MINUTES OF THE
SENATE COMMITTEE ON JUDICIARY

Eighty-second Session
May 9, 2023

The Senate Committee on Judiciary was called to order by Chair Melanie Scheible at 1:04 p.m. on Tuesday, May 9, 2023, in Room 2135 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 Melanie Scheible, Chair
Senator Dallas Harris, Vice Chair
Senator James Ohrenschall
Senator Marilyn Dondero Loop
Senator Rochelle T. Nguyen
Senator Ira Hansen
Senator Lisa Krasner
Senator Jeff Stone

GUEST LEGISLATORS PRESENT:

Assemblyman Duy Nguyen, Assembly District No. 8

STAFF MEMBERS PRESENT:

Patrick Guinan, Policy Analyst
Karly O'Krent, Counsel
Kelsey DeLozier, Deputy Counsel
Jan Brase, Committee Secretary

OTHERS PRESENT:

Mackenzie Warren Kay, Executive Committee, Business Law Section, State Bar of Nevada
Robert C. Kim, Chair, Executive Committee, Business Law Section, State Bar of Nevada

Paul Moradkhan, Vegas Chamber
Peter Guzman, Latin Chamber of Commerce Nevada
Jen Bambao, Nevada AAPI Chamber of Commerce
Nadia H. Wood, Las Vegas Township Justice Court, Department 16, Clark County
Adrian Hunt, Las Vegas Metropolitan Police Department
Elyse Monroy-Marsala, National Alliance on Mental Illness-Nevada Chapter; Nevada Psychiatric Association
Catherine Nielsen, Executive Director, Nevada Governor's Council on Developmental Disabilities
Jennifer Noble, Nevada District Attorneys Association
Erica Roth, Washoe County Public Defender's Office
John J. Piro, Clark County Public Defender's Office
Wesley Goetz

CHAIR SCHEIBLE:
I will open the hearing on Assembly Bill (A.B.) 126.

ASSEMBLY BILL 126 (1st Reprint): Revises provisions governing business entities. (BDR 7-762)

ASSEMBLYMAN DUY NGUYEN (Assembly District No. 8):
Assembly Bill 126 is important work by the Business Law Section of the State Bar of Nevada in keeping Nevada's business statute current and competitive. We appreciated the diligence by the Section to ensure Nevada is keeping pace with other states, especially Delaware which is often referred to as having the gold standard in corporate law. For example, A.B. 126 proposes efficiencies such as permitting a board of directors to change the name of the corporation without requiring the vote of stockholders, thus making doing business in Nevada easier.

MACKENZIE WARREN KAY (Executive Committee, Business Law Section, State Bar of Nevada):
I will provide a brief background of the Business Law Section. The Section is comprised of attorneys from all over the State, such as business lawyers and transactional attorneys who are interfacing with Nevada's business statutes. They observe how the statutes are performing and find opportunities for efficiencies. They do some routine maintenance to make sure that Nevada is keeping pace with the trends. We look to other states to understand practices

that may be adopted to keep Nevada as the preeminent place to do business as a top business-friendly state in the Country. We have submitted a summary (Exhibit C) of the bill by section.

ROBERT C. KIM (Chair, Executive Committee, Business Law Section, State Bar of Nevada):
Assembly Bill 126 is a product of two year's work between Sessions. We collect recommendations and suggestions. We follow trends in corporate jurisprudence throughout different markets in the Country. We compile them in an orderly fashion in our bill and present items we think are appropriate for Nevada. Our committee reviews our ideas and suggestions for legislation. The process requires us to submit the bill to section leaders of the State Bar of Nevada, address any questions or comments and submit the bill to the State Bar's Board of Governors for their approval for submission to the Legislature. Our submission and advocacy of A.B. 126 has been authorized by the State Bar of Nevada, but it is not meant to indicate its opinion or position on any of the subject matter contained therein. The Bar makes it clear the authorization or approval is to allow us to advocate on behalf of the bill.

