

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON COMMERCE AND LABOR**

**Eighty-Third Session
April 7, 2025**

The Committee on Commerce and Labor was called to order by Chair Elaine H. Marzola at 5:23 p.m. on Monday, April 7, 2025, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 1 of the Nevada Legislature Hearing Rooms, 7120 Amigo Street, Las Vegas, Nevada. Copies of the minutes, including the Agenda [[Exhibit A](#)], the Attendance Roster [[Exhibit B](#)], and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/83rd2025.

COMMITTEE MEMBERS PRESENT:

Assemblymember Elaine H. Marzola, Chair
Assemblymember Sandra Jauregui, Vice Chair
Assemblymember Natha C. Anderson
Assemblymember Max E. Carter II
Assemblymember Lisa K. Cole
Assemblymember Melissa R. Hardy
Assemblymember Heidi Kasama
Assemblymember Brittney M. Miller
Assemblymember Daniele Monroe-Moreno
Assemblymember PK O'Neill
Assemblymember Erica P. Roth
Assemblymember Selena Torres-Fossett
Assemblymember Steve Yeager
Assemblymember Toby Yurek

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Assemblymember Howard Watts, Assembly District No. 15
Assemblymember Jill Dickman, Assembly District No. 31
Assemblymember Gregory S. Koenig, Assembly District No. 38



STAFF MEMBERS PRESENT:

Marjorie Thomas, Committee Policy Analyst
Daniel Peinado, Committee Counsel
Sam Quast, Committee Counsel
Logan B. Service, Committee Manager
Cynthia Ihejirika, Committee Secretary
George Whalen, Committee Assistant

OTHERS PRESENT:

Wyndee Forrest, Co-Owner and Founder, CraftHaus Brewery, Las Vegas, Nevada
Paul J. Moradkhan, Senior Vice President, Government Affairs, Vegas Chamber
Peter Saba, Senior Manager, Government Affairs, Nevada Restaurant Association
Bryan Wachter, Senior Vice President, Retail Association of Nevada
Tom Young, Founder, Great Basing Brewing Company
Ken Foster, Co-Founder and CEO, The Par by Parlay 6 Brewing Company
Paul Young, Owner, Shoe Tree Brewing Company
Scott Muelrath, President and CEO, Henderson Chamber of Commerce
Linda Lovelady, Financial Controller, Lovelady Brewing Company
Richard Lovelady, Owner and Operator, Lovelady Brewing Company
Robert Saucier, representing Las Vegas Distillery
Kyle Dolder, Co-Founder and Owner, Las Vegas Distillery
Sam DeWitt, Director, State Government Affairs, Denver, Colorado
Amanda Payan, Co-Owner, North 5th Brewing Company
Carolyn Fowler, Private Citizen, Henderson, Nevada
Ceci Moggia, Doug's Brewing Company, Las Vegas
Alfredo Alonso, representing Nevada Beer Wholesalers Association; and Southern Glazer's Wine and Spirits
Brett Scolari, representing Breakthrough Beverage Nevada
Rick McCann, representing Teamsters Local 14; and Teamsters Local 986
Susie Martinez, Executive Secretary-Treasury, Nevada State AFL-CIO
Ross Kinson, President, Northern Nevada Central Labor Council; and Business Agent, Teamsters Union Local 533
Brian Wallace, Vice President, Nevada State Education Association
Maggie Carlton, representing Culinary Local 226
Jason Gateley, Secretary-Treasurer, Teamsters Local 14
Michael Nevarez, representing Nevada Beverage Company
Leif Reid, representing Nevada Beer Wholesalers Association; and Southern Glazer's Wine and Spirits
Klarissa Principe, Chair, Transportation Workers Union of America, Local 577
Cyrus Hojjaty, Private Citizen, Las Vegas, Nevada
Liz Sorenson, President, Nevada State AFL-CIO
Beverly Williams, Private Citizen
Samantha Brown, representing Capital Beverages

Clarence McCarthy, President, National Association of Letter Carriers, Branch 709
Gary Watson, Secretary-Treasurer, Teamsters Local 533
Michael "Mike" Brown, Past President, Nevada Fire Chiefs Association
David Cochran, President, Nevada Fire Chiefs Association
Matthew Peterson, Northern Nevada Representative, Nevada Fire Chiefs Association
Rich Harvey, Vice President & Western Fire Chiefs Association Representative,
Nevada Fire Chiefs Association
Cadence Matijevich, Government Affairs Liaison, Office of the County Manager,
Washoe County
Christian Rataj, representing National Association of Mutual Insurance Companies
Danny Thompson, representing Nevada Optometric Association
Steve Girisgen, O.D., President, Nevada Optometric Association
Chris Moran, Paraoptometric Representative, Nevada Optometric Association
Kenneth Kopolow, President-Elect, Nevada Optometric Association
Jonathan Mather, Legislative Committee Chair, Nevada Optometric Association
Spencer Quinton, Immediate Past President, Nevada Optometric Association
Steve Orrico, Private Citizen, Las Vegas, Nevada
Bernard Preston, Private Citizen, Henderson, Nevada
Doug Stoss, Senior Vice President, VSP Vision
Shelly Capurro, representing Nevada Association of Health Plans
Katie Hale, representing Health Services Coalition
Julian Roberts, Executive Director, National Association of Vision Care Plans
Malik Brown, Private Citizen, Las Vegas, Nevada
Unidentified Caller
Robert Compan, Private Citizen, Las Vegas, Nevada

Chair Marzola:

[Roll was called. Committee rules and protocols were reviewed.] Welcome everyone who is here with us in Carson City tonight, those in Las Vegas, and anyone tuning in over the Internet. Today, we will hear three bills: Assembly Bill 404, Assembly Bill 437, and Assembly Bill 448. I will be taking those bills in order. I will now open the hearing on Assembly Bill 404. This measure revises provisions relating to alcoholic beverages. Welcome, Assemblymember Watts.

Assembly Bill 404: Revises provisions relating to alcoholic beverages. (BDR 52-651)

Assemblymember Howard Watts, Assembly District No. 15:

Thank you so much, Chair and members of the Committee. It is my pleasure to present A.B. 404 for your consideration today. To give you a quick lay of the land for this presentation, I am going to talk briefly about why I brought this bill, then I am going to turn it over to my copresenter, Ms. Wyndee Forrest, who can talk about the nuts and bolts of how these issues impact small businesses here in the state. Finally, I will walk you through an amendment [Exhibit C]. I did provide it late. We have been in ongoing conversations pretty much right up to this meeting, but I did want to make sure copies were provided to all of you, as well as to the public.

To give you an overview, the district I represent happens to be home to a lot of wonderful small businesses, including many craft breweries. On Main Street, off of Charleston, we have many, including CraftHaus, Able Baker Brewing, HUDL Brewing, Nevada Brew Works, Bad Beat Brewing, Hop Nuts Brewing, and I am probably missing another one or two. These are wonderful businesses that are also using their creativity to create and sell craft beer in our state. It really helped create community as well. I have had the opportunity to chat with folks in the industry, learn about some of their issues and concerns, and try to figure out how we can support these locally-grown small businesses in our state.

Just to set the stage at a high level, we have a three-tier system for the distribution and management of alcoholic beverages in our state. Those three tiers are production, wholesaler distribution, and retail. Coming out of prohibition, there were rackets and monopolies, and those were broken up in order to prevent monopolies, promote accountability, and also to help support small and local businesses. Craft breweries are small and local businesses, and we have seen a growing trend to make laws that accommodate them because not one size fits all. In general, what we see in many states is there are laws specific to local craft beverage industries, all subject to a limit on how much of a product they can produce, and then that allows them some additional flexibility, one of the biggest things being they can both produce and sell or retail their beverages.

There was some concern with the bill as it was originally written, that it would lead to a fundamental change of that three-tier system. We heard those concerns from local distributors as well as representatives of the employees who work for them, including union locals, and that is what resulted in the amendment [\[Exhibit C\]](#), which is brought before you today. It preserves that system while making some necessary clarifications to our law, and also providing some new opportunities both for the small businesses in our state, as well as for the entire supply chain related to them. With that, I am going to turn things over to Miss Forrest.

Wyndee Forrest, Co-Owner/Founder, CraftHaus Brewery, Las Vegas, Nevada:

I have been the proud owner of CraftHaus Brewery in Henderson and Las Vegas for the last ten years. I have also served as the president of the Nevada Craft Brewers Association for five years. Thank you for the opportunity to speak with you today in strong support of [A.B. 404](#). As a small business owner, I see firsthand the vital role we play in our communities. Small businesses are the backbone of Nevada's economy. We create jobs, invest in neighborhoods, give back to our communities, and build character within our cities. But to continue doing that, we need fair and modern policies that reflect today's marketplace. Here is the reality: only 2 percent of beer sales in Nevada are made in Nevada. That means 98 percent of the beer consumed here comes from outside our state. Meanwhile, Clark County consecutively ranks in the top three nationally for alcohol consumption per capita year after year. Yet, Nevada ranks 48th in the nation for beer production. Currently, 11 surrounding states have a production volume average of 4.7 times that of Nevada. That is a massive disconnect and a missed opportunity for our state.

Assembly Bill 404 gives us a chance to start closing that gap by allowing Nevada brewpubs to ship directly to consumers outside our state borders. Brewpubs were granted this privilege to ship directly to consumers in 2020, but that privilege was rescinded in 2021. However, it is important to note that wineries are permitted to ship directly to consumers here in Nevada as well as 48 other states. This is not just good for brewpubs; it is great for Nevada. When we are able to share our Nevada-made products across state lines, we build recognition for the quality being crafted here as well as create more teamster jobs moving our Nevada-made products. Our relationships with our distributors are vital to our success, and we thank them for that. That exposure drives travel, tourism, and pride in products born and brewed right here in Nevada. We become ambassadors for our state. Direct-to-consumer shipping also opens a new sales channel that increases revenue and boosts Nevada sales tax without costing taxpayers a dime; that is new money going back into Nevada communities.

Equally important is protecting and growing our tasting rooms. These spaces are vital, and not only for brewpubs; they are an ecosystem driver. Tasting rooms generate added tax revenue, create more volume for wholesalers to move, and open additional routes for Nevada's Teamsters. Beyond the economic impact, tasting rooms serve as a welcoming communal space where locals and visitors alike gather, connect, and experience the best of Nevada's craft culture. They are a front porch and often a guest's first impression of our community. Let us be clear, our industry is not without its challenges. We are currently facing significant headwinds from tariffs on aluminum cans, steel kegs, and raw materials, such as malted barley, which is essential for our production. These increasing costs are not optional. They eat into an already razor-thin margin for small brew pubs, and what we need is flexibility in modern tools like direct-to-consumer shipping to help weather these financial storms and remain viable in our state.

Assembly Bill 404 empowers small breweries to innovate, compete, and grow, not just survive, and it keeps more of Nevada's dollars working for Nevadans. I urge you to support A.B. 404, and help ensure that small businesses have a chance to thrive, tell our story beyond our state borders, and continue contributing to Nevada's culture and economy. Thank you for your time and consideration.

Assemblymember Watts:

Now I would like to walk you very quickly through the amendment to the bill [[Exhibit C](#)], and then provide a little bit of closing context before I take any questions. I want to direct your attention to the amendment because the first three points delete all of the language that is in the bill as it was introduced, so looking at the bill at this point is not very helpful. Point number four would essentially add a new section to the existing *Nevada Revised Statutes* (NRS) related to brew pubs, which is how we refer to craft breweries in statute. This and the next section are really clarifying language. These taprooms, as well as breweries, operate with state and local licensing under existing guidance from the Department of Taxation. But there have been some questions raised about the clarity. As I have spent quite a bit of time looking through this, I have seen some other state statutes that are a little bit clearer, and we are trying to make sure we get some of that clarity into our state law as well.

