, but more importantly, the residents that live in these communities.

The rent increase has also drastically impacted the resale value of these properties by halting home sales and driving home prices down at a rapid rate. Once a potential buyer discovers the increases in the space rents, they do not

want to pursue purchasing those homes. This in turn is driving the value of these homes down significantly. In Donner Springs, the price per square foot dropped by \$11. An average traditional manufactured home is 1,440 square feet. That means that homeowner is losing \$16,000 of the principal investment they have in their home. In Sierra Royal, which is the senior community, it is much worse. The price per square foot has dropped \$38.88, so that same size home is losing \$56,000 in principal.

JENNIFER HARRISON (White Knight Homes of Nevada):

I am the director of Sales and Corporate Officer for White Knight Homes in Nevada. I love my job; it is the best job I have ever had in my life, and I am very passionate about this.

The people I sell to are generally people on a fixed income, mainly seniors. The average salary in Reno for our clientele is \$47,000 a year and under, which is less than \$3,300 a month net. Everyone wants to be a homeowner, but if you are paying \$1,000 or more in space rent each month, that does not leave you any money to save for a mortgage and use for general living expenses. For our seniors who only collect retirement and social security, their average income is less than \$1,600 a month. When space rent has increased to \$1,010, that does not leave room for their mortgage either.

As has been mentioned, these homes are considered personal property that is not attached to the land. Therefore, they do not qualify for traditional lending. There are only three lenders in the area who will loan on used manufactured homes, and they are all out of state. The typical interest rate for our homes is between 8 percent and 14 percent. They are considered high-risk loans because they still have their wheels and axles and could be moved at any time. Some of them are not in a condition to be moved anymore, but that is the reality for our lenders.

We have a higher interest rate, and the maximum term that our lenders will do is 25 years. With our senior parks, the average age in Sierra Royal is 70 and over. When our lenders use the IRS single life-expectancy table, this reduces the term for the mortgage loan available to them. At 75 years old, the maximum term is going to be 12 years. You have a higher interest rate, you have a shorter term and your mortgage payment alone is going to be more than the typical young person buying a home. Once you add on that \$1,010 space rent, it is no longer affordable living for anyone.

TIFFANY LIGUORI (White Knight Homes of Nevada):

I am the office manager at White Knight Homes of Nevada. Being in the office handling all the communication, we have seen a huge impact in sales due to the increase in space rent. You can see evidence of this in the information packet we provided ([Exhibit L](#)), which consists mainly of letters rejecting our offers because of the exorbitant space rent. We have had numerous responses from people stating that the rent is way too much and they are no longer interested in seeing the homes that are available.

Historically, manufactured homes have been an affordable alternative for those who cannot afford or may not qualify for a stick-built home. With the raise in space rent, even those are becoming out of reach. For people needing financing, between their mortgage and space rent, people are paying on average between \$2,200 and \$2,500 monthly. My fiancé and I just bought a stick-built house in Reno in the past year, and our monthly mortgage payment, including taxes and insurance, is about \$2,500. When the cost of living in a park becomes as expensive as a stick-built home, mobile home parks can no longer be classified as affordable living.

As Senator Stone is aware, everything is getting exponentially more expensive, including food. It is no secret that the cost of living is rising at an astronomical rate compared to wages. Please consider how you would feel if this was happening to your parents, or what it will look like when you need an affordable living option yourself one day. If stipulations are not put into place now, it can only get worse from here.

I am not going to define the American dream, since you are all aware of it, but nobody dreams of paying rent their whole lives. By not implementing a structured rate to define how space rent can be increased yearly, you are allowing major corporations to continue to profit at the expense of individuals who have paid taxes and saved money their whole lives. Those people are now in a position of not knowing how many years they may have left and having to use precious time to fight corporate America for their existence.

Our goal is to help seniors and blue collar workers in our community have the ability to live their version of the American dream, but we need your power to get this bill approved.

JONATHAN NORMAN (Nevada Coalition of Legal Service Providers):
We are in support of S.B. 275.

I am not going to take too much time because I think a lot of residents came here to tell their story, and they deserve the time. I would point out that buying of mobile home parks is going to increase. There have been 800,000 purchases of mobile home parks in the U.S. by institutional investors. There are mobile home how-to books that are all about squeezing every dollar out of these communities. This is clearly something that is going to increase with time.