I will outline the key items of the bill. The first block of our memorandum, Exhibit C, covers about ten sections and clarifies how corrections to filings can be made in the State. We adopted these statutes quite a while ago to allow different business owners to file corrections for typographical errors or the wrong language by identifying the error and presenting the appropriate language. We want to not only clarify that a business owner can correct language in a filing, he or she can change the filing itself if it was filed incorrectly. The Office of the Secretary of State is onboard with this update.

The middle block on page 2 of Exhibit C relates to sections 4, 9, 10 and 14 of A.B. 126. They deal with *Nevada Revised Statutes* (NRS) 78.195, NRS 78.350, NRS 78.378 and NRS 78.433. These relate to the ability of a board of directors to adopt plans, arrangements or instruments on behalf of its stockholders. We wanted to clarify that the broad power given to the board should be used in conjunction with a series of preferred stock. The board grants the rights to the preferred stock, they attach to the shares and then are distributed to the stockholders for purposes of implementing the plan, arrangement or instrument.

The next block relates to section 5 of A.B. 126. This is a new concept we want to introduce. It relates to reverse stock splits when a corporation takes issued

and outstanding shares and reduces them by a factor of whatever amount the board may determine. For example, if a corporation had 100,000 shares issued and outstanding and did a reverse stock split of 1 for 2, then the shares will go from 100,000 down to 50,000. Generally speaking, those reverse stock splits require board approval and approval of the stockholders to get that done.

But given today's widely held nature of public company stock and the fact that most retail stockholders do not respond well to solicitors who want to get us to check boxes and mail back ballots, we thought it appropriate to allow corporations to have these reverse stock splits authorized, not by a majority stockholder vote but by a majority of votes cast. This will make the approval process simpler and more realistic to obtain. In many instances, public companies are not able to secure a majority of the votes, and their ability to proceed with company-raised capital has been frustrated by the inability. This amendment only relates to public companies.

The third block on page 3 of Exhibit C addresses section 8 of A.B. 126 and relates to the right of inspection. Stockholders of record have certain statutory inspection rights of the company's books and records. We are looking to codify the ability of a corporation to require a confidentiality agreement as part of the exercise of inspection rights by a stockholder because it is in the best interest of the company and stockholders to not have confidential information about the company made public. It is usually a result of the back and forth that goes on between the corporation and stockholders when this request is made. Secondly, we want to eliminate the personal liability of the officer or agent of the corporation for statute violations. We do not think it is appropriate for a person merely holding books and records on behalf of a corporation to have individual exposure in that regard.

Page 3 of Exhibit C deals with section 12 of A.B. 126, relating to the ability of the board of directors to amend the name of the corporation. Because the name of the corporation is in the articles of incorporation itself, statute requires any such amendments to the articles of incorporation to be approved by the board and then approved by the majority of the voting power. As noted earlier, it is challenging to obtain a majority of the voting power. It takes time, and for public companies, it takes money. A vote may take three to six months and thousands of dollars to find enough votes to obtain a majority of the voting power. In this instance, we chose to follow some other states allowing a board of directors, using their fiduciary duties, to decide to amend the

company's name and change it without the vote of the stockholders. This concept exists in Delaware and in approximately ten other states. As practitioners, we have been asked about this over the years. As a committee, we have received feedback to bring this recommendation to the Legislature.

The last item worth noting relates to sections 25 through 28, 30 and 31 of A.B. 126, summarized in Exhibit C, page 4. Those amendments relocate defined terms from the beginning of NRS 92A to the dissenters' rights sections NRS 92A.300 through NRS 92A.500. We are moving these sections because the corporation and the context of dissenters' rights is required to send a copy of the dissenters' rights to all the stockholders. It made sense to make sure all relevant sections relating to dissenters' rights are within the same range of sections instead of having section outliers in the beginning of the chapter. Without the change, delivery of the statute is difficult and inconvenient. We did not make any changes to the text but just relocated sections. Those numbers will be assigned by the Legislative Counsel Bureau to the extent this is approved.

SENATOR OHRENSCHALL:
I want to thank you for your dedication to this area of the law.

