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

Eighty-Third Session
May 5, 2025

The Committee on Commerce and Labor was called to order by Chair Elaine H. Marzola at 1:31 p.m. on Monday, May 5, 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 Erica P. Roth
Assemblymember Steve Yeager
Assemblymember Toby Yurek

COMMITTEE MEMBERS ABSENT:

Assemblymember PK O'Neill (excused)
Assemblymember Selena Torres-Fossett (excused)

GUEST LEGISLATORS PRESENT:

Senator John Ellison, Senate District No. 19

STAFF MEMBERS PRESENT:

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

OTHERS PRESENT:

Mark J. Krueger, Chief Deputy Attorney General and Consumer Counsel, Bureau of Consumer Protection, Office of the Attorney General
Bryan Wachter, Senior Vice President, Retail Association of Nevada
Andrew MacKay, Executive Director, Nevada Franchised Auto Dealers Association
Nick Schneider, Director, Government Affairs, Vegas Chamber
Ben Kieckhefer, representing Upstart; and Affirm
Jesse A. Wadhams, representing Upstart

Chair Marzola:
[Roll was taken and Committee protocols reviewed.] Welcome everyone joining us. Today, we will hear three bills: Senate Bill 49 (1st Reprint), Senate Bill 311 (1st Reprint), and Senate Bill 437 (1st Reprint). With that, we will move to our first agenda item, Senate Bill 49 (1st Reprint). This measure revises provisions relating to consumer protection.

Senate Bill 49 (1st Reprint): Revises provisions relating to consumer protection. (BDR 52-439)

Mark J. Krueger, Chief Deputy Attorney General and Consumer Counsel, Bureau of Consumer Protection, Office of the Attorney General:
It is a pleasure to be here today to introduce Senate Bill 49 (1st Reprint). This bill is essentially a consumer protection cleanup bill. I thought I would bring you through the high-level overview of what the bill does. Sections 1 and 2 were deleted by amendment. Section 3 clarifies the authority of the Attorney General to bring causes of action on behalf of the State and its agencies or persons as *parens patriae*. Section 4 increases the penalty for administrative fines so it is consistent with the penalty for other fines within *Nevada Revised Statutes* (NRS) Chapter 598.

Sections 5 through 10 were deleted by amendment. Section 11 clarifies the permissible use of the funds by the Attorney General's Office and specifically the Bureau of Consumer Protection. The Governor's Finance Office and Attorney General's fiscal identified a need for further clarification to ensure the budgets were separately maintained. Section 12 provides that the language provides additional clarification to assist with litigation. We know there was an additional minor amendment to ensure documents are confidential at the time they

were turned over [Exhibit C]. We have provided those, I believe, to the Committee. I know it was sent in through the Nevada Electronic Legislative Information System, and there were some at the desk as you entered the room. Section 12.5 is a required section for section 12. Section 13 is the effective date. With that, I will conclude my testimony and I am open to taking questions.

Chair Marzola:
Can you give us a little bit of background? Why did you bring this bill forward?

Mark Krueger:
Throughout time, we work with other state agencies and federal agencies as well to bring actions, many times in a multistate manner. What we noticed was, when we had made some amendments, primarily in 2021 but also in 2023, there were some concerns about some of the way the language was structured. We wanted to clean up provisions of this language in NRS Chapter 598 so it would, I guess, eliminate any ambiguity and make it very clear what we have the authority to do and how we can do it.

The other reason we did this was, in 2023 we increased the general fine amount for violations of NRS Chapter 598, and while we can bring a district court action, we noticed the fine amount was not increased for an administrative action. It actually helps companies in a lot of ways because district court actions can become very expensive very quickly, and administrative actions can be a little bit more efficient. That gives us the ability to go either route depending on the type and severity of the violation so it makes it consistent. Those are pretty much some of the reasons for the changes to the chapter. We deleted some amendments and stuff. We were looking for a neutral bill so we did not have any opposition.

Chair Marzola:
Committee members, are there any questions?

Assemblymember Cole:
To follow up on the concept of the administrative fine, what I am understanding you to mean is, in that section you are increasing it to not more than $15,000, so if you wanted to bring something sharper than $1,000, you could do it in an administrative way rather than bring somebody to court. Is that correct?