Item 4 of the amendment would add a new subparagraph to section 2 clarifying that a brew pub, or craft brewery, can sell other alcoholic beverages, not just what they produce themselves at their brew pub, as long as they have all the relevant local licensing, and they bring those in using a wholesaler. That is what complying with NRS 369.487 and NRS 369.488 involves. As an illustration, maybe you meet your friends at the CraftHaus Brewery, but you are a wine person. Now, the craft brewery can, through a distributor, have some wine on site and offer that for sale as well as another option.

Item 5 adds clarification around taprooms or tasting rooms. This is a site where the brewing of beer is not happening, but it is another location that is branded and run by the same entity to make sure there is additional access. For folks in Clark or Washoe Counties, it is a large geographic area, so instead of going across town, now maybe your main facility is in Henderson, but you can open a taproom in downtown Las Vegas; you could open one in North Las Vegas. This clarifies that by making it explicit, a brew pub can sell their own products as well as other products, just like they would at their own brewing facility or at another taproom facility.

There are two clear requirements in this proposal. One: They have to have all of the relevant licensing that any facility would need to do that. Two: They would have to comply with the sections. All of the products, and I want to be clear here, including their own beer they brewed, would have to be transported through a wholesaler or distributor and then purchased by them for sale at retail at that facility. That is the status quo. It has been used by many different craft breweries across the state, but we want to make sure it is clear and codified into law.

Item 6 speaks particularly to some of the things that Ms. Forrest was talking about. This adds language making it clear these craft breweries could also sell beer directly to consumers outside of the state when applicable law allows. That ensures we are trying to protect and promote our local economy. Some of these beers are award-winning; they are getting entered into competitions. If somebody in another part of the country wants to try some of that award-winning beverage, this would allow a craft brewery to sell that to that person. Wine clubs have become very popular; I have participated in a couple. This would also allow some of these entities to offer beer clubs, again, only to folks outside the state. We are trying to strike that balance of making sure we understand the issues, which were raised by distributors and by the folks who work for them and help promote all of our local economy as much as we can, while also finding ways to create additional access and opportunities in our state.

That is what the amendment aims to do. I want to note before I close that we have had ongoing conversations. I received a proposed amendment yesterday at noon, as we continued to work through some of these issues, and I think there is definitely agreement that some clarity in sections 4 and 5, which I have talked about, is needed. I want to go ahead and put out there that of the outstanding issues we are still trying to work through, which came through in that amendment yesterday, one is a limit on taprooms—how many a particular brewery could have. In short, I will say this varies from state to state; some do not have a

limit, and some do. I think we are open to it, but we are trying to figure out something that strikes the right balance of allowing some access without being overly restrictive. The second was that there was a proposal to limit taprooms to only being in the county where the brewery is present. That is a pretty novel concept in some of the other state laws we have looked at, so it is something we are still thinking about.

There was a proposed buffer around nonrestricted gaming establishments. There have been concerns raised that some loopholes could potentially be used, and a large brewery could essentially open a taproom within a major resort. I just want to be clear; we have a strict limit on production in the state that is aimed at making sure these things only apply to our local small producers. But I also think resort rents are quite expensive. I think that is something we are definitely open to considering. We want to look a little bit closer at the details on that. Another was the audit authority. I need to investigate that a little bit more because my understanding is that any entity which is licensed through the State Department of Taxation, for example, or local government, has to make its records available if there are any questions, but may be open to making some sort of language clear about the ability to have those records available. And then, finally, there was also some discussion around requiring all transactions between a wholesaler and a retailer to be done via ETF to prevent cash transactions. In the few conversations I have had since yesterday afternoon, I do not think that is a very common practice, so we can definitely talk about and work on that as well.

Really, the fundamental issues are ongoing conversations about what is a reasonable limit on the number of taprooms a brew pub or craft brewery can have, and talking through a little bit more about the proposal to limit them specifically within the boundaries of county lines. I want to express my appreciation for everyone who has engaged in the conversations up to this point. Hopefully, we can get those issues resolved over the next couple of days. With that, I thank you for your time, and we will answer any questions the Committee may have.

Chair Marzola:

Members, are there any questions?

Assemblymember Torres-Fossett:

This piece of legislation has changed a lot from the bill form we have in front of us and from the conceptual amendment I have in front of me. I just want to be very clear. In this piece of legislation, as written, does it include anything that would bypass the use of distributors as it stands right now?

Assemblymember Watts:

No, it does not. In particular, if you look at the conceptual amendment both in section 4 and section 5, we have explicit language which says, "Complies with NRS 369.487 and NRS 369.488." Our intention—and we got some other language that is very close to that—is to require all those things I discussed to go through a wholesaler, so it maintains that process through the three-tier system.

Assemblymember Torres-Fossett:

I know that is different than what is initially in front of us today. It is helpful to be clear that this would still require us to use those distributors as they are currently used. Are there any other states doing something similar to this as it pertains to the sale of craft beer?

Assemblymember Watts:

Yes. Taprooms are extremely common. I do not have the statistics in front of me right now, but they are in almost every single state. I did do a little bit of looking at some of our neighboring states. Arizona allows taprooms; it allows up to seven for a brewery. It looks like Oregon is unlimited in how many taprooms a brewery can have. I could not find a clear limit for Utah, but upon my cursory reading, it looked like they also have no limit on the number of taprooms that a brewery can have. Idaho does have a limit of one. One thing I want to note is that all of those states also allow those taprooms to bypass a distributor and go directly from the brewery to the taproom for sale to consumers. That is something in conversations we wanted to make sure we did a little bit differently, and made that clarification within the law. I also want to note there is already statutory language for our craft wineries here that allows them to have tasting rooms. We have distilleries that have tasting rooms. There is another piece of legislation coming before this body that would also clarify that estate distilleries can sell other beverages within their tasting rooms. There is definitely some other precedent that we are borrowing from in some of the language you see before you in the proposed amendment.

Assemblymember Hardy:

I want to acknowledge the work you have done on this bill, and thank you for taking into consideration everyone's concerns, and I know what you have put into this. Just for my own knowledge, you mentioned this bill does not change the limit on production that currently exists, so what is that?

Wyndee Forrest:

As brewpubs we can make 40,000 barrels annually. In addition, 20,000 barrels, but that has to leave the state of Nevada, and we are capped at 5,000 barrels annually to sell at retail.

Assemblymember O'Neill:

I do not drink beer, but my stepson really appreciates this bill. How big is the barrel? How many gallons are we talking about?

Wyndee Forrest:

A barrel is 31 gallons. When you see the large kegs, those are half barrels each, for a point of reference.

Assemblymember O'Neill:

When you start talking about limiting brew pubs just to a county, you were talking about Clark County, and I appreciate that. It is a large county with multiple cities within it. But I would like you to think of, if you just limit it to counties. We have brew pubs here in

Carson City, Reno, and Virginia City. I mean, it would be a good location for either one of those places to expand to, but it is a different county, let alone Douglas. Think of outside of Clark County; would you agree with that statement?

Assemblymember Watts:

Yes, definitely one of the considerations when thinking about an in-county limit is obviously between Carson City, Douglas, Storey, Lyon, and Washoe Counties. You can definitely think about there being a lot of geographic closeness, but multiple different counties involved. I appreciate you raising that issue.

Assemblymember O'Neill:

I appreciate it.

Assemblymember Cole:

I will drink all of his beer. I love beer, thank you very much. My question is, why do we need this, and what do you mean by sell at retail? I think of Great Basin Brewery. I go there and I can buy beer; they manufacture it there, and I can actually go over to Raley's and buy a six-pack there if I wanted to. So, what is this bill trying to do that you cannot already do?

Assemblymember Watts:

That is a really good question. I will try to talk through it. Obviously, this has been a process. There were some other ideas we moved away from along the way. Fundamentally, one of the things we are trying to do is just increase opportunities for craft breweries. You heard there are some policy changes that happened, so right now, they cannot ship beer, period. We are trying to increase the opportunity for them to get their name, their brand, and their product out there by opening shipping to people outside the state. That would be literally shipping from the brewery to an individual who has essentially gone on to a website and said, I would like this beer. So that is the big thing. Because there have been discussions and some debate about this, and while there is existing guidance and licensing all of these taprooms follow, we thought it was important to try and settle the issue and clarify our statutory language which allows for these two things: One, a craft brewery to sell not just their beer but other alcoholic beverages; that is in item number 4 and two, to open a taproom where they can sell their beer and other beverages; that is item number 5.

Why do we need this? We want to make sure there is some regulatory certainty for the industry. When you talk about retail, Ms. Forrest talked about that a little bit—a 5,000-barrel limit on the production; what would happen is they brew and then sell that as a producer to a wholesaler. That wholesaler sells it to the retailer. It goes through that three-tier system. That happens if it is going to be sold at a grocery store like Raley's; it happens for that beer to go and be sold at Allegiant Stadium, or another venue. All of that would stay the same. That exact same process would be, and is, currently followed by taprooms. I think that is the key thing to understand. Right now, a brew pub can brew its beer and then immediately sell that beer on the premises of the brewery. As soon as it leaves, it has to go through a wholesaler through a distributor. Taprooms buy back the beer they produce to sell it at retail.

Chair Marzola:
Committee members, any additional questions?

Assemblymember Yurek:
I should probably disclose a potential conflict of interest because I am a huge fan of both the wineries and the brew pubs. Tying those two together, I see you have definitely, under this new amendment, which—I am going to reiterate what my colleague said—you have done a lot of work to identify and work on these issues, and we have borrowed language from the wineries and the tasting rooms and the brew pubs and the taprooms. Can you help me understand what the differences are between how—I mean, obviously, I imagine quantities and the measurements and all that are somewhat different as well. But the differences in the parts of the law we are using in the wine industry and bringing it over into this beer industry, how are they different, and did we bring over any lessons learned, or are there any lessons we should learn from our current statutory construction for the wineries?

Assemblymember Watts:
That is a great question, which can get complicated really quickly. Here is what I will say. From my perspective, there are different sections of the statute dealing with each, and sometimes they do not always line up. Obviously, they are all different; they are different beverages. Some states treat each one differently; some states treat all kinds of craft beverages the same. They set a limit on how much they can produce to be considered small, or craft, and then provide a different regulatory framework for those. I will not opine too much past that, other than to say that yes, there are different chapters. One of the things we definitely did in constructing this amendment was to look at what is in other chapters of the statute, as well as what some other states have in their statute, to bring forward the language that you see before you. I think Ms. Forrest has something she wants to add.

Wyndee Forrest:
Wineries are allowed to ship directly to consumers. For instance, Wine Of The Month Clubs where distilleries and brew pubs are not permitted. We had that privilege in 2020, but again, it was rescinded in 2021. So, there is a disparity in treating manufacturers separately. That is the difference, as far as large-scale goes for our state.

Chair Marzola:
Committee members, any additional questions?

Assemblymember Monroe-Moreno:
There are breweries in other states. Is there anything in the old bill, the current amendment, which would allow out-of-state breweries to come into the state of Nevada and be competition for our breweries?

Wyndee Forrest:
There is nothing in NRS that prohibits it, and actually, the craft beer industry is built on camaraderie, and we welcome other breweries to come into our state and help build the craft beer industry.