As someone pointed out, these homes are personal property, and they generally cannot be moved. When a tenant cannot pay their space rent, the park will place a lien on the home, foreclose on it and end up selling it to the next person. They can then increase the rent and do it all again. It is a windfall for the park owners and dire consequences for seniors and other manufactured home owners around Nevada.

If we do not put a stop to this type of investing now, it is just going to increase.

KAREN LOUTON:

My husband Jerry and I have lived in the Sierra Royal Manufactured Home Park for eight and a half years, and we are pleased to be able to come before you today in support of S.B. 275.

On Saturday, I read an article in the *Reno Gazette-Journal* citing a poll that found that approximately one-half of the adults in the U.S. making less than \$60,000 are very stressed about their personal finances. That definitely describes us, since our sense of housing security has now been taken away from us.

You have heard the numbers, and it sounds to us like we are being put in the same category as the parks that these companies own in Arizona and Florida, where the active seniors with more money go to retire. They seems to think that is what we are too, when most of the people here are seniors or lower-wage earners.

We live in fear of what is next. We see things being done in the park now that before were done in-house. We are worried that this will increase the pass-through costs. When that is added to the excessive rent we are already

going to get, will it mean that we will not be able to sell our house for a reasonable price if we feel we have to move? Again, it sounds like we are already experiencing that. What will we do when we get the new rental agreement for this rental increase? What is it going to look like? Do we have any choice but to sign it? How much will our rent be? How long can we afford it?

What happens if we have a major medical situation or our ten-year-old car dies? We have nothing to put towards those expenses anymore. We just replaced our furnace and air conditioner, so that stretches us thin already. We are cutting back; we do not travel, eat out or buy anything that is not a necessity, but it is not going to be enough. What happens when we are forced out of our homes? Where can we go in this economy? We live with this every day, and the stress is increasing our medical costs.

For these reasons, we feel it is vitally important that the Legislature recognize the impact of this bill on one of the last bastions of affordable housing in Nevada.

REED ANDERSON:

My wife and I are in support of S.B. 275.

In mid-December, the residents of my mobile home park received a hand-delivered single piece of paper informing us of new park ownership effective immediately. We were given instructions on how to make the January space rent payment and nothing more; it was a case of "I am the boss, and here's how you take care of me." No other information has been presented to us. The silence breeds rumors, questions and speculations about surcharges, amenities given or rescinded and rent.

We have no voice in these matters, and we feel S.B. 275 is our only assurance that rent increases can be reasonable and can be governed by law to prevent financial distress. We need your help.

DORWIN DUANE ANDERSON:

I support S.B. 275.

I am a resident of the Sierra Royal Mobile Home Park. Seven and a half years ago, my wife and I decided to move to Sierra Royal from our house in the

North Valleys area of Reno because of a combination of what 2008 did to my IRA and my deteriorating health. The park handles all the things that I could no longer do, and we were able to pay cash for our manufactured home because of the sale of the house. We have done some upgrading since then, which depleted the extra money we got from the sale of the house.

We had looked into it before we moved there, and the owners had a good reputation. When they suddenly sold the park, we were told that they had sold due to some financial problems they ran into. We have heard almost nothing from the new owner.

MR. CATHA:

We support S.B. 275 because the Culinary Union believes Nevadans deserve neighborhood stability. Neighborhood stability policies like this bill are essential because longtime residents are being pushed out of their homes. Senior citizens whose rent increases exceed monthly Social Security payments are forced to rely on taxpayer-funded assistance or are evicted. Saving for a down payment can be an impossible hurdle for first-time homebuyers when the rents go up faster than the cost of living. The loss of stable families in the community results in student turnover in Nevada's public schools and increased pressure on student mental health. When rent goes up faster than wages and customers have to cut back on spending, local businesses suffer.

In a 2022 survey of Culinary Union members, 21 percent said their rent has gone up \$500, 21 percent said that they are charged monthly fees in addition to rent, and 15 percent said that they pay more than \$100 in fees each month. Rent increases have outpaced wage growth. In the first quarter of 2019 through the second quarter of 2020, market rent in Las Vegas increased 33.1 percent, while average weekly earnings only grew 21.4 percent. In 2021, investors bought 18 percent of homes in the Las Vegas Metro area. In some areas, investor purchases accounted for as much as 26 percent of homes. According to the January Census Bureau's household survey, 49.8 percent of adults in Nevada experienced difficulty paying for the usual household expenses in the last seven days. In the first week of 2023, Las Vegas had the most eviction filings among major U.S. cities.