SENATOR STONE:
I support anything we can do to make Nevada more business-friendly. I have a question about section 5 and reverse stock splits. You are saying a majority of all the shareholders' votes are not needed. You just need a majority of shareholders responding to effectuate a change. What effort does the board take to reach all stockholders? Does it send them all a letter or email? Is there some attempt to reach all shareholders by a specific time before determining enough votes have been returned to make a decision?

MR. KIM:
This amendment contained in section 5 of A.B. 126 relates only to publicly traded corporations. In that context, if there is a desire to have an adverse stock split approved by the stockholders, a publicly traded corporation is required by securities laws to notice a meeting and send a proxy statement soliciting the vote of all the stockholders. The proxy statement has the background, material and information needed for the stockholders to understand what is being asked of them and what vote is being required to have this item approved. Every stockholder would receive a copy of the proxy statement, whether directly or as

stockholders of record or through the broker dealer as street holders of the common stock. They will have the opportunity to review the matter and vote. A drop-off occurs in the conversion rate of actual votes. Participation from street stockholders is typically low. We are presenting this proposal because it is difficult to collect those votes and accumulate a majority of the voting power and have items like this approved. The standard we are requesting for a reverse stock split is the same standard that exists for approval of directors in Nevada.

SENATOR STONE:
It is safe to assume a 2-to-1 buyback would result in fewer stocks, correct? Is it fair to assume that stock would have doubled its value? This reverse stock split is not going to impact the collective value of the stock portfolio an individual holds in this particular company.

MR. KIM:
The question is what would be the impact to the stock price if one did a stock split? Markets are what they are. They may or may not be efficient. Theoretically, you are correct. If I do a reverse stock split by a factor of 2 and the 100,000 shares become 50,000 shares, then if the stock price was $1 a share, that stock price afterward should be $2 if the markets are efficient.

SENATOR HARRIS:
My question is also on section 5. From what I have heard in the discussion, the goal is to ensure that changes can be made based on a majority of votes cast. Why not have the language stating this goal as opposed to language on lines 19 and 20 of page 7, "regardless of limitations or restrictions on the voting power of the affected class"? It should read proposals approved by the stakeholders of the affected class or series if a majority of the votes cast are in favor or something similar. The language we have before us is broader than what I am hearing in your stated goal.

MR. KIM:
It is written this way because a corporation might elect to choose a different standard. We are allowing them to state their chosen standard, their bylaws or their articles of incorporation. I stated the standard I would expect companies to use, but corporations could choose a different standard.

SENATOR HARRIS:
Can you give me examples of other standards?

MR. KIM:
Corporations could require votes representing a certain percentage of the outstanding shares. They might couple it with requiring votes from a third of outstanding shares to be certain votes are not decided by a narrow margin. Any number of combinations could be used.

SENATOR HARRIS:
Am I correct in understanding the way the language is drafted, the company could in fact choose to allow two shares to outvote one share if that is the standard that they chose?

MR. KIM:
A corporation would not actually be able to state that as a standard, though it may be a result of the votes received. When we deal with public companies, my experience is there are companies with hundreds of millions of shares outstanding. I would not anticipate a situation when two shares outvote one. This is designed to address low turnout and to not keep a publicly traded corporation in limbo. I have had situations when a corporation had to call a meeting three years in a row without the ability to secure a majority of voting power. The entity was attempting to either increase capital or gain additional flexibility. It hampers management's ability to raise capital and conduct company operations.

SENATOR HARRIS:
We are going from the standard of a majority vote to a standard at the business's discretion. I would personally feel more comfortable figuring out what that standard should be. A majority of the votes cast seems reasonable with a minimum of 35 percent participation or any other suitable number. I suggest a more specific standard should be required.

MR. KIM:
I understand your concern. At a minimum, there would not be a situation where a minority of votes favoring a position outvotes a majority definitely opposed. As long as more votes are cast in favor of a question versus votes cast against, it would be approved.

SENATOR HARRIS:
That is not what the bill says, which is my point. The bill says, "regardless of limitations or restrictions on the voting power." It does not necessitate a

majority vote of stockholders. If we want to necessitate that standard, we will probably have to say so.

MR. KIM:
I will research to see whether there is a way to restate the intent of the bill. I am not concerned it would be interpreted any differently, but I understand your point.