Assemblymember Watts:

This is also a difficult thing in some of the conversations we have had. It is also very difficult to craft some of these things to make sure you comply with interstate commerce laws and other things. One of the fundamental tools we have seen across many states is the barrel limit. The fact there is a limit on production keeps breweries small. Even if they might have started in another state, and they say, Now I want to come to Nevada and open up, they can do that. They are subject to those production limits so they still have the character of a small brewery. That is the primary way we look to protect and promote small businesses.

Assemblymember Monroe-Moreno:

Ok, so if they were to come to Nevada, they would have to come here, get a business license to do business within our state, and set up brick-and-mortar in the state. They could not just come here and open a taphouse?

Assemblymember Watts:

That is correct. They would have to get a business license and any relevant licenses from the state Department of Taxation, from the local government, to operate their facilities, and they would have to produce that product here in the state of Nevada.

Assemblymember Cole:

How often is it there are small businesses, small breweries, which fall into that limit on the barrel, that end up getting purchased by the big guys? Even the flavor and everything seems like it is a small business, but it is really not.

Wyndee Forrest:

That was the trend about ten years ago for large breweries to come in and buy smaller breweries that appeared as craft breweries. That is not the trend for our industry currently. Our market is at 0 percent growth nationally. A lot of—not a lot—but there are a handful of breweries within Nevada that have consolidated. There are a handful of brew pubs in Nevada that have closed recently. I think opening up these small levers of distribution and a way for us to promote our product to also increase tourism is a benefit not only to the brew pubs, but also to Nevada.

Assemblymember Watts:

I would add that you heard some of the statistics at the beginning of the share that comes from our local brewers, and they definitely are struggling. We have had a lot of conversations to see what we can do, and that barrel limit is the legal mechanism we use to try to keep the emphasis on local, small businesses. But yes, they have been struggling. There have been some mergers of entities within the state; there have been some closures as well.

Chair Marzola:

Last chance, are there any additional questions? [There were none.] We will move to support testimony. Is there anyone in Carson City wishing to provide testimony in support of A.B. 404?

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

First of all, the Chamber would like to thank the bill sponsor for bringing the bill forward. The Chamber supports A.B. 404 on the premise that it is a small business bill, and this bill, as amended, clarifies that taprooms are permissible and can operate at a low government level with the appropriate licensing requirements. We view that those small businesses should have a clarification state law to operate. This bill is about a support industry that is really driven by small businesses and entrepreneurs, as you have heard. It is about your neighborhood brewery and giving them the necessary protections for any unclarity that may exist. We see A.B. 404 as a job preservation bill for this industry, and we ask you to support the bill as amended.

Peter Saba, Senior Manager, Government Affairs, Nevada Restaurant Association:

Assembly Bill 404 modernizes and improves the framework for how brewpubs operate in our state. This is a game changer for local business growth and consumer access. It supports Nevada's vibrant and growing craft beer industry while maintaining regulatory oversight. Importantly, this bill also addresses the frankly ridiculous inefficiencies in our current system. That kind of outdated and unnecessary red tape hurts small businesses and makes zero sense in today's market. We also appreciate that A.B. 404 updates the definition of special event to better reflect how community events actually function. This allows more restaurants and brew pubs to participate in local events that drive foot traffic and tourism. Assembly Bill 404 is a thoughtful and timely bill that supports small businesses, drives innovation in the hospitality sector, cuts through unnecessary bureaucracy, and enhances the consumer experience.

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

We are in favor of A.B. 404. We want to thank the sponsor. To stay on my talking points for the evening, eliminating some of these middlemen where we are not quite sure they are providing enhanced value, and are in some cases providing barriers to entry for smaller retailers in our communities, is the reason we support the bill. We appreciate the sponsors' efforts.

Chair Marzola:

Is there anyone else in Carson City wishing to testify in support?

Tom Young, Founder, Great Basing Brewing Company:

Great Basin Brewing Company is Nevada's oldest operating brewery. I was here in 1991 when we got the first law passed to allow breweries in the state. I must say that first law had a lot of restrictions in it. Through the years, we have worked through a lot of those restrictions and grown as an industry too. However, I am very bothered by the fact that Ms. Forrest mentioned that we are 48th per capita in beer production in this state. The simple reason for that is we have a lot of restrictions on the brewing industry here in the state of Nevada. This bill, A.B. 404, is an opportunity to start lifting some of these things. It is really a very small move, but it means a lot for small businesses to get rolling and grow. It is an

honor to be here before this Committee, and I am excited to see the industry continuing. I must add that I no longer own Great Basin Brewing Company. I did sell it. I am the founder and had operated it with my wife for thirty years.

Ken Foster, Co-Founder and CEO, The Par by Parlay 6 Brewing Company:

I would like to state that I have worked in the industry here for about two decades and I have worked with multiple distributors in the state of Nevada. I have a great relationship with them. This is not an attack on the three-tier system. It is just that running and operating some of these breweries, and especially the brew pubs, is extremely hard, and restricting us from being able to sell other products or open up additional infrastructure that supports the three-tier system and allows additional volume for the distributor seems nonsensical to me. It brings more tax revenue, creates more jobs, and is good for Nevada all the way around. We are in support of A.B. 404.

Paul Young, Owner, Shoe Tree Brewing Company:

I am on the board of the Nevada Craft Brewers Association. With my time, we will talk about how the direct-to-consumer out of state would be great for us. We have had a handful of award-winning beers, and beers go viral. One time we had a beer go viral, and I had the phone ringing off the hook at the brewery of people asking me, Can you please sell me this beer? And I am like, I cannot. So, it would be a huge opportunity for us to be able to capitalize on it when something like that happens, and expand our brand outside of the state of Nevada. We are in heavy support of this bill.

Chair Marzola:

Is there anyone else in Carson City wishing to testify in support? [There was no one.] Is there anyone in Las Vegas wishing to testify in support of A.B. 404?

Scott Muelrath, President and CEO, Henderson Chamber of Commerce:

I am speaking in support of A.B. 404 as amended. From our advantage, representing nearly 2,200 businesses in Nevada, the craft brewers are quite possibly the most family-run type of business in our state, and they create a product that is made right here in Nevada. If you go on a tour of a craft brewery, that tour is most likely going to be conducted by the owner of that brewery. It is with much effort that they produce their product. Typically, very much family-run businesses, the margins are very thin, and it is a capital-intensive business as well. I think, as amended, A.B. 404 creates some further opportunities for these hardworking men and women to make a living and create a product that our entire community can be proud of. So hopefully you will support A.B. 404.

Linda Lovelady, Financial Controller, Lovelady Brewing Company:

In 1997, when my husband accepted a brewing position with Gordon Biersch Brewery Restaurant in Las Vegas, Nevada, we moved our family with our baby and another child on the way, to Henderson, Nevada. Since then, the brewery has been supporting my family. In turn, we have been supporting the community. Nine years ago, my family invested millions of dollars to build Lovelady Brewing Company in Henderson, Nevada. Our hope at that time was to bring redevelopment to Water Street; our vision is coming to fruition. Among other

products that have been completed since we opened our doors, The Watermark, a seven-story mixed-use building, is set to open in May. We are a small business that invests in our Nevada neighborhood. In addition to spurring redevelopment in the area, we wanted to hire Nevadans who see the position at our brewery as a stepping stone to other opportunities. We have employed college students who have moved on to become FBI agents, Clark County School District teachers, and a teacher who became a Vice Principal. We have employed a single mom who was attending school to earn a certificate that would allow her to work in the medical field. Not only are we a small business that hires Nevadans, but we encourage our employees to advance themselves, which in turn advances Nevada's economy.

Lovelady Brewing Company also supports our community by partnering with nonprofits. In addition to preparing a meal once a month for a homeless day shelter in downtown Henderson, we love to invite and donate to high school bands to play at our events. Last September, we had the pleasure of hosting the Del Sol Mariachi band during our Spanish Heritage Month celebration. In March, for our ninth anniversary event, we raised over \$1,100 for the Green Valley Jazz Combo. We are a small business that gives character to our city. Assembly Bill 404 revises the law to allow additional locations and the ability to sell other alcoholic beverages at retail. The precedent was set both in Senate Bill 259 and Senate Bill 249. Support Nevada's small manufacturing businesses, the wholesalers, and the Teamsters. Vote yes on A.B. 404.

Richard Lovelady, Owner and Operator, Lovelady Brewing Company:

I have been brewing in the state for 28 years now. I will keep it brief. I want to be in support of this bill. It works within the framework of our three-tier system. I think it is a win-win-win for all the tiers and for our small breweries. In closing, I will say that most of the small breweries in the state are struggling right now, and unless we carve out some opportunities for our small breweries, I have a feeling, in two years, if we come back, there will be a lot less of us representing and asking for this, and it is not like we are asking for a tax break or money from the state. We are just asking to tweak the system so we can work within it and hopefully keep more of what we earn and make.

Robert Saucier, representing Las Vegas Distillery:

The Las Vegas Distillery is a small local craft distillery first founded in 2008. We do not brew beer nor make wine, but rather, our focus is on making distillery spirits such as vodka, rum, gin, bourbon, whiskey, and coffee liqueur among others. Because the bill has changed, and there are different amendments I have not seen, I cannot really opine on all of it, but there was one part of what was formerly known as section 3 that I did want to present to this Committee. I believe there is an opportunity to correct an irony and hypocrisy that was likely overlooked by prior legislatures when the statute was first drafted. Let me explain. Nevada currently allows alcohol to be shipped into our state directly to a person within our state from any producer outside the state. The irony is that beverages can be shipped to Nevadans from anywhere in the world except from Nevada. To further explain this process, we go to an out-of-state supplier's website, we order a bottle of spirits, pay for it on their web page, and enter our shipping address. Days later, the package containing the spirits arrives at our doorstep. This complete end-to-end transaction does not involve or include any Nevada

business or regulatory agency. As a result, only suppliers outside Nevada profit from these sales into our state. They use these profits to expand their business and add to their employees in their state. Likewise, the governments where these out-of-state suppliers are located benefit from the taxes generated from these sales.

Conversely, Nevada businesses and governments never receive a dime from this; worse yet, current Nevada law prohibits Nevada businesses from competing with their out-of-state competitors. In other words, Nevada consumers can buy from non-Nevada businesses, but not businesses invested and located here in Nevada. It just does not seem to make any sense. There is no federal enforcement concern. In fact, most states allow for both interstate and intrastate alcohol sales. This decision clearly lies in your hands, so I urge you to consider this in the amendment of the crafting of the bill.

Kyle Dolder, Co-Founder and Owner, Las Vegas Distillery:

I just wanted to shed some light with respect to multiple taproom locations. We do have a fully operating brewery, restaurant, and bar, and an additional taproom in the Arts District. One thing that continues to come to light is the understanding of the transportation between the entities and how that may impact, in the future, jobs along the line. One interesting aspect of that, and just to kind of emphasize, being an owner of a full bar which has spirits, wine, food, and basically a full-service restaurant, is the amount of people in our chain and supply chain that allows us to operate and operate our business, whether that is the truck drivers for the food, for the spirits and wine we buy from the same distributors we might distribute our beer through, then the linen companies, the dry goods companies, and everybody else who helps service our taproom locations. The way I see it is that it is a multiplying effect with respect to additional taprooms that have kind of a heightened presence with the craft beer and an attraction for tourists and people visiting our cities. We are supporting a lot of layers of business with what we are doing and the brands we are growing, which help support a long list of additional products we have brought to our locations.