Mark Krueger:
That is correct. It is to make it consistent so we can go either through the district court or administratively.

Chair Marzola:
Committee members, are there any additional questions? [There were none.] We will begin with support testimony. Is there anyone wishing to testify in support of S.B. 49 (R1)? [There was no one.] We will move to testimony in opposition. Is there anyone wishing to testify in opposition? [There was no one.] We will move to neutral testimony. Is there anyone wishing to testify in neutral on S.B. 49 (R1)?

Bryan Wachter, Senior Vice President, Retail Association of Nevada:
We appreciate the Attorney General and Ms. Benitez-Thompson working with stakeholders, including the Retail Association, on this. We feel this amendment [Exhibit C] and the version you have in front of you aligns with their intent in a way that is not prohibitive to retailers in Nevada. We appreciate being able to work with them on the measure.

Andrew MacKay, Executive Director, Nevada Franchised Auto Dealers Association:
I want to echo the comments made by Mr. Wachter. It is important I put it out there on the record and thank Attorney General Ford, Ms. Benitez-Thompson, as well as Mr. Krueger. We had a stakeholder working group a few months back, and it went back and forth. Personally, I went from being extremely opposed to neutral. We want to thank them for working with us.

Chair Marzola:
Is there anyone else wishing to testify in neutral? [There was no one.] Would you like to give any final remarks? [There were none.] I will close the hearing on S.B. 49 (R1). I will now open the hearing on Senate Bill 311 (1st Reprint), which imposes certain requirements upon certain alarm companies. Welcome, Senator Ellison. You may begin when you are ready.

Senate Bill 311 (1st Reprint): Imposes certain requirements upon certain alarm companies. (BDR 52-730)

Senator John Ellison, Senate District No. 19:
I am going to say the thing you never say: this is an easy bill. It probably will not be. I am here today to introduce Senate Bill 311 (1st Reprint). This bill is an alarm bill. It is funny because when I introduced the bill in the Senate, I put it for rural areas only because I was asked to cut out Las Vegas and Reno. As I did that, I came to find out three people on the committee are having the same problem we have. It is amazing the service from alarm companies, but we are not getting anywhere. Senator Goicoechea bought the best system you could buy anywhere for Eureka County, and I mean top of the line with extra security and a larger warranty, and I will be danged, about three or four months later, it went down. He could not get anybody out there for any reason, so he finally had to go to the Office of the Attorney General or wherever he went to try to get somebody out there to fix and maintain this. They had to go to that point to get anybody out there to maintain these things.

They will sell you the system—and when you look in Elko, you will see their trucks everywhere—but when they break, you cannot get them out there. I have several. I have them in different businesses; I have them in my homes; and I have them all over. What is bad is when you need that system in some areas, you have to make sure they are going to work. The problem is you cannot get them to maintain them.

I put this bill in years ago, and we were starting to go through it, but they insisted, Do not go through with the bill, and we promise we will get them maintained. That never happened. I even asked them recently to come in and replace the whole system—mostly my electrical company because my Laundromat is on one side, my electrical company is on the other side, and we have several outbuildings protected by alarm companies. Guess what? It did not happen.

I was robbed twice, and that created a lot of funds away from us. I had one where my deceased wife had a big diamond ring and a cross worth about $12,000 to $15,000 in a jewelry box. I will be danged if they got into our house and got it out. The alarms never went off at all. We want these alarm systems and we want to be able to use them, but for God's sakes, if there is something wrong, they need to maintain them. That is why I am here today.

I have done everything in the world to try not to go to this point, but I do not know any other way, so here we are today. I am hoping we can get some of these things fixed. I do not know how many people here have alarm systems. Probably a lot of you have alarm systems in your homes or your businesses. I do, and sometimes you do not have any problems, and then you can go continuous.

Madam Chair, the alarm system plays a critical role in safeguarding our homes and our businesses and provides a sense of security and peace of mind to countless Nevadans. However, issues arise when the system becomes defective or inoperative, leaving the customer vulnerable and often bound to service contracts that offer little resources. Currently, there are no obligations for alarm companies to address the manufacturing systems promptly—that is the problem we are having—or their protections for customers from penalties for those who choose to cancel services due to such malfunctions. This gap in consumer protection can lead to significant financial and security concerns for our constituents.