The Nevada Legislature needs to do something to ensure Nevadans are not forced out of their neighborhoods as a result of rising rents. We urge the members of this Committee to support and pass S.B. 275.

MENDY ELLIOT (Nevada Housing Coalition):

We want to thank Senator Daly for bringing S.B. 275 forward. As we continue to have robust discussions about housing, the Nevada Housing Coalition is available to help with those discussions. Housing is a major issue, and rental stability is important to all Nevadans. We look forward to working with Senator Daly and any opponents of the bill as deemed necessary.

NANCY PATTERSON:

I am in support of S.B. 275. I am an elderly person on a small pension. This bill would greatly benefit elderly residents like myself in manufactured home parks so that we have a place to live without fear of becoming homeless because we cannot afford unreasonable space rents.

MACKENZIE WARREN KAY (Manufactured Home Community Owners Association):
We are here in opposition to S.B. 275.

I would like to start by addressing the comments about retaliation. The Manufactured Home Community Owners Association also takes this incredibly seriously. If anyone who testified today in support of this bill experiences any sort of retaliation, they should not only contact their State representative, but also reach out to me personally or to the Association in general.

As I said, we are here in opposition today, but we want to recognize Senator Daly for meeting with the Association in advance to hear his motivation behind the bill and also to hear our concerns.

Economists do not agree on much, but rent stabilization is one area where there is some consensus. Rent stabilization policies may provide quick relief at the onset, but ultimately they could lead to downstream economic consequences that harm housing markets. The answer here is supply. The more housing product we have for Nevadans to choose from, the more stable our rent prices become.

The Association's concern is that S.B. 275 may make maintaining and investing in manufactured home communities less attractive. Ultimately, that harms Nevadans and tenants like Ms. Marzan. These policies have a tendency to reduce supply because park owners may be disincentivized to continue operations. Future park owners or prospective investors may look to other

markets. Rent stabilization policies appear to help affordability in the short run for current tenants, but in the long run they decrease affordability.

Senator Daly and the Association agree that manufactured home communities are a unique housing product, an attractive one and a critical housing option for Nevadans. Nevada needs more parks, not fewer. This bill, while well intended, could lead to fewer manufactured home communities in the long run.

CHAIR SPEARMAN:

I appreciate Ms. Warren Kay coming forward, and I appreciate your comments about retaliation. I do not know a lot about your job and am not trying to tell you how to do your job. At the same time, the members of the Association might want to take a look at NRS 118B.510 and 118B.210. Not everyone is crooked, and there are a lot of good people with good intentions. But some of our statutes were created for those who do not have a strong moral compass. If there is anyone in the Association who has that problem, reading these two statutes might be educational for them.

SENATOR DALY:

I want to thank Ms. Warren Kay for her testimony, and I am willing to work with her. I do not want to trade one crisis for a different crisis. On the other hand, things need to have balance. We have a situation impacting people right now that needs some type of stabilization. Let us have that discussion, but we cannot ignore the need here and now because of something that might happen in the future. Let us try to find the balance and move forward.

Remainder of page intentionally left blank; signature page to follow.

Senate Committee on Commerce and Labor
March 27, 2023
Page 38

CHAIR SPEARMAN:

I will close the hearing on S.B. 275. Is there any public comment? Hearing none, we are adjourned at 10:32 a.m.

RESPECTFULLY SUBMITTED:

Lynn Hendricks,
Committee Secretary

APPROVED BY:

Senator Pat Spearman, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Introduced on Minute Report Page No.	Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster
S.B. 106	C	4	Chris Ferrari / Warby Parker	Proposed Amendment
S.B. 106	D	12	Jeffrey Zeitler	Opposition Testimony
S.B. 106	E	14	N'Gadi Foreman	Opposition Testimony
S.B. 106	F	14	Dana Whitford	Opposition Testimony
S.B. 106	G	16	Diem Pham	Opposition Letter
S.B. 203	H	17	Senator Doñate	Presentation
S.B. 203	I	20	Senator Doñate / Nevada Department of Health and Human Services	Drug Transparency Report
S.B. 203	J	25	Maya Holmes / Culinary Health Fund	Support Letter
S.B. 275	K	26	Jeanneil Marzan	Support Testimony
S.B. 275	L	32	Tiffany Liguori / White Knight Homes of Nevada	Support Letters