Sam DeWitt, Director, State Government Affairs, Denver, Colorado:

The 501(c)(6) National Trade Group is dedicated to promoting and protecting America's craft brewers, their beers, and hundreds of thousands of craft beer lovers from coast to coast. I am here today in strong support of A.B. 404, a reasonable update to the statutes governing craft beer in Nevada. Members of this Committee have surely seen the work the Nevada Craft Brewers Association has done in preparing for this legislation. Not only have they made contact with members of the Assembly and Senate, explaining the need for reforms, but along with the Brewers Association, they have attempted to find consensus with our opposition. We are happy to be at this point and willing to work more in future sessions to address other obstacles facing this small but important industry.

As the national trade association for craft beer, we have made direct shipping in multiple states a priority. Not only is there extreme customer demand, but also this year's Go-Ship Compliant Direct-to-Consumer (DTC) Beer Shipping Report shows nearly 70 percent of regular craft beer drinkers want to enjoy beer they cannot get in their local retail or on-premise outlets and would spend upwards of \$50 a month on craft beer if it could be

shipped to them directly. Another 69 percent would likely join a monthly or quarterly beer club to enjoy beers that are unavailable through traditional retail channels. Our friends in the wholesale tier will surely agree that they cannot carry every product every brewer makes to every market, either in-state or nationally. This small, reasonable change allows brewers to build their brands to keep customers coming back to visit again and again, all while seeding markets that can one day be served by wholesalers as smart growth allows. The system for shipping beer has been tested and perfected by our friends in the wine industry and common carriers like UPS, which, I will add, is the nation's largest employer of Teamster labor and has shown to be safe, efficient, and effective at getting products to the of-age consumers who made the order. In addition to allowing new opportunities for craft brewers, A.B. 404 will solidify the rights of taproom businesses in Nevada, a key component of craft beer proliferation nationally, and a necessary component for craft beer to keep growing. We appreciate you hearing A.B. 404. The Brewers Association urges a yes vote.

Chair Marzola:

Is there anyone else in Las Vegas wishing to testify in support? [There was no one.] Is there anyone on the line to testify in support of A.B. 404?

Amanda Payan, Co-Owner, North 5th Brewing Company:

We support this bill. My brother and I opened this brewery during COVID-19. It is incredible the opportunity that we have, and we just wanted to say that we support this bill.

Chair Marzola:

Thank you for your testimony. Is there anyone else on the line?

Carolyn Fowler, Private Citizen, Henderson, Nevada:

I live down in Clark County, and I do frequent some of these brew pubs, and I am connected to a family that runs one. I support A.B. 404 as amended because they contribute so much to our community, and they are hardworking. There have been so many federal changes lately that it has really put pressure on these breweries. They need to have as much flexibility as they can to sell the product.

Ceci Moggia, Doug's Brewing Company, Las Vegas:

I work for Big Doug's Brewing Company in Las Vegas, Nevada, and I support A.B. 404.

[Exhibit D was submitted but not discussed and will become part of the record.]

Chair Marzola:

Next, we will hear testimony in opposition to A.B. 404. Is there anyone in Carson City wishing to testify in opposition?

Alfredo Alonso, representing Nevada Beer Wholesalers Association; and Southern Glazer's Wine and Spirits:

First, I would like to start with the fact that our Nevada distributors are all family businesses; everything from the largest, which is still a family-owned business, to our smallest in Fallon, Nevada, with, I believe, seven employees. These are businesses that pay their employees very well. Their careers, in many cases, are also embedded in the community. Every time you see a Budweiser sign, or a Coors sign, or a Molson sign, or a myriad of others, it is usually your wholesalers who are involved, not your suppliers. It is important to also understand that the three-tier system is very simple. If you make a product, you cannot have a bar. That is what is being asked here. These taprooms are not additional breweries. In fact, the statute is very clear. If you have a brew pub license, you could have a multitude of these brew pubs if you wanted to; you just have to make beer.

So, the question is, why are we here? Why are we here to set a precedent? Even with the amendment, it is unlimited. So now you follow that logic to—I would be the first to tell you that if I owned a large brewery, I would want to be in Nevada. We have 42 million plus people come to this state every year, and putting a small brewery belonging to a large manufacturer and then having unlimited bars would frankly be very fortuitous for us. This is something we are willing to have discussions on. There are some issues Assemblymember Watts has indicated there is movement on, and we would love to continue having that conversation. But again, the taproom issue is a very difficult one for us, and I think that very well blows a huge hole in the three-tier system.

Brett Scolari, representing Breakthrough Beverage Nevada:

I will keep it short and just echo the comments of Mr. Alonso. I do appreciate Mr. Watts reaching out and engaging with us, and we will continue that engagement. I am just reviewing the amendment now, and we will work on those issues he outlined in his testimony. I appreciate it.

Rick McCann, representing Teamsters Local 14; and Teamsters Local 986:

As we sit here now, this bill will reduce union jobs, we believe, by affecting the second tier of the three-tier system, which is, of course, manufacturing, transport or distribution, and retail sales; perhaps not today, but we believe it will be in the future. Union drivers and union warehouse workers maintain the distribution of beer in this state; they are the basic need that we have. The sponsor has graciously indicated he wants to protect our union workers, and I have no reason to doubt him. We are still working on that. There was a great amendment offered to the sponsor. He referenced it, and we are still talking about that kind of stuff now, so I think it is still a work in progress. We are worried about opening the door to large manufacturers who will come into the state and will make transport—that is the big part of it, transport—and sell without union workers. We are concerned this will open up the door for that in the future.

My next comment is that we do not think the language fully protects the second tier of the process. If any, and I mean any, beer is allowed to be transported legally or not without union drivers and warehouse workers, it will dilute—pardon the pun—the Union market one drop

at a time. I had to put that in there. It is the future we are concerned about, not necessarily the lost few cases today, but the future; we respectfully oppose A.B. 404. We hope to get to a point where we can support it, but right now we have to oppose it.

Susie Martinez, Executive Secretary-Treasury, Nevada State AFL-CIO:

We would like to echo the comments made by the Teamsters about their concerns as well. We are opposed, but we do want to thank Assemblymember Watts for having conversations with them. We are looking forward to a future conversation so we can find a resolution.

Ross Kinson, President, Northern Nevada Central Labor Council; and Business Agent, Teamsters Union Local 533:

I would just like to ditto the comments by Mr. Rick McCann. This is very concerning for us in our industry. We want to make sure we continue to have good union jobs in this state. As you can see, many of my members are over here in the corner, and it is something they take very seriously. We oppose the bill, and we are looking forward to continuing to work with Assemblymember Watts and hopefully getting somewhere so we can protect our members as well as the interests of the folks who have brought the bill forward.

Brian Wallace, Vice President, Nevada State Education Association:

We stand in solidarity with our Union brothers and sisters of Teamsters in opposition to A.B. 404, and we look forward to the work in progress.

Maggie Carlton, representing Culinary Local 226:

In the interest of brevity, Ditto.

Chair Marzola:

We are almost out of time for opposition testimony here in Carson City. I know there are quite a few people here, so if you did not get to testify, can you please stand because you are here in opposition? I just want to take the time to say thank you so much for being here with us, for being part of the process. Even though we did not get to you, if you have any testimony in writing, please make sure you submit it to the Committee secretary. Thank you.

We will now move to testimony in opposition in Las Vegas. Is there anyone wishing to testify?

Jason Gateley, Secretary-Treasurer, Teamsters Local 14:

Will all my Teamster brothers and sisters please stand in support. [Teamsters Local 14 members stood in support.] We appreciate the attempts Assemblymember Howard Watts has made to make changes to this bill. He has been working with us diligently on trying to find a solution to this matter. This matter is near and dear to us. Good middle-class jobs, good union jobs, are what is important to Nevadans; it is what makes Nevada work. Teamsters make Nevada work. Risking entities to bifurcate or to go around our system right now and to make our jobs less than what they are, we stand in opposition. We hope Assemblymember Watts will continue to work with us. We want to find a resolution. We want to find a way where everybody can get a taste. We want our taste just as everybody else does.

Michael Nevarez, representing Nevada Beverage Company:

Nevada Beverage Company is a local beverage company distributor where I have been working for 17 years. I am here today to testify in opposition to A.B. 404. As someone who works directly in this industry, I have serious concerns about how this bill could negatively impact workers like me or firms in the industry as a whole. Firstly, I would like to address one of the most critical aspects of this bill, safety. Distributors are subject to strict safety standards, licensing, and training programs that ensure the safe transportation and handling of alcoholic beverages. These regulations are in place to protect workers like me and the consumers we serve. If brew pubs are allowed to independently transport, store, and sell malt beverages, they may not be held to the same high standards. This could compromise both worker safety and product quality. Why would we create an environment where workers and consumers are exposed to unnecessary risk?

Secondly, this bill could lead to the creation of a market for illegal alcohol distribution without the strict oversight and compliance measures that licensed distributors must adhere to. There is a real risk of illegal alcohol sales and unsafe practices creeping into the marketplace. Not only would this harm the integrity of the industry, but it could also put both workers and consumers at significant risk. This is an outcome that no one, including the small businesses this bill aims to support, would want.

Now turning to the broader economic and job-related impacts, this bill would significantly reduce the role of licensed distributors. Lastly, the reduction of licensed distributors and the state could harm both larger distributors and consumers without consistent oversight and adherence to safety and compliance standards. Consumers may lose access to the reliable service and quality they expect. In conclusion, I strongly urge the Committee to carefully consider the negative consequences of A.B. 404. I understand the desire to support local businesses, and I am not against that.

Leif Reid, representing Nevada Beer Wholesalers Association; and Southern Glazer's Wine and Spirits:

Just addressing a few things quickly, we do thank Assemblymember Watts for his amendment. We still think, as drafted, the bill has unintended consequences and invites any large multinational brewery in the world to take advantage of the loopholes that it creates. We look forward to working to address those concerns and to addressing the question about why this bill has to happen. I would reiterate what you heard Mr. Alonso say, that existing law in Nevada allows the brew pubs to do everything they have described that they want to do. There is no compelling need for this legislation. There is no limit on how many brewpubs can be built or their sales out of state. What prevents out-of-state brewers from taking advantage of these opportunities that the brewpubs have under existing law? It is important to remember the production limits as well as the manufacturing on-site. That is what the drafters, who created these provisions back in the 1990s, implemented to prevent the unintended consequence of the large breweries from out of state taking over the opportunities created by these local businesses. I would also point out there is a fiscal note

attached here that has not been discussed, that continues to be a concern even with the amendment. We look forward to working on this to ensure the concerns are addressed so this bill can protect the three-tier system.

Chair Marzola:

Is there anyone else in Las Vegas wishing to testify in opposition? [There was no one.] Is there anyone on the line to testify in opposition to A.B. 404?

Klarissa Principe, Chair, Transportation Workers Union of America, Local 577:

I echo the comments of Teamsters on their opposition to A.B. 404, and I look forward to hearing how changes can be made to better protect the jobs of my Union brothers and sisters.

Cyrus Hojjaty, Private Citizen, Las Vegas, Nevada:

Please make some changes to this bill. I will ditto the previous commentators. I yield my time.

Liz Sorenson, President, Nevada State AFL-CIO:

Ditto to the comments of my sisters and brothers from the Teamsters. I currently stand in opposition to A.B. 404.

Beverly Williams, Private Citizen:

I am calling in opposition to A.B. 404. More so than ever, we are in need of jobs because of all of the cuts that are happening across the country. I hope that we will be able to continue to talk about A.B. 404 in hopes that we can come to a resolution.