We had one of our colleagues in the Senate where just recently her back door was open for two to three days and she did not even know it because the alarm system would not tell her. That is bad. It is not just in rural areas. It is in Clark County, Elko County, Washoe County, and everywhere. Senate Bill 311 (1st Reprint), as amended, addresses these concerns and introduces special requirements for alarm companies that, pursuant to a contract with the consumers, installed the alarm system at a customer's home or business, and charge a monthly fee and monitoring fee.

Section 1, subsection 1 requires the company to act no later than five days. To me, the five days is not an issue as long as they call and set up a time that says, This is when we are going to be there. That is how it came out on the Senate side. With five days upon notification that the system is defective or inoperative, they must repair or replace the alarm system or cancel

the remainder of the contract and refund the unearned money paid by the consumer. The problem is you have to put thousands of dollars down for the equipment when you buy it, just like me. I have several, and instead of financing it, I pay for the equipment outright, have them put it in, and then they monitor it. The problem is getting a monitor. It says cancel the remaining of the contract and refund unearned money paid by the consumer.

Section 1, subsection 2 prohibits the company from charging the customers any penalties, fees, or other costs of the cancellation. The consumer is also not liable for payments for the services after the effective date of the cancellation of the contract. This is the thing, they will hold you to that contract and sue you. Those are some of the complaints I am getting back in Ely, Eureka, Tonopah, and Hawthorne. Even though it is not working and they cannot get somebody out there, they will still sue them for the payments. When we talked to the Advocate system, if they cannot repair, all payments stop.

Section 1, subsection 3 makes a violation of those provisions a deceptive trade practice. We already talked with the people at the Attorney General's Office. Subsection 4 sets forth certain definitions. Finally, section 2 provides the bill provisions apply to alarm companies that enter into a contract with consumers with alarm installation monitors on or after October 1, 2025.

Senate Bill 311 (1st Reprint) is a straightforward yet viable piece of legislation aimed to protect people in Nevada who depend on alarm systems by holding alarm companies accountable functionally in the system to ensure fair treatment to customers. We can enhance truth to these services.

I would like to thank you again for letting me present the bill. I think it is something that is important. I am gone a lot and my wife is home by herself. I have done everything in the world to protect her safety. I have electric gates, you name it, and everything in the world I could do. Right now, the alarm system I trust is two little dogs, and when they start yipping, you know to look at the cameras and look around. The problem is we pay big money for these systems and we depend on them. When the seniors call up and say, We have a problem. This thing is not going off, and you are not even letting me know somebody has been in my house, that is a problem. The seniors are so honorable with these systems, and they believe and trust in them, and when they fail, they are in trouble. I am here to answer any questions.

Chair Marzola:
Committee members, are there any questions?

Assemblymember Hardy:
I just want to make sure I understand. It says in the bill, the company "shall not later than five business days after receiving notice . . . ." Does that mean you want them to at least set an appointment to come out, or do they need to come out and have it repaired or replaced within those five days?

Senator Ellison:
What I thought was if we could get him to respond, but a lot of the people in the Senate said, No, we want him there. I can understand in Washoe County and Las Vegas, but if you can imagine, in some of the rural areas, they have a schedule. We would not care as long as we had a date where after five days they are going to be there at a certain time, but they are not showing up at all. We threatened, we have called, and we have done everything in the world. These people should be under a different type of government control that makes them. They are selling thousands of these things monthly.

As long as they got there at a very quick time and, like I said, at my businesses I would rather they be there right away, but sometimes you cannot get them there. I think it is so important. The Laundromat has been robbed twice. Our business has been broken into several times. I own a little plaza, and they broke the windows the other night in one of them, then they busted the windows over at Dottie's, and that did not set off the alarms. What did happen was my security cameras caught him. I try to take everything I can.

I would not care as long as we could get them out there, and that is the problem we have. At my electrical company, we would fix them if they send the parts, but you cannot get them to send the parts. That is the problem.

Assemblymember Cole:
My question is related to defective or inoperative systems that were caused by user error or the customer did something they should not have done or maybe did not do the thing they were supposed to do, such as replace a battery or something. There is no carve-out for anything like that here.