SENATOR KRASNER:
Section 8, subsection 5 states if any officer or agent of any corporation keeping books of account and financial statements knowingly and willfully refuses to permit an inspection of such books of account and financial statements upon demand by a person entitled to inspect them, or knowingly and willfully refuses to permit an audit of such books of account and financial statements to be conducted by such a person is no longer liable. Can an officer or agent refuse a shareholder, law enforcement official or government agent who normally has the right to inspect books?

MR. KIM:
The intent and purpose only relate to the relationship between the corporation and the stockholders. This statute would have no bearing on the ability of law enforcement to review records. This does not absolve the corporation from any penalty. It prevents a corporate office clerk who is following instructions to be held personally liable for outcomes. It is the only situation of an individual liability in the statute that does not relate to an officer or director.

SENATOR KRASNER:
Section 8, subsection 5 uses the terms officer or agent. Generally, an officer or director of a corporation has a fiduciary responsibility to the shareholders.

MR. KIM:
The fiduciary duties of officers and directors go to the corporation as a whole of which the stockholders are constituents. The individual liability of an officer and director is addressed in NRS 78.138, subsection 8. We thought it was not appropriate for this section of the bill to have it is own liability standard when one exists in statute. The intent is to address situations when an officer is breaching his or her duties and doing so with knowing violation of law, fraud or intentional misconduct. That individual liability already exists.

SENATOR KRASNER:
This would be a conflict. The section reads, if an officer or agent of any corporation knowingly and intentionally does not let a shareholder inspect the books, there is no penalty in direct conflict with existing law that says officers and directors do have a fiduciary responsibility to shareholders, correct? Which law would apply?

MR. KIM:
The intent was not to undermine the duties of an officer in general. Those duties are in NRS 78.138. The individual liability standard here is inconsistent with the standard as treated in NRS 78. We thought it was appropriate to leave it in the context of NRS 78.138 in terms of individual liability.

SENATOR KRASNER:
Your first statement was this only applies to agents of the corporation. Was that your intent or was it your intent that this applies to officers and agents of the corporation?

MR. KIM:
It applies to officers and agents. The scope of this section is meant to include those at the corporate offices who are following directions of the board of directors and chief executive officer.

SENATOR KRASNER:
It does say "officer of any corporation."

MR. KIM:
This is meant to eliminate the liability standard for the scope of persons in this section. We are not trying to absolve the corporation from any wrongdoing. If the company is denying these rights, it could be taken to court for that. The liability standard was not consistent with the statute overall.

SENATOR KRASNER:
What would be the liability standard if an officer intentionally and willfully denies a shareholder's request to examine the books?

MR. KIM:
Given the officer or agent would be taking action on behalf of the corporation, the stockholder would presumably file a lawsuit against the corporation if there was an issue.

SENATOR KRASNER:
Would A.B. 126 absolve the officer from taking those acts willfully and intentionally and not letting the shareholder examine books? The shareholder's only remedy is to sue the corporation, not the individual officer. Is that correct?

MR. KIM:
That is not correct. We are not trying to absolve any individual. We are trying to clarify that the individual liability standard already exists in NRS 78.138. If a director or officer breached his or her fiduciary duty in a manner that was knowingly and willfully a violation of law or involved fraud, that person individually would be individually liable and could be sued in that capacity for breaching the fiduciary duty and engaging in that conduct.

SENATOR KRASNER:
Section 8, subsection 5 references an officer or agent. I appreciate your comments.

PAUL MORADKHAN (Vegas Chamber):
We support A.B. 126 as this bill will bring additional efficiencies for Nevada businesses which is important to operations. This bill will also allow us to stay competitive on the national perspective with states such as Delaware.

PETER GUZMAN (Latin Chamber of Commerce Nevada):
We support A.B. 126. We thank the Business Law Section for including the Latin Chamber each session and keeping our members updated on ways Nevada is taking positive steps forward to protect its reputation as an excellent place to conduct business. The bill sponsors have taken on a complicated but important topic for our business community. Assembly Bill 126 provides additional clarity to our business statues. Nothing is more critical than having predictability when making business decisions. Sometimes those decisions need to be made quickly. The bill is a probusiness piece of legislation, and the Latin Chamber, which always stands with the business community, urges your support.