Samantha Brown, representing Capital Beverages:

I am opposed directly to A.B. 404, which violates the three-tier system, and it completely cuts out the distributors. Further, most of the wholesale distributors are small, family-run businesses of multigenerations. We have four generations at Capital Beverages, with Jack Brown being 18 in Carson City, currently opposing this bill as well. We have some employees who have been with us for 20 to 30 years. We supply stable jobs to the community, and we have for decades, and so, I oppose A.B. 404.

Clarence McCarthy, President, National Association of Letter Carriers, Branch 709:

I strongly urge the Committee to oppose A.B. 404.

Gary Watson, Secretary-Treasurer, Teamsters Local 533:

Ditto to the previous comments. I strongly urge the Committee to oppose A.B. 404.

Chair Marzola:

We will move to testimony in neutral. Is there anyone in Carson City, Las Vegas, or on the phone line wishing to testify in neutral? [There was no one.] I will now close the hearing on A.B. 404. I will now open the hearing on Assembly Bill 437. This measure provides for the establishment of the Fair Access to Insurance Requirements Plan. Hello, Assemblymember, you may begin when you are ready.

Assembly Bill 437: Provides for the establishment of the Fair Access to Insurance Requirements Plan. (BDR 57-103)

Assemblymember Jill Dickman, Assembly District No. 31:

I am pleased to present A.B. 437, which establishes the Fair Access to Insurance Requirements (FAIR) Plan. Joining me is Michael Brown. He is with the Nevada Fire Chiefs Association. So, what is a FAIR Plan? For property owners who cannot get coverage, Fair Access to Insurance Requirements Plan, known as FAIR Plan, offers basic insurance protection. Fair Access to Insurance Requirements Plans were implemented in several states, the District of Columbia, and Puerto Rico, pursuant to the Urban Property Insurance Protection and Reinsurance Act of 1968. Today, FAIR Plans operate in 34 states, plus the District of Columbia. The newest FAIR Plan in the nation is in Colorado. It was authorized by Colorado House Bill HB 23-1288, signed into law May 12, 2023, and is expected to begin issuing plans in the first half of this year.

Fair Access to Insurance Requirements Plans provide insurance to property owners denied insurance in the voluntary market. These plans operate as insurance pools whereby each insurance company participates in writing higher-risk business according to the proportionate share of the property insurance which the company voluntarily underwrites in the state. Fair Access to Insurance Requirements Plans are designed to cover properties that have unusually high risks, such as wildfires. These plans are policy insurance pools that offer coverage to property owners who cannot qualify for traditional homeowners' insurance. Typically, FAIR Plans provide coverage only for the risk that traditional companies are unwilling to cover. For example, the California FAIR Plan covers fire, internal explosions, and smoke damage. In order to have complete coverage, homeowners also need to purchase a Difference in Conditions plan (DIC) to cover their other risks, such as liability and damage from other sources such as wind, water, theft, et cetera.

Fair Access to Insurance Requirements Plans policies generally cost more than private insurance and offer less coverage, but they serve as a crucial safety net for those who cannot find insurance elsewhere. There is a common misconception that FAIR Plans are a state program and a liability for state government. It is really important to note that FAIR Plan policies are not insurance provided by the state, nor is the state responsible for covering the costs or losses in a FAIR Plan. Insurance companies in a state share all the income and expenses of the plan. For example, this is how the plan of operations for the Colorado FAIR Plan reads:

The members of the Association shall share, "on a fair and equitable basis," all costs, income, and losses incident to the operation of the plan. Accordingly, the assets and liabilities of the Association shall be the assets and liabilities of the Association's respective members, which they shall share in accordance with their respective membership in the Association, as such membership may change from year to year. The state of Colorado shall have no obligation to make payments to the Association.

Fair Access to Insurance Requirements Plans operate like any other insurance company, except that the income and losses are shared by the member companies rather than just one insurer. In order to start a FAIR Plan, insurers pay an initial capital investment. For example, the Colorado FAIR Plan Board approved a capital assessment of \$46.5 million, representing less than 1 percent of the total written property premium in Colorado. According to the Colorado FAIR Plan website, the assessment will support the plan's operations and financial stability, including the purchase of reinsurance as well as investing in tools to support and reflect mitigation efforts by home and business owners. This amount is also inclusive of anticipated loss payments for those customers who have claims covered by a FAIR Plan policy.

So, why is a FAIR Plan needed in Nevada? There is a high risk of wildfires in Nevada, in particular, where people residing in areas known for wildfires and high winds are finding it difficult to impossible to obtain insurance through typical market insurers. This issue was discussed at length during a meeting of the Joint Interim Standing Committee on Commerce and Labor on July 31, 2024, and many of you probably were there. The Insurance Commissioner, Scott Kipper, gave the following background information.

The Division has been hearing about potential problems in affordability and accessibility during the past two years. The Division has performed data calls for homeowners insurance for the years 2023 and 2022, and just completed a data call for commercial habitational risks, that being condominiums and apartment buildings, in order to give us an accurate snapshot of the availability of insurance in our state. The results of our home insurance data calls show there were significant changes to the number of policies canceled or non-renewed due to wildfire risk. In 2022 there were 264 policies that were adversely affected by wildfire risk. In 2023, this number increased to 481, which is a change of 82.2 percent. In 2024, it increased to 2,700, which is a 459 percent increase. There were also significant changes in the number of applications that were not accepted due to wildfire risk. In 2022, there were 2,439 applications that were declined due to wildfire risk. In 2023, this number increased to 4,994, which is a change of 104 percent. Of the 481 policies not renewed in 2023, 261 were located in Washoe County, and 69 in Douglas County. Interestingly enough, 54 were in Clark County and 50 in Elko County. In 2024, the Division was notified by two carriers of their plans not to renew a total of 4,892 homeowners' policies due to wildfire risks. As you can see, the trends are starting to get quite alarming.

Insurers are declining to issue new coverage in affected areas and, in many cases, not approving renewals for existing contracts. Already, in parts of Nevada, there are no standard companies willing to write insurance policies. In these areas, homeowners can seek coverage in less-regulated secondary insurance markets such as Lloyd's of London, but in many cases, even these policies come with an exclusion for wildfire coverage. Even when companies are still writing insurance in Nevada, they are often requiring additional information and long lead times to write a policy. For example, one insurer in Nevada routinely requires policyholders to pay for a professional home inspection and/or appraisal for their review before they will issue a policy, and requires a one to two-week review time. Another company requires a dozen photos of the property and surroundings as well as copies of

existing policies or closing documents, a list of all the residents and their occupations, and copies of two recent utility bills. Once they receive that information, they require three weeks to review it before issuing a quote in the hope that the client will go somewhere else rather than comply with the extra requirements. The problem, of course, is that consumers in high-risk areas do not have very many other options or places to go. If the numbers of uninsurable homes continue to increase, this will devastate the real estate market because mortgage lenders require insurance, so you cannot sell a home that cannot be insured.

How does the FAIR Plan work in other states? Some folks are skeptical when they hear FAIR Plan because of California. However, the California FAIR Plan is a poor example because it has grown to be one of the main insurers in the state, rather than being an insurer of last resort with small market share as designed. According to a January 2025 article in Insurance Journal, California FAIR Plans policy count has increased by 35 percent in the 12 months ending September 30, 2024, to over 450,000. Why has there been such a large level of growth? Higher losses and regulatory pricing restrictions led many primary insurers to reduce their exposure to the California homeowners market or exit the state altogether. Combined with the large fires in California, this has placed California's FAIR Plan in a precarious position where it may need to assess the companies in the pool as much as a billion dollars.

However, when we look at the FAIR Plans across the country [[Exhibit E](#)], we find that of the 32 plans that report to PIPSO [Property Insurance Plan Service Office], a nonprofit association whose purpose is to promote the efficient and economical operation of residual property insurance plans, about half the plans showed an operational loss versus about half showing an operational gain; losses were smaller than gains, and overall, the 32 plans reported a combined operational gain of \$923 million. In order to assure that Nevada's FAIR Plan remains viable, the initial legislation that was drafted, which is before you, was standard for all FAIR Plans. We have a conceptual amendment [[Exhibit F](#)], which I assume you all have, that addresses some of the items we believe are important to keep the FAIR Plan as a true market of last resort.

First, we think one of the most important ways to control the need for the FAIR Plan and to minimize disastrous wildfires is to harden properties against fire. Our amendment would require that FAIR Plan applicants have a wildfire risk assessment and implement the findings of that assessment. In order to ensure that consumers obtain standard insurance when available, the amendment requires that consumers be denied coverage from three standard insurers prior to obtaining coverage from the FAIR Plan, and that consumers also seek coverage from at least three standard insurers every two years while covered by the FAIR Plan. This is an important protection for both the FAIR Plan Association and consumers due to the higher costs of FAIR Plan policies.

Because we believe the mitigation component is so important, the amendment calls for three fire chiefs to be included on the governing board. This will allow for cooperation between fire experts and insurance experts to minimize property damage and insurance claims in Nevada, which will best serve our constituents. And at this point, I would like to ask Mr. Brown to comment on why we need the fire chiefs involved.

Michael "Mike" Brown, Past President, Nevada Fire Chiefs Association:

As fire chiefs, we may be asked why we are involved with A.B. 437. Our communities, which we protect, are seeing an increase in cancellations of insurance for many of the reasons stated by Assemblymember Dickman. We understand that it takes everyone working together to ensure that our homes and commercial buildings have and maintain insurance. We, as fire chiefs, also believe that when it comes to fuel management efforts for safety and compliance for our communities, we are the authority to provide the evaluations and recommendations to meet the requirements of our expectations and those of the insurance companies. We appreciate and support Assemblymember Dickman for bringing this bill forward and hope you will support A.B. 437 as well.

Assemblymember Dickman:

Chair, do you want me to walk through the sections of the bill?

Chair Marzola:

Yes, quickly.

Assemblymember Dickman:

Sections 2 through 8 define certain terms relating to the FAIR Plan. In particular, property insurance is defined as insurance against loss to residential property, including buildings and contents of buildings, which results from the perils of fire or perils under extended coverage insurance, vandalism, or malicious mischief. This term does not include vehicle insurance or farm insurance. Section 9 creates the Fair Access to Insurance Requirements Plan Association, which is a nonprofit unincorporated public entity to establish, offer, and maintain the FAIR Plan. Any authorized insurer that offers or sells certain property insurance or commercial property insurance in the state must be a member of the Association.

Sections 10 through 12 create the Board of Directors for the Association and prescribe the duties of the board, which include establishing the FAIR Plan, developing a plan of operation for the FAIR Plan, and making amendments to the plan of operation, subject to the approval of the Commissioner of Insurance. Section 12 establishes the required contents of the plan of operation for the FAIR Plan. Sections 12 and 17 authorize the Commissioner to adopt regulations relating to the FAIR Plan. Section 13 authorizes the Commissioner to revoke approval of all or part of the plan of operation and make changes to the plan of operation if the plan is insufficient. Sections 14 and 15 establish provisions governing the issuance of policies and the collection of certain fees from Association members.

Section 16 authorizes the Commissioner to take certain actions against an associated Association member who fails to pay certain fees or otherwise comply with the plan of operation for the FAIR Plan. Section 18 makes a final action or order of the Commissioner relating to the FAIR Plan, subject to judicial review. That is the end of the presentation, so we are happy to take questions.