Senator Ellison:
What is good about it is I can usually get them on the phone and talk them through. If I get calls from people who say their system is down and what should they do, we will go up and look. We will test everything for them for nothing. The biggest problem we have is they will try to talk the people through to try to help them, like the magnetics for the doors. You open the door, it breaks contact, and it calls them. We can help them get through a lot of that stuff.

The alarm companies will do that, but if they cannot figure it out, and they cannot get it going, they say, Well, how soon can you get here? Well, we are not covering that area anymore. No, wait a minute, you have to cover it. The biggest thing we hear is, We are not maintaining them in the rurals anymore. They are still selling them, they are still collecting a payment, but they are not servicing them. That is what this is going to do. Even if they got it extended a week or whatever, they have to come and service them, and they are not doing that. Once they break, they are done. That is a problem we have.

As far as batteries and stuff, a lot of times they will walk you through, send them to you, and you put the batteries in. As far as getting in a truck and driving down there, that is the problem we have.

Assemblymember Yeager:
I have a couple of questions. I was looking at what happened over in the Senate, and it looks like you had proposed an amendment originally to limit this bill to not have it apply to counties of more than 100,000 people. It does not look like that amendment got incorporated. Can you tell us what happened with that proposal? I will tell you why I am asking. I am a little worried. If I call anyone in Las Vegas, I cannot get them out in five business days. If I can get them out in 30 business days for an alarm issue, I am probably doing a good job. Can you talk about why that amendment did not make it into the bill?

Senator Ellison:
That was so important to get it amended because I figured most of the people in Las Vegas and Washoe County have the maintenance people here. Three of them testified, No, we can get them fixed but we cannot get them out there, so we amended the bill. I do not know why it did not get in here, but I will go down to Legal and find out why. We wanted that amendment to include the whole state. Las Vegas has their own maintenance people and Reno has their own people. Between the rurals, they go by Salt Lake City or Reno to work on all of the companies. I caught two of them in my parking lot in their trucks and asked them if they could take a look at some of these systems. They said, No, because we do not have a work order. I said you are right here, right now. We cannot work on them. That is bad business. We are not talking about one company; we are talking about several different companies. I totally agree with you because that was one of the most important things when three of our senators alone testified in that committee they were having the same problem.

Assemblymember Yeager:
I looked back at the original version of the bill as you presented it, I guess as it was drafted originally. It did not have the five days. I think it said as soon as practicable. It looks like the five days was put in through an amendment in the work session document. I am a little unclear because it sounded to me like you said, as long as an appointment was on the calendar or they responded, you would be okay with it, but when I read the bill, it does not say that. I think it says within five business days they either have to repair or replace it, or they have to cancel the remainder of the contract and refund the unpaid money in advance or as a deposit. I want to get a sense of what you want this bill to say. It sounds like what you want to say is not what the bill says.

Senator Ellison:
That is correct. I did not catch that until you mentioned it. Here is the problem: I thought they were covered. However, three of my senators from Las Vegas, one of the first things they said was, Hey, we have the same problem. The ones in Washoe County also said they have the same problem. We put that amendment in along with adding Las Vegas and Washoe County into the bill, but it did not get here.

I thought if we could get somebody there, period, it would be a miracle. Then the senators from Las Vegas said, No, we need to put that time down, and that is where the five days comes from. Like I said, if you look at the fourth senator, that is when her doors were left open, and it did not set off the alarms.

I agree with you a hundred percent. It has to be in there. We have to make them accountable for showing up, even if it is in Las Vegas, Washoe County, or wherever. Like I said, Pete Goicoechea has put thousands of dollars into a system, in the best system you could buy, and they would not even show up. We have to do something. I took it for granted it was in there in what you had. I will get it in there. It needs to be they have to respond within five days or show up in five days. For Washoe County and Las Vegas, it would be easy in five days so the rules would be a different story.

Assemblymember Yeager:
I think that is what the bill does say right now. It says within five business days, and the bill as written does apply everywhere in the state. When I looked on the exhibits for the Senate, it looks like there was perhaps a proposal not to have it apply to counties over 100,000, which would have been, I think, Washoe and Clark Counties. I do not know if Elko County is over 100,000 by now. Not yet. To be clear, you want it to apply everywhere and within five business days because that is what the bill in front of us says.