JEN BAMBAO (Nevada AAPI Chamber of Commerce):
We thank the Business Law Section and bill sponsors. We support A.B. 126 because it helps to maintain Nevada's position as one of the most probusiness states in the Nation. As leaders in our business community, it is critical that we are involved in legislation that impacts members. More importantly, it is critical that Nevada's business statutes provide clarity and stay competitive with other states so that Nevada remains a top destination in which to incorporate and conduct business. Assembly Bill 126 offers improved predictability and provides efficiencies for Nevada companies, which is central to our organization's mission. Our organization urges your support of A.B. 126.

MR. KIM:
Responding to concerns raised by Senator Harris, section 5 of A.B. 126 addresses reverse stock approval and does require stockholder endorsement by a majority vote. In the context of a publicly traded corporation, the process would require mailings and notices to all stockholders because publicly traded companies are subject to securities laws of the Securities Exchange Act of 1934 requiring notification disclosures to be materially accurate to solicit for votes. Assembly Bill 126 is limited to publicly traded companies and requires approval of stockholders.

CHAIR SCHEIBLE:
I will close the hearing on A.B. 126 and open the hearing on A.B. 405.

ASSEMBLY BILL 405 (1st Reprint): Revises provisions relating to court programs for the treatment of mental illness or intellectual disabilities. (BDR 14-729)

NADIA H. WOOD (Las Vegas Township Justice Court, Department 16, Clark County):
The goal of A.B. 405 is to expand mental health treatment in Nevada. Specifically, the purpose of this bill is to do two things: first, to clarify that justice court has jurisdiction to establish a mental health court program; second, to clarify that mental health courts have the authority to impose intermediary sanctions during the mental health court process, including incarceration as an intermediary sanction consistent with clinical recommendations.

My presentation (Exhibit D) covers the state of mental health and our criminal justice system in Nevada. As of 2018, the Clark County Detention Center was

the largest mental health facility in Nevada. A nationwide survey published in 2010 found that the odds of a seriously mentally ill person in Nevada being incarcerated versus being in a psychiatric hospital was 9.8 to 1. The cost of not treating mental health to our State is expensive. In 2021, Clark County spent $286,998,563 to incarcerate 2,854 individuals. Approximately 20 percent of the inmate population at the Clark County Detention Center is estimated to be medicated for mental health issues.

Nevada Revised Statutes 176A.250 allows the court to establish a mental health court program. However, NRS 176A.030 defines court as the district court. While NRS 176A.250 does reference NRS 174.032 which would allow justice courts to establish programs, it appears the intent of the Legislature was to allow justice courts to establish mental health courts. However, as the statute is currently written, it could be open to interpretation and potentially not give jurisdiction to justice courts.

The Las Vegas Township Justice Court—the largest justice court in the State with 16 justices of the peace—is seeking to create a mental health court. Before moving forward with the creation of a mental health court, which is costly and requires a lot of resources, we want cleanup language. Our position is that we do have jurisdiction, but we do not want to go forward, start the court, obtain grant money, expend resources and then be told we do not have jurisdiction.

Individuals who commit serious crimes are able to enter a district court mental health court. District courts also have jurisdiction to accept justice court applicants, though every justice court applicant the district court accepts is one less position for district court applicants.

The justice court has determined that based on size and population, a need exists for our own mental health court. The goal is to treat individuals who are committing misdemeanor crimes before they escalate to committing felony crimes. The proposed language mirrors that of NRS 176A.280 clarifying that district court, justice court and municipal court all have the jurisdiction to establish veterans treatment courts. We are seeking the same clarification here and are using the same language.

I want to briefly address the sanctions language. Due to the challenges that individuals with drug, alcohol and mental health disorders face, the National Association of Drug Court Professionals recommends intermediary

sanctions for minor violations of court rules prior to escalation to termination from court programs. This mirrors the probation statutes that this Legislature has established. We have intermediary sanctions for minor violations that gradually escalate and eventually result in termination if the individual remains in violation. The recommendation is to not disqualify an individual on the first minor violation. It is preferable to continue working with the person and employ escalating intermediary sanctions. This provision of the statute would clarify that the court may impose intermediary sanctions including incarceration as a sanction consistent with evidence-based guidelines.