Chair Marzola:

Committee members, are there any questions?

Assemblymember Cole:

I think all of us understand that this is an issue. Looking at section 11, where we are talking about how the rates are established, and it says that the rates cannot be excessive, inadequate, or unfairly discriminatory, and then we have the limitation on how much is covered—I think it is \$750,000 for commercial, right? [Assemblymember Dickman nodded.] On the amendment where you are talking about them having to apply every two years for standard insurance, is it based on the same limits, or the limits that are here? Is it like an apples-to-apples comparison? Does it matter how much that premium is—if it was like three or four or five times what the FAIR Plan was providing, would you still require them to go on that if they were accepted?

Assemblymember Dickman:

It is highly unlikely that it would cost less in the private market, but the insurance coverages would have to be similar, as far as the limits.

Assemblymember Cole:

So, if approved, they would no longer be eligible so long as the premium was not three times more or four times more than the FAIR Plan—do you know what I mean? It would just be unfair to force them off.

Assemblymember Dickman:

All of this has to be worked out by the Board, but no, they would not be required to take a more expensive insurance policy than the FAIR Plan.

Chair Marzola:

Committee members, any additional questions?

Assemblymember Yeager:

I know you covered it a little bit, but could you reemphasize this? I have heard a lot about what is happening in California. It is not the same structure, but they have something similar, and what I have been told is there is not enough money to pay out in terms of replacement costs of the houses that were lost there. You have folks who are getting a payout, but they are not going to be able to rebuild. Could you talk a little bit again and emphasize how this bill proposal is different from the experience which has taken place in California, and how we are

going to be assured this would be adequate for folks to actually rebuild? I think the goal is, if they have to make a claim, that they are able to actually rebuild the house versus just taking the money and going somewhere else.

Assemblymember Dickman:

First of all, I am not an insurance expert, so if you want more details, I will certainly get them for you, but that is why we have this amendment to make sure we keep this fairly small. Only people who absolutely cannot get insurance anywhere else, but the pool will be big enough that people will be able to get the coverage they need. That is kind of the whole point of it. But, as you see, we are limited to \$750,000 on personal residences, which is fairly low. But it is a start; we have to start somewhere. If we get too large, the pool is going to have to be too big. We have been talking about this, and talking about this, and talking about it, and there is never any action taken. We are looking for the perfect plan, and if we put this off for a couple of years, we will not have—as you saw in Colorado, they passed it in 2023, and they are not going to be selling policies until now. So, if we put it off for two years, it is going to be another two years, and by that time, we are going to be in a crisis. I just feel we have to start somewhere.

Assemblymember Yeager:

Thank you for that response, and thanks for pointing out that coverage limit. I think I know the answer to this question, but I will just ask it, so the record is clear. If you have a house that needs to be insured for more than \$750,000—I think about some of the places around Lake Tahoe, I mean, \$750,000 would be a steal; you are not getting anything up there for that price—those folks, essentially, are still going to end up having the same issue that we have today, they are just not going to be able to get insurance coverage for their place. So, you are trying to solve this \$0 to \$750,000 on the residential side, and then \$0 to \$5 million on the commercial property side?

Assemblymember Dickman:

Yes, that is exactly correct. I mean, as I said, we have to start somewhere. I heard a story of a homeowner in Incline Village who had a \$9 million property. They were paying \$700,000 a year for their insurance. It is now \$3 million. So, no, obviously we are not going to be able to help those people, at least not at this point; not until this gets set up and we make sure it is viable, and it works, and then we go from there.

Chair Marzola:

Committee members, any additional questions? [There were none.] We will begin with support testimony. Is there anyone in Carson City wishing to testify in support of A.B. 437?

David Cochran, President, Nevada Fire Chiefs Association:

Assemblymember Dickman did a very thorough job presenting the bill, and Chief Brown explained our interest in the bill. These are the communities we live in. I think it is very important that we get ahead of it before it becomes a crisis. We are here to support A.B. 437.

Matthew Peterson, Northern Nevada Representative, Nevada Fire Chiefs Association:

I receive a phone call at least once a week, if not multiple times a week, of, Hey, my policy is going to be canceled; I do not have a way out of it. This is a way out of it for us to help our constituents and help our communities continue to grow in Nevada. Assemblymember Cole, I appreciate your question last time: What problem are we trying to solve? I think we all acknowledge the problem we are trying to solve, and I hope you guys support this.

Rich Harvey, Vice President & Western Fire Chiefs Association Representative, Nevada Fire Chiefs Association:

Chair, members of the Committee, the Nevada Fire Chiefs Association strongly supports A.B. 437, the Fair Access to Insurance Requirements Plan. Not only did Nevada Fire Chiefs get the 911 calls and respond to wildfires in Nevada, but we also get the calls Matt Peterson just alluded to from our constituents when their insurance is non-renewed and/or canceled. We work with them on creating defensible space, hardening their structures, and building fire-resistant communities; mitigations that matter. Assembly Bill 437 is a great backstop to allow the time to implement those mitigations and get back into the regular insurance pool. As Assemblymember Yeager pointed out, that is the goal: to get them off of this and back into that pool by doing those mitigations and working with insurance companies. This is especially critical, though, as the number of non-renewals and cancellations grows from dozens to hundreds to thousands. Fire departments and districts just cannot keep up. We need A.B. 437 to keep people in their homes, be able to buy and sell their homes, while we work together on the mitigations that matter and harden our communities against wildfire. We support A.B. 437.

Cadence Matijevich, Government Affairs Liaison, Office of the County Manager, Washoe County:

This is my second time before this Committee this session voicing Washoe County's support for a bill that seeks to address the issue of availability of homeowners insurance, particularly homeowners who are experiencing potential cancellation or significant increases in their premiums due to wildfire risk. This bill, in particular, we appreciate Assemblymember Dickman bringing forward. We appreciate that the plan will need to consider mitigation efforts. Those mitigation efforts are really important, and right now, not all policies are issued with consideration of that. We think the involvement of the fire chiefs, the subject matter experts on the board, is really important. I want to speak to something Speaker Yeager brought up. You mentioned the limits on commercial policies, and I, too, am not an expert on insurance, but I have learned a lot over the last 18 months. I think it is important to point out that in our state, policies that are issued for homeowners insurance, the blanket policy, is considered a commercial policy—it is commercial habitational. So that \$5 million limit is going to apply, in our understanding of the bill, to those HOA [homeowners' association] policies, and those have been some of the most challenging things for members of our community to get, particularly in Washoe County, so that is an important piece of this. As you heard from me on the last bill on this topic, condos and townhouses serve as workforce housing for us, particularly in the Lake Tahoe area, so we think that is a very important component of the bill. We urge your support.

Chair Marzola:

Is there anyone else in Carson City wishing to testify in support? [There was no one.] I do not see anyone in Las Vegas. Is there anyone on the line?

Cyrus Hojjaty, Private Citizen, Las Vegas, Nevada:

I support this bill. Thank you so much, Assemblywoman Dickman, for introducing this bill. I will ditto the previous commentators. I cannot go any further. I am driving on the strip.

Chair Marzola:

We will move to testimony in opposition. Is there anyone in Carson City wishing to testify in opposition? [There was no one.] Is there anyone in Las Vegas wishing to testify in opposition? [There was no one.] Is there anyone on the line to testify in opposition to A.B. 437?

Christian Rataj, representing National Association of Mutual Insurance Companies:

We are a national trade that has property, casualty, workers' comp, and commercial liability carriers. We write about a third of the business in the state of Nevada. I appreciate this opportunity to testify here. We are more concerned than we are specifically opposed to the bill. We are concerned because the bill was fraught with a multitude of unintended adverse consequences and cost implications for the market and for consumers. I know my colleagues at APCIA [American Property Casualty Insurance Association] have outlined these in their written testimony, and we support that statement so I will not belabor the point. The National Association of Mutual Insurance Carriers (NAMIC) believes we should fix the underlying challenges in the marketplace, not put a temporary bandage on the issue. As you have heard, there has been a lot of testimony with concerns about what has happened in California, and I think that is an example of how you can create a FAIR Plan, and that it could go from being an insurer of last resort to an insurer of first resort. We believe that a healthy marketplace is one where you do not need to have an insurer of last resort, and that should be the focus, to promote a healthy marketplace. Otherwise, you have an insurer of last resort with cost implications and a lot of insurance coverage limitations, and very strict guidelines for consumers.

So, what is a healthy marketplace? It is a robust market competition marketplace. It is actually a sound, risk-based pricing marketplace. It is a regulatory environment that allows for a timely and cost-effective rate review and approval marketplace. It is a flexible underwriting and use of a risk modeling marketplace. It is scientifically supported wildfire risk mitigation practices marketplace. This is why NAMIC supports the concept of Assembly Bill 376, which addresses rate reform, and adopts a regulatory sandbox to help streamline, economize, and expedite the process. Let us fix the underlying problem or challenge; let us not put a bandage on it.

[[Exhibit G](#) was submitted but not discussed and will become part of the record.]

Chair Marzola:

Is there anyone else on the line? [There was no one.] We will move to neutral testimony. Is there anyone in Carson City, Las Vegas, or on the line wishing to testify in neutral? [There was no one.] Assemblymember, would you like to give any final remarks?

Assemblymember Dickman:

First, I would like to say I would like to agree with the opposition caller. Everything you said is pretty much true, and that is why we have addressed all those concerns, but I am just most grateful for you taking the time to hear this bill. We have a crisis brewing, and this is a real opportunity to help our constituents before it gets out of hand. Time is of the essence. As I said in my remarks earlier, in Colorado, once it was passed, it took two years before it was implemented. I hope you will agree with me that the FAIR Plan can be the answer. We can provide the insurance market of last resort, which has worked well in over 30 states, and I ask for your support.

Chair Marzola:

Thank you for being with us. I will now close the hearing on A.B. 437. I will now open the hearing on Assembly Bill 448. This measure revises provisions relating to insurance for vision care. Good evening. You may begin when you are ready.

Assembly Bill 448: Revises provisions relating to insurance for vision care.
(BDR 57-983)

Assemblymember Gregory S. Koenig, Assembly District No. 38:

Thank you to the Committee on Commerce and Labor for allowing us to present this bill tonight. We realize you have been in here for a really, really long time, and we will try to keep this as short as possible. This bill is actually a continuation of a bill from the 82nd Session, which was brought by Senator Seavers Gansert, passed on the Senate side, passed this body, was signed by the Governor, and it became a law. In the interim, we found there were a few loopholes we did not close, and the vision benefit managers (VBM) have taken advantage of this. Even though our intentions of what we, as this body, wanted to accomplish, I think, by taking advantage of the loopholes, they are circumventing what our intent was. We do have one quick amendment [Exhibit H]. I am going to turn to Mr. Thompson to go over the amendment, then we are going to have Mr. Girisgen cover a little bit, and we will try to get you out of here as soon as we can.

Danny Thompson, representing Nevada Optometric Association:

We listened to the opposition to this bill, and we proposed an amendment this morning. In effect, the amendment would remove section 26, which originally required equal reimbursement for optometrists and physicians for the same service within a shared scope of practice, that is, the same reimbursement for doctors and optometrists. That would be stricken from the bill. Section 37, subsection 2, paragraph (b) would be removed as well, which had previously required reimbursement to be reasonable and substantially similar to

Medicare rates. In effect, we have removed all of the reimbursement language from this bill, and the reimbursements will not change. With that, Chair Marzola, I am going to turn it over to Dr. Girisgen to make his remarks.