Senator Ellison:
That is right. With Las Vegas and Washoe County, one of the amendments everybody wanted was to make sure we got the state. I had no idea they would have the same problems in Clark County as we are having in Elko County, but apparently they are. Thank you for bringing that up.

Assemblymember Yurek:
One of my very esteemed colleagues already asked one of my questions. I think following Assemblymember Yeager's question, I also need a little bit of clarity. Again, as the bill reads, it would apply to all counties. That is your intention, correct? Second, is the issue and intent in this bill to have them simply show up within five days, or do you want the system to be replaced or repaired to working order within five days? Can you clarify that for us?

Senator Ellison:
Clark County has a large maintenance system with these people out there. So does Reno and Las Vegas both, so I figured within five days they would have to hit them. They are right there in their backyard. When you get to Elko, one way is five hours if the weather is good and eight hours if the weather is bad. These guys will not allow them to spend the night so they are going to make them drive all the way down there, try to fix the alarm, and come back. That is ridiculous when there are so many of them who are out. We put five days in there hoping they would at least respond in the rurals within those five days, and within five days they hit every one of them in Clark and Washoe Counties and show up on your doorstep. That is what I am hoping is going to happen.

Assemblymember Yurek:
I apologize, it is probably me, but I am having trouble hearing what is going on here. It says right now the system needs to be repaired or replaced within the five days. Can you clarify if you want this system to be repaired and replaced within five days?

Senator Ellison:
We would do that if we thought we could get them there. In Washoe County and Las Vegas, you can. I think you can with this bill. When you get in the rurals, I do not think you can. At least if they respond to you and say, Okay, we are going to be there Monday morning. Say you get the call back on a Friday, and you let them know on a Monday, I think they are going to say, Look, there is no way we can get there this week so what if we made it the first of next week? These people would be happy. They are not getting them there at all.

Assemblymember Yurek:
You would be fine with a response within five days?

Senator Ellison:
That is right. I wish I could give you a better response, but we are having a problem.

Assemblymember Kasama:
I would request there is an amendment to the bill if right now what you are requesting is they respond in five days because right now, the bill does not say that. Would you consider an amendment that they respond in five days and make a good-faith effort to repair in 30 days or whatever it might be because right now it says you have to repair in five days? I live in Clark County, and just because you live in Clark County, it does not mean you can get something repaired in five days, and we cannot on most things. I would ask your consideration for that.

Senator Ellison:
I would accept that as a friendly amendment because it is so important. I mean, some of these people out there in the rurals might wait months and months, if ever. Yet, if you try to quit payment because you cannot get them fixed, they will sue you. That is the problem we are running into. They are suing people for something that does not work.

Chair Marzola:
Committee members, are there any additional questions? [There were none.] We will start with support testimony on S.B. 311 (R1). Is there anyone wishing to testify in support? [There was no one.] We will move to testimony in opposition. Is there anyone wishing to testify in opposition?

Nick Schneider, Director, Government Affairs, Vegas Chamber:
The Vegas Chamber is in opposition to S.B. 311 (R1). I want to echo some of the concerns raised by Committee members, specifically Assemblymember Yeager, Assemblymember Cole, and Assemblymember Yurek. We are concerned with the fact this would require repairs within five days as well as if there is any user error and specifically how it relates to section 1, subsection 3, which would make this a deceptive trade practice. We are happy to continue to work with the sponsor. We were originally on board with the population cap amendment, as that would help narrow it down to the rural areas where there is no service provided anymore. We would be happy to continue working on that to see if our concerns can be mitigated.

Chair Marzola:
Is there anyone else wishing to testify in opposition? [There was no one.] We will move to neutral testimony. Is there anyone wishing to testify in neutral on S.B. 311 (R1)? [There was no one.] Senator Ellison, would you like to give any final remarks?

Senator Ellison:
Thank you for hearing this bill. I really appreciate it. The Vegas Chamber came to us and said they wanted to exclude Clark County when the senators testified in committee, they were having the same problem we were in the rurals and could not get them out there. That is when we added Clark and Washoe Counties back in because they are having the same problem we are. I cannot believe the Chamber of Commerce and all the people they have down there who have alarm systems not working, they would not want their constituents to be protected. That is where we are today. We are trying to get a company to service the people, the constituents we represent.

