

MINUTES

COMMITTEE: COMMERCE

DATE: Wednesday, February 14, 1973

MEMBERS PRESENT: Vice-Chairman Wittenberg; Dr. Robinson, Messrs. Hafen, Demers, Bickerstaff, Capurro, Dini and Torvinen;

MEMBERS ABSENT: Chairman Prince

GUESTS:	<u>Name</u>	<u>Representing</u>
	Joe Johnston	Nevada Southern Title, LV
	Don Winne	Insurance Division
	Mike Mellnor	Dept. of Commerce
	Preston Tidvall	Superintendent of Banks
	R. E. Hansen	Real Estate Division
	Gene Milligan	Nevada Assn. Realtors
	Steve Rucker	Sierra Meat & Provisions
	Brendan Riey	AP
	W. H. Tarkington	Savings & Loan Division

The meeting was called to order at 4:05 p.m. by Vice-Chairman Wittenberg. He stated that he had received the following bills to be introduced by the Committee: 1) a bill* creating a division of consumer affairs; and 2) a bill regarding employment agencies. After discussion, Mr. Dini moved, Mr. Demers seconded a motion to approve introduction of the first bill. It was unanimously carried. After further discussion, Mr. Capurro moved that the second bill be introduced. Lacking a second, the motion died.

Mr. Capurro introduced Mr. Steve Rucker of Sierra Meat & Provisions from Reno to discuss AB 53. Mr. Rucker stated that all beef in Nevada is not federally inspected; that by requiring all slaughterhouses to do so would place a heavy financial burden on them; that two sessions ago, funds were allocated for State inspections, whose standards are the same as those of the USDA. He made suggestions for re-wording the bill to cover advertisements on pre-packaged meat. These suggested amendments were given to Mr. Demers who would present an amendment to the bill. He also discussed the "yield" grade meat which is sold. He suggested that this grade be clearly designated on all meat, both in the stores and through home meat freezing companies.

*A.B. 301 (BPR 52-233)

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Mr. Mellnor stated that his office has received numerous complaints from consumers being sold very fatty meat, particularly from the home meat freezing companies. He also stated that he would obtain information regarding a reasonable time for meat advertised at a certain price to become available to a customer when he has been told that it has been sold out. This is known as a "raincheck" arrangement.

Mr. Wickenberg asked if the Committee desired a new bill on this matter or did they want to amend this one. It was generally agreed that this bill could be amended.

Mr. Hafen stated the fact that meat marked "choice" does not necessarily mean it is U.S.D.A. graded. He suggested this fact be placed in the amendment. Mr. Torvinen thought that this would be covered in another consumer bill to be introduced regarding misleading advertising. Mr. Capurro quoted from the statutes which already include misleading information or mislabelling, but does not cover advertising. The Committee agreed to hear the amendment at a later date.

Regarding AB 167, Mr. Dini presented Mr. Mellnor who stated that this measure would be of great aid to all departments of the Commerce Department since they were all inter-related. Mr. Tidball stated that he had received many inquiries from people requesting licenses as an escrow agent or desiring to form a mortgage company, both of which are not presently under any regulation by the Department of Commerce. Mr. Tarkington stated that an escrow department of a mortgage company is very important in handling title transfer to both personal and real property and he has received many complaints regarding title being held up for indefinite periods of time and very high fees being charged; and that the mortgage companies handle the bulk of the business in Nevada. Title companies are regulated to a certain degree by the Insurance Division, but their control is very limited.

Dr. Robinson questioned the reason for not exempting title companies under this bill as are banks, savings & loans, etc. The answer was that title companies are not otherwise regulated by law.

Mr. Hafen stated his big concern was with the pure escrow company which is only controlled by local ordinances with no bonding required. Mr. Hansen stated that many of the complaints received by the Real Estate Division are concerned with title companies who "do not deliver" title to people who have paid off their obligations, though he feels this is primarily caused by procrastination.

Mr. Mellnor stated that his Department only wanted to cover what is not already covered; that if insurance rates are pushed

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down, consumer rates are still high because the cost is transferred to the escrow department of the company.

Mr. Johnston testified that he owns a small escrow company in Las Vegas and feels that no legislation should be enacted at all. Companies who display their financial responsibility for three or four years should not be penalized for the few who do not. Fees in his company are less than 1% of the total cost. These fees would increase if attorneys or banks handled escrows. He feels this bill is "class discrimination" and is similar to a US Senate bill which was tabled. Mr. Hansen clearly stated that not all companies are bad, but that he has received numerous complaints about one company, in particular.

Mr. Demers asked if more personnel would have to be hired or additional funds required to enforce these regulations. Mr. Mellnor felt it would pay for itself through fees. Mr. Johnston presented a suggested amendment to the Vice-Chairman.

Mr. Torvinen stated that it was difficult to be a mortgage company without being an escrow company. Mr. Hafen stated that he felt mortgage companies and title companies have two different functions; that title companies are lacking in regulation and escrows are not even controlled.

Mr. Torvinen also stated that when mortgage companies deal with the conventional lender, they want title companies to handle the escrow. This also covers personal property.

Mr. Dini mentioned complaints he has received about money leaving the State through mortgage companies; that they do not pay taxes; and that they have made a game of selling insurance to customers on their lot values.

Mr. Torvinen also brought out the fact that under Section 27, line 8, private persons who loan money to individuals would have to be licensed as a mortgage company; that persons receiving only interest and principal should be exempted.

Mr. Milligan pointed out that real estate brokers could also be included on line 8. "The impact of this sentence is unclear."

Mr. Winne felt that Mr. Torvinen's point was well taken, but also agreed with Mr. Dini regarding complaints about mortgage companies. He felt that interest should be paid on impound accounts; that in some cases taxes are not paid; the customer has to pay penalties and that there is presently no jurisdiction over them.

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Mr. Tarkington spoke of complaints about mortgage companies "shifting" loans; that the Real Estate Division must chase down the location of loans on complaints received by borrowers.

Mr. Wittenberg suggested re-drafting two sections, 20 and 27. Mr. Dini suggested waiting for Mr. Lingenfelter's bill and agreed to work on amendments with Mr. Mellnor. An amendment was submitted regarding Section 20.

The meeting was adjourned at 5:10 p.m.

Respectfully submitted,

PHYLLIS BERKSON, Assembly Attache

ASSEMBLY

AGENDA FOR COMMITTEE ON COMMERCE

Date Wed., Feb. 14 Time 4:00 p.m. Room 222

<u>Bills or Resolutions to be considered</u>	<u>Subject</u>	<u>Counsel requested*</u>
<u>AB 53</u>	<u>Requires prepackaged meats to show federal grade.</u>	<u></u>
<u>AB 167</u>	<u>Regulates escrow agents and mortgage companies.</u>	<u></u>
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*Please do not ask for counsel unless necessary.

HEARINGS PENDING

Date _____ Time _____ Room _____
Subject _____

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