Steve Girisgen, O.D., President, Nevada Optometric Association:

I am an optometrist proudly practicing in Henderson, Nevada, for 30 years. I represent over 300 doctors providing primary eye care services throughout Nevada. We provide comprehensive medical and wellness examinations, caring for patients with an array of conditions, from dry eyes, red eyes, glaucoma, and chronic disease management, all along with the routine needs of eyeglasses and contact lenses. Our goal, simply, is to ensure that Nevadans receive affordable access to timely and preventative primary eye care services. However, we do find it increasingly difficult to provide care due to market consolidation, vertical integration, monopolization, and the anti-competitive business practices of vision benefit managers. Assembly Bill 448 will address many of the unfair and really anti-competitive practices being used against Nevada doctors and our patients. The bill presents measures to ensure patient choice and fair access to eye care while leveling the playing field between large, vertically integrated vision benefit managers and small doctor-owned practices.

Just like pharmacy benefit managers (PBM) have done, VBMs have reduced patient choice, decreased market competition, increased the cost of care, and impacted the care our patients receive. Vision benefit managers act in the same manner as pharmacy benefit managers, where they lack transparency with their business practices. I am very happy to report that, to date, we have 28 states across the country that have addressed VBM abuses and passed laws against their abuses and anti-competitive practices. Just last week, we had Arkansas signing a wide-sweeping law balancing the playing field with VBMs and providers, placing the decision-making back in the hands of patients and their doctors.

Boy, we have seen a lot in the last decade. There has been a lot of massive vertical integration in the vision care market, and it may be surprising to hear that there are two very large and powerful vision benefit managers that control over 85 percent of covered lives. That is incredible. The major problem is the owners of the VBMs are also buying up all other aspects of the eye care industry, creating multibillion-dollar, vertically integrated conglomerates. This drives down competition, as you all know, and drives up our patient and provider costs. So, what do these companies do? Well, they manufacture most of the eyeglass lenses and frames in the market. They own frame lines such as Oakley, RayBan, Prada, Versace, Dolce Gabbana, Coach, and I could keep going; we do not have time. They also own eyeglass lines such as Verilux, Transitions, and Unity, and they also own the labs that produce them. They own brick-and-mortar and online optical retail stores such as LensCrafters, Target Optical, Visionworks, Sunglass Hut, Pearle Vision, and on and on. They own the electronic health records allowing access to all of your, all of our, patients' information, lending to privacy concerns.

They also own the claims filing systems—what do they not own?—which are inefficient, costly, and burdensome to the small business operator. They are even buying up doctors' offices themselves. Furthermore, what is even more egregious, the VBM^s are misleading the public and acting in a non-transparent manner, as they tier providers and steer patients to doctors, not based on what you think, which is quality of care, but instead, to those who buy more of the vertically integrated organizations' products, and even incentivize patients, to see the doctors at the clinics they own. They often reimburse doctors at different rates based on whether the doctor uses the VBM's lab services and how much of the products they sell or, really, should I say, upsell. As a result, there is this tremendous imbalance of power favoring vision benefit managers and their vertically integrated organizations. What this has allowed is that they have caused—they have created, I should say—self-serving programs due to their monopsony-like advantages.

This imbalance of power has allowed the vision benefit managers to impose contracts of adhesion, one-way contracts, with burdensome terms of participation in their network provider agreements, such as mandating providers to use VBM-affiliated suppliers and labs. You say, What is the big deal? Well, what you do not know is they force the doctors to use the VBM affiliate labs and suppliers and the VBM^s impose a higher cost for providing those services and their branded products by as much as 50 percent more than what could be negotiated in a free market between a provider and, let us say, a local lab, and of course, this drives up costs for all consumers. Vision benefit managers require doctors to provide discounts on non-covered services and products at the doctor's expense, often at our cost or at a loss to the practice. That is the imbalance of power.

To make matters worse, we passed Senate Bill 134 of the 82nd Session, which allows provider lab choice and disallows VBM-mandated discounts and noncovered services. So why are we here? Well, unfortunately, the VBM^s, as they have done across the country, have found loopholes to sidestep our laws. For example, they hide behind these never-ending evergreen contracts to not comply with the intent of the law. This is not only wasteful—wasteful of all of our time, and yours—but highly disrespectful toward the Nevada legislative body, as we are back here yet again, with another bill.

Just like pharmacy benefit managers, VBM^s have restricted care for patients, reduced patient transparency, escalated patient costs, and really only increase their profits. Lastly, A.B. 448 is necessary to maintain competitive markets, protect against unfair contracts, ensure enforcement, because we just dealt with that, and lower the cost of eye care. All Nevadans deserve the very best in eye care. Thank you. I am happy to answer questions.

Danny Thompson:

We can go through section by section if you would like. I know you will soon be on triple time, but we can do that. It is a long bill.

Assemblymember Koenig:

I think unless they have any specific questions, we probably will forego that at this point.

Chair Marzola:

I will not disagree with you tonight. With that, Committee members, are there any questions?

Assemblymember Cole:

By eliminating the reimbursement section, does that get rid of the unfunded mandate part?

Assemblymember Koenig:

Yes, it does. There will be no increase to the state because we are not asking for higher [rates]. Right now, if you are an MD [Doctor of Medicine], you would get reimbursed at this rate, and an OD [Doctor of Optometry] would get reimbursed at this rate. So, if we asked to be the same, that would increase that. We realize what state the finances are in at this point, so we are not asking for any increases. There is no financial part to this anymore.

Steve Girisgen:

If I may add to that as well, please, it was a very painful decision to make on our behalf, and we made it unilaterally. I just want to provide some context here. Vision benefit managers have not increased reimbursement rates since the 1990s. They pay us \$40, \$50, and \$60 for a comprehensive eye exam, just as they did back in the 1990s. Medicare and Medicaid pay us three times that amount, and as you all know, that is supposed to be the floor. They pay us significantly less, although, along their vertical chain, they charge us more over the years for frames, lenses, lab services, and these are, of course, mandates by them that they force us to consume those products, purchase, and sell. It is simply unfair. However, we were very sensitive to the matter of possible increases in cost to the state and members, so we took that out.

Chair Marzola:

Committee members, any additional questions? [There were none.] We will begin with testimony in support of A.B. 448. Is there anyone in Carson City wishing to testify in support?

Chris Moran, Paraoptometric Representative, Nevada Optometric Association:

I work for a large optometry practice in southern Nevada. I work very closely with children and families in the underserved and uninsured communities of our state. My role is to bring the company's mission forward, which is access to affordable eye care for all Nevadans. I want to share with you today how a lack of access to vision care can profoundly affect children; in particular, their self-esteem and their overall well-being. Many of us take clear vision for granted, but for a child who cannot see the board at school, read a book, or recognize faces from a distance, every day can feel like a struggle. I have worked with children who were labeled as slow learners or disruptive, when in fact, they simply could not see. Imagine being told you are not trying hard enough when in reality, you are doing your best to just focus on the blurry letters. This kind of experience chips away at the child's confidence, all because of a correctable issue they cannot control. Every child deserves to see the world clearly and, more importantly, to see themselves as capable and worthy. No one wants to talk about the emotional toll that comes when a child needs glasses and their families simply cannot afford them. The greatest obstacle families face is price. Parents often

ignore or dismiss a child's visual needs because they are embarrassed and they simply cannot afford it. The most heartbreaking part is that this is all preventable. When we ignore the affordability gap in vision care, we are not just failing their eyes; we are failing their future, and we are damaging their self-esteem in ways that can last for years. Every child deserves the dignity of clear sight and self-worth that comes with it. I ask you to please support this bill.

Kenneth Kopolow, President-Elect, Nevada Optometric Association:

I have been practicing optometry in Las Vegas since 1993. This bill is so extensive because it addresses all of the workarounds and tricks that vertically integrated companies have devised to evade the enforcement of previously passed bills. My goal today is to address several key points that the opposition will likely raise. One: vision benefit managers require that providers supply extraneous data such as medical diagnoses and frame measurements that are entirely self-serving and are frequently used to market to our patients and often interfere with the health care cycle they claim to want to protect so dearly. Section 18, subsection 1 in our bill does not prohibit, as they stated in some of their circulars, the passing of discounts to members; rather, it prohibits VBM_s from mandating discounts from the providers to the patients for services that are not even covered under their plan.

Vision plan premiums are low because, in a vertically integrated arrangement, they serve as an incentive to attract participants to their wholesale partners and retail outlets. In real life, we encounter confused and unhappy patients daily, typically due to high out-of-pocket expenses, limited material selection, and sub-market delivery times for their eyewear. The opposition has historically claimed that patient protection, also known as vision plan abuse legislation, denies consumers transparency. I respectfully urge this Committee to examine this issue thoroughly. Specifically, questions can be raised regarding confusing plan language, significant upselling to members, and the fact that VBM_s are now working with their parent and sibling companies to negotiate fees on behalf of independent eye doctors in our state. This Committee may also wish to inquire whether or not VBM_s are actually operating as optometric owners in Nevada, which may violate multiple *Nevada Revised Statutes* and *Nevada Administrative Code* provisions. I am asking the distinguished members of this Committee to reflect on any personal experiences you may have had with vision plans, vote on behalf of the people you serve, and pass A.B. 448.

Jonathan Mather, Legislative Committee Chair, Nevada Optometric Association:

It is good to see many of you for the third session, and running. Big thanks to Chair Marzola for pushing the Committee back today, so I did not have to reschedule my patients. I am here in support of A.B. 448. I would like to address something that is unique to medical plans. A lot of times when you are looking for a doctor, you go to the website, and you type in your location or share your location, if you do not mind them watching you, and you are going to get a list of doctors, either alphabetical or by who is closest to you. But in the tiering and steering that vision plans do, instead, they list the doctors who sell the most of their products. They list the doctors that could be owned or operated behind the scenes by the vision plans themselves, and it is very misleading. Patients think that the doctor at the top of the list is going to be the best one, the one who cares the most about them, the one who provides the

highest quality of service, and that is not the case. It is simply the doctor who makes the most money for the vision plans. One of the things we have done excellently in this bill is that last time we tried to address one issue, and it was not reasonably well done, so we made a huge ironclad bill that is going to get rid of all the loopholes vision plans had to sidestep these things. I think it is important to include all of this other language we have. We have many states and many other optometry associations that have found vision plans can sidestep these things. We do not want to be back here again in 2027, as much as I like you all, we would like this to be solved once and for all. And for that reason, I really appreciate your support for A.B. 448. Shout out to my man, Assemblymember PK O'Neill, in the corner. Thank you.

Chair Marzola:

Is there anyone else in Carson City wishing to testify in support? [There was no one.] In Las Vegas, you may begin when you are ready.

Spencer Quinton, Immediate Past President, Nevada Optometric Association:

I have practiced optometry in Vegas and Henderson for nearly 26 years now, and I am here in support of A.B. 448. My colleagues there have done a great job. I do not need to go into any detail other than I would like to witness firsthand that I have seen so many instances of the negative effects of these vertically integrated business practices on patients in our state. People who have had to pay out-of-pocket, even though they had benefits because they needed something from a local lab, which they could not wait weeks for, or a product that was not made by one of the vision plan's labs, we were otherwise forced to use. Patients have had to either go without or pay out of pocket, and we have all seen this, and we all have seen the disintegration of the patient-doctor relationship. I urge support of A.B. 448, and thank you for all of your help.

Chair Marzola:

I do not see anyone else in Las Vegas. Is there anyone on the line?

Steve Orrico, Private Citizen, Las Vegas, Nevada:

I work for a large public utility company and support a family. Over the past several years, I have noticed my vision plan has provided far less value and forced me to pay much more in out-of-pocket dollars while receiving lower quality services for those dollars. I feel like I am losing my ability to choose where I go for my family's eye care. I have also noticed that some of my friends who do not have vision benefits receive their glasses in days when we usually wait around two weeks to receive our glasses. I hope A.B. 448 passes, so the vision benefits we pay for will provide real value to my family.

Bernard Preston, Private Citizen, Henderson, Nevada:

I have lived in Henderson, Nevada, for the last 20 years, and I have worked for the State of Nevada, City of Las Vegas, and currently as a consultant for the Social Security Administration. I have spent the majority of my life advocating access to services for at-risk populations, particularly individuals with visual impairments and/or low vision. I have seen firsthand how at-risk populations do not have proper access to basic services. Eye care is just one of those services that Nevadans need. Many Nevadans who may not qualify for Medicaid

must either use traditional vision plans or pay cash. As you all know, the cost of getting glasses is very high. As a result, the high cost is a barrier to gaining access to viable eye care services. I hear from my clients and constituents that vision plans do not help them save money. In fact, they can pay cash and often save money and get their glasses faster. I have firsthand experience with this with my own eye care needs. Please pass A.B. 448, as all Nevadans deserve to have affordable eye care.

Chair Marzola:

At this time, we will move to testimony in opposition to A.B. 448. Is there anyone in Carson City?

Doug Stoss, Senior Vice President, VSP Vision:

I lead government affairs at VSP Vision. There were several statements made in the testimony from the proponents. We do not have time to cover all those this evening, but we will attempt to clarify some of those. We are proud to provide eye care and eyewear for more than 500,000 Nevadans. It is for those members and your constituents that we respectfully oppose A.B. 448. I want to highlight three points. First, vision care is an important component of overall health care. One in five diabetics learns they are a diabetic through an annual eye exam. Not surprisingly, consumers and patients who have vision insurance are more likely to get that annual vision exam. Anything that raises the cost of coverage, therefore, has a potential negative impact on public health here in Nevada. Second, the bill will raise or take away, on average, \$400 in savings due to a prohibition on programs that provide discounts to consumers. Taking away discounts means patients in need of eyewear will pay more for frames and lens enhancements. Third, this bill is expansive, as you have heard from the proponents. It puts in place new regulatory requirements on vision plans that will drive up administrative costs and ultimately get passed on to consumers. This legislation is also similar to a bill passed in 2023 in Texas. That law has been under preliminary injunction for exactly 13 months today, with the District Court indicating a substantial likelihood of success on the underlying merits of the case for the plaintiffs. As a further example, section 18 of the bill would put in place a gag order on vision care plans from telling their members where they could go for lower-priced eyewear. In closing, we strive to support doctors on our network, but we must look out for the needs of our members.

Shelly Capurro, representing Nevada Association of Health Plans:

We want to thank the sponsor for meeting with us, but we do oppose A.B. 448 because of the significant cost and care impacts these mandates and prohibitions, as provided in the bill, will have on consumers. For instance, vision plans will no longer be able to fully qualify providers and conduct due diligence, therefore creating safety concerns for patients. Vision plans will also be prohibited from relaying to members information about available out-of-pocket discounts, meaning that members will no longer have readily available and accessible information to make the best financial decisions for their care. We are concerned that the bill deprives consumers of access to helpful and accurate information about access to care and the lower-cost options they do have available.

Katie Hale, representing Health Services Coalition:

We are here in opposition to A.B. 448. Some of our plans contract with fully insured vision plans to provide a benefit to the participant in a cost-effective way. This can include the use of specified labs and materials and limiting the use of in-network providers. Labs and materials pass savings on to the patient. Assembly Bill 448 prevents plans from negotiating and passing on important savings to consumers for materials and supplies. The bill prevents plans from differentiating among providers based on educational achievements, forcing overly high reimbursement rates to less qualified providers. It also raises the cost of insurance by creating a new litigation path for alleged violations and creates a private right of action. The Legislature has already worked extensively on these issues. There was a significant vision insurance reform from Senate Bill 134 of the 82nd Session in 2023, and Senate Bill 436 of the 81st Session in 2021. We anticipate significant cost increases for vision plans should A.B. 448 pass, and we asked the Committee to oppose.

Chair Marzola:

Is there anyone else in Carson City wishing to testify in opposition? [There was no one.] I do not see anyone in Las Vegas. Is there anyone on the line?

Julian Roberts, Executive Director, National Association of Vision Care Plans:

Thank you for the opportunity to speak with you today regarding A.B. 448. The National Association of Vision Care Plans membership consists of 15 vision care plans that provide vision benefits to over 220 million Americans and over 2.3 million here in the state of Nevada. I will mention that here in the state of Nevada, if you look at transactional data regarding the market, 41 percent of the market is a self-pay market. Even if you look at the two largest participants in the market, they only make up to 27 to 24 percent of that market, so it is still a very competitive market here in Nevada.

We stand in opposition to A.B. 448. As currently drafted, this bill would have significant negative consequences for Nevadans, particularly in terms of affordability and access to vision care. Firstly, A.B. 448 would increase consumer cost for vision care by an estimated 30 percent while erasing average savings of nearly \$400 per person. Moreover, A.B. 448 conflicts with existing law. Nevada Senate Bill 329, passed in 2021, which promotes cost-saving measures like tiering and steering to help consumers make more informed choices and lower the health care cost. Assembly Bill 448 would undermine those efforts by restricting such practices and limiting transparency. In summary, A.B. 448 is not only unnecessarily harmful to Nevadans, but we ask that you reject the bill in favor of policies that are truly prioritizing affordability and access to vision.

[[Exhibit I](#) and [Exhibit J](#) were submitted but not discussed and will become part of the record.]

Chair Marzola:

Is there anyone else on the line? [There was no one.] We will move to neutral testimony. Is there anyone in Carson City wishing to testify in neutral? [There was no one.] I do not see anyone in Las Vegas. Is there anyone on the line?

Malik Brown, Private Citizen, Las Vegas, Nevada:

I am a proud member of our community, providing trucking services for the past 20 years. I am in support of A.B. 448, which provides fairness between vision benefit managers and doctors.

Chair Marzola:

Sir, we have closed support testimony. If you have your testimony in writing, please submit it to the Committee secretary.

Malik Brown:

I tried to get through in support, and it would not connect at the time that I tried.

Chair Marzola:

OK, no problem. You can go ahead. We will move back to support testimony if you can finish.

Malik Brown:

OK, thank you. I am in support of consolidation occurring in all segments of business; however, I feel compelled to speak out about how it impacted me. Last year, I broke my glasses and went in for an emergency visit with my optometrist, as I needed my glasses right away. You see, I am farsighted and cannot drive my truck without my glasses. I was very disappointed when I was told I would get my glasses back in 10 to 14 business days. I needed my glasses to drive the next day to take a load to California. Apparently, my doctor had to use an out-of-state lab, which is owned by the vision plan. Because my plan could not get my glasses back to me faster, I had to go outside of my vision plan and pay cash for my glasses. I was able to get my glasses on the same day because my doctor could use a local lab and get me back on the road.

Chair Marzola:

Sir, your two minutes are up, so we will move your testimony in support. Thank you so much for calling in. Is there anyone else on the line for neutral?

Unidentified Caller:

I am calling in support of; I tried under that area, but it did not connect.

Chair Marzola:

We have closed support testimony. You can submit your support testimony in writing to the Committee secretary, and we will make sure it is available to everyone. Thank you for calling in. Is there anyone else on the line? [There was no one.] Assemblymember, would you like to give some very brief remarks?

Assemblymember Koenig:

Very brief. If I were not an optometrist, I would be a lawyer. My tendency is to want to write down everything and then rebut all the points, but I will not. I do want to point out that I really think the person who called in opposition did not get our amendment, because most of

what they were saying did not address the amendment we had. The other quick thing, too, is that he said we are in the high 40s of private-pay patients. That would be a dream, but that is not even close. I just want to say, are we going to do what is best for our patients and for the citizens of Nevada, or are we going to do what is best for the insurance companies and the VBMs? I told Mr. Girisgen he can have two minutes.

Steve Girisgen:

I promise I will not take that long, but I just want to make a couple points. Assembly Bill 448 is about fairness and contracting. It is about putting common-sense guardrails. When you have the VBMs, two VBMs controlling such a large marketplace, they have the power to do what they will. Contracts of adhesion are a real thing we deal with every day. We are looking for patient providers, freedom of choice, and transparency. They are not about transparency. The opposition made a comment about a gag order. They are placing the gag order on us. When you come into our practice, if I can get you a cash option, I cannot give that to you. If I give that to you and circumvent your benefits, I get thrown off the panel. Who is the gag order at that point? The third item is they talk about the same tiring story of increased costs and increased premiums. We have passed this in 28 states. There has been no increase in premiums. The only thing that is happening is increased out-of-pocket costs from dwindling benefits, and these VBMs continue to make tens of billions of dollars and excess profits to continue to buy more of the industry.

Chair Marzola:

I will now close the hearing on A.B. 448. I will now open up for public comment. Is there anyone wishing to give public comment in Carson City? [There was no one.] I do not see anyone in Las Vegas. Is there anyone on the line?

Robert Compan, Private Citizen, Las Vegas, Nevada:

I reside in Assembly District 1. I am a former lobbyist who spent hundreds of hours in that Committee room, and I agree with Danny; you guys should be on triple time tonight. I will be brief in my comments, Madam Chair. I wholeheartedly support A.B. 448. As a retiree, I have the option to choose

Chair Marzola:

Sir, we have closed the bill hearing on A.B. 448. If you have any testimony, please submit it in writing. We are now in public comment. Public comment is not the time to discuss a bill that we just heard and closed the hearing on. Is there anything else you wish to

Robert Compan:

No, ma'am. I have been trying to get on all tonight and it kept kicking me off, but that is no problem. I have submitted it [[Exhibit K](#)]. If the Committee manager has my testimony, that would be just fine, and I wish you all a very good night.

Chair Marzola:

Perfect. Thank you so much. Is there anyone else on the line? [There was no one.] This will conclude our meeting for today. Our next meeting will be Wednesday, April 9, 2025, at 11:30 a.m. This meeting is adjourned [at 7:54 p.m.].

RESPECTFULLY SUBMITTED:

Cynthia Ihejirika
Committee Secretary

APPROVED BY:

Assemblymember Elaine H. Marzola, Chair

DATE: _____

EXHIBITS

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 404	C	Assemblymember Howard Watts, Assembly District No. 15	Proposed conceptual amendment
A.B. 404	D	Various Individuals	Letters of testimony in support
A.B. 437	E	Assemblymember Jill Dickman, Assembly District No. 31	2024 PIPSO FAIR Plan Report of Operations
A.B. 437	F	Assemblymember Jill Dickman, Assembly District No. 31	Proposed conceptual amendment
A.B. 437	G	Mark Sektnan, Vice President, American Property Casualty Insurance Association	Letter of testimony in opposition
A.B. 448	H	Assemblymember Greg Koenig, Assembly District No. 38	Proposed amendment
A.B. 448	I	Sasha Sutcliffe-Stephenson, National Association of Vision Care Plans	Letter of testimony in opposition
A.B. 448	J	Lindsay Knox, National Association of Vision Care Plans	Letter of testimony in opposition
A.B. 448	K	Robert Compan, Private Citizen	Letter of testimony in support