Can I ask one question? How many people in here have alarm systems? It is so important when you depend on it for your family when you are gone, and if you cannot get them repaired, that is a problem with me.

Chair Marzola:
I will close the hearing on S.B. 311 (R1). I will now open the hearing on Senate Bill 437 (1st Reprint), which enacts provisions relating to Internet consumer lenders.

Senate Bill 437 (1st Reprint): Enacts provisions relating to Internet consumer lenders. (BDR 55-951)

Ben Kieckhefer, representing Upstart; and Affirm:
We are in support of Senate Bill 437 (1st Reprint). I am joined at the table by Jesse Wadhams with the law firm Black & Wadhams. We jointly represent both companies, and in a few moments I will turn it over to Mr. Wadhams to provide a little bit more context about them. Let me start by saying thank you for the Committee's time and attention to this legislation today. We think this bill is an important change in our statutes to modernize Nevada's lending laws to expand access to credit for many Nevadans who are currently unbanked and underbanked.

During the 2019 Legislative Session, the Legislature passed Senate Bill 161 of the 80th Session, which was creating a regulatory sandbox for financial technology companies. At the time, an amendment was proposed by representatives of the company Intuit, which had a product to make loans to its business customers. However, the company identified a barrier in Nevada's laws preventing them from rolling out the product to its customers. That barrier was a requirement that installment lenders have a brick-and-mortar physical presence in the state, and no other business but lending be done out of that office. Senate Bill 161 of the 80th Session was then amended to include a new definition of "Internet lender" and created an exemption to this brick-and-mortar requirement to allow for the issuance of business loans via the Internet.

It was always intended this exemption at the time would apply only to business loans, and an update to the statute was done following the 2019 Session to clarify the intent. Subsequently, during the 2021 Session, another bill came forward very similar to the one before you today that would have expanded the idea of Internet lending to include direct-to-consumer lending. Unfortunately, this bill got caught up in the process and did not make it through. I believe we did not hear anything about this matter in 2023, which brings us to today, where we are asking you to consider bringing Nevada statutes on installment loans into modern times to recognize the fact consumers conduct their business through the Internet, and not all businesses, including lenders, should need a physical location in the state in order to do business here.

The bill before you today does a few key things, and I will walk through them. Broadly, we are proposing to update and modernize *Nevada Revised Statutes* (NRS) Chapter 675, which governs installment loans. First, S.B. 437 (R1) creates a new definition for "Internet consumer lender," which is defined in section 2 of the bill as "means a person who makes, solicits, brokers, arranges or facilitates consumer loans exclusively through the Internet." I would like to give a big thank you to the Division of Financial Institutions, Department of Business and Industry, which helped us craft this definition to make sure it met their needs and captured all of the activities they currently regulate. Second, the bill creates an exemption to the brick-and-mortar requirement for Internet consumer lenders which is consistent with the current exemption for Internet business lenders. That is in section 3, subsection 3, paragraph (a) of the bill.

These two components then work together to allow Internet consumer lenders like Upstart, Affirm, and others to offer direct-to-consumer loans in Nevada without being required to have a brick-and-mortar presence in the state. This requirement is a barrier to doing business here, and it is unique to Nevada. We are the only state requiring this. It is simply no longer necessary.

The final significant policy component of S.B. 437 (R1) is found in section 1, which requires any loan or contract issued by an Internet consumer lender be governed by the laws of the state of Nevada to the extent they are not preempted by federal law. We believe this addition is a strong consumer protection for the residents of the state. We worked on this with the Legal Aid Center of Southern Nevada, and you will find a letter from Legal Aid in the exhibits tab of this meeting in support of the legislation [Exhibit D]. The only other change to the statute in the bill is in section 4, which clarifies Internet consumer lenders can conduct business out of offices where other types of business is happening and is consistent with what we have seen under the Internet business lender definition.

Before I hand it over to Mr. Wadhams to talk a little bit about Upstart, I think it is important to note offering loans in Nevada under these new provisions would fall entirely under the full regulatory control of the Division of Financial Institutions. There is no change in the licensing or the regulatory or oversight requirement for these companies. All existing consumer protections remain in place, and for these specific loans, I think, are actually enhanced. At this point, I will turn it over to Mr. Wadhams to talk a little bit about Upstart.

Jesse A. Wadhams, representing Upstart:
To add a little bit to my colleague, former Senator Kieckhefer's statements about Upstart, Upstart is the leading fintech [financial technology] marketplace in lending, connecting millions of consumers to more than 100 community banks and credit unions that leverage Upstart's underwriting models and cloud applications to deliver to consumers superior credit products. Lenders working through Upstart can approve more borrowers at lower rates while delivering the exceptional digital-first experience consumers demand. The platform includes personal loans, auto, retail, refinance loans, home equity lines of credit, and small dollar relief loans. These loans are used to consolidate debt, refinance out of high-cost credit card debt, auto refinancing, home improvements, and medical bills.

As former Senator Kieckhefer mentioned in his presentation, Nevada is the only state that requires institutions seeking a lending license to maintain a physical brick-and-mortar location in Nevada. Simply put, S.B. 437 (R1) is a modernization bill that removes this archaic provision. Ultimately, this bill does not remove any additional licensing requirements or loosen any regulations. We thank you for your time and the opportunity to present the bill. We are happy to answer any questions.

Chair Marzola:
Committee members, are there any questions?

Assemblymember Cole:
My question is in the definitions. You have "consumer credit" as having the meaning ascribed to it in NRS 604A.036. Then further down in section 2, subsection 12, you have "Internet consumer lender . . . facilitates consumer loans." I am wondering if that should be "consumer credit" because I do not see a defined term for consumer loans. Of course, you do not have to answer on the fly. You can look at it later, but I think you need to change that.

Ben Kieckhefer:
I certainly appreciate the attention to detail on that. The definition we did work through was in consultation with the Financial Institutions Division, who is the regulator in this space. They feel comfortable with the definition. I do not have a good answer for you, but I can try to circle back.

Chair Marzola:
I want to make it clear for the record that even though there is not going to be a brick-and-mortar place of business here, the establishment still has to be licensed by the Commissioner of the Financial Institutions Division. Is that correct?

Ben Kieckhefer:
Absolutely. In order to issue loans under this NRS Chapter, you have to receive a license by the Division of Financial Institutions.

Jesse Wadhams:
Again, that is another piece of that section 1 component. It brings all of those contracts within the parameters of Nevada law so it puts that choice of law component in.

Chair Marzola:
I appreciate that, and I wanted to ask on the record so it can be crystal clear. On the choice of law, it is Nevada that governs, correct?

Ben Kieckhefer:
Absolutely. That is what is added in section 1. We would not want Nevada consumers to have to go try to fight in court in another state if a company was headquartered there. We are bringing it specifically to Nevada.

Chair Marzola:
I appreciate that, and that is why I asked. Are there any additional questions? [There were none.] We will start with support testimony. Is there anyone wishing to testify in support of Senate Bill 437 (1st Reprint)? [There was no one.] We will move to testimony in opposition to S.B. 437 (R1). Is there anyone wishing to testify in opposition? [There was no one.] We will move to neutral testimony. Is there anyone wishing to testify in neutral? [There was no one.]

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I will close the hearing on Senate Bill 437 (1st Reprint). I will now open public comment. Is there anyone wishing to give public comment? [There was no one.] That concludes our meeting for today. Our next meeting will be on Wednesday, May 7, 2025. This meeting is adjourned [at 2:18 p.m.].

RESPECTFULLY SUBMITTED:

Cynthia Ihejirika
Recording Secretary

RESPECTFULLY SUBMITTED:

Julie Axelson
Transcribing Secretary

APPROVED BY:

Assemblymember Elaine H. Marzola, Chair

DATE:

EXHIBITS

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 49 (R1)	C	Mark J. Krueger, Chief Deputy Attorney General and Consumer Counsel, Bureau of Consumer Protection, Office of the Attorney General	Proposed amendment
S.B. 437 (R1)	D	Peter Aldous, Staff Attorney, Legal Aid Center of Southern Nevada	Letter in support