Finally, the bill does not require funding. This is a bill to clarify statutory language about our abilities. We are seeking independent grants for funding. The goal is to reduce the cost of incarceration through treatment of mentally ill individuals and save money for the State and Clark County.

SENATOR NGUYEN:
Section 3, subsection 5 reads "upon violation of a term or condition" and includes new language. Is this clarifying language all specialty courts felt was needed?

JUDGE WOOD:
The language is consistent with guidelines established by the National Association of Drug Court Professionals. It may seem strange we are drawing on guidance from drug court professionals given that this is a mental health court. Drug court is the base model for all of our specialty courts. This is evidence-based best practices.

SENATOR NGUYEN:
I am familiar with the organization and approve using some of those best practices. They constantly renew guidelines and follow the science for specialty courts.

Regarding section 3, subsection 5, paragraph (a), subparagraph (2), it is my understanding in my work with specialty courts that contempt time for violations is allowed. Did you want to codify this ability in statute?

JUDGE WOOD:
That is correct. This is already occurring and is clarifying language. This entire bill is clarifying language. The district court mental health court has the ability to impose sanctions for up to 25 days.

SENATOR NGUYEN:
Would you consider further language clarifying that it is not just contempt time and allow for credit toward any potential sentence if the person is not successful in the program?

JUDGE WOOD:
Our reading of the statute as written is that because it is no longer called contempt time, there would not be grounds to interpret it as contempt time as opposed to part of a suspended sentence imposed in increments as intermediary sanctions.

SENATOR NGUYEN:
Would that just be further clarifying language?

JUDGE WOOD:
Yes. If something more is needed, we can talk to our community stakeholders. We had many involved stakeholders, and their efforts are appreciated.

SENATOR NGUYEN:
Your explanation makes sense, and more language may not be necessary.

SENATOR OHRENSCHALL:
In terms of individuals you encounter who might benefit from this program, if justice court is able to establish a mental health court, do you expect a reduction in recidivism?

JUDGE WOOD:
Absolutely. We anticipate it will dramatically reduce recidivism. Our specialty courts have statistics demonstrating significantly lower rates of recidivism for their participants than for those who do not go through their courts. Mental health is an issue we see when individuals are arrested and incarcerated for 30, 60 or 90 days, as occurs on misdemeanor charges. When they are released without resources or mental health treatment, they often reoffend. We see the same individual cycling through the system.

ADRIAN HUNT (Las Vegas Metropolitan Police Department):
We support increasing access to mental health resources. We are committed to doing everything possible to alleviate the mental health crisis. We support A.B. 405.

ELYSE MONROY-MARSALA (National Alliance on Mental Illness-Nevada Chapter; Nevada Psychiatric Association):
Nevada lacks front-end services, treatment services and supports needed to help people with mental illness. Ensuring programs are in place to care for people with intellectual disabilities or mental illness when they become involved with the justice system at whatever level is something the National Alliance on Mental Illness (NAMI) supports. For many people, unfortunately, the easiest way to be linked to treatment is in the judicial or court system. Not only is that a horrible way to access treatment, it is expensive to the system. The Nevada Psychiatric Association and NAMI are in the building this Session to support the infrastructure needed in our behavioral health system. This includes housing assistance, interventions and expansion of the certified community behavioral health centers. Until Nevada has a better infrastructure for supporting people with mental illness, we have to continue to support efforts like A.B. 405.

CATHERINE NIELSEN (Executive Director, Nevada Governor's Council on Developmental Disabilities):
Individuals with intellectual and/or developmental disabilities are at increased risk of co-occurring disabilities with mental health conditions. Having an intellectual disability or mental health condition puts individuals at an increased risk for involvement in the criminal justice system, both as victims and suspects more often than those without disabilities. Many studies have been conducted to show that the outcomes for offenders with intellectual disabilities and co-occurring disorders are significantly more likely to be negative compared to offenders without. This includes little access to support in the community and likelihood for reoffending and being reinterviewed by police within the first ten weeks of release. Individuals with intellectual disabilities also constitute a small but nonetheless growing percentage of suspects and offenders within the criminal justice system. While those with intellectual disabilities comprise 2 percent to 3 percent of the general population, they represent 4 percent to 10 percent of prison populations with an even greater number of those in the juvenile facilities and in jails. Research has found that fewer than 4.2 percent of current offenders have intellectual disabilities in Nevada.

Some people with intellectual disabilities commit crimes, not because they have below average intelligence but because of their unique personal experiences, environmental influences and individual differences. Almost all people with intellectual disabilities who live in the community are susceptible to becoming involved in the criminal justice system as suspects or victims. People with disabilities are frequently used by other criminals to assist in law-breaking activities without understanding their involvement in a crime and the consequences of their involvement. They may also have a strong need to be accepted and may agree to help with criminal activities to gain friendship. Many individuals unintentionally give misunderstood responses to officers which increase their vulnerability to arrest, incarceration and possibly execution if they have not even committed a crime.

Under such extreme disadvantages, it is not surprising that people with intellectual disabilities are more likely to be arrested, convicted, sentenced to prison and victimized while incarcerated. Once in the criminal justice system, these individuals are less likely to receive probation or parole and tend to serve longer sentences because of an inability to understand or adapt to prison rules. This bill is vital to ensuring the courts have the abilities to address the needs of our most vulnerable offenders and that they can rehabilitate these offenders in our State and reduce recidivism.

JENNIFER NOBLE (Nevada District Attorneys Association):
We support A.B. 405 and appreciate Judge Wood's willingness to address our concerns. This bill is a good step toward ensuring that wherever people live in Nevada, they may have easier access to a mental health court or other specialty court program.

ERICA ROTH (Washoe County Public Defender's Office):
We support A.B. 405. Recently, I heard a judge say we do not have a crime problem in this Country. We have a mental health problem. It is true. In the work we do, most of our clients have some co-occurring disorder. This bill is an important step toward making sure everyone who needs assistance and finds themselves in the criminal justice system will have some place to turn.

JOHN J. PIRO (Clark County Public Defender's Office):
We support A.B. 405 and appreciate Judge Wood and Jennifer Noble for their efforts. This is a solid tool to providing treatment, preventing recidivism and

guiding people to needed services they did not have before contact with the criminal justice system.

WESLEY GOETZ:
I was in your prison system for ten years, and this sounds like a good bill. I want to make sure psychologists in our prisons are licensed by the State. When I was in prison from 2000 through 2009, I found out the psychologists there were not licensed by this or any other state. If you have this kind of program, I prefer you start licensing the psychologists who are working with the mentally challenged people in the prison system.

JUDGE WOOD:
The specialty court recidivism study completed in 2018 revealed a 91.8 percent success rate in terms of no new convictions within three years for those who have gone through specialty court.

I want to make the Committee aware that we are working on a potential proposed amendment regarding NRS 176A.255. The statute only allows the ability to transfer a case from justice court to district court mental health court if the justice court has not established a program. Some of our rural courts did have concerns because some of those areas of our State do not have the same access to resources. We are considering adding language allowing rural courts without resources to continue transferring cases to the district court. I did not want to submit an amendment until I had a chance to speak with all of our stakeholders and community partners.

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CHAIR SCHEIBLE:
This meeting is adjourned at 2:08 p.m.

RESPECTFULLY SUBMITTED:

_____
Jan Brase,
Committee Secretary

APPROVED BY:

_____
Senator Melanie Scheible, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	**Exhibit Letter**	**Introduced on Minute Report Page No.**	**Witness / Entity**	**Description**
	A	1		Agenda
	B	1		Attendance Roster
A.B. 126	C	3	Executive Committee, Business Law Section, State Bar of Nevada	Summary of Amendments
A.B. 405	D	11	Justice Nadia H. Wood / Las Vegas Township Justice Court	Presentation on Expanding Mental Health Treatment in